



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

**Statement by Directors and Interim  
Condensed Financial Statements  
30 September 2013**

**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 2013 and commentary on the prospects**

Bangkok Bank Berhad ("BBB") registered a profit before tax of RM21.6 million for the nine-month of 2013 which was higher than the RM16.5 million recorded during the previous comparative period. The improved earnings was mainly from higher net interest income of RM3.81 million, higher non interest income of RM1.85 million and lower impairment charges.

Gross loan outstanding increased marginally by 9.20% from RM2.13 billion at end of December 2012 to RM2.32 billion at end of September 2013 mainly arising from trade financing and syndication loan. The loan growth and better loan margin contributed to the growth in the Bank's net interest income.

Deposits from customers grew marginally from RM2.31 billion at end of December 2012 to RM2.39 billion at at end of September 2013. The Bank continues to heighten its focus on generating customer deposits to maintain a prudent liquidity position and to fund future loan growth.

As compared to nine-month period of 2012, non-interest income increased by 19.74% from RM9.37 million to RM11.22 million mainly due to net gain on sales of securities available-for-sale and securities held-for-trading coupled with unrealised gain on foreign exchange forward contracts.

The asset quality of the Bank's loan portfolio has improved. Net impaired loan ratio decreased to 0.34% at end of September 2013 from 1.12% at end of December 2012. The lower ratio was mainly due to full settlement of one of the impaired corporate accounts and increased in gross loan outstanding.

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 statements of financial position as at 30 September 2013**

		<b>Group</b>		<b>Bank</b>	
	<b>Note</b>	<b>30.9.2013</b>	<b>31.12.2012</b>	<b>30.9.2013</b>	<b>31.12.2012</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>					
Cash and short-term funds		440,770	387,441	440,706	387,383
Securities held-for-trading	12	19,888	49,987	19,888	49,987
Securities available-for-sale	13	372,476	534,901	372,476	534,901
Securities held-to-maturity	14	40,131	45,261	40,131	45,261
Loans, advances and financing	15	2,247,810	2,058,230	2,247,810	2,058,230
Derivative assets	27	8,599	465	8,599	465
Other assets	16	5,749	6,550	5,749	6,550
Statutory deposit with Bank Negara Malaysia		79,000	70,000	79,000	70,000
Investment in subsidiary		-	-	10	10
Property and equipment	17	76,428	69,430	76,428	69,430
Intangible assets		178	188	178	188
Deferred tax assets		12,638	9,591	12,638	9,591
<b>Total assets</b>		<b>3,303,667</b>	<b>3,232,044</b>	<b>3,303,613</b>	<b>3,231,996</b>
<b>Liabilities and shareholder's equity</b>					
Deposits from customers	18	2,389,683	2,308,631	2,389,683	2,308,631
Deposits and placements of banks and other financial institution	19	138,619	136,136	138,619	136,136
Bills and acceptances payable		148,467	191,394	148,467	191,394
Derivative liabilities	27	6,523	961	6,523	961
Other liabilities	20	46,010	35,507	46,008	35,503
<b>Total liabilities</b>		<b>2,729,302</b>	<b>2,672,629</b>	<b>2,729,300</b>	<b>2,672,625</b>
Share capital		400,000	400,000	400,000	400,000
Statutory reserve		138,661	138,661	138,651	138,651
Revaluation reserve		(1,198)	31	(1,198)	31
Retained profits		36,902	20,723	36,860	20,689
<b>Shareholder's equity</b>		<b>574,365</b>	<b>559,415</b>	<b>574,313</b>	<b>559,371</b>
<b>Total liabilities and shareholder's equity</b>		<b>3,303,667</b>	<b>3,232,044</b>	<b>3,303,613</b>	<b>3,231,996</b>
<b>Commitments and contingencies</b>	26	<b>2,411,206</b>	<b>1,844,779</b>	<b>2,411,206</b>	<b>1,844,779</b>

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

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

**Interim condensed income statements**  
**For the financial period ended 30 September 2013**

	Note	Group			
		Current Quarter		Cumulative Quarter	
		3 months ended		9 months ended	
		1.7.2013	1.7.2012	1.1.2013	1.1.2012
		to	to	to	to
		30.9.2013	30.9.2012	30.9.2013	30.9.2012
		RM'000	RM'000	RM'000	RM'000
Interest income	21	34,275	34,063	102,391	91,915
Interest expense	22	(19,854)	(20,734)	(60,670)	(54,008)
Net interest income		14,421	13,329	41,721	37,907
Loan impairment allowances, net	23	(8,518)	(2,971)	(5,525)	(7,051)
		5,903	10,358	36,196	30,856
Non-interest income	24	3,850	3,277	11,229	9,393
Net income		9,753	13,635	47,425	40,249
Overhead expenses	25	(8,785)	(8,005)	(25,863)	(23,755)
Profit before taxation		968	5,630	21,562	16,494
Taxation		(306)	(1,477)	(5,383)	(4,489)
Profit for the period		662	4,153	16,179	12,005
Earnings per share (sen)					
- basic		0.17	1.04	4.04	3.00
- diluted		0.17	1.04	4.04	3.00

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

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

**Interim condensed income statements**  
**For the financial period ended 30 September 2013 (cont'd.)**

		<b>Bank</b>			
		<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
		<b>3 months ended</b>		<b>9 months ended</b>	
		<b>1.7.2013</b>	<b>1.7.2012</b>	<b>1.1.2013</b>	<b>1.1.2012</b>
		<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>Note</b>	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	21	34,275	34,063	102,391	91,915
Interest expense	22	(19,854)	(20,734)	(60,670)	(54,008)
Net interest income		14,421	13,329	41,721	37,907
Loan impairment allowances, net	23	(8,518)	(2,971)	(5,525)	(7,051)
		5,903	10,358	36,196	30,856
Non-interest income	24	3,849	3,263	11,218	9,369
Net income		9,752	13,621	47,414	40,225
Overhead expenses	25	(8,785)	(8,006)	(25,862)	(23,754)
Profit before taxation		967	5,615	21,552	16,471
Taxation		(306)	(1,473)	(5,381)	(4,483)
Profit for the period		661	4,142	16,171	11,988

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

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

**Interim condensed statements of comprehensive income**  
**For the financial period ended 30 September 2013**

	<b>Group</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>1.7.2013</b>	<b>1.7.2012</b>	<b>1.1.2013</b>	<b>1.1.2012</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period</b>	<u>662</u>	<u>4,153</u>	<u>16,179</u>	<u>12,005</u>
<b>Other comprehensive income</b>				
Net loss on securities available-for-sale	(258)	(1,217)	(1,639)	(1,093)
Income tax relating to components of other comprehensive income	<u>66</u>	<u>304</u>	<u>410</u>	<u>273</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u>(192)</u>	<u>(913)</u>	<u>(1,229)</u>	<u>(820)</u>
<b>Total comprehensive income for the period, net of tax</b>	<u>470</u>	<u>3,240</u>	<u>14,950</u>	<u>11,185</u>

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**Bangkok Bank Berhad**  
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**Interim condensed statements of comprehensive income**  
**For the financial period ended 30 September 2013 (cont'd.)**

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2013	1.7.2012	1.1.2013	1.1.2012
	to	to	to	to
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	661	4,142	16,171	11,988
<b>Other comprehensive income</b>				
Net loss on securities available-for-sale	(258)	(1,217)	(1,639)	(1,093)
Income tax relating to components of other comprehensive income	65	304	410	273
<b>Other comprehensive loss for the period, net of tax</b>	(193)	(913)	(1,229)	(820)
<b>Total comprehensive income for the period, net of tax</b>	468	3,229	14,942	11,168

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



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**Bangkok Bank Berhad**  
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**Interim condensed statements of changes in equity**  
**For the financial period ended 30 September 2013**

	<----- Group ----->				
	<---Non-distributable--->			Distributable:	
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
<b>At 1 January 2012</b>					
- as previously stated	400,000	131,244	(12)	17,716	548,948
- MFRS adoption	-	-	-	(4,421)	(4,421)
- as restated	400,000	131,244	(12)	13,295	544,527
Total comprehensive income	-	-	(820)	12,005	11,185
<b>At 30 September 2012</b>					
- as restated	400,000	131,244	(832)	25,300	555,712
<b>At 1 January 2013</b>	400,000	138,661	31	20,723	559,415
Total comprehensive income	-	-	(1,229)	16,179	14,950
<b>At 30 September 2013</b>	400,000	138,661	(1,198)	36,902	574,365

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**Bangkok Bank Berhad**  
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**Interim condensed statements of changes in equity**  
**For the financial period ended 30 September 2013 (cont'd.)**

	<----- Bank ----->				
	<---Non-distributable--->			Distributable:	
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
<b>At 1 January 2012</b>					
- as previously stated	400,000	131,234	(12)	17,692	548,914
- MFRS adoption	-	-	-	(4,421)	(4,421)
	<hr/>				
- as restated	400,000	131,234	(12)	13,271	544,493
Total comprehensive income	-	-	(820)	11,988	11,168
	<hr/>				
<b>At 30 September 2012</b>					
- as restated	400,000	131,234	(832)	25,259	555,661
	<hr/>				
<b>At 1 January 2013</b>	400,000	138,651	31	20,689	559,371
Total comprehensive income	-	-	(1,229)	16,171	14,942
	<hr/>				
<b>At 30 September 2013</b>	400,000	138,651	(1,198)	36,860	574,313
	<hr/>				

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**Bangkok Bank Berhad**  
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**Interim condensed statements of cash flows**  
**For the financial period ended 30 September 2013**

	<b>Group</b>		<b>Bank</b>	
	<b>1.1.2013 to 30.9.2013 RM'000</b>	<b>1.1.2012 to 30.9.2012 RM'000</b>	<b>1.1.2013 to 30.9.2013 RM'000</b>	<b>1.1.2012 to 30.9.2012 RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax	21,562	16,494	21,552	16,471
Adjustments for:				
Depreciation	1,423	1,727	1,423	1,727
Write off of property and equipment	4		4	
Amortisation of intangible assets	125	165	125	165
Allowance for losses on loans and financing, net	6,042	7,312	6,042	7,312
Net gain on disposal of property and equipment	(96)	-	(96)	-
Write back of impairment losses of securities held-to-maturity	(106)	(9)	(106)	(9)
Unrealised (gain)/loss on derivatives	(2,572)	1	(2,572)	1
Net loss on revaluation of securities held-for-trading	18	22	18	22
Net gain on disposal of securities held-for-trading	(275)	(60)	(275)	(60)
Net gain on disposal of securities available-for-sale	(657)	(44)	(657)	(44)
Accretion of discount net of amortisation of premium	(636)	625	(636)	625
Dividend income	(107)	(48)	(98)	(48)
Operating profit before working capital changes carried forward	24,725	26,185	24,724	26,162

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**Bangkok Bank Berhad**  
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**Interim condensed statements of cash flows**  
**For the financial period ended 30 September 2013 (cont'd.)**

	<b>Group</b>		<b>Bank</b>	
	<b>1.1.2013 to 30.9.2013 RM'000</b>	<b>1.1.2012 to 30.9.2012 RM'000</b>	<b>1.1.2013 to 30.9.2013 RM'000</b>	<b>1.1.2012 to 30.9.2012 RM'000</b>
<b>Cash flows from operating activities (cont'd.)</b>				
Operating profit before working capital changes brought forward	24,725	26,185	24,724	26,162
Increase in loans and advances	(195,622)	(433,722)	(195,622)	(433,722)
Decrease/(increase) in other assets	801	(5,747)	801	(5,747)
Increase in statutory deposit with Bank Negara Malaysia	(9,000)	(21,000)	(9,000)	(21,000)
Increase in deposits from customers	81,052	463,193	81,052	463,193
Increase in deposits and placements of banks and other financial institutions	2,483	27,218	2,483	27,218
(Decrease)/increase in bills and acceptances payable	(42,927)	291,160	(42,927)	291,160
Increase in other liabilities	8,933	4,278	8,934	4,279
Cash (used in)/generated from operations	(129,555)	351,565	(129,555)	351,543
Taxes paid	(6,437)	(5,606)	(6,434)	(5,603)
Taxes refunded	-	2	-	-
Net cash (used in)/generated from operating activities	(135,992)	345,961	(135,989)	345,940

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**Bangkok Bank Berhad  
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**Interim condensed statements of cash flows  
For the financial period ended 30 September 2013 (cont'd.)**

	Group		Bank	
	1.1.2013 to 30.9.2013 RM'000	1.1.2012 to 30.9.2012 RM'000	1.1.2013 to 30.9.2013 RM'000	1.1.2012 to 30.9.2012 RM'000
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(8,490)	(279)	(8,490)	(279)
Purchase of intangible assets	(58)	-	(58)	-
Purchase of securities held-for-trading	(610,326)	(175,179)	(610,326)	(175,179)
Purchase of securities available-for-sale	(1,081,240)	(656,376)	(1,081,240)	(656,376)
Proceeds from disposal of securities held-for-trading	640,687	155,317	640,687	155,317
Proceeds from disposal of securities available-for-sale	258,444	229,018	258,444	229,018
Proceeds from maturity of securities available-for-sale	985,000	95,000	985,000	95,000
Proceeds from maturity of securities held-to-maturity	5,106	30,009	5,106	30,009
Dividend received	93	46	84	46
Proceeds from disposal of property and equipment	105	-	105	-
Net cash generated from/(used in) investing activities	<u>189,321</u>	<u>(322,444)</u>	<u>189,312</u>	<u>(322,444)</u>
<b>Net increase in cash and cash equivalents</b>	53,329	23,517	53,323	23,496
<b>Cash and cash equivalents at beginning of financial period</b>	<u>387,441</u>	<u>664,523</u>	<u>387,383</u>	<u>664,478</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>440,770</u>	<u>688,040</u>	<u>440,706</u>	<u>687,974</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	440,770	568,040	440,706	567,974
Deposits and placements with banks	-	120,000	-	120,000
	<u>440,770</u>	<u>688,040</u>	<u>440,706</u>	<u>687,974</u>

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

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**Bangkok Bank Berhad  
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**Notes to the interim condensed financial statements - 30 September 2013**

**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. Basis of preparation**

The interim condensed financial statements have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair value: securities held-for-trading, securities available-for-sale and derivatives.

The interim condensed financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"). These interim condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2012.

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

**1 January 2013**

MFRS 10 *Consolidated Financial Statements*

MFRS 11 *Joint Arrangements*

MFRS 12 *Disclosure of Interests in Other Entities*

MFRS 13 *Fair Value Measurement*

MFRS 119 *Employee Benefits (revised)*

MFRS 127 *Consolidated and Separate Financial Statements (revised)*

Amendments to MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans*

Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*

**Bangkok Bank Berhad  
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**2. Basis of preparation (cont'd.)**

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

**1 January 2013 (cont'd.)**

Amendments to MFRS 101 *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*  
Amendments to MFRS 116 *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*  
Amendments to MFRS 132 *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*  
Amendments to MFRS 134 *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*  
Amendments to MFRS 10 *Consolidated Financial Statements: Transition Guidance*  
Amendments to MFRS 11 *Joint Arrangements: Transition Guidance*  
Amendments to MFRS 12 *Disclosure of Interests in Other Entities: Transition Guidance*

The adoption of the above MFRSs and amendments to MFRSs did not have any financial impact to the Group and the Bank.

**2.2 Standards 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:-

**Effective for financial periods beginning on or after 1 January 2014**

Amendments to MFRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*  
Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*

**Effective for financial periods beginning on or after 1 January 2015**

MFRS 9 *Financial Instruments*

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

**2. Basis of preparation (cont'd.)**

**2.2 Standards issued but not yet effective (cont'd.)**

**Effective for financial periods beginning on or after 1 January 2015 (cont'd.)**

The Bank plans to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and the Bank upon their initial application except as described below:

**(a) MFRS 9 *Financial Instruments***

MFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial liabilities and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") and replaces the guidance in MFRS 139. The Standard may have material impact on the financial statements of the Group and the Bank upon its first adoption. As the Standard is still being revised and developed, the Bank is in the midst of analysing the requirements of the standard and its impact.

**(b) MFRS 10 *Consolidated Financial Statements***

MFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by MFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Special Purpose Entities. Based on the preliminary analyses performed, MFRS 10 is not expected to have any impact on the currently held investments of the Bank.

**(c) MFRS 12 *Disclosure of Interests in Other Entities***

MFRS 12 includes all disclosures that were previously in MFRS 127 related to consolidated financial statements as well as all of the disclosures that were previously included in MFRS 11 Joint Arrangements and MFRS 128 Investments in Associates. These disclosures related to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required but no impact is expected on the Group's and the Bank's financial position or performance.



**Bangkok Bank Berhad  
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**2. Basis of preparation (cont'd.)**

**2.2 Standards issued but not yet effective (cont'd.)**

**Effective for financial periods beginning on or after 1 January 2015 (cont'd.)**

**(d) MFRS 13 *Fair Value Measurement***

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted. The Bank is currently assessing the impact that this Standard will have on the financial position and performance of the Group and the Bank but based on preliminary analyses, no material impact is expected.

**2.3 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.

**Bangkok Bank Berhad  
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**2. Basis of preparation (cont'd.)**

**2.3 Significant accounting judgements and estimates (cont'd.)**

**(i) Impairment losses on loans, advances and financing (cont'd.)**

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(vii).

**(ii) Impairment of available-for-sale investments**

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

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

**(iii) Deferred tax assets**

Deferred tax assets are recognised in respect of any tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

**3. Auditors' report on preceding annual financial statements**

The auditors' report on the audited annual financial statements for the year ended 31 December 2012 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 2013.

**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 3-month and 9-month financial periods ended 30 September 2013.

**7. Debt and equity securities**

There were no issuances, repurchases and repayments of debt and equity securities during the 9-month financial period ended 30 September 2013.

**8. Subsequent events**

There were no material events subsequent to the end of the current period that require disclosure or adjustments to the 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 9-month financial period ended 30 September 2013.

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**11. Segmental information**

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

**12. Securities held-for-trading**

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Securities	19,888	49,987
	<u>19,888</u>	<u>49,987</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Securities	79,852	91,049
Cagamas Bonds	10,005	15,121
Government Investment Issues	231,075	187,042
Bank Negara Monetary Notes	-	9,997
Negotiable Instruments of Deposit	-	180,000
Unquoted securities in Malaysia:		
Private debt securities	50,672	50,820
	<u>371,604</u>	<u>534,029</u>
<b>At cost</b>		
Unquoted securities:		
Shares	872	872
	<u>372,476</u>	<u>534,901</u>

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**14. Securities held-to-maturity**

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At amortised cost</b>		
Unquoted securities:		
Private debt securities	40,131	45,261
	<u>40,131</u>	<u>45,261</u>

**15. Loans, advances and financing**

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Overdrafts	124,764	91,149
Term loans		
- Housing loans	5,248	5,963
- Syndicated term loan	64,834	-
- Other term loans	583,431	590,306
Revolving credits	411,789	409,889
Bills receivables	5,694	7,673
Trust receipts	127,438	89,712
Bankers' acceptances	997,975	924,647
Other financing	6,343	12,209
Staff loans	1,713	1,745
	<u>2,329,229</u>	<u>2,133,293</u>
Unearned interest	(7,072)	(6,758)
Gross loans, advances and financing	<u>2,322,157</u>	<u>2,126,535</u>
Less: Allowance for impaired loans and financing		
- Individual impairment allowance	(20,664)	(22,147)
- Collective impairment allowance	(53,683)	(46,158)
Net loans, advances and financing	<u>2,247,810</u>	<u>2,058,230</u>

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

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

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	1,745,090	1,544,098
One year to three years	87,856	164,056
Three years to five years	93,095	48,899
Over five years	396,116	369,482
	<u>2,322,157</u>	<u>2,126,535</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	4,015	1,891
Purchase of transport vehicles	244	308
Purchase of residential properties	6,671	7,314
Purchase of non-residential properties	91,025	89,892
Purchase of fixed assets other than land and building	30,085	15,725
Personal use	4,320	6,275
Construction	147,006	141,466
Mergers and acquisitions	78,725	91,722
Working capital	1,834,574	1,712,162
Others	125,492	59,780
	<u>2,322,157</u>	<u>2,126,535</u>

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

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

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	212,192	200,900
Domestic business enterprises		
- Small medium enterprises	610,787	620,822
- Others	1,487,943	1,290,916
Individuals	11,235	13,897
	<u>2,322,157</u>	<u>2,126,535</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate		
- BLR plus	371,365	408,360
- Cost-plus	1,870,620	1,665,056
- Other variable rates	80,172	53,119
	<u>2,322,157</u>	<u>2,126,535</u>

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

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

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

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	45,695	51,384
Classified as impaired during the year	1,300	19,285
Reclassified as non-impaired during the year	(332)	(708)
Amount recovered	(18,218)	(2,100)
Amount written off	-	(22,166)
Balance as at end of year	<u>28,445</u>	<u>45,695</u>
Individual impairment allowance	<u>(20,664)</u>	<u>(22,147)</u>
Net impaired loans, advances and financing	<u>7,781</u>	<u>23,548</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance	<u>0.34%</u>	<u>1.12%</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Individual impairment allowance</b>		
Balance as at 1 January	22,147	41,520
Allowance made during the period/year	1,020	3,858
Amount written back	(2,503)	(1,065)
Amount written off	-	(22,166)
Balance as at end of period/year	<u>20,664</u>	<u>22,147</u>
<b>Collective impairment allowance</b>		
Balance as at 1 January as previously stated	46,158	31,782
Effect of removal of transitional provision to fully adopt MFRS 139	-	5,894
Balance as at 1 January as restated	<u>46,158</u>	<u>37,676</u>
(Writeback)/allowance made during the period/year	<u>7,525</u>	<u>8,482</u>
Balance as at end of period/year	<u>53,683</u>	<u>46,158</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>2.33%</u>	<u>2.19%</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 judgmental 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 quarterly basis. The Bank also performs quarterly 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>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of residential properties	1,325	1,778
Working capital	24,663	41,460
Others	2,457	2,457
	<u>28,445</u>	<u>45,695</u>

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>30.9.2013</b>	<b>31.12.2012</b>	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables, deposits and prepayments	5,749	6,550	5,749	6,550
	<u>5,749</u>	<u>6,550</u>	<u>5,749</u>	<u>6,550</u>

**17. Property and equipment**

During the nine-month period ended 30 September 2013, the Group and the Bank acquired assets with a cost of RM8,490,000 (31 December 2012: RM1,172,000).

**18. Deposits from customers**

(i) By type of deposit

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	1,829,660	1,795,129
Negotiable instruments of deposits	80,000	110,000
Current accounts	174,497	181,719
Savings deposits	11,926	16,564
Short term deposits	293,600	205,219
	<u>2,389,683</u>	<u>2,308,631</u>

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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>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	2,000,016	1,903,542
Six months to one year	192,226	168,775
One year to three years	10,148	35,961
Over three years	870	2,070
	<u>2,203,260</u>	<u>2,110,348</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic financial institutions	50,000	30,000
Government	30,000	80,000
Business enterprises	1,948,508	1,886,209
Individuals	302,910	251,342
Others	58,265	61,080
	<u>2,389,683</u>	<u>2,308,631</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>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	132,280	122,428
Other financial institutions	6,339	12,208
Bank Negara Malaysia	-	1,500
	<u>138,619</u>	<u>136,136</u>

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

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**20. Other liabilities**

	Group		Bank	
	30.9.2013 RM'000	31.12.2012 RM'000	30.9.2013 RM'000	31.12.2012 RM'000
Accruals	4,155	2,572	4,155	2,572
Tax payables	1,641	71	1,641	70
Interest payables	12,167	12,294	12,167	12,294
Other payables	28,047	20,570	28,045	20,567
	<u>46,010</u>	<u>35,507</u>	<u>46,008</u>	<u>35,503</u>

**21. Interest income**

	Group and Bank			
	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	1.7.2013 to 30.9.2013 RM'000	1.7.2012 to 30.9.2012 RM'000	1.1.2013 to 30.9.2013 RM'000	1.1.2012 to 30.9.2012 RM'000
Interest income from loans and advances				
- Interest income other than recoveries from impaired loans	26,670	24,963	77,873	69,600
- Recoveries from impaired loans	-	-	179	-
- Interest income from impaired loans	183	470	958	898
Deposits and placements with banks and other financial institutions	3,654	4,403	10,534	11,916
Securities held-for-trading	143	58	233	58
Securities available-for-sale	3,354	3,595	10,464	7,763
Securities held-to-maturity	508	641	1,514	2,305
	<u>34,512</u>	<u>34,130</u>	<u>101,755</u>	<u>92,540</u>
Amortisation of premium net of accretion of discount				
- Securities held-for-trading	1	68	5	250
- Securities available-for-sale	(195)	(96)	761	(693)
- Securities held-to-maturity	(43)	(39)	(130)	(182)
	<u>34,275</u>	<u>34,063</u>	<u>102,391</u>	<u>91,915</u>

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**22. Interest expense**

	<b>Group and Bank</b>			
	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 9 months ended</b>	
	<b>1.7.2013 to 30.9.2013 RM'000</b>	<b>1.7.2012 to 30.9.2012 RM'000</b>	<b>1.1.2013 to 30.9.2013 RM'000</b>	<b>1.1.2012 to 30.9.2012 RM'000</b>
Deposits from customers	17,965	17,747	54,219	48,159
Deposits and placements of banks and other financial institutions	1,889	2,987	6,451	5,849
	<u>19,854</u>	<u>20,734</u>	<u>60,670</u>	<u>54,008</u>

**23. Loan impairment (writeback)/allowances, net**

	<b>Group and Bank</b>			
	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 9 months ended</b>	
	<b>1.7.2013 to 30.9.2013 RM'000</b>	<b>1.7.2012 to 30.9.2012 RM'000</b>	<b>1.1.2013 to 30.9.2013 RM'000</b>	<b>1.1.2012 to 30.9.2012 RM'000</b>
(Writeback)/allowance for impaired loans, advances and financing				
- Collective impairment for loans, advances and financing	8,470	2,693	7,525	6,858
- Individual impairment for loans, advances and financing	194	573	1,020	1,456
Impaired loans, advances and financing written back	(47)	(84)	(2,503)	(1,002)
Impaired loans, advances and financing recovered	(99)	(211)	(517)	(261)
	<u>8,518</u>	<u>2,971</u>	<u>5,525</u>	<u>7,051</u>

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**24. Non-interest income**

	Group			
	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	1.7.2013 to 30.9.2013 RM'000	1.7.2012 to 30.9.2012 RM'000	1.1.2013 to 30.9.2013 RM'000	1.1.2012 to 30.9.2012 RM'000
Fee income:				
Commission	947	660	2,365	2,155
Service charges and fees	413	498	1,208	1,340
Guarantee fees	374	667	1,068	1,505
	<u>1,734</u>	<u>1,825</u>	<u>4,641</u>	<u>5,000</u>
Investment income:				
Net gain/(loss) on disposal of investments:				
- Securities held-for-trading	204	88	275	60
- Securities available-for-sale	-	44	657	44
Net gain/(loss) on revaluation of securities held-for-trading	(49)	(21)	(18)	(22)
Net gain on revaluation of forward investment	(16)	-	(6)	-
Writeback of impairment losses on securities held-to-maturity	53	-	106	9
Gross dividend from securities available-for-sale	56	-	98	48
	<u>248</u>	<u>111</u>	<u>1,112</u>	<u>139</u>
Foreign exchange (loss)/gain	(1,246)	695	2,435	3,879
Unrealised gain/(loss) on foreign exchange forward contracts	2,988	520	2,572	(1)
Rental income	125	124	369	372
Gain on disposal of property and equipment	-	-	96	-
Others	1	2	4	4
	<u>1,868</u>	<u>1,341</u>	<u>5,476</u>	<u>4,254</u>
	<u>3,850</u>	<u>3,277</u>	<u>11,229</u>	<u>9,393</u>

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

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2013	1.7.2012	1.1.2013	1.1.2012
	to	to	to	to
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	946	646	2,354	2,131
Service charges and fees	413	498	1,208	1,340
Guarantee fees	374	667	1,068	1,505
	<u>1,733</u>	<u>1,811</u>	<u>4,630</u>	<u>4,976</u>
Investment income:				
Net gain/(loss) on sale of investments:				
- Securities held-for-trading	204	88	275	60
- Securities available-for-sale	-	44	657	44
Net gain on revaluation of securities held-for-trading	(49)	(21)	(18)	(22)
Net gain on revaluation of forward investment	(16)	-	(6)	-
Writeback of impairment losses on securities held-to-maturity	53	-	106	9
Gross dividend from securities available-for-sale	56	-	98	48
	<u>248</u>	<u>111</u>	<u>1,112</u>	<u>139</u>
Foreign exchange (loss)/gain	(1,246)	695	2,435	3,879
Unrealised gain/(loss) on foreign exchange forward contracts	2,988	520	2,572	(1)
Rental income	125	124	369	372
Gain on disposal of property and equipment	-	-	96	-
Others	1	2	4	4
	<u>1,868</u>	<u>1,341</u>	<u>5,476</u>	<u>4,254</u>
	<u>3,849</u>	<u>3,263</u>	<u>11,218</u>	<u>9,369</u>

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**25. Overhead expenses**

	Group			
	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	1.7.2013 to 30.9.2013 RM'000	1.7.2012 to 30.9.2012 RM'000	1.1.2013 to 30.9.2013 RM'000	1.1.2012 to 30.9.2012 RM'000
Personnel costs				
Salaries, allowances and bonuses	4,710	4,229	14,022	12,450
Defined Contribution Plan - Employees Provident Fund	701	617	2,083	1,830
Others	397	265	1,241	990
	<u>5,808</u>	<u>5,111</u>	<u>17,346</u>	<u>15,270</u>
Establishment costs				
Depreciation	464	567	1,423	1,727
Amortisation of intangible assets	42	43	125	165
Repair and maintenance	197	227	540	722
Computerisation costs	245	232	699	654
Rental expenses	215	210	638	630
Others	410	357	1,152	1,118
	<u>1,573</u>	<u>1,636</u>	<u>4,577</u>	<u>5,016</u>
Marketing costs				
Advertising and publicity	108	41	215	190
Others	33	16	74	57
	<u>141</u>	<u>57</u>	<u>289</u>	<u>247</u>



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

	<b>Group</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>1.7.2013</b>	<b>1.7.2012</b>	<b>1.1.2013</b>	<b>1.1.2012</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Administration and general costs				
Communication expenses	276	298	824	736
Subscriptions	225	181	609	602
Professional fees	190	91	555	222
Auditors remunerations	61	88	279	245
Non-executive directors' remuneration	137	208	331	457
Insurance	65	62	187	190
Travelling	65	48	205	215
Others	244	225	661	555
	<u>1,263</u>	<u>1,201</u>	<u>3,651</u>	<u>3,222</u>
<b>Total</b>	<u>8,785</u>	<u>8,005</u>	<u>25,863</u>	<u>23,755</u>

The above expenses include the following statutory disclosures:

	<b>Group</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>1.7.2013</b>	<b>1.7.2012</b>	<b>1.1.2013</b>	<b>1.1.2012</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Directors' fee and remuneration	524	563	2,397	1,504
Hire of equipment	27	30	83	86
Auditors' remuneration				
- Statutory audit	24	23	112	106
- Other regulated related services	22	21	47	44
- Other services	15	32	120	81
	<u>524</u>	<u>563</u>	<u>2,397</u>	<u>1,504</u>

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

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2013 to 30.9.2013 RM'000	1.7.2012 to 30.9.2012 RM'000	1.1.2013 to 30.9.2013 RM'000	1.1.2012 to 30.9.2012 RM'000
Personnel costs				
Salaries, allowances and bonuses	4,710	4,229	14,022	12,450
Defined Contribution Plan - Employees Provident Fund	701	617	2,083	1,830
Others	397	265	1,241	990
	<u>5,808</u>	<u>5,111</u>	<u>17,346</u>	<u>15,270</u>
Establishment costs				
Depreciation	464	567	1,423	1,727
Amortisation of intangible assets	42	43	125	165
Repair and maintenance	197	227	540	722
Computerisation costs	245	232	699	654
Rental expenses	215	210	638	630
Others	410	357	1,152	1,118
	<u>1,573</u>	<u>1,636</u>	<u>4,577</u>	<u>5,016</u>
Marketing costs				
Advertising and publicity	108	41	215	190
Others	33	16	74	57
	<u>141</u>	<u>57</u>	<u>289</u>	<u>247</u>

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

	<b>Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>1.7.2013</b>	<b>1.7.2012</b>	<b>1.1.2013</b>	<b>1.1.2012</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Administration and general costs				
Communication expenses	276	298	824	736
Subscriptions	225	181	609	602
Professional fees	190	92	555	222
Auditors remunerations	60	88	277	244
Non-executive directors' remuneration	137	208	331	457
Insurance	65	62	187	190
Travelling	65	48	205	215
Others	245	225	662	555
	<u>1,263</u>	<u>1,202</u>	<u>3,650</u>	<u>3,221</u>
<b>Total</b>	<u>8,785</u>	<u>8,006</u>	<u>25,862</u>	<u>23,754</u>

The above expenses include the following statutory disclosures:

	<b>Bank</b>			
	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>1.7.2013</b>	<b>1.7.2012</b>	<b>1.1.2013</b>	<b>1.1.2012</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Directors' fee and remuneration	524	563	2,397	1,504
Hire of equipment	27	30	83	86
Auditors' remuneration				
- Statutory audit	23	22	111	106
- Other regulated related services	22	21	47	44
- Other services	14	32	120	81
	<u>14</u>	<u>32</u>	<u>120</u>	<u>81</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 the Bank do not enter into repo-style transactions and credit derivative contracts booked in its trading and banking books. 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 Amount RM'000</b>	<b>Positive Fair Value Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>30 September 2013</b>				
Direct credit substitutes	22,200	-	22,200	20,659
Transaction-related contingent items	124,948	-	62,474	61,071
Short-term self-liquidating trade-related contingencies	68,156	-	13,631	13,495
Forward foreign exchange contracts				
- less than one year and credit lines, with an original	479,016	8,599	14,062	7,027
- maturity more than one year	75,059	-	37,530	37,284
- maturity less than one year	1,621,677	-	324,335	323,997
Any commitment that are unconditionally cancelled at any time without prior notice	20,150	-	-	-
<b>Total</b>	<b>2,411,206</b>	<b>8,599</b>	<b>474,232</b>	<b>463,533</b>

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

Group and Bank	Principal Amount RM'000	Positive Fair Value Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
<b>31 December 2012</b>				
Direct credit substitutes	16,009	-	16,009	15,303
Transaction-related contingent items	118,099	-	59,050	56,825
Short-term self-liquidating trade-related contingencies	41,138	-	8,228	8,228
Forward foreign exchange contracts				
- less than one year	275,537	465	3,227	2,149
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	105,860	-	52,930	52,929
- maturity less than one year	1,265,584	-	253,117	251,331
Any commitment that are unconditionally cancelled at any time without prior notice	22,552	-	-	-
<b>Total</b>	<b>1,844,779</b>	<b>465</b>	<b>392,561</b>	<b>386,765</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 30 September 2013</b>	<b>Note</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM '000</b>
<u>Securities held-for-trading</u>					
Money market instruments:					
Malaysian Government Securities		-	19,888	-	19,888
		-	19,888	-	19,888
<u>Securities available-for-sale</u>					
Money market instruments:					
Malaysian Government Securities			79,852		79,852
Cagamas Bonds		-	10,005	-	10,005
Government Investment Issue			231,075	-	231,075
BNM Monetary Notes		-	-	-	-
Negotiable Instruments of Deposit		-	-	-	-
Unquoted securities in Malaysia:					
Private debt securities		-	50,672	-	50,672
Shares		-	-	872	872
		-	371,604	872	372,476
<u>Derivatives</u>					
Derivative financial assets					
Unrealised gain on derivatives		-	8,599	-	8,599
Derivative financial liabilities					
Unrealised loss on derivatives		-	(6,523)	-	(6,523)
		-	2,076	-	2,076

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

Group and Bank 31 December 2012	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Securities held-for-trading</u>				
Money market instruments:				
BNM Monetary Notes	-	49,987	-	49,987
	-	49,987	-	49,987
<u>Securities available-for-sale</u>				
Money market instruments:				
Malaysian Government				
Securities	-	91,049	-	91,049
Cagamas Bonds	-	15,121	-	15,121
Government Investment Issue		187,042	-	187,042
BNM Monetary Notes	-	9,997	-	9,997
Negotiable Instruments of Deposit	-	180,000	-	180,000
Unquoted securities in Malaysia:				
Private debt securities	-	50,820	-	50,820
Shares	-	-	872	872
	-	534,029	872	534,901
<u>Derivatives</u>				
Derivative financial assets				
Unrealised gain on derivatives	-	465	-	465
Derivative financial liabilities				
Unrealised loss on derivatives	-	(961)	-	(961)
	-	(496)	-	(496)

**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).

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

- (i) The implementation of Basel III in Malaysia will commence with effect from 1 January 2013 under the new Basel III rules released on 28 November 2012 by BNM. Under the new Basel III rules, banking institutions will be required to maintain higher minimum quantity and quality of capital but the requirements will be subject to a service of the transitional arrangements and be phased-in over a period of time commencing 2013 and to be fully effective by 2019. BNM is also expected to introduce additional capital buffer requirements which will comprise of capital conservation buffer of 2.5% of total RWA and countercyclical capital buffer ranging between 0% - 2.5% of total RWA. Further guidance on the capital buffer requirements will be announced by BNM before 2016.

- (ii) The capital adequacy ratios of the Bank as at the reporting date, are as follows:

	<b>30.9.2013</b>	<b>31.12.2012</b>
Core capital ratio/Common equity tier-1 capital ratio	18.85%	20.18%
Risk-weighted capital ratio	<u>20.05%</u>	<u>21.88%</u>

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

	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier-1 Capital</b>		
Paid-up share capital	-	400,000
Statutory reserve	-	138,651
Retained profits	-	20,689
Less: Deferred tax assets (excluding those from revaluation reserve)	-	(9,601)
Total Tier-1 Capital	<u>-</u>	<u>549,739</u>
<b>Common Equity Tier-1 Capital</b>		
Paid-up share capital	400,000	-
Statutory reserve	138,651	-
Unrealised losses on 'available-for-sale' financial instruments	(1,198)	-
Retained profits	36,860	-
Less: Deferred tax assets (excluding those from revaluation reserve)	(12,239)	-
Total Common Equity Tier-1 Capital	<u>562,074</u>	<u>-</u>



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

**(iii) (cont'd.)**

	<b>30.9.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier-2 Capital</b>		
Collective impairment (only those attributable to non-impaired loan, advances and financing)	35,734	46,130
Total Tier-2 Capital	<u>35,734</u>	<u>46,130</u>
<b>Total capital</b>		
Tier-1 Capital	562,074	549,739
Tier-2 Capital	35,734	46,130
Less: Investment in subsidiary	(10)	(10)
Total Capital	<u>597,798</u>	<u>595,859</u>

- (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>30.9.2013</b>	<b>assets</b>	<b>31.12.2012</b>	<b>assets</b>
	<b>RM'000</b>	<b>30.9.2013</b>	<b>RM'000</b>	<b>31.12.2012</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	648,151	-	690,544	-
20%	279,134	55,827	330,891	66,178
35%	4,489	1,571	4,364	1,527
50%	11,497	5,748	10,918	5,459
100%	2,788,204	2,788,204	2,505,419	2,505,419
150%	4,900	<u>7,350</u>	21,551	<u>32,327</u>
Total risk-weighted assets for credit risk		2,858,700		2,610,910
Total risk-weighted assets for market risk		10,202		6,502
Total risk-weighted assets for operational risk		<u>113,279</u>		<u>106,101</u>
Total risk-weighted assets		<u>2,982,181</u>		<u>2,723,513</u>

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**29. Significant related party disclosures**

Significant transactions between the Group and the 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>1.7.2013</b>	<b>1.7.2012</b>	<b>1.1.2013</b>	<b>1.1.2012</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</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	19	42
<b>Expenditure</b>				
Interest on advances from holding company and its branches	146	13	199	132
<b>Group and Bank</b>				
	<b>30.9.2013</b>	<b>31.12.2012</b>		
	<b>RM'000</b>	<b>RM'000</b>		
<b>Amount due to</b>				
Deposits and placements from holding company and its branches	124,119	68		
<b>Amount due from</b>				
Cash and short-term funds placed with holding company and its branches	5,728	5,655		

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 Chris Chia Woon Liat, 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 40 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 September 2013 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

Chris Chia Woon Liat

Kuala Lumpur, Malaysia