

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

**Report on Review of Interim Condensed Consolidated Financial  
Statements**  
**31 March 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 31 March 2010 and commentary on the prospects.**

Bangkok Bank Berhad (“BBB”) registered a profit before tax of RM6.1 million for the first quarter of 2010 which was comparable to RM6.0 million recorded during the previous corresponding quarter. Net profit after tax for first quarter 2010 of RM 4.6 million was higher than first quarter of 2009 of RM 4.3 million due to recoveries from loans.

Despite the higher profit before tax, BBB's net interest income of RM 9.3 million for the period ended March 2010 was comparable to that of period ended March 2009. This was mainly from the improved margin from the lending business.

The lower impairment charges for 1st quarter of 2010 was a result of an improved allowance for loans and financing, from RM 1.7 million in 1st quarter 2009 to RM0.5 million in 1st quarter 2010. The lower impairment charged in March 2010 quarter was due to a better quality loan portfolio as compared to March 2009 quarter.

Non-interest income deteriorated by 18% to RM2.3 million from RM2.8 million in the quarter ended 31 March 2010 mainly due to gain on disposal on AFS securities of RM0.7 million in the previous comparative period.

Overhead expenses increased from RM4.5 million in the previous comparative period to RM 5.1 million. The increase was mainly contributed by the business expenses incurred on the opening of new branches and higher personnel costs resulting from additional staff required to support the growth of the Bank.

Gross loans declined marginally from RM1.46 billion at end December 2009 to RM1.43 billion as at March 2010 mainly due to repayment of trade facilities. The Bank's impaired loan ratio has improved from 1.90% in December 2009 to 1.49% in March 2010.

With the expansion 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, relative to its loan portfolio.

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

**Interim consolidated statement of financial position as at 31 March 2010**

	Note	Group		Bank	
		31.3.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)	31.3.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)
<b>Assets</b>					
Cash and short-term funds		435,394	377,508	435,364	377,478
Deposits and placements with banks		20,000	50,000	20,000	50,000
Securities held-for-trading	12	-	19,992	-	19,992
Securities available-for-sale	13	206,670	146,877	206,670	146,877
Securities held-to-maturity	14	70,384	45,262	70,384	45,262
Loans, advances and financing	15	1,346,130	1,395,585	1,346,130	1,395,585
Other assets	16	15,304	8,507	15,302	8,506
Statutory deposit with Bank Negara Malaysia		13,000	12,000	13,000	12,000
Investment in subsidiary		-	-	10	10
Property and equipment	17	12,375	11,022	12,375	11,022
Intangible assets		414	481	414	481
Deferred tax assets		6,421	6,114	6,421	6,114
<b>Total assets</b>		<b>2,126,092</b>	<b>2,073,348</b>	<b>2,126,070</b>	<b>2,073,327</b>
<b>Liabilities and shareholder's equity</b>					
Deposits from customers	18	1,580,820	1,577,530	1,580,820	1,577,530
Deposits and placements of banks and other financial institution	19	138,973	93,011	138,973	93,011
Other liabilities	20	17,645	14,292	17,642	14,290
<b>Total liabilities</b>		<b>1,737,438</b>	<b>1,684,833</b>	<b>1,737,435</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		(1,372)	(1,339)	(1,372)	(1,339)
Retained profits		8,032	7,860	8,023	7,851
<b>Shareholder's equity</b>		<b>388,654</b>	<b>388,515</b>	<b>388,635</b>	<b>388,496</b>
<b>Total liabilities and shareholder's equity</b>		<b>2,126,092</b>	<b>2,073,348</b>	<b>2,126,070</b>	<b>2,073,327</b>
<b>Commitments and contingencies</b>	26	<b>1,487,236</b>	<b>1,212,857</b>	<b>1,487,236</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 31 March 2010**

	Note	Group		Bank	
		Individual and Cumulative Quarter 3 months ended		Individual and Cumulative Quarter 3 months ended	
		1.1.2010 to 31.3.2010 RM'000 (Unaudited)	1.1.2009 to 31.3.2009 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)	1.1.2009 to 31.3.2009 RM'000 (Unaudited)
Interest income	21	17,840	21,661	17,840	21,661
Interest expense	22	(8,506)	(12,313)	(8,506)	(12,313)
Net interest income		9,334	9,348	9,334	9,348
Loan impairment charges, net	23	(462)	(1,682)	(462)	(1,682)
		8,872	7,666	8,872	7,666
Non-interest income	24	2,336	2,847	2,336	2,846
Net income		11,208	10,513	11,208	10,512
Overhead expenses	25	(5,073)	(4,499)	(5,073)	(4,499)
Profit before taxation		6,135	6,014	6,135	6,013
Taxation		(1,554)	(1,723)	(1,554)	(1,723)
Net profit for the period		4,581	4,291	4,581	4,290
Earnings per share (sen)					
- basic		1.73	1.62	1.73	1.62
- diluted		1.73	1.62	1.73	1.62

*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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**Interim consolidated statement of comprehensive income**  
**For the financial period ended 31 March 2010**

	<b>Group</b>		<b>Bank</b>	
	<b>Individual and Cumulative Quarter 3 months ended</b>		<b>Individual and Cumulative Quarter 3 months ended</b>	
	<b>1.1.2010</b>	<b>1.1.2009</b>	<b>1.1.2010</b>	<b>1.1.2009</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
<b>Note</b>	<b>31.3.2010</b>	<b>31.3.2009</b>	<b>31.3.2010</b>	<b>31.3.2009</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>Profit for the period</b>	<b>4,581</b>	<b>4,291</b>	<b>4,581</b>	<b>4,290</b>
<b>Other comprehensive loss</b>				
Net loss on available-for-sale financial assets	(43)	(3,407)	(43)	(3,407)
Income tax relating to components of other comprehensive income	10	852	10	852
<b>Other comprehensive loss for the period, net of tax</b>	<b>(33)</b>	<b>(2,555)</b>	<b>(33)</b>	<b>(2,555)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>4,548</b>	<b>1,736</b>	<b>4,548</b>	<b>1,735</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**  
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**Interim consolidated statement of changes in equity**  
For the financial period ended 31 March 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	-	-	-	4,291	4,291
Other comprehensive loss	-	-	(2,555)	-	(2,555)
<b>At 31 March 2009</b>					
- as restated	265,000	112,461	(835)	7,619	384,245
<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	-	-	-	4,581	4,581
Other comprehensive loss	-	-	(33)	-	(33)
<b>At 31 March 2010</b> <b>(unaudited)</b>	265,000	116,994	(1,372)	8,032	388,654

*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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**Interim statement of changes in equity**  
**For the financial period ended 31 March 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	-	-	-	4,290	4,290
Other comprehensive loss	-	-	(2,555)	-	(2,555)
<b>At 31 March 2009</b>					
- as restated	265,000	112,454	(835)	7,611	384,230
<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	-	-	-	4,581	4,581
Other comprehensive loss	-	-	(33)	-	(33)
<b>At 31 March 2010</b>					
<b>(unaudited)</b>	265,000	116,984	(1,372)	8,023	388,635

*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 31 March 2010**

	Group		Bank	
	31.3.2010 RM'000	31.3.2009 RM'000	31.3.2010 RM'000	31.3.2009 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	6,135	6,014	6,135	6,013
Adjustments for:				
Depreciation	300	308	300	308
Amortisation of intangible assets	101	70	101	70
Allowance for losses on loans and financing, net	672	1,698	672	1,698
Writeback on impairment losses of securities held-to-maturity	(1)	-	(1)	-
Unrealised foreign exchange gain	(390)	(314)	(390)	(314)
Net gain on revaluation of securities held-for-trading	(17)	(48)	(17)	(48)
Net (gain)/loss on disposal of securities held-for-trading	(37)	54	(37)	54
Net loss/(gain) on disposal of securities available-for-sale	80	(680)	80	(680)
Amortisation of premium net of accretion of discount	204	183	204	183
Interest suspended	-	888	-	888
Operating profit before working capital changes	7,047	8,173	7,047	8,172
Decrease in loans and advances	42,905	137,658	42,905	137,658
Increase in other assets	(1,505)	(3,204)	(1,506)	(3,204)
(Increase)/decrease in statutory deposit with Bank Negara Malaysia	(1,000)	28,000	(1,000)	28,000
Increase in deposits from customers	3,290	61,383	3,290	61,383
Increase/(decrease) in deposits and placements of banks and other financial institutions	25,962	(163,981)	25,962	(163,981)
Increase in obligations sold under repurchase agreements	-	20,842	-	20,842
(Decrease) in bills and acceptances payable	-	(26,511)	-	(26,511)
Increase in other liabilities	112	1,508	111	1,509
Cash generated from operations carried forward	76,811	63,868	76,809	63,868

**Bangkok Bank Berhad**  
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**Consolidated statement of cash flows**  
**For the financial period ended 31 March 2010 (cont'd.)**

	<b>Group</b>		<b>Bank</b>	
	<b>31.3.2010</b>	<b>31.3.2009</b>	<b>31.3.2010</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities (cont'd.)</b>				
Cash generated from operations brought forward	76,811	63,868	76,809	63,868
Taxes paid	(2,043)	(1,417)	(2,041)	(1,417)
Taxes refunded	-	2,316	-	2,316
Net cash generated from operating activities	<u>74,768</u>	<u>64,767</u>	<u>74,768</u>	<u>64,767</u>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(1,652)	(339)	(1,652)	(339)
Purchase of intangible assets	(34)	(66)	(34)	(66)
Purchase of securities held-for-trading	(155,168)	(94,435)	(155,168)	(94,435)
Purchase of securities available-for-sale	(70,022)	(48,494)	(70,022)	(48,494)
Purchase of securities held-to-maturity	(25,146)	-	(25,146)	-
Proceeds from disposal of securities held-for-trading	175,224	110,300	175,224	110,300
Proceeds from disposal of securities available-for-sale	9,916	87,322	9,916	87,322
Net cash (used in)/generated from investing activities	<u>(66,882)</u>	<u>54,288</u>	<u>(66,882)</u>	<u>54,288</u>
<b>Net increase in cash and cash equivalents</b>	<b>7,886</b>	<b>119,055</b>	<b>7,886</b>	<b>119,055</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>427,508</b>	<b>510,448</b>	<b>427,478</b>	<b>510,416</b>
<b>Cash and cash equivalents at end of financial period</b>	<b><u>435,394</u></b>	<b><u>629,503</u></b>	<b><u>435,364</u></b>	<b><u>629,471</u></b>
Cash and cash equivalents comprise:				
Cash and short-term funds	<u>435,394</u>	<u>629,503</u>	<u>435,364</u>	<u>629,471</u>

*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 - 31 March 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 nominees services to local clients of the Bank. There have been no significant changes in the nature of the principal activities during the financial period.

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

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

**2. Significant accounting policies**

**(a) Basis of preparation**

The unaudited interim condensed consolidated financial statements for the three months ended 31 March 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 three months ended 31 March 2010 have been prepared in accordance with the requirement 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 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 applications of the above FRSs, amendments to FRSs and IC Interpretations did not result in any significant impact on the financial results and financial position of the Group and the Bank except for 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) 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.

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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.)**

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

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.

For the purpose of a collective evaluation of impairment, loans, advances and financing are grouped on the basis of the Group and Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past due status and other relevant factors.

Future cash flows on loans, advances and financing that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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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.)**

**(i) 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 31 March 2010 and income statement for the period ended 31 March 2010 are set out in Notes 15 and 23 respectively.

**(ii) 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.)**

**(ii) 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.

- (iii) 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 increasing the profit for the current financial period-to-date by approximately RM83,000.



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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

- \* 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 31 March 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 31 March 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 31 March 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 31 March 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>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Bank Negara Monetary Notes	-	19,992

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

	<b>Group and Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Securities	120,873	115,686
Private debt securities	20,283	20,324
Cagamas Bonds	4,978	9,995
Government Investment Issue	59,664	-
Quoted securities in Malaysia:		
Debt converted shares *	-	-
	<u>205,798</u>	<u>146,005</u>
<b>At cost</b>		
Unquoted securities:		
Shares	872	872
	<u>206,670</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>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
Money market instruments:		
Malaysian Government Securities	45,297	45,297
Private debt securities	25,145	-
Unquoted securities:		
Private debt securities	836	836
	<u>71,278</u>	<u>46,133</u>
Amortisation of premium net of accretion of discount	(72)	(48)
Accumulated impairment losses	(822)	(823)
	<u>70,384</u>	<u>45,262</u>

(i) Indicative fair value of securities:

	<b>Group and Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Securities	45,329	45,474
Private Debt Securities	25,080	-
Unquoted securities - private debt securities	13	13
	<u>70,422</u>	<u>45,487</u>

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**15. Loans, advances and financing**

	<b>Group and Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Overdrafts	83,699	83,770
Term loans		
Housing loans	9,809	9,812
Syndicated term loan	71,696	75,571
Other term loans	272,901	268,946
Revolving credits	243,929	250,243
Bills receivables	13,712	14,061
Trust receipts	39,069	45,542
Bankers' acceptances	673,144	692,813
Other financing	19,570	19,717
Staff loans	1,462	1,496
	<u>1,428,991</u>	<u>1,461,971</u>
Unearned interest	(3,172)	(3,394)
	<u>1,425,819</u>	<u>1,458,577</u>
Collective impairment for loans, advances and financing	(22,532)	(21,532)
Individual impairment ("IA") for loans, advances and financing	(57,157)	(41,460)
Net loans, advances and financing	<u>1,346,130</u>	<u>1,395,585</u>
Total loans, advances and financing less IA	<u>1,368,662</u>	<u>1,417,117</u>

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

	<b>Group and Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	1,136,157	1,127,087
One year to three years	68,823	102,004
Three years to five years	119,102	127,051
Over five years	101,737	102,435
	<u>1,425,819</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>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	23,003	28,037
Purchase of transport vehicles	1,396	1,517
Purchase of residential properties	28,017	20,583
Purchase of non-residential properties	53,176	56,237
Purchase of fixed assets other than land and building	72,197	75,588
Personal use	6,865	4,837
Construction	13,330	14,843
Working capital	1,177,920	1,206,400
Others	49,915	50,535
	<u>1,425,819</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>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	89,362	106,313
Domestic business enterprises		
- Small medium enterprises	346,406	402,703
- Others	971,938	933,402
Domestic other entities	-	40
Individuals	18,113	16,119
	<u>1,425,819</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>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
Housing loan	1,273	1,297
Other fixed rate loan/financing	20,410	16,463
Variable rate		
BLR plus	322,170	330,911
Cost-plus	1,076,815	1,104,135
Other variable rates	5,151	5,771
	<u>1,425,819</u>	<u>1,458,577</u>

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

	<b>Group and Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</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	896	34,417
Reclassified as non impaired during the period	(213)	(1,034)
Amount recovered	<u>(1,516)</u>	<u>(957)</u>
Balance as at end of period	77,486	68,383
Individual impairment	<u>(57,157)</u>	<u>(41,460)</u>
Net impaired loans, advances and financing	<u>20,329</u>	<u>26,923</u>
Ratio of net impaired loans, advances and financing to total loans, advances and financing less individual impairment	<u>1.49%</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>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</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	1,000	-
Balance as at end of period	<u>22,532</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	663	-
Recovered and written back	(991)	-
Balance as at end of period	<u>57,157</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>31.3.2010</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</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	2,955	2,580
Working capital	74,531	65,803
	<u>77,486</u>	<u>68,383</u>

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**16. Other assets**

	<b>Group</b>		<b>Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables, deposits and prepayments	3,849	2,344	3,849	2,344
Unrealised gain on derivatives	4,480	848	4,480	848
Tax recoverable	6,975	5,315	6,973	5,314
	<u>15,304</u>	<u>8,507</u>	<u>15,302</u>	<u>8,506</u>

**17. Property and Equipment**

During the three month period ended 31 March 2010, the Group and the Bank acquired assets with a cost of RM1,652,000 (31 December 2009: RM1,252,000).

**18. Deposits from customers**

(i) By type of deposit

	<b>Group and Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	1,154,497	1,163,999
Negotiable instruments of deposits	77,300	72,550
Current accounts	102,049	112,182
Savings deposits	9,797	9,721
Short term deposits	237,177	219,078
	<u>1,580,820</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>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	1,175,629	1,127,833
Six months to one year	285,025	319,683
One year to three years	5,544	6,211
Over three years	2,776	1,900
	<u>1,468,974</u>	<u>1,455,627</u>

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

	<b>Group and Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprises	1,246,318	1,250,027
Individuals	198,964	197,876
Others	135,538	129,627
	<u>1,580,820</u>	<u>1,577,530</u>

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

	<b>Group and Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks and other financial institutions	136,329	90,367
Bank Negara Malaysia	2,644	2,644
	<u>138,973</u>	<u>93,011</u>

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**20. Other liabilities**

	<b>Group</b>		<b>Bank</b>	
	<b>31.3.2010</b>	<b>31.12.2009</b>	<b>31.3.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Accruals	1,957	1,808	1,954	1,808
Unrealised loss on derivatives	4,231	990	4,231	990
Other payables	11,457	11,494	11,457	11,492
	<u>17,645</u>	<u>14,292</u>	<u>17,642</u>	<u>14,290</u>

**21. Interest income**

	<b>Group and Bank</b>	
	<b>Individual and</b>	
	<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	
	<b>1.1.2010</b>	<b>1.1.2009</b>
	<b>to</b>	<b>to</b>
	<b>31.3.2010</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest income from loans and advances	13,606	16,579
Deposits and placements with banks and other financial institutions	2,099	3,182
Securities held-for-trading	27	41
Securities available-for-sale	1,857	1,903
Securities held-to-maturity	455	139
	<u>18,044</u>	<u>21,844</u>
Amortisation of premium net of accretion of discount	(204)	(183)
	<u>17,840</u>	<u>21,661</u>
Of which:		
Interest income earned on impaired loans, advances and financing	<u>574</u>	<u>-</u>

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**22. Interest expense**

	<b>Group and Bank Individual and Cumulative Quarter 3 months ended</b>	
	<b>1.1.2010 to 31.3.2010 RM'000 (Unaudited)</b>	<b>1.1.2009 to 31.3.2009 RM'000 (Unaudited)</b>
Deposits from customers	7,914	10,791
Deposits and placements of licensed banks	592	1,522
	<u>8,506</u>	<u>12,313</u>

**23. Loan impairment charges, net**

	<b>Group and Bank Individual and Cumulative Quarter 3 months ended</b>	
	<b>1.1.2010 to 31.3.2010 RM'000 (Unaudited)</b>	<b>1.1.2009 to 31.3.2009 RM'000 (Unaudited)</b>
Allowance for impaired loans, advances and financing		
Collective impairment for loans, advances and financing	(1,000)	-
Individual impairment for loans, advances and financing	(904)	-
General allowance for bad and doubtful debts	-	(1,000)
Specific allowance for bad and doubtful debts	-	(1,188)
Impaired loans, advances and financing written back	1,232	490
Impaired loans, advances and financing recovered	210	16
	<u>(462)</u>	<u>(1,682)</u>

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**24. Non-interest income**

	Group		Bank	
	Individual and Cumulative Quarter 3 months ended		Individual and Cumulative Quarter 3 months ended	
	1.1.2010 to 31.3.2010 RM'000 (Unaudited)	1.1.2009 to 31.3.2009 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)	1.1.2009 to 31.3.2009 RM'000 (Unaudited)
Fee income:				
Commission	704	505	704	504
Service charges and fees	268	118	268	118
Guarantee fees	241	257	241	257
	<u>1,213</u>	<u>880</u>	<u>1,213</u>	<u>879</u>
Investment income:				
Net gain/(loss) on sale of investments:				
Securities held-for-trading	37	(54)	37	(54)
Securities available-for-sale	(80)	680	(80)	680
Net gain on revaluation of securities held-for-trading	17	48	17	48
Writeback in diminution of securities held-to-maturity	1	-	1	-
	<u>(25)</u>	<u>674</u>	<u>(25)</u>	<u>674</u>
Other income:				
Foreign exchange gain	631	1,465	631	1,465
Unrealised gain/(loss) on derivatives	391	(314)	391	(314)
Rental income	126	142	126	142
	<u>1,148</u>	<u>1,293</u>	<u>1,148</u>	<u>1,293</u>
	<u>2,336</u>	<u>2,847</u>	<u>2,336</u>	<u>2,846</u>

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**25. Overhead expenses**

	<b>Group</b>		<b>Bank</b>	
	<b>Individual and Cumulative Quarter 3 months ended</b>		<b>Individual and Cumulative Quarter 3 months ended</b>	
	<b>1.1.2010 to 31.3.2010 RM'000 (Unaudited)</b>	<b>1.1.2009 to 31.3.2009 RM'000 (Unaudited)</b>	<b>1.1.2010 to 31.3.2010 RM'000 (Unaudited)</b>	<b>1.1.2009 to 31.3.2009 RM'000 (Unaudited)</b>
<b>Personnel costs</b>				
Salaries, allowances and bonuses	2,626	2,311	2,626	2,311
Defined Contribution Plan - Employees Provident Fund	390	344	390	344
Others	248	205	248	205
	<b>3,264</b>	<b>2,860</b>	<b>3,264</b>	<b>2,860</b>
<b>Establishment costs</b>				
Depreciation	300	308	300	308
Amortisation of intangible assets	101	70	101	70
Repair and maintenance	116	95	116	95
Computerisation costs	117	98	117	98
Others	244	143	244	143
	<b>878</b>	<b>714</b>	<b>878</b>	<b>714</b>
<b>Marketing costs</b>				
Advertising and publicity	78	47	78	47
Others	32	42	32	42
	<b>110</b>	<b>89</b>	<b>110</b>	<b>89</b>
<b>Administration and general costs</b>				
Professional fees	20	53	20	53
Others	801	783	801	783
	<b>821</b>	<b>836</b>	<b>821</b>	<b>836</b>
<b>Total</b>	<b>5,073</b>	<b>4,499</b>	<b>5,073</b>	<b>4,499</b>



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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 31.3.2010 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	17,203	17,203	16,694	17,771	17,771	17,253
Transaction-related contingent items	71,831	35,916	34,342	71,256	35,628	33,716
Short-term self-liquidating trade-related contingencies	98,267	19,653	19,653	35,541	7,108	7,108
Forward foreign exchange contracts						
- less than one year	363,346	7,261	6,094	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	17	40	20	21
Any commitment that are unconditionally cancelled at any time without prior notice	936,549	-	-	917,197	-	-
<b>Total</b>	<b>1,487,236</b>	<b>80,053</b>	<b>76,800</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 31 March 2010, the amount of contracts which were not hedged and, hence, exposed to market risk is RM1,660,000 (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 31 March 2010, the amounts of credit risk, measured in terms of the cost to replace the profitable contracts, was RM7,261,000 (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. Capital adequacy**

(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>31.3.2010</b>	<b>31.12.2009</b>
Core capital ratio	23.77%	24.17%
Risk-weighted capital ratio	<u>25.18%</u>	<u>25.52%</u>

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

	<b>31.3.2010</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	3,442	7,851
Less: Deferred tax assets	<u>(5,667)</u>	<u>(5,667)</u>
Total Tier-1 Capital	<u>379,759</u>	<u>384,168</u>
<b>Tier-2 Capital</b>		
Collective assessment allowance	22,532	-
General allowance for doubtful debts	-	<u>21,532</u>
Total Tier-2 Capital	<u>22,532</u>	<u>21,532</u>
Total capital	402,291	405,700
Less: Investment in subsidiary	<u>(10)</u>	<u>(10)</u>
Capital base	<u>402,281</u>	<u>405,690</u>

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**28. Significant Related Party Disclosures**

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

	<b>Group and Bank Individual and Cumulative Quarter 3 months ended</b>	
	<b>1.1.2010 to 31.3.2010 RM'000 (Unaudited)</b>	<b>1.1.2009 to 31.3.2009 RM'000 (Unaudited)</b>
<b>Income</b>		
Interest on advances to holding company and its branches	<u>3</u>	<u>27</u>
<b>Expenditure</b>		
Interest on advances from holding company and its branches	<u>53</u>	<u>651</u>

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

**299740 W**

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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 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 31 March 2010 and of the results and the cash flows of the Group and of the Bank for the three-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  
18 May 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 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 31 March 2010 and of the results and the cash flows of the Group and of the Bank for the three-month period then ended.

Loke Tan Cheng

Kuala Lumpur, Malaysia  
18 May 2010

**299740 W**

**Report on Review of Interim Condensed Consolidated Financial Statement to the  
Board of Directors of Bangkok Bank Berhad  
for the three-month period ended 31 March 2010**

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Bangkok Bank Berhad and its subsidiary as at 31 March 2010, comprising the interim consolidated and bank level statements of financial position as at 31 March 2010 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. The Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Financial Reporting Standard 134: Interim Financial Reporting ("FRS 134") in Malaysia as modified by Bank Negara Malaysia guidelines. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the Approved Standard on Auditing in Malaysia applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Approved Standards on Auditing in Malaysia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FRS 134 as modified by Bank Negara Malaysia guidelines.

**ERNST & YOUNG**

AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia

18 May 2010