

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

**Statement by Directors and Interim Condensed
Financial Statements**
30 June 2012

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 2012 and
commentary on the prospects.**

With effect from 1 January 2012, Bangkok Bank Berhad (BBB) has converged to the Malaysian Financial Reporting Standards (MFRS) and the 1.5% transitional provision in the previous BNM/GP3 Guidelines on Classification and Impairment Provisions for Loans/Financing has expired. A major consequence of the above was the change in the accounting policy for collective impairment assessment which was adopted with retrospective effects.

BBB registered a profit before taxation of RM10.9 million for the first half of 2012 as compared to a higher profit of RM12.1 million recorded during the previous comparative period. The lower profit was mainly due to higher loan impairment charges resulted from the change in the accounting policy as above. However, this higher loan impairment was partly compensated by the higher net interest income.

Gross loan outstanding increased by 11.0% from RM1.82 billion at end of December 2011 to RM2.03 billion at end of June 2012. The increase was due to the expansion of the lending business. As a result, the Bank's liquidity is healthy with adjusted loan-to-deposit ratio of 74.4%.

Deposits from customers grew significantly from RM1.86 billion at end of December 2011 to RM2.23 billion at end of June 2012, a 20.1% growth. This is the result of the Bank's heightened focus on growing customer deposits to maintain prudent liquidity position and to fund future loan growth.

The quality of the Bank's loan portfolio continues to be good. Net impaired loan ratio dropped marginally to 0.44% at end of June 2012 from 0.55% at end of December 2011. The improvement was mainly due to higher gross loan growth.

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

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Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed consolidated statement of financial position as at 30 June 2012

	Note	30.6.2012	Group	1.1.2011
		RM'000	31.12.2011	RM'000
			RM'000	RM'000
			(restated)	(restated)
Assets				
Cash and short-term funds		796,348	644,523	574,241
Deposits and placements				
with banks		-	20,000	20,000
Securities available-for-sale	12	266,214	77,300	167,544
Securities held-to-maturity	13	65,345	85,488	144,782
Loans, advances and financing	14	1,937,607	1,740,707	1,519,606
Other assets	15	8,332	6,865	13,963
Statutory deposit with Bank Negara Malaysia		70,000	48,000	15,000
Property and equipment	16	69,535	70,510	16,551
Intangible assets		220	340	285
Deferred tax assets		10,289	9,087	10,219
Total assets		3,223,890	2,702,820	2,482,191
Liabilities and shareholder's equity				
Deposits from customers	17	2,234,709	1,860,496	1,758,065
Deposits and placements of banks and other financial institutions	18	348,527	189,955	300,230
Bills and acceptances payable		47,451	69,316	-
Other liabilities	19	40,731	38,526	36,327
Total liabilities		2,671,418	2,158,293	2,094,622
Share capital		400,000	400,000	265,000
Statutory reserve		131,244	131,244	123,972
Revaluation reserve		81	(12)	(493)
Retained profits/(accumulated loss)		21,147	13,295	(910)
Shareholder's equity		552,472	544,527	387,569
Total liabilities and shareholder's equity		3,223,890	2,702,820	2,482,191
Commitments and contingencies	25	1,920,411	1,558,971	1,431,818

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

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Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statement of financial position as at 30 June 2012

	Note	30.6.2012	Bank	1.1.2011
		RM'000	31.12.2011	RM'000
			RM'000	RM'000
			(restated)	(restated)
Assets				
Cash and short-term funds		796,296	644,478	574,208
Deposits and placements				
with banks		-	20,000	20,000
Securities available-for-sale	12	266,214	77,300	167,544
Securities held-to-maturity	13	65,345	85,488	144,782
Loans, advances and financing	14	1,937,607	1,740,707	1,519,606
Other assets	15	8,331	6,863	13,960
Statutory deposit with Bank				
Negara Malaysia		70,000	48,000	15,000
Investment in subsidiary		10	10	10
Property and equipment	16	69,535	70,510	16,551
Intangible assets		220	340	285
Deferred tax assets		10,289	9,087	10,219
Total assets		3,223,847	2,702,783	2,482,165
Liabilities and shareholder's equity				
Deposits from customers	17	2,234,709	1,860,496	1,758,065
Deposits and placements of				
banks and other financial				
institutions	18	348,527	189,955	300,230
Bills and acceptances payable		47,451	69,316	-
Other liabilities	19	40,728	38,523	36,325
Total liabilities		2,671,415	2,158,290	2,094,620
Share capital		400,000	400,000	265,000
Statutory reserve		131,234	131,234	123,962
Revaluation reserve		81	(12)	(493)
Retained profits/(accumulated loss)		21,117	13,271	(924)
Shareholder's equity		552,432	544,493	387,545
Total liabilities and shareholder's equity		3,223,847	2,702,783	2,482,165
Commitments and contingencies	25	1,920,411	1,558,971	1,431,818

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

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Bangkok Bank Berhad
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Interim condensed income statements
For the financial period ended 30 June 2012

	Note	Group			
		Current Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		1.4.2012	1.4.2011	1.1.2012	1.1.2011
		to	to	to	to
		30.6.2012	30.6.2011	30.6.2012	30.6.2011
		RM'000	RM'000	RM'000	RM'000
			(Restated)		(Restated)
Interest income	20	31,014	24,852	57,852	48,076
Interest expense	21	(18,594)	(13,724)	(33,274)	(25,785)
Net interest income		12,420	11,128	24,578	22,291
Loan impairment charges, net	22	(1,015)	(3,952)	(4,080)	(1,877)
		11,405	7,176	20,498	20,414
Non-interest income	23	3,229	2,882	6,116	6,587
Net income		14,634	10,058	26,614	27,001
Overhead expenses	24	(8,134)	(7,765)	(15,750)	(14,908)
Profit before taxation		6,500	2,293	10,864	12,093
Taxation		(1,832)	(828)	(3,012)	(3,300)
Profit for the period		4,668	1,465	7,852	8,793
Earnings per share (sen)					
- basic		1.17	0.55	1.96	3.32
- diluted		1.17	0.55	1.96	3.32

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

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Bangkok Bank Berhad
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Interim condensed income statements
For the financial period ended 30 June 2012

		Bank			
		Current Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		1.4.2012	1.4.2011	1.1.2012	1.1.2011
		to	to	to	to
Note		30.6.2012	30.6.2011	30.6.2012	30.6.2011
		RM'000	RM'000	RM'000	RM'000
			(Restated)		(Restated)
Interest income	20	31,014	24,852	57,852	48,076
Interest expense	21	(18,594)	(13,724)	(33,274)	(25,785)
Net interest income		12,420	11,128	24,578	22,291
Loan impairment charges, net	22	(1,015)	(3,952)	(4,080)	(1,877)
		11,405	7,176	20,498	20,414
Non-interest income	23	3,224	2,877	6,106	6,582
Net income		14,629	10,053	26,604	26,996
Overhead expenses	24	(8,132)	(7,764)	(15,748)	(14,907)
Profit before taxation		6,497	2,289	10,856	12,089
Taxation		(1,832)	(827)	(3,010)	(3,299)
Profit for the period		4,665	1,462	7,846	8,790

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

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Bangkok Bank Berhad
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Interim condensed statements of comprehensive income
For the financial period ended 30 June 2012

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2012	1.4.2011	1.1.2012	1.1.2011
	to	to	to	to
Note	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Profit for the period	4,668	1,465	7,852	8,793
Other comprehensive income				
Net gain on available-for-sale financial assets	1,517	162	124	325
Income tax relating to components of other comprehensive income	(379)	(41)	(31)	(81)
Other comprehensive income for the period, net of tax	1,138	121	93	244
Total comprehensive income for the period, net of tax	5,806	1,586	7,945	9,037

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

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Bangkok Bank Berhad
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Interim statements of comprehensive income
For the financial period ended 30 June 2012

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2012	1.4.2011	1.1.2012	1.1.2011
Note	to	to	to	to
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Profit for the period	4,665	1,462	7,846	8,790
Other comprehensive income				
Net gain on available-for-sale financial assets	1,517	162	124	325
Income tax relating to components of other comprehensive income	(379)	(41)	(31)	(81)
Other comprehensive income for the period, net of tax	1,138	121	93	244
Total comprehensive income for the period, net of tax	5,803	1,583	7,939	9,034

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

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Bangkok Bank Berhad
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Interim condensed consolidated statement of changes in equity
For the financial period ended 30 June 2012

	<----- Group ----->				
	<---Non-distributable--->			Distributable	
	Share capital	Statutory reserve	Revaluation reserve	Retained profits/ (accumulated loss)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011					
- as previously stated	265,000	123,972	(493)	10,434	398,913
- Prior year adjustment (Note 2 (d))	-	-	-	(11,344)	(11,344)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
- as restated	265,000	123,972	(493)	(910)	387,569
Total comprehensive income (restated)	-	-	244	8,793	9,037
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2011					
- as restated	265,000	123,972	(249)	7,883	396,606
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2012					
- as previously stated	400,000	131,244	(12)	17,716	548,948
- Prior year adjustment (Note 2 (d))	-	-	-	(4,421)	(4,421)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
- as restated	400,000	131,244	(12)	13,295	544,527
Total comprehensive income	-	-	93	7,852	7,945
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2012	400,000	131,244	81	21,147	552,472
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

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Bangkok Bank Berhad
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Interim condensed statements of changes in equity
For the financial period ended 30 June 2012

	<----- Bank ----->				
	<---Non-distributable--->			Distributable	
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits/ (accumulated loss) RM'000	Total RM'000
At 1 January 2011					
- as previously stated	265,000	123,962	(493)	10,420	398,889
- Prior year adjustment (Note 2 (d))	-	-	-	(11,344)	(11,344)
	265,000	123,962	(493)	(924)	387,545
- as restated	265,000	123,962	(493)	(924)	387,545
Total comprehensive income (restated)	-	-	244	8,790	9,034
At 30 June 2011					
- as restated	265,000	123,962	(249)	7,866	396,579
At 1 January 2012					
- as previously stated	400,000	131,234	(12)	17,692	548,914
- Prior year adjustment (Note 2 (d))	-	-	-	(4,421)	(4,421)
	400,000	131,234	(12)	13,271	544,493
- as restated	400,000	131,234	(12)	13,271	544,493
Total comprehensive income	-	-	93	7,846	7,939
At 30 June 2012	400,000	131,234	81	21,117	552,432

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

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Bangkok Bank Berhad
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Interim condensed statements of cash flows
For the financial period ended 30 June 2012

	Group		Bank	
	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000 (Restated)	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000 (Restated)
Cash flows from operating activities				
Profit before taxation	10,864	12,093	10,856	12,089
Adjustments for:				
Depreciation	1,160	957	1,160	957
Amortisation of intangible assets	122	119	122	119
Allowance for losses on loans and financing, net	4,130	1,938	4,130	1,938
Write back of impairment losses securities held-to-maturity	(9)	-	(9)	-
Unrealised loss on derivatives	(521)	(1,302)	(521)	(1,302)
Net loss on revaluation of securities held-for-trading	1	17	1	17
Net loss/(gain) on disposal of securities held-for-trading	28	(10)	28	(10)
Net loss on disposal of securities available-for-sale	-	78	-	78
Amortisation of premium net of accretion of discount	558	139	558	139
Dividend income	(48)	(48)	(48)	(48)
Operating profit before working capital changes	16,285	13,981	16,277	13,977
Increase in loans and advances	(201,030)	(148,530)	(201,030)	(148,530)
(Increase)/decrease in other assets	(1,720)	868	(1,720)	868
Increase in statutory deposit with Bank Negara Malaysia	(22,000)	(30,000)	(22,000)	(30,000)
Increase in deposits from customers	374,214	118,837	374,214	118,837
Increase/(decrease) in deposits and placements of banks and other financial institutions	158,572	(4,603)	158,572	(4,603)
(Decrease)/increase in bills and acceptances payable	(21,865)	52,702	(21,865)	52,702
Increase/(decrease) in other liabilities	2,646	(1,321)	2,647	(1,321)
Cash generated from operations carried forward	305,102	1,934	305,095	1,930

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Bangkok Bank Berhad
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Interim condensed statements of cash flows
For the financial period ended 30 June 2012 (cont'd.)

	Group		Bank	
	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000 (Restated)	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000 (Restated)
Cash flows from operating activities (cont'd.)				
Cash generated from operations				
brought forward	305,102	1,934	305,095	1,930
Taxes paid	(3,910)	(2)	(3,910)	-
Net cash generated from operating activities	<u>301,192</u>	<u>1,932</u>	<u>301,185</u>	<u>1,930</u>
Cash flows from investing activities				
Purchase of property and equipment	(187)	(34,598)	(187)	(34,598)
Purchase of intangible assets	-	(4)	-	(4)
Purchase of securities held-for-trading	(74,871)	(200,442)	(74,871)	(200,442)
Purchase of securities available-for-sale	(214,388)	(19,852)	(214,388)	(19,852)
Dividend received	46	48	46	48
Proceeds from disposal of securities held-for-trading	75,024	200,460	75,024	200,460
Proceeds from disposal of securities available-for-sale	-	105,075	-	105,075
Proceeds from maturity of securities available-for-sale	25,000	-	25,000	-
Proceeds from disposals of securities held-to-maturity	-	15,000	-	15,000
Proceeds from maturity of securities held-to-maturity	20,009	-	20,009	-
Net cash (used in)/generated from investing activities	<u>(169,367)</u>	<u>65,687</u>	<u>(169,367)</u>	<u>65,687</u>

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Bangkok Bank Berhad
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Interim condensed statements of cash flows
For the financial period ended 30 June 2012 (cont'd.)

	Group		Bank	
	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000 (Restated)	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000 (Restated)
Net increase in cash and cash equivalents	131,825	67,619	131,818	67,617
Cash and cash equivalents at beginning of financial period	664,523	594,241	664,478	594,208
Cash and cash equivalents at end of financial period	<u>796,348</u>	<u>661,860</u>	<u>796,296</u>	<u>661,825</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	796,348	661,860	796,296	661,825
	<u>796,348</u>	<u>661,860</u>	<u>796,296</u>	<u>661,825</u>

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

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**Bangkok Bank Berhad
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Notes to the financial statements - 30 June 2012

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) First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

The interim condensed financial statements for the six-month period ended 30 June 2012 of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. The unaudited interim condensed financial statements for the six-month period ended 30 June 2012 have been prepared in accordance with the requirement of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). These unaudited interim condensed financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For periods up to and including the year ended 31 December 2011, the Group and the Bank prepared their financial statements in accordance with Financial Reporting Standards ("FRS") as modified by Bank Negara Malaysia Guidelines.

The financial statements of the Group and the Bank for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Bank's registered office at 105, Jalan Tun H.S. Lee, 50000 Kuala Lumpur.

These condensed interim financial statements are the Group's and the Bank's first MFRS condensed interim financial statements for part of the period covered by the Group's and the Bank's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performances of the Group and the Bank since the year ended 31 December 2011.

Bangkok Bank Berhad
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2. Significant accounting policies (cont'd.)

(a) First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

In preparing their opening MFRS Statements of Financial Position as at 1 January 2011 (which is also the date of transition), the Group and the Bank have adjusted the amounts previously reported in financial statements prepared in accordance with FRS as modified by Bank Negara Malaysia Guidelines. An explanation of how the transition from FRS to MFRS has affected the Group's and the Bank's financial position, financial performance and cash flows is set out in Note 2(e) and Note 2(f). These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS as modified by Bank Negara Malaysia Guidelines to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statements of cash flows.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's and the Bank's annual audited financial statements as at 31 December 2011. The explanatory notes attached in the interim condensed financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2011.

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

The significant accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those adopted in the preparation of the Group's and the Bank's annual audited financial statements for the year ended 31 December 2011, except for the adoption of Malaysian Financial Reporting Standards ("MFRSs") and IC Interpretations ("IC") which are effective for annual periods beginning on and after:

1 January 2012

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures

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2. Significant accounting policies (cont'd.)

(b) Adoption of MFRSs and Issues Committee ("IC") Interpretations for the financial period (cont'd.)

1 January 2012

MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease

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2. Significant accounting policies (cont'd.)

(b) Adoption of MFRSs and Issues Committee ("IC") Interpretations for the financial period (cont'd.)

1 January 2012

IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 107	Introduction of the Euro
IC Interpretation 110	Government Assistance - No Specific Relation to Operating Activities
IC Interpretation 112	Consolidation - Special Purpose Entities
IC Interpretation 113	Jointly Controlled Entities - Non-Monetary Contribution by Venturers
IC Interpretation 115	Operating Leases - Incentives
IC Interpretation 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Interpretation 129	Service Concession Arrangements: Disclosures
IC Interpretation 131	Revenue - Barter Transactions Involving Advertising Services
IC Interpretation 132	Intangible Assets - Web Site Costs

Bangkok Bank Berhad
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2. Significant accounting policies (cont'd.)

(c) Significant accounting policies and application of MFRS 1

The audited financial statements of the Group and the Bank for the year ended 31 December 2011 were prepared in accordance with FRS as modified by Bank Negara Malaysia Guidelines. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(i) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group and the Bank have elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

- (i) The classification of former business combinations under FRS is maintained; and
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition)

(ii) Estimates

The estimates at 1 January 2011, 30 June 2011 and 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group and the Bank to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 30 June 2011 and 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided in Note 2(e) and Note 2(f).

2. Significant accounting policies (cont'd.)

(d) Change in accounting policy due to the removal of transition arrangement for collective impairment assessment of loans, advances and financing

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

In the previous financial periods, the Group and the Bank had applied the transitional arrangement set out in BNM/GP3 Guidelines on Classification and Impairment Provisions for Loans/Financing to maintain collective impairment allowance of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance.

During the current financial period, the Group and the Bank have changed its accounting policy to fully comply with MFRS 139, after the expiry of the abovementioned transition arrangement on 31 December 2011. Loans, advances and financing that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of loans, advances and financing could include the Group's and the Bank's past experience of collections, an increase in the default rates or loss experiences experienced by credit rating agencies on rated borrowers and observable changes in economic conditions that correlate with default on receivables.

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2. Significant Accounting Policies

(e) (i) Reconciliation of equity

Group	FRS as at			MFRS as at			FRS as at			MFRS as at		
	Note	1.1.2011 RM'000	Adjustments RM'000	1.1.2011 RM'000	30.6.2011 RM'000	Adjustments RM'000	30.6.2011 RM'000	31.12.2011 RM'000	Adjustments RM'000	31.12.2011 RM'000	31.12.2011 RM'000	
Assets												
Cash and short-term funds		574,241	-	574,241	661,860	-	661,860	644,523	-	644,523		
Deposits and placements with banks		20,000	-	20,000	-	-	-	20,000	-	20,000		
Securities available-for-sale		167,544	-	167,544	82,335	-	82,335	77,300	-	77,300		
Securities held-to-maturity		144,782	-	144,782	129,851	-	129,851	85,488	-	85,488		
Loans, advances and financing		1,534,731	(15,125)	1,519,606	1,680,693	(14,495)	1,666,198	1,746,601	(5,894)	1,740,707		
Other assets		13,963	-	13,963	10,065	-	10,065	6,865	-	6,865		
Statutory deposit with Bank Negara Malaysia		15,000	-	15,000	45,000	-	45,000	48,000	-	48,000		
Property and equipment		16,551	-	16,551	50,112	-	50,112	70,510	-	70,510		
Intangible assets		285	-	285	250	-	250	340	-	340		
Deferred tax assets		6,438	3,781	10,219	6,765	3,624	10,389	7,614	1,473	9,087		
Total assets		2,493,535	(11,344)	2,482,191	2,666,931	(10,871)	2,656,060	2,707,241	(4,421)	2,702,820		

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2. Significant Accounting Policies (cont'd.)

(e) (i) Reconciliation of equity (cont'd.)

	FRS as at 1.1.2011	Adjustments	MFRS as at 1.1.2011	FRS as at 30.6.2011	Adjustments	MFRS as at 30.6.2011	FRS as at 31.12.2011	Adjustments	MFRS as at 31.12.2011
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities and shareholder's equity									
Deposits from customers	1,758,065	-	1,758,065	1,876,902	-	1,876,902	1,860,496	-	1,860,496
Deposits and placements of banks and other financial institutions	300,230	-	300,230	295,627	-	295,627	189,955	-	189,955
Bills and acceptances payable	-	-	-	52,702	-	52,702	69,316	-	69,316
Other liabilities	36,327	-	36,327	34,223	-	34,223	38,526	-	38,526
Total liabilities	2,094,622	-	2,094,622	2,259,454	-	2,259,454	2,158,293	-	2,158,293
Share capital	265,000	-	265,000	265,000	-	265,000	400,000	-	400,000
Statutory reserve	123,972	-	123,972	123,972	-	123,972	131,244	-	131,244
Revaluation reserve	(493)	-	(493)	(249)	-	(249)	(12)	-	(12)
Retained profits/(accumulated loss)	10,434	(11,344)	(910)	18,754	(10,871)	7,883	17,716	(4,421)	13,295
Shareholder's equity	398,913	(11,344)	387,569	407,477	(10,871)	396,606	548,948	(4,421)	544,527
Total liabilities and shareholder's equity	2,493,535		2,482,191	2,666,931		2,656,060	2,707,241		2,702,820

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2. Significant Accounting Policies

(e) (i) Reconciliation of equity

Bank	FRS as at		MFRS as at		FRS as at		MFRS as at		FRS as at		MFRS as at	
	Note	1.1.2011 RM'000	Adjustments RM'000	1.1.2011 RM'000	30.6.2011 RM'000	Adjustments RM'000	30.6.2011 RM'000	31.12.2011 RM'000	Adjustments RM'000	31.12.2011 RM'000	Adjustments RM'000	31.12.2011 RM'000
Assets												
Cash and short-term funds		574,208	-	574,208	661,825	-	661,825	644,478	-	644,478		
Deposits and placements with banks		20,000	-	20,000	0	-	0	20,000	-	20,000		
Securities available-for-sale		167,544	-	167,544	82,335	-	82,335	77,300	-	77,300		
Securities held-to-maturity		144,782	-	144,782	129,851	-	129,851	85,488	-	85,488		
Loans, advances and financing		1,534,731	(15,125)	1,519,606	1,680,693	(14,495)	1,666,198	1,746,601	(5,894)	1,740,707		
Other assets		13,960	-	13,960	10,061	-	10,061	6,863	-	6,863		
Statutory deposit with Bank Negara Malaysia		15,000	-	15,000	45,000	-	45,000	48,000	-	48,000		
Investment in subsidiary		10	-	10	10	-	10	10	-	10		
Property and equipment		16,551	-	16,551	50,112	-	50,112	70,510	-	70,510		
Intangible assets		285	-	285	250	-	250	340	-	340		
Deferred tax assets		6,438	3,781	10,219	6,765	3,624	10,389	7,614	1,473	9,087		
Total assets		2,493,509	(11,344)	2,482,165	2,666,902	(10,871)	2,656,031	2,707,204	(4,421)	2,702,783		

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2. Significant Accounting Policies (cont'd.)

(e) (i) Reconciliation of equity (cont'd.)

	FRS as at 1.1.2011	Adjustments	MFRS as at 1.1.2011	FRS as at 30.6.2011	Adjustments	MFRS as at 30.6.2011	FRS as at 31.12.2011	Adjustments	MFRS as at 31.12.2011
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities and shareholder's equity									
Deposits from customers	1,758,065	-	1,758,065	1,876,902	-	1,876,902	1,860,496	-	1,860,496
Deposits and placements of banks and other financial institutions	300,230	-	300,230	295,627	-	295,627	189,955	-	189,955
Bills and acceptances payable	-	-	-	52,702	-	52,702	69,316	-	69,316
Other liabilities	36,325	-	36,325	34,221	-	34,221	38,523	-	38,523
Total liabilities	2,094,620	-	2,094,620	2,259,452	-	2,259,452	2,158,290	-	2,158,290
Share capital	265,000	-	265,000	265,000	-	265,000	400,000	-	400,000
Statutory reserve	123,962	-	123,962	123,962	-	123,962	131,234	-	131,234
Revaluation reserve	(493)	-	(493)	(249)	-	(249)	(12)	-	(12)
Retained profits/(accumulated loss)	10,420	(11,344)	(924)	18,737	(10,871)	7,866	17,692	(4,421)	13,271
Shareholder's equity	398,889	(11,344)	387,545	407,450	(10,871)	396,579	548,914	(4,421)	544,493
Total liabilities and shareholder's equity	2,493,509		2,482,165	2,666,902		2,656,031	2,707,204		2,702,783

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2 Significant Accounting Policies (cont'd.)

**(f) Reconciliation of total comprehensive income for the period ended
30 June 2011 and for the year ended 31 December 2011**

Group	FRS	Adjust-	MFRS	FRS	Adjust-	MFRS
	30.6.2011	ments	30.6.2011	31.12.2011	ments	31.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	48,076	-	48,076	102,754	-	102,754
Interest expense	(25,785)	-	(25,785)	(56,542)	-	(56,542)
Net interest income	22,291	-	22,291	46,212	-	46,212
Loan impairment charges, net	(2,507)	630	(1,877)	(9,501)	9,231	(270)
	19,784	630	20,414	36,711	9,231	45,942
Non-interest income	6,587	-	6,587	13,419	-	13,419
Net income	26,371	630	27,001	50,130	9,231	59,361
Overhead expenses	(14,908)	-	(14,908)	(30,146)	-	(30,146)
Profit before taxation	11,463	630	12,093	19,984	9,231	29,215
Taxation	(3,143)	(157)	(3,300)	(5,430)	(2,308)	(7,738)
Profit for the period	8,320	473	8,793	14,554	6,923	21,477
Profit for the period	8,320	473	8,793	14,554	6,923	21,477
Other comprehensive income						
Net (loss)/gain on securities available-for-sale	325	-	325	641	-	641
Income tax relating to components of other comprehensive income	(81)	-	(81)	(160)	-	(160)
Other comprehensive income for the period, net of tax	244	-	244	481	-	481
Total comprehensive income for the period, net of tax	8,564	473	9,037	15,035	6,923	21,958

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2 Significant Accounting Policies (cont'd.)

**(f) Reconciliation of total comprehensive income for the period ended
30 June 2011 and for the year ended 31 December 2011 (cont'd.)**

Bank	FRS	Adjust-	MFRS	FRS	Adjust-	MFRS
	30.6.2011	ments	30.6.2011	31.12.2011	ments	31.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	48,076	-	48,076	102,754	-	102,754
Interest expense	(25,785)	-	(25,785)	(56,542)	-	(56,542)
Net interest income	22,291	-	22,291	46,212	-	46,212
Loan impairment charges, net	(2,507)	630	(1,877)	(9,501)	9,231	(270)
	19,784	630	20,414	36,711	9,231	45,942
Non-interest income	6,582	-	6,582	13,403	-	13,403
Net income	26,366	630	26,996	50,114	9,231	59,345
Overhead expenses	(14,907)	-	(14,907)	(30,144)	-	(30,144)
Profit before taxation	11,459	630	12,089	19,970	9,231	29,201
Taxation	(3,142)	(157)	(3,299)	(5,426)	(2,308)	(7,734)
Profit for the period	8,317	473	8,790	14,544	6,923	21,467
Profit for the period	8,317	473	8,790	14,544	6,923	21,467
Other comprehensive income						
Net (loss)/gain on securities available-for-sale	325	-	325	641	-	641
Income tax relating to components of other comprehensive income	(81)	-	(81)	(160)	-	(160)
Other comprehensive income for the period, net of tax	244	-	244	481	-	481
Total comprehensive income for the period, net of tax	8,561	473	9,034	15,025	6,923	21,948

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2. Significant accounting policies (cont'd.)

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

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

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

(ii) Impairment of available-for-sale investments

The Group and the Bank review the debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired. This requires similar 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 audited financial information of the equity investments to assess the extent to which the fair value of an investment is less than its cost, if any.

(iii) Deferred tax assets

Deferred tax assets are recognised in respect of any 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 (cont'd.)

(h) MFRSs and IC Interpretations ("ICs") Issued But Not Yet Effective

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

MFRSs, Amendments to MFRSs and IC Interpretations:		Effective beginning on or after
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128	Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 7	Disclosures: Offsetting Financial Assets and Liabilities	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the year ended 31 December 2011 was not subject to any qualification.

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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 2012.

5. Comments about Seasonal or Cyclical Factors

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

6. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial periods that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 June 2012.

7. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2012.

8. Subsequent Events

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

9. Changes in Composition of the Group

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

10. Dividends Paid

No dividend was declared or paid during the financial period ended 30 June 2012.

11. Segmental Information

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

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12. Securities available-for-sale

	Group and Bank	
	30.6.2012	31.12.2011
	RM'000	RM'000
In Malaysia:		
At fair value		
Money market instruments:		
Malaysian Government Securities	118,242	26,195
Cagamas Bonds	20,200	20,237
Government Investment Issue	97,018	5,011
Bank Negara Monetary Notes	29,882	19,980
Quoted securities in Malaysia:		
Debt converted shares *	-	-
Unquoted securities in Malaysia:		
Private debt securities	-	5,005
	<u>265,342</u>	<u>76,428</u>
At cost		
Unquoted securities:		
Shares	872	872
	<u>266,214</u>	<u>77,300</u>

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

13. Securities held-to-maturity

	Group and Bank	
	30.6.2012	31.12.2011
	RM'000	RM'000
In Malaysia:		
At amortised cost		
Money market instruments:		
Malaysian Government Securities	9,993	30,045
Unquoted securities:		
Private debt securities	55,352	55,443
	<u>65,345</u>	<u>85,488</u>

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14. Loans, advances and financing

	Group and Bank		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
		(Restated)	(Restated)
At amortised cost			
Overdrafts	86,492	94,802	79,185
Term loans			
- Housing loans	6,746	7,471	8,663
- Syndicated term loan	-	-	39,214
- Other term loans	542,974	348,828	294,499
Revolving credits	488,999	401,833	311,657
Bills receivables	9,675	9,421	9,470
Trust receipts	85,863	133,191	114,894
Bankers' acceptances	786,767	815,094	732,138
Other financing	16,997	13,029	16,269
Staff loans	1,627	1,433	1,252
	<u>2,026,140</u>	<u>1,825,102</u>	<u>1,607,241</u>
Unearned interest	(5,194)	(5,199)	(4,500)
Gross loans, advances and financing	<u>2,020,946</u>	<u>1,819,903</u>	<u>1,602,741</u>
Less: Allowance for impaired loans and financing			
- Individual impairment allowance	(41,498)	(41,520)	(43,578)
- Collective impairment allowance	(41,841)	(37,676)	(39,557)
Net loans, advances and financing	<u>1,937,607</u>	<u>1,740,707</u>	<u>1,519,606</u>

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

	Group and Bank		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Maturing within one year	1,498,418	1,479,978	1,316,463
One year to three years	150,290	137,026	80,181
Three years to five years	51,897	62,214	115,499
Over five years	320,341	140,685	90,598
	<u>2,020,946</u>	<u>1,819,903</u>	<u>1,602,741</u>

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

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

	Group and Bank		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Purchase of securities	-	-	11,133
Purchase of transport vehicles	227	232	1,383
Purchase of residential properties	8,064	8,701	9,697
Purchase of non-residential properties	94,585	94,310	81,460
Purchase of fixed assets other than land and building	18,332	21,763	34,896
Personal use	3,422	3,508	787
Construction	81,464	56,749	57,845
Mergers and acquisitions	93,209	-	-
Working capital	1,663,406	1,603,425	1,372,250
Others	58,237	31,215	33,290
	2,020,946	1,819,903	1,602,741

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

	Group and Bank		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	231,872	224,633	164,590
Domestic business enterprises			
- Small medium enterprises	597,611	548,655	348,455
- Others	1,179,750	1,034,170	1,079,069
Individuals	11,713	12,445	10,627
	2,020,946	1,819,903	1,602,741

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

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

	Group and Bank		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Fixed rate			
- Housing loan	-	-	1,344
- Other fixed rate loan/financing	24	164	17,384
Variable rate			
- BLR plus	447,625	391,448	334,233
- Cost-plus	1,525,824	1,335,119	1,177,919
- Other variable rates	47,473	93,172	71,861
	2,020,946	1,819,903	1,602,741

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

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

	Group and Bank		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Balance as at 1 January	51,384	59,123	68,383
- effect of adoption of FRS 139	-	-	9,936
- as restated	51,384	59,123	78,319
Classified as impaired during the period	865	1,725	6,433
Reclassified as non-impaired during the period	(572)	(1,218)	(364)
Amount recovered	(1,477)	(3,964)	(3,431)
Amount written off	-	(4,282)	(21,834)
Balance as at end of period/year	50,200	51,384	59,123
Individual impairment allowance	(41,498)	(41,520)	(43,578)
Net impaired loans, advances and financing	8,702	9,864	15,545
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance	0.44%	0.55%	1.00%

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

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

	Group and Bank		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
		(Restated)	(Restated)
Individual impairment allowance			
Balance as at 1 January	41,520	43,578	57,485
Allowance made during the period/year	883	3,806	10,470
Amount written back	(905)	(1,582)	(2,543)
Amount written off	-	(4,282)	(21,834)
Balance as at end of period	<u>41,498</u>	<u>41,520</u>	<u>43,578</u>
Collective impairment allowance			
Balance as at 1 January as previously stated	31,782	24,432	21,532
Effect of removal of transitional provision to fully adopt MFRS 139	5,894	15,125	15,125
Balance as at 1 January as restated	<u>37,676</u>	<u>39,557</u>	<u>36,657</u>
Allowance made/(written back) during the period/year (2011 restated)	4,165	(1,881)	2,900
Balance as at end of period	<u>41,841</u>	<u>37,676</u>	<u>39,557</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>2.11%</u>	<u>2.12%</u>	<u>2.54%</u>

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

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

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

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

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

	Group and Bank		
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Purchase of residential properties	1,825	2,290	3,504
Working capital	45,917	46,095	51,797
Others	2,458	2,999	3,822
	50,200	51,384	59,123

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

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15. Other assets

	Group		Bank	
	30.6.2012	31.12.2011	30.6.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	4,798	2,919	4,798	2,919
Unrealised gain on derivatives	2,892	2,972	2,892	2,972
Tax recoverable	642	974	641	972
	<u>8,332</u>	<u>6,865</u>	<u>8,331</u>	<u>6,863</u>

16. Property and Equipment

During the six month period ended 30 June 2012, the Group and the Bank acquired assets with a cost of RM187,000 (31 December 2011: RM7,206,000).

Included in the property and equipment was RM53,379,000 (31 December 2011: RM53,379,000) which has been paid and capitalised as property under construction for the purchase of office premises under construction.

17. Deposits from customers

(i) By type of deposit

	Group and Bank	
	30.6.2012	31.12.2011
	RM'000	RM'000
Fixed deposits	1,560,029	1,426,112
Negotiable instruments of deposits	130,000	-
Current accounts	177,194	191,924
Savings deposits	13,924	12,914
Short term deposits	353,562	229,546
	<u>2,234,709</u>	<u>1,860,496</u>

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17. Deposits from customers (cont'd.)

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

	Group and Bank	
	30.6.2012	31.12.2011
	RM'000	RM'000
Due within six months	1,874,028	1,488,795
Six months to one year	146,345	154,624
One year to three years	19,877	8,401
Over three years	3,341	3,838
	2,043,591	1,655,658

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

	Group and Bank	
	30.6.2012	31.12.2011
	RM'000	RM'000
Domestic financial institutions	130,000	-
Business enterprises	1,778,903	1,607,997
Individuals	252,347	209,632
Others	73,459	42,867
	2,234,709	1,860,496

- (iv) All the deposits from customers are unsecured.

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.6.2012	31.12.2011
	RM'000	RM'000
Licensed banks	329,290	174,682
Other financial institutions	16,990	13,026
Bank Negara Malaysia	2,247	2,247
	348,527	189,955

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

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19. Other liabilities

	Group		Bank	
	30.6.2012 RM'000	31.12.2011 RM'000	30.6.2012 RM'000	31.12.2011 RM'000
Accruals	2,544	1,262	2,541	1,262
Unrealised loss on derivatives	3,178	2,737	3,178	2,737
Other payables	35,009	34,527	35,009	34,524
	<u>40,731</u>	<u>38,526</u>	<u>40,728</u>	<u>38,523</u>

20. Interest income

	Group and Bank			
	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	1.4.2012 to 30.6.2012 RM'000	1.4.2011 to 30.6.2011 RM'000	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000
Interest income from loans and advances				
- Interest income other than recoveries from impaired loans	23,230	18,608	44,637	36,054
- Interest income from impaired loans	206	286	428	567
Deposits and placements with banks and other financial institutions	4,668	3,764	7,513	6,733
Securities held-for-trading	-	61	-	78
Securities available-for-sale	2,296	1,045	4,168	2,257
Securities held-to-maturity	812	1,221	1,664	2,526
	<u>31,212</u>	<u>24,985</u>	<u>58,410</u>	<u>48,215</u>
Amortisation of premium net of accretion of discount				
- Securities held-for-trading	155	(1)	182	25
- Securities available-for-sale	(285)	(165)	(597)	(233)
- Securities held-to-maturity	(68)	33	(143)	69
	<u>31,014</u>	<u>24,852</u>	<u>57,852</u>	<u>48,076</u>

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21. Interest expense

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2012	1.4.2011	1.1.2012	1.1.2011
	to	to	to	to
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	16,865	12,154	30,412	22,818
Deposits and placements of banks and other financial institutions	1,729	1,570	2,862	2,967
	18,594	13,724	33,274	25,785

22. Loan impairment charges (charges)/write back, net

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2012	1.4.2011	1.1.2012	1.1.2011
	to	to	to	to
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Allowance for impaired loans, advances and financing				
- Collective impairment for loans, advances and financing	(1,536)	(3,867)	(4,165)	(1,370)
- Individual impairment for loans, advances and financing	(306)	(328)	(883)	(1,234)
Impaired loans, advances and financing written back	784	237	918	666
Impaired loans, advances and financing recovered	43	6	50	61
	(1,015)	(3,952)	(4,080)	(1,877)

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23. Non-interest income

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2012	1.4.2011	1.1.2012	1.1.2011
	to	to	to	to
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	761	689	1,495	1,386
Service charges and fees	527	297	842	648
Guarantee fees	408	380	838	805
	<u>1,696</u>	<u>1,366</u>	<u>3,175</u>	<u>2,839</u>
Investment income:				
Net gain/(loss) on sale of investments:				
- Securities held-for-trading	2	11	(28)	10
- Securities available-for-sale	-	-	-	(78)
Net loss on revaluation of securities held-for-trading	(1)	(17)	(1)	(17)
Writeback of impairment losses on securities held-to-maturity	9	-	9	-
Gross dividend from securities available-for-sale	48	48	48	48
	<u>58</u>	<u>42</u>	<u>28</u>	<u>(37)</u>
Other income:				
Foreign exchange gain	1,909	1,944	3,184	4,883
Net loss on interest rate swaps	-	(33)	-	(55)
Unrealised loss on derivatives	(561)	(563)	(521)	(1,302)
Rental income	126	121	248	253
Others	1	5	2	6
	<u>1,475</u>	<u>1,474</u>	<u>2,913</u>	<u>3,785</u>
	<u>3,229</u>	<u>2,882</u>	<u>6,116</u>	<u>6,587</u>

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

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2012 to 30.6.2012 RM'000	1.4.2011 to 30.6.2011 RM'000	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000
Fee income:				
Commission	756	684	1,485	1,381
Service charges and fees	527	297	842	648
Guarantee fees	408	380	838	805
	<u>1,691</u>	<u>1,361</u>	<u>3,165</u>	<u>2,834</u>
Investment income:				
Net gain/(loss) on sale of investments:				
- Securities held-for-trading	2	11	(28)	10
- Securities available-for-sale	-	-	-	(78)
Net loss on revaluation of securities held-for-trading	(1)	(17)	(1)	(17)
Writeback of impairment losses on securities held-to-maturity	9	-	9	-
Gross dividend from securities available-for-sale	48	48	48	48
	<u>58</u>	<u>42</u>	<u>28</u>	<u>(37)</u>
Other income:				
Foreign exchange gain	1,909	1,945	3,184	4,883
Net loss on interest rate swaps	-	(23)	-	(55)
Unrealised loss on derivatives	(561)	(574)	(521)	(1,302)
Rental income	126	121	248	253
Others	1	5	2	6
	<u>1,475</u>	<u>1,474</u>	<u>2,913</u>	<u>3,785</u>
	<u>3,224</u>	<u>2,877</u>	<u>6,106</u>	<u>6,582</u>

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24. Overhead expenses

	Group			
	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	1.4.2012 to 30.6.2012 RM'000	1.4.2011 to 30.6.2011 RM'000	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000
Personnel costs				
Salaries, allowances and bonuses	4,136	3,379	8,221	6,530
Defined Contribution Plan - Employees Provident Fund	610	512	1,213	995
Others	451	371	725	952
	<u>5,197</u>	<u>4,262</u>	<u>10,159</u>	<u>8,477</u>
Establishment costs				
Depreciation	571	499	1,160	957
Amortisation of intangible assets	57	60	122	119
Repair and maintenance	282	113	495	276
Computerisation costs	238	215	422	424
Rental expenses	210	240	420	450
Others	381	430	761	795
	<u>1,739</u>	<u>1,557</u>	<u>3,380</u>	<u>3,021</u>
Marketing costs				
Advertising and publicity	55	32	149	197
Others	26	45	41	76
	<u>81</u>	<u>77</u>	<u>190</u>	<u>273</u>
Administration and general costs				
Professional fees	85	294	130	630
Non-executive directors' remuneration	116	187	249	399
Others	916	1,388	1,642	2,108
	<u>1,117</u>	<u>1,869</u>	<u>2,021</u>	<u>3,137</u>
Total	<u>8,134</u>	<u>7,765</u>	<u>15,750</u>	<u>14,908</u>

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24. Overhead expenses (cont'd.)

	Bank			
	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	1.4.2012 to 30.6.2012 RM'000	1.4.2011 to 30.6.2011 RM'000	1.1.2012 to 30.6.2012 RM'000	1.1.2011 to 30.6.2011 RM'000
Personnel costs				
Salaries, allowances and bonuses	4,136	3,379	8,221	6,530
Defined Contribution Plan - Employees Provident Fund	610	512	1,213	995
Others	451	371	725	952
	<u>5,197</u>	<u>4,262</u>	<u>10,159</u>	<u>8,477</u>
Establishment costs				
Depreciation	571	499	1,160	957
Amortisation of intangible assets	57	60	122	119
Repair and maintenance	282	113	495	276
Computerisation costs	238	215	422	424
Rental expenses	210	240	420	450
Others	381	430	761	795
	<u>1,739</u>	<u>1,557</u>	<u>3,380</u>	<u>3,021</u>
Marketing costs				
Advertising and publicity	55	32	149	197
Others	26	45	41	76
	<u>81</u>	<u>77</u>	<u>190</u>	<u>273</u>
Administration and general costs				
Professional fees	85	294	130	630
Non-executive directors' remuneration	116	187	249	399
Others	914	1,387	1,640	2,107
	<u>1,115</u>	<u>1,868</u>	<u>2,019</u>	<u>3,136</u>
Total	<u>8,132</u>	<u>7,764</u>	<u>15,748</u>	<u>14,907</u>

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25. Commitments and contingencies

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

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

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

Group and Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk weighted amount RM'000
30 June 2012				
Direct credit substitutes	32,289	-	32,289	31,574
Transaction-related contingent items	138,059	-	69,029	65,037
Short-term self-liquidating trade-related contingencies	109,968	-	21,994	21,856
Forward foreign exchange contracts				
- less than one year	363,901	2,892	6,235	4,603
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	30,629	-	15,315	14,428
- maturity less than one year	1,232,680	-	246,536	245,823
Any commitment that are unconditionally cancelled at any time without prior notice	12,885	-	-	-
Total	1,920,411	2,892	391,398	383,321

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25. Commitments and contingencies (cont'd.)

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

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

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26. Fair value hierarchy

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

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

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

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

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

Group and Bank 30 June 2012	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM '000
<u>Securities available-for-sale</u>	12				
Money market instruments:					
Malaysian Government					
Securities		-	118,242	-	118,242
Cagamas Bonds		-	20,200	-	20,200
Government Investment					
Issue		-	97,018	-	97,018
Bank Negara Monetary Notes		-	29,882	-	29,882
		-	265,342	-	265,342
<u>Derivatives</u>					
Derivative financial assets					
Unrealised gain on derivatives	15	-	2,892	-	2,892
Derivative financial liabilities					
Unrealised loss on derivatives	19	-	(3,178)	-	(3,178)
		-	(286)	-	(286)

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26. Fair value hierarchy (cont'd.)

Group and Bank	Note	Level 1	Level 2	Level 3	Total
31 December 2011		RM'000	RM'000	RM'000	RM '000
<u>Securities available-for-sale</u>	12				
Money market instruments:					
Malaysian Government					
Securities		-	26,195	-	26,195
Cagamas Bonds		-	20,237	-	20,237
Government Investment					
Issue		-	5,011	-	5,011
BNM Monetary Notes		-	19,980	-	19,980
Unquoted securities in Malaysia:					
Private debt securities		-	5,005	-	5,005
		-	76,428	-	76,428
<u>Derivatives</u>					
Derivative financial assets					
Unrealised gain on derivatives	15	-	2,972	-	2,972
Derivative financial liabilities					
Unrealised loss on derivatives	19	-	(2,737)	-	(2,737)
		-	235	-	235

27. Capital adequacy

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

	30.6.2012	31.12.2011 (Restated)
Core capital ratio	20.76%	23.20%
Risk-weighted capital ratio	22.37%	24.83%

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27. Capital Adequacy (cont'd.)

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

	30.6.2012	31.12.2011
	RM'000	RM'000
		(Restated)
Tier-1 Capital		
Paid-up share capital	400,000	400,000
Statutory reserve	131,234	131,234
Retained profits	21,117	13,271
Less: Deferred tax assets (excluding those from revaluation reserve)	<u>(10,316)</u>	<u>(9,083)</u>
Total Tier-1 Capital	<u>542,035</u>	<u>535,422</u>
Tier-2 Capital		
Collective assessment allowance (only those attributable to non-impaired loan, advances and financing)	<u>41,811</u>	<u>37,626</u>
Total Tier-2 Capital	<u>41,811</u>	<u>37,626</u>
Total capital	583,846	573,048
Less: Investment in subsidiary	(10)	(10)
Capital base	<u>583,836</u>	<u>573,038</u>

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27. Capital Adequacy (cont'd.)

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

	Principal	Risk-weighted	Principal	Risk-weighted
	30.06.2012	assets	31.12.2011	assets
	RM'000	30.06.2012	RM'000	31.12.2011
		RM'000	RM'000	RM'000
0%	590,188	-	626,801	-
20%	599,261	119,851	265,053	53,011
35%	4,497	1,574	4,541	1,589
50%	15,880	7,941	21,719	10,859
75%	-	-	1,400	1,050
100%	2,368,706	2,368,706	2,134,131	2,134,131
150%	4,913	7,370	4,897	7,346
Total risk-weighted assets for credit risk		2,505,442		2,207,986
Total risk-weighted assets for market risk		5,772		6,251
Total risk-weighted assets for operational risk		99,143		93,944
Total risk-weighted assets		<u>2,610,357</u>		<u>2,308,181</u>

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27. Significant Related Party Disclosures

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

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	1.4.2012	1.4.2011	1.1.2012	1.1.2011
	to	to	to	to
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Income				
Interest on advances to holding company and its branches	1	24	6	52
Expenditure				
Interest on advances from holding company and its branches	6	13	119	16

	Group and Bank	
	30.6.2012	31.12.2011
	RM'000	RM'000
Amount due to		
Deposits and placements from holding company and its branches	16,035	108,162
Amount due from		
Cash and short-term funds placed with holding company and its branches	4,417	5,097

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

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Statement by directors

We, Loke Tan Cheng and 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 48 are drawn up in accordance with Malaysian Financial Reporting Standard 134: Interim Financial Reporting a so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2012 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