



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

**Statement by Directors and Interim Condensed Financial**  
**Statements**  
**30 June 2014**

**299740-W**

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

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

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

Bangkok Bank Berhad (“BBB”) registered a profit before tax of RM5.8 million for the first half of 2014 which was sharply lower than the RM20.6 million recorded during the previous comparative period. The lower profit was mainly due to the newly classified impaired loans during this first half of 2014 which resulted in an net additional individual impairment charges of RM17.9 million. The additional impairment charges was partially set off against the writeback of collective impairment of RM3.6 million.

Net interest income improved 17.3% from RM27.3 million in the first half of 2013 to RM32.0 million in the first half of 2014 mainly due to expanded lending business and investment portfolio.

Non-interest income of RM7.36 million for 6 months ending 30 June 2014 remains largely unchanged as compared to RM7.37 million as at 30 June 2013.

Overhead expenses increased from RM17.1 million in the previous comparative period to RM19.3 million. The increase was mainly due to operational expenses incurred resulted from the additional staff force to support the growth and expansion of the Bank.

Gross loan outstanding increased from RM2.58 billion at end December 2013 to RM2.63 billion at the first half ended 30 June 2014. The increase was due to new loans granted and utilisation of lending facilities.

Deposits from customers grew 11.4% from RM2.46 billion at end of December 2013 to RM2.74 billion at the first half ended 30 June 2014. This is the result of the Bank's heighten focus on generating customer deposits to maintain prudent liquidity position and to fund future loan growth.

Impaired loans increased from end December 2013 of RM27.5 million to RM82.2 million at end June 2014. This was due to a corporate and 3 SME customers totalling RM60 million being classified as impaired in March 2014. Net impaired loans ratio increased from 0.26% at end December 2013 to 1.77% at end June 2014.

The Bank will continue to grow its core lending business in selected niche areas and focus on maintaining its current liquidity position.

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

**Interim condensed statements of financial position as at 30 June 2014**

	Note	Group		Bank	
		30.6.2014 RM'000	31.12.2013 RM'000	30.6.2014 RM'000	31.12.2013 RM'000
<b>Assets</b>					
Cash and short-term funds		316,041	295,570	315,970	295,502
Deposits and placements with banks		100,000	-	100,000	-
Securities held-for-trading	12	-	9,803	-	9,803
Securities available-for-sale	13	649,936	520,747	649,936	520,747
Securities held-to-maturity	14	40,052	40,104	40,052	40,104
Loans, advances and financing	15	2,538,154	2,493,493	2,538,154	2,493,493
Derivative assets	27	3,080	2,134	3,080	2,134
Other assets	16	9,404	6,058	9,403	6,058
Statutory deposit with Bank Negara Malaysia		100,000	90,000	100,000	90,000
Investment in subsidiary		-	-	10	10
Property and equipment	17	106,183	78,803	106,183	78,803
Intangible assets		796	1,012	796	1,012
Deferred tax assets		13,176	14,727	13,176	14,727
<b>Total assets</b>		<b>3,876,822</b>	<b>3,552,451</b>	<b>3,876,760</b>	<b>3,552,393</b>
<b>Liabilities and shareholder's equity</b>					
Deposits from customers	18	2,742,189	2,457,461	2,742,189	2,457,461
Deposits and placements of banks and other financial institution	19	320,699	365,099	320,699	365,099
Bills and acceptances payable		190,321	108,953	190,321	108,953
Derivative liabilities	27	4,446	2,582	4,446	2,582
Other liabilities	20	42,094	45,987	42,091	45,984
<b>Total liabilities</b>		<b>3,299,749</b>	<b>2,980,082</b>	<b>3,299,746</b>	<b>2,980,079</b>
Share capital		400,000	400,000	400,000	400,000
Statutory reserve		146,482	146,482	146,472	146,472
Revaluation reserve		(2,554)	(2,668)	(2,554)	(2,668)
Retained profits		33,145	28,555	33,096	28,510
<b>Shareholder's equity</b>		<b>577,073</b>	<b>572,369</b>	<b>577,014</b>	<b>572,314</b>
<b>Total liabilities and shareholder's equity</b>		<b>3,876,822</b>	<b>3,552,451</b>	<b>3,876,760</b>	<b>3,552,393</b>
<b>Commitments and contingencies</b>	26	<b>2,809,759</b>	<b>2,391,131</b>	<b>2,809,759</b>	<b>2,391,131</b>

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

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

**Interim condensed income statements**  
**For the financial period ended 30 June 2014**

	Note	Group			
		Current Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		1.4.2014	1.4.2013	1.1.2014	1.1.2013
		to	to		
		30.6.2014	30.6.2013	30.6.2014	30.6.2013
		RM'000	RM'000	RM'000	RM'000
Interest income	21	38,946	34,382	76,563	68,116
Interest expense	22	(22,984)	(20,623)	(44,549)	(40,816)
Net interest income		15,962	13,759	32,014	27,300
Loan impairment (charges)/ writeback, net	23	(1,765)	10,116	(14,279)	2,993
		14,197	23,875	17,735	30,293
Non-interest income	24	3,674	3,918	7,366	7,379
Net income		17,871	27,793	25,101	37,672
Overhead expenses	25	(10,040)	(8,786)	(19,263)	(17,078)
Profit before taxation		7,831	19,007	5,838	20,594
Taxation		(1,889)	(4,614)	(1,248)	(5,077)
Net profit for the period		5,942	14,393	4,590	15,517
Earnings per share (sen)					
- basic		1.49	3.60	1.15	3.88
- diluted		1.49	3.60	1.15	3.88

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

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

**Interim condensed income statements**  
**For the financial period ended 30 June 2014 (cont'd.)**

	Note	Bank			
		Current Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		1.4.2014	1.4.2013	1.1.2014	1.1.2013
		to	to		
		30.6.2014	30.6.2013	30.6.2014	30.6.2013
		RM'000	RM'000	RM'000	RM'000
Interest income	21	38,946	34,382	76,563	68,116
Interest expense	22	(22,984)	(20,623)	(44,549)	(40,816)
Net interest income		15,962	13,759	32,014	27,300
Loan impairment (charges)/ writeback, net	23	(1,765)	10,116	(14,279)	2,993
		14,197	23,875	17,735	30,293
Non-interest income	24	3,672	3,909	7,360	7,369
Net income		17,869	27,784	25,095	37,662
Overhead expenses	25	(10,039)	(8,786)	(19,262)	(17,077)
Net profit before taxation		7,830	18,998	5,833	20,585
Taxation		(1,889)	(4,612)	(1,247)	(5,075)
Profit for the period		5,941	14,386	4,586	15,510

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

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

**Interim condensed statements of comprehensive income  
For the financial period ended 30 June 2014**

	Group			
	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	1.4.2014 to 30.6.2014 RM'000	1.4.2013 to 30.6.2013 RM'000	1.1.2014 to 30.6.2014 RM'000	1.1.2013 to 30.6.2013 RM'000
<b>Net profit for the period</b>	5,942	14,393	4,590	15,517
<b>Other comprehensive income Items that maybe reclassified to profit or loss subsequently:</b>				
Net (loss)/gain on securities available-for-sale	(186)	(1,488)	152	(1,381)
Income tax relating to components of other comprehensive income	46	372	(38)	345
<b>Other comprehensive (loss)/income for the period, net of tax</b>	(140)	(1,116)	114	(1,036)
<b>Total comprehensive income for the period, net of tax</b>	5,802	13,277	4,704	14,481

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

**Interim condensed statements of comprehensive income**  
**For the financial period ended 30 June 2014 (cont'd.)**

	<b>Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the period</b>	5,941	14,386	4,586	15,510
<b>Other comprehensive income</b>				
<b>Items that maybe reclassified to profit or loss subsequently:</b>				
Net (loss)/gain on securities available-for-sale	(186)	(1,488)	152	(1,381)
Income tax relating to components of other comprehensive income	46	372	(38)	345
<b>Other comprehensive (loss)/income for the period, net of tax</b>	(140)	(1,116)	114	(1,036)
<b>Total comprehensive income for the period, net of tax</b>	5,801	13,270	4,700	14,474

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



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

	<----- Group ----->				
	<---Non-distributable--->			Distributable:	
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
<b>At 1 January 2013</b>	400,000	138,661	31	20,723	559,415
Total comprehensive (loss)/income	-	-	(1,036)	15,517	14,481
<b>At 30 June 2013</b>	400,000	138,661	(1,005)	36,240	573,896
<b>At 1 January 2014</b>	400,000	146,482	(2,668)	28,555	572,369
Total comprehensive income	-	-	114	4,590	4,704
<b>At 30 June 2014</b>	400,000	146,482	(2,554)	33,145	577,073

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

	<----- Bank ----->				
	<---Non-distributable--->			Distributable:	
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
<b>At 1 January 2013</b>	400,000	138,651	31	20,689	559,371
Total comprehensive (loss)/income	-	-	(1,036)	15,510	14,474
<b>At 30 June 2013</b>	<u>400,000</u>	<u>138,651</u>	<u>(1,005)</u>	<u>36,199</u>	<u>573,845</u>
<b>At 1 January 2014</b>	400,000	146,472	(2,668)	28,510	572,314
Total comprehensive income	-	-	114	4,586	4,700
<b>At 30 June 2014</b>	<u>400,000</u>	<u>146,472</u>	<u>(2,554)</u>	<u>33,096</u>	<u>577,014</u>

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

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

	Note	Group		Bank	
		1.1.2014 to 30.6.2014 RM'000	1.1.2013 to 30.6.2013 RM'000	1.1.2014 to 30.6.2014 RM'000	1.1.2013 to 30.6.2013 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		5,838	20,594	5,833	20,585
Adjustments for:					
Depreciation	25	855	959	855	959
Amortisation of intangible assets	25	241	83	241	83
Allowance/(writeback) for losses on loans, advances and financing, net	23	14,308	(2,575)	14,308	(2,575)
Property and equipment written off		9	-	9	-
Net gain on disposal of property and equipment	24	-	(96)	-	(96)
Write back of impairment losses of securities held-to-maturity	24	(36)	(53)	(36)	(53)
Unrealised loss on foreign exchange forward contracts	24	918	416	918	416
Net gain on revaluation of securities held-for-trading	24	(59)	(31)	(59)	(31)
Net gain on disposal of securities held-for-trading	24	(59)	(71)	(59)	(71)
Net gain on disposal of securities available-for-sale	24	-	(657)	-	(657)
Accretion of discount net of amortisation of premium	21	(237)	(873)	(237)	(873)
Gross dividend from securities available-for-sale	24	(55)	(42)	(55)	(42)
Operating profit before working capital changes		21,723	17,654	21,718	17,645
Increase in loans, advances and financing		(58,969)	(59,416)	(58,969)	(59,416)
(Increase)/decrease in other assets		(1,601)	523	(1,601)	524
Increase in statutory deposit with Bank Negara Malaysia		(10,000)	(3,000)	(10,000)	(3,000)
Increase in deposits from customer		284,728	7,461	284,728	7,461

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

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

	Group		Bank	
	1.1.2014 to 30.6.2014 RM'000	1.1.2013 to 30.6.2013 RM'000	1.1.2014 to 30.6.2014 RM'000	1.1.2013 to 30.6.2013 RM'000
<b>Cash flows from operating activities (cont'd)</b>				
Decrease in deposits and placements of banks and other financial institutions	(44,400)	(44,821)	(44,400)	(44,821)
Increase in bills and acceptances payable	81,368	3,536	81,368	3,536
(Decrease)/increase in other liabilities	(3,777)	1,319	(3,777)	1,319
Cash generated from/(used in) operations	269,072	(76,744)	269,067	(76,752)
Taxes paid	(4,793)	(4,376)	(4,791)	(4,374)
Taxes refunded	3,195	-	3,195	-
Net cash generated from/(used in) operating activities	267,474	(81,120)	267,471	(81,126)
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(28,245)	(433)	(28,245)	(433)
Purchase of intangible assets	(24)	(22)	(24)	(22)
Purchase of securities held-for-trading	(178,207)	(121,076)	(178,207)	(121,076)
Purchase of securities available-for-sale	(288,746)	(990,268)	(288,746)	(990,268)
Proceeds from sale of securities held-for-trading	188,128	150,792	188,128	150,792
Proceeds from sale of securities available-for-sale	-	253,444	-	253,444
Proceeds from maturity of securities available-for-sale	160,000	820,000	160,000	820,000
Proceeds from maturity of securities held-to-maturity	36	53	36	53
Dividend received	55	42	55	42
Proceeds from disposal of property and equipment	-	105	-	105
Net cash (used in)/generated from investing activities	(147,003)	112,637	(147,003)	112,637

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

	<b>Group</b>		<b>Bank</b>	
	<b>1.1.2014</b>	<b>1.1.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net increase in cash and cash equivalents</b>	120,471	31,517	120,468	31,511
<b>Cash and cash equivalents at beginning of financial period</b>	295,570	387,441	295,502	387,383
<b>Cash and cash equivalents at end of financial period</b>	416,041	418,958	415,970	418,894
<b>Cash and cash equivalents comprise:</b>				
Cash and short-term funds	316,041	238,958	315,970	238,894
Deposits and placements with banks	100,000	180,000	100,000	180,000
	416,041	418,958	415,970	418,894

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

**Bangkok Bank Berhad  
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**Notes to the interim condensed financial statements - 30 June 2014**

**1. Corporate information**

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

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

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

**2. Basis of preparation**

The interim condensed financial statements have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair value: securities held-for-trading, securities available-for-sale and derivatives.

The interim condensed financial statements have been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"). These interim condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

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

**1 January 2014**

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

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

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

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

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

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**2. Basis of preparation (cont'd.)**

**2.2 Standards issued but not yet effective**

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

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

The following new MFRSs, amendments to MFRSs and IC Interpretations were issued but are not yet effective and have not been applied by the Group and the Bank:

Amendments to MFRS 119 *Employee Benefits (Defined Benefit Plans):*  
*Employee Contributions*  
Annual Improvements to MFRSs 2010-2012 Cycle  
Annual Improvements to MFRSs 2011-2013 Cycle

**Effective dates to be announced**

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in November 2009)  
MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in October 2010)  
MFRS 9 *Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139*

The Bank plans to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and the Bank upon their initial application except as described below:

**MFRS 9 *Financial Instruments***

MFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of MFRS 139 *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial liabilities and financial liabilities as defined in MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139") and replaces the guidance in MFRS 139. The Standard may have material impact on the financial statements of the Group and the Bank upon its first adoption. As the Standard is still being revised and developed, the Bank is in the midst of analysing the requirements of the standard and its impact.

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**2. Basis of preparation (cont'd.)**

**2.3 Significant accounting judgements and estimates**

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

**(i) Impairment losses on loans, advances and financing**

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

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

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

**(ii) Impairment of available-for-sale investments**

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

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



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**2. Basis of preparation (cont'd.)**

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

**(iii) Deferred tax assets**

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

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

The auditors' report on the audited annual financial statements for the year ended 31 December 2013 was not subject to any qualification.

**4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and the Bank during the financial period ended 30 June 2014.

**5. Comments about seasonal or cyclical factors**

The business operations of the Group and the Bank are not materially affected by any seasonal or cyclical factors.

**6. Changes in estimates**

There were no significant changes in estimates of amounts reported in prior financial periods that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 June 2014.

**7. Debt and equity securities**

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

**Bangkok Bank Berhad  
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**8. Subsequent events**

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

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

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

**10. Dividends paid**

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

**11. Segmental information**

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

**12. Securities held-for-trading**

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Bank Negara Monetary Notes	-	9,803
	<u>-</u>	<u>9,803</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Securities	79,768	79,220
Cagamas Bonds	49,740	50,000
Government Investment Issues	239,820	240,159
Bank Negara Monetary Notes	49,801	29,903
Malaysian Treasury Bills	69,859	-
Unquoted securities in Malaysia:		
Private debt securities	<u>160,076</u>	<u>120,593</u>
	<u>649,064</u>	<u>519,875</u>
<b>At cost</b>		
Unquoted securities:		
Shares	<u>872</u>	<u>872</u>
	<u>649,936</u>	<u>520,747</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At amortised cost</b>		
Unquoted securities:		
Private debt securities	<u>40,052</u>	<u>40,104</u>

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**15. Loans, advances and financing**

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Overdrafts	155,493	139,862
Term loans		
- Housing loans	4,861	5,152
- Syndicated term loan	63,552	62,658
- Other term loans	651,433	579,359
Revolving credits	500,637	508,595
Bills receivables	11,892	5,748
Trust receipts	156,158	139,683
Bankers' acceptances	1,094,243	1,140,862
Other financing	1,321	1,151
Staff loans	1,696	1,877
	<u>2,641,286</u>	<u>2,584,947</u>
Unearned interest	(7,203)	(7,290)
Gross loans, advances and financing	<u>2,634,083</u>	<u>2,577,657</u>
Less: Allowance for impaired loans and financing		
- Individual impairment allowance	(36,242)	(20,882)
- Collective impairment allowance	(59,687)	(63,282)
Net loans, advances and financing	<u>2,538,154</u>	<u>2,493,493</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	1,971,134	2,004,971
One year to three years	35,399	62,515
Three years to five years	220,749	122,891
Over five years	406,801	387,280
	<u>2,634,083</u>	<u>2,577,657</u>

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

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of transport vehicles	630	424
Purchase of residential properties	5,922	6,655
Purchase of non-residential properties	63,895	99,233
Purchase of fixed assets other than land and building	60,955	28,655
Personal use	2,992	1,834
Construction	119,546	133,161
Mergers and acquisitions	71,109	77,986
Working capital	2,075,140	2,089,761
Others	233,894	139,948
	<u>2,634,083</u>	<u>2,577,657</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	274,688	267,126
Domestic business enterprises		
- Small medium enterprises	739,201	659,202
- Others	1,610,650	1,642,416
Individuals	9,544	8,913
	<u>2,634,083</u>	<u>2,577,657</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate		
- BLR plus	395,468	392,927
- Cost-plus	2,116,101	2,104,712
- Other variable rates	122,514	80,018
	<u>2,634,083</u>	<u>2,577,657</u>

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

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

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	27,485	45,695
Classified as impaired during the period/year	61,354	2,112
Reclassified as non-impaired during the period/year	(535)	(430)
Amount recovered	(3,593)	(19,865)
Amount written off	<u>(2,543)</u>	<u>(27)</u>
Balance as at end of period/year	82,168	27,485
Individual impairment allowance	<u>(36,242)</u>	<u>(20,882)</u>
Net impaired loans, advances and financing	<u>45,926</u>	<u>6,603</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance	<u>1.77%</u>	<u>0.26%</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Individual impairment allowance</b>		
Balance as at 1 January	20,882	22,147
Allowance made during the period/year (Note 23)	18,415	1,298
Amount written back (Note 23)	(512)	(2,536)
Amount written off	<u>(2,543)</u>	<u>(27)</u>
Balance as at end of period/year	<u>36,242</u>	<u>20,882</u>
<b>Collective impairment allowance</b>		
Balance as at 1 January as previously stated	63,282	46,158
(Amount written back)/allowance made during the year period/year (Note 23)	<u>(3,595)</u>	<u>17,124</u>
Balance as at end of period/year	<u>59,687</u>	<u>63,282</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>2.30%</u>	<u>2.48%</u>

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

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

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

- Special Mention accounts that are in arrears between 1 to 3 months, whether or not there had been any rescheduling or restructuring of payment terms; and
- Watchlist accounts that had been monitored as Special Mention accounts for more than 3 times in the last 6 months.

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of residential properties	1,923	1,822
Working capital	77,788	23,206
Others	2,457	2,457
	<u>82,168</u>	<u>27,485</u>

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

**16. Other assets**

	<b>Group</b>		<b>Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables, deposits and prepayments	7,658	6,058	7,658	6,058
Tax recoverable	1,746	-	1,745	-
	<u>9,404</u>	<u>6,058</u>	<u>9,403</u>	<u>6,058</u>

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**17. Property and equipment**

During the six-month period ended 30 June 2014, the Group and the Bank acquired assets with a cost of RM28,244,915 (31.12.2013: RM12,208,000).

**18. Deposits from customers**

(i) By type of deposit

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	2,019,597	1,840,725
Negotiable instruments of deposits	165,000	280,000
Current accounts	221,201	167,851
Savings deposits	14,523	13,912
Short term deposits	321,868	154,973
	<u>2,742,189</u>	<u>2,457,461</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	2,300,775	2,037,913
Six months to one year	199,819	232,471
One year to three years	5,751	4,594
Over three years	120	720
	<u>2,506,465</u>	<u>2,275,698</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic financial institutions	75,000	180,000
Government	90,000	100,000
Business enterprises	2,138,998	1,846,462
Individuals	399,856	288,084
Others	38,335	42,915
	<u>2,742,189</u>	<u>2,457,461</u>



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**18. Deposits from customers (cont'd.)**

(iv) All the deposits from customers are unsecured.

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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	319,382	363,950
Other financial institutions	1,317	1,149
	<u>320,699</u>	<u>365,099</u>

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

**20. Other liabilities**

	<b>Group</b>		<b>Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Accruals	3,272	2,224	3,272	2,224
Tax payables	-	116	-	116
Interest payables	14,570	14,466	14,570	14,466
Other payables	24,252	29,181	24,249	29,178
	<u>42,094</u>	<u>45,987</u>	<u>42,091</u>	<u>45,984</u>

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**21. Interest income**

	<b>Group and Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income from loans, advances and financing				
- Interest income other than recoveries from impaired loans	29,378	25,962	59,092	51,203
- Recoveries from impaired loans	-	179	-	179
- Interest income from impaired loans	680	279	1,030	775
Deposits and placements with banks and other financial institutions	2,963	3,838	5,331	6,880
Securities held-for-trading	15	10	45	90
Securities available-for-sale	5,071	2,673	9,969	7,110
Securities held-to-maturity	427	506	859	1,006
	<u>38,534</u>	<u>33,447</u>	<u>76,326</u>	<u>67,243</u>
Amortisation of premium net of accretion of discount				
- Securities held-for-trading	1	(2)	-	4
- Securities available-for-sale	438	979	290	956
- Securities held-to-maturity	(27)	(42)	(53)	(87)
	<u>38,946</u>	<u>34,382</u>	<u>76,563</u>	<u>68,116</u>

**22. Interest expense**

	<b>Group and Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	20,442	18,483	39,909	36,254
Deposits and placements of banks and other financial institutions	2,542	2,140	4,640	4,562
	<u>22,984</u>	<u>20,623</u>	<u>44,549</u>	<u>40,816</u>

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**23. Loan impairment charges/(writeback), net**

	<b>Group and Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for/(write-back of) impaired loans, advances and financing				
Individual impairment:				
- made during the period/year (Note 15(vii))	861	310	18,415	826
- written back (Note 15(vii))	(302)	(2,073)	(512)	(2,456)
Collective impairment, net (Note 15(vii))	1,216	(8,000)	(3,595)	(945)
Impaired loans, advances and financing recovered	(10)	(353)	(29)	(418)
	<u>1,765</u>	<u>(10,116)</u>	<u>14,279</u>	<u>(2,993)</u>

**24. Non-interest income**

	<b>Group</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee income:				
Commission	1,181	757	2,426	1,418
Service charges and fees	448	421	831	795
Guarantee fees	729	338	1,315	694
	<u>2,358</u>	<u>1,516</u>	<u>4,572</u>	<u>2,907</u>

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

	Group			
	Current Quarter 3 months ended		Cumulative Quarter 14,279	
	1.4.2014 to 30.6.2014 RM'000	1.4.2013 to 30.6.2013 RM'000	1.1.2014 to 30.6.2014 RM'000	1.1.2013 to 30.6.2013 RM'000
Investment income:				
Net gain on disposal of investments:				
- Securities held-for-trading	24	50	59	71
- Securities available-for-sale	-	311	-	657
Net gain on revaluation of securities held-for-trading	-	27	59	31
Net gain on revaluation of forward investment	-	10	-	10
Net gain on revaluation of securities held-for-trading	-	-	-	-
Writeback of impairment losses on securities held-to-maturity	-	53	36	53
Gross dividend from securities available-for-sale	-	42	55	42
	<u>24</u>	<u>493</u>	<u>209</u>	<u>864</u>
Foreign exchange gain	2,880	3,510	3,288	3,681
Unrealised loss on foreign exchange forward contracts	(1,687)	(1,727)	(918)	(416)
Rental income	92	124	201	244
Gain on disposal of property and equipment	-	-	-	96
Others	7	2	14	3
	<u>1,292</u>	<u>1,909</u>	<u>2,585</u>	<u>3,608</u>
	<u>3,674</u>	<u>3,918</u>	<u>7,366</u>	<u>7,379</u>

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

	<b>Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee income:				
Commission	1,179	748	2,420	1,408
Service charges and fees	448	421	831	795
Guarantee fees	729	338	1,315	694
	<u>2,356</u>	<u>1,507</u>	<u>4,566</u>	<u>2,897</u>
Investment income:				
Net gain on sale of investments:				
- Securities held-for-trading	24	50	59	71
- Securities available-for-sale	-	311	-	657
Net gain on revaluation of securities held-for-trading	-	27	59	31
Net gain on revaluation of forward investment	-	10	-	10
Writeback of impairment losses on securities held-to-maturity	-	53	36	53
Gross dividend from securities available-for-sale	-	42	55	42
	<u>24</u>	<u>493</u>	<u>209</u>	<u>864</u>
Foreign exchange gain	2,880	3,510	3,288	3,681
Unrealised loss on foreign exchange forward contracts	(1,687)	(1,727)	(918)	(416)
Rental income	92	124	201	244
Gain on disposal of property and equipment	-	-	-	96
Others	7	2	14	3
	<u>1,292</u>	<u>1,909</u>	<u>2,585</u>	<u>3,608</u>
	<u>3,672</u>	<u>3,909</u>	<u>7,360</u>	<u>7,369</u>

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**25. Overhead expenses**

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2014 to 30.6.2014 RM'000	1.4.2013 to 30.6.2013 RM'000	1.1.2014 to 30.6.2014 RM'000	1.1.2013 to 30.6.2013 RM'000
Personnel costs				
Salaries, allowances and bonuses	5,044	4,748	10,064	9,312
Defined Contribution Plan - Employees Provident Fund	749	705	1,489	1,382
Others	608	406	1,180	844
	<u>6,401</u>	<u>5,859</u>	<u>12,733</u>	<u>11,538</u>
Establishment costs				
Depreciation	417	464	855	959
Amortisation of intangible assets	117	42	241	83
Repair and maintenance	196	161	351	343
Computerisation costs	421	218	606	454
Rental expenses	215	212	429	423
Others	427	394	839	742
	<u>1,793</u>	<u>1,491</u>	<u>3,321</u>	<u>3,004</u>
Marketing costs				
Advertising and publicity	46	23	132	107
Others	17	28	38	41
	<u>63</u>	<u>51</u>	<u>170</u>	<u>148</u>

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

	<b>Group</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Administration and general costs				
Communication expenses	274	282	546	548
Subscriptions	231	187	454	384
Professional fees	218	278	401	365
Auditors remunerations	137	151	235	218
Non-executive directors' remuneration	186	113	352	194
Insurance	66	60	131	122
Travelling	48	81	101	140
Others	623	233	819	417
	<u>1,783</u>	<u>1,385</u>	<u>3,039</u>	<u>2,388</u>
<b>Total</b>	<u>10,040</u>	<u>8,786</u>	<u>19,263</u>	<u>17,078</u>

The above expenses include the following statutory disclosures:

	<b>Group</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Directors' fee and remuneration	599	499	1,177	1,874
Hire of equipment	29	28	58	56
Auditors' remuneration				
- Statutory audit	69	66	94	89
- Other regulated related services	3	3	26	25
- Other services	65	82	115	104
	<u>65</u>	<u>82</u>	<u>115</u>	<u>104</u>

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

	Bank			
	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	1.4.2014 to 30.6.2014 RM'000	1.4.2013 to 30.6.2013 RM'000	1.1.2014 to 30.6.2014 RM'000	1.1.2013 to 30.6.2013 RM'000
Personnel costs				
Salaries, allowances and bonuses	5,044	4,748	10,064	9,312
Defined Contribution Plan - Employees Provident Fund	749	705	1,489	1,382
Others	608	406	1,180	844
	<u>6,401</u>	<u>5,859</u>	<u>12,733</u>	<u>11,538</u>
Establishment costs				
Depreciation	417	464	855	959
Amortisation of intangible assets	117	42	241	83
Repair and maintenance	196	161	351	343
Computerisation costs	421	218	606	454
Rental expenses	215	212	429	423
Others	427	394	839	742
	<u>1,793</u>	<u>1,491</u>	<u>3,321</u>	<u>3,004</u>
Marketing costs				
Advertising and publicity	46	23	132	107
Others	17	28	38	41
	<u>63</u>	<u>51</u>	<u>170</u>	<u>148</u>



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

	<b>Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Administration and general costs				
Communication expenses	274	282	546	548
Subscriptions	231	187	454	384
Professional fees	218	278	401	365
Auditors remunerations	136	150	234	217
Non-executive directors' remuneration	186	113	352	194
Insurance	66	60	131	122
Travelling	48	81	101	140
Others	623	234	819	417
	<u>1,782</u>	<u>1,385</u>	<u>3,038</u>	<u>2,387</u>
<b>Total</b>	<u>10,039</u>	<u>8,786</u>	<u>19,262</u>	<u>17,077</u>

The above expenses include the following statutory disclosures:

	<b>Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Directors' fee and remuneration	599	499	1,177	1,874
Hire of equipment	29	28	58	56
Auditors' remuneration				
- Statutory audit	68	65	93	88
- Other regulated related services	3	3	26	25
- Other services	65	82	115	104
	<u>65</u>	<u>82</u>	<u>115</u>	<u>104</u>

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**26. Commitments and contingencies**

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

The Group and the Bank do not enter into repo-style transactions and credit derivative contracts booked in its trading and banking books. The involvement of the Group and the Bank in derivatives are only restricted to foreign forward exchange contracts and interest rate swaps.

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

<b>Group and Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>30 June 2014</b>				
Direct credit substitutes	23,701	-	23,701	22,161
Transaction-related contingent items	207,929	-	103,965	96,518
Short-term self-liquidating trade-related contingencies	75,654	-	15,131	14,962
Forward foreign exchange contracts				
- less than one year	500,592	3,080	8,734	6,523
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	37,094	-	18,547	18,535
- maturity less than one year	1,945,300	-	389,060	365,959
Any commitment that are unconditionally cancelled at any time without prior notice	19,489	-	-	-
<b>Total</b>	<b>2,809,759</b>	<b>3,080</b>	<b>559,138</b>	<b>524,658</b>

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

<b>Group and Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>31 December 2013</b>				
Direct credit substitutes	24,112	-	24,112	22,571
Transaction-related contingent items	155,175	-	77,588	76,173
Short-term self-liquidating trade-related contingencies	30,001	-	6,000	5,996
Forward foreign exchange contracts				
- less than one year	375,278	2,134	6,801	3,962
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	94,883	-	47,442	47,441
- maturity less than one year	1,687,599	-	337,520	336,818
Any commitment that are unconditionally cancelled at any time without prior notice	24,083	-	-	-
<b>Total</b>	<b>2,391,131</b>	<b>2,134</b>	<b>499,463</b>	<b>492,961</b>

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

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**27. Fair value hierarchy**

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

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

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

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

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

<b>Group and Bank</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30 June 2014</b>		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM '000</b>
<u>Securities available-for-sale</u>	13				
Money market instruments:					
Malaysian Government Securities Cagamas Bonds		-	79,768	-	79,768
Government Investment Issue		-	49,740	-	49,740
BNM Monetary Notes		-	239,820	-	239,820
Negotiable Instruments of Deposit		-	49,801	-	49,801
		-	69,859	-	69,859
Unquoted securities in Malaysia:					
Private debt securities		-	160,076	-	160,076
		-	649,064	-	649,064
<u>Derivatives</u>					
Derivative financial assets					
Unrealised gain on derivatives		-	3,080	-	3,080
Derivative financial liabilities					
Unrealised loss on derivatives		-	(4,446)	-	(4,446)
		-	(1,366)	-	(1,366)
<u>Securities held-to-maturity</u>	14				
Unquoted securities in Malaysia:					
Private debt securities		-	40,131	-	40,131
		-	40,131	-	40,131

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

<b>Group and Bank</b> <b>31 December 2013</b>	<b>Note</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<u>Securities held-for-trading</u>	12				
Money market instruments:					
BNM Monetary Notes		-	9,803	-	9,803
		-	9,803	-	9,803
<u>Securities available-for-sale</u>	13				
Money market instruments:					
Malaysian Government					
Securities		-	79,220	-	79,220
Cagamas Bonds		-	50,000	-	50,000
Government Investment					
Issue			240,159	-	240,159
BNM Monetary Notes		-	29,903	-	29,903
Unquoted securities in					
Malaysia:					
Private debt securities		-	120,593	-	120,593
		-	519,875	-	519,875
<u>Derivatives</u>					
Derivative financial assets					
Unrealised gain on					
derivatives		-	2,134	-	2,134
Derivative financial liabilities					
Unrealised loss on					
derivatives		-	(2,582)	-	(2,582)
		-	(448)	-	(448)
<u>Securities held-to-maturity</u>	14				
Unquoted securities in					
Malaysia:					
Private debt securities		-	40,309	-	40,309
		-	40,309	-	40,309

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

**Valuation methods and assumptions**

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- (i) Securities held-for-trading, available-for-sale and held-to-maturity

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

- (ii) Derivative financial instruments

Derivative products valued using valuation technique with significant market observable inputs which are mainly interest rate swaps, currency swaps and forward exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

The models incorporate various inputs including the credit quality of counterparties, foreign exchange and forward rates and interest rate curves.

**28. Capital adequacy**

- (i) Capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's revised Risk Weighted Capital Adequacy Framework ("RWCAF"): Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

The implementation of Basel III in Malaysia has commenced with effect from 1 January 2013 under the new Basel III rules released on 28 November 2012 by BNM. Under the new Basel III rules, banking institutions are required to maintain higher minimum quantity and quality of capital but the requirements will be subject to a service of the transitional arrangements and be phased-in over a period of time commencing 2013 and to be fully effective by 2019. BNM is also expected to introduce additional capital buffer requirements which will comprise of capital conservation buffer of 2.5% of total RWA and countercyclical capital buffer ranging between 0% - 2.5% of total RWA. Further guidance on the capital buffer requirements will be announced by BNM before 2016.

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

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

	<b>30.6.2014</b>	<b>31.12.2013</b>
Common equity tier-1 capital ratio	16.20%	17.01%
Total capital ratio	<u>17.41%</u>	<u>18.22%</u>

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

	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier-1 Capital</b>		
Paid-up share capital	400,000	400,000
Statutory reserve *	146,472	146,472
Unrealised losses on available-for-sale financial instruments	(2,554)	(2,668)
Retained profits	33,096	28,510
Less: Deferred tax assets (excluding those from revaluation reserve)	<u>(10,813)</u>	<u>(13,837)</u>
Total Common Equity Tier-1 Capital	<u>566,201</u>	<u>558,477</u>
<b>Tier-2 Capital</b>		
Collective impairment (only those attributable to non-impaired loan, advances and financing)	<u>42,068</u>	<u>39,431</u>
Total Tier-2 Capital	<u>42,068</u>	<u>39,431</u>
<b>Total capital</b>		
Tier-1 Capital	566,201	558,477
Tier-2 Capital	42,068	39,431
Less: Investment in subsidiary	<u>(10)</u>	<u>(10)</u>
Total Capital	<u>608,259</u>	<u>597,898</u>

\* Based on balance as at 31 December 2013

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

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

	<b>Principal</b>	<b>Risk-weighted</b>	<b>Principal</b>	<b>Risk-weighted</b>
	<b>30.6.2014</b>	<b>assets</b>	<b>31.12.2013</b>	<b>assets</b>
	<b>RM'000</b>	<b>30.6.2014</b>	<b>RM'000</b>	<b>31.12.2013</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	748,933	-	653,359	-
20%	336,456	67,291	276,752	55,350
35%	3,577	1,252	4,422	1,548
50%	70,814	35,407	11,977	5,989
100%	3,198,042	3,198,042	3,084,205	3,084,205
150%	42,322	<u>63,483</u>	4,900	<u>7,350</u>
Total risk-weighted assets for credit risk		3,365,475		3,154,442
Total risk-weighted assets for market risk		6,874		12,116
Total risk-weighted assets for operational risk		<u>122,341</u>		<u>115,722</u>
Total risk-weighted assets		<u>3,494,690</u>		<u>3,282,280</u>

**29. Significant related party disclosures**

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

	<b>Group and Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2014</b>	<b>1.4.2013</b>	<b>1.1.2014</b>	<b>1.1.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income</b>				
Interest on advances to the holding company and its branches	<u>-</u>	<u>-</u>	<u>1</u>	<u>19</u>
<b>Expenditure</b>				
Interest on advances from the holding company and its branches	<u>313</u>	<u>45</u>	<u>656</u>	<u>53</u>



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

	<b>Group and Bank</b>	
	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due to</b>		
Deposits and placements from the holding company and its branches	<u>237,852</u>	<u>229,458</u>
<b>Amount due from</b>		
Cash and short-term funds placed with the holding company and its branches	<u>4,946</u>	<u>5,986</u>

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

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**Statement by directors**

We, Loke Tan Cheng and Chris Chia Woon Liat, being two of the directors of Bangkok Bank Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 2 to 39 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2014 and of the results and the cash flows of the Group and of the Bank for the six-month period then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Loke Tan Cheng

Chris Chia Woon Liat

Kuala Lumpur, Malaysia  
30 October 2014