

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

Statement by Directors and Interim Condensed
Financial Statements
30 June 2011

299740-W

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

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

**Performance review for the financial period ended 30 June 2011 and
commentary on the prospects.**

Bangkok Bank Berhad (“BBB”) registered a profit before taxation of RM11.5 million for the first half of 2011 as compared to a lower profit of RM5.8 million recorded during the previous comparative period. Expansion in the lending business which led to higher interest income and lower loan impairment have been the contributors to the better results. However, the higher net income was partly off set by the higher operating expenses (increase by 28%) mainly due to branch expansions and additional staff force to support business growth.

Gross loans have shown an increase of 9% from RM1.60 billion at end of December 2010 to RM1.75 billion at end of June 2011. The increase was mainly due to higher trade line utilisation and new loans disbursed. As compared to June 2010, there was an increase in gross loans of 14% from RM1.54 billion.

Total deposits from customers has also shown an increase of 7% from RM1.76 billion at end of December 2010 to RM1.88 billion at end of June 2011 and an increase of 15% from RM1.64 billion at end of June 2010 respectively.

Net impaired loan ratio stood at 0.75% at end June 2011 as compared to 0.99% at end December 2010 and 1.18% at end June 2010. The improvement was mainly due to write off of corporate loans in 2nd half of 2010 and increase in gross loan outstanding.

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

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Interim condensed statements of financial position as at 30 June 2011

	Note	Group		Bank	
		30.6.2011 RM'000	31.12.2010 RM'000	30.6.2011 RM'000	31.12.2010 RM'000
Assets					
Cash and short-term funds		661,860	574,241	661,825	574,208
Deposits and placements with banks		-	20,000	-	20,000
Securities available-for-sale	12	82,335	167,544	82,335	167,544
Securities held-to-maturity	13	129,851	144,782	129,851	144,782
Loans, advances and financing	14	1,680,693	1,534,731	1,680,693	1,534,731
Derivative assets		1,872	2,352	1,872	2,352
Other assets	15	8,193	11,611	8,189	11,608
Statutory deposit with Bank Negara Malaysia		45,000	15,000	45,000	15,000
Investment in subsidiary		-	-	10	10
Property and equipment	16	50,112	16,551	50,112	16,551
Intangible assets		250	285	250	285
Deferred tax assets		6,765	6,438	6,765	6,438
Total assets		2,666,931	2,493,535	2,666,902	2,493,509
Liabilities and shareholder's equity					
Deposits from customers	17	1,876,902	1,758,065	1,876,902	1,758,065
Deposits and placements of banks and other financial institutions	18	295,627	300,230	295,627	300,230
Bills and acceptances payable		52,702	-	52,702	-
Derivative liabilities		2,469	1,677	2,469	1,677
Other liabilities	19	31,754	34,650	31,752	34,648
Total liabilities		2,259,454	2,094,622	2,259,452	2,094,620
Share capital		265,000	265,000	265,000	265,000
Statutory reserve		123,972	123,972	123,962	123,962
Revaluation reserve		(249)	(493)	(249)	(493)
Retained profits		18,754	10,434	18,737	10,420
Shareholder's equity		407,477	398,913	407,450	398,889
Total liabilities and shareholder's equity		2,666,931	2,493,535	2,666,902	2,493,509
Commitments and contingencies	25	1,586,548	1,431,818	1,586,548	1,431,818

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

Bangkok Bank Berhad
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Interim condensed income statements
For the financial period ended 30 June 2011

	Note	Group			
		Current Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		1.4.2011 to 30.6.2011 RM'000	1.4.2010 to 30.6.2010 RM'000	1.1.2011 to 30.6.2011 RM'000	1.1.2010 to 30.6.2010 RM'000
Interest income	20	24,852	19,590	48,076	37,430
Interest expense	21	(13,724)	(9,666)	(25,785)	(18,172)
Net interest income		11,128	9,924	22,291	19,258
Loan impairment charges, net	22	(2,085)	(7,234)	(2,507)	(7,696)
		9,043	2,690	19,784	11,562
Non-interest income	23	2,882	3,546	6,587	5,882
Net income		11,925	6,236	26,371	17,444
Overhead expenses	24	(7,765)	(6,532)	(14,908)	(11,605)
Profit before taxation		4,160	(296)	11,463	5,839
Taxation		(1,295)	(10)	(3,143)	(1,564)
Profit for the period		2,865	(306)	8,320	4,275
Earnings/(loss) per share (sen)					
- basic		1.08	(0.12)	3.14	1.61
- diluted		1.08	(0.12)	3.14	1.61

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

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Interim condensed income statements
For the financial period ended 30 June 2011 (cont'd.)

	Note	Bank			
		Current Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		1.4.2011 to 30.6.2011 RM'000	1.4.2010 to 30.6.2010 RM'000	1.1.2011 to 30.6.2011 RM'000	1.1.2010 to 30.6.2010 RM'000
Interest income	20	24,852	19,590	48,076	37,430
Interest expense	21	(13,724)	(9,666)	(25,785)	(18,172)
Net interest income		11,128	9,924	22,291	19,258
Loan impairment charges, net	22	(2,085)	(7,234)	(2,507)	(7,696)
		9,043	2,690	19,784	11,562
Non-interest income	23	2,877	3,541	6,582	5,877
Net income		11,920	6,231	26,366	17,439
Overhead expenses	24	(7,764)	(6,531)	(14,907)	(11,604)
Profit before taxation		4,156	(300)	11,459	5,835
Taxation		(1,294)	(9)	(3,142)	(1,563)
Profit for the period		2,862	(309)	8,317	4,272

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

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Bangkok Bank Berhad
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Interim condensed statements of comprehensive income
For the financial period ended 30 June 2011

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011	1.4.2010	1.1.2011	1.1.2010
	to	to	to	to
Note	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,865	(306)	8,320	4,275
Other comprehensive income				
Net gain on available-for-sale financial assets	162	674	325	631
Income tax relating to components of other comprehensive income	(41)	(168)	(81)	(158)
Other comprehensive income for the period, net of tax	121	506	244	473
Total comprehensive income for the period, net of tax	2,986	200	8,564	4,748

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

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Interim condensed statements of comprehensive income
For the financial period ended 30 June 2011 (cont'd.)

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011	1.4.2010	1.1.2011	1.1.2010
	to	to	to	to
Note	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,862	(309)	8,317	4,272
Other comprehensive income				
Net gain on available-for-sale financial assets	162	674	325	631
Income tax relating to components of other comprehensive income	(41)	(168)	(81)	(158)
Other comprehensive income for the period, net of tax	121	506	244	473
Total comprehensive income for the period, net of tax	2,983	197	8,561	4,745

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

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

	<----- Group ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2010	265,000	116,994	(1,339)	3,451	384,106
Profit for the period	-	-	-	4,275	4,275
Other comprehensive income	-	-	473	-	473
Total comprehensive income for the period	-	-	473	4,275	4,748
At 30 June 2010	<u>265,000</u>	<u>116,994</u>	<u>(866)</u>	<u>7,726</u>	<u>388,854</u>
At 1 January 2011	265,000	123,972	(493)	10,434	398,913
Profit for the period	-	-	-	8,320	8,320
Other comprehensive income	-	-	244	-	244
Total comprehensive income for the period	-	-	244	8,320	8,564
At 30 June 2011	<u>265,000</u>	<u>123,972</u>	<u>(249)</u>	<u>18,754</u>	<u>407,477</u>

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

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

	<----- Bank ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2010	265,000	116,984	(1,339)	3,442	384,087
Profit for the period	-	-	-	4,272	4,272
Other comprehensive income	-	-	473	-	473
Total comprehensive income for the period	-	-	473	4,272	4,745
At 30 June 2010	265,000	116,984	(866)	7,714	388,832
At 1 January 2011	265,000	123,962	(493)	10,420	398,889
Profit for the period	-	-	-	8,317	8,317
Other comprehensive income	-	-	244	-	244
Total comprehensive income for the period	-	-	244	8,317	8,561
At 30 June 2011	265,000	123,962	(249)	18,737	407,450

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

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

	Group		Bank	
	1.1.2011 to 30.6.2011 RM'000	1.1.2010 to 30.6.2010 RM'000	1.1.2011 to 30.6.2011 RM'000	1.1.2010 to 30.6.2010 RM'000
Cash flows from operating activities				
Profit before taxation	11,463	5,839	11,459	5,835
Adjustments for:				
Depreciation	957	659	957	659
Amortisation of intangible assets	119	195	119	195
Allowance for losses on loans and financing, net	2,568	8,115	2,568	8,115
Write back of impairment losses of securities held-to-maturity	-	(1)	-	(1)
Unrealised loss/(gain) on derivatives	1,272	(712)	1,272	(712)
Net loss/(gain) on revaluation of securities held-for-trading	17	(33)	17	(33)
Net gain on disposal of securities held-for-trading	(10)	(69)	(10)	(69)
Net loss on disposal of securities available-for-sale	78	56	78	56
Amortisation of premium net of accretion of discount	139	379	139	379
Dividend income	(48)	(48)	(48)	(48)
Operating profit before working capital changes	16,555	14,380	16,551	14,376
Increase in loans and advances	(148,530)	(80,877)	(148,530)	(80,877)
Increase in other assets	(131)	(1,805)	(131)	(1,804)
Increase in statutory deposit with Bank Negara Malaysia	(30,000)	(2,000)	(30,000)	(2,000)
Increase in deposits from customers	118,837	59,659	118,837	59,659
(Decrease)/increase in deposits and placements of banks and other financial institutions	(4,603)	31,284	(4,603)	31,284
Increase in bills and acceptances payable	52,702	-	52,702	-
(Decrease)/increase in other liabilities	(2,896)	5,142	(2,896)	5,142
Cash generated from operations carried forward	1,934	25,783	1,930	25,780

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

	Group		Bank	
	1.1.2011 to 30.6.2011 RM'000	1.1.2010 to 30.6.2010 RM'000	1.1.2011 to 30.6.2011 RM'000	1.1.2010 to 30.6.2010 RM'000
Cash flows from operating activities (cont'd.)				
Cash generated from operations				
brought forward	1,934	25,783	1,930	25,780
Taxes paid	(2)	(4,117)	-	(4,117)
Net cash generated from operating activities	1,932	21,666	1,930	21,663
Cash flows from investing activities				
Purchase of property and equipment	(34,598)	(3,092)	(34,598)	(3,092)
Purchase of intangible assets	(4)	(81)	(4)	(81)
Purchase of securities held-for-trading	(200,442)	(352,713)	(200,442)	(352,713)
Purchase of securities available-for-sale	(19,852)	(100,006)	(19,852)	(100,006)
Purchase of securities held-to-maturity	-	(50,484)	-	(50,484)
Proceeds from disposal of securities held-for-trading	200,460	332,858	200,460	332,858
Proceeds from disposal of securities available-for-sale	105,075	40,113	105,075	40,113
Proceeds from redemption of securities held-to-maturity	15,000	-	15,000	-
Dividend received	48	48	48	48
Net cash generated from/(used in) investing activities	65,687	(133,357)	65,687	(133,357)
Net increase/(decrease) in cash and cash equivalents	67,619	(111,691)	67,617	(111,694)
Cash and cash equivalents at beginning of financial period	594,241	427,508	594,208	427,478
Cash and cash equivalents at end of financial period	661,860	315,817	661,825	315,784
Cash and cash equivalents comprise:				
Cash and short-term funds	661,860	275,817	661,825	275,784
Deposits and placements with banks	-	40,000	-	40,000
	661,860	315,817	661,825	315,784

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

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Notes to the interim condensed financial statements - 30 June 2011

1. Corporate information

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

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

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

2. Significant accounting policies

(a) Basis of preparation

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

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

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2. Significant accounting policies (cont'd.)

(b) Changes in accounting policies and effects arising from adoption of new and revised FRSs

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

FRSs, Amendments to FRSs and IC Interpretations

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

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

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

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2. Significant accounting policies (cont'd.)

(c) Significant accounting judgements and estimates

In the process of applying the Group's and the Bank's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgments 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 statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgement about the borrower's financial situation and the net realisable value of collateral. These estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the allowance.

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

(ii) Impairment of available-for-sale investments

The Group and the Bank review the debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired. This requires similar judgment 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 judgment. In making this judgment, the Group and the Bank evaluate, among other factors, historical share price movements and duration and audited financial information of the equity investments to assess the extent to which the fair value of an investment is less than its cost, if any.

(iii) Deferred tax assets

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

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2. Significant accounting policies (cont'd.)

(d) 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
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

The directors do not expect the adoption of the above FRSs, amendments and IC Interpretations to have a material impact on the Group and the Bank.

3. Auditors' report on preceeding annual financial statements

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

4. Unusual Items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and of the Bank during the financial period ended 30 June 2011 other than the acquisition of new property under construction as disclosed in Note 16.

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 the prior financial year that have a material effect on the financial results and position of the Group and of the Bank for the six-month period ended 30 June 2011.

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7. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the six-month period ended 30 June 2011.

8. Subsequent events

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

9. Changes in composition of the Group

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

10. Dividends paid

No dividend was paid during the six-month period ended 30 June 2011.

11. Segmental information

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

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12. Securities available-for-sale

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
In Malaysia:		
At fair value		
Money market instruments:		
Malaysian Government Securities	41,142	86,148
Cagamas Bonds	20,258	20,339
Government Investment Issue	4,993	40,022
Quoted securities:		
Debt converted shares *	-	-
Unquoted securities:		
Private debt securities	15,070	20,163
	<u>81,463</u>	<u>166,672</u>
At cost		
Unquoted securities:		
Shares	872	872
	<u>82,335</u>	<u>167,544</u>

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

13. Securities held-to-maturity

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
In Malaysia:		
At amortised cost		
Money market instruments:		
Malaysian Government Securities	30,103	45,153
Unquoted securities:		
Private debt securities	99,748	99,629
	<u>129,851</u>	<u>144,782</u>

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14. Loans, advances and financing

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
At amortised cost		
Overdrafts	96,325	79,185
Term loans		
- Housing loans	8,279	8,663
- Syndicated term loan	3,999	39,214
- Other term loans	286,864	294,499
Revolving credits	352,050	311,657
Bills receivables	8,827	9,470
Trust receipts	106,963	114,894
Bankers' acceptances	889,762	732,138
Other financing	2,796	16,269
Staff loans	1,433	1,252
	<u>1,757,298</u>	<u>1,607,241</u>
Unearned interest	(6,027)	(4,500)
Gross loans, advances and financing	<u>1,751,271</u>	<u>1,602,741</u>
Less: Allowance for impaired loans and financing		
- Individual impairment allowance	(44,146)	(43,578)
- Collective impairment allowance	(26,432)	(24,432)
Net loans, advances and financing	<u>1,680,693</u>	<u>1,534,731</u>

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

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Maturing within one year	1,460,940	1,316,463
One year to three years	116,121	80,181
Three years to five years	77,321	115,499
Over five years	96,889	90,598
	<u>1,751,271</u>	<u>1,602,741</u>

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

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

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Purchase of securities	3,999	11,133
Purchase of transport vehicles	382	1,383
Purchase of residential properties	9,057	9,697
Purchase of non-residential properties	71,787	81,460
Purchase of fixed assets other than land and building	27,630	34,896
Personal use	3,661	787
Construction	51,915	57,845
Working capital	1,545,764	1,372,250
Others	37,076	33,290
	<u>1,751,271</u>	<u>1,602,741</u>

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

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Domestic non-bank financial institutions	176,335	164,590
Domestic business enterprises		
- Small medium enterprises	409,439	348,455
- Others	1,152,396	1,079,069
Individuals	13,101	10,627
	<u>1,751,271</u>	<u>1,602,741</u>

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

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

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Fixed rate		
- Housing loan	-	1,344
- Other fixed rate loan/financing	271	17,384
Variable rate		
- BLR plus	343,369	334,233
- Cost-plus	1,345,211	1,177,919
- Other variable rates	62,420	71,861
	<u>1,751,271</u>	<u>1,602,741</u>

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

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

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Balance as at 1 January	59,123	78,319
Classified as impaired during the period	695	6,433
Reclassified as non-impaired during the period	(354)	(364)
Amount recovered	(2,451)	(3,431)
Amount written off	-	(21,834)
Balance as at end of period	<u>57,013</u>	<u>59,123</u>
Individual impairment allowance	<u>(44,146)</u>	<u>(43,578)</u>
Net impaired loans, advances and financing	<u>12,867</u>	<u>15,545</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance	<u>0.75%</u>	<u>0.99%</u>

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

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

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Individual impairment allowance		
Balance as at 1 January	43,578	57,485
Allowance made during the period	1,234	10,470
Amount written back	(666)	(2,543)
Amount written off	-	(21,834)
Balance as at end of period	<u>44,146</u>	<u>43,578</u>
Collective impairment allowance		
Balance as at 1 January	24,432	21,532
Allowance made during the period	2,000	2,900
Balance as at end of period	<u>26,432</u>	<u>24,432</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>1.55%</u>	<u>1.57%</u>

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

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

The Bank performs individual impairment assessment based on certain obligatory and 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 monthly basis. The Bank also performs monthly individual impairment reviews for:

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

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

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

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Purchase of residential properties	3,066	3,504
Working capital	50,950	51,797
Others	2,997	3,822
	<u>57,013</u>	<u>59,123</u>

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

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15. Other assets

	Group		Bank	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	4,199	4,068	4,199	4,068
Tax recoverable	3,994	7,543	3,990	7,540
	<u>8,193</u>	<u>11,611</u>	<u>8,189</u>	<u>11,608</u>

16. Property and equipment

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

17. Deposits from customers

(i) By type of deposit

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Fixed deposits	1,487,993	1,075,223
Negotiable instruments of deposits	5,000	100,000
Current accounts	172,728	191,211
Savings deposits	11,056	10,762
Short term deposits	200,125	380,869
	<u>1,876,902</u>	<u>1,758,065</u>

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17. Deposits from customers (cont'd.)

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

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Due within six months	1,600,685	1,402,840
Six months to one year	86,695	146,896
One year to three years	662	1,601
Over three years	5,076	4,755
	<u>1,693,118</u>	<u>1,556,092</u>

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

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Business enterprises	1,631,394	1,405,462
Individuals	207,980	201,527
Others	37,528	151,076
	<u>1,876,902</u>	<u>1,758,065</u>

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.6.2011	31.12.2010
	RM'000	RM'000
Licensed banks	290,597	281,340
Other financial institutions	2,783	16,247
Bank Negara Malaysia	2,247	2,643
	<u>295,627</u>	<u>300,230</u>

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19. Other liabilities

	Group		Bank	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Accruals	2,643	2,144	2,641	2,144
Other payables	29,111	32,506	29,111	32,504
	31,754	34,650	31,752	34,648

20. Interest income

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011	1.4.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Interest income from loans and advances				
- Interest income other than recoveries from impaired loans	18,608	13,934	36,054	27,531
- Interest income from impaired loans	286	884	567	893
Deposits and placements with banks and other financial institutions	3,764	2,260	6,733	4,359
Securities held-for-trading	61	50	78	77
Securities available-for-sale	1,045	1,902	2,257	3,759
Securities held-to-maturity	1,221	735	2,526	1,190
	24,985	19,765	48,215	37,809
Amortisation of premium net of accretion of discount				
- Securities held-for-trading	(1)	26	25	36
- Securities available-for-sale	(165)	(163)	(233)	(353)
- Securities held-to-maturity	33	(38)	69	(62)
	24,852	19,590	48,076	37,430

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21. Interest expense

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011	1.4.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	12,154	8,915	22,818	16,829
Deposits and placements of banks and other financial institution	1,570	751	2,967	1,343
	13,724	9,666	25,785	18,172

22. Loan impairment charges, net

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011	1.4.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans, advances and financing				
- Collective impairment for loans, advances and financing	(2,000)	(1,200)	(2,000)	(2,200)
- Individual impairment for loans, advances and financing	(328)	(6,178)	(1,234)	(7,082)
- Individual impairment for loans, advances and financing written back	237	(65)	666	1,167
Impaired loans, advances and financing recovered	6	209	61	419
	(2,085)	(7,234)	(2,507)	(7,696)

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23. Non-interest income

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011 to 30.6.2011 RM'000	1.4.2010 to 30.6.2010 RM'000	1.1.2011 to 30.6.2011 RM'000	1.1.2010 to 30.6.2010 RM'000
Fee income:				
Commission	689	871	1,386	1,575
Service charges and fees	297	254	648	522
Guarantee fees	380	225	805	466
	1,366	1,350	2,839	2,563
Investment income/(loss):				
Net gain/(loss) on sale of investments:				
- Securities held-for-trading	11	32	10	69
- Securities available-for-sale	-	24	(78)	(56)
Net gain on revaluation of securities held-for-trading	(17)	16	(17)	33
Write back of impairment losses on securities held-to-maturity	-	-	-	1
Gross dividend from securities available-for-sale	48	48	48	48
	42	120	(37)	95
Other income:				
Foreign exchange gain	1,860	1,621	4,798	2,252
Net unrealised gain on interest rate swaps	62	-	30	-
Net unrealised (loss)/gain on foreign exchange forwards	(574)	321	(1,302)	712
Rental income	121	131	253	257
Others	5	3	6	3
	1,474	2,076	3,785	3,224
	2,882	3,546	6,587	5,882

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

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011	1.4.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	684	867	1,381	1,571
Service charges and fees	297	254	648	522
Guarantee fees	380	225	805	466
	<u>1,361</u>	<u>1,346</u>	<u>2,834</u>	<u>2,559</u>
Investment income/(loss):				
Net gain/(loss) on sale of investments:				
- Securities held-for-trading	11	32	10	69
- Securities available-for-sale	-	24	(78)	(56)
Net gain on revaluation of securities held-for-trading	(17)	16	(17)	33
Write back of impairment losses on securities held-to-maturity	-	-	-	1
Gross dividend from securities available-for-sale	48	48	48	48
	<u>42</u>	<u>120</u>	<u>(37)</u>	<u>95</u>
Other income:				
Foreign exchange gain	1,860	1,621	4,798	2,252
Net unrealised gain on interest rate swaps	62	-	30	-
Net unrealised (loss)/gain on foreign exchange forwards	(574)	321	(1,302)	712
Rental income	121	131	253	257
Others	5	2	6	2
	<u>1,474</u>	<u>2,075</u>	<u>3,785</u>	<u>3,223</u>
	<u>2,877</u>	<u>3,541</u>	<u>6,582</u>	<u>5,877</u>

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24. Overhead expenses

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011 to 30.6.2011 RM'000	1.4.2010 to 30.6.2010 RM'000	1.1.2011 to 30.6.2011 RM'000	1.1.2010 to 30.6.2010 RM'000
Personnel costs				
Salaries, allowances and bonuses	3,379	2,753	6,530	5,379
Defined Contribution Plan - Employees Provident Fund	512	419	995	809
Others	371	387	952	635
	<u>4,262</u>	<u>3,559</u>	<u>8,477</u>	<u>6,823</u>
Establishment costs				
Depreciation	499	359	957	659
Amortisation of intangible assets	60	94	119	195
Repair and maintenance	113	171	276	287
Computerisation costs	215	160	424	277
Rental expenses	240	181	450	277
Others	430	298	795	446
	<u>1,557</u>	<u>1,263</u>	<u>3,021</u>	<u>2,141</u>
Marketing costs				
Advertising and publicity	32	430	197	508
Others	45	29	76	61
	<u>77</u>	<u>459</u>	<u>273</u>	<u>569</u>
Administration and general costs				
Professional fees	294	114	630	134
Non-executive directors' remuneration	187	203	399	407
Others	1,388	934	2,108	1,531
	<u>1,869</u>	<u>1,251</u>	<u>3,137</u>	<u>2,072</u>
Total	<u>7,765</u>	<u>6,532</u>	<u>14,908</u>	<u>11,605</u>

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24. Overhead expenses (cont'd.)

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011 to 30.6.2011 RM'000	1.4.2010 to 30.6.2010 RM'000	1.1.2011 to 30.6.2011 RM'000	1.1.2010 to 30.6.2010 RM'000
Personnel costs				
Salaries, allowances and bonuses	3,379	2,753	6,530	5,379
Defined Contribution Plan - Employees Provident Fund	512	419	995	809
Others	371	387	952	635
	<u>4,262</u>	<u>3,559</u>	<u>8,477</u>	<u>6,823</u>
Establishment costs				
Depreciation	499	359	957	659
Amortisation of intangible assets	60	94	119	195
Repair and maintenance	113	171	276	287
Computerisation costs	215	160	424	277
Rental expenses	240	181	450	277
Others	430	298	795	446
	<u>1,557</u>	<u>1,263</u>	<u>3,021</u>	<u>2,141</u>
Marketing costs				
Advertising and publicity	32	430	197	508
Others	45	29	76	61
	<u>77</u>	<u>459</u>	<u>273</u>	<u>569</u>
Administration and general costs				
Professional fees	294	113	630	133
Non-executive directors' remuneration	187	203	399	407
Others	1,387	934	2,107	1,531
	<u>1,868</u>	<u>1,250</u>	<u>3,136</u>	<u>2,071</u>
Total	<u>7,764</u>	<u>6,531</u>	<u>14,907</u>	<u>11,604</u>

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25. Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to the Bank's 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 the Bank's trading and banking books. The involvement of the Group and the Bank in derivatives are only restricted to foreign forward exchange contracts and interest

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
30 June 2011				
Direct credit substitutes	668	-	668	173
Transaction-related contingent items	102,296	-	51,148	47,186
Short-term self-liquidating trade-related contingencies	35,295	-	7,059	6,838
Forward foreign exchange contracts				
- less than one year	487,680	1,833	6,181	3,821
Interest rate related contracts				
- less than one year	20,000	8	58	12
- more than one year	50,000	31	531	106
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	89	-	45	35
- maturity less than one year	875,959	-	175,192	176,164
Any commitment that are unconditionally cancelled at any time without prior notice	14,561	-	-	-
Total	1,586,548	1,872	240,882	234,335

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25. 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
31 December 2010				
Direct credit substitutes	15,946	-	15,946	15,431
Transaction-related contingent items	94,510	-	47,255	43,334
Short-term self-liquidating trade-related contingencies	69,056	-	13,811	13,627
Forward foreign exchange contracts				
- less than one year	286,912	2,352	4,480	3,324
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	159	-	80	60
- maturity less than one year	951,313	-	190,263	191,037
Any commitment that are unconditionally cancelled at any time without prior notice	13,922	-	-	-
Total	1,431,818	2,352	271,835	266,813

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

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26. Capital adequacy

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

	30.6.2011	31.12.2010
Core capital ratio	18.82%	19.76%
Risk-weighted capital ratio	20.05%	20.97%

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

	30.6.2011	31.12.2010
	RM'000	RM'000
Tier-1 Capital		
Paid-up share capital	265,000	265,000
Statutory reserve	123,962	123,962
Retained profits	18,737	10,420
Less: Deferred tax assets (excluding those from revaluation reserve)	(6,682)	(6,274)
Total Tier-1 Capital	<u>401,017</u>	<u>393,108</u>
Tier-2 Capital		
Collective assessment allowance	<u>26,248</u>	<u>24,208</u>
Total Tier-2 Capital	<u>26,248</u>	<u>24,208</u>
Total capital	427,265	417,316
Less: Investment in subsidiary	(10)	(10)
Capital base	<u>427,255</u>	<u>417,306</u>

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26. Capital adequacy (cont'd.)

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

	Principal	Risk-weighted	Principal	Risk-weighted
	30.06.2011	assets	31.12.2010	assets
	RM'000	30.06.2011	RM'000	31.12.2010
		RM'000	RM'000	RM'000
0%	731,269	-	618,450	-
20%	203,528	40,706	308,073	61,615
35%	3,185	1,115	3,144	1,100
50%	32,040	16,020	31,724	15,862
75%	2,213	1,660	3,120	2,340
100%	1,952,954	1,952,954	1,799,735	1,799,735
150%	7,796	11,693	9,448	14,172
Total risk-weighted assets for credit risk		<u>2,024,148</u>		<u>1,894,824</u>
Total risk-weighted assets for market risk		14,267		4,153
Total risk-weighted assets for operational risk		92,386		90,854
Total risk-weighted assets		<u>2,130,801</u>		<u>1,989,831</u>

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27. Significant related party disclosures

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

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2011	1.4.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Income				
Interest on advances to holding company and its branches	24	-	52	3
Expenditure				
Interest on advances from holding company and its branches	13	41	16	94
Group and Bank				
			30.6.2011	31.12.2010
			RM'000	RM'000
Amount due to				
Deposits and placements from holding company and its branches			15,207	110
Amount due from				
Cash and short-term funds placed with holding company and its branches			2,179	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.

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**Bangkok Bank Berhad
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Statement by directors

We, Loke Tan Cheng and Professor Dato' Ruslan Khalid, being two of the directors of Bangkok Bank Berhad, do hereby state that, in the opinion of the directors, the accompanying interim condensed financial statements set out on pages 2 to 34 are drawn up in accordance with Financial Reporting Standard 134: Interim Financial Reporting as modified by Bank Negara Malaysia guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2011 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

Professor Dato' Ruslan Khalid

Kuala Lumpur, Malaysia
3 October 2011