

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

**Interim Condensed Consolidated Financial Statements**  
**30 June 2010**

Ernst & Young  
AF : 0039

**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 2010 and  
commentary on the prospects.**

Bangkok Bank Berhad (“BBB”) registered a profit before tax of RM5.8 million for the first half of 2010 as compared to a higher profit of RM9.6 million recorded during the previous comparative period mainly due to increase in loan loss provisioning. The increase in loan provisions from RM3.5 million in 1st half of 2009 to RM7.7 million in 1st half of 2010 arose from additional provisions for stressed/defaulted accounts and due to shortfall in collateral coverage. With the additional provisions all corporate NPLs are fully provided.

BBB net interest income has improved from RM17.8 million to RM19.3 million as a result of the expansion in lending business and improved margins from the lending business.

Non interest income improved by 21% to RM5.9 million from RM4.9 million a year ago mainly due to increase in foreign exchange gain on derivatives and fee income of RM0.7 million and RM0.9 million respectively. The increase is set off by a gain on disposal of AFS securities of RM0.7 million in the previous comparative period.

Overhead expenses increased by 22% from RM9.5 million in the previous comparative period to RM11.6 million. The increase was mainly contributed by the increase in expenses incurred on the branches and higher personnel costs resulting from additional staff required to support the growth of the Bank.

Gross loans improved from RM1.46 billion at end December 2009 to RM1.54 billion as at June 2010 mainly due to strong loan growth during the 1st half of 2010. The Bank’s impaired loan ratio has improved from 1.9% to 1.2% as compared to December 2009.

With the opening of new branches in 2010, the Bank will continue to grow its core lending business in selected niche areas. The Bank will also continue to focus on maintaining its current good liquidity position and maintain its high level of deposits, relatively to its loan portfolio.

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

**Interim consolidated statements of financial position as at 30 June 2010**

	Note	Group		Bank	
		30.6.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)	30.6.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)
<b>Assets</b>					
Cash and short-term funds		275,817	377,508	275,784	377,478
Deposits and placements with banks		40,000	50,000	40,000	50,000
Securities held-for-trading	12	39,985	19,992	39,985	19,992
Securities available-for-sale	13	206,992	146,877	206,992	146,877
Securities held-to-maturity	14	95,684	45,262	95,684	45,262
Loans, advances and financing	15	1,462,469	1,395,585	1,462,469	1,395,585
Other assets	16	15,585	8,507	15,583	8,506
Statutory deposit with Bank Negara Malaysia		14,000	12,000	14,000	12,000
Investment in subsidiary		-	-	10	10
Property and equipment	17	13,455	11,022	13,455	11,022
Intangible assets		367	481	367	481
Deferred tax assets		6,403	6,114	6,403	6,114
<b>Total assets</b>		<b>2,170,757</b>	<b>2,073,348</b>	<b>2,170,732</b>	<b>2,073,327</b>
<b>Liabilities and shareholder's equity</b>					
Deposits from customers	18	1,637,189	1,577,530	1,637,189	1,577,530
Deposits and placements of banks and other financial institution	19	124,295	93,011	124,295	93,011
Other liabilities	20	20,419	14,292	20,417	14,290
<b>Total liabilities</b>		<b>1,781,903</b>	<b>1,684,833</b>	<b>1,781,901</b>	<b>1,684,831</b>
Share capital		265,000	265,000	265,000	265,000
Statutory reserve		116,994	116,994	116,984	116,984
Revaluation reserve		(866)	(1,339)	(866)	(1,339)
Retained profits		7,726	7,860	7,713	7,851
<b>Shareholder's equity</b>		<b>388,854</b>	<b>388,515</b>	<b>388,831</b>	<b>388,496</b>
<b>Total liabilities and shareholder's equity</b>		<b>2,170,757</b>	<b>2,073,348</b>	<b>2,170,732</b>	<b>2,073,327</b>
<b>Commitments and contingencies</b>	26	<b>1,673,156</b>	<b>1,212,857</b>	<b>1,673,156</b>	<b>1,212,857</b>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.*

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

**Interim consolidated income statement**  
**For the financial period ended 30 June 2010**

	Note	Group			
		Current Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		1.4.2010 to 30.6.2010 RM'000 (Unaudited)	1.4.2009 to 30.6.2009 RM'000 (Unaudited)	1.1.2010 to 30.6.2010 RM'000 (Unaudited)	1.1.2009 to 30.6.2009 RM'000 (Unaudited)
Interest income	21	19,590	17,863	37,430	39,524
Interest expense	22	(9,666)	(9,428)	(18,172)	(21,741)
Net interest income		9,924	8,435	19,258	17,783
Loan impairment charges, net	23	(7,234)	(1,870)	(7,696)	(3,551)
		2,690	6,565	11,562	14,232
Non-interest income	24	3,546	2,019	5,882	4,865
Net income		6,236	8,584	17,444	19,097
Overhead expenses	25	(6,532)	(4,995)	(11,605)	(9,493)
(Loss)/profit before taxation		(296)	3,589	5,839	9,604
Taxation		(10)	(181)	(1,564)	(1,905)
Net (loss)/profit for the period		(306)	3,408	4,275	7,699
(Loss)/earnings per share (sen)					
- basic		(0.12)	1.29	1.61	2.91
- diluted		(0.12)	1.29	1.61	2.91

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.*

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

**Interim income statement**

**For the financial period ended 30 June 2010**

	Note	Bank			
		Current Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		1.4.2010 to 30.6.2010 RM'000 (Unaudited)	1.4.2009 to 30.6.2009 RM'000 (Unaudited)	1.1.2010 to 30.6.2010 RM'000 (Unaudited)	1.1.2009 to 30.6.2009 RM'000 (Unaudited)
Interest income	21	19,590	17,863	37,430	39,524
Interest expense	22	(9,666)	(9,428)	(18,172)	(21,741)
Net interest income		9,924	8,435	19,258	17,783
Loan impairment charges, net	23	(7,234)	(1,870)	(7,696)	(3,551)
		2,690	6,565	11,562	14,232
Non-interest income	24	3,541	2,016	5,877	4,861
Net income		6,231	8,581	17,439	19,093
Overhead expenses	25	(6,531)	(4,994)	(11,604)	(9,493)
(Loss)/profit before taxation		(300)	3,587	5,835	9,600
Taxation		(9)	(181)	(1,563)	(1,904)
Net (loss)/profit for the period		(309)	3,406	4,272	7,696
(Loss)/earnings per share (sen)					
- basic		(0.12)	1.29	1.61	2.91
- diluted		(0.12)	1.29	1.61	2.91

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.*

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**Bangkok Bank Berhad**  
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**Interim consolidated statement of comprehensive income**  
**For the financial period ended 30 June 2010**

Note	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2010 to	1.4.2009 to	1.1.2010 to	1.1.2009 to
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(Loss)/profit for the period</b>	<b>(306)</b>	<b>3,408</b>	<b>4,275</b>	<b>7,699</b>
<b>Other comprehensive loss</b>				
Net gain/(loss) on available-for-sale financial assets	674	(1,316)	631	(4,723)
Income tax relating to components of other comprehensive income	(168)	329	(158)	1,181
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>506</b>	<b>(987)</b>	<b>473</b>	<b>(3,542)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>200</b>	<b>2,421</b>	<b>4,748</b>	<b>4,157</b>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.*

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**Bangkok Bank Berhad**  
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**Interim statement of comprehensive income**  
**For the financial period ended 30 June 2010**

	<b>Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
Note	<b>1.4.2010 to</b>	<b>1.4.2009 to</b>	<b>1.1.2010 to</b>	<b>1.1.2009 to</b>
	<b>30.6.2010</b>	<b>30.6.2009</b>	<b>30.6.2010</b>	<b>30.6.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(Loss)/profit for the period</b>	<b>(309)</b>	<b>3,406</b>	<b>4,272</b>	<b>7,696</b>
<b>Other comprehensive income/(loss)</b>				
Net gain/(loss) on available-for-sale financial assets	674	(1,316)	631	(4,723)
Income tax relating to components of other comprehensive income	(168)	329	(158)	1,181
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>506</b>	<b>(987)</b>	<b>473</b>	<b>(3,542)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>197</b>	<b>2,419</b>	<b>4,745</b>	<b>4,154</b>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.*



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

**Interim consolidated statement of changes in equity**  
**For the financial period ended 30 June 2010**

	<----- Group ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
<b>At 1 January 2009</b>					
- as previously stated	265,000	112,461	2,293	3,328	383,082
- reclassified from deferred tax	-	-	(573)	-	(573)
- as restated	265,000	112,461	1,720	3,328	382,509
Profit for the period	-	-	-	7,699	7,699
Other comprehensive loss	-	-	(3,542)	-	(3,542)
<b>At 30 June 2009</b>					
- as restated	265,000	112,461	(1,822)	11,027	386,666
<b>At 1 January 2010</b>					
- as previously stated	265,000	116,994	(1,339)	7,860	388,515
- effects of adoption of FRS 139	-	-	-	(4,409)	(4,409)
<b>At 1 January 2010</b>					
- as restated	265,000	116,994	(1,339)	3,451	384,106
Profit for the period	-	-	-	4,275	4,275
Other comprehensive loss	-	-	473	-	473
<b>At 30 June 2010</b> <b>(unaudited)</b>	265,000	116,994	(866)	7,726	388,854

**Bangkok Bank Berhad**  
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**Interim statement of changes in equity**  
**For the financial period ended 30 June 2010**

	<----- Bank ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
<b>At 1 January 2009</b>					
- as previously stated	265,000	112,454	2,293	3,321	383,068
- reclassified from deferred tax	-	-	(573)	-	(573)
- as restated	265,000	112,454	1,720	3,321	382,495
Profit for the period	-	-	-	7,696	7,696
Other comprehensive loss	-	-	(3,542)	-	(3,542)
<b>At 30 June 2009</b>					
- as restated	265,000	112,454	(1,822)	11,017	386,649
<b>At 1 January 2010</b>					
- as previously stated	265,000	116,984	(1,339)	7,851	388,496
- effects of adoption of FRS 139	-	-	-	(4,409)	(4,409)
<b>At 1 January 2010</b>					
- as restated	265,000	116,984	(1,339)	3,442	384,087
Profit for the period	-	-	-	4,272	4,272
Other comprehensive loss	-	-	473	-	473
<b>At 30 June 2010</b> <b>(unaudited)</b>	265,000	116,984	(866)	7,713	388,831

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.*

**Bangkok Bank Berhad**  
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**Consolidated statement of cash flows**  
**For the financial period ended 30 June 2010**

	Group		Bank	
	1.4.2010 to 30.6.2010 RM'000 (Unaudited)	1.4.2009 to 30.6.2009 RM'000 (Unaudited)	1.1.2010 to 30.6.2010 RM'000 (Unaudited)	1.1.2009 to 30.6.2009 RM'000 (Unaudited)
<b>Cash flows from operating activities</b>				
Profit before taxation	5,839	9,604	5,835	9,600
Adjustments for:				
Depreciation	659	602	659	602
Amortisation of intangible assets	195	163	195	163
Allowance for losses on loans and financing, net	8,115	4,693	8,115	4,693
Writeback on impairment losses of securities held-to-maturity	(1)	-	(1)	-
Unrealised foreign exchange gain	(712)	(710)	(712)	(710)
Net gain on revaluation of securities held-for-trading	(33)	(13)	(33)	(13)
Net (gain)/loss on disposal of securities held-for-trading	(69)	38	(69)	38
Net loss/(gain) on disposal of securities available-for-sale	56	(680)	56	(680)
Amortisation of premium net of accretion of discount	379	411	379	411
Interest suspended	-	1,859	-	1,859
Dividend income	(48)	(6)	(48)	(6)
Operating profit before working capital changes	14,380	15,961	14,376	15,957
Decrease in loans and advances	(80,877)	237,913	(80,877)	237,913
(Increase)/decrease in deposits and placements with banks	-	(140,000)	-	(140,000)
(Increase)/decrease in other assets	(1,805)	2,142	(1,804)	2,143
(Increase)/decrease in statutory deposit with Bank Negara Malaysia	(2,000)	30,000	(2,000)	30,000
Increase in deposits from customers	59,659	60,568	59,659	60,568
Increase/(decrease) in deposits and placements of banks and other financial institutions	31,284	(288,958)	31,284	(288,958)
Increase in obligations sold under repurchase agreements	-	(37,566)	-	(37,566)
(Decrease) in bills and acceptances payable	-	(19,419)	-	(19,419)
Increase in other liabilities	5,142	2,838	5,142	2,838
Cash generated from/(used in) operations carried forward	25,783	(136,521)	25,780	(136,524)

**Bangkok Bank Berhad**  
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**Consolidated statement of cash flows**  
**For the financial period ended 30 June 2010 (cont'd.)**

	Group		Bank	
	1.4.2010 to 30.6.2010 RM'000 (Unaudited)	1.4.2009 to 30.6.2009 RM'000 (Unaudited)	1.1.2010 to 30.6.2010 RM'000 (Unaudited)	1.1.2009 to 30.6.2009 RM'000 (Unaudited)
<b>Cash flows from operating activities (cont'd.)</b>				
Cash generated from/(used in) operations				
carried forward	25,783	(136,521)	25,780	(136,524)
Taxes paid	(4,117)	(3,544)	(4,117)	(3,544)
Taxes refunded	-	4,486	-	4,486
Net cash generated from/(used in) operating activities	21,666	(135,579)	21,663	(135,582)
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(3,092)	(547)	(3,092)	(547)
Purchase of intangible assets	(81)	(70)	(81)	(70)
Purchase of securities held-for- trading	(352,713)	(190,339)	(352,713)	(190,339)
Purchase of securities available- for-sale	(100,006)	(48,494)	(100,006)	(48,494)
Purchase of securities held-to-maturity	(50,484)	(20,450)	(50,484)	(20,450)
Dividend received	48	6	48	6
Proceeds from disposal of securities held-for-trading	332,858	216,241	332,858	216,241
Proceeds from disposal of securities available-for-sale	40,113	86,642	40,113	86,642
Net cash (used in)/generated from investing activities	(133,357)	42,989	(133,357)	42,989
<b>Net decrease in cash and cash equivalents</b>	(111,691)	(92,590)	(111,694)	(92,593)
<b>Cash and cash equivalents at beginning of financial period</b>	427,508	510,448	427,478	510,416
<b>Cash and cash equivalents at end of financial period</b>	315,817	417,858	315,784	417,823
Cash and cash equivalents comprise:				
Cash and short-term funds	275,817	417,858	275,784	417,823
Deposits and placements with banks	40,000	-	40,000	-
	315,817	417,858	315,784	417,823

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.*

**Bangkok Bank Berhad**  
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**Notes to the financial statements - 30 June 2010**

**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 nominee services to local clients of the Bank. There has been no significant changes in the nature of the principal activities during the financial period.

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

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

**2. Significant accounting policies**

**(a) Basis of preparation**

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2010 of the Group and of the Bank have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: securities held-for-trading, securities available-for-sale and derivative financial instruments. The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and modified by the Bank Negara Malaysia ("BNM") guidelines.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's and Bank's annual audited financial statements as at 31 December 2009. The explanatory notes attached in the unaudited interim condensed consolidated financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and Bank since the year ended 31 December 2009.

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**2. Significant accounting policies (Contd.)**

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

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's and Bank's annual audited financial statements for the year ended 31 December 2009, except for the adoption of the new Financial Reporting Standards ("FRSs") and IC Interpretations ("IC") as of 1 January 2010, noted below:

**FRSs, Amendments to FRSs and IC Interpretations**

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment- Vesting Conditions and Cancellation
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Error
Amendments to FRS 110	Events After Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 132*	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
	Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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**2. Significant accounting policies (Contd.)**

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

- \* The Amendments to FRS 132 as identified in paragraphs 95A, 97AA and 97AB of the Standard shall apply to financial statements of annual periods beginning on or after 1 January 2010.

The application of the above FRSs, amendments to FRSs and IC Interpretations did not result in any significant impact on the financial results and financial position of the Group and the Bank except for FRS 101- Presentation of Financial Statements and FRS 139 - Financial Instruments: Recognition and Measurements (FRS 139).

The Amendments to FRS 139 above included an additional transitional arrangement for entities in the financial sector, whereby Bank Negara Malaysia ("BNM") may prescribe the use of an alternative basis for collective assessment of impairment by banking institutions as per the BNM guidelines on Classification and Impairment Provisions for Loans/Financing.

The principal changes in accounting policies and the effects from the adoption of the other new and revised FRSs are discussed below:

**(i) FRS 101: Presentation of Financial Statements (FRS 101)**

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This revised FRS does not have any impact on the financial position and results of the Bank.

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**2. Significant accounting policies (Contd.)**

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

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

Prior to the adoption of FRS 139, allowances for impaired loans and advances (previously referred to as non-performing loans) were computed in conformity with the BNM/GP3 Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts. Upon the adoption of FRS 139, the Group and the Bank first assess individually whether objective evidence of impairment exists individually for loans, advances and financing that are individually significant. If the Group and the Bank determine that no objective evidence of impairment exists for an individually assessed loans, advances and financing, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Loans, advances and financing that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If write-off is later recovered, the recovery is credited to the ' Loan impairment charges'.

The present value of the estimated future cash flows is discounted at the financial asset's original Effective Interest Rate ("EIR"). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current year's EIR. The calculation of the present value of the estimated future cash flows or collateralised loans, advances and financing reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.



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**2. Significant accounting policies (Contd.)**

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

**(ii) Impairment losses on loans, advances and financing (Contd.)**

The Group and the Bank has applied FRS 139 in accordance with the transitional provision for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/ Financing issued on 8 January 2010, whereby banking institutions are required to maintain collective assessment impairment allowance. Subject to the written approval by BNM, banking institutions are allowed to maintain a lower collective assessment impairment allowance. The collective assessment impairment allowance of the Group and the Bank as at the reporting date have been arrived at based on this transitional arrangement issued by BNM.

The changes in the accounting policy above have been accounted for prospectively, in line with the transitional provisions under para 103AA of FRS 139, with adjustments to the carrying values of loans, advances and financing affecting the income statement as at the beginning of the current financial period being adjusted to opening retained profits. The effects on the statement of financial position as at 30 June 2010 and income statement for the period ended 30 June 2010 are set out in Notes 15 and 23 respectively.

**(iii) Interest income and expense**

Prior to the adoption of FRS 139, interest income on loans, advances and financing is recognised on contractual interest rates. Upon the adoption of FRS 139, interest income is recorded using EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loan. The calculation takes into account all contractual terms of the loan and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but no future credit losses.

The change in the accounting policy has been accounted for prospectively in line with the transitional arrangements under para 103AA of FRS 139. The change has no material impact to the Group's and Bank's opening retained profits.

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**2. Significant accounting policies (Contd.)**

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

**(iii) Interest income and expense (Contd.)**

Prior to the adoption of FRS 139, interest accrued and recognised as income prior to the date that a loan is classified as non-performing is reversed out of income and set-off against the interest receivable account in the statement of financial position. Thereafter, interest on the non-performing loan is recognised as income on a cash basis. Upon adoption of FRS 139, once the loan has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

- (iv)** In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead the changes have been accounted for by restating the following opening balances in the statement of financial position as at 1 January 2010.

<b>Group</b>	<b>As previously stated</b>	<b>Effect of FRS 139</b>	<b>As restated</b>
<b>RM'000</b>			
<b>At 1 January 2010</b>			
Retained earnings	7,860	(4,409)	3,451
Loans, receivables and financing	1,395,585	(5,878)	1,389,707
Tax recoverable	5,314	1,469	6,783
<b>Bank</b>			
<b>RM'000</b>	<b>As previously stated</b>	<b>Effect of FRS 139</b>	<b>As restated</b>
<b>At 1 January 2010</b>			
Retained earnings	7,851	(4,409)	3,442
Loans, receivables and financing	1,395,585	(5,878)	1,389,707
Tax recoverable	5,315	1,469	6,784

In addition, these changes in accounting policies have the effect in decreasing the profit for the current financial period-to-date by approximately RM6,159,000.

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**2. Significant accounting policies (Contd.)**

**(c) Significant accounting judgements and estimates**

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

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

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

The impairment loss on loans, advances and financing is disclosed in more detail in Note 23.

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

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

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

**(iii) Deferred tax assets**

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

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**2. Significant accounting policies (Contd.)**

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

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

<b>FRSs, Amendments to FRSs and IC Interpretations:</b>	<b>Effective for financial year beginning on or after</b>
* FRS 132: Financial Instruments: Presentation	1 March 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (Revised 2010)	1 July 2010
FRS 127: Consolidated and Separate Financial Statements (Revised 2010)	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)	1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4: Determining Whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
TR i-4: Shariah Compliant Sale Contracts	1 January 2011

\* The amendments in paragraphs 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.

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**3. Auditors' Report on Preceding Annual Financial Statements**

The audit report on the audited annual financial statements for the year ended 31 December 2009 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 2010 except as disclosed in Note 2.

**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 fluctuations.

**6. Changes in Estimates**

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 June 2010 except as disclosed in Note 2.

**7. Debt and Equity Securities**

There were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2010.

**8. Subsequent Events**

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

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

There were no changes in the composition of the Group during the financial year to date.

**10. Dividends Paid**

No dividends was paid during the financial period ended 30 June 2010.

**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 held-for-trading**

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Bank Negara Monetary Notes	19,983	19,992
Malaysian Government Securities	10,014	-
Government Investment Issue	9,988	-
	<u>39,985</u>	<u>19,992</u>

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

In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Securities	91,045	115,686
Private debt securities	20,242	20,324
Cagamas Bonds	4,988	9,995
Government Investment Issue	89,845	-
Quoted securities in Malaysia:		
Debt converted shares *	-	-
	<u>206,120</u>	<u>146,005</u>
<b>At cost</b>		
Unquoted securities:		
Shares	872	872
	<u>206,992</u>	<u>146,877</u>

\* Quoted shares fully provided as at relevant statement of financial position dates.

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

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
In Malaysia:		
Money market instruments:		
Malaysian Government Securities	45,297	45,297
Private debt securities	50,483	-
Unquoted securities:		
Private debt securities	836	836
	<u>96,616</u>	<u>46,133</u>
Amortisation of premium net of accretion of discount	(110)	(48)
Accumulated impairment losses	(822)	(823)
	<u>95,684</u>	<u>45,262</u>
(i) Indicative fair value of securities:		
Malaysian Government Securities	45,232	45,474
Private Debt Securities	50,419	-
Unquoted securities - private debt securities	13	13
	<u>95,664</u>	<u>45,487</u>

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**15. Loans, advances and financing**

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>At amortised cost</b>		
Overdrafts	81,741	83,770
Term loans		
Housing loans	9,381	9,812
Syndicated term loan	68,688	75,571
Other term loans	274,897	268,946
Revolving credits	258,998	250,243
Bills receivables	14,573	14,061
Trust receipts	95,006	45,542
Bankers' acceptances	720,044	692,813
Other financing	19,894	19,717
Staff loans	1,332	1,496
	<u>1,544,554</u>	<u>1,461,971</u>
Unearned interest	(4,166)	(3,394)
	<u>1,540,388</u>	<u>1,458,577</u>
Collective impairment for loans, advances and financing	(23,732)	(21,532)
Individual impairment ("IA") for loans, advances and financing	(54,187)	(41,460)
Net loans, advances and financing	<u>1,462,469</u>	<u>1,395,585</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Maturing within one year	1,250,514	1,127,087
One year to three years	90,507	102,004
Three years to five years	113,148	127,051
Over five years	86,219	102,435
	<u>1,540,388</u>	<u>1,458,577</u>



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

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

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Purchase of securities	19,139	28,037
Purchase of transport vehicles	1,358	1,517
Purchase of residential properties	31,972	20,583
Purchase of non-residential properties	60,445	56,237
Purchase of fixed assets other than land and building	69,393	75,588
Personal use	3,624	4,837
Construction	11,968	14,843
Working capital	1,296,310	1,206,400
Others	46,179	50,535
	<u>1,540,388</u>	<u>1,458,577</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Domestic non-bank financial institutions	116,554	106,313
Domestic business enterprises		
- Small medium enterprises	331,121	402,703
- Others	1,078,407	933,402
Domestic other entities	-	40
Individuals	14,306	16,119
	<u>1,540,388</u>	<u>1,458,577</u>

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

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

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Fixed rate		
Housing loan	1,060	1,297
Other fixed rate loan/financing	20,436	16,463
Variable rate		
BLR plus	329,472	330,911
Cost-plus	1,146,897	1,104,135
Other variable rates	42,523	5,771
	<u>1,540,388</u>	<u>1,458,577</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance as at 1 January		
- as previously stated	68,383	35,957
- effect of FRS 139 adoption	9,936	-
- as restated	<u>78,319</u>	<u>35,957</u>
Classified as impaired during the period	4,747	34,417
Reclassified as non impaired during the period	(213)	(1,034)
Amount recovered	(1,848)	(957)
Amount written off	<u>(9,213)</u>	<u>-</u>
Balance as at end of period	71,792	68,383
Individual impairment	<u>(54,187)</u>	<u>(41,460)</u>
Net impaired loans, advances and financing	<u>17,605</u>	<u>26,923</u>
Ratio of net impaired loans, advances and financing to total loans, advances and financing less individual impairment	<u>1.18%</u>	<u>1.90%</u>

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

(vi) Movements in the impairment provisions are as follows:

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Collective Impairment</b>		
Balance as at 1 January		
- as previously stated	-	-
- effects of FRS 139 adoption	21,532	-
- as restated	21,532	-
Impairment during the period	2,200	-
Balance as at end of period	<u>23,732</u>	<u>-</u>
<b>Individual Impairment</b>		
Balance as at 1 January		
- as previously stated	-	-
- effects of FRS 139 adoption	57,485	-
- as restated	57,485	-
Impairment during the period	7,082	-
Written off	(9,213)	-
Recovered and written back	(1,167)	-
Balance as at end of period	<u>54,187</u>	<u>-</u>
<b>General Allowance</b>		
Balance as at 1 January		
- as previously stated	21,532	23,540
- effects of FRS 139 adoption	(21,532)	-
- as restated	-	23,540
Allowance written back during the period	-	(2,008)
Balance as at end of period	<u>-</u>	<u>21,532</u>
General allowance % of gross loans, advances and financing less specific allowance	<u>-</u>	<u>1.52%</u>

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

(vi) Movements in the allowance for bad and doubtful debts are as follows:

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Specific Allowance</b>		
Balance as at 1 January		
- as previously stated	41,460	26,086
- effects of FRS 139 adoption	(41,460)	-
- as restated	-	26,086
Allowance made during the year	-	16,370
Recovered and written back	-	(996)
Balance as at end of period	-	41,460

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

Purchase of residential properties	2,980	2,580
Working capital	65,694	65,803
Others	3,118	-
	<u>71,792</u>	<u>68,383</u>

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**16. Other assets**

	Group		Bank	
	30.6.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)	30.6.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)
Other receivables, deposits and prepayments	4,148	2,344	4,148	2,344
Unrealised gain on derivatives	2,545	848	2,545	848
Tax recoverable	8,892	5,315	8,890	5,314
	<u>15,585</u>	<u>8,507</u>	<u>15,583</u>	<u>8,506</u>

**17. Property and Equipment**

During the six month period ended 30 June 2010, the Group and the Bank acquired assets with a cost of RM3,092,000 (31 December 2009: RM1,252,000).

**18. Deposits from customers**

(i) By type of deposit

	Group and Bank	
	30.6.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)
Fixed deposits	1,169,447	1,163,999
Negotiable instruments of deposits	112,000	72,550
Current accounts	174,575	112,182
Savings deposits	11,034	9,721
Short term deposits	170,133	219,078
	<u>1,637,189</u>	<u>1,577,530</u>

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**18. Deposits from customers (Contd.)**

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

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Due within six months	1,309,109	1,127,833
Six months to one year	131,128	319,683
One year to three years	4,456	6,211
Over three years	6,887	1,900
	<u>1,451,580</u>	<u>1,455,627</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Business enterprises	1,322,543	1,250,027
Individuals	245,974	197,876
Others	68,672	129,627
	<u>1,637,189</u>	<u>1,577,530</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Licensed banks and other financial institutions	121,651	90,367
Bank Negara Malaysia	2,644	2,644
	<u>124,295</u>	<u>93,011</u>

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**20. Other liabilities**

	Group		Bank	
	30.6.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)	30.6.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)
Accruals	2,518	1,808	2,516	1,808
Unrealised loss on derivatives	1,975	990	1,975	990
Other payables	15,926	11,494	15,926	11,492
	<u>20,419</u>	<u>14,292</u>	<u>20,417</u>	<u>14,290</u>

**21. Interest income**

	Group and Bank			
	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	1.4.2010 to 30.6.2010 RM'000 (Unaudited)	1.4.2009 to 30.6.2009 RM'000 (Unaudited)	1.1.2010 to 30.6.2010 RM'000 (Unaudited)	1.1.2009 to 30.6.2009 RM'000 (Unaudited)
Interest income from:				
- Loans, advances and financing	14,818	13,497	28,424	30,077
- Deposits and placements with banks and other financial institutions	2,260	2,845	4,359	6,026
- Securities held-for-trading	50	25	77	66
- Securities available-for-sale	1,902	1,548	3,759	3,451
- Securities held-to-maturity	735	176	1,190	315
	<u>19,765</u>	<u>18,091</u>	<u>37,809</u>	<u>39,935</u>
Amortisation of premium net of accretion of discount	(175)	(228)	(379)	(411)
	<u>19,590</u>	<u>17,863</u>	<u>37,430</u>	<u>39,524</u>
Of which:				
Interest income earned on impaired loans, advances and financing	319	-	893	-

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**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>1.4.2010 to</b>	<b>1.4.2009 to</b>	<b>1.1.2010 to</b>	<b>1.1.2009 to</b>
<b>30.6.2010</b>	<b>30.6.2009</b>	<b>30.6.2010</b>	<b>30.6.2009</b>	
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Deposits from customers	8,915	9,051	16,829	19,842
Deposits and placements of licensed banks	751	377	1,343	1,899
	<u>9,666</u>	<u>9,428</u>	<u>18,172</u>	<u>21,741</u>

**23. Loan impairment charges, 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>1.4.2010 to</b>	<b>1.4.2009 to</b>	<b>1.1.2010 to</b>	<b>1.1.2009 to</b>
<b>30.6.2010</b>	<b>30.6.2009</b>	<b>30.6.2010</b>	<b>30.6.2009</b>	
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Allowance for impaired loans, advances and financing				
Collective impairment	(1,200)	-	(2,200)	-
Individual impairment	(6,178)	-	(7,082)	-
General allowance	-	(3,300)	-	(4,300)
Specific allowance	-	-	-	(1,188)
Impaired loans, advances and financing written back	(65)	304	1,167	795
Impaired loans, advances and financing recovered	209	1,126	419	1,142
	<u>(7,234)</u>	<u>(1,870)</u>	<u>(7,696)</u>	<u>(3,551)</u>



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**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>1.4.2010 to 30.6.2010 RM'000 (Unaudited)</b>	<b>1.4.2009 to 30.6.2009 RM'000 (Unaudited)</b>	<b>1.1.2010 to 30.6.2010 RM'000 (Unaudited)</b>	<b>1.1.2009 to 30.6.2009 RM'000 (Unaudited)</b>
Fee income:				
Commission	871	486	1,575	990
Service charges and fees	254	101	522	220
Guarantee fees	225	230	466	487
	<u>1,350</u>	<u>817</u>	<u>2,563</u>	<u>1,697</u>
Investment income:				
Net gain/(loss) on sale of investments:				
Securities held-for-trading	32	16	69	(39)
Securities available-for-sale	24	-	(56)	680
Net gain/(loss) on revaluation of securities held-for-trading	16	(35)	33	13
Writeback in diminution of securities held-to-maturity	-	-	1	-
Gross dividend from securities available-for-sale	48	6	48	6
	<u>120</u>	<u>(13)</u>	<u>95</u>	<u>660</u>
Other income:				
Foreign exchange gain	1,621	1,352	2,252	1,511
Unrealised gain/(loss) on derivatives	321	(282)	712	710
Rental income	131	144	257	286
Other	3	1	3	1
	<u>2,076</u>	<u>1,215</u>	<u>3,224</u>	<u>2,508</u>
	<u>3,546</u>	<u>2,019</u>	<u>5,882</u>	<u>4,865</u>

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**24. Non-interest income**

	<b>Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>1.4.2010 to 30.6.2010 RM'000 (Unaudited)</b>	<b>1.4.2009 to 30.6.2009 RM'000 (Unaudited)</b>	<b>1.1.2010 to 30.6.2010 RM'000 (Unaudited)</b>	<b>1.1.2009 to 30.6.2009 RM'000 (Unaudited)</b>
Fee income:				
Commission	867	483	1,571	986
Service charges and fees	254	101	522	220
Guarantee fees	225	230	466	487
	<u>1,346</u>	<u>814</u>	<u>2,559</u>	<u>1,693</u>
Investment income:				
Net gain/(loss) on sale of investments:				
Securities held-for-trading	32	16	69	(39)
Securities available-for-sale	24	-	(56)	680
Net gain on revaluation of securities held-for-trading	16	(35)	33	13
Writeback in diminution of securities held-to-maturity	-	-	1	-
Gross dividend from securities available-for-sale	48	6	48	6
	<u>120</u>	<u>(13)</u>	<u>95</u>	<u>660</u>
Other income:				
Foreign exchange gain	1,621	1,352	2,252	1,511
Unrealised gain/(loss) on derivatives	321	(282)	712	710
Rental income	131	144	257	286
Others	2	1	2	1
	<u>2,075</u>	<u>1,215</u>	<u>3,223</u>	<u>2,508</u>
	<u>3,541</u>	<u>2,016</u>	<u>5,877</u>	<u>4,861</u>

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## 25. Overhead expenses

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2010 to 30.6.2010 RM'000 (Unaudited)	1.4.2009 to 30.6.2009 RM'000 (Unaudited)	1.1.2010 to 30.6.2010 RM'000 (Unaudited)	1.1.2009 to 30.6.2009 RM'000 (Unaudited)
Personnel costs				
Salaries, allowances and bonuses	2,753	2,389	5,379	4,701
Defined Contribution Plan - Employees Provident Fund	419	350	809	694
Others	387	505	635	708
	<u>3,559</u>	<u>3,244</u>	<u>6,823</u>	<u>6,103</u>
Establishment costs				
Depreciation	359	317	659	694
Amortisation of intangible assets	94	70	195	70
Repair and maintenance	171	116	287	211
Computerisation costs	160	109	277	208
Rental of premises	277	-	277	-
Others	202	162	446	305
	<u>1,263</u>	<u>774</u>	<u>2,141</u>	<u>1,488</u>
Marketing costs				
Advertising and publicity	430	115	508	163
Others	29	23	61	64
	<u>459</u>	<u>138</u>	<u>569</u>	<u>227</u>
Administration and general costs				
Professional fees	114	102	134	155
Others	1,137	737	1,938	1,520
	<u>1,251</u>	<u>839</u>	<u>2,072</u>	<u>1,675</u>
Total	<u>6,532</u>	<u>4,995</u>	<u>11,605</u>	<u>9,493</u>

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## 25. Overhead expenses

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2010 to 30.6.2010 RM'000 (Unaudited)	1.4.2009 to 30.6.2009 RM'000 (Unaudited)	1.1.2010 to 30.6.2010 RM'000 (Unaudited)	1.1.2009 to 30.6.2009 RM'000 (Unaudited)
Personnel costs				
Salaries, allowances and bonuses	2,753	2,389	5,379	4,701
Defined Contribution Plan				
- Employees Provident Fund	419	350	809	694
Others	387	504	635	708
	<u>3,559</u>	<u>3,243</u>	<u>6,823</u>	<u>6,103</u>
Establishment costs				
Depreciation	359	317	659	694
Amortisation of intangible assets	94	70	195	70
Repair and maintenance	171	116	287	211
Computerisation costs	160	109	277	208
Rental of premises	277	-	277	-
Others	202	162	446	305
	<u>1,263</u>	<u>774</u>	<u>2,141</u>	<u>1,488</u>
Marketing costs				
Advertising and publicity	430	115	508	163
Others	29	23	61	64
	<u>459</u>	<u>138</u>	<u>569</u>	<u>227</u>
Administration and general costs				
Professional fees	113	102	133	155
Others	1,137	737	1,938	1,520
	<u>1,250</u>	<u>839</u>	<u>2,071</u>	<u>1,675</u>
Total	<u>6,531</u>	<u>4,994</u>	<u>11,604</u>	<u>9,493</u>

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**26. Commitments and contingencies**

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

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

	Principal Amount <----- RM'000	Credit Equivalent Amount 30.6.2010 RM'000	Risk weighted amount -----> RM'000	Principal Amount <----- RM'000	Credit Equivalent Amount 31.12.2009 RM'000	Risk weighted amount -----> RM'000
Direct credit substitutes	16,852	16,852	16,327	17,771	17,771	17,253
Transaction-related contingent items	74,778	37,389	34,182	71,256	35,628	33,716
Short-term self-liquidating trade-related contingencies	72,007	14,401	14,401	35,541	7,108	7,108
Forward foreign exchange contracts						
- less than one year	547,791	5,823	4,089	171,052	2,369	1,882
Other commitments, such as formal standby facilities and credit lines, with an original						
- maturity more than one year	40	20	16	40	20	21
- maturity less than one year	943,203	188,641	189,952	-	-	-
Any commitment that are unconditionally cancelled at any time without prior notice	18,485	-	-	917,197	-	-
<b>Total</b>	<b>1,673,156</b>	<b>263,126</b>	<b>258,967</b>	<b>1,212,857</b>	<b>62,896</b>	<b>59,980</b>

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

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

Banking Institutions can apply a 0% credit conversion factor (CCF), instead of 50% on the undrawn portion of credit facilities with an original maturity of more than one year, conditional upon the institution undertaking a credit review of the facility at least annually and having the right to withdraw the facility following an unsatisfactory assessment and can also apply a 0% CCF (instead of 20%) on the undrawn portions of credit facilities with an original maturity of less than one year as a temporary measure until 31 December 2010 under the Risk Weighted Capital Adequacy Framework (RWCAF).

The forward foreign exchange contracts are subject to market risk and credit risk.

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 June 2010, the amount of contracts which were not hedged and, hence, exposed to market risk is RM2,597,000 (31 December 2009: RM5,369,000).

**Credit risk**

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. As at 30 June 2010, the amounts of credit risk, measured in terms of the cost to replace the profitable contracts, was RM5,823,000 (31 December 2009: RM2,369,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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**27. Significant Related Party Disclosures**

Significant transactions between Group and Bank and its 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>1.4.2010 to 30.6.2010 RM'000 (Unaudited)</b>	<b>1.4.2009 to 30.6.2009 RM'000 (Unaudited)</b>	<b>1.1.2010 to 30.6.2010 RM'000 (Unaudited)</b>	<b>1.1.2009 to 30.6.2009 RM'000 (Unaudited)</b>
<b>Income</b>				
Interest on advances to holding company and its branches	-	9	3	36
<b>Expenditure</b>				
Interest on advances from holding company and its branches	41	127	94	778

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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**28. Capital adequacy ratios**

- (i) Capital adequacy ratios of the Group and 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 balance sheet date, are as follows:

	<b>30.6.2010</b>	<b>31.12.2009</b>
Core capital ratio	20.13%	24.17%
Risk-weighted capital ratio	21.37%	25.52%

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

	<b>30.6.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier-1 Capital</b>		
Paid-up share capital	265,000	265,000
Statutory reserve	116,984	116,984
Retained profits	7,713	7,851
Less: Deferred tax assets	(6,114)	(5,667)
Total Tier-1 Capital	<u>383,583</u>	<u>384,168</u>
<b>Tier-2 Capital</b>		
Collective assessment allowance	23,732	-
General allowance for doubtful debts	-	21,532
Total Tier-2 Capital	<u>23,732</u>	<u>21,532</u>
Total capital	407,315	405,700
Less: Investment in subsidiary	(10)	(10)
Capital base	<u>407,305</u>	<u>405,690</u>



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**29. Capital adequacy risk disclosures**

- (i) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current period are as follows:

<b>Exposure Class</b>	<b>Gross Exposures RM'000</b>	<b>Net Exposures RM'000</b>	<b>Risk weighted Assets RM'000</b>	<b>Capital Requirements RM'000</b>
<b>30 June 2010</b>				
<b><u>Credit Risk</u></b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	387,418	387,418	-	-
Banks, Development Financial Institutions & MDBs	158,505	158,505	34,471	2,758
Corporates	1,537,078	1,537,078	1,466,712	117,337
Regulatory Retail	403	403	300	24
Residential Mortgages	7,342	7,342	3,125	250
Other Assets	27,540	27,540	23,787	1,903
Equity Exposure	872	872	341	27
Defaulted Exposures	17,552	17,552	19,826	1,586
<b>Total for On-Balance Sheet Exposures</b>	<b>2,136,710</b>	<b>2,136,710</b>	<b>1,548,562</b>	<b>123,885</b>
Off balance sheet exposures other than OTC derivatives or credit derivatives	260,492	260,492	255,017	20,401
Defaulted Exposures	2,634	2,634	3,951	316
<b>Total for Off-Balance Sheet Exposures</b>	<b>263,126</b>	<b>263,126</b>	<b>258,968</b>	<b>20,717</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>2,399,836</b>	<b>2,399,836</b>	<b>1,807,530</b>	<b>144,602</b>
<b><u>Market Risk</u></b>	<b>Long Position</b>	<b>Short Position</b>		
Interest Rate Risk	258,762	258,167	595	7,455
Foreign Currency Risk	68,382	65,784	2,598	2,597
Operational Risk				88,316
<b>Total RWA and Capital Requirements</b>			<b>1,905,898</b>	<b>152,472</b>

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**29. Capital adequacy risk disclosures (Contd.)**

- (i) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current period are as follows (continued):

<b>Exposure Class</b>	<b>Gross Exposures RM'000</b>	<b>Net Exposures RM'000</b>	<b>Risk weighted Assets RM'000</b>	<b>Capital Requirements RM'000</b>
<b>31 December 2009</b>				
<b><u>Credit Risk</u></b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	526,505	526,505	-	-
Banks, Development Financial Institutions & MDBs	68,422	68,422	16,440	1,315
Corporates	1,412,364	1,412,364	1,372,721	109,818
Regulatory Retail	2	2	1	0
Residential Mortgages	8,399	8,399	3,551	284
Other Assets	19,344	19,344	16,973	1,358
Equity Exposure	872	872	341	27
Defaulted Exposures	26,930	-	26,022	2,082
<b>Total for On-Balance Sheet Exposures</b>	<b>2,062,838</b>	<b>2,035,908</b>	<b>1,436,049</b>	<b>114,884</b>
Off balance sheet exposures other than OTC derivatives or credit derivatives	62,894	62,894	59,978	4,798
Defaulted Exposures	2	2	2	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>62,896</b>	<b>62,896</b>	<b>59,980</b>	<b>4,798</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>2,125,734</b>	<b>2,098,804</b>	<b>1,496,029</b>	<b>119,682</b>
<b><u>Market Risk</u></b>	<b>Long Position</b>	<b>Short Position</b>		
Interest Rate Risk	111,206	111,284	(78)	1,109
Foreign Currency Risk	15,338	9,969	5,369	430
Operational Risk			86,908	6,953
<b>Total RWA and Capital Requirements</b>			<b>1,589,415</b>	<b>127,153</b>

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**29. Capital adequacy risk disclosures (Contd.)**

(ii) The breakdown of credit risk exposures by risk weights for the current period are as follows:

Risk Weights	Exposures after Netting and Credit Risk Mitigation						Equity RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000			
<b>As at 30 June 2010</b>									
0%	387,418	-	17,516	65	-	3,753	-	408,752	-
10%	-	-	-	-	-	-	-	-	-
20%	-	151,441	55,733	-	-	-	664	207,838	41,568
35%	-	-	-	-	3,641	-	-	3,641	1,274
50%	-	12,650	22,779	-	3,701	-	-	39,130	19,565
75%	-	-	-	443	-	-	-	443	332
100%	-	-	1,704,831	-	1,689	23,787	208	1,730,515	1,730,515
150%	-	-	9,408	109	-	-	-	9,517	14,276
Average Risk Weight								2,399,836	1,807,530
Deduction from Capital Base	-	-	-	-	-	-	-	-	-

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29. Capital adequacy risk disclosures (Contd.)

(ii) The breakdown of credit risk exposures by risk weights for the current period are as follows:

Risk Weights	← Exposures after Netting and Credit Risk Mitigation →							Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	Banks, MDBs and FDI RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000	Equity RM'000		
<b>As at 31 December 2009</b>									
0%	526,505	-	23,689	-	-	2,372	-	552,566	-
20%	-	59,845	10,048	-	-	-	664	70,557	14,111
35%	-	-	-	-	4,320	-	-	4,320	1,512
50%	-	9,342	29,156	-	4,079	-	-	42,577	21,289
75%	-	-	-	2	-	-	-	2	1
100%	-	-	1,430,155	-	1,571	16,972	208	1,448,906	1,448,906
150%	-	-	6,807	-	-	-	-	6,807	10,211
Average Risk Weight								2,125,735	1,496,030
Deduction from Capital Base	-	-	-	-	-	-	-	-	-

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**Statement by directors**

We, Loke Tan Cheng and Professor Dato' Ruslan Khalid, being two of the directors of Bangkok Bank Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 2 to 42 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 2010 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  
30 August 2010

**Statement by director responsible for financial management**

I, Loke Tan Cheng, being the director primarily responsible for the financial management of Bangkok Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 2 to 42 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 2010 and of the results and the cash flows of the Group and of the Bank for the six-month period then ended.

Loke Tan Cheng

Kuala Lumpur, Malaysia  
30 August 2010