

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

Interim Condensed Consolidated Financial Statements
30 September 2010

Ernst & Young
AF : 0039

299740-W

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

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

Performance review for the financial period ended 30 September 2010 and commentary on the prospects.

Bangkok Bank Berhad (“BBB”) registered a profit before tax of RM12.9 million for the nine months of 2010 as compared to RM13.5 million recorded during the previous comparative period mainly due to increase in loan loss provisioning and higher operating expenses. The increase in loan provisions from RM5.5 million for the nine months of 2009 to RM8.6 million for the nine months of 2010 resulted from additional provisions for stressed/defaulted accounts.

BBB net interest income has improved from RM26.3 million to RM30.8 million as a result of expansion in the lending business and improved margins from the lending business.

Non interest income improved by 24% to RM8.7 million from RM7.0 million a year ago mainly due to increase in fee income and income from providing foreign exchange services to our customers.

Overhead expenses increased by 25% from RM14.3 million in the previous comparative period to RM17.9 million. The increase is due to the setting up of branches in 2010 as well as additional staff to support expansion and growth.

Gross loans improved from RM1.46 billion at 31 December 2009 to RM1.56 billion as at 30 September 2010 mainly due to strong loan growth during the 1st half of 2010. The Bank’s impaired loan ratio as at 30 September 2010 has improved from 1.9% to 1.2% as compared to 31 December 2009.

Total deposits from customers has also grown from RM1.58 billion at 31 December 2009 to RM1.66 billion as at 30 September 2010. The Bank will also continue to focus on maintaining its current good liquidity position and high level of deposits, relatively to its loan portfolio.

With the opening of new branches in 2010, the Bank will continue to grow its core lending business in selected niche areas.

Performance review for the financial quarter ended 30 September 2010

In terms of the current quarter's performance, the Bank recorded a profit before tax of RM 7.0 million for the current quarter ended 30 September 2010, which was substantially higher than the RM 3.9 million for the same quarter last year. All areas of income had improved in the quarter, in particular from the lending business. The 53% increase in net income was marginally offset by the higher overhead expenses as a result of business expansion and increase in branches operations.

Bangkok Bank Berhad
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Interim statements of financial position as at 30 September 2010

	Note	Group		Bank	
		30.9.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)	30.9.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)
Assets					
Cash and short-term funds		464,466	377,508	464,435	377,478
Deposits and placements with bank		30,000	50,000	30,000	50,000
Securities held-for-trading	12	-	19,992	-	19,992
Securities available-for-sale	13	217,810	146,877	217,810	146,877
Securities held-to-maturity	14	144,749	45,262	144,749	45,262
Loans, advances and financing	15	1,481,739	1,395,585	1,481,739	1,395,585
Other assets	16	18,273	8,507	18,270	8,506
Statutory deposit with Bank Negara Malaysia		15,000	12,000	15,000	12,000
Investment in subsidiary		-	-	10	10
Property and equipment	17	14,093	11,022	14,093	11,022
Intangible asset		304	481	304	481
Deferred tax assets		6,488	6,114	6,488	6,114
Total assets		2,392,922	2,073,348	2,392,898	2,073,327
Liabilities and shareholder's equity					
Deposits from customers	18	1,664,042	1,577,530	1,664,042	1,577,530
Deposits and placements of banks and other financial institutions	19	307,494	93,011	307,494	93,011
Other liabilities	20	26,850	14,292	26,848	14,290
Total liabilities		1,998,386	1,684,833	1,998,384	1,684,831
Share capital		265,000	265,000	265,000	265,000
Statutory reserve		116,994	116,994	116,984	116,984
Revaluation reserve		(435)	(1,339)	(435)	(1,339)
Retained profits		12,977	7,860	12,965	7,851
Shareholder's equity		394,536	388,515	394,514	388,496
Total liabilities and shareholder's equity		2,392,922	2,073,348	2,392,898	2,073,327
Commitments and contingencies	26	1,506,493	1,212,857	1,506,493	1,212,857

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 income statement
For the financial period ended 30 September 2010

	Note	Group			
		Current Quarter		Cumulative Period	
		3 months ended		9 months ended	
		1.7.2010	1.7.2009	1.1.2010	1.1.2009
		to	to		
		30.9.2010	30.9.2009	30.9.2010	30.9.2009
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	21	23,090	17,639	60,520	57,163
Interest expense	22	(11,583)	(9,087)	(29,755)	(30,828)
Net interest income		11,507	8,552	30,765	26,335
Loan impairment charges, net	23	(954)	(1,982)	(8,650)	(5,533)
		10,553	6,570	22,115	20,802
Non-interest income	24	2,811	2,162	8,693	7,027
Net income		13,364	8,732	30,808	27,829
Overhead expenses	25	(6,333)	(4,835)	(17,938)	(14,328)
Profit before taxation		7,031	3,897	12,870	13,501
Taxation		(1,780)	(1,146)	(3,344)	(3,051)
Net profit for the period		5,251	2,751	9,526	10,450
Earnings per share (sen)					
- basic		1.98	1.04	3.59	3.94
- diluted		1.98	1.04	3.59	3.94

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 income statement

For the financial period ended 30 September 2010

		Bank				
		Current Quarter		Cumulative Period		
		3 months ended		9 months ended		
		1.7.2010	1.7.2009	1.1.2010	1.1.2009	
		to	to	to	to	
Note		30.9.2010	30.9.2009	30.9.2010	30.9.2009	
		RM'000	RM'000	RM'000	RM'000	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	Interest income	21	23,090	17,639	60,520	57,163
	Interest expense	22	(11,583)	(9,087)	(29,755)	(30,828)
	Net interest income		11,507	8,552	30,765	26,335
	Loan impairment charges, net	23	(954)	(1,982)	(8,650)	(5,533)
			10,553	6,570	22,115	20,802
	Non-interest income	24	2,811	2,160	8,688	7,022
	Net income		13,364	8,730	30,803	27,824
	Overhead expenses	25	(6,333)	(4,834)	(17,937)	(14,327)
	Profit before taxation		7,031	3,896	12,866	13,497
	Taxation		(1,780)	(1,146)	(3,343)	(3,050)
	Net profit for the period		5,251	2,750	9,523	10,447
	Earnings per share (sen)					
	- basic		1.98	1.04	3.59	3.94
	- diluted		1.98	1.04	3.59	3.94

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 30 September 2010

	Group			
	Current Quarter		Cumulative Period	
	3 months ended		9 months ended	
	1.7.2010	1.7.2009	1.1.2010	1.1.2009
	to	to	to	to
Note	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	5,251	2,751	9,526	10,450
Other comprehensive income/(loss)				
Net gain/(loss) on available-for-sale financial assets	574	828	1,205	(3,895)
Income tax relating to components of other comprehensive income/(loss)	(143)	(207)	(301)	974
Other comprehensive income/(loss) for the period, net of tax	431	621	904	(2,921)
Total comprehensive income for the period, net of tax	5,682	3,372	10,430	7,529

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

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Interim statement of comprehensive income
For the financial period ended 30 September 2010

	Bank			
	Current Quarter		Cumulative Period	
	3 months ended		9 months ended	
	1.7.2010	1.7.2009	1.1.2010	1.1.2009
	to	to	to	to
Note	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	5,251	2,750	9,523	10,447
Other comprehensive income/(loss)				
Net gain/(loss) on available-for-sale financial assets	574	828	1,205	(3,895)
Income tax relating to components of other comprehensive income/(loss)	(143)	(207)	(301)	974
Other comprehensive income/(loss) for the period, net of tax	431	621	904	(2,921)
Total comprehensive income for the period, net of tax	5,682	3,371	10,427	7,526

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 30 September 2010

	<----- Group ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2009					
- 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	-	-	-	10,450	10,450
Other comprehensive loss	-	-	(2,921)	-	(2,921)
At 30 September 2009					
- as restated	265,000	112,461	(1,201)	13,778	390,038
At 1 January 2010					
- as previously stated	265,000	116,994	(1,339)	7,860	388,515
- effects of adoption of FRS 139	-	-	-	(4,409)	(4,409)
At 1 January 2010					
- as restated	265,000	116,994	(1,339)	3,451	384,106
Profit for the period	-	-	-	9,526	9,526
Other comprehensive income	-	-	904	-	904
At 30 September 2010 (unaudited)	265,000	116,994	(435)	12,977	394,536

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

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Interim statement of changes in equity
For the financial period ended 30 September 2010

	<----- Bank ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2009					
- 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	-	-	-	10,447	10,447
Other comprehensive loss	-	-	(2,921)	-	(2,921)
At 30 September 2009					
- as restated	265,000	112,454	(1,201)	13,768	390,021
At 1 January 2010					
- as previously stated	265,000	116,984	(1,339)	7,851	388,496
- effects of adoption of FRS 139	-	-	-	(4,409)	(4,409)
At 1 January 2010					
- as restated	265,000	116,984	(1,339)	3,442	384,087
Profit for the period	-	-	-	9,523	9,523
Other comprehensive income	-	-	904	-	904
At 30 September 2010 (unaudited)	265,000	116,984	(435)	12,965	394,514

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

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Interim statements of cash flows
For the financial period ended 30 September 2010

	Group		Bank	
	1.1.2010 to 30.9.2010 RM'000 (Unaudited)	1.1.2009 to 30.9.2009 RM'000 (Unaudited)	1.1.2010 to 30.9.2010 RM'000 (Unaudited)	1.1.2009 to 30.9.2009 RM'000 (Unaudited)
Cash flows from operating activities				
Profit before taxation	12,870	13,501	12,866	13,497
Adjustments for:				
Depreciation	1,083	905	1,083	905
Amortisation of intangible assets	291	243	291	243
Allowance for losses on loans and financing, net	9,287	6,801	9,287	6,801
Property and equipment written off	-	12	-	12
Net gain on disposal of property and equipment	(60)	-	(60)	-
Writeback of impairment losses of securities held-to-maturity	(1)	-	(1)	-
Unrealised foreign exchange loss	277	160	277	160
Net gain on revaluation of securities held-for-trading	(61)	-	(61)	-
Net (gain)/loss on disposal of securities held-for-trading	(115)	12	(115)	12
Net loss/(gain) on disposal of securities available-for-sale	27	(602)	27	(602)
Amortisation of premium net of accretion of discount	534	637	534	637
Interest suspended	-	2,745	-	2,745
Dividend income	(48)	(47)	(48)	(47)
Operating profit before working capital changes	24,084	24,367	24,080	24,363
(Increase)/decrease in loans and advances	(101,319)	138,686	(101,319)	138,686
(Increase) in deposits and placements with banks	-	(50,000)	-	(50,000)
(Increase) in other assets	(3,102)	(2,309)	(3,101)	(2,309)
(Increase)/decrease in statutory deposit with Bank Negara Malaysia	(3,000)	29,500	(3,000)	29,500
Increase in deposits from customers	86,512	198,807	86,512	198,807
Increase/(decrease) in deposits and placements of banks and other financial institutions	214,483	(337,071)	214,483	(337,071)
(Decrease) in obligations sold under repurchase agreements	-	(158,453)	-	(158,453)

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Interim statements of cash flows
For the financial period ended 30 September 2010 (cont'd.)

	Group		Bank	
	1.1.2010 to 30.9.2010 RM'000 (Unaudited)	1.1.2009 to 30.9.2009 RM'000 (Unaudited)	1.1.2010 to 30.9.2010 RM'000 (Unaudited)	1.1.2009 to 30.9.2009 RM'000 (Unaudited)
Cash flows from operating activities (cont'd.)				
Increase in other liabilities	9,260	5,713	9,260	5,714
Cash generated from/(used in) operations	226,918	(150,760)	226,915	(150,763)
Taxes paid	(6,194)	(6,447)	(6,192)	(6,440)
Taxes refunded	-	4,486	-	4,486
Net cash generated from/(used in) operating activities	220,724	(152,721)	220,723	(152,717)
Cash flows from investing activities				
Purchase of property and equipment	(4,154)	(868)	(4,154)	(868)
Purchase of intangible assets	(114)	(70)	(114)	(70)
Purchase of securities held-for-trading	(438,957)	(304,895)	(438,957)	(304,895)
Purchase of securities available-for-sale	(115,414)	(93,064)	(115,414)	(93,064)
Purchase of securities held-to-maturity	(99,539)	(30,336)	(99,539)	(30,336)
Dividend received	48	46	48	46
Proceeds from disposal of securities held-for-trading	459,177	325,700	459,177	325,700
Proceeds from disposal of securities available-for-sale	45,127	136,351	45,127	136,351
Proceeds from disposal of property and equipment	60	-	60	-
Net cash (used in)/generated from investing activities	(153,766)	32,864	(153,766)	32,864
Net increase/(decrease) in cash and cash equivalents	66,958	(119,857)	66,957	(119,853)
Cash and cash equivalents at beginning of financial period	427,508	510,448	427,478	510,416
Cash and cash equivalents at end of financial period	494,466	390,591	494,435	390,563
Cash and cash equivalents comprise:				
Cash and short-term funds	464,466	390,591	464,435	390,563
Deposits and placements with bank	30,000	-	30,000	-
	494,466	390,591	494,435	390,563

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

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Notes to the financial statements - 30 September 2010

1. Corporate information

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

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

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

2. Significant accounting policies

(a) Basis of preparation

The unaudited interim condensed consolidated financial statements for the nine months ended 30 September 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 nine months ended 30 September 2010 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and modified by the Bank Negara Malaysia ("BNM") guidelines.

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

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2. Significant accounting policies (Contd.)

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

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

FRSs, Amendments to FRSs and IC Interpretations

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

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2. Significant accounting policies (Contd.)

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

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

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

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

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

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

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

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2. Significant accounting policies (Contd.)

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

(ii) Impairment losses on loans, advances and financing

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

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

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

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2. Significant accounting policies (Contd.)

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

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

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

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

(iii) Interest income and expense

Prior to the adoption of FRS 139, interest income on loans, advances and financing was 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.

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 was 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 was 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.

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2. Significant accounting policies (Contd.)

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

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

In addition, these changes in accounting policies have the effect in decreasing the profit for the current financial period-to-date by approximately RM2,143,000.

(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:

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2. Significant accounting policies (Contd.)

(c) Significant accounting judgements and estimates (Contd.)

(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 Notes 15 and 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:-

FRSs, Amendments to FRSs and IC Interpretations:	Effective for financial year beginning on or after
* 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
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	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
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)	1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4: Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
TR i-4: Shariah Compliant Sale Contracts	1 January 2011
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

* 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 auditors' report on the audited annual financial statements for the year ended 31 December 2009 was not subject to any qualification.

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and the Bank during the financial period ended 30 September 2010 except as disclosed in Note 2.

5. Comments about Seasonal or Cyclical Factors

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

6. Changes in Estimates

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

7. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 30 September 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 period to date.

10. Dividends Paid

No dividends were paid during the financial period ended 30 September 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

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
In Malaysia:		
At fair value		
Money market instruments:		
Bank Negara Monetary Notes	-	19,992
	<hr/>	<hr/>

13. Securities available-for-sale

In Malaysia:		
At fair value		
Money market instruments:		
Malaysian Government Securities	86,246	115,686
Cagamas Bonds	20,409	9,995
Government Investment Issue	90,074	-
Quoted securities in Malaysia:		
Debt converted shares *	-	-
	<hr/>	<hr/>
	196,729	125,681
At cost		
Unquoted securities:		
Shares	872	872
Private debt securities	20,209	20,324
	<hr/>	<hr/>
	21,081	21,196
	<hr/>	<hr/>
	217,810	146,877
	<hr/>	<hr/>

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

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14. Securities held-to-maturity

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
In Malaysia:		
Money market instruments:		
Malaysian Government Securities	45,297	45,297
Unquoted securities:		
Private debt securities	100,374	836
	<u>145,671</u>	<u>46,133</u>
Amortisation of premium net of accretion of discount	(100)	(48)
Accumulated impairment losses	(822)	(823)
	<u>144,749</u>	<u>45,262</u>
(i) Indicative fair value of securities:		
Malaysian Government Securities	45,176	45,474
Unquoted securities - private debt securities	100,141	13
	<u>145,317</u>	<u>45,487</u>

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15. Loans, advances and financing

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
At amortised cost		
Overdrafts	86,147	83,770
Term loans		
Housing loans	8,911	9,812
Syndicated term loan	43,972	75,571
Other term loans	295,828	268,946
Revolving credits	294,493	250,243
Bills receivables	17,594	14,061
Trust receipts	76,378	45,542
Bankers' acceptances	726,628	692,813
Other financing	13,934	19,717
Staff loans	1,252	1,496
	<u>1,565,137</u>	<u>1,461,971</u>
Unearned interest	(4,308)	(3,394)
	<u>1,560,829</u>	<u>1,458,577</u>
Collective impairment for loans, advances and financing	(24,532)	(21,532)
Individual impairment ("IA") for loans, advances and financing	(54,558)	(41,460)
Net loans, advances and financing	<u>1,481,739</u>	<u>1,395,585</u>

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

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Maturing within one year	1,272,539	1,127,087
One year to three years	62,405	102,004
Three years to five years	112,915	127,051
Over five years	112,970	102,435
	<u>1,560,829</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:

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Purchase of securities	14,825	28,037
Purchase of transport vehicles	1,240	1,517
Purchase of residential properties	48,187	20,583
Purchase of non-residential properties	69,508	56,237
Purchase of fixed assets other than land and building	65,790	75,588
Personal use	6,138	4,837
Construction	8,331	14,843
Working capital	1,310,557	1,206,400
Others	36,253	50,535
	<u>1,560,829</u>	<u>1,458,577</u>

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

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Domestic non-bank financial institutions	167,596	106,313
Domestic business enterprises		
- Small medium enterprises	353,924	402,703
- Others	1,023,074	933,402
Domestic other entities	-	40
Individuals	16,235	16,119
	<u>1,560,829</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:

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Fixed rate		
Housing loan	953	1,297
Other fixed rate loan/financing	14,939	16,463
Variable rate		
BLR plus	330,289	330,911
Cost-plus	1,173,661	1,104,135
Other variable rates	40,987	5,771
	<u>1,560,829</u>	<u>1,458,577</u>

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

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
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	6,096	34,417
Reclassified as non impaired during the period	(259)	(1,034)
Amount recovered	(2,863)	(957)
Amount written off	<u>(9,214)</u>	<u>-</u>
Balance as at end of period	72,079	68,383
Individual impairment	<u>(54,558)</u>	<u>(41,460)</u>
Net impaired loans, advances and financing	<u>17,521</u>	<u>26,923</u>
Ratio of net impaired loans, advances and financing to total loans, advances and financing less individual impairment	<u>1.16%</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:

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Collective Impairment		
Balance as at 1 January		
- as previously stated	-	-
- effects of FRS 139 adoption	21,532	-
- as restated	21,532	-
Impairment during the period	3,000	-
Balance as at end of period	<u>24,532</u>	<u>-</u>
Individual Impairment		
Balance as at 1 January		
- as previously stated	-	-
- effects of FRS 139 adoption	57,485	-
- as restated	57,485	-
Impairment during the period	7,745	-
Written off	(9,214)	-
Recovered and written back	(1,458)	-
Balance as at end of period	<u>54,558</u>	<u>-</u>
General Allowance		
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:

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Specific Allowance		
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:

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Purchase of residential properties	3,122	2,580
Working capital	65,824	65,803
Others	3,133	-
	72,079	68,383

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16. Other assets

	Group		Bank	
	30.9.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)	30.9.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)
Other receivables, deposits and prepayments	5,445	2,344	5,445	2,344
Unrealised gain on derivatives	3,869	848	3,869	848
Tax recoverable	8,959	5,315	8,956	5,314
	<u>18,273</u>	<u>8,507</u>	<u>18,270</u>	<u>8,506</u>

17. Property and Equipment

During the nine month period ended 30 September 2010, the Group and the Bank acquired assets with a cost of RM4,012,000 (31 December 2009: RM1,252,000).

18. Deposits from customers

(i) By type of deposit

	Group and Bank	
	30.9.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)
Fixed deposits	1,121,406	1,163,999
Negotiable instruments of deposits	102,000	72,550
Current accounts	149,637	112,182
Savings deposits	9,980	9,721
Short term deposits	281,019	219,078
	<u>1,664,042</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:

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Due within six months	1,350,431	1,127,833
Six months to one year	145,936	319,683
One year to three years	2,900	6,211
Over three years	5,158	1,900
	<u>1,504,425</u>	<u>1,455,627</u>

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

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Business enterprises	1,430,074	1,250,027
Individuals	195,368	197,876
Others	38,600	129,627
	<u>1,664,042</u>	<u>1,577,530</u>

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.9.2010	31.12.2009
	RM'000	RM'000
	(Unaudited)	(Audited)
Licensed banks and other financial institutions	304,851	90,367
Bank Negara Malaysia	2,643	2,644
	<u>307,494</u>	<u>93,011</u>

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20. Other liabilities

	Group		Bank	
	30.9.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)	30.9.2010 RM'000 (Unaudited)	31.12.2009 RM'000 (Audited)
Accruals	2,943	1,808	2,941	1,808
Unrealised loss on derivatives	4,288	990	4,288	990
Other payables	19,619	11,494	19,619	11,492
	<u>26,850</u>	<u>14,292</u>	<u>26,848</u>	<u>14,290</u>

21. Interest income

	Group and Bank			
	Current Quarter 3 months ended		Cumulative Period 9 months ended	
	1.7.2010 to 30.9.2010 RM'000 (Unaudited)	1.7.2009 to 30.9.2009 RM'000 (Unaudited)	1.1.2010 to 30.9.2010 RM'000 (Unaudited)	1.1.2009 to 30.9.2009 RM'000 (Unaudited)
Interest income from:				
- Loans, advances and financing	16,921	13,323	45,345	43,400
- Deposits and placements with banks and other financial institutions	2,968	2,607	7,327	8,633
- Securities held-for-trading	62	41	139	107
- Securities available-for-sale	2,041	1,521	5,800	4,972
- Securities held-to-maturity	1,253	373	2,443	688
	<u>23,245</u>	<u>17,865</u>	<u>61,054</u>	<u>57,800</u>
Amortisation of premium net of accretion of discount	(155)	(226)	(534)	(637)
	<u>23,090</u>	<u>17,639</u>	<u>60,520</u>	<u>57,163</u>
Of which:				
Interest income earned on impaired loans, advances and financing	390	-	1,283	-

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22. Interest expense

	Group and Bank			
	Current Quarter		Cumulative Period	
	3 months ended		9 months ended	
	1.7.2010	1.7.2009	1.1.2010	1.1.2009
	to	to	to	to
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Deposits from customers	9,994	8,730	26,823	28,572
Deposits and placements of banks and other financial institutions	1,589	357	2,932	2,256
	<u>11,583</u>	<u>9,087</u>	<u>29,755</u>	<u>30,828</u>

23. Loan impairment charges, net

	Group and Bank			
	Current Quarter		Cumulative Period	
	3 months ended		9 months ended	
	1.7.2010	1.7.2009	1.1.2010	1.1.2009
	to	to	to	to
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Allowance for impaired loans, advances and financing				
Collective impairment	(800)	-	(3,000)	-
Individual impairment	(663)	-	(7,745)	-
General allowance	-	(2,300)	-	(6,600)
Specific allowance	-	-	-	(1,188)
Impaired loans, advances and financing written back	291	191	1,458	987
Impaired loans, advances and financing recovered	218	127	637	1,268
	<u>(954)</u>	<u>(1,982)</u>	<u>(8,650)</u>	<u>(5,533)</u>

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24. Non-interest income

	Group			
	Current Quarter		Cumulative Period	
	3 months ended		9 months ended	
	1.7.2010	1.7.2009	1.1.2010	1.1.2009
	to	to	to	to
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Fee income:				
Commission	721	600	2,296	1,590
Service charges and fees	408	162	930	382
Guarantee fees	272	255	738	742
	<u>1,401</u>	<u>1,017</u>	<u>3,964</u>	<u>2,714</u>
Investment income:				
Net gain/(loss) on sale of investments:				
- Securities held-for-trading	46	27	115	(12)
- Securities available-for-sale	29	(78)	(27)	602
Net gain/(loss) on revaluation of securities held-for-trading				
	28	(13)	61	-
Writeback of impairment losses of securities held-to-maturity				
	-	-	1	-
Gross dividend from securities available-for-sale				
	-	41	48	47
	<u>103</u>	<u>(23)</u>	<u>198</u>	<u>637</u>
Other income:				
Realised foreign exchange gain	2,107	1,464	4,359	3,414
Unrealised foreign exchange loss	(989)	(431)	(277)	(160)
Rental income	129	134	386	421
Other	60	1	63	1
	<u>1,307</u>	<u>1,168</u>	<u>4,531</u>	<u>3,676</u>
	<u>2,811</u>	<u>2,162</u>	<u>8,693</u>	<u>7,027</u>

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24. Non-interest income

	Bank			
	Current Quarter		Cumulative Period	
	3 months ended		9 months ended	
	1.7.2010	1.7.2009	1.1.2010	1.1.2009
	to	to	to	to
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Fee income:				
Commission	720	598	2,291	1,584
Service charges and fees	408	162	930	382
Guarantee fees	272	255	738	742
	<u>1,400</u>	<u>1,015</u>	<u>3,959</u>	<u>2,708</u>
Investment income:				
Net gain/(loss) on sale of investments:				
- Securities held-for-trading	46	27	115	(12)
- Securities available-for-sale	29	(78)	(27)	602
Net gain on revaluation of securities held-for-trading				
	28	(13)	61	-
Writeback of impairment losses of securities held-to-maturity				
	-	-	1	-
Gross dividend from securities available-for-sale				
	-	41	48	47
	<u>103</u>	<u>(23)</u>	<u>198</u>	<u>637</u>
Other income:				
Realised foreign exchange gain	2,107	1,464	4,359	3,414
Unrealised foreign exchange loss	(989)	(431)	(277)	(160)
Rental income	129	134	386	421
Others	61	1	63	2
	<u>1,308</u>	<u>1,168</u>	<u>4,531</u>	<u>3,677</u>
	<u>2,811</u>	<u>2,160</u>	<u>8,688</u>	<u>7,022</u>

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25. Overhead expenses

	Group			
	Current Quarter		Cumulative Period	
	3 months ended		9 months ended	
	1.7.2010	1.7.2009	1.1.2010	1.1.2009
	to	to	to	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Personnel costs				
Salaries, allowances and bonuses	2,917	2,424	8,296	7,125
Defined Contribution Plan				
- Employees Provident Fund	439	352	1,248	1,046
Others	366	456	1,001	1,164
	<u>3,722</u>	<u>3,232</u>	<u>10,545</u>	<u>9,335</u>
Establishment costs				
Depreciation	424	305	1,083	905
Amortisation of intangible assets	96	79	291	243
Repair and maintenance	146	146	433	357
Computerisation costs	163	118	440	326
Rental of premises	163	-	440	-
Others	247	166	693	471
	<u>1,239</u>	<u>814</u>	<u>3,380</u>	<u>2,302</u>
Marketing costs				
Advertising and publicity	41	29	549	191
Others	67	23	128	88
	<u>108</u>	<u>52</u>	<u>677</u>	<u>279</u>
Administration and general costs				
Professional fees	203	50	337	206
Others	1,061	687	2,999	2,206
	<u>1,264</u>	<u>737</u>	<u>3,336</u>	<u>2,412</u>
Total	<u>6,333</u>	<u>4,835</u>	<u>17,938</u>	<u>14,328</u>

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25. Overhead expenses

	Bank			
	Current Quarter		Cumulative Period	
	3 months ended		9 months ended	
	1.7.2010 to 30.9.2010 RM'000 (Unaudited)	1.7.2009 to 30.9.2009 RM'000 (Unaudited)	1.1.2010 to 30.9.2010 RM'000 (Unaudited)	1.1.2009 to 30.9.2009 RM'000 (Unaudited)
Personnel costs				
Salaries, allowances and bonuses	2,917	2,424	8,296	7,125
Defined Contribution Plan				
- Employees Provident Fund	439	352	1,248	1,046
Others	366	456	1,001	1,164
	<u>3,722</u>	<u>3,232</u>	<u>10,545</u>	<u>9,335</u>
Establishment costs				
Depreciation	424	305	1,083	905
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	<u>1,239</u>	<u>814</u>	<u>3,380</u>	<u>2,302</u>
Marketing costs				
Advertising and publicity	41	29	549	191
Others	67	23	128	88
	<u>108</u>	<u>52</u>	<u>677</u>	<u>279</u>
Administration and general costs				
Professional fees	203	50	336	206
Others	1,061	686	2,999	2,205
	<u>1,264</u>	<u>736</u>	<u>3,335</u>	<u>2,411</u>
Total	<u>6,333</u>	<u>4,834</u>	<u>17,937</u>	<u>14,327</u>

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26. Commitments and contingencies

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

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

	Principal Amount <----- RM'000	Credit Equivalent Amount 30.9.2010 RM'000	Risk weighted amount -----> RM'000	Principal Amount <----- RM'000	Credit Equivalent Amount 31.12.2009 RM'000	Risk weighted amount -----> RM'000
Direct credit substitutes	16,068	16,068	15,556	17,771	17,771	17,253
Transaction-related contingent items	92,257	46,129	43,382	71,256	35,628	33,716
Short-term self-liquidating trade-related contingencies	96,739	19,348	19,348	35,541	7,108	7,108
Forward foreign exchange contracts						
- less than one year	397,577	6,591	3,268	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
- maturity less than one year	877,450	175,490	176,625	-	-	-
Any commitment that are unconditionally cancelled at any time without prior notice	26,362	-	-	917,197	-	-
Total	1,506,493	263,646	258,196	1,212,857	62,896	59,980

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26. Commitments and contingencies (cont'd.)

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

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

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2010, the amount of contracts which were not hedged and, hence, exposed to market risk is RM2,117,000 (31 December 2009: RM5,369,000).

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. As at 30 September 2010, the amounts of credit risk, measured in terms of the cost to replace the profitable contracts, was RM6,591,000 (31 December 2009: RM2,369,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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27. Significant Related Party Disclosures

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

	Group and Bank			
	Current Quarter		Cumulative Period	
	3 months ended		9 months ended	
	1.7.2010	1.7.2009	1.1.2010	1.1.2009
	to	to	to	to
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income				
Interest on advances to holding company and its branches	2	4	5	40
Expenditure				
Interest on advances from holding company and its branches	49	81	143	859

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

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28. Capital adequacy ratios

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

	30.9.2010	31.12.2009
Core capital ratio	19.87%	24.17%
Risk-weighted capital ratio	21.14%	25.52%

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

	30.9.2010	31.12.2009
	RM'000	RM'000
Tier-1 Capital		
Paid-up share capital	265,000	265,000
Statutory reserve	116,984	116,984
Retained profits	Note (a) 7,713	7,851
Less: Deferred tax assets	Notes (a) and (b) (6,114)	(5,667)
Total Tier-1 Capital	<u>383,583</u>	<u>384,168</u>
Tier-2 Capital		
Collective assessment allowance	24,532	-
General allowance for doubtful debts	-	21,532
Total Tier-2 Capital	<u>24,532</u>	<u>21,532</u>
Total capital	408,115	405,700
Less: Investment in subsidiary	(10)	(10)
Capital base	<u>408,105</u>	<u>405,690</u>

Note (a) Computed based on balance sheet position as at 30 June 2010

Note (b) Excluding deferred tax asset arising on securities available-for-sale which is recognised in revaluation reserve

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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 38 are drawn up in accordance with Financial Reporting Standard 134: Interim Financial Reporting as modified by Bank Negara Malaysia guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 September 2010 and of the results and the cash flows of the Group and of the Bank for the nine-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 November 2010