

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

**Statement by Directors and Interim Condensed**  
**Financial Statements**  
**30 September 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 September 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") Framework 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.

Bangkok Bank Berhad ("the Bank") registered a profit before taxation of RM16.5 million for the nine-month period of 2012 as compared to a higher profit of RM22.2 million recorded during the previous comparative period. The lower profit was mainly due to higher loan impairment charges resulted from the application of the new accounting policy as stated above.

Gross loan outstanding increased by 24.2% from RM1.82 billion at end of December 2011 to RM2.26 billion at end of September 2012. The increase was due to the expansion of the lending business.

Deposits from customers grew significantly from RM1.86 billion at end of December 2011 to RM2.32 billion at end of September 2012, a 24.7% growth. This is the result of the Bank's heightened focus on gathering customer deposits to fund future loan growth. The Bank's liquidity remains healthy with adjusted loan-to-deposit ratio of 69.7%. (73.4% at end Dec 2011).

Net impaired loan ratio increased to 1.16% at end of September 2012 from 0.55% at end of December 2011 resulted from a new corporate loan being classified as impaired during the period.

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 statements of financial position as at 30 September 2012**

|   | <b>Note</b> | <b>30.9.2012</b> | <b>Group</b>      | <b>1.1.2011</b>   |
|---|-------------|------------------|-------------------|-------------------|
|   |             | <b>RM'000</b>    | <b>31.12.2011</b> | <b>RM'000</b>     |
|   |             |                  | <b>RM'000</b>     | <b>RM'000</b>     |
|   |             |                  | <b>(restated)</b> | <b>(restated)</b> |
| <b>Assets</b>   |             |                  |                   |                   |
| Cash and short-term funds   |             | 568,040          | 644,523           | 574,241           |
| Deposits and placements<br>with banks                                   |             | 120,000          | 20,000            | 20,000            |
| Securities held-for-trading   | 12          | 20,150           | -                 | -                 |
| Securities available-for-sale   | 13          | 407,916          | 77,300            | 167,544           |
| Securities held-to-maturity   | 14          | 55,306           | 85,488            | 144,782           |
| Loans, advances and financing   | 15          | 2,167,117        | 1,740,707         | 1,519,606         |
| Other assets  | 16          | 11,858           | 6,865             | 13,963            |
| Statutory deposit with Bank<br>Negara Malaysia                          |             | 69,000           | 48,000            | 15,000            |
| Property and equipment  | 17          | 69,061           | 70,510            | 16,551            |
| Intangible assets   |             | 176              | 340               | 285               |
| Deferred tax assets   |             | 11,348           | 9,087             | 10,219            |
| <b>Total assets</b>   |             | <b>3,499,972</b> | <b>2,702,820</b>  | <b>2,482,191</b>  |
| <b>Liabilities and shareholder's equity</b>                             |             |                  |                   |                   |
| Deposits from customers   | 18          | 2,323,689        | 1,860,496         | 1,758,065         |
| Deposits and placements of<br>banks and other financial<br>institutions | 19          | 217,173          | 189,955           | 300,230           |
| Bills and acceptances payable   |             | 360,476          | 69,316            | -                 |
| Other liabilities   | 20          | 42,922           | 38,526            | 36,327            |
| <b>Total liabilities</b>  |             | <b>2,944,260</b> | <b>2,158,293</b>  | <b>2,094,622</b>  |
| Share capital   |             | 400,000          | 400,000           | 265,000           |
| Statutory reserve   |             | 131,244          | 131,244           | 123,972           |
| Revaluation reserve   |             | (832)            | (12)              | (493)             |
| Retained profits/(accumulated loss)                                     |             | 25,300           | 13,295            | (910)             |
| <b>Shareholder's equity</b>   |             | <b>555,712</b>   | <b>544,527</b>    | <b>387,569</b>    |
| <b>Total liabilities and<br/>shareholder's equity</b>                   |             | <b>3,499,972</b> | <b>2,702,820</b>  | <b>2,482,191</b>  |
| <b>Commitments and<br/>contingencies</b>                                | 26          | <b>1,834,629</b> | <b>1,558,971</b>  | <b>1,431,818</b>  |

*The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.*

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

**Interim condensed statements of financial position as at 30 September 2012 (cont'd.)**

|   | Note | 30.9.2012<br>RM'000 | Bank<br>31.12.2011<br>RM'000<br>(restated) | 1.1.2011<br>RM'000<br>(restated) |
|---|------|---------------------|--|----------------------------------|
| <b>Assets</b>   |      |                     |  |                                  |
| Cash and short-term funds   |      | 567,974             | 644,478                                    | 574,208                          |
| Deposits and placements<br>with banks                                   |      | 120,000             | 20,000                                     | 20,000                           |
| Securities held-for-trading   | 12   | 20,150              | -  | -                                |
| Securities available-for-sale   | 13   | 407,916             | 77,300                                     | 167,544                          |
| Securities held-to-maturity   | 14   | 55,306              | 85,488                                     | 144,782                          |
| Loans, advances and financing   | 15   | 2,167,117           | 1,740,707                                  | 1,519,606                        |
| Other assets  | 16   | 11,861              | 6,863                                      | 13,960                           |
| Statutory deposit with Bank<br>Negara Malaysia                          |      | 69,000              | 48,000                                     | 15,000                           |
| Investment in subsidiary  |      | 10                  | 10   | 10                               |
| Property and equipment  | 17   | 69,061              | 70,510                                     | 16,551                           |
| Intangible assets   |      | 176                 | 340  | 285                              |
| Deferred tax assets   |      | 11,348              | 9,087                                      | 10,219                           |
| <b>Total assets</b>   |      | <b>3,499,919</b>    | <b>2,702,783</b>                           | <b>2,482,165</b>                 |
| <b>Liabilities and shareholder's equity</b>                             |      |                     |  |                                  |
| Deposits from customers   | 18   | 2,323,689           | 1,860,496                                  | 1,758,065                        |
| Deposits and placements of<br>banks and other financial<br>institutions | 19   | 217,173             | 189,955                                    | 300,230                          |
| Bills and acceptances payable   |      | 360,476             | 69,316                                     | -                                |
| Other liabilities   | 20   | 42,920              | 38,523                                     | 36,325                           |
| <b>Total liabilities</b>  |      | <b>2,944,258</b>    | <b>2,158,290</b>                           | <b>2,094,620</b>                 |
| Share capital   |      | 400,000             | 400,000                                    | 265,000                          |
| Statutory reserve   |      | 131,234             | 131,234                                    | 123,962                          |
| Revaluation reserve   |      | (832)               | (12)                                       | (493)                            |
| Retained profits/(accumulated loss)                                     |      | 25,259              | 13,271                                     | (924)                            |
| <b>Shareholder's equity</b>   |      | <b>555,661</b>      | <b>544,493</b>                             | <b>387,545</b>                   |
| <b>Total liabilities and shareholder's equity</b>                       |      | <b>3,499,919</b>    | <b>2,702,783</b>                           | <b>2,482,165</b>                 |
| <b>Commitments and contingencies</b>                                    | 26   | <b>1,834,629</b>    | <b>1,558,971</b>                           | <b>1,431,818</b>                 |

*The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2011 and 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 September 2012**

|                                 |    | <b>Group</b>           |                   |                           |                   |
|---------------------------------|----|------------------------|-------------------|---------------------------|-------------------|
|                                 |    | <b>Current Quarter</b> |                   | <b>Cumulative Quarter</b> |                   |
|                                 |    | <b>3 months ended</b>  |                   | <b>9 months ended</b>     |                   |
|                                 |    | <b>1.7.2012</b>        | <b>1.7.2011</b>   | <b>1.1.2012</b>           | <b>1.1.2011</b>   |
|                                 |    | <b>to</b>              | <b>to</b>         | <b>to</b>                 | <b>to</b>         |
| <b>Note</b>                     |    | <b>30.9.2012</b>       | <b>30.9.2011</b>  | <b>30.9.2012</b>          | <b>30.9.2011</b>  |
|                                 |    | <b>RM'000</b>          | <b>RM'000</b>     | <b>RM'000</b>             | <b>RM'000</b>     |
|                                 |    |                        | <b>(Restated)</b> |                           | <b>(Restated)</b> |
| Interest income                 | 21 | 34,063                 | 26,986            | 91,915                    | 75,062            |
| Interest expense                | 22 | (20,734)               | (15,169)          | (54,008)                  | (40,954)          |
| Net interest income             |    | 13,329                 | 11,817            | 37,907                    | 34,108            |
| Loan impairment charges,<br>net | 23 | (2,971)                | 3,140             | (7,051)                   | 1,263             |
|                                 |    | 10,358                 | 14,957            | 30,856                    | 35,371            |
| Non-interest income             | 24 | 3,277                  | 2,784             | 9,393                     | 9,371             |
| Net income                      |    | 13,635                 | 17,741            | 40,249                    | 44,742            |
| Overhead expenses               | 25 | (8,005)                | (7,649)           | (23,755)                  | (22,557)          |
| Profit before taxation          |    | 5,630                  | 10,092            | 16,494                    | 22,185            |
| Taxation                        |    | (1,477)                | (2,654)           | (4,489)                   | (5,954)           |
| Profit for the period           |    | 4,153                  | 7,438             | 12,005                    | 16,231            |
| <br>                            |    |                        |                   |                           |                   |
| Earnings per share (sen)        |    |                        |                   |                           |                   |
| - basic                         |    | 1.04                   | 2.81              | 3.00                      | 6.12              |
| - diluted                       |    | 1.04                   | 2.81              | 3.00                      | 6.12              |

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

**Interim condensed income statements**

**For the financial period ended 30 September 2012 (cont'd.)**

|                                 |    | <b>Bank</b>            |                   |                           |                   |
|---------------------------------|----|------------------------|-------------------|---------------------------|-------------------|
|                                 |    | <b>Current Quarter</b> |                   | <b>Cumulative Quarter</b> |                   |
|                                 |    | <b>3 months ended</b>  |                   | <b>9 months ended</b>     |                   |
|                                 |    | <b>1.7.2012</b>        | <b>1.7.2011</b>   | <b>1.1.2012</b>           | <b>1.1.2011</b>   |
|                                 |    | <b>to</b>              | <b>to</b>         | <b>to</b>                 | <b>to</b>         |
| <b>Note</b>                     |    | <b>30.9.2012</b>       | <b>30.9.2011</b>  | <b>30.9.2012</b>          | <b>30.9.2011</b>  |
|                                 |    | <b>RM'000</b>          | <b>RM'000</b>     | <b>RM'000</b>             | <b>RM'000</b>     |
|                                 |    |                        | <b>(Restated)</b> |                           | <b>(Restated)</b> |
| Interest income                 | 21 | 34,063                 | 26,986            | 91,915                    | 75,062            |
| Interest expense                | 22 | (20,734)               | (15,169)          | (54,008)                  | (40,954)          |
| Net interest income             |    | 13,329                 | 11,817            | 37,907                    | 34,108            |
| Loan impairment charges,<br>net | 23 | (2,971)                | 3,140             | (7,051)                   | 1,263             |
|                                 |    | 10,358                 | 14,957            | 30,856                    | 35,371            |
| Non-interest income             | 24 | 3,263                  | 2,781             | 9,369                     | 9,363             |
| Net income                      |    | 13,621                 | 17,738            | 40,225                    | 44,734            |
| Overhead expenses               | 25 | (8,006)                | (7,649)           | (23,754)                  | (22,556)          |
| Profit before taxation          |    | 5,615                  | 10,089            | 16,471                    | 22,178            |
| Taxation                        |    | (1,473)                | (2,653)           | (4,483)                   | (5,952)           |
| Profit for the period           |    | 4,142                  | 7,436             | 11,988                    | 16,226            |

*The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.*

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

**Interim condensed statements of comprehensive income**  
**For the financial period ended 30 September 2012**

|   | Group           |              |                    |               |
|---|-----------------|--------------|--------------------|---------------|
|   | Current Quarter |              | Cumulative Quarter |               |
|   | 3 months ended  |              | 9 months ended     |               |
|   | 1.7.2012        | 1.7.2011     | 1.1.2012           | 1.1.2011      |
|   | to              | to           | to                 | to            |
| Note  | 30.9.2012       | 30.9.2011    | 30.9.2012          | 30.9.2011     |
|   | RM'000          | RM'000       | RM'000             | RM'000        |
|   |                 | (Restated)   |                    | (Restated)    |
| <b>Profit for the period</b>  | <b>4,153</b>    | <b>7,438</b> | <b>12,005</b>      | <b>16,231</b> |
| <b>Other comprehensive (loss)/income</b>                            |                 |              |                    |               |
| Net (loss)/gain on available-for-sale financial assets              | (1,217)         | 98           | (1,093)            | 423           |
| Income tax relating to components of other comprehensive income     | 304             | (25)         | 273                | (106)         |
| <b>Other comprehensive (loss)/income for the period, net of tax</b> | <b>(913)</b>    | <b>73</b>    | <b>(820)</b>       | <b>317</b>    |
| <b>Total comprehensive income for the period, net of tax</b>        | <b>3,240</b>    | <b>7,511</b> | <b>11,185</b>      | <b>16,548</b> |

*The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.*



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

**Interim statements of comprehensive income**  
**For the financial period ended 30 September 2012 (cont'd.)**

|   | Note | Bank            |              |                    |               |
|---|------|-----------------|--------------|--------------------|---------------|
|   |      | Current Quarter |              | Cumulative Quarter |               |
|   |      | 3 months ended  |              | 9 months ended     |               |
|   |      | 1.7.2012        | 1.7.2011     | 1.1.2012           | 1.1.2011      |
|   |      | to              | to           | to                 | to            |
|   |      | 30.9.2012       | 30.9.2011    | 30.9.2012          | 30.9.2011     |
|   |      | RM'000          | RM'000       | RM'000             | RM'000        |
|   |      |                 | (Restated)   |                    | (Restated)    |
| <b>Profit for the period</b>  |      | <b>4,142</b>    | <b>7,436</b> | <b>11,988</b>      | <b>16,226</b> |
| <b>Other comprehensive (loss)/income</b>                            |      |                 |              |                    |               |
| Net (loss)/gain on available-for-sale financial assets              |      | (1,217)         | 98           | (1,093)            | 423           |
| Income tax relating to components of other comprehensive income     |      | 304             | (25)         | 273                | (106)         |
| <b>Other comprehensive (loss)/income for the period, net of tax</b> |      | <b>(913)</b>    | <b>73</b>    | <b>(820)</b>       | <b>317</b>    |
| <b>Total comprehensive income for the period, net of tax</b>        |      | <b>3,229</b>    | <b>7,509</b> | <b>11,168</b>      | <b>16,543</b> |

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

**Interim condensed consolidated statements of changes in equity  
For the financial period ended 30 September 2012**

|  | <----- Group ----->        |                                |                                  |   |                 |
|--|----------------------------|--------------------------------|----------------------------------|---|-----------------|
|  | <---Non-distributable--->  |                                |                                  | Distributable   |                 |
|  | Share<br>capital<br>RM'000 | Statutory<br>reserve<br>RM'000 | Revaluation<br>reserve<br>RM'000 | Retained<br>profits/<br>(accumulated<br>loss)<br>RM'000 | Total<br>RM'000 |
| <b>At 1 January 2011</b>                 |                            |                                |                                  |   |                 |
| - as previously stated                   | 265,000                    | 123,972                        | (493)                            | 10,434  | 398,913         |
| - Prior year adjustment (Note 2 (e))     | -                          | -                              | -                                | (11,344)  | (11,344)        |
| - as restated                            | 265,000                    | 123,972                        | (493)                            | (910)   | 387,569         |
| Total comprehensive<br>income (restated) | -                          | -                              | 317                              | 16,231  | 16,548          |
| <b>At 30 September 2011</b>              |                            |                                |                                  |   |                 |
| - as restated                            | 265,000                    | 123,972                        | (176)                            | 15,321  | 404,117         |
| <b>At 1 January 2012</b>                 |                            |                                |                                  |   |                 |
| - as previously stated                   | 400,000                    | 131,244                        | (12)                             | 17,716  | 548,948         |
| - Prior year adjustment (Note 2 (e))     | -                          | -                              | -                                | (4,421)   | (4,421)         |
| - as restated                            | 400,000                    | 131,244                        | (12)                             | 13,295  | 544,527         |
| Total comprehensive<br>income            | -                          | -                              | (820)                            | 12,005  | 11,185          |
| <b>At 30 September 2012</b>              | 400,000                    | 131,244                        | (832)                            | 25,300  | 555,712         |

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

**Interim condensed statements of changes in equity  
For the financial period ended 30 September 2012 (cont'd.)**

|  | <----- Bank ----->        |                      |                        |   |          |
|--|---------------------------|----------------------|------------------------|---|----------|
|  | <---Non-distributable---> |                      |                        | Distributable                                 |          |
|  | Share<br>capital          | Statutory<br>reserve | Revaluation<br>reserve | Retained<br>profits/<br>(accumulated<br>loss) | Total    |
|  | RM'000                    | RM'000               | RM'000                 | RM'000  | RM'000   |
| <b>At 1 January 2011</b>                 |                           |                      |                        |   |          |
| - as previously stated                   | 265,000                   | 123,962              | (493)                  | 10,420  | 398,889  |
| - Prior year adjustment (Note 2 (e))     | -                         | -                    | -                      | (11,344)                                      | (11,344) |
| - as restated                            | 265,000                   | 123,962              | (493)                  | (924)   | 387,545  |
| Total comprehensive<br>income (restated) | -                         | -                    | 317                    | 16,226  | 16,543   |
| <b>At 30 September 2011</b>              |                           |                      |                        |   |          |
| - as restated                            | 265,000                   | 123,962              | (176)                  | 15,302  | 404,088  |
| <b>At 1 January 2012</b>                 |                           |                      |                        |   |          |
| - as previously stated                   | 400,000                   | 131,234              | (12)                   | 17,692  | 548,914  |
| - Prior year adjustment (Note 2 (e))     | -                         | -                    | -                      | (4,421)                                       | (4,421)  |
| - as restated                            | 400,000                   | 131,234              | (12)                   | 13,271  | 544,493  |
| Total comprehensive<br>income            | -                         | -                    | (820)                  | 11,988  | 11,168   |
| <b>At 30 September 2012</b>              | 400,000                   | 131,234              | (832)                  | 25,259  | 555,661  |

*The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.*

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

**Interim condensed statements of cash flows**  
**For the financial period ended 30 September 2012**

|   | Group                                 |   | Bank                                  |   |
|---|---------------------------------------|---|---------------------------------------|---|
|   | 1.1.2012<br>to<br>30.9.2012<br>RM'000 | 1.1.2011<br>to<br>30.9.2011<br>RM'000<br>(Restated) | 1.1.2012<br>to<br>30.9.2012<br>RM'000 | 1.1.2011<br>to<br>30.9.2011<br>RM'000<br>(Restated) |
| <b>Cash flows from operating activities</b>                                   |                                       |   |                                       |   |
| Profit before taxation  | 16,494                                | 22,185  | 16,471                                | 22,178  |
| Adjustments for:  |                                       |   |                                       |   |
| Depreciation  | 1,727                                 | 1,507   | 1,727                                 | 1,507   |
| Amortisation of intangible assets   | 165                                   | 173   | 165                                   | 173   |
| Allowance for losses on loans and financing, net of writeback                 | 7,312                                 | (1,199)   | 7,312                                 | (1,199)   |
| Net gain on disposal of property and equipment                                | -                                     | (16)  | -                                     | (16)  |
| Write back of impairment losses securities held-to-maturity                   | (9)                                   | (9)   | (9)                                   | (9)   |
| Unrealised loss on derivatives  | 1                                     | 1,091   | 1                                     | 1,091   |
| Net loss on revaluation of securities held-for-trading                        | 22                                    | 19  | 22                                    | 19  |
| Net gain on disposal of securities held-for-trading                           | (60)                                  | (49)  | (60)                                  | (49)  |
| Net (gain)/loss on disposal of securities available-for-sale                  | (44)                                  | 73  | (44)                                  | 73  |
| Net gain on redemption of securities held-for-maturity                        | -                                     | (396)   | -                                     | (396)   |
| Amortisation of premium net of accretion of discount                          | 625                                   | 200   | 625                                   | 200   |
| Dividend income   | (48)                                  | (48)  | (48)                                  | (48)  |
| Operating profit before working capital changes                               | 26,185                                | 23,531  | 26,162                                | 23,524  |
| Increase in loans and advances  | (433,722)                             | (114,588)   | (433,722)                             | (114,588)   |
| Increase in other assets  | (5,747)                               | (1,609)   | (5,747)                               | (1,609)   |
| Increase in statutory deposit with Bank Negara Malaysia                       | (21,000)                              | (28,000)  | (21,000)                              | (28,000)  |
| Increase in deposits from customers   | 463,193                               | 155,310   | 463,193                               | 155,310   |
| Increase in deposits and placements of banks and other financial institutions | 27,218                                | 44,973  | 27,218                                | 44,973  |
| Increase in bills and acceptances payable                                     | 291,160                               | 202,380   | 291,160                               | 202,380   |
| Increase/(decrease) in other liabilities                                      | 4,278                                 | (4,425)   | 4,279                                 | (4,424)   |
| Cash generated from operations carried forward                                | 351,565                               | 277,572   | 351,543                               | 277,566   |

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

**Interim condensed statements of cash flows**  
**For the financial period ended 30 September 2012 (cont'd.)**

|   | Group                                 |   | Bank                                  |   |
|---|---------------------------------------|---|---------------------------------------|---|
|   | 1.1.2012<br>to<br>30.9.2012<br>RM'000 | 1.1.2011<br>to<br>30.9.2011<br>RM'000<br>(Restated) | 1.1.2012<br>to<br>30.9.2012<br>RM'000 | 1.1.2011<br>to<br>30.9.2011<br>RM'000<br>(Restated) |
| <b>Cash flows from operating activities (cont'd.)</b>   |                                       |   |                                       |   |
| Cash generated from operations                          |                                       |   |                                       |   |
| brought forward   | 351,565                               | 277,572   | 351,543                               | 277,566   |
| Taxes paid  | (5,606)                               | (3)   | (5,603)                               | -   |
| Taxes refunded  | 2                                     | 2   | -                                     | -   |
| Net cash generated from operating activities            | <u>345,961</u>                        | <u>277,571</u>                                      | <u>345,940</u>                        | <u>277,566</u>                                      |
| <b>Cash flows from investing activities</b>             |                                       |   |                                       |   |
| Purchase of property and equipment                      | (279)                                 | (35,632)  | (279)                                 | (35,632)  |
| Purchase of intangible assets                           | -                                     | (61)  | -                                     | (61)  |
| Purchase of securities held-for-trading                 | (175,179)                             | (382,163)   | (175,179)                             | (382,163)   |
| Purchase of securities available-for-sale               | (656,376)                             | -   | (656,376)                             | -   |
| Dividend received                                       | 46                                    | 46  | 46                                    | 46  |
| Proceeds from disposal of securities held-for-trading   | 155,317                               | 302,553   | 155,317                               | 302,553   |
| Proceeds from disposal of securities available-for-sale | 229,018                               | 95,024  | 229,018                               | 95,024  |
| Proceeds from maturity of securities available-for-sale | 95,000                                | 45,000  | 95,000                                | 45,000  |
| Proceeds from redemption of securities held-to-maturity | -                                     | 44,676  | -                                     | 44,676  |
| Proceeds from maturity of securities held-to-maturity   | 30,009                                | 15,009  | 30,009                                | 15,009  |
| Proceeds from disposals of property and equipment       | -                                     | 16  | -                                     | 16  |
| Net cash (used in)/generated from investing activities  | <u>(322,444)</u>                      | <u>84,468</u>                                       | <u>(322,444)</u>                      | <u>84,468</u>                                       |

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

**Interim condensed statements of cash flows**  
**For the financial period ended 30 September 2012 (cont'd.)**

|   | <b>Group</b>  |  | <b>Bank</b>   |  |
|---|---|--|---|--|
|   | <b>1.1.2012</b><br><b>to</b><br><b>30.9.2012</b><br><b>RM'000</b> | <b>1.1.2011</b><br><b>to</b><br><b>30.9.2011</b><br><b>RM'000</b><br><b>(Restated)</b> | <b>1.1.2012</b><br><b>to</b><br><b>30.9.2012</b><br><b>RM'000</b> | <b>1.1.2011</b><br><b>to</b><br><b>30.9.2011</b><br><b>RM'000</b><br><b>(Restated)</b> |
| <b>Net increase in cash and cash equivalents</b>                  | 23,517  | 362,039  | 23,496  | 362,034  |
| <b>Cash and cash equivalents at beginning of financial period</b> | 664,523   | 594,241  | 664,478   | 594,208  |
| <b>Cash and cash equivalents at end of financial period</b>       | <b>688,040</b>  | <b>956,280</b>   | <b>687,974</b>  | <b>956,242</b>   |
| Cash and cash equivalents comprise:                               |   |  |   |  |
| Cash and short-term funds   | 568,040   | 896,280  | 567,974   | 896,242  |
| Deposits and placements with banks                                | 120,000   | 60,000   | 120,000   | 60,000   |
|   | <b>688,040</b>  | <b>956,280</b>   | <b>687,974</b>  | <b>956,242</b>   |

*The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.*

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

**Notes to the financial statements - 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 interim condensed financial statements are the Group's and the Bank's third MFRS interim condensed 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 interim condensed 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**  
**(Incorporated in Malaysia)**

**2. Significant accounting policies (cont'd.)**

**(a) First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

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 and financial performance 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 (cont'd.)**

|                     |   |
|---------------------|---|
| 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<br>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<br>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<br>Similar Liabilities |
| IC Interpretation 2 | Members' Shares in Co-operative Entities and Similar<br>Instruments         |
| IC Interpretation 4 | Determining whether an Arrangement contains a Lease                         |

**Bangkok Bank Berhad  
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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 (cont'd.)**

|                       |   |
|-----------------------|---|
| 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  |

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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 September 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 September 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).

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**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 individually assessed and found not to be individually impaired 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 (cont'd.)**

**(e) Reconciliation of equity**

| Group                                       | Note | FRS as at        |                 | MFRS as at       |                  | FRS as at      |                  | MFRS as at       |                | FRS as at        |             | MFRS as at       |        |
|---|------|------------------|-----------------|------------------|------------------|----------------|------------------|------------------|----------------|------------------|-------------|------------------|--------|
|   |      | 1.1.2011         | Adjustments     | 1.1.2011         | 30.9.2011        | Adjustments    | 30.9.2011        | 31.12.2011       | Adjustments    | 31.12.2011       | Adjustments | 31.12.2011       |        |
|   |      | RM'000           | RM'000          | RM'000           | RM'000           | RM'000         | RM'000           | RM'000           | RM'000         | RM'000           | RM'000      | RM'000           | RM'000 |
| <b>Assets</b>                               |      |                  |                 |                  |                  |                |                  |                  |                |                  |             |                  |        |
| Cash and short-term funds                   |      | 574,241          | -               | 574,241          | 896,280          | -              | 896,280          | 644,523          | -              | 644,523          | -           | 644,523          |        |
| Deposits and placements with banks          |      | 20,000           | -               | 20,000           | 60,000           | -              | 60,000           | 20,000           | -              | 20,000           | -           | 20,000           |        |
| Securities available-for-sale               |      | 167,544          | -               | 167,544          | 107,250          | -              | 107,250          | 77,300           | -              | 77,300           | -           | 77,300           |        |
| Securities held-to-maturity                 |      | 144,782          | -               | 144,782          | 85,562           | -              | 85,562           | 85,488           | -              | 85,488           | -           | 85,488           |        |
| Loans, advances and financing               |      | 1,534,731        | (15,125)        | 1,519,606        | 1,645,220        | (9,828)        | 1,635,392        | 1,746,601        | (5,894)        | 1,740,707        |             | 1,740,707        |        |
| Other assets                                |      | 13,963           | -               | 13,963           | 16,122           | -              | 16,122           | 6,865            | -              | 6,865            | -           | 6,865            |        |
| Statutory deposit with Bank Negara Malaysia |      | 15,000           | -               | 15,000           | 43,000           | -              | 43,000           | 48,000           | -              | 48,000           | -           | 48,000           |        |
| Property and equipment                      |      | 16,551           | -               | 16,551           | 50,598           | -              | 50,598           | 70,510           | -              | 70,510           | -           | 70,510           |        |
| Intangible assets                           |      | 285              | -               | 285              | 251              | -              | 251              | 340              | -              | 340              | -           | 340              |        |
| Deferred tax assets                         |      | 6,438            | 3,781           | 10,219           | 6,892            | 2,458          | 9,350            | 7,614            | 1,473          | 9,087            |             | 9,087            |        |
| <b>Total assets</b>                         |      | <b>2,493,535</b> | <b>(11,344)</b> | <b>2,482,191</b> | <b>2,911,175</b> | <b>(7,370)</b> | <b>2,903,805</b> | <b>2,707,241</b> | <b>(4,421)</b> | <b>2,702,820</b> |             | <b>2,702,820</b> |        |

## 2. Significant Accounting Policies (cont'd.)

| (e) Reconciliation of equity (cont'd.)                            | Note | FRS as at        |                 | MFRS as at       |                  | FRS as at      |                  | MFRS as at       |                | FRS as at        |                | MFRS as at       |                |
|---|------|------------------|-----------------|------------------|------------------|----------------|------------------|------------------|----------------|------------------|----------------|------------------|----------------|
|   |      | 1.1.2011         | Adjustments     | 1.1.2011         | Adjustments      | 30.9.2011      | Adjustments      | 31.12.2011       | Adjustments    | 30.9.2011        | Adjustments    | 31.12.2011       | Adjustments    |
|   |      | RM'000           | RM'000          | RM'000           | RM'000           | RM'000         | RM'000           | RM'000           | RM'000         | RM'000           | RM'000         | RM'000           | RM'000         |
| <b>Liabilities and shareholder's equity</b>                       |      |                  |                 |                  |                  |                |                  |                  |                |                  |                |                  |                |
| Deposits from customers   |      | 1,758,065        | -               | 1,758,065        | 1,913,375        | -              | 1,913,375        | 1,860,496        | -              | 1,860,496        | -              | 1,860,496        | -              |
| Deposits and placements of banks and other financial institutions |      | 300,230          | -               | 300,230          | 345,203          | -              | 345,203          | 189,955          | -              | 189,955          | -              | 189,955          | -              |
| Bills and acceptances payable                                     |      | -                | -               | -                | 210,885          | -              | 210,885          | 69,316           | -              | 69,316           | -              | 69,316           | -              |
| Other liabilities   |      | 36,327           | -               | 36,327           | 30,225           | -              | 30,225           | 38,526           | -              | 38,526           | -              | 38,526           | -              |
| <b>Total liabilities</b>  |      | <b>2,094,622</b> | <b>-</b>        | <b>2,094,622</b> | <b>2,499,688</b> | <b>-</b>       | <b>2,499,688</b> | <b>2,158,293</b> | <b>-</b>       | <b>2,158,293</b> | <b>-</b>       | <b>2,158,293</b> | <b>-</b>       |
| Share capital   |      | 265,000          | -               | 265,000          | 265,000          | -              | 265,000          | 400,000          | -              | 400,000          | -              | 400,000          | -              |
| Statutory reserve   |      | 123,972          | -               | 123,972          | 123,972          | -              | 123,972          | 131,244          | -              | 131,244          | -              | 131,244          | -              |
| Revaluation reserve   |      | (493)            | -               | (493)            | (176)            | -              | (176)            | (12)             | -              | (12)             | -              | (12)             | -              |
| Retained profits/(accumulated loss)                               |      | 10,434           | (11,344)        | (910)            | 22,691           | (7,370)        | 15,321           | 17,716           | (4,421)        | 13,295           | (4,421)        | 13,295           | (4,421)        |
| <b>Shareholder's equity</b>                                       |      | <b>398,913</b>   | <b>(11,344)</b> | <b>387,569</b>   | <b>411,487</b>   | <b>(7,370)</b> | <b>404,117</b>   | <b>548,948</b>   | <b>(4,421)</b> | <b>544,527</b>   | <b>(4,421)</b> | <b>544,527</b>   | <b>(4,421)</b> |
| <b>Total liabilities and shareholder's equity</b>                 |      | <b>2,493,535</b> | <b>-</b>        | <b>2,482,191</b> | <b>2,911,175</b> | <b>-</b>       | <b>2,903,805</b> | <b>2,707,241</b> | <b>-</b>       | <b>2,702,820</b> | <b>-</b>       | <b>2,702,820</b> | <b>-</b>       |

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

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

| Bank   | FRS as at<br>1,1,2011<br>RM'000 | Adjustments<br>RM'000 | MFRS as at<br>1,1,2011<br>RM'000 | FRS as at<br>30,9,2011<br>RM'000 | Adjustments<br>RM'000 | MFRS as at<br>30,9,2011<br>RM'000 | FRS as at<br>31,12,2011<br>RM'000 | Adjustments<br>RM'000 | MFRS as at<br>31,12,2011<br>RM'000 |
|--|---------------------------------|-----------------------|----------------------------------|----------------------------------|-----------------------|-----------------------------------|-----------------------------------|-----------------------|------------------------------------|
| Note   |                                 |                       |                                  |                                  |                       |                                   |                                   |                       |                                    |
| <b>Assets</b>                                  |                                 |                       |                                  |                                  |                       |                                   |                                   |                       |                                    |
| Cash and short-term funds                      | 574,208                         | -                     | 574,208                          | 896,242                          | -                     | 896,242                           | 644,478                           | -                     | 644,478                            |
| Deposits and placements<br>with banks          | 20,000                          | -                     | 20,000                           | 60,000                           | -                     | 60,000                            | 20,000                            | -                     | 20,000                             |
| Securities available-for-sale                  | 167,544                         | -                     | 167,544                          | 107,250                          | -                     | 107,250                           | 77,300                            | -                     | 77,300                             |
| Securities held-to-maturity                    | 144,782                         | -                     | 144,782                          | 85,562                           | -                     | 85,562                            | 85,488                            | -                     | 85,488                             |
| Loans, advances and financing                  | 1,534,731                       | (15,125)              | 1,519,606                        | 1,645,220                        | (9,828)               | 1,635,392                         | 1,746,601                         | (5,894)               | 1,740,707                          |
| Other assets                                   | 13,960                          | -                     | 13,960                           | 16,120                           | -                     | 16,120                            | 6,863                             | -                     | 6,863                              |
| Statutory deposit with Bank<br>Negara Malaysia | 15,000                          | -                     | 15,000                           | 43,000                           | -                     | 43,000                            | 48,000                            | -                     | 48,000                             |
| Investment in subsidiary                       | 10                              | -                     | 10                               | 10                               | -                     | 10                                | 10                                | -                     | 10                                 |
| Property and equipment                         | 16,551                          | -                     | 16,551                           | 50,598                           | -                     | 50,598                            | 70,510                            | -                     | 70,510                             |
| Intangible assets                              | 285                             | -                     | 285                              | 251                              | -                     | 251                               | 340                               | -                     | 340                                |
| Deferred tax assets                            | 6,438                           | 3,781                 | 10,219                           | 6,892                            | 2,458                 | 9,350                             | 7,614                             | 1,473                 | 9,087                              |
| <b>Total assets</b>                            | <b>2,493,509</b>                | <b>(11,344)</b>       | <b>2,482,165</b>                 | <b>2,911,145</b>                 | <b>(7,370)</b>        | <b>2,903,775</b>                  | <b>2,707,204</b>                  | <b>(4,421)</b>        | <b>2,702,783</b>                   |

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2. Significant accounting policies (cont'd.)

| (e) Reconciliation of equity (cont'd.)                            | Note | FRS as at        |                 | MFRS as at       |                | FRS as at        |                | MFRS as at       |                  |
|---|------|------------------|-----------------|------------------|----------------|------------------|----------------|------------------|------------------|
|   |      | 1.1.2011         | Adjustments     | 1.1.2011         | Adjustments    | 30.9.2011        | Adjustments    | 31.12.2011       | Adjustments      |
|   |      | RM'000           | RM'000          | RM'000           | RM'000         | RM'000           | RM'000         | RM'000           | RM'000           |
| <b>Liabilities and shareholder's equity</b>                       |      |                  |                 |                  |                |                  |                |                  |                  |
| Deposits from customers   |      | 1,758,065        | -               | 1,758,065        | -              | 1,913,375        | -              | 1,860,496        | -                |
| Deposits and placements of banks and other financial institutions |      | 300,230          | -               | 300,230          | -              | 345,203          | -              | 189,955          | -                |
| Bills and acceptances payable                                     |      | -                | -               | -                | -              | 210,885          | -              | 69,316           | -                |
| Other liabilities   |      | 36,325           | -               | 36,325           | -              | 30,224           | -              | 38,523           | -                |
| <b>Total liabilities</b>  |      | <b>2,094,620</b> | <b>-</b>        | <b>2,094,620</b> | <b>-</b>       | <b>2,499,687</b> | <b>-</b>       | <b>2,158,290</b> | <b>-</b>         |
| Share capital   |      | 265,000          | -               | 265,000          | -              | 265,000          | -              | 400,000          | -                |
| Statutory reserve   |      | 123,962          | -               | 123,962          | -              | 123,962          | -              | 131,234          | -                |
| Revaluation reserve   |      | (493)            | -               | (493)            | -              | (176)            | -              | (12)             | -                |
| Retained profits/(accumulated loss)                               |      | 10,420           | (11,344)        | (924)            | (7,370)        | 15,302           | (4,421)        | 13,271           | (4,421)          |
| <b>Shareholder's equity</b>                                       |      | <b>398,889</b>   | <b>(11,344)</b> | <b>387,545</b>   | <b>(7,370)</b> | <b>404,088</b>   | <b>(4,421)</b> | <b>548,914</b>   | <b>(4,421)</b>   |
| <b>Total liabilities and shareholder's equity</b>                 |      | <b>2,493,509</b> | <b>-</b>        | <b>2,482,165</b> | <b>-</b>       | <b>2,903,775</b> | <b>-</b>       | <b>2,707,204</b> | <b>-</b>         |
|   |      |                  |                 |                  |                |                  |                |                  | <b>2,702,783</b> |



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**2 Significant accounting policies (cont'd.)**

**(f) Reconciliation of total comprehensive income for the nine-month period ended 30 September 2011 and for the year ended 31 December 2011**

| Group   | FRS           | Adjust-      | MFRS          | FRS           | Adjust-      | MFRS          |
|---|---------------|--------------|---------------|---------------|--------------|---------------|
|   | 30.9.2011     | ments        | 30.9.2011     | 31.12.2011    | ments        | 31.12.2011    |
|   | RM'000        | RM'000       | RM'000        | RM'000        | RM'000       | RM'000        |
| Interest income   | 75,062        | -            | 75,062        | 102,754       | -            | 102,754       |
| Interest expense  | (40,954)      | -            | (40,954)      | (56,542)      | -            | (56,542)      |
| Net interest income   | 34,108        | -            | 34,108        | 46,212        | -            | 46,212        |
| Loan impairment charges, net                                      | (4,035)       | 5,298        | 1,263         | (9,501)       | 9,231        | (270)         |
|   | 30,073        | 5,298        | 35,371        | 36,711        | 9,231        | 45,942        |
| Non-interest income   | 9,371         | -            | 9,371         | 13,419        | -            | 13,419        |
| Net income  | 39,444        | 5,298        | 44,742        | 50,130        | 9,231        | 59,361        |
| Overhead expenses   | (22,557)      | -            | (22,557)      | (30,146)      | -            | (30,146)      |
| Profit before taxation  | 16,887        | 5,298        | 22,185        | 19,984        | 9,231        | 29,215        |
| Taxation  | (4,630)       | (1,324)      | (5,954)       | (5,430)       | (2,308)      | (7,738)       |
| Profit for the period/year  | 12,257        | 3,974        | 16,231        | 14,554        | 6,923        | 21,477        |
| <b>Profit for the period/year</b>                                 | <b>12,257</b> | <b>3,974</b> | <b>16,231</b> | <b>14,554</b> | <b>6,923</b> | <b>21,477</b> |
| <b>Other comprehensive income</b>                                 |               |              |               |               |              |               |
| Net gain on securities available-for-sale                         | 423           | -            | 423           | 641           | -            | 641           |
| Income tax relating to components of other comprehensive income   | (106)         | -            | (106)         | (160)         | -            | (160)         |
| <b>Other comprehensive income for the period/year, net of tax</b> | <b>317</b>    | <b>-</b>     | <b>317</b>    | <b>481</b>    | <b>-</b>     | <b>481</b>    |
| <b>Total comprehensive income for the period/year, net of tax</b> | <b>12,574</b> | <b>3,974</b> | <b>16,548</b> | <b>15,035</b> | <b>6,923</b> | <b>21,958</b> |

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**2 Significant accounting policies (cont'd.)**

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

| Bank  | FRS           | Adjust-      | MFRS          | FRS           | Adjust-      | MFRS          |
|---|---------------|--------------|---------------|---------------|--------------|---------------|
|   | 30.9.2011     | ments        | 30.9.2011     | 31.12.2011    | ments        | 31.12.2011    |
|   | RM'000        | RM'000       | RM'000        | RM'000        | RM'000       | RM'000        |
| Interest income   | 75,062        | -            | 75,062        | 102,754       | -            | 102,754       |
| Interest expense  | (40,954)      | -            | (40,954)      | (56,542)      | -            | (56,542)      |
| Net interest income   | 34,108        | -            | 34,108        | 46,212        | -            | 46,212        |
| Loan impairment charges, net                                      | (4,035)       | 5,298        | 1,263         | (9,501)       | 9,231        | (270)         |
|   | 30,073        | 5,298        | 35,371        | 36,711        | 9,231        | 45,942        |
| Non-interest income   | 9,363         | -            | 9,363         | 13,403        | -            | 13,403        |
| Net income  | 39,436        | 5,298        | 44,734        | 50,114        | 9,231        | 59,345        |
| Overhead expenses   | (22,556)      | -            | (22,556)      | (30,144)      | -            | (30,144)      |
| Profit before taxation  | 16,880        | 5,298        | 22,178        | 19,970        | 9,231        | 29,201        |
| Taxation  | (4,628)       | (1,324)      | (5,952)       | (5,426)       | (2,308)      | (7,734)       |
| Profit for the period/year  | 12,252        | 3,974        | 16,226        | 14,544        | 6,923        | 21,467        |
| <b>Profit for the period/year</b>                                 | <b>12,252</b> | <b>3,974</b> | <b>16,226</b> | <b>14,544</b> | <b>6,923</b> | <b>21,467</b> |
| <b>Other comprehensive income</b>                                 |               |              |               |               |              |               |
| Net gain on securities available-for-sale                         | 423           | -            | 423           | 641           | -            | 641           |
| Income tax relating to components of other comprehensive income   | (106)         | -            | (106)         | (160)         | -            | (160)         |
| <b>Other comprehensive income for the period/year, net of tax</b> | <b>317</b>    | <b>-</b>     | <b>317</b>    | <b>481</b>    | <b>-</b>     | <b>481</b>    |
| <b>Total comprehensive income for the period/year, net of tax</b> | <b>12,569</b> | <b>3,974</b> | <b>16,543</b> | <b>15,025</b> | <b>6,923</b> | <b>21,948</b> |

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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 15.

**(ii) Impairment of securities available-for-sale and securities held-to-maturity**

The Group and the Bank review the debt securities classified as securities available-for-sale and securities held-to-maturity 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:-

|   |  | <b>Effective for<br/>period beginning<br/>on or after</b> |
|---|--|---|
| <b>MFRSs, Amendments to MFRSs and IC Interpretations:</b> |  |   |
| Amendments to<br>MFRS 101                                 | Presentation of Items of Other Comprehensive<br>Income                                 | 1 July 2012   |
| MFRS 9  | Financial Instruments (IFRS 9 issued by IASB in<br>November 2009)                      | 1 January 2015  |
| MFRS 9  | Financial Instruments (IFRS 9 issued by IASB in<br>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<br>in June 2011)                          | 1 January 2013  |
| MFRS 127  | Separate Financial Statements (IAS 27 as<br>amended by IASB in May 2011)               | 1 January 2013  |
| MFRS 128  | Investment in Associates and Joint Ventures<br>(IAS 28 as amended by IASB in May 2011) | 1 January 2013  |
| Amendments to<br>MFRS 7                                   | Disclosures: Offsetting Financial Assets and<br>Liabilities                            | 1 January 2013  |
| IC Interpretation 20                                      | Stripping Costs in the Production Phase of a<br>Surface Mine                           | 1 January 2013  |
| Amendments to<br>MFRS 132                                 | Offsetting Financial Assets and Financial<br>Liabilities                               | 1 January 2014  |

## 3. Auditors' report on preceeding 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 September 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 September 2012.

**7. Debt and equity securities**

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

**11. Segmental information**

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

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| <b>12. Securities held-for-trading</b>   | <b>Group and Bank</b> |                   |
|--|-----------------------|-------------------|
|  | <b>30.9.2012</b>      | <b>31.12.2011</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>     |
| In Malaysia:                             |                       |                   |
| <b>At fair value</b>                     |                       |                   |
| Money market instruments:                |                       |                   |
| Malaysian Government Securities          | 20,150                | -                 |
|  | <hr/>                 | <hr/>             |
| <b>13. Securities available-for-sale</b> | <b>Group and Bank</b> |                   |
|  | <b>30.9.2012</b>      | <b>31.12.2011</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>     |
| In Malaysia:                             |                       |                   |
| <b>At fair value</b>                     |                       |                   |
| Money market instruments:                |                       |                   |
| Malaysian Government Securities          | 90,675                | 26,195            |
| Cagamas Bonds                            | 20,157                | 20,237            |
| Government Investment Issue              | 166,212               | 5,011             |
| Bank Negara Monetary Notes               | -                     | 19,980            |
| Negotiable Instruments of Deposit        | 130,000               | -                 |
| Unquoted securities in Malaysia:         |                       |                   |
| Private debt securities                  | -                     | 5,005             |
|  | <hr/>                 | <hr/>             |
|  | 407,044               | 76,428            |
| <b>At cost</b>                           |                       |                   |
| Unquoted securities:                     |                       |                   |
| Shares                                   | 872                   | 872               |
|  | <hr/>                 | <hr/>             |
|  | 407,916               | 77,300            |
|  | <hr/>                 | <hr/>             |
| <b>14. Securities held-to-maturity</b>   | <b>Group and Bank</b> |                   |
|  | <b>30.9.2012</b>      | <b>31.12.2011</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>     |
| In Malaysia:                             |                       |                   |
| <b>At amortised cost</b>                 |                       |                   |
| Money market instruments:                |                       |                   |
| Malaysian Government Securities          | -                     | 30,045            |
| Unquoted securities:                     |                       |                   |
| Private debt securities                  | 55,306                | 55,443            |
|  | <hr/>                 | <hr/>             |
|  | 55,306                | 85,488            |
|  | <hr/>                 | <hr/>             |

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**15. Loans, advances and financing**

|  | <b>Group and Bank</b> |                   |                   |
|--|-----------------------|-------------------|-------------------|
|  | <b>30.9.2012</b>      | <b>31.12.2011</b> | <b>1.1.2011</b>   |
|  | <b>RM'000</b>         | <b>RM'000</b>     | <b>RM'000</b>     |
|  |                       | <b>(Restated)</b> | <b>(Restated)</b> |
| <b>At amortised cost</b>                         |                       |                   |                   |
| Overdrafts                                       | 100,065               | 94,802            | 79,185            |
| Term loans                                       |                       |                   |                   |
| - Housing loans                                  | 6,286                 | 7,471             | 8,663             |
| - Syndicated term loan                           | -                     | -                 | 39,214            |
| - Other term loans                               | 563,476               | 348,828           | 294,499           |
| Revolving credits                                | 421,914               | 401,833           | 311,657           |
| Bills receivables                                | 9,029                 | 9,421             | 9,470             |
| Trust receipts                                   | 186,234               | 133,191           | 114,894           |
| Bankers' acceptances                             | 956,653               | 815,094           | 732,138           |
| Other financing                                  | 13,727                | 13,029            | 16,269            |
| Staff loans                                      | 1,727                 | 1,433             | 1,252             |
|  | <u>2,259,111</u>      | <u>1,825,102</u>  | <u>1,607,241</u>  |
| Unearned interest                                | (5,486)               | (5,199)           | (4,500)           |
| Gross loans, advances and financing              | <u>2,253,625</u>      | <u>1,819,903</u>  | <u>1,602,741</u>  |
| Less: Allowance for impaired loans and financing |                       |                   |                   |
| - Individual impairment allowance                | (41,974)              | (41,520)          | (43,578)          |
| - Collective impairment allowance                | (44,534)              | (37,676)          | (39,557)          |
| Net loans, advances and financing                | <u>2,167,117</u>      | <u>1,740,707</u>  | <u>1,519,606</u>  |

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

|                           | <b>Group and Bank</b> |                   |                  |
|---------------------------|-----------------------|-------------------|------------------|
|                           | <b>30.9.2012</b>      | <b>31.12.2011</b> | <b>1.1.2011</b>  |
|                           | <b>RM'000</b>         | <b>RM'000</b>     | <b>RM'000</b>    |
| Maturing within one year  | 1,694,830             | 1,479,978         | 1,316,463        |
| One year to three years   | 150,915               | 137,026           | 80,181           |
| Three years to five years | 56,145                | 62,214            | 115,499          |
| Over five years           | 351,735               | 140,685           | 90,598           |
|                           | <u>2,253,625</u>      | <u>1,819,903</u>  | <u>1,602,741</u> |

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

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

|   | <b>Group and Bank</b> |                   |                  |
|---|-----------------------|-------------------|------------------|
|   | <b>30.9.2012</b>      | <b>31.12.2011</b> | <b>1.1.2011</b>  |
|   | <b>RM'000</b>         | <b>RM'000</b>     | <b>RM'000</b>    |
| Purchase of securities                                | -                     | -                 | 11,133           |
| Purchase of transport vehicles                        | 331                   | 232               | 1,383            |
| Purchase of residential properties                    | 7,579                 | 8,701             | 9,697            |
| Purchase of non-residential properties                | 90,464                | 94,310            | 81,460           |
| Purchase of fixed assets other than land and building | 17,315                | 21,763            | 34,896           |
| Personal use  | 5,452                 | 3,508             | 787              |
| Construction  | 118,737               | 56,749            | 57,845           |
| Mergers and acquisitions                              | 92,459                | -                 | -                |
| Working capital                                       | 1,872,698             | 1,603,425         | 1,372,250        |
| Others  | 48,590                | 31,215            | 33,290           |
|   | <b>2,253,625</b>      | <b>1,819,903</b>  | <b>1,602,741</b> |

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

|  | <b>Group and Bank</b> |                   |                  |
|--|-----------------------|-------------------|------------------|
|  | <b>30.9.2012</b>      | <b>31.12.2011</b> | <b>1.1.2011</b>  |
|  | <b>RM'000</b>         | <b>RM'000</b>     | <b>RM'000</b>    |
| Domestic non-bank financial institutions | 242,356               | 224,633           | 164,590          |
| Domestic business enterprises            |                       |                   |                  |
| - Small medium enterprises               | 623,468               | 548,655           | 348,455          |
| - Others                                 | 1,374,454             | 1,034,170         | 1,079,069        |
| Individuals                              | 13,347                | 12,445            | 10,627           |
|  | <b>2,253,625</b>      | <b>1,819,903</b>  | <b>1,602,741</b> |



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

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

|                                   | <b>Group and Bank</b> |                   |                  |
|-----------------------------------|-----------------------|-------------------|------------------|
|                                   | <b>30.9.2012</b>      | <b>31.12.2011</b> | <b>1.1.2011</b>  |
|                                   | <b>RM'000</b>         | <b>RM'000</b>     | <b>RM'000</b>    |
| Fixed rate                        |                       |                   |                  |
| - Housing loan                    | -                     | -                 | 1,344            |
| - Other fixed rate loan/financing | -                     | 164               | 17,384           |
| Variable rate                     |                       |                   |                  |
| - BLR plus                        | 424,333               | 391,448           | 334,233          |
| - Cost-plus                       | 1,689,719             | 1,335,119         | 1,177,919        |
| - Other variable rates            | 139,573               | 93,172            | 71,861           |
|                                   | <u>2,253,625</u>      | <u>1,819,903</u>  | <u>1,602,741</u> |

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

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

|   | <b>Group and Bank</b> |                   |                 |
|---|-----------------------|-------------------|-----------------|
|   | <b>30.9.2012</b>      | <b>31.12.2011</b> | <b>1.1.2011</b> |
|   | <b>RM'000</b>         | <b>RM'000</b>     | <b>RM'000</b>   |
| Balance as at 1 January   | 51,384                | 59,123            | 68,383          |
| - effect of adoption of FRS 139   | -                     | -                 | 9,936           |
| - as restated   | <u>51,384</u>         | <u>59,123</u>     | <u>78,319</u>   |
| Classified as impaired during the period  | 18,500                | 1,725             | 6,433           |
| Reclassified as non-impaired during the period  | (628)                 | (1,218)           | (364)           |
| Amount recovered  | (1,602)               | (3,964)           | (3,431)         |
| Amount written off  | -                     | (4,282)           | (21,834)        |
| Balance as at end of period/year  | <u>67,654</u>         | <u>51,384</u>     | <u>59,123</u>   |
| Individual impairment allowance   | <u>(41,974)</u>       | <u>(41,520)</u>   | <u>(43,578)</u> |
| Net impaired loans, advances and financing  | <u>25,680</u>         | <u>9,864</u>      | <u>15,545</u>   |
| Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance | <u>1.16%</u>          | <u>0.55%</u>      | <u>1.00%</u>    |

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

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

|  | <b>Group and Bank</b> |                   |                   |
|--|-----------------------|-------------------|-------------------|
|  | <b>30.9.2012</b>      | <b>31.12.2011</b> | <b>1.1.2011</b>   |
|  | <b>RM'000</b>         | <b>RM'000</b>     | <b>RM'000</b>     |
|  |                       | <b>(Restated)</b> | <b>(Restated)</b> |
| <b>Individual impairment allowance</b>   |                       |                   |                   |
| Balance as at 1 January  | 41,520                | 43,578            | 57,485            |
| Allowance made during the period/year  | 1,456                 | 3,806             | 10,470            |
| Amount written back  | (1,002)               | (1,582)           | (2,543)           |
| Amount written off   | -                     | (4,282)           | (21,834)          |
| Balance as at end of period  | <u>41,974</u>         | <u>41,520</u>     | <u>43,578</u>     |
| <b>Collective impairment allowance</b>   |                       |                   |                   |
| 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)   | 6,858                 | (1,881)           | 2,900             |
| Balance as at end of period  | <u>44,534</u>         | <u>37,676</u>     | <u>39,557</u>     |
| Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance | <u>2.01%</u>          | <u>2.12%</u>      | <u>2.54%</u>      |

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**15. 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:

|                                    | <b>Group and Bank</b> |                   |                 |
|------------------------------------|-----------------------|-------------------|-----------------|
|                                    | <b>30.9.2012</b>      | <b>31.12.2011</b> | <b>1.1.2011</b> |
|                                    | <b>RM'000</b>         | <b>RM'000</b>     | <b>RM'000</b>   |
| Purchase of residential properties | 1,760                 | 2,290             | 3,504           |
| Working capital                    | 63,436                | 46,095            | 51,797          |
| Others                             | 2,458                 | 2,999             | 3,822           |
|                                    | <b>67,654</b>         | <b>51,384</b>     | <b>59,123</b>   |

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

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**16. Other assets**

|  | <b>Group</b>     |                   | <b>Bank</b>      |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | <b>30.9.2012</b> | <b>31.12.2011</b> | <b>30.9.2012</b> | <b>31.12.2011</b> |
|  | <b>RM'000</b>    | <b>RM'000</b>     | <b>RM'000</b>    | <b>RM'000</b>     |
| Other receivables, deposits<br>and prepayments | 8,666            | 2,919             | 8,666            | 2,919             |
| Unrealised gain on derivatives                 | 3,089            | 2,972             | 3,089            | 2,972             |
| Tax recoverable                                | 103              | 974               | 106              | 972               |
|  | <b>11,858</b>    | <b>6,865</b>      | <b>11,861</b>    | <b>6,863</b>      |

**17. Property and Equipment**

During the nine-month period ended 30 September 2012, the Group and the Bank acquired assets with a cost of RM279,000 (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.

**18. Deposits from customers**

(i) By type of deposit

|                                    | <b>Group and Bank</b> |                   |
|------------------------------------|-----------------------|-------------------|
|                                    | <b>30.9.2012</b>      | <b>31.12.2011</b> |
|                                    | <b>RM'000</b>         | <b>RM'000</b>     |
| Fixed deposits                     | 1,713,487             | 1,426,112         |
| Negotiable instruments of deposits | 175,000               | -                 |
| Current accounts                   | 158,054               | 191,924           |
| Savings deposits                   | 13,948                | 12,914            |
| Short term deposits                | 263,200               | 229,546           |
|                                    | <b>2,323,689</b>      | <b>1,860,496</b>  |

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**18. Deposits from customers (cont'd.)**

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

|                         | <b>Group and Bank</b> |                   |
|-------------------------|-----------------------|-------------------|
|                         | <b>30.9.2012</b>      | <b>31.12.2011</b> |
|                         | <b>RM'000</b>         | <b>RM'000</b>     |
| Due within six months   | 1,972,114             | 1,488,795         |
| Six months to one year  | 145,869               | 154,624           |
| One year to three years | 31,444                | 8,401             |
| Over three years        | 2,260                 | 3,838             |
|                         | <u>2,151,687</u>      | <u>1,655,658</u>  |

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

|                                 | <b>Group and Bank</b> |                   |
|---------------------------------|-----------------------|-------------------|
|                                 | <b>30.9.2012</b>      | <b>31.12.2011</b> |
|                                 | <b>RM'000</b>         | <b>RM'000</b>     |
| Domestic financial institutions | 75,000                | -                 |
| Government                      | 100,000               | -                 |
| Business enterprises            | 1,745,249             | 1,607,997         |
| Individuals                     | 269,949               | 209,632           |
| Others                          | 133,491               | 42,867            |
|                                 | <u>2,323,689</u>      | <u>1,860,496</u>  |

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

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

|                              | <b>Group and Bank</b> |                   |
|------------------------------|-----------------------|-------------------|
|                              | <b>30.9.2012</b>      | <b>31.12.2011</b> |
|                              | <b>RM'000</b>         | <b>RM'000</b>     |
| Licensed banks               | 201,949               | 174,682           |
| Other financial institutions | 13,724                | 13,026            |
| Bank Negara Malaysia         | 1,500                 | 2,247             |
|                              | <u>217,173</u>        | <u>189,955</u>    |

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

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**20. Other liabilities**

|                                | Group               |                      | Bank                |                      |
|--------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                | 30.9.2012<br>RM'000 | 31.12.2011<br>RM'000 | 30.9.2012<br>RM'000 | 31.12.2011<br>RM'000 |
| Accruals                       | 3,325               | 1,262                | 3,325               | 1,262                |
| Unrealised loss on derivatives | 2,854               | 2,737                | 2,854               | 2,737                |
| Other payables                 | 36,743              | 34,527               | 36,741              | 34,524               |
|                                | <u>42,922</u>       | <u>38,526</u>        | <u>42,920</u>       | <u>38,523</u>        |

**21. Interest income**

|   | Group and Bank                        |                                       |                                       |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   | Current Quarter                       |                                       | Cumulative Quarters                   |                                       |
|   | 3 months ended                        |                                       | 9 months ended                        |                                       |
|   | 1.7.2012<br>to<br>30.9.2012<br>RM'000 | 1.7.2011<br>to<br>30.9.2011<br>RM'000 | 1.1.2012<br>to<br>30.9.2012<br>RM'000 | 1.1.2011<br>to<br>30.9.2011<br>RM'000 |
| Interest income from loans and advances                             |                                       |                                       |                                       |                                       |
| - Interest income other than recoveries from impaired loans         | 24,963                                | 20,181                                | 69,600                                | 56,235                                |
| - Interest income from impaired loans                               | 470                                   | 281                                   | 898                                   | 848                                   |
| Deposits and placements with banks and other financial institutions | 4,403                                 | 4,598                                 | 11,916                                | 11,331                                |
| Securities held-for-trading   | 58                                    | 25                                    | 58                                    | 103                                   |
| Securities available-for-sale                                       | 3,595                                 | 902                                   | 7,763                                 | 3,159                                 |
| Securities held-to-maturity   | 641                                   | 1,060                                 | 2,305                                 | 3,586                                 |
|   | <u>34,130</u>                         | <u>27,047</u>                         | <u>92,540</u>                         | <u>75,262</u>                         |
| Amortisation of premium net of accretion of discount                |                                       |                                       |                                       |                                       |
| - Securities held-for-trading                                       | 68                                    | -                                     | 250                                   | 25                                    |
| - Securities available-for-sale                                     | (96)                                  | (52)                                  | (693)                                 | (285)                                 |
| - Securities held-to-maturity                                       | (39)                                  | (9)                                   | (182)                                 | 60                                    |
|   | <u>34,063</u>                         | <u>26,986</u>                         | <u>91,915</u>                         | <u>75,062</u>                         |

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**22. Interest expense**

|  | <b>Group and Bank</b>  |                  |                            |                  |
|--|------------------------|------------------|----------------------------|------------------|
|  | <b>Current Quarter</b> |                  | <b>Cumulative Quarters</b> |                  |
|  | <b>3 months ended</b>  |                  | <b>9 months ended</b>      |                  |
|  | <b>1.7.2012</b>        | <b>1.7.2011</b>  | <b>1.1.2012</b>            | <b>1.1.2011</b>  |
|  | <b>to</b>              | <b>to</b>        | <b>to</b>                  | <b>to</b>        |
|  | <b>30.9.2012</b>       | <b>30.9.2011</b> | <b>30.9.2012</b>           | <b>30.9.2011</b> |
|  | <b>RM'000</b>          | <b>RM'000</b>    | <b>RM'000</b>              | <b>RM'000</b>    |
| Deposits from customers  | 17,747                 | 13,136           | 48,159                     | 35,954           |
| Deposits and placements of banks<br>and other financial institutions | 2,987                  | 2,033            | 5,849                      | 5,000            |
|  | <u>20,734</u>          | <u>15,169</u>    | <u>54,008</u>              | <u>40,954</u>    |

**23. Loan impairment (charges)/write back, net**

|   | <b>Group and Bank</b>  |                   |                            |                   |
|---|------------------------|-------------------|----------------------------|-------------------|
|   | <b>Current Quarter</b> |                   | <b>Cumulative Quarters</b> |                   |
|   | <b>3 months ended</b>  |                   | <b>9 months ended</b>      |                   |
|   | <b>1.7.2012</b>        | <b>1.7.2011</b>   | <b>1.1.2012</b>            | <b>1.1.2011</b>   |
|   | <b>to</b>              | <b>to</b>         | <b>to</b>                  | <b>to</b>         |
|   | <b>30.9.2012</b>       | <b>30.9.2011</b>  | <b>30.9.2012</b>           | <b>30.9.2011</b>  |
|   | <b>RM'000</b>          | <b>RM'000</b>     | <b>RM'000</b>              | <b>RM'000</b>     |
|   |                        | <b>(Restated)</b> |                            | <b>(Restated)</b> |
| (Allowance)/writeback for impaired loans,<br>advances and financing |                        |                   |                            |                   |
| - Collective impairment for loans,<br>advances and financing        | (2,693)                | 3,818             | (6,858)                    | 2,448             |
| - Individual impairment for loans,<br>advances and financing        | (573)                  | (1,394)           | (1,456)                    | (2,628)           |
| Impaired loans, advances and<br>financing written back              | 84                     | 713               | 1,002                      | 1,379             |
| Impaired loans, advances and<br>financing recovered                 | 211                    | 3                 | 261                        | 64                |
|   | <u>(2,971)</u>         | <u>3,140</u>      | <u>(7,051)</u>             | <u>1,263</u>      |

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**24. Non-interest income**

|   | Group                                 |                                       |                                       |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   | Current Quarter                       |                                       | Cumulative Quarters                   |                                       |
|   | 3 months ended                        |                                       | 9 months ended                        |                                       |
|   | 1.7.2012<br>to<br>30.9.2012<br>RM'000 | 1.7.2011<br>to<br>30.9.2011<br>RM'000 | 1.1.2012<br>to<br>30.9.2012<br>RM'000 | 1.1.2011<br>to<br>30.9.2011<br>RM'000 |
| Fee income:   |                                       |                                       |                                       |                                       |
| Commission  | 660                                   | 719                                   | 2,155                                 | 2,105                                 |
| Service charges and fees                                      | 498                                   | 224                                   | 1,340                                 | 872                                   |
| Guarantee fees  | 667                                   | 412                                   | 1,505                                 | 1,217                                 |
|   | <u>1,825</u>                          | <u>1,355</u>                          | <u>5,000</u>                          | <u>4,194</u>                          |
| Investment income:  |                                       |                                       |                                       |                                       |
| Net gain/(loss) on disposal of investments:                   |                                       |                                       |                                       |                                       |
| - Securities held-for-trading                                 | 88                                    | 39                                    | 60                                    | 49                                    |
| - Securities available-for-sale                               | 44                                    | 5                                     | 44                                    | (73)                                  |
| Net gain on redemption of securities held-for-maturity        | -                                     | 396                                   | -                                     | 396                                   |
| Net loss on revaluation of securities held-for-trading        | (21)                                  | (2)                                   | (22)                                  | (19)                                  |
| Writeback of impairment losses on securities held-to-maturity | -                                     | 9                                     | 9                                     | 9                                     |
| Gross dividend from securities available-for-sale             | -                                     | -                                     | 48                                    | 48                                    |
|   | <u>111</u>                            | <u>447</u>                            | <u>139</u>                            | <u>410</u>                            |
| Other income:   |                                       |                                       |                                       |                                       |
| Foreign exchange gain   | 695                                   | 943                                   | 3,879                                 | 5,826                                 |
| Net loss on interest rate swaps                               | -                                     | (315)                                 | -                                     | (370)                                 |
| Unrealised gain/(loss) on derivatives                         | 520                                   | 211                                   | (1)                                   | (1,091)                               |
| Rental income   | 124                                   | 126                                   | 372                                   | 379                                   |
| Gain on disposal of property and equipment                    | -                                     | 16                                    | -                                     | 16                                    |
| Others  | 2                                     | 1                                     | 4                                     | 7                                     |
|   | <u>1,341</u>                          | <u>982</u>                            | <u>4,254</u>                          | <u>4,767</u>                          |
|   | <u>3,277</u>                          | <u>2,784</u>                          | <u>9,393</u>                          | <u>9,371</u>                          |



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**24. Non-interest income (cont'd.)**

|   | Bank                                  |                                       |                                       |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   | Current Quarter                       |                                       | Cumulative Quarters                   |                                       |
|   | 3 months ended                        |                                       | 9 months ended                        |                                       |
|   | 1.7.2012<br>to<br>30.9.2012<br>RM'000 | 1.7.2011<br>to<br>30.9.2011<br>RM'000 | 1.1.2012<br>to<br>30.9.2012<br>RM'000 | 1.1.2011<br>to<br>30.9.2011<br>RM'000 |
| Fee income:   |                                       |                                       |                                       |                                       |
| Commission  | 646                                   | 716                                   | 2,131                                 | 2,097                                 |
| Service charges and fees                                      | 498                                   | 224                                   | 1,340                                 | 872                                   |
| Guarantee fees  | 667                                   | 412                                   | 1,505                                 | 1,217                                 |
|   | <u>1,811</u>                          | <u>1,352</u>                          | <u>4,976</u>                          | <u>4,186</u>                          |
| Investment income:  |                                       |                                       |                                       |                                       |
| Net gain/(loss) on disposal of investments:                   |                                       |                                       |                                       |                                       |
| - Securities held-for-trading                                 | 88                                    | 39                                    | 60                                    | 49                                    |
| - Securities available-for-sale                               | 44                                    | 5                                     | 44                                    | (73)                                  |
| Net gain on redemption of securities held-for-maturity        | -                                     | 396                                   | -                                     | 396                                   |
| Net loss on revaluation of securities held-for-trading        | (21)                                  | (2)                                   | (22)                                  | (19)                                  |
| Writeback of impairment losses on securities held-to-maturity | -                                     | 9                                     | 9                                     | 9                                     |
| Gross dividend from securities available-for-sale             | -                                     | -                                     | 48                                    | 48                                    |
|   | <u>111</u>                            | <u>447</u>                            | <u>139</u>                            | <u>410</u>                            |
| Other income:   |                                       |                                       |                                       |                                       |
| Foreign exchange gain   | 695                                   | 943                                   | 3,879                                 | 5,826                                 |
| Net loss on interest rate swaps                               | -                                     | (315)                                 | -                                     | (370)                                 |
| Unrealised gain/(loss) on derivatives                         | 520                                   | 211                                   | (1)                                   | (1,091)                               |
| Rental income   | 124                                   | 126                                   | 372                                   | 379                                   |
| Gain on disposal of property and equipment                    | -                                     | 16                                    | -                                     | 16                                    |
| Others  | 2                                     | 1                                     | 4                                     | 7                                     |
|   | <u>1,341</u>                          | <u>982</u>                            | <u>4,254</u>                          | <u>4,767</u>                          |
|   | <u>3,263</u>                          | <u>2,781</u>                          | <u>9,369</u>                          | <u>9,363</u>                          |

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**25. Overhead expenses**

|   | Group                                 |                                       |                                       |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   | Current Quarter<br>3 months ended     |                                       | Cumulative Quarters<br>9 months ended |                                       |
|   | 1.7.2012<br>to<br>30.9.2012<br>RM'000 | 1.7.2011<br>to<br>30.9.2011<br>RM'000 | 1.1.2012<br>to<br>30.9.2012<br>RM'000 | 1.1.2011<br>to<br>30.9.2011<br>RM'000 |
|   |                                       |                                       |                                       |                                       |
| Personnel costs   |                                       |                                       |                                       |                                       |
| Salaries, allowances<br>and bonuses                     | 4,229                                 | 3,814                                 | 12,450                                | 10,344                                |
| Defined Contribution Plan<br>- Employees Provident Fund | 617                                   | 569                                   | 1,830                                 | 1,564                                 |
| Others  | 265                                   | 378                                   | 990                                   | 1,330                                 |
|   | <u>5,111</u>                          | <u>4,761</u>                          | <u>15,270</u>                         | <u>13,238</u>                         |
| Establishment costs                                     |                                       |                                       |                                       |                                       |
| Depreciation  | 567                                   | 550                                   | 1,727                                 | 1,507                                 |
| Amortisation of intangible<br>assets                    | 43                                    | 54                                    | 165                                   | 173                                   |
| Repair and maintenance                                  | 227                                   | 146                                   | 722                                   | 422                                   |
| Computerisation costs                                   | 232                                   | 192                                   | 654                                   | 616                                   |
| Rental expenses   | 210                                   | 180                                   | 630                                   | 630                                   |
| Others  | 357                                   | 405                                   | 1,118                                 | 1,200                                 |
|   | <u>1,636</u>                          | <u>1,527</u>                          | <u>5,016</u>                          | <u>4,548</u>                          |
| Marketing costs   |                                       |                                       |                                       |                                       |
| Advertising and publicity                               | 41                                    | 63                                    | 190                                   | 260                                   |
| Others  | 16                                    | 28                                    | 57                                    | 104                                   |
|   | <u>57</u>                             | <u>91</u>                             | <u>247</u>                            | <u>364</u>                            |
| Administration and general costs                        |                                       |                                       |                                       |                                       |
| Professional fees                                       | 92                                    | 318                                   | 222                                   | 949                                   |
| Non-executive directors'<br>remuneration                | 208                                   | 178                                   | 457                                   | 577                                   |
| Others  | 901                                   | 774                                   | 2,543                                 | 2,881                                 |
|   | <u>1,201</u>                          | <u>1,270</u>                          | <u>3,222</u>                          | <u>4,407</u>                          |
| Total   | <u>8,005</u>                          | <u>7,649</u>                          | <u>23,755</u>                         | <u>22,557</u>                         |

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**25. Overhead expenses (cont'd.)**

|   | Bank                                  |                                       |                                       |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   | Current Quarter                       |                                       | Cumulative Quarters                   |                                       |
|   | 3 months ended                        |                                       | 9 months ended                        |                                       |
|   | 1.7.2012<br>to<br>30.9.2012<br>RM'000 | 1.7.2011<br>to<br>30.9.2011<br>RM'000 | 1.1.2012<br>to<br>30.9.2012<br>RM'000 | 1.1.2011<br>to<br>30.9.2011<br>RM'000 |
| Personnel costs   |                                       |                                       |                                       |                                       |
| Salaries, allowances<br>and bonuses                     | 4,229                                 | 3,814                                 | 12,450                                | 10,344                                |
| Defined Contribution Plan<br>- Employees Provident Fund | 617                                   | 569                                   | 1,830                                 | 1,564                                 |
| Others  | 265                                   | 378                                   | 990                                   | 1,330                                 |
|   | <u>5,111</u>                          | <u>4,761</u>                          | <u>15,270</u>                         | <u>13,238</u>                         |
| Establishment costs                                     |                                       |                                       |                                       |                                       |
| Depreciation  | 567                                   | 550                                   | 1,727                                 | 1,507                                 |
| Amortisation of intangible<br>assets                    | 43                                    | 54                                    | 165                                   | 173                                   |
| Repair and maintenance                                  | 227                                   | 146                                   | 722                                   | 422                                   |
| Computerisation costs                                   | 232                                   | 192                                   | 654                                   | 616                                   |
| Rental expenses   | 210                                   | 180                                   | 630                                   | 630                                   |
| Others  | 357                                   | 405                                   | 1,118                                 | 1,200                                 |
|   | <u>1,636</u>                          | <u>1,527</u>                          | <u>5,016</u>                          | <u>4,548</u>                          |
| Marketing costs   |                                       |                                       |                                       |                                       |
| Advertising and publicity                               | 41                                    | 63                                    | 190                                   | 260                                   |
| Others  | 16                                    | 28                                    | 57                                    | 104                                   |
|   | <u>57</u>                             | <u>91</u>                             | <u>247</u>                            | <u>364</u>                            |
| Administration and general costs                        |                                       |                                       |                                       |                                       |
| Professional fees                                       | 92                                    | 318                                   | 222                                   | 948                                   |
| Non-executive directors'<br>remuneration                | 208                                   | 178                                   | 457                                   | 577                                   |
| Others  | 902                                   | 774                                   | 2,542                                 | 2,881                                 |
|   | <u>1,202</u>                          | <u>1,270</u>                          | <u>3,221</u>                          | <u>4,406</u>                          |
| Total   | <u>8,006</u>                          | <u>7,649</u>                          | <u>23,754</u>                         | <u>22,556</u>                         |

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**26. 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:

| <b>Group and Bank</b>   | <b>Principal<br/>amount<br/>RM'000</b> | <b>Positive<br/>fair value<br/>of derivative<br/>contracts<br/>RM'000</b> | <b>Credit<br/>equivalent<br/>amount<br/>RM'000</b> | <b>Risk<br/>weighted<br/>amount<br/>RM'000</b> |
|---|--|---|--|--|
| <b>30 September 2012</b>  |  |   |  |  |
| Direct credit substitutes   | 31,945                                 | -   | 31,945   | 31,238   |
| Transaction-related contingent items  | 120,330                                | -   | 60,165   | 56,931   |
| Short-term self-liquidating trade-related contingencies                                 | 36,189                                 | -   | 7,238  | 7,119  |
| Forward foreign exchange contracts  |  |   |  |  |
| - less than one year  | 435,831                                | 3,089   | 7,806  | 5,126  |
| Other commitments, such as formal standby facilities and credit lines, with an original |  |   |  |  |
| - maturity more than one year   | 34,196                                 | -   | 17,098   | 17,082   |
| - maturity less than one year   | 1,162,528                              | -   | 232,506  | 231,551  |
| Any commitment that are unconditionally cancelled at any time without prior notice      | 13,610                                 | -   | -  | -  |
| <b>Total</b>  | <b>1,834,629</b>                       | <b>3,089</b>  | <b>356,758</b>                                     | <b>349,047</b>                                 |

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

| <b>Group and Bank</b>   | <b>Principal<br/>amount<br/>RM'000</b> | <b>Positive<br/>fair value<br/>of derivative<br/>contracts<br/>RM'000</b> | <b>Credit<br/>equivalent<br/>amount<br/>RM'000</b> | <b>Risk<br/>weighted<br/>amount<br/>RM'000</b> |
|---|--|---|--|--|
| <b>31 December 2011</b>   |  |   |  |  |
| 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                                 | -   | -  | -  |
| <b>Total</b>  | <b>1,558,971</b>                       | <b>2,972</b>  | <b>299,288</b>                                     | <b>293,388</b>                                 |

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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**27. 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:

| <b>Group and Bank<br/>30 September 2012</b> | <b>Note</b> | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM '000</b> |
|---|-------------|---------------------------|---------------------------|---------------------------|--------------------------|
| <u>Securities held-for-trading</u>          | 12          |                           |                           |                           |                          |
| Money market instruments:                   |             |                           |                           |                           |                          |
| Malaysian Government                        |             |                           |                           |                           |                          |
| Securities                                  |             | -                         | 20,150                    | -                         | 20,150                   |
|   |             | -                         | 20,150                    | -                         | 20,150                   |
| <u>Securities available-for-sale</u>        | 13          |                           |                           |                           |                          |
| Money market instruments:                   |             |                           |                           |                           |                          |
| Malaysian Government                        |             |                           |                           |                           |                          |
| Securities                                  |             | -                         | 90,675                    | -                         | 90,675                   |
| Cagamas Bonds                               |             | -                         | 20,157                    | -                         | 20,157                   |
| Government Investment                       |             |                           |                           |                           |                          |
| Issue                                       |             | -                         | 166,212                   | -                         | 166,212                  |
| Negotiable Instruments of Deposit           |             | -                         | 130,000                   | -                         | 130,000                  |
|   |             | -                         | 407,044                   | -                         | 407,044                  |
| <u>Derivatives</u>                          |             |                           |                           |                           |                          |
| Derivative financial assets                 |             |                           |                           |                           |                          |
| Unrealised gain on derivatives              | 16          | -                         | 3,089                     | -                         | 3,089                    |
| Derivative financial liabilities            |             |                           |                           |                           |                          |
| Unrealised loss on derivatives              | 20          | -                         | (2,854)                   | -                         | (2,854)                  |
|   |             | -                         | 235                       | -                         | 235                      |

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**27. Fair value hierarchy (cont'd.)**

| <b>Group and Bank<br/>31 December 2011</b> | <b>Note</b> | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM '000</b> |
|--|-------------|---------------------------|---------------------------|---------------------------|--------------------------|
| <u>Securities available-for-sale</u>       | 13          |                           |                           |                           |                          |
| 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             | 16          | -                         | 2,972                     | -                         | 2,972                    |
| Derivative financial liabilities           |             |                           |                           |                           |                          |
| Unrealised loss on derivatives             | 20          | -                         | (2,737)                   | -                         | (2,737)                  |
|  |             | -                         | 235                       | -                         | 235                      |

**28. 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:

|                             | <b>30.9.2012</b> | <b>31.12.2011<br/>(Restated)</b> |
|-----------------------------|------------------|----------------------------------|
| Core capital ratio          | 19.31%           | 23.20%                           |
| Risk-weighted capital ratio | 20.90%           | 24.83%                           |

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**28. Capital adequacy (cont'd.)**

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

|  |          | <b>30.9.2012</b> | <b>31.12.2011</b> |
|--|----------|------------------|-------------------|
|  |          | <b>RM'000</b>    | <b>RM'000</b>     |
|  |          |                  | <b>(Restated)</b> |
| <b>Tier-1 Capital</b>  |          |                  |                   |
| Paid-up share capital  |          | 400,000          | 400,000           |
| Statutory reserve  |          | 131,234          | 131,234           |
| Retained profits   | Note (a) | 21,117           | 13,271            |
| Less: Deferred tax assets (excluding those<br>from revaluation reserve)                                      | Note (a) | <u>(10,316)</u>  | <u>(9,083)</u>    |
| Total Tier-1 Capital   |          | <u>542,035</u>   | <u>535,422</u>    |
| <b>Tier-2 Capital</b>  |          |                  |                   |
| Collective assessment allowance (only those<br>attributable to non-impaired loan, advances and<br>financing) |          | <u>44,508</u>    | <u>37,626</u>     |
| Total Tier-2 Capital   |          | <u>44,508</u>    | <u>37,626</u>     |
| Total capital  |          | 586,543          | 573,048           |
| Less: Investment in subsidiary   |          | (10)             | (10)              |
| Capital base   |          | <u>586,533</u>   | <u>573,038</u>    |

Note (a) Computed based on reporting date as at 30 June 2012 (2011: 31 December 2011)



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**28. 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:

|   | <b>Principal</b>  | <b>Risk-weighted</b> | <b>Principal</b>  | <b>Risk-weighted</b> |
|---|-------------------|----------------------|-------------------|----------------------|
|   | <b>30.09.2012</b> | <b>assets</b>        | <b>31.12.2011</b> | <b>assets</b>        |
|   | <b>RM'000</b>     | <b>30.09.2012</b>    | <b>RM'000</b>     | <b>31.12.2011</b>    |
|   |                   | <b>RM'000</b>        |                   | <b>RM'000</b>        |
| 0%  | 738,649           | -                    | 626,801           | -                    |
| 20%   | 476,946           | 95,389               | 265,053           | 53,011               |
| 35%   | 4,489             | 1,571                | 4,541             | 1,589                |
| 50%   | 17,197            | 8,599                | 21,719            | 10,859               |
| 75%   | -                 | -                    | 1,400             | 1,050                |
| 100%  | 2,549,928         | 2,549,928            | 2,134,131         | 2,134,131            |
| 150%  | 21,941            | 32,912               | 4,897             | 7,346                |
| Total risk-weighted assets for credit risk      |                   | 2,688,399            |                   | 2,207,986            |
| Total risk-weighted assets for market risk      |                   | 15,708               |                   | 6,251                |
| Total risk-weighted assets for operational risk |                   | 102,577              |                   | 93,944               |
| Total risk-weighted assets                      |                   | <u>2,806,684</u>     |                   | <u>2,308,181</u>     |

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**29. Significant related party disclosures**

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

|  | <b>Group and Bank</b>  |                  |                           |                  |
|--|------------------------|------------------|---------------------------|------------------|
|  | <b>Current Quarter</b> |                  | <b>Cumulative Quarter</b> |                  |
|  | <b>3 months ended</b>  |                  | <b>9 months ended</b>     |                  |
|  | <b>1.7.2012</b>        | <b>1.7.2011</b>  | <b>1.1.2012</b>           | <b>1.1.2011</b>  |
|  | <b>to</b>              | <b>to</b>        | <b>to</b>                 | <b>to</b>        |
|  | <b>30.9.2012</b>       | <b>30.9.2011</b> | <b>30.9.2012</b>          | <b>30.9.2011</b> |
|  | <b>RM'000</b>          | <b>RM'000</b>    | <b>RM'000</b>             | <b>RM'000</b>    |
| <b>Income</b>  |                        |                  |                           |                  |
| Interest on advances to holding company and its branches | 36                     | -                | 42                        | 52               |

**Expenditure**

|  |    |    |     |    |
|--|----|----|-----|----|
| Interest on advances from holding company and its branches | 13 | 67 | 132 | 83 |
|--|----|----|-----|----|

|  | <b>Group and Bank</b> |                   |
|--|-----------------------|-------------------|
|  | <b>30.9.2012</b>      | <b>31.12.2011</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>     |
| <b>Amount due to</b>   |                       |                   |
| Deposits and placements from holding company and its branches          | 110                   | 108,162           |
| <b>Amount due from</b>   |                       |                   |
| Cash and short-term funds placed with holding company and its branches | 7,731                 | 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 Toh Chong, 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 so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 September 2012 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

Toh Chong

Kuala Lumpur, Malaysia  
12 December 2012