BANGKOK BANK BERHAD

(299740 W)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 December 2011

299740-W

Bangkok Bank Berhad
(Incorporated in Malaysia)

Contents

299740-W

Bangkok Bank Berhad
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2011.

Principal activities

The principal activities of the Bank are banking and related financial services. The principal activity of the subsidiary is the provision of nominee services.

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

Results

	Group RM'000	Bank RM'000
Profit for the year	14,554	14,544

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

No dividend has been paid or declared by the Bank since the end of the previous financial year. The directors do not propose any final dividend in respect of the financial year ended 31 December 2011.

Directors

The names of the directors of the Bank in office since the date of the last report and at the date of this report are:

Mr Staporn Kavitanon (Deceased on 1.2.2012)
Mr Loke Tan Cheng
Ms Rushda Theeratharathorn
Mr Toh Chong
YBhg Professor Dato' Ruslan Khalid
Mr Chris Chia Woon Liat
Mr Prasong Uthaisangchai (Resigned with effect from 21.4.2011)
YBhg Dato' Koay Soon Eng (Resigned with effect from 25.11.2011)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Bank or any body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Bank as shown in Note 30 to the financial statements) by reason of a contract made by the Bank or a related corporation with any director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest.

Directors' interests

None of the directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

Increases of authorised and paid-up capital

During the year, the Bank has increased its authorised capital from RM300 million to RM400 million by creation of 100 million ordinary shares at the par value of RM1 each. The Bank’s issued and paid-up capital has also increased from RM265 million to RM400 million with the capital injection from its holding company, with the issuance of 135 million ordinary shares at the par value of RM1 each for cash, for the purpose of Bank’s purchase of the new headquarter.

Other statutory information

(a) Before the statements of financial position, income statements and statement of comprehensive income of the Group and of the Bank were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising from the normal course of business of the Group and of the Bank.

Other statutory information (cont'd.)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Bank to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

Business overview for the financial year ended 31 December 2011 and outlook for the financial year 2012

BBB registered a profit before tax of RM20.0 million for financial year 2011, which is marginally higher than previous year of RM18.8 million. Expansion in the lending business which led to higher interest income is the main contributor to the better results. However, the higher net interest income was partly set off by the higher operating expenses mainly due to branch expansion and additional staff force to support business growth.

Both the loans and deposits portfolio have shown positive growth in 2011. Gross loan outstanding increased from RM1.61 billion at end December 2010 to RM1.82 billion at end December 2011. Total deposits from customers have also grown from RM1.76 billion at end December 2010 to RM1.86 billion at end December 2011.

Net impaired loan ratio dropped to 0.55% as at December 2011 from 0.99% as at end December 2010. The improvement was mainly due to higher gross loan outstanding and writing off of corporate loans.

During the year, the Bank entered into a Sale and Purchase Agreement to purchase its new corporate Head Office building with a total purchase consideration of RM133 million. The purchase was funded by a capital injection of RM135 million from the holding company, Bangkok Bank Public Company Limited.

With the opening of the new branch, the Bank will continue to grow its core lending business in selected niche area and focus on maintaining its current liquidity position.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Profile of directors

Mr Robert Tan Cheng, Loke
Executive Director/Chief Executive Officer

Mr Robert Tan Cheng, Loke, a Malaysian, was appointed to the Board on 22 December 2006. He holds a Bachelor of Electrical Engineering and a Master of Business Administration (majoring in Marketing and Finance) from Concordia University, Canada. Mr Loke also holds a Postgraduate Diploma in Management from McGill University, Canada.

Mr Loke has more than 30 years experience in banking and finance industries. He has worked with a few multinational banks, such as Chase Manhattan, Nomura, OCBC, etc in Singapore and served in various senior management positions.

Ms Rushda Theeratharathorn
Non-Independent Non-Executive Director

Ms Rushda Theeratharathorn, a Thai citizen, was appointed to the Board on 17 September 1996. She first obtained her Bachelor of Accountancy degree from Chulalongkorn University, Thailand and later completed her Master of Management degree from Sasin Institute of Chulalongkorn University, Thailand.

Ms Rushda is currently the Executive Vice President, Chief Credit Officer of Bangkok Bank Public Co Ltd ("BBL") and is responsible for the overall credit risk management. Prior to her current position, she assumed various senior positions in BBL, including General Manager, BBL Singapore branch and Head of Credit Acceptance with BBL, Thailand.

Currently, Ms Rushda sits on the Boards of ASEAN Finance Corporation Limited, Singapore, Sinnsuptawee Asset Management Co Ltd, Thailand and Bangkok Bank (China) Co Ltd.

Profile of directors (cont'd.)

Mr Toh Chong
Non-Independent Non-Executive Director

Mr Toh Chong, a Malaysian, was appointed to the Board on 25 January 2006. He holds a Bachelor of Arts (Hons) degree in Philosophy, Polictics and Economics from Oxford University, UK and a Master of Science degree in Management from Massachusetts Institute of Technology, USA.

Mr Toh is an Executive Vice President in the International Banking Group in Bangkok Bank Bank Public Co Ltd ("BBL"). He is also currently the Executive Chairman of Bualuang Securities Public Co Ltd, the capital markets subsidiary of BBL. Prior to joining BBL, he had worked as an economist at the Government of Singapore Investment Corporation and in investment banking with Morgan Stanley.

Mr Toh also currently serves on the boards of several private and public companies in Thailand, Singapore and China.

YBhg Professor Dato' Ruslan Khalid
Independent Non-Executive Director

YBhg Professor Dato’ Ruslan Khalid, a Malaysian, was appointed to the Board on 3 January 2001. He graduated from Architectural Association School of Architecture in 1967. He is an Associate of the Royal Institute of British Architects, the Malaysian Institute of Architects and the Institute of Interior Designers Malaysia.

Professor Dato’ Ruslan had worked as an architect in various architectural firms in London and Switzerland. In 1973, he founded Ruslan Khalid Associates in London, which he re-established in Kuala Lumpur in 1984.

In 1975, he was appointed Senior Lecturer at Portsmouth Polytechnic (now University of Portsmouth). He also taught at the Architectural Association School, London as a part-time lecturer. Upon his return to Malaysia in 1980 he was appointed Associate Professor at the Faculty of Built Environment of University Technology Malaysia. In 1998 he was made Professor at University Putra Malaysia, where he founded the School of Architecture. His articles on various architectural topics have been published both locally and internationally.

Professor Dato’ Ruslan was previously a member of the Board of Advisors to Datuk Bandar Kuala Lumpur. He is currently a council member of United Nations Malaysia Association and sits on the boards of several private companies.

Profile of directors (cont'd.)

Mr Chris Chia Woon Liat
Independent Non-Executive Director

Mr Chris Chia Woon Liat, a Malaysian, was appointed to the Board on 5 October 2006. He holds a Bachelor of Commerce (Accounting & Finance) degree with First Class Honours as well as a Master in Accounting degree (with distinction) from University of Western Australia. He also holds a M.B.A. from Massachusetts Institute of Technology's Sloan School of Management, USA and a Master of Liberal Arts degree from Harvard University, USA.

Mr Chris Chia started his career as an associate consultant with Arthur Andersen, Malaysia prior to joining Goldman Sachs (Singapore) Pte Ltd, Singapore as an Associate in its Investment Banking Division. He was part of the firm's Asia Pacific Mergers and Acquisitions practice.

After Goldman Sachs, he joined Citigroup Global Markets (Southeast Asia Investment Banking Division), based in Singapore. At Citigroup, as Vice President, he had coverage responsibility for key Southeast Asian clients, with a focus on Singapore and Malaysia as well as Financial Buyers/Private Equity Funds. He was also responsible for all aspects of deal origination and management as well as the execution of general corporate finance transactions. He has played a key role in the structuring and execution of capital markets transactions including the structuring of lending and leveraged finance, particularly in Mergers and Acquisitions and has deal experiences across Hong Kong, Thailand, Indonesia, Singapore, Australia and Malaysia.

Mr Chris Chia is currently the Managing Partner of Kendall Court, an investment partnership focused on investment in Southeast Asia (Kendall Court manages approximately USD300 million in assets and makes direct investments in public and private companies). He is also a member of the Money Policy Advisory Committee and was a member of Investment Advisory Committee under SPRING Singapore (a statutory board under the Ministry of Trade and Industry of Singapore which is the main agency for enterprise development and it aims to enhance the competitiveness of enterprises to develop a strong base of dynamic and innovative Singapore enterprises).

Corporate Governance

Board of directors

Board composition

The Board of Bangkok Bank Berhad (“the Bank”) currently consists of five (5) members, of whom one (1) is the Executive Director/Chief Executive Officer (“CEO”), two (2) are Independent Non-Executive Directors and two (2) are Non-Independent Non-Executive Directors.

During the financial year ended 31 December 2011, Mr Prasong Uthaisangchai resigned as Non-Independent Non-Executive Director with effect from 21 April 2011 and YBhg Dato’ Koay Soon Eng resigned as Independent Non-Executive Director with effect from 25 November 2011.

Subsequent to 31 December 2011, Mr Staporn Kavitanon passed away on 1 February 2012.

The Board consists of individuals of caliber with credibility and integrity and has the necessary skills, experiences as well as qualifications to supervise the management of the business and affairs of the Bank. The Board, as a whole, provides a mixture of core competencies including banking, finance, accounting, economics and business management for effective functioning and discharging of the responsibilities of the Board.

The presence of the Independent Non-Executive Directors provides the necessary checks and balances in the functioning of the Board and facilitates the Board in exercising objective judgement in decision making.

A brief profile of each Director is presented on pages 5 to 7 above in this Directors' Report.

Board's duties and responsibilities

The Board was led by the Non-Executive Chairman, Mr Staporn Kavitanon until 1 February 2012.

The roles of the Chairman and CEO are separated to ensure a balance of power and authority, such that no one individual has unfettered powers of decisions.

There are matters specifically reserved for the Board's decision to ensure that the direction and control of the Bank are firmly in hand. The day-to-day conduct of the Bank's business is delegated to the Executive Director/CEO and full-time employees of the Bank subject to the authority limit given.

The primary functions of the Board include the following:

(i) To review and approve management's proposal on strategies, business plan and significant policies and the monitor of management's performance in the implementation process;

(ii) To ensure the Bank establishes comprehensive risk management policies, processes and infrastructure to manage the various types of risks; and

(iii) To ensure the operations of the Bank are conducted prudently and within the framework of relevant laws, rulings and regulations.

The Board also assumes various functions and responsibilities that are required of them by Bank Negara Malaysia ("BNM"), as specified in guidelines and directives issued by BNM from time to time.

Board of directors (cont'd.)

Frequency and conduct of board meetings

The Board meets on a scheduled basis, at least once in every two (2) months, to review the management reports and to deliberate various matters which require its guidance and approval.

During the financial year ended 31 December 2011, the Board held six (6) meetings. Details of each Director’s attendance at Board Meetings for the financial year are as follows:

	Name of Directors	Designation	Attendance
1.	Mr Staporn Kavitanon *(Deceased on 1.2.2012)*	Non-Executive Chairman	5/6
2.	Mr Loke Tan Cheng	Executive Director/CEO	6/6
3.	Mr Prasong Uthaisangchai *(Resigned w.e.f 21.4.2011)*	Non-Independent Non-Executive Director	0/2
4.	Ms Rushda Theeratharathorn	Non-Independent Non-Executive Director	6/6
5.	Mr Toh Chong	Non-Independent Non-Executive Director	5/6
6.	YBhg Professor Dato’ Ruslan Khalid	Independent Non-Executive Director	6/6
7.	Mr Chris Chia Woon Liat	Independent Non-Executive Director	6/6
8.	YBhg Dato’ Koay Soon Eng *(Resigned w.e.f. 25.11.2011)*	Independent Non-Executive Director	2/5

All the Directors have complied with the BNM’s requirement that individual Directors must at least attend 75% of the Board Meetings held in the financial year except for resigned Directors, Mr Prasong Uthaisangchai and YBhg Dato’ Koay Soon Eng.

Directors' training

During the financial year, the Directors had attended the seminars and courses such as Financial Institutions Directors’ Education (“FIDE”) core Programme, IT Governance, Risk Management, Internal Capital Adequacy Assessment Process (“ICAAP”) workshop, Anti-Money Laundering and Anti-Terrorism Financing Act 2001, Corporate Governance and other topics relating to banking operation.

Board performance

The Board has established a performance evaluation mechanism to assess the effectiveness of the Board, Board Committees and each Director’s contribution annually. The Nomination Committee is responsible to undertake the performance evaluation every year and submit the results to the Board for deliberation.

The Board, Board Committees and individual Directors’ performances are evaluated against identified key areas and key performance indicators (“KPIs”) that are based on regulatory requirements and best practices. The key areas and KPIs include but are not limited to the Board and Board Committees’ structure, responsibilities, meeting operations, input in policy development, participation in decision making and attendance.

Board committees

The Board has established Nomination Committee, Remuneration Committee, Risk Management Committee and Audit Committee to assist the Board in the execution of its duties and responsibilities. Each Board Committee operates within its own terms of reference approved by the Board, which clearly define its duties and responsibilities.

(a) Nomination committee

During the financial year, the Nomination Committee held six (6) meetings.

The composition of the Nomination Committee and attendance of the members at the meetings held during the financial year are as follows:

	Committee Members	Designation	Attendance
1.	YBhg Professor Dato' Ruslan Khalid – Chairman	Independent Non-Executive Director	6/6
2.	Mr Loke Tan Cheng	Executive Director/CEO	6/6
3.	Ms Rushda Theeratharathorn	Non-Independent Non-Executive Director	6/6
4.	Mr Toh Chong	Non-Independent Non-Executive Director	5/6
5.	YBhg Dato' Koay Soon Eng *(Resigned w.e.f 25.11.2011)*	Independent Non-Executive Director	2/5
6.	Mr Chris Chia Woon Liat *(Appointed w.e.f 25.11.2011)*	Independent Non-Executive Director	1/1

Terms of Reference

The Nomination Committee is established to provide a formal and transparent procedure for the appointment of Directors and CEO as well as the assessment of effectiveness of individual Directors, Board as a whole and performance of CEO and key Senior Management Officers.

The primary functions of the Nomination Committee include the following:

(i) Establishes the minimum requirements for the Board in terms of required mix of skills, experience, qualification and other core competencies. Establishes minimum requirements for the CEO;

(ii) Recommends and assesses the nominees for directorship, Board Committee members and the CEO;

(iii) Oversees through an annual review of overall composition of the Board in terms of the appropriate size and skills, and the balance between Executive Directors, Non-Executive Directors and Independent Directors;

Board committees (cont'd.)

(a) Nomination committee (cont'd.)

(iv) Establishes a mechanism for the formal annual assessment on the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various Committees and the performance of the CEO and other key Senior Management Officers; and

(v) Assesses on an annual basis that individual Directors and key Senior Management Officers are not disqualified under Section 56 of the Banking and Financial Institutions Act, 1989 and continue to comply with the standards for "fit and proper" criteria as approved by the Board.

(b) Remuneration committee

During the financial year, the Remuneration Committee held five (5) meetings.

The composition of the Remuneration Committee and attendance of the members at the meetings held during the financial year are as follows:

	Committee Members	Designation	Attendance
1.	Mr Chris Chia Woon Liat - Chairman *(Appointed w.e.f 25.11.2011)*	Independent Non-Executive Director	1/1
2.	Ms Rushda Theeratharathorn	Non-Independent Non-Executive Director	5/5
3.	Mr Toh Chong	Non-Independent Non-Executive Director	5/5
4.	YBhg Professor Dato' Ruslan Khalid	Independent Non-Executive Director	5/5
5.	YBhg Dato' Koay Soon Eng - Chairman *(Resigned w.e.f 25.11.2011)*	Independent Non-Executive Director	1/4

Terms of Reference

The Remuneration Committees is established to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO and key Senior Management Officers and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategy.

Board committees (cont'd.)

(b) Remuneration committee (cont'd)

The primary functions of the Remuneration Committee include the following:

(i) Recommends a framework of remuneration for Directors, the CEO and other key Senior Management Officers for the Board's approval;

(ii) Reviews the remuneration packages of the Directors, CEO and key Senior Management Officers; and

(iii) Recommends to the Board the proposed overall salary increment and overall annual bonus of the staff.

(c) Risk management committee

During the financial year, the Risk Management Committee held seven (7) meetings.

The composition of Risk Management Committee and attendance of the members at the meetings held during the financial year are as follows:

	Committee Members	Designation	Attendance
1.	YBhg Professor Dato' Ruslan Khalid – Chairman	Independent Non-Executive Director	7/7
2.	Ms Rushda Theeratharathorn	Non-Independent Non-Executive Director	7/7
3.	Mr Toh Chong	Non-Independent Non-Executive Director	6/7
4.	Mr Chris Chia Woon Liat	Independent Non-Executive Director	7/7
5.	YBhg Dato' Koay Soon Eng *(Resigned w.e.f 25.11.2011)*	Independent Non-Executive Director	3/6

Terms of Reference

The Risk Management Committee is established to oversee senior management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process is in place and functioning.

The primary functions of the Risk Management Committee include the following:

(i) Reviews and recommends risk management strategies, policies and risk tolerance for the Board's approval;

(ii) Reviews and assesses adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and extent to which these are operating effective; and

Board committees (cont'd.)

(c) Risk management committee (cont'd)

(iii) Reviews management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

Risk management framework

The Board has in place a Risk Management Framework to provide greater clarity, focus and consistency across different risk areas in the governance of risks in the Bank. The underlying standards adopted in the Framework is consistent with BASEL II adopted by BNM.

The guiding risk management principles with which the Bank operates are as follows:

(i) Clear separation of risk-taking business lines and risk supervising unit;

(ii) Identification and coverage of all relevant risk types in risk management;

(iii) Measure risks in order to monitor and control them thereby enabling the implementation of more effective risk-based strategy, aid in decision making and management of portfolio transactions; and

(iv) Development of strong risk culture and continuous improvement of risk management skills throughout the Bank.

The Risk Management Framework of the Bank comprises three (3) levels and operates in the following manner:

Level 1: Policies, especially those which have impact on the risk framework and risk tolerances shall be approved at the Board's level.

Level 2: Subject-specific risk guidelines and standards are to be approved at Management Committee level, such as choice of appropriate statistical methodologies to compute specific product's market risk exposure.

Level 3: Procedures supporting policy implementation shall be approved at departmental levels. These policies and procedures rely on constant communication, judgement, knowledge of products and markets and controls by business and support units.

The Risk Management Department will be the central resource for quantifying and managing the portfolio of credit risk, market and liquidity risk and operational risk taken by the Board as a whole.

Board committees (cont'd.)

(d) Audit committee

During the financial year, the Audit Committee held fourteen (14) meetings.

The detail of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2011 are as follows:

	Committee Members	Designation	Attendance
1.	Mr Chris Chia Woon Liat – Chairman	Independent Non-Executive Director	14/14
2.	YBhg Professor Dato' Ruslan Khalid	Independent Non-Executive Director	14/14
3.	Mr Toh Chong	Non-Independent Non-Executive Director	13/14
4.	Ms Rushda Theeratharathorn	Non-Independent Non-Executive Director	13/14
5.	YBhg Dato' Koay Soon Eng *(Resigned w.e.f 25.11.2011)*	Independent Non-Executive Director	8/13

Terms of Reference

The Audit Committee is established to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process and the system of internal control. Their roles and responsibilities include:

(i) Review of significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;

(ii) Review of interim financial reports, the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;

(iii) Oversight of the functions of the Internal Audit Department to ensure it complies with BNM Guidelines on Internal Audit Function of Licensed Institutions;

(iv) Review the adequacy of the annual audit plan and all major changes to the plan to ensure that there are no unjustified restrictions or limitations made;

(v) Review of the scope of the internal audit program, internal audit findings and recommend actions to be taken by management;

(vi) Review of the effectiveness of the Bank's internal control system and risk management processes;

Board committees (cont'd.)

(d) Audit committee (cont'd.)

(vii) Selection of external auditors for appointment by the Board;

(viii) Assessment of objectivity, performance and independence of external auditors ;

(ix) Review of the external auditors' proposed audit scope and approach;

(x) Review of the external auditors' management letter and managements' response;

(xi) Approval of the provision of non-audit service by the external auditors; and

(xii) Review any related party transactions that may arise within the Bank.

Audit and control functions

The Audit & Control Department ("ACD") plays a key role in assisting the Audit Committee to oversee that the management has in place a sound system of risk management, internal controls and governance processes. This is achieved through the review of the recommendations for improvement to the current risk management, internal control systems and governance processes to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. In addition, reviews on compliance with established policies, procedures, guidelines and statutory requirements are also carried out.

The Chief Internal Auditor reports functionally to the Audit Committee and administratively to the CEO. The scope of internal audit covers the audit of all units and operations. It is the responsibility of the ACD to provide the Audit Committee with independent and objective reports on the state of risk management, internal controls and governance processes. The audit reports, which provide the results of audits conducted in terms of the risk management of the units, effectiveness of internal control, compliance with internal and regulatory requirements and overall management of the units, are submitted to the Audit Committee for their review.

The Audit Committee reviews and approves the ACD’s annual audit plan and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors. The internal audit functions were performed in accordance with the Audit Charter and BNM Guidelines on Internal Audit Function of Licensed Institutions.

Risk management

All banking activities include involvement in analysis, evaluation, acceptance and management of certain degree of risk or combination of risks. The key business risks are credit risk, market risk (including foreign exchange and interest rate risk), liquidity risk and operational risk.

The Bank's risk management objectives are as follows:

(i) To protect the Bank's capital earnings from unexpected, excessive losses that could threaten the viability of the Bank;

(ii) To assist management to undertake and manage the appropriate levels of risks necessary to attain business and financial objectives;

(iii) To ensure that the Bank is in compliance with regulatory capital adequacy requirements; and

(iv) To ensure that the Board and senior management are adequately informed of the Bank's risk profile when making decisions.

The Bank's Risk Management policy has set out the broad overall risk policy of the Bank for the conduct of business and is applicable to all business functions within the Bank.

The Bank's risk management strategy is to ensure that all the risks undertaken are manageable and within its risk appetite and approved limits.

The risk management processes are broken down into four generic steps:

(i) Firstly, identifying the risks;

(ii) Secondly, assessing their potential impact to the Bank;

(iii) Thirdly, as risks are dynamic in nature, continuous monitoring of risks is required; and

(iv) Fourthly, managing the risk and reporting those risks to the management and risk management committee for taking appropriate actions.

Risk management (cont'd.)

The Board of Directors is accountable for the management of risk. This is discharged by defining the scope of risk management activities within the Bank, distributing responsibilities at Board level for their management and determining the manner in which risk authorities are set.

The Board, through the independent Risk Management Committee, determines the Bank's risk appetite and sets the Bank's standards and policies for risk measurement and management. These standards and policies are proposed by the CEO through the Risk Management Committee, which is also accountable for providing independent assurance that risk is being managed, measured and controlled in conformity with the policies and standards set by the Bank.

The Management is accountable for the management of risk, collectively through the Loan Committee, Loan Rehabilitation Committee, Asset and Liability Management Committee and

The respective support and business units are responsible for putting in place the appropriate discipline, operating and control procedures, as well as systems within their own units, consistent with the board policies and guidelines set by the Bank. The respective units are accountable for all the risks taken within their units, and should be aware of the type and quantum of risks taken.

The Bank uses various methodologies to identify, monitor, manage and control these risks. Various processes have been established to analyse and identify any weaknesses in these risk areas such as the identification of "red flags", analysis of trends on market volatility etc. These risks are assessed and measured using various models, methodologies and reports such as Credit Risk Rating ("CRR") models, Net Interest Income ("NII") Impact and Economic Value of Equity Impact ("EVE") Methologies, Maximum Cumulative Outflow ("MCO") reports, etc. Processes and procedures have also been established to monitor and control these risks. These policies and procedures are reviewed periodically and necessary changes would be made to ensure that they are operationally robust. Stress tests covering credit, liquidity and market risks and operational risk are also performed under various scenarios to assess the Bank's risk weighted capital adequacy.

The Bank's financial risk management policies for managing, hedging and mitigating credit risk, market risk and liquidity risk are as disclosed in Note 35 to the financial statements.

The Bank's capital management process is further disclosed in Note 33 to the financial statements.

Management information

All the Directors have reviewed the Board reports prior to the Board Meeting. Information and materials, duly endorsed by the CEO and the relevant functional heads that are important to the Directors' understanding of the agenda items and related topics are distributed in advance prior to the date of the meeting. The Board reports include among others, the monthly performance of the Bank, minutes of the various Board and Management Committees, risk portfolio reports, compliance reports any other prevailing regulatory developments as well as economic and business environments updates.

These reports are issued in a timely basis to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

Related party transactions

During the financial year ended 31 December 2011, the Bank entered into transactions with its holding company, Bangkok Bank Public Company Limited in the normal course of business. The details and nature of the transactions are disclosed on page 69 in Note No. 29 to this Audited Financial Statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2012.

Loke Tan Cheng

Professor Dato' Ruslan Khalid

Kuala Lumpur, Malaysia

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

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 24 to 91 are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia 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 31 December 2011 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2012.

Loke Tan Cheng   Professor Dato' Ruslan Khalid

Kuala Lumpur, Malaysia

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Loke Tan Cheng, being the director primarily responsible for the financial management of Bangkok Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 91 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Loke Tan Cheng
at Kuala Lumpur in Wilayah Persekutuan
on 30 March 2012   Loke Tan Cheng

Before me,

299740-W

Independent auditors' report to the member of
Bangkok Bank Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Bangkok Bank Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 91.

Directors' responsibility for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards as modified by Bank Negara Malaysia ("BNM") Guidelines and Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

299740 W

Independent auditors' report to the member of Bangkok Bank Berhad (cont'd.) (Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards as modified by BNM Guidelines, and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2011 and of their financial performances and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other Matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Chan Hooi Lam
No. 2844/02/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
30 March 2012

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2011

		Group		Bank	
	Note	2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	4	644,523	574,241	644,478	574,208
Deposits and placements with banks and other financial institutions	5	20,000	20,000	20,000	20,000
Securities available-for-sale	6	77,300	167,544	77,300	167,544
Securities held-to-maturity	7	85,488	144,782	85,488	144,782
Loans, advances and financing	8	1,746,601	1,534,731	1,746,601	1,534,731
Other assets	9	6,865	13,963	6,863	13,960
Statutory deposit with Bank Negara Malaysia	10	48,000	15,000	48,000	15,000
Investment in subsidiary	11	-	-	10	10
Property and equipment	12	70,510	16,551	70,510	16,551
Intangible assets	13	340	285	340	285
Deferred tax assets	14	7,614	6,438	7,614	6,438
Total assets		2,707,241	2,493,535	2,707,204	2,493,509
Liabilities and shareholder's equity					
Deposits from customers	15	1,860,496	1,758,065	1,860,496	1,758,065
Deposits and placements of banks and other financial institutions	16	189,955	300,230	189,955	300,230
Bills and acceptances payable		69,316	-	69,316	-
Other liabilities	17	38,526	36,327	38,523	36,325
Total liabilities		2,158,293	2,094,622	2,158,290	2,094,620
Share capital	18	400,000	265,000	400,000	265,000
Statutory reserve	19(a)	131,244	123,972	131,234	123,962
Revaluation reserve	19(b)	(12)	(493)	(12)	(493)
Retained profits	20	17,716	10,434	17,692	10,420
Shareholder's equity		548,948	398,913	548,914	398,889
Total liabilities and shareholder's equity		2,707,241	2,493,535	2,707,204	2,493,509
Commitments and contingencies	28	1,558,971	1,431,818	1,558,971	1,431,818

The accompanying notes form an integral part of the financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Income statements
For the year ended 31 December 2011

		Group		Bank	
	Note	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Interest income	21	102,754	84,733	102,754	84,733
Interest expense	22	(56,542)	(42,315)	(56,542)	(42,315)
Net interest income		46,212	42,418	46,212	42,418
Loan loss and allowances, net	23	(9,501)	(10,002)	(9,501)	(10,002)
		36,711	32,416	36,711	32,416
Non-interest income	24	13,419	11,959	13,403	11,950
Net income		50,130	44,375	50,114	44,366
Overhead expenses	25	(30,146)	(25,584)	(30,144)	(25,582)
Profit before taxation		19,984	18,791	19,970	18,784
Taxation	26	(5,430)	(4,830)	(5,426)	(4,828)
Profit for the year		14,554	13,961	14,544	13,956
Earnings per share (sen)					
- basic	27	5.06	5.27		
- diluted	27	5.06	5.27		

The accompanying notes form an integral part of the financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the year ended 31 December 2011

	Group		Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit for the year	14,554	13,961	14,544	13,956
Other comprehensive income/(loss):				
Net gain/(loss) on available-for-sale financial assets	641	1,129	641	1,129
Income tax relating to components of other comprehensive income/(loss)	(160)	(283)	(160)	(283)
Other comprehensive income/(loss) for the year	481	846	481	846
Total comprehensive income for the year	15,035	14,807	15,025	14,802

The accompanying notes form an integral part of the financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the year ended 31 December 2011

	<------ Group				------>
		<---Non-distributable--->		Distributable	
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2010	265,000	116,994	(1,339)	3,451	384,106
Profit for the year	-	-	-	13,961	13,961
Other comprehensive income	-	-	846	-	846
Total comprehensive income for the year	-	-	846	13,961	14,807
Transfer to statutory reserve	-	6,978	-	(6,978)	-
At 31 December 2010	265,000	123,972	(493)	10,434	398,913
At 1 January 2011	265,000	123,972	(493)	10,434	398,913
Profit for the year	-	-	-	14,554	14,554
Other comprehensive income	-	-	481	-	481
Total comprehensive income for the year	-	-	481	14,554	15,035
Capital Injection	135,000	-	-	-	135,000
Transfer to statutory reserve	-	7,272	-	(7,272)	-
At 31 December 2011	400,000	131,244	(12)	17,716	548,948

The accompanying notes form an integral part of the financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the year ended 31 December 2011 (cont'd.)

	<---------- Bank				--------->
		<---Non-distributable--->		Distributable	
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2010	265,000	116,984	(1,339)	3,442	384,087
Profit for the year	-	-	-	13,956	13,956
Other comprehensive income	-	-	846	-	846
Total comprehensive income for the year	-	-	846	13,956	14,802
Transfer to statutory reserve	-	6,978	-	(6,978)	-
At 31 December 2010	265,000	123,962	(493)	10,420	398,889
At 1 January 2011	265,000	123,962	(493)	10,420	398,889
Profit for the year	-	-	-	14,544	14,544
Other comprehensive income	-	-	481	-	481
Total comprehensive income for the year	-	-	481	14,544	15,025
Capital Injection	135,000	-	-	-	135,000
Transfer to statutory reserve	-	7,272	-	(7,272)	-
At 31 December 2011	400,000	131,234	(12)	17,692	548,914

The accompanying notes form an integral part of the financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2011

	Group		Bank	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
Profit before taxation	19,984	18,791	19,970	18,784
Adjustments for:				
Depreciation	2,065	1,522	2,065	1,522
Amortisation of intangible assets	232	357	232	357
Loan loss and allowances, net	9,574	10,827	9,574	10,827
Property and equipment written off	80	106	80	106
Gain on disposal of property and equipment	(16)	(60)	(16)	(60)
Write back of impairment loss on securities held-to-maturity	(9)	(1)	(9)	(1)
Unrealised loss/(gain) on derivatives	438	(816)	438	(816)
Net loss/(gain) on revaluation of securities held-for-trading	19	(46)	19	(46)
Net gain on sale of securities held-for-trading	(49)	(85)	(49)	(85)
Net loss/(gain) on sale of securities available-for-sale	73	(37)	73	(37)
Net gain on redemption of securities held to maturity	(396)	-	(396)	-
Amortisation of premium net of accretion of discount	241	645	241	645
Dividend income	(62)	(62)	(62)	(62)
Operating profit before working capital changes	32,174	31,141	32,160	31,134
(Increase)/decrease in operating assets:				
Loans and advances	(221,444)	(155,851)	(221,444)	(155,851)
Other assets	1,151	(1,724)	1,151	(1,724)
Statutory deposit with Bank Negara Malaysia	(33,000)	(3,000)	(33,000)	(3,000)
Increase/(decrease) in operating liabilities:				
Deposits from customers	102,431	180,535	102,431	180,535
Deposits and placements of banks and other financial institutions	(110,275)	207,219	(110,275)	207,219
Bills and acceptances payable	69,316	-	69,316	-
Other liabilities	1,139	21,348	1,139	21,348
Cash (used in)/generated from operations carried forward	(158,508)	279,668	(158,522)	279,661

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2011 (cont'd.)

	Group		Bank	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities (cont'd.)				
Cash generated from/(used in) operations brought forward	(158,508)	279,668	(158,522)	279,661
Taxes paid	(197)	(6,197)	(193)	(6,193)
Taxes refunded	2	-	-	-
Net cash (used in)/generated from operating activities	(158,703)	273,471	(158,715)	273,468
Cash flows from investing activities				
Purchase of property and equipment	(56,136)	(7,206)	(56,136)	(7,206)
Proceeds from disposal of property and equipment	16	60	16	60
Purchase of intangible assets	(255)	(112)	(255)	(112)
Net sale of securities held-for-trading	55	20,220	55	20,220
Net sale/(purchase) of securities available-for-sale	90,560	(20,224)	90,560	(20,224)
Net sale/(purchase) of securities held-to-maturity	59,685	(99,538)	59,685	(99,538)
Dividend received	60	62	60	62
Net cash generated from/(used in) investing activities	93,985	(106,738)	93,985	(106,738)
Cash flows from financing activities				
Capital Injection	135,000	-	135,000	-
Net cash generated from financing activities	135,000	-	135,000	-
Net increase in cash and cash equivalents	70,282	166,733	70,270	166,730
Cash and cash equivalents at beginning of financial year	594,241	427,508	594,208	427,478
Cash and cash equivalents at end of financial year	664,523	594,241	664,478	594,208
Cash and cash equivalents comprise:				
Cash and short-term funds	644,523	574,241	644,478	574,208
Deposits and placements with banks and other financial institutions	20,000	20,000	20,000	20,000
	664,523	594,241	664,478	594,208

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements - 31 December 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 described in Note 11. There have been no significant changes in the nature of the principal activities during the financial year.

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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of directors on 30 March 2012.

2. Basis of preparation

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. The financial statements comply with the provisions of Companies Act, 1965 and Financial Reporting Standards ("FRSs") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

(a) Adoption of FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations and Technical Releases ("TR") for the Financial Year

The significant accounting policies and methods of computation adopted by the Group are consistent with those of the annual financial statements for the year ended 31 December 2010 except for the adoption of the following FRSs, amendments to FRSs, Issues Committee ("IC") Interpretations and Technical Releases ("TR") which are effective for annual periods beginning on and after:

1 March 2010	
Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
1 July 2010	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment

2. Basis of preparation (cont'd.)

(a) Adoption of FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations and Technical Releases ("TR") for the Financial Year (cont'd.)

1 July 2010 (con'd.)

Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
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
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

30 August 2010

Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate

31 December 2010

TR 3	Guidance on Disclosures of Transition to IFRSs

1 January 2011

Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 13	Customer Loyalty Programmes
TR i-4	Shariah Compliant Sale Contracts

2. Basis of preparation (cont'd.)

(a) Adoption of FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations and Technical Releases ("TR") for the Financial Year (cont'd.)

1 January 2011 (cont'd.)

The adoption of Amendments to FRS 7 which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any impact on the results of the Group and the Bank. Adoption of other FRSs, amendments to FRSs, IC Interpretations and TR did not have any significant effect on the financial performance or position of the Group and the Bank.

(b) 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 allowance on loans, advances and financing

The Group and the Bank review their individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the income 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 impairment amount.

(ii) Impairment of available-for-sale and held-to-maturity investments

The Group and the Bank review the debt securities classified as available-for-sale and held-to-maturity 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 extent to which the fair value of an investment is less than its cost.

2. Basis of preparation (cont'd.)

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

(iii) Deferred tax assets

Deferred tax assets are recognised in respect of 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.

(c) FRSs and IC Interpretations 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
FRS 127: Related Party Disclosures	1 January 2012
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
Amendments to IC Interpretation 15: Agreements for Construction of Real Estate	1 January 2012

(d) Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standard (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

2. Basis of preparation (cont'd.)

(d) Malaysian Financial Reporting Standards (cont'd.)

The Group will be required to prepare financial statements using MFRS Framework in its financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group is in the process in completing its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

3. Significant accounting policies

(a) Subsidiary and basis of consolidation

(i) Subsidiary

Subsidiary is an entity over which the Group has the ability to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Bank's separate financial statements, the investment in subsidiary is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary at each reporting date. The financial statements of the subsidiary are prepared for the same reporting date as the Bank.

3. Significant accounting policies (cont'd.)

(a) Subsidiary and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The acquisition of the subsidiary is accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised as income in profit loss on the date of acquisition.

(b) Revenue recognition

(i) Interest and financing income

Interest income is recognised using the effective interest method. Interest income includes the amortisation of premiums or accretion of discounts. The effective interest method applies the rate that exactly discounts estimated future cash receipts through the effective life of the financial instruments to the net carrying amount of the financial asset.

(ii) Fee and other income

Other fees and commission on a variety of services and facilities extended to customers are recognised on inception of such transactions.

3. Significant accounting policies (cont'd.)

(b) Revenue recognition (cont'd.)

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iv) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(c) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Bank have become a party to the contractual provisions of the instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Bank determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held-for-trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

3. Significant accounting policies (cont'd.)

(c) Financial assets (cont'd.)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as impaired where repayments are in arrears for three (3) months or more from the first day of default for loans and overdrafts. 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.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Bank have the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Bank's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

3. Significant accounting policies (cont'd.)

(c) Financial assets (cont'd.)

All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised or derecognised on the settlement date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(d) Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are subject to impairment review at each reporting date. Impairment loss is recognised when there is objective evidence such as significant financial difficulty of the issuer, significant or prolonged decline in market prices and adverse economic indicators that the recoverable amount of a financial asset is below its carrying amount.

Financial assets that are individually significant are assessed individually. Those not individually significant are grouped together based on similar credit risks and assessed as a portfolio.

(i) Individual impairment allowance on financial assets carried at amortised cost

For financial assets carried at amortised cost in which there are objective evidence of impairment, impairment loss is measured as the difference between the assets’ carrying amount and the present value of the estimated future cash flows (excluding future expcted credit losses that have not yet been incurred) discounted at the assets’ original effective interest rate. The amount of the impairment loss is recognised in profit or loss. Subsequent reversals in the impairment loss is recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the assets’ carrying amount does not exceed its amortised cost if no impairment had been recognised. The reversal is recognised in profit or loss.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Bank. If write-off is later recovered, the recovery is credited to profit or loss.

3. Significant accounting policies (cont'd.)

(d) Impairment of financial assets (cont'd.)

(ii) Individual impairment allowance on available-for-sale financial assets

For available-for-sale investments in which there are objective evidence of impairment, the cumulative impairment loss that had been recognised directly in equity shall be transferred from equity to profit or loss, even though the securities have not been derecognised. The cumulative impairment loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on investments in equity instruments classified as available-for-sale recognised are not reversed in profit or loss subsequent to its recognition. Reversals of impairment losses on debt instruments classified as available-for-sale are recognised in the profit or loss if the increase in fair value can be objectively related to an event occurring after the recognition of the impairment loss in the profit or loss.

(iii) Collective impairment allowance

Collective impairment allowance is made for estimated losses inherent in but not currently identifiable to individual financial assets.

The Group and the Bank have applied the transitional provision set out in BNM/GP8 Guidelines on Classification and Impairment Provisions for Loans/Financing to maintain collective impairment allowance of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance.

(e) Property and equipment and depreciation

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

3. Significant accounting policies (cont'd.)

(e) Property and equipment and depreciation (cont'd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property and equipment is provided for on a straight-line method to allocate their cost to their residual values over their estimated useful lives at the following annual rates:

Buildings	2 - 10%
Motor vehicles	16%
Office equipment, furniture and fittings, and computer equipment	8% - 40%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

3. Significant accounting policies (cont'd.)

(f) Intangible assets (cont'd.)

Intangible assets are amortised over their finite useful lives as follows:

Computer software	2 - 5 years

The Group and the Bank have developed the following criteria to identify computer software or licence to be classified as plant or equipment or intangible assets:

- Software or licence that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as plant and equipment; and

- Application software that is being used on a computer is generally easily replaced and is not an integral part of the related hardware and is classified as intangible assets.

(g) Impairment of non-financial assets

At each reporting date, the Group and the Bank review the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Group and the Bank make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to that asset.

An impairment loss is recognised in profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3. Significant accounting policies (cont'd.)

(h) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value throught profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held-for-trading include derivatives entered into by the Group and the Bank that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group’s and the Bank's other financial liabilities include deposits from customers, deposits and placements of banks and other financial institutions and other liabilities.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished.

(i) Derivative financial instruments

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception for non-option derivatives and subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

3. Significant accounting policies (cont'd.)

(j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(k) Leases

(i) As lessee

Finance leases, which transfer to the Group and the Bank substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Bank will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group and the Bank retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3(b)(iv) to the financial statements.

3. Significant accounting policies (cont'd.)

(l) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank’s functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations.

The Group and Bank do not have any net investment in foreign operations.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2011	2010
Singapore Dollar	2.45	2.38
Thai Baht	0.10	0.10
United States Dollar	3.18	3.08

3. Significant accounting policies (cont'd.)

(m) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and the Bank. Short-term accumulating compensated balances such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after reporting date are discounted to present value.

(n) Provisions

Provisions are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

3. Significant accounting policies (cont'd.)

(o) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case, the deferred tax is also charged or credited to equity.

(p) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash and short term funds and deposits and placements with banks and financial institutions.

(q) Share capital and share issuance expenses

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Cost of issuing equity securities in connection with a business combination are included in the cost of acquisition.

4. Cash and short-term funds

	Group		Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and Bank Negara Malaysia	482,743	415,162	482,698	415,129
Money at call and deposit placements maturing within one month	161,780	159,079	161,780	159,079
	644,523	574,241	644,478	574,208

5. Deposits and placements with banks and other financial institutions

	Group and Bank	
	2011	2010
	RM'000	RM'000
Bank Negara Malaysia	-	20,000
Licensed bank	20,000	-
	20,000	20,000

6. Securities available-for-sale

	Group and Bank	
	2011	2010
	RM'000	RM'000
In Malaysia:		
At fair value		
Money market instruments:		
Malaysian Government Securities	26,195	86,148
Cagamas Bonds	20,237	20,339
BNM Monetary Notes	19,980	-
Government Investment Issue	5,011	40,022
Quoted securities in Malaysia:		
Debt converted shares *	-	-
Unquoted securities in Malaysia:		
Private debt securities	5,005	20,163
	76,428	166,672
At cost		
Unquoted securities:		
Shares	872	872
	77,300	167,544

* Quoted shares fully provided as at relevant reporting dates.

7. Securities held-to-maturity

	Group and Bank	
	2011	2010
	RM'000	RM'000
In Malaysia:		
At amortised cost		
Money market instruments:		
Malaysian Government Securities	30,045	45,153
Unquoted securities:		
Private debt securities	55,443	99,629
	85,488	144,782

8. Loans, advances and financing

	Group and Bank	
	2011	2010
At amortised cost	RM'000	RM'000
Overdrafts	94,802	79,185
Term loans		
Housing loans	7,471	8,663
Syndicated term loan	-	39,214
Other term loans	348,828	294,499
Revolving credits	401,833	311,657
Bills receivables	9,421	9,470
Trust receipts	133,191	114,894
Bankers' acceptances	815,094	732,138
Other financing	13,029	16,269
Staff loans	1,433	1,252
	1,825,102	1,607,241
Unearned interest	(5,199)	(4,500)
Gross loans, advances and financing	1,819,903	1,602,741
Less: Allowance for impaired loans and financing		
Individual impairment allowance	(41,520)	(43,578)
Collective impairment allowance	(31,782)	(24,432)
Net loans, advances and financing	1,746,601	1,534,731

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

	Group and Bank	
	2011	2010
	RM'000	RM'000
Maturing within one year	1,479,978	1,316,463
One year to three years	137,026	80,181
Three years to five years	62,214	115,499
Over five years	140,685	90,598
	1,819,903	1,602,741

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

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

	Group and Bank	
	2011	**2010**
	RM'000	**RM'000**
Purchase of securities	-	11,133
Purchase of transport vehicles	232	1,383
Purchase of residential properties	8,701	9,697
Purchase of non-residential properties	94,310	81,460
Purchase of fixed assets other than land and building	21,763	34,896
Personal use	3,508	787
Construction	56,749	57,845
Working capital	1,603,425	1,372,250
Others	31,215	33,290
	1,819,903	1,602,741

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

	Group and Bank	
	2011	**2010**
	RM'000	**RM'000**
Domestic non-bank financial institutions	224,633	164,590
Domestic business enterprises		
- Small medium enterprises	548,655	348,455
- Others	1,034,170	1,079,069
Individuals	12,445	10,627
	1,819,903	1,602,741

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

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

	Group and Bank 2011 RM'000	2010 RM'000
Fixed rate		
Housing loan	-	1,344
Other fixed rate loan/financing	164	17,384
Variable rate		
BLR plus	391,448	334,233
Cost-plus	1,335,119	1,177,919
Other variable rates	93,172	71,861
	1,819,903	1,602,741

(v) All loan, 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 2011 RM'000	2010 RM'000
Balance as at 1 January	59,123	78,319
Classified as impaired during the year	1,725	6,433
Reclassified as non-impaired during the year	(1,218)	(364)
Amount recovered	(3,964)	(3,431)
Amount written off	(4,282)	(21,834)
Balance as at 31 December	51,384	59,123
Individual impairment allowance	(41,520)	(43,578)
Net impaired loans, advances and financing	9,864	15,545
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment	0.55%	0.99%

Definition of impaired loan is disclosed in Note 3(c)(ii).

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

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

	Group and Bank	
	2011	2010
	RM'000	RM'000
Individual impairment allowance		
Balance as at 1 January	43,578	57,485
Allowance made during the year (Note 23)	3,806	10,470
Amount written back (Note 23)	(1,582)	(2,543)
Amount written off	(4,282)	(21,834)
Balance as at 31 December	41,520	43,578
Collective impairment allowance		
Balance as at 1 January	24,432	21,532
Allowance made during the year (Note 23)	7,350	2,900
Balance as at 31 December	31,782	24,432
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	1.79%	1.57%

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

The Group and the Bank performs individual impairment assessment based on certain obligatory and judgemental triggers that may indicate potential impairment. All impaired accounts as defined in Note 3(c)(ii) are selected for individual impairment review on a monthly basis. The Group and 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.

As disclosed in Note 3(d)(iii), the Group and the Bank has adopted the transitional provision of providing a minimum of 1.5% as collective impairment allowance.

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

	Group and Bank	
	2011	**2010**
	RM'000	**RM'000**
Purchase of residential properties	2,290	3,504
Working capital	46,095	51,797
Others	2,999	3,822
	51,384	59,123

All impaired loan, advances and financing of the Group and of the Bank are in respect of customers in Malaysia.

9. Other assets

	Group		Bank	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables, deposits and prepayments	2,919	4,068	2,919	4,068
Unrealised gain on derivatives	2,972	2,352	2,972	2,352
Tax recoverable	974	7,543	972	7,540
	6,865	13,963	6,863	13,960

10. Statutory deposit with Bank Negara Malaysia

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958, the amounts of which are determined as a set percentage of total eligible liabilities of the Bank.

11. Investment in subsidiary

	Bank	
	2011	**2010**
	RM'000	**RM'000**
Unquoted shares, at cost	10	10

Details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of company	**Percentage of equity held**		**Principal activity**
	2011	**2010**	
	%	%	
BBL Nominees (Tempatan) Sdn. Bhd.	100	100	Provision of nominee services to local clients of the Bank

12. Property and equipment

Group and Bank	Freehold land and buildings* RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings and computer equipment RM'000	Property under construction RM'000	Work in progress RM'000	Total RM'000
2011						
Cost						
At 1 January 2011	16,508	909	7,177	-	3,230	27,824
Additions	43	912	817	53,379	985	56,136
Disposals	-	(335)	-	-	-	(335)
Write off	-	-	-	-	(80)	(80)
Reclassifications	2,339	-	1,190	-	(3,529)	-
Reclassified to intangible assets	-	-	-	-	(32)	(32)
At 31 December 2011	18,890	1,486	9,184	53,379	574	83,513
Accumulated depreciation						
At 1 January 2011	6,812	783	3,678	-	-	11,273
Charge for the year (Note 25)	597	158	1,310	-	-	2,065
Disposals	-	(335)	-	-	-	(335)
At 31 December 2011	7,409	606	4,988	-	-	13,003
Net carrying amount	11,481	880	4,196	53,379	574	70,510
2010						
Cost						
At 1 January 2010	14,821	1,049	4,579	-	464	20,913
Additions	-	-	1,418	-	5,788	7,206
Disposals	-	(140)	-	-	-	(140)
Write off	-	-	-	-	(106)	(106)
Reclassifications	1,687	-	1,180	-	(2,867)	-
Reclassified to intangible assets	-	-	-	-	(49)	- (49)
At 31 December 2010	16,508	909	7,177	-	3,230	27,824
Accumulated depreciation						
At 1 January 2010	6,453	865	2,573	-	-	9,891
Charge for the year (Note 25)	359	58	1,105	-	-	1,522
Disposals	-	(140)	-	-	-	(140)
At 31 December 2010	6,812	783	3,678	-	-	11,273
Net carrying amount	9,696	126	3,499	-	3,230	16,551

* Included in the above is freehold land costing RM714,000 (2010: RM714,000).

13. Intangible assets

	Group and Bank 2011 RM'000	Group and Bank 2010 RM'000
Computer software		
Cost		
At 1 January	1,836	1,675
Additions	255	112
Reclassified from property and equipment	32	49
At 31 December	2,123	1,836
Accumulated amortisation		
At 1 January	1,551	1,194
Amortisation (Note 25)	232	357
At 31 December	1,783	1,551
Net carrying amount	340	285

14. Deferred tax assets

	Group and Bank 2011 RM'000	Group and Bank 2010 RM'000
At 1 January	6,438	6,114
Recognised in income statements (Note 26)	1,336	607
Recognised in equity	(160)	(283)
At 31 December	7,614	6,438
Presented after appropriate offsetting as follows:		
Deferred tax assets	8,546	6,899
Deferred tax liabilities	(932)	(461)
	7,614	6,438

14. Deferred tax assets (cont'd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group and Bank

Deferred tax assets

	Collective impairment allowance RM'000	Revaluation reserve RM'000	Others RM'000	Total RM'000
At 1 January 2010	5,383	447	685	6,515
Recognised in income statements	725	-	(58)	667
Recognised in equity	-	(283)	-	(283)
At 31 December 2010	6,108	164	627	6,899
At 1 January 2011	6,108	164	627	6,899
Recognised in income statements	1,838	-	(31)	1,807
Recognised in equity	-	(160)	-	(160)
At 31 December 2011	7,946	4	596	8,546

Deferred tax liabilities

	Plant and equipment RM'000	Total RM'000
At 1 January 2010	401	401
Recognised in income statements	60	60
At 31 December 2010	461	461
At 1 January 2011	461	461
Recognised in income statements	471	471
At 31 December 2011	932	932

15. Deposits from customers

	Group and Bank 2011 RM'000	Group and Bank 2010 RM'000
Fixed deposits	1,426,112	1,075,223
Negotiable instruments of deposits	-	100,000
Current accounts	191,924	191,211
Savings deposits	12,914	10,762
Short term deposits	229,546	380,869
	1,860,496	1,758,065

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

	Group and Bank 2011 RM'000	Group and Bank 2010 RM'000
Due within six months	1,488,795	1,402,840
Six months to one year	154,624	146,896
One year to three years	8,401	1,601
Over three years	3,838	4,755
	1,655,658	1,556,092

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

	Group and Bank 2011 RM'000	Group and Bank 2010 RM'000
Business enterprises	1,607,997	1,405,462
Individuals	209,632	201,527
Others	42,867	151,076
	1,860,496	1,758,065

16. Deposits and placements of banks and other financial institutions

	Group and Bank	
	2011	2010
	RM'000	RM'000
Licensed banks	174,682	281,340
Other financial institutions	13,026	16,247
Bank Negara Malaysia	2,247	2,643
	189,955	300,230

17. Other liabilities

	Group		Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Accruals	1,262	2,144	1,262	2,144
Unrealised loss on derivatives	2,737	1,677	2,737	1,677
Other payables	34,527	32,506	34,524	32,504
	38,526	36,327	38,523	36,325

18. Share capital

	Group and Bank			
	Number of ordinary shares of RM1 each		Amount	
	2011	2010	2011	2010
	'000	'000	RM'000	RM'000
Authorised				
At 1 January	300,000	300,000	300,000	300,000
Created during the year	100,000	-	100,000	-
At 31 December	400,000	300,000	400,000	300,000
Issued and fully paid-up				
At 1 January	265,000	265,000	265,000	265,000
Capital Injection from BBPCL	135,000	-	135,000	-
At 31 December	400,000	265,000	400,000	265,000

18. Share capital (cont'd)

During the year, the Bank increased its issued and paid-up capital with the capital injection of RM135 million from its holding company, Bangkok Bank Public Company Limited, for cash for the purpose of the purchase of the Bank’s new headquarter. 135 million new ordinary shares were issued to the holding company at the par value of RM1 each.

The holder of ordinary shares are entitled to receive dividends as and when declared by the Bank, after obtaining the regulatory approval from Bank Negara Malaysia prior to the declaration of dividends.

All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Bank's residual assets.

19. Other reserves

(a) The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividends.

(b) The revaluation reserve arises from the changes in the fair value of the available-for-sale securities and is not distributable as cash dividends.

20. Retained profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Bank did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Bank may utilise the credit in the Section 108 balance as at 31 December 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 31 December 2011 and 2010, the Bank has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained profits.

21. Interest income

	Group and Bank	
	2011	2010
	RM'000	RM'000
Loans, advances and financing		
- Interest income other than recoveries from impaired loans	77,145	61,678
- Interest income on impaired loans	1,094	1,656
Deposits and placements with banks and other financial institutions	16,251	10,617
Securities held-for-trading	102	146
Securities available-for-sale	3,965	7,504
Securities held-to-maturity	4,438	3,777
	102,995	85,378
Amortisation of premium net of accretion of discount		
- Securities held-for-trading	25	96
- Securities available-for-sale	(252)	(722)
- Securities held-to-maturity	(14)	(19)
	102,754	84,733

22. Interest expense

	Group and Bank 2011 RM'000	2010 RM'000
Deposits from customers	48,937	37,390
Deposits and placements of banks and other financial institutions	7,605	4,925
	56,542	42,315

23. Loan loss and allowances, net

	Group and Bank 2011 RM'000	2010 RM'000
Allowance for impaired loans, advances and financing		
Individual impairment		
- made during the financial year (Note 8(vii))	3,806	10,470
- written back (Note 8(vii))	(1,582)	(2,543)
Collective impairment, net (Note 8(vii))	7,350	2,900
Impaired loans, advances and financing recovered	(73)	(825)
	9,501	10,002

24. Non-interest income

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fee income:				
Commission	3,018	3,008	3,002	2,999
Service charges and fees	1,200	1,364	1,200	1,364
Guarantee fees	1,606	1,068	1,606	1,068
	5,824	5,440	5,808	5,431

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

	Group 2011 RM'000	Group 2010 RM'000	Bank 2011 RM'000	Bank 2010 RM'000
Investment income:				
Net gain/(loss) on sale of investments:				
Securities held-for-trading	49	85	49	85
Securities available-for-sale	(73)	37	(73)	37
Net gain on redemption of securities held-to-maturity	396	-	396	-
Net (loss)/gain on revaluation of securities held-for-trading	(19)	46	(19)	46
Write back of impairment loss on securities held-to-maturity	9	1	9	1
Gross dividend from securities available-for-sale	62	62	62	62
	424	231	424	231
Other income:				
Foreign exchange gain	7,442	4,891	7,442	4,891
Net realised loss on interest rate swaps	(370)	-	(370)	-
Unrealised gain/(loss) on foreign exchange forward	(438)	816	(438)	816
Rental income	512	516	512	516
Gain on disposal of property and equipment	16	60	16	60
Others	9	5	9	5
	7,171	6,288	7,171	6,288
	13,419	11,959	13,403	11,950

25. Overhead expenses

	Group 2011 RM'000	Group 2010 RM'000	Bank 2011 RM'000	Bank 2010 RM'000
Personnel costs				
Salaries, allowances and bonuses	13,978	11,260	13,978	11,260
Defined contribution plan - Employees Provident Fund	2,204	1,701	2,204	1,701
Others	1,691	1,595	1,691	1,595
	17,873	14,556	17,873	14,556

25. Overhead expenses (cont'd.)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Establishment costs				
Depreciation	2,065	1,522	2,065	1,522
Amortisation of intangible assets	232	357	232	357
Repair and maintenance	615	444	615	444
Rental of premises	840	659	840	659
Computerisation costs	808	607	808	607
Others	1,584	1,163	1,584	1,163
	6,144	4,752	6,144	4,752
Marketing costs				
Advertising and publicity	289	752	289	752
Others	152	162	152	162
	441	914	441	914
Administration and general costs				
Professional fees	1,288	694	1,288	694
Others	4,400	4,668	4,398	4,666
	5,688	5,362	5,686	5,360
Total	30,146	25,584	30,144	25,582

The above expenses include the following statutory disclosures:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors' fee and remuneration (Note 30)	3,299	2,830	3,299	2,830
Hire of equipment	106	82	106	82
Auditors' remuneration				
- Statutory audit	89	79	88	78
- Other audit	35	-	35	-
- Other services	64	122	64	122
Property and equipment written off	80	106	80	106

26. Taxation

	Group		Bank	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax:				
Current year	7,004	5,437	7,000	5,435
Over provision in prior years	(238)	-	(238)	-
	6,766	5,437	6,762	5,435
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences	(1,336)	(607)	(1,336)	(607)
	5,430	4,830	5,426	4,828

Income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before taxation	19,984	18,791	19,970	18,784
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	4,996	4,698	4,992	4,696
Effect of expenses not deductible for tax purposes	672	132	672	132
Over provision in prior years	(238)	-	(238)	-
Tax expense for the year	5,430	4,830	5,426	4,828

27. Earnings per share

Basic earnings per share of the Group is calculated by dividing the profit for the year attributable to shareholder for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2011	**2010**
Profit for the year (RM'000)	14,554	13,961
Weighted average number of ordinary shares in issue ('000)	287,500	265,000
Basic earnings per share (sen)	5.06	5.27

27. Earnings per share (cont'd.)

There is no dilutive potential in the ordinary shares as at 31 December 2011 and 31 December 2010.

28. 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 OTC derivative transactions, repo-style transactios and credit derivative contracts booked in its trading and banking book. The Group and the Bank's involvement in derivatives are only restricted to foreign forward exchange contracts and interest rate swaps. The policies of market risk management in respect of foreign exchange risk are disclosed in Note 35(b).

Risk-weighted exposures of the Group and of 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
2011				
Direct credit substitues	16,726	-	16,726	16,217
Transaction-related contingent items	136,866	-	68,433	64,954
Short-term self-liquidating trade-related contingencies	79,118	-	15,824	15,703
Forward foreign exchange contracts				
- less than one year	332,876	2,972	5,905	4,467
Interest rate related contracts				
- less than one year	20,000	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	130	-	65	65
- maturity less than one year	961,674	-	192,335	191,982
Any commitment that are unconditionally cancelled at any time without prior notice	11,581	-	-	-
Total	1,558,971	2,972	299,288	293,388

28. Commitments and contingencies (cont'd.)

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
2010				
Direct credit substitues	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).

Banking Institutions can apply a 0% credit conversion factor (CCF), instead of 50% on the undrawn portion of credit facilities with an original maturity of more than one year, conditional upon the institution undertaking a credit review of the facility at least annually and having the right to withdraw the facility following an unsatisfactory assessment and can also apply a 0% CCF (instead of 20%) on the undrawn portions of credit facilities with an original maturity of less than one year as a temporary measure until 31 December 2011 under the Risk Weighted Capital Adequacy Framework (RWCAF).

29. Significant related party transactions and balances

(i) Related party transactions

	Group and Bank 2011 RM'000	Group and Bank 2010 RM'000
Income		
Interest on advances to holding company and its branches	54	265
Expenditure		
Interest on advances from holding company and its branches	324	151
Amount due to		
Deposits and placements from holding company and its branches	108,162	110
Amount due from		
Cash and short-term funds placed with holding company and its branches	5,097	3,244

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.

(ii) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The key management personnel include all the directors of the Bank and certain senior management personnel of the Bank.

The remuneration of certain senior management personnel who are part of key management personnel included in the income statements was as follows:

	Group and Bank 2011 RM'000	Group and Bank 2010 RM'000
Salary and emoluments	2,584	2,056
Defined contribution plan	265	268
Benefits-in-kind	233	276
	3,082	2,600

Directors' remuneration including benefits-in-kind are disclosed in Note 30.

30. Directors' fees and remuneration

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

Group and Bank

2011	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments* RM'000	Benefits-in-kind RM'000	Total remuneration RM'000
Executive Directors/ Chief Executive Officer:						
Loke Tan Cheng	1,104	-	552	335	44	2,035
Non-Executive Directors:						
Staporn Kavitanon	-	132	-	105	-	237
Chris Chia Woon Liat	-	108	-	90	-	198
Rushda Theeratharathorn	-	84	-	89	-	173
Professor Dato' Ruslan Khalid	-	108	-	90	-	198
Toh Chong	-	84	-	88	-	172
Prasong Uthaisangchai (Resigned w.e.f 21.4.2011)	-	37	-	70	-	107
Dato' Koay Soon Eng (Resigned w.e.f. 25.11.2011)	-	99	-	80	-	179
	-	652	-	612	-	1,264
Total directors' remuneration	1,104	652	552	947	44	3,299

* Includes allowances and EPF.

30. Directors' fees and remuneration (cont'd.)

Group and Bank

2010	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments* RM'000	Benefits-in-kind RM'000	Total remuneration RM'000
Executive Directors/ Chief Executive Officer:						
Loke Tan Cheng	1,004	-	669	268	53	1,994
Non-Executive Directors:						
Staporn Kavitanon	-	132	-	6	-	138
Chris Chia Woon Liat	-	108	-	18	-	126
Rushda Theeratharathorn	-	84	-	14	-	98
Professor Dato' Ruslan Khalid	-	108	-	18	-	126
Toh Chong	-	84	-	14	-	98
Prasong Uthaisangchai	-	120	-	4	-	124
Dato' Koay Soon Eng	-	108	-	18	-	126
	-	744	-	92	-	836
Total directors' remuneration	1,004	744	669	360	53	2,830

* Includes allowances and EPF.

31. Lease and commitments

The Group as lessee

The Group and the Bank have non-cancellable long-term lease commitments in respect of premises and equipment on hire, all of which are classified as operating leases.

A summary of the non-cancellable long term commitments, net of sub-leases is as follows:-

	Group		Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Future minimum rentals payments:				
Not later than 1 year	893	878	893	878
Later than 1 year and not later than 5 years	418	1,209	418	1,209
	1,311	2,087	1,311	2,087

32. Capital commitments

Capital commitment as at the reporting date is as follows:

	2011	2010
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	79,621	-
	79,621	-

33. Capital management

The objective of the Group's and the Bank's capital management policy is to maintain an adequate level of capital to support business growth strategies under an acceptable risk framework, and to meet its regulatory requirements and market expectations.

The Group's and the Bank's capital management process involves a careful analysis of the capital requirement to support business growth, including potential crisis scenarios, and the source of capital, both from financial performance as well as external funding sources, if necessary. The Group and the Bank regularly assess their capital adequacy under various scenarios on a forward looking perspective for the purpose of capital planning and management to ensure that the capital is at the level suitable for the prevailing business conditions.

33. Capital management (cont'd.)

The Bank's capital requirements and capital adequacy ratios, 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) are disclosed in Note 34.

34. Capital adequacy

(i) Capital adequacy ratios 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.

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. (Note 11), 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.

There is no regulatory capital requirement in respect of the subsidiary of the Bank that has a shareholder's equity of RM44,317 as at the reporting date, which is higher as compared to the Bank's cost of investment of RM10,000.

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

	2011	2010
Core capital ratio/Tier-1 Capital ratio	23.45%	19.76%
Risk-weighted capital ratio	24.82%	20.97%

In assessing the adequacy of its internal capital levels to support current and future activities, the Bank ensures that it complies with the minimum requirements of Bank Negara Malaysia of at least 8% in core capital ratio/Tier-1 capital ratio and risk-weighted capital ratio.

34. Capital adequacy (cont'd.)

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

	2011 RM'000	2010 RM'000
Tier-1 Capital		
Paid-up share capital	400,000	265,000
Statutory reserve	131,234	123,962
Retained profits	17,692	10,420
Less: Deferred tax assets (excluding those from revaluation reserve)	(7,610)	(6,274)
Total Tier-1 Capital	541,316	393,108
Tier-2 Capital		
Collective impairment (only those attributable to non-impaired loan, advances and financing)	31,634	24,208
Total Tier-2 Capital	31,634	24,208
Total capital	572,950	417,316
Less: Investment in subsidiary	(10)	(10)
Capital base	572,940	417,306

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

34. 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 2011 RM'000	Risk-weighted assets 2011 RM'000	Principal 2010 RM'000	Risk-Weighted assets 2010 RM'000
0%	626,801	-	618,450	-
20%	265,053	53,011	308,073	61,615
35%	4,541	1,589	3,144	1,100
50%	21,719	10,859	31,724	15,861
75%	1,400	1,050	3,120	2,340
100%	2,134,131	2,134,131	1,799,735	1,799,735
150%	4,897	7,346	9,448	14,173
Total risk-weighted assets for credit risk		2,207,986		1,894,824
Total risk-weighted assets for market risk		6,251		4,153
Total risk-weighted assets for operational risk		93,944		90,854
Total risk-weighted assets		2,308,181		1,989,831

35. Financial risk management objectives and policies

Risk management is one of the critical success factors in banking and is an essential element of the Group's and of the Bank's overall business strategy.

The Board of Directors recognises that a critical factor in the Group's and of the Bank's continued survival, profitability and success depends on the effectiveness of its risk management capabilities and risk return management. Therefore, the Group's and the Bank's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Bank's business whilst managing its foreign exchange, interest rate, credit and liquidity risks. The Group and the Bank operate within clearly defined guidelines that are approved by the Board.

Major areas of the Group's and the Bank's risk management are as follows:

(a) Credit risk management

Credit risk is the potential loss of revenue and principal losses in the form of specific allowances as a result of partial or total default of a loan by the borrower. As such, management of credit risk is not only vital in protecting the Group's assets quality but also to sustain profits. Various credit committees are set up to supervise credit activities and management of credit risks.

The Group's and the Bank's credit risk grading system is used to grade the quality of all commercial and business loans. A key objective of the rating system is to track the movement of the Group's and the Bank's credit risk profile and to assist in the early detection of weak borrowers to commence early rehabilitation and to prevent the emergence of new impaired loans.

An effective preventive measure to identify and manage emerging problem loans is the independent review of performing loans by a special unit. This review is carried out with the prime objective of implementing prompt pre-emptive measures on loans where credit risks have increased.

35. Financial risk management objectives and policies (cont'd.)

(a) Credit risk management (cont'd.)

For corrective measures, loans which are three months in arrears and above would be under the purview of the Loan Review and Rehabilitation Committee. This committee would meet monthly to direct efforts towards effective collection, restructuring and rehabilitation of delinquent loans to prevent and recover impaired loans expeditiously.

It is not the policies of the Group and the Bank to use credit derivatives as part of their credit risk management.

(i) Credit quality of gross loans, advances and financing

Gross loans, advances and financing are analysed as follows:

Group and Bank	2011 RM'000	2010 RM'000
Neither past due nor impaired	1,709,627	1,543,871
Past due but not impaired	64,091	4,247
Impaired	51,384	59,123
	1,825,102	1,607,241

Neither past due nor impaired
Gross loans, advances and financing which are neither past due nor impaired are classified as "PASS" internally. Facilities with "PASS" classification refers to loans, advances and financing which have no past due or no overdue in the principle or interest for a period of less than one (1) month.

Past due but not impaired
Past due but not impaired refers to loans where the customer has failed to make a principal or interest payment when contractually due, and includes loans, advances and financing which are due more than one month but less than (3) months.

35. Financial risk management objectives and policies (cont'd.)

(a) Credit risk management (cont'd.)

(i) Credit quality of gross loans, advances and financing (cont'd.)

Ageing analysis of past due but not impaired assets

Group and Bank	1 to 2 month RM'000	2 to 3 month RM'000	Total RM'000
2011			
Corporate loans/financing	64,091	-	64,091

Group and Bank	1 to 2 month RM'000	2 to 3 month RM'000	Total RM'000
2010			
Corporate loans/financing	3,049	1,198	4,247

Impaired
The definition of impaired loans, advances and financing is described in Note 3(c)(ii).

(ii) Collateral

Effects of holding collateral

The credit risk of financial assets of the Group and the Bank is mitigated by the collaterals held against the financial assets.

All impaired loan, advances and financing are subject to individual assessment impairment review as at the current and previous financial year end. The collateral mitigates credit risk and would reduce the extent of impairment allowance for the assets subject to impairment review.

For loan, advances and financing, individual assessment allowance as at the date of the statement of financial position would have been higher by approximately RM10,847,000 (2010: RM16,248,000) for the Group and the Bank.

Repossessed collateral

For the financial years ended 31 December 2011 and 2010, there are no repossessed collaterals.

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management

Market risk is the risk of loss arising from movement in the level of market prices or rates, the two key components being interest rate risk and foreign currency exchange risk.

In order to manage risk in investment holding, the Group and the Bank mark-to-market their investment positions and makes comparisons against predetermined market risk limits. The market risk limits are set taking into consideration the risk appetite of the Group and of the Bank, which has traditionally been prudent.

(i) Foreign exchange risk management

Foreign currency exchange risk arises from exchange rate movements, which may affect the profit of the Group and of the Bank from their foreign exchange open positions taken from time to time. This risk is principally managed by setting predetermined limits on open foreign exchange positions against these limits and the setting and monitoring of cut-loss mechanisms. The Group and the Bank enter into foreign exchange related derivatives, namely spot and forward contracts, as part of its strategies to manage foreign currency risk.

(ii) Interest rate risk management

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rates and shifts in the composition of the assets and liabilities. The Group's and the Bank's Asset and Liabilities Committee regularly reviews the interest rate outlook, assesses the vulnerability of net interest income and develops strategies to mitigate interest rate risk.

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial positions and cash flows. The following table indicates the effective interest rates at the reporting date and the periods in which the financial instruments reprice or mature, whichever is earlier.

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Group	Non-trading book Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2011									
Assets									
Cash and short-term funds	618,525	-	-	-	-	25,998	-	644,523	2.88
Deposits and placements with banks and other financial institutions	-	20,000	-	-	-	-	-	20,000	3.20
Securities available-for-sale	19,980	5,004	5,002	46,442	-	872	-	77,300	3.35
Securities held-to-maturity	-	-	40,058	45,417	-	13	-	85,488	3.61
Loans, advances and financing									
- non-impaired	1,768,355	-	164	-	-	-	-	1,768,519	4.64
- impaired *	(21,918)	-	-	-	-	-	-	(21,918)	9.58
Other non-interest sensitive balances	-	-	-	-	-	133,329	-	133,329	
Total assets	2,384,942	25,004	45,224	91,859	-	160,212	-	2,707,241	

* This is arrived at after deducting the collective impairment and individual impairment from gross impaired loans outstanding.

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Group	Non-trading book Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2011									
Liabilities									
Deposits from customers	858,420	671,558	318,279	12,239	-	-	-	1,860,496	2.95
Deposits and placements of banks and other financial institutions	78,833	110,382	-	-	-	740	-	189,955	1.60
Bills and acceptances payable	-	69,316	-	-	-	-	-	69,316	3.28
Other non-interest sensitive balances	-	-	-	-	-	38,526	-	38,526	
Total liabilities	937,253	851,256	318,279	12,239	-	39,266	-	2,158,293	
Shareholder's equity	-	-	-	-	-	548,948	-	548,948	
Total liabilities and shareholder's equity	937,253	851,256	318,279	12,239	-	588,214	-	2,707,241	
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	1,447,689	(826,252)	(273,055)	79,620	-	(428,002)	-	-	

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Group	Non-trading book: Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2010									
Assets									
Cash and short-term funds	528,379	-	-	-	-	45,862	-	574,241	2.75
Deposits and placements with banks and other financial institutions	-	20,000	-	-	-	-	-	20,000	2.95
Securities available-for-sale	-	-	15,108	151,564	-	872	-	167,544	3.48
Securities held-to-maturity	-	-	14,993	129,776	-	13	-	144,782	3.75
Loans, advances and financing									
- non-impaired	1,530,876	11,260	-	94	1,388	-	-	1,543,618	4.54
- impaired *	(8,887)	-	-	-	-	-	-	(8,887)	9.23
Other non-interest sensitive balances	-	-	-	-	-	52,237	-	52,237	
Total assets	2,050,368	31,260	30,101	281,434	1,388	98,984	-	2,493,535	

* This is arrived at after deducting the collective impairment and individual impairment from gross impaired loans outstanding.

299740-W

Bangkok Bank Berhad
(Incorporated in Malaysia)

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Group	Non-trading book: Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2010									
Liabilities									
Deposits from customers	1,158,958	329,901	224,388	44,818	-	-	-	1,758,065	2.59
Deposits and placements of banks and other financial institution	229,710	70,410	-	-	-	110	-	300,230	2.53
Other non-interest sensitive balances	-	-	-	-	-	36,327	-	36,327	
Total liabilities	1,388,668	400,311	224,388	44,818	-	36,437	-	2,094,622	
Shareholder's equity	-	-	-	-	-	398,913	-	398,913	
Total liabilities and shareholder's equity	1,388,668	400,311	224,388	44,818	-	435,350	-	2,493,535	
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	661,700	(369,051)	(194,287)	236,616	1,388	(336,366)	-	-	

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Bank	Non-trading book Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2011									
Assets									
Cash and short-term funds	618,480	-	-	-	-	25,998	-	644,478	2.88
Deposits and placements with banks and other financial institutions	-	20,000	-	-	-	-	-	20,000	3.20
Securities available-for-sale	19,980	5,004	5,002	46,442	-	872	-	77,300	3.65
Securities held-to-maturity	-	-	40,058	45,417	-	13	-	85,488	3.61
Loans, advances and financing									
- non-impaired	1,768,355	-	164	-	-	-	-	1,768,519	4.64
- impaired *	(21,918)	-	-	-	-	-	-	(21,918)	9.58
Other non-interest sensitive balances	-	-	-	-	-	133,337	-	133,337	
Total assets	2,384,897	25,004	45,224	91,859	-	160,220	-	2,707,204	

* This is arrived at after deducting the collective impairment and individual impairment from gross impaired loans outstanding.

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Bank	← Non-trading book					→			
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2011									
Liabilities									
Deposits from customers	858,420	671,558	318,279	12,239	-	-	-	1,860,496	2.95
Deposits and placements of banks and other financial institutions	78,833	110,382	-	-	-	740	-	189,955	1.60
Bills and acceptances payable	-	69,316	-	-	-	-	-	69,316	3.28
Other non-interest sensitive balances	-	-	-	-	-	38,523	-	38,523	
Total liabilities	937,253	851,256	318,279	12,239	-	39,263	-	2,158,290	
Shareholder's equity	-	-	-	-	-	548,914	-	548,914	-
Total liabilities and shareholder's equity	937,253	851,256	318,279	12,239	-	588,177	-	2,707,204	
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	1,447,644	(826,252)	(273,055)	79,620	-	(427,957)	-	-	

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Bank	Non-trading book								
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2010									
Assets									
Cash and short-term funds	528,379	-	-	-	-	45,829	-	574,208	2.75
Deposits and placements with bank and other financial institutions	-	20,000	-	-	-	-	-	20,000	2.95
Securities available-for-sale	-	-	15,108	151,564	-	872	-	167,544	3.48
Securities held-to-maturity	-	-	14,993	129,776	-	13	-	144,782	3.75
Loans, advances and financing									
- non-impaired	1,530,876	11,260	-	94	1,388	-	-	1,543,618	4.54
- impaired *	(8,887)	-	-	-	-	-	-	(8,887)	9.23
Other non-interest sensitive balances	-	-	-	-	-	52,244	-	52,244	
Total assets	2,050,368	31,260	30,101	281,434	1,388	98,958	-	2,493,509	

* This is arrived at after deducting the collective impairment and individual impairment from gross impaired loans outstanding.

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Bank	Non-trading book								
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2010									
Liabilities									
Deposits from customers	1,158,958	329,901	224,388	44,818	-	-	-	1,758,065	2.59
Deposits and placements of banks and other financial institution	229,710	70,410	-	-	-	110	-	300,230	2.53
Other non-interest sensitive balances	-	-	-	-	-	36,325	-	36,325	
Total liabilities	1,388,668	400,311	224,388	44,818	-	36,435	-	2,094,620	
Shareholder's equity	-	-	-	-	-	398,889	-	398,889	
Total liabilities and shareholder's equity	1,388,668	400,311	224,388	44,818	-	435,324	-	2,493,509	
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	661,700	(369,051)	(194,287)	236,616	1,388	(336,366)	-	-	

35. Financial risk management objectives and policies (cont'd.)

(b) Market risk management

(ii) Interest rate risk management

The following table shows the impact on Net Interest Income (NII) and Economic Value of Equity (EVE) based on a 100 basis points (bps) parallel shift in interest rates at the beginning of the year from 1 January for a period of 12 months as follows:

Movement in basis points	2011 RM million +/- 100 bps	2010 RM million +/- 100 bps
Effect on Net Interest Income	+/- 6.1	+/- 3.3
Effect on Economic Value of Equity	+/- 0.8	+/- 5.5

As at the reporting date, if interest rate increase/decrease by 100 bps with all the other variables held constant, the Group's and the Bank's Net Interest Income (NII) and Economic Value of Equity (EVE) would have been higher / lower by RM6.1 million and RM0.8 million (2010: RM3.3 million and RM5.5 million) respectively. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observed market environment.

(c) Liquidity risk management

Liquidity risk relates to the ability of the Group and of the Bank to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

The primary tool used for monitoring liquidity is the Bank Negara Malaysia New Liquidity Framework ("NLF"). The NLF is further supplemented with the Group's internal liquidity risk management policies set by the Board of Directors and incorporated in the Asset Liabilities Management policies and procedures. These policies ensure that the liquidity surpluses are within the limit. The liquidity risk management activities are carried out through a combination of management of Cash Flow Reports, maintenance of high quality long-term and short-term marketable securities that can be readily converted to cash, diversification of the funding base and proactive management of the Group's and of the Bank's customer deposits.

36. Fair values of financial instruments

The following table summarises the carrying amounts and fair values of the financial assets and liabilities, which were not presented at fair value in the Group's and the Bank's statements of financial position:

	Group and Bank			
	2011		2010	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Securities held-to-maturity	85,488	85,997	144,782	145,300

The fair values of the Group's and the Bank's quoted securities, money market instruments and private debt securities are estimated at their market values as disclosed in Note 6.

The fair value of loans is based on the carrying value of the loans and accrued interest receivable net of impairment allowance as most of the loans are floating rate loans.

The nominal/notional amount and fair value of derivatives are:

	Group and Bank 2011		
	Nominal/ notional amount RM'000	Positive fair value RM'000	Negative fair value RM'000
Forward foreign exchange contracts	332,876	2,972	(2,737)

	Group and Bank 2010		
	Nominal/ notional amount RM'000	Positive fair value RM'000	Negative fair value RM'000
Forward foreign exchange contracts	286,912	2,352	(1,677)

36. Fair values of financial instruments (cont'd.)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, deposits and placements with banks and other financial institutions, deposits from customers, banks and other financial institutions, bills and acceptances payable, other assets/liabilities

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(ii) Securities held-to-maturity and available-for-sale

The fair value of securities held-to-maturity and available-for-sale are estimated based on broker/dealer price quotations.

(iii) Derivative financial instruments

Derivative product valued using a 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.

(iv) Determination of fair value and fair value hierarchy

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

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

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

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

36. Fair values of financial instruments (cont'd.)

(iv) Determination of fair value and fair value hierarchy (cont'd.)

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

Group and Bank 31 December 2011	**Note**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Securities available-for-sale	6				
Money market instruments:					
Malaysian Government Securities		-	26,195	-	26,195
Cagamas Bonds		-	20,237	-	20,237
BNM Monetary Notes		-	19,980		19,980
Government Investment Issue		-	5,011	-	5,011
Unquoted securities in Malaysia:					
Private debt securities		-	5,005	-	5,005
		-	76,428	-	76,428
Derivatives					
Derivative financial assets					
Unrealised gain on derivatives	9	-	2,972	-	2,972
Derivative financial liabilities					
Unrealised loss on derivatives	17	-	(2,737)	-	(2,737)
		-	235	-	235

Group and Bank 31 December 2010	**Note**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Securities available-for-sale	6				
Money market instruments:					
Malaysian Government Securities		-	86,148	-	86,148
Cagamas Bonds		-	20,339	-	20,339
Government Investment Issue		-	40,022	-	40,022
Unquoted securities in Malaysia:					-
Private debt securities		-	20,163	-	20,163
		-	166,672	-	166,672
Derivatives					
Derivative financial assets					
Unrealised gain on derivatives	9		2,352	-	2,352
Derivative financial liabilities					
Unrealised loss on derivatives	17		(1,677)	-	(1,677)
		-	675	-	675