

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

Report on Review of Interim Financial Statements
31 March 2011

Ernst & Young
AF : 0039

299740 W

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

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

**Performance review for the financial period ended 31 March 2011 and
commentary on the prospects.**

Bangkok Bank Berhad (“BBB”) registered a profit before tax of RM 7.3 million for the first quarter of 2011 which was higher compared to RM 6.1 million recorded during the previous corresponding quarter. Expansion in the lending business which led to higher interest income and non interest income have been the contributors to the better results.

Gross loans have shown a decline from RM 1.60 billion at the end of December 2010 to RM1.55 billion as at the end of March 2011 mainly due to repayment of trade loan facilities. As compared to end of March 2010, gross loans have shown an increase of 10.7% from RM 1.4 billion.

Total deposits from customers have also shown a decline from RM 1.76 billion at the end of December 2010 to RM 1.66 billion as at the end of March 2011 but a marginal increase from RM 1.58 billion as at the end of March 2010.

As compared to first quarter of 2010, non-interest income has increased by 60% from RM 2.3 million to RM 3.7 million for the quarter ended 31 March 2011 mainly due to increase in foreign exchange gain.

Overhead expenses increased from RM 5.1 million in the previous comparative period to RM 7.1 million. The increase was mainly due to operational expenses incurred from the opening of the new branches and additional staff force to support the growth and expansion of the Bank.

With the opening of the new branches, the Bank will continue to grow its core lending business in selected niche areas and focus on maintaining its current good liquidity position.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of financial position as at 31 March 2011

	Note	Group		Bank	
		31.3.2011 RM'000 (Unaudited)	31.12.2010 RM'000 (Audited)	31.3.2011 RM'000 (Unaudited)	31.12.2010 RM'000 (Audited)
Assets					
Cash and short-term funds		379,217	574,241	379,184	574,208
Deposits and placements with banks		50,000	20,000	50,000	20,000
Securities available-for-sale	12	107,338	167,544	107,338	167,544
Securities held-to-maturity	13	144,819	144,782	144,819	144,782
Loans, advances and financing	14	1,480,866	1,534,731	1,480,866	1,534,731
Other assets	15	12,444	13,963	12,440	13,960
Statutory deposit with Bank Negara Malaysia		15,000	15,000	15,000	15,000
Investment in subsidiary		-	-	10	10
Property and equipment	16	16,875	16,551	16,875	16,551
Intangible assets		262	285	262	285
Deferred tax assets		6,386	6,438	6,386	6,438
Total assets		2,213,207	2,493,535	2,213,180	2,493,509
Liabilities and shareholder's equity					
Deposits from customers	17	1,664,320	1,758,065	1,664,320	1,758,065
Deposits and placements of banks and other financial institution	18	111,320	300,230	111,320	300,230
Other liabilities	19	33,075	36,327	33,073	36,325
Total liabilities		1,808,715	2,094,622	1,808,713	2,094,620
Share capital		265,000	265,000	265,000	265,000
Statutory reserve		123,972	123,972	123,962	123,962
Revaluation reserve		(370)	(493)	(370)	(493)
Retained profits		15,890	10,434	15,875	10,420
Shareholder's equity		404,492	398,913	404,467	398,889
Total liabilities and shareholder's equity		2,213,207	2,493,535	2,213,180	2,493,509
Commitments and contingencies	25	1,606,343	1,431,818	1,606,343	1,431,818

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.

Bangkok Bank Berhad
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Interim condensed income statements
For the financial period ended 31 March 2011

	Note	Group		Bank	
		Individual and Cumulative Quarter 3 months ended		Individual and Cumulative Quarter 3 months ended	
		1.1.2011 to 31.3.2011 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)	1.1.2011 to 31.3.2011 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)
Interest income	20	23,224	17,840	23,224	17,840
Interest expense	21	(12,061)	(8,506)	(12,061)	(8,506)
Net interest income		11,163	9,334	11,163	9,334
Loan impairment charges, net	22	(422)	(462)	(422)	(462)
		10,741	8,872	10,741	8,872
Non-interest income	23	3,706	2,336	3,705	2,336
Net income		14,447	11,208	14,446	11,208
Overhead expenses	24	(7,143)	(5,073)	(7,143)	(5,073)
Profit before taxation		7,304	6,135	7,303	6,135
Taxation		(1,848)	(1,554)	(1,848)	(1,554)
Net profit for the period		5,456	4,581	5,455	4,581
Earnings per share (sen)					
- basic		2.06	1.73		
- diluted		2.06	1.73		

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.

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Bangkok Bank Berhad
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Interim condensed statements of comprehensive income
For the financial period ended 31 March 2011

	Group		Bank	
	Individual and		Individual and	
	Cumulative Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	1.1.2011	1.1.2010	1.1.2011	1.1.2010
	to	to	to	to
Note	31.3.2011	31.3.2010	31.3.2011	31.3.2010
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	5,456	4,581	5,455	4,581
Other comprehensive income				
Net gain/(loss) on available-for-sale financial assets	163	(43)	163	(43)
Income tax relating to components of other comprehensive income	(40)	10	(40)	10
Other comprehensive income for the period, net of tax	123	(33)	123	(33)
Total comprehensive income for the period, net of tax	5,579	4,548	5,578	4,548

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.

Bangkok Bank Berhad
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Interim condensed consolidated statement of changes in equity
For the financial period ended 31 March 2011

	<----- Group ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2010					
- as previously stated	265,000	116,994	(1,339)	7,860	388,515
- effects of adoption of FRS 139	-	-	-	(4,409)	(4,409)
- as restated	265,000	116,994	(1,339)	3,451	384,106
Total comprehensive income	-	-	(33)	4,581	4,548
At 31 March 2010 - as restated	265,000	116,994	(1,372)	8,032	388,654
At 1 January 2011	265,000	123,972	(493)	10,434	398,913
Total comprehensive income	-	-	123	5,456	5,579
At 31 March 2011 (unaudited)	265,000	123,972	(370)	15,890	404,492

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010

Bangkok Bank Berhad
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Interim condensed statement of changes in equity
For the financial period ended 31 March 2011

	<----- Bank ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2010					
- as previously stated	265,000	116,984	(1,339)	7,851	388,496
- effects of adoption of FRS 139	-	-	-	(4,409)	(4,409)
- as restated	265,000	116,984	(1,339)	3,442	384,087
Total comprehensive income	-	-	(33)	4,581	4,548
At 31 March 2010					
- as restated	265,000	116,984	(1,372)	8,023	388,635
At 1 January 2011	265,000	123,962	(493)	10,420	398,889
Total comprehensive income	-	-	123	5,455	5,578
At 31 March 2011 (unaudited)	265,000	123,962	(370)	15,875	404,467

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.

Bangkok Bank Berhad
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Interim condensed statements of cash flows
For the financial period ended 31 March 2011

	Group		Bank	
	31.3.2011 RM'000	31.3.2010 RM'000	31.3.2011 RM'000	31.3.2010 RM'000
Cash flows from operating activities				
Profit before taxation	7,304	6,135	7,303	6,135
Adjustments for:				
Depreciation	458	300	458	300
Amortisation of intangible assets	59	101	59	101
Allowance for losses on loans and financing, net	422	672	422	672
Property and equipment written off	24	-	24	-
Write back of impairment losses of securities held-to-maturity	-	(1)	-	(1)
Unrealised foreign exchange loss/(gain)	739	(390)	739	(390)
Net gain on revaluation of securities held-for-trading	-	(17)	-	(17)
Net loss/(gain) on disposal of securities held-for-trading	1	(37)	1	(37)
Net loss on disposal of securities available-for-sale	78	80	78	80
Amortisation of premium net of accretion of discount	6	204	6	204
Operating profit before working capital changes	9,091	7,047	9,090	7,047
(Increase)/decrease in deposits and placements with banks	(30,000)	30,000	(30,000)	30,000
Decrease in loans and advances	53,443	42,905	53,443	42,905
Increase in other assets	(1,173)	(1,505)	(1,173)	(1,506)
Increase in statutory deposit with Bank Negara Malaysia	-	(1,000)	-	(1,000)
(Decrease)/increase in deposits from customers	(93,745)	3,290	(93,745)	3,290
(Decrease)/increase in deposits and placements of banks and other financial institutions	(188,910)	25,962	(188,910)	25,962
(Decrease)/increase in other liabilities	(3,135)	112	(3,135)	111
Cash (used in)/generated from operations carried forward	(254,429)	106,811	(254,430)	106,809

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Interim condensed statements of cash flows
For the financial period ended 31 March 2011 (cont'd.)

	Group		Bank	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (cont'd.)				
Cash (used in)/generated from operations				
brought forward	(254,429)	106,811	(254,430)	106,809
Taxes paid	(1)	(2,043)	-	(2,041)
Net cash (used in)/generated from operating activities	<u>(254,430)</u>	<u>104,768</u>	<u>(254,430)</u>	<u>104,768</u>
Cash flows from investing activities				
Purchase of property and equipment	(840)	(1,652)	(840)	(1,652)
Purchase of intangible assets	(2)	(34)	(2)	(34)
Purchase of securities held-for-trading	(110,348)	(155,168)	(110,348)	(155,168)
Purchase of securities available-for-sale	(19,852)	(70,022)	(19,852)	(70,022)
Purchase of securities held-to-maturity	-	(25,146)	-	(25,146)
Proceeds from disposal of securities held-for-trading	110,373	175,224	110,373	175,224
Proceeds from disposal of securities available-for-sale	80,075	9,916	80,075	9,916
Net cash generated from/(used in) investing activities	<u>59,406</u>	<u>(66,882)</u>	<u>59,406</u>	<u>(66,882)</u>
Net (decrease)/increase in cash and cash equivalents	(195,024)	37,886	(195,024)	37,886
Cash and cash equivalents at beginning of financial period	574,241	377,508	574,208	377,478
Cash and cash equivalents at end of financial period	<u>379,217</u>	<u>415,394</u>	<u>379,184</u>	<u>415,364</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	<u>379,217</u>	<u>415,394</u>	<u>379,184</u>	<u>415,364</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.

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Notes to the interim condensed financial statements - 31 March 2011

1. Corporate information

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

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

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

2. Significant accounting policies

(a) Basis of preparation

The unaudited interim condensed financial statements for the three-month period ended 31 March 2011 of the Group and of the Bank have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: securities held-for-trading, securities available-for-sale and derivative financial instruments. The unaudited interim condensed financial statements for the three-month period ended 31 March 2011 have been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") as modified by the Bank Negara Malaysia ("BNM") guidelines.

The unaudited 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 Bank's annual audited financial statements as at 31 December 2010. The explanatory notes attached in the unaudited 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 Bank since the year ended 31 December 2010.

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2. Significant accounting policies (Contd.)

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

The accounting policies adopted in the preparation of the unaudited interim condensed financial statements are consistent with those adopted in the preparation of the Group's and Bank's annual audited financial statements for the year ended 31 December 2010, except for the adoption of new Financial Reporting Standards ("FRSs") and IC Interpretations ("IC") as of 1 January 2011, noted below:

FRSs, Amendments to FRSs and IC Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised 2010)
FRS 127	Consolidated and Separate Financial Statements (Revised 2010)
*FRS 132	Financial Instruments: Presentation
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures and Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 138	Intangible Assets
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	
IC Interpretation 4	Determining whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
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	Transfer of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
TR i-4	Shariah Compliant Sale Contracts

* The amendments in paragraph 11, 16 and 97E of the Standard relating to Classification of Rights Issues shall apply to financial statements of annual periods beginning on or after 1 March 2010.

The applications of the above FRSs, amendments to FRSs and IC Interpretations did not result in any significant impact on the financial results and financial position of the Group and the Bank other than the presentation of financial information.

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2. Significant accounting policies (Contd.)

(c) Significant accounting judgements and estimates

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

(i) Impairment losses on loans, advances and financing

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

More details on impairment loss on loans, advances and financing are disclosed in Note 14.

(ii) Impairment of available-for-sale investments

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

The Group and the Bank also record impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group and the Bank evaluate, among other factors, historical share price movements and duration and audited financial information of the equity investments to assess the extent to which the recoverable amount 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 (Contd.)

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

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

FRSs, Amendments to FRSs and IC Interpretations:	Effective for financial year beginning on or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
FRS 124 : Related Party Disclosures	1 January 2012
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

The directors expect that the above new FRSs, Amendments to FRSs and IC Interpretations will not have material impact on the financial statements in the period of initial application.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the year ended 31 December 2010 was not subject to any qualification.

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and the Bank during the financial period ended 31 March 2011.

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 years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 31 March 2011.

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7. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 31 March 2011

8. Subsequent Events

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

9. Changes in Composition of the Group

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

10. Dividends Paid

No dividends was paid during the financial period ended 31 March 2011.

11. Segmental Information

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

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12. Securities available-for-sale

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
In Malaysia:		
At fair value		
Money market instruments:		
Malaysian Government Securities	41,105	86,148
Private debt securities	20,115	20,163
Cagamas Bonds	20,284	20,339
Government Investment Issue	4,992	40,022
Bank Negara Monetary Notes	19,970	-
Quoted securities in Malaysia:		
Debt converted shares *	-	-
	106,466	166,672
At cost		
Unquoted securities:		
Shares	872	872
	107,338	167,544

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

13. Securities held-to-maturity

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
In Malaysia:		
At amortised cost		
Money market instruments:		
Malaysian Government Securities	45,129	45,153
Unquoted securities:		
Private debt securities	99,690	99,629
	144,819	144,782

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14. Loans, advances and financing

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
At amortised cost		
Overdrafts	83,527	79,185
Term loans		
- Housing loans	8,633	8,663
- Syndicated term loan	35,536	39,214
- Other term loans	276,107	294,499
Revolving credits	318,560	311,657
Bills receivables	9,184	9,470
Trust receipts	76,977	114,894
Bankers' acceptances	740,119	732,138
Other financing	3,922	16,269
Staff loans	1,433	1,252
	<u>1,553,998</u>	<u>1,607,241</u>
Unearned interest	(4,645)	(4,500)
	<u>1,549,353</u>	<u>1,602,741</u>
Less: Allowance for impaired loans and financing		
- Individual impairment allowance	(44,055)	(43,578)
- Collective impairment allowance	(24,432)	(24,432)
Net loans, advances and financing	<u>1,480,866</u>	<u>1,534,731</u>

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

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Maturing within one year	1,246,426	1,316,463
One year to three years	107,128	80,181
Three years to five years	106,582	115,499
Over five years	89,217	90,598
	<u>1,549,353</u>	<u>1,602,741</u>

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

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

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Purchase of securities	7,469	11,133
Purchase of transport vehicles	497	1,383
Purchase of residential properties	9,554	9,697
Purchase of non-residential properties	76,869	81,460
Purchase of fixed assets other than land and building	29,452	34,896
Personal use	4,490	787
Construction	56,175	57,845
Working capital	1,331,147	1,372,250
Others	33,700	33,290
	<u>1,549,353</u>	<u>1,602,741</u>

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

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Domestic non-bank financial institutions	208,701	164,590
Domestic business enterprises		
- Small medium enterprises	365,962	348,455
- Others	960,149	1,079,069
Individuals	14,541	10,627
	<u>1,549,353</u>	<u>1,602,741</u>

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

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

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Fixed rate		
- Housing loan	1,256	1,344
- Other fixed rate loan/financing	1,033	17,384
Variable rate		
- BLR plus	316,807	334,233
- Cost-plus	1,187,630	1,177,919
- Other variable rates	42,627	71,861
	<u>1,549,353</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:

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Balance as at 1 January		
- as previously stated	59,123	68,383
- effect of adoption of FRS 139	-	9,936
- as restated	<u>59,123</u>	<u>78,319</u>
Classified as impaired during the period	329	6,433
Reclassified as non-impaired during the period	(397)	(364)
Amount recovered	(2,268)	(3,431)
Amount written off	-	(21,834)
Balance as at end of period	<u>56,787</u>	<u>59,123</u>
Individual impairment allowance	(44,055)	(43,578)
Net impaired loans, advances and financing	<u>12,732</u>	<u>15,545</u>
Ratio of net impaired loans, advances and financing to total loans, advances and financing less individual impairment allowance	<u>0.85%</u>	<u>1.00%</u>

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

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

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Individual Impairment		
Balance as at 1 January	43,578	57,485
Allowance made during the period	906	10,470
Amount written back	(429)	(2,543)
Amount written off	-	(21,834)
Balance as at end of period	<u>44,055</u>	<u>43,578</u>
Collective Impairment		
Balance as at 1 January	24,432	21,532
Allowance made during the period	-	2,900
Balance as at end of period	<u>24,432</u>	<u>24,432</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	1.62%	1.57%

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14. Loans, advances and financing (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.

The Bank has adopted the transitional provision of BNM/GP3 Guidelines on Classification and Impairment Provisions for Loans/Financing of providing a minimum of 1.5% of gross loans, advances and financing less individual impairment allowance as collective impairment allowance.

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

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Purchase of residential properties	3,042	3,504
Working capital	50,747	51,797
Others	2,998	3,822
	56,787	59,123

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

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15. Other assets

	Group		Bank	
	31.3.2011 RM'000	31.12.2010 RM'000	31.3.2011 RM'000	31.12.2010 RM'000
Other receivables, deposits and prepayments	5,240	4,068	5,240	4,068
Unrealised gain on derivatives	1,496	2,352	1,496	2,352
Tax recoverable	5,708	7,543	5,704	7,540
	<u>12,444</u>	<u>13,963</u>	<u>12,440</u>	<u>13,960</u>

16. Property and Equipment

During the three month period ended 31 March 2011, the Group and the Bank acquired assets with a cost of RM840,000 (31 December 2010: RM7,206,000).

17. Deposits from customers

(i) By type of deposit

	Group and Bank	
	31.3.2011 RM'000	31.12.2010 RM'000
Fixed deposits	1,152,590	1,075,223
Negotiable instruments of deposits	45,000	100,000
Current accounts	161,791	191,211
Savings deposits	10,588	10,762
Short term deposits	294,351	380,869
	<u>1,664,320</u>	<u>1,758,065</u>

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17. Deposits from customers (Contd.)

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

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Due within six months	1,398,893	1,402,840
Six months to one year	87,126	146,896
One year to three years	1,092	1,601
Over three years	4,830	4,755
	<u>1,491,941</u>	<u>1,556,092</u>

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

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Business enterprises	1,402,261	1,405,462
Individuals	201,092	201,527
Others	60,967	151,076
	<u>1,664,320</u>	<u>1,758,065</u>

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31.3.2011	31.12.2010
	RM'000	RM'000
Licensed banks	104,768	281,340
Other financial institutions	3,909	16,247
Bank Negara Malaysia	2,643	2,643
	<u>111,320</u>	<u>300,230</u>

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19. Other liabilities

	Group		Bank	
	31.3.2011 RM'000	31.12.2010 RM'000	31.3.2011 RM'000	31.12.2010 RM'000
Accruals	2,681	2,144	2,679	2,144
Unrealised loss on derivatives	1,550	1,677	1,550	1,677
Other payables	28,844	32,506	28,844	32,504
	<u>33,075</u>	<u>36,327</u>	<u>33,073</u>	<u>36,325</u>

20. Interest income

	Group and Bank Individual and Cumulative Quarter 3 months ended	
	1.1.2011 to 31.3.2011 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)
Interest income from loans and advances		
- Interest income other than recoveries from impaired loans	17,446	13,032
- Recoveries from impaired loans	-	565
- Interest income from impaired loans	281	9
Deposits and placements with banks and other financial institutions	2,969	2,099
Securities held-for-trading	17	27
Securities available-for-sale	1,212	1,857
Securities held-to-maturity	1,305	455
	<u>23,230</u>	<u>18,044</u>
Amortisation of premium net of accretion of discount		
- Securities held-for-trading	26	10
- Securities available-for-sale	(68)	(190)
- Securities held-to-maturity	36	(24)
	<u>23,224</u>	<u>17,840</u>

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21. Interest expense

	Group and Bank Individual and Cumulative Quarter 3 months ended	
	1.1.2011 to 31.3.2011 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)
Deposits from customers	10,664	7,914
Deposits and placements of banks and other financial institutions	1,397	592
	<u>12,061</u>	<u>8,506</u>

22. Loan impairment charges, net

	Group and Bank Individual and Cumulative Quarter 3 months ended	
	1.1.2011 to 31.3.2011 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)
Allowances for impaired loans, advances and financing		
- Collective impairment for loans, advances and financing	-	(1,000)
- Individual impairment for loans, advances and financing	(906)	(904)
- Individual impairment for loans, advances and financing written back	429	1,232
Impaired loans, advances and financing recovered	55	210
	<u>(422)</u>	<u>(462)</u>

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23. Non-interest income

	Group		Bank	
	Individual and Cumulative Quarter 3 months ended		Individual and Cumulative Quarter 3 months ended	
	1.1.2011 to 31.3.2011 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)	1.1.2011 to 31.3.2011 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)
Fee income:				
Commission	698	704	697	704
Service charges and fees	351	268	351	268
Guarantee fees	425	241	425	241
	<u>1,474</u>	<u>1,213</u>	<u>1,473</u>	<u>1,213</u>
Investment income:				
Net (loss)/gain on sale of investments:				
- Securities held-for-trading	(1)	37	(1)	37
- Securities available-for-sale	(78)	(80)	(78)	(80)
Net gain on revaluation of securities held-for-trading	-	17	-	17
Writeback of impairment losses on securities held-to-maturity	-	1	-	1
	<u>(79)</u>	<u>(25)</u>	<u>(79)</u>	<u>(25)</u>
Other income:				
Foreign exchange gain	2,938	631	2,938	631
Net payments on interest rate swaps	(32)	-	(32)	-
Unrealised (loss)/gain on derivatives	(728)	391	(728)	391
Rental income	132	126	132	126
Others	1	-	1	-
	<u>2,311</u>	<u>1,148</u>	<u>2,311</u>	<u>1,148</u>
	<u>3,706</u>	<u>2,336</u>	<u>3,705</u>	<u>2,336</u>

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24. Overhead expenses

	Group and Bank Individual and Cumulative Quarter 3 months ended	
	1.1.2011 to 31.3.2011 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)
Personnel costs		
Salaries, allowances and bonuses	3,151	2,626
Defined Contribution Plan - Employees Provident Fund	483	390
Others	581	248
	<u>4,215</u>	<u>3,264</u>
Establishment costs		
Depreciation	458	300
Amortisation of intangible assets	59	101
Repair and maintenance	163	116
Computerisation costs	209	117
Rental expenses	210	96
Others	365	148
	<u>1,464</u>	<u>878</u>
Marketing costs		
Advertising and publicity	165	78
Others	31	32
	<u>196</u>	<u>110</u>
Administration and general costs		
Professional fees	336	20
Non-executive directors' remuneration	212	204
Others	720	597
	<u>1,268</u>	<u>821</u>
Total	<u>7,143</u>	<u>5,073</u>

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25. Commitments and contingencies

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

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

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

Group and Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk weighted amount RM'000
31 March 2011				
Direct credit substitutes	15,806	-	15,806	15,302
Transaction-related contingent items	100,165	-	50,083	46,108
Short-term self-liquidating trade-related contingencies	50,222	-	10,044	9,950
Forward foreign exchange contracts				
- less than one year	275,949	1,480	3,548	2,314
Interest rate related contracts				
- less than one year	20,000	5	55	11
- more than one year	50,000	11	511	102
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	123	-	62	61
- maturity less than one year	1,059,404	-	211,881	210,705
Any commitment that are unconditionally cancelled at any time without prior notice	34,674	-	-	-
Total	1,606,343	1,496	291,990	284,553

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25. Commitments and contingencies (Contd.)

Group and Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk weighted amount RM'000
31 December 2010				
Direct credit substitutes	15,946	-	15,946	15,431
Transaction-related contingent items	94,510	-	47,255	43,334
Short-term self-liquidating trade-related contingencies	69,056	-	13,811	13,627
Forward foreign exchange contracts				
- less than one year	286,912	2,352	4,480	3,324
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	159	-	80	60
- maturity less than one year	951,313	-	190,263	191,037
Any commitment that are unconditionally cancelled at any time without prior notice	13,922	-	-	-
Total	1,431,818	2,352	271,835	266,813

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

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26. Capital adequacy

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

	31.3.2011	31.12.2010
Core capital ratio	20.14%	19.76%
Risk-weighted capital ratio	21.38%	20.97%

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

	31.3.2011	31.12.2010
	RM'000	RM'000
Tier-1 Capital		
Paid-up share capital	265,000	265,000
Statutory reserve	123,962	123,962
Retained profits *	10,420	10,420
Less: Deferred tax assets (excluding those from revaluation reserve) *	(6,274)	(6,274)
Total Tier-1 Capital	<u>393,108</u>	<u>393,108</u>
Tier-2 Capital		
Collective assessment allowance #	24,249	24,208
Total Tier-2 Capital	<u>24,249</u>	<u>24,208</u>
Total capital	417,357	417,316
Less: Investment in subsidiary	(10)	(10)
Capital base	<u>417,347</u>	<u>417,306</u>

* Computed based on statement of financial position as at 31 December 2010

Excluding collective impairment allowance related to impaired loans

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27. Significant Related Party Disclosures

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

	Group and Bank Individual and Cumulative Quarter 3 months ended	
	1.1.2011 to 31.3.2011 RM'000 (Unaudited)	1.1.2010 to 31.3.2010 RM'000 (Unaudited)
Income		
Interest on advances to holding company and its branches	1	3
Expenditure		
Interest on advances from holding company and its branches	2	53
	Group and Bank	
	31.3.2011 RM'000	31.12.2010 RM'000
Amount due to		
Deposits and placements from holding company and its branches	19,508	110
Amount due from		
Cash and short-term funds placed with holding company and its branches	4,542	3,244

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

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Statement by directors

We, Loke Tan Cheng and Professor Dato' Ruslan Khalid, being two of the directors of Bangkok Bank Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 2 to 29 are drawn up in accordance with Financial Reporting Standard 134: Interim Financial Reporting as modified by Bank Negara Malaysia guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2011 and of the results and the cash flows of the Group and of the Bank for the three-month period then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Loke Tan Cheng

Professor Dato' Ruslan Khalid

Kuala Lumpur, Malaysia
30 May 2011