Bangkok Bank（China）Company Limited

2012 Annual Report

Table of Content

【Note】：The annual report of year 2012 hereby (including independent audit report) is published in accordance with the requirements of China Banking Regulatory Commission and <Measures for the Information Disclosure of Commercial Banks> and shall not be for any other use in any manner without the consent of Bangkok Bank (China) Company Limited.

All amounts expressed in RMB Yuan unless otherwise specified

Part I Financial Report

Auditors' Report

Ernst & Young Hua Ming (2013) Shen Zi No. 60829934_B01

To the Board of Directors of
Bangkok Bank (China) Company Limited

We have audited the accompanying financial statements of Bangkok Bank (China) Company Limited, which comprise the balance sheet as at 31 December 2012, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Chinese Standards on Auditing. Those standards require that we comply with Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditors' Report (Continued)

Ernst & Young Hua Ming (2013) Shen Zi
No. 60829934_B01

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of Bangkok Bank (China) Company Limited as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ernst & Young Hua Ming LLP Shanghai Office

Chinese Certified Public Accountant:
Xu Yan

Chinese Certified Public Accountant:
Zhang Jian

Shanghai, the People's Republic of China

25 March 2013

BALANCE SHEET

	Note 4	31 December 2012	31 December 2011
ASSETS			
Cash and balances with central bank	1	1,562,090,184	1,565,312,128
Due from banks	2	6,179,654,108	5,562,721,273
Placement with banks and other financial institutions	3	1,090,828,900	2,342,039,650
Derivative financial assets	4	222,838	-
Interest receivable	5	113,738,076	98,376,908
Loans and advances to customers	6	4,424,401,773	5,928,490,507
Available-for-sale financial assets	7	149,879,650	99,548,950
Fixed assets	8	11,114,105	16,852,842
Intangible assets	9	8,326,244	10,445,679
Deferred tax assets	10	83,593,069	81,837,704
Other assets	11	50,294,291	24,915,168
TOTAL ASSETS		13,674,143,238	15,730,540,809

BALANCE SHEET (Continued)

	Note 4	31 December 2012	31 December 2011
LIABILITIES			
Borrowings from banks	12	1,320,162,900	2,450,053,574
Derivative financial liabilities	4	125,425	-
Deposits from customers	13	7,972,637,206	9,063,065,832
Payroll payable	14	15,161,946	14,609,534
Taxes payable	15	18,593,010	20,555,857
Interest payable	16	116,114,443	89,293,609
Other liabilities	17	14,655,174	12,880,187
TOTAL LIABILITIES		9,457,450,104	11,650,458,593
EQUITY			
Paid-in capital	18	4,000,000,000	4,000,000,000
Capital reserves	19	(1,001,483)	(76,607)
Surplus reserves	20	20,551,432	6,797,853
General reserves	21	133,933,500	61,180,679
Retained earnings	22	63,209,685	12,180,291
TOTAL EQUITY		4,216,693,134	4,080,082,216
TOTAL LIABILITIES AND EQUITY		13,674,143,238	15,730,540,809

The financial statements from page 3 to 63 have been signed by:

Suwatchai Songwanich	Cai Fei
Chief Executive Officer	Person in charge of Accounting

INCOME STATEMENT

	Note 4	2012	2011
1. OPERATING INCOME			
Interest income		598,432,540	492,109,854
Interest expense		(245,715,570)	(155,874,936)
Net interest income	23	352,716,970	336,234,918
Fee and commission income		11,061,413	11,486,481
Fee and commission expense		(745,743)	(510,551)
Net fee and commission income	24	10,315,670	10,975,930
Investment income	25	3,871,295	104,856
Gains or losses from changes in fair value		97,413	-
Foreign exchange loss		(1,221,703)	(104,983,484)
Total operating income		365,779,645	242,332,220
2. OPERATING EXPENSES			
Business tax and surcharges		(15,185,257)	(18,694,310)
General and administrative expenses	26	(154,534,862)	(145,551,789)
Impairment losses	27	(20,853,742)	7,397,360
Total operating expenses		(190,573,861)	(156,848,739)
3. OPERATING PROFIT		175,205,784	85,483,481
Add: Non-operating income	28	8,626,559	7,501,369
Less: Non-operating expenses	29	(63,532)	-
4. PROFIT BEFORE TAX		183,768,811	92,984,850
Less: Income tax	30	(46,233,017)	(25,006,318)
5. NET PROFIT		137,535,794	67,978,532
Other comprehensive income	31	(924,876)	(76,607)
6. TOTAL COMPREHENSIVE INCOME		136,610,918	67,901,925

STATEMENT OF CHANGES IN EQUITY

	Paid-in Capital	Capital Reserves	Surplus Reserves	General Reserves	Retained Earnings	Total
1. Balance as at 1 January 2012	4,000,000,000	(76,607)	6,797,853	61,180,679	12,180,291	4,080,082,216
2. Movements during the year	-	(924,876)	13,753,579	72,752,821	51,029,394	136,610,918
(i) Net profit	-	-	-	-	137,535,794	137,535,794
(ii) Other comprehensive income (Note 4/31)	-	(924,876)	-	-	-	(924,876)
Total comprehensive income	-	(924,876)	-	-	137,535,794	136,610,918
(iii) Profit appropriation	-	-	13,753,579	72,752,821	(86,506,400)	-
1. Appropriation to surplus reserves (Note 4/20)	-	-	13,753,579	-	(13,753,579)	-
2. Appropriation to general reserves (Note 4/21)	-	-	-	72,752,821	(72,752,821)	-
3. Balance as at 31 December 2012	4,000,000,000	(1,001,483)	20,551,432	133,933,500	63,209,685	4,216,693,134

STATEMENT OF CHANGES IN EQUITY (Continued)

	Paid-in Capital	Capital Reserves	Surplus Reserves	General Reserves	Retained Earnings	Total
1. Balance as at 1 January 2011	4,000,000,000	-	-	-	12,180,291	4,012,180,291
2. Movements during the year	-	(76,607)	6,797,853	61,180,679	-	67,901,925
(i) Net profit	-	-	-	-	67,978,532	67,978,532
(ii) Other comprehensive income (Note 4/31)	-	(76,607)	-	-	-	(76,607)
Total comprehensive income	-	(76,607)	-	-	67,978,532	67,901,925
(iii) Profit appropriation	-	-	6,797,853	61,180,679	(67,978,532)	-
(1) Appropriation to surplus reserves (Note 4/20)	-	-	6,797,853	-	(6,797,853)	-
(2) Appropriation to general reserves (Note 4/21)	-	-	-	61,180,679	(61,180,679)	-
3. Balance as at 31 December 2011	4,000,000,000	(76,607)	6,797,853	61,180,679	12,180,291	4,080,082,216

CASH FLOW

	Note 4	2012	2011
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Net decrease in loans and advances to customers		1,484,190,443	634,341,461
Net increase in deposits from customers and due to banks		-	6,949,143,892
Cash received from interest, fees and commission		596,983,928	423,400,309
Cash received from other operating activities		12,264,073	12,042,590
Subtotal of cash inflows from operating activities		2,093,438,444	8,018,928,252
Net decrease in deposits from customers and due to banks		(1,094,126,177)	-
Net increase in due from central bank and banks		(1,355,610,070)	(4,281,662,237)
Net decrease in borrowings from banks		(1,121,091,046)	(803,669,519)
Net increase in placements with banks and other financial institutions		(212,145,000)	(403,495,500)
Payments made for interest, fees and commission		(219,687,460)	(84,117,327)
Cash paid to and on behalf of employees		(94,602,464)	(88,307,171)
Cash paid for taxes		(64,957,069)	(21,227,839)
Cash paid for other operating activities		(72,640,040)	(33,848,826)
Subtotal of cash outflows from operating activities		(4,234,859,326)	(5,716,328,419)
Net cash flows from operating activities		(2,141,420,882)	2,302,599,833
2. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal and redemption of investments		100,835,728	-
Cash received from investment income		2,018,885	-
Subtotal of cash inflows from investing activities		102,854,613	-
Cash paid for bond investment		(153,388,758)	(100,835,728)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(1,783,637)	(3,851,769)
Subtotal of cash outflows from investing activities		(155,172,395)	(104,687,497)
Net cash flows from investing activities		(52,317,782)	(104,687,497)

CASH FLOW (Continued)

	Note 4	2012	2011
3. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(3,044,889)	(57,599,978)
4. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,196,783,553)	2,140,312,358
Add: Cash and cash equivalents at beginning of the year		4,010,489,886	1,870,177,528
5. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	32	1,813,706,333	4,010,489,886

CASH FLOW (Continued)

Supplementary information	Note 4	2012	2011
1. Reconciliation of net profit to cash flows from operating activities:			
Net profit		137,535,794	67,978,532
Add: Provision/(reversal) for impairment of assets		20,853,742	(7,397,360)
Loss on disposal of fixed assets, intangible assets and other long-term assets		2	-
Depreciation of fixed assets		6,373,768	6,481,959
Amortisation of intangible assets		3,268,039	2,909,521
Amortisation of long-term prepaid expenses		4,798,154	4,984,793
Investment income of available-for-sale financial assets		(3,871,295)	(104,856)
Gain from the changes in fair value		(97,413)	-
Losses from changes in foreign currency		4,859,217	109,524,705
(Increase)/decrease in deferred tax assets		(1,491,608)	10,306,318
Net decrease in loans and advance to customers		1,484,190,443	634,341,461
Net (decrease)/increase in deposits from customers		(1,094,126,177)	6,949,143,892
Net decrease in placement with and borrowings from banks and other financial institutions		(1,333,236,046)	(1,207,165,019)
Increase in operating receivables		(1,398,296,205)	(4,364,604,633)
Increase in operating payables		27,818,703	96,200,520
Net cash flows from operating activities		(2,141,420,882)	2,302,599,833
2. Net increase in cash and cash equivalents:			
Cash on hand at end of year	32	409,984	580,245
Less: Cash on hand at beginning of year		(580,245)	(923,306)
Add: Cash equivalents at end of year	32	1,813,296,349	4,009,909,641
Less: Cash equivalents at beginning of year		(4,009,909,641)	(1,869,254,222)
Net (decrease)/increase in cash and cash equivalents		(2,196,783,553)	2,140,312,358

Part II Risk and Capital Management

Financial instruments risk management

1. Credit risk

1.1) Credit risk management

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. The Bank's credit risk exposure is mainly from loans and advances to customers and other banking facilities.

Strict pre-lending credit assessment, credit approval system and post-lending credit review and monitoring and reporting system of the Bank help to reduce and mitigate credit risk effectively. Credit risk is also mitigated by means of obtaining collateral and guarantee. For off-balance-sheet credit commitments, the Bank takes similar risk mitigation methods to reduce credit risk.

Timely and regular inspection is performed to monitor business conditions of customers. Loan quality is analyzed periodically, and adequate impairment provision is made.

The risk from financial guarantee and loan commitments is similar with that from loans and advances to customers. Accordingly, application, approval, post lending management and requirements for collateral guarantee are also the same as that for loans and advances to customers.

1.2) The maximum credit risk exposure without consideration of any collateral and other credit enhancements

As at the balance sheet date, the maximum credit risk exposure of the Bank without taking account of any collateral and other credit enhancements is shown below:

	31 December 2012	31 December 2011
Balances with central bank	1,561,680,200	1,564,731,883
Due from banks	6,179,654,108	5,562,721,273
Placement with banks and other financial institutions	1,090,828,900	2,342,039,650
Derivative financial assets	222,838	-
Interest receivable	113,738,076	98,376,908
Loans and advances to customers	4,424,401,773	5,928,490,507
Available-for-sale financial assets	149,879,650	99,548,950
Other assets	4,976,475	5,172,479
Total	13,525,382,020	15,601,081,650
Credit commitments (Note 6/(2))	1,054,379,809	1,132,696,530
Maximum credit risk exposure	14,579,761,829	16,733,778,180

1.3) Risk Concentration

If the counterparties are concentrated in a few industries or a few geographical areas, or have similar economic characteristics, the credit risk is normally higher. In addition, different industries and geographical areas may have different characteristics; hence the respective credit risk is not similar.

Financial instruments risk management (Continued)

1. Credit risk (Continued)

1.3) Risk Concentration (Continued)

The Bank mainly provides loans and other banking facilities to domestic customers. For information of industry and geographical concentration of loans and advances to customers, please refer to Note 4/(6).

1.4) Collaterals

The amount and types of collaterals the Bank requires depends on the credit risk evaluation of the counterparties. The Bank has implemented relevant guidelines on the types of collaterals and the evaluation methods.

The management will monitor the market value of the collaterals regularly and may require the borrowers to increase the collaterals based on the related agreements. When performing assessment of the adequacy of loss provision, changes in the market value of the collaterals will be considered. For commercial loans, the collaterals are mainly deposits, machineries, land use right and buildings, etc.

1.5) Credit quality

The credit quality by classification of financial assets of the Bank (excluding impairment provision) is analysed as follows:

31 December 2012	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total
Balance with central bank	1,561,680,200	-	-	1,561,680,200
Due from banks	6,180,877,108	-	-	6,180,877,108
Placement with banks and other financial institutions	1,103,855,900	-	-	1,103,855,900
Loans and advances to customers	4,582,090,849	-	52,489,670	4,634,580,519
Available-for-sale financial assets	149,879,650	-	-	149,879,650
Others	118,714,551	-	-	118,714,551
Total	13,697,098,258	-	52,489,670	13,749,587,928

31 December 2011	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total
Balance with central bank	1,564,731,883	-	-	1,564,731,883
Due from banks	5,562,941,273	-	-	5,562,941,273
Placement with banks and other financial institutions	2,342,629,650	-	-	2,342,629,650
Loans and advances to customers	6,071,657,906	3,125,000	126,753,355	6,201,536,261
Available-for-sale financial assets	99,548,950	-	-	99,548,950
Others	103,549,387	-	-	103,549,387
Total	15,745,059,049	3,125,000	126,753,355	15,874,937,404

Financial instruments risk management (Continued)

1. Credit risk (Continued)

1.5) Credit quality (Continued)

Neither overdue nor impaired loans and advances

Loans and advances neither overdue nor impaired are categorized as Pass or Special Mention under the 5-tier classification system.

The composition of neither overdue nor impaired loans by types of collaterals and guarantee at the balance sheet date is as follows:

	31 December 2012	31 December 2011
Unsecured loans	449,727,632	1,117,710,705
Guaranteed loans	1,106,068,313	1,247,641,554
Loans with collaterals:	2,042,224,560	2,166,710,236
Of which:		
- Secured by collaterals without guarantee	1,155,381,602	1,259,994,004
- Secured by collaterals and guarantee	886,842,958	906,716,232
Pledged loans	984,070,344	1,539,595,411
Total	4,582,090,849	6,071,657,906

Overdue but not impaired loans and advances

Aging analysis of overdue but not impaired loans at the balance sheet date is as follows:

	31 December 2012	31 December 2011
Within 1 month, inclusive	-	-
1-2 months	-	3,125,000
Total	-	3,125,000

Impaired loans and advances

Where objective evidences indicated that single or multiple events occurred after the initial recognition of the loan and the impact from the events on expected future cash flows can be estimated reliably, the relevant financial assets should be recognised as impaired loans. These loans are classified as Substandard, Doubtful or Loss.

Financial instruments risk management (Continued)

2) Liquidity risk

Liquidity risk is the risk of inability to repay the fund on maturity. The mismatch of assets and liabilities amount or maturity dates may result in such risk.

A substantial increase in demand for loans will increase the demand for liquidity. Substantial reduction in deposits, the maturity terms of loans or difficulties with the recovery of loans may have an impact on the Bank's liquidity, which may be also impacted by significant volatility of interest rates. Adverse factors on liquidity other than those mentioned above include sudden large withdrawal of deposits, unexpected nonperforming loans and difficulties in obtaining financing from the money markets. The Bank manages liquidity risk based on different maturity terms of assets and liabilities.

In accordance with the Regulations of the People's Republic of China on Administration of Foreign-funded Banks and relevant requirements, liquidity ratio of the Bank shall not be less than 25%. The Bank's main sources of funds are paid-in capital, deposits from customers, and borrowings from overseas banks and domestic commercial banks. The availability of all these financing sources helps maintain liquidity for the Bank. Meanwhile, liquidity risk controls are in place to closely monitor the different duration of assets and liabilities.

Financial instruments risk management (Continued)

2) Liquidity risk (Continued)

The maturity analysis of financial assets and financial liabilities of the Bank as at balance sheet date is as follows:

	31 December 2012						
	Overdue/ On demand	Within 3 months	3 months to 1 year	1 year to 5 years	5 years above	Undated	Total
Financial assets:							
Cash and balances with central bank	363,679,425	-	-	-	-	1,198,410,759	1,562,090,184
Due from/placement with banks and other financial institutions	75,981,008	3,381,112,500	3,813,389,500	-	-	-	7,270,483,008
Derivative financial assets	-	222,838	-	-	-	-	222,838
Loans and advances to customers	-	1,943,399,845	1,741,513,935	649,778,715	89,709,278	-	4,424,401,773
Available-for-sale financial assets	-	-	-	149,879,650	-	-	149,879,650
Other financial assets	946,375	69,842,912	44,046,563	3,767,951	-	110,750	118,714,551
Total financial assets	440,606,808	5,394,578,095	5,598,949,998	803,426,316	89,709,278	1,198,521,509	13,525,792,004
Financial liabilities:							
Borrowings from banks	-	1,320,162,900	-	-	-	-	1,320,162,900
Derivative financial liabilities	-	125,425	-	-	-	-	125,425
Deposits from customers	634,763,041	3,438,235,608	1,730,949,078	2,168,689,479	-	-	7,972,637,206
Other financial liabilities	7,564,434	27,328,329	68,380,801	21,506,839	-	-	124,780,403
Total financial liabilities	642,327,475	4,785,852,262	1,799,329,879	2,190,196,318	-	-	9,417,705,934
Net liquidity	(201,720,667)	608,725,833	3,799,620,119	(1,386,770,002)	89,709,278	1,198,521,509	4,108,086,070
Credit commitments	9,530,119	375,131,002	380,585,688	289,133,000	-	-	1,054,379,809

Financial instruments risk management (Continued)

2) Liquidity risk (Continued)

The maturity analysis of financial assets and financial liabilities of the Bank as at balance sheet date is as follows (Continued):

	31 December 2011						
	Overdue/ On demand	Within 3 months	3 months to 1 year	1 year to 5 years	5 years above	Undated	Total
Financial assets:							
Cash and balances with central bank	366,188,136	-	-	-	-	1,199,123,992	1,565,312,128
Due from/placement with banks and other financial institutions	84,101,550	4,967,394,700	2,853,264,673	-	-	-	7,904,760,923
Loans and advances to customers	2,986,205	2,709,413,160	1,854,622,703	1,311,762,929	49,705,510	-	5,928,490,507
Available-for-sale financial assets	-	-	50,208,950	49,340,000	-	-	99,548,950
Other financial assets	1,163,483	98,516,362	6,041	2,551,603	1,201,648	110,250	103,549,387
Total financial assets	454,439,374	7,775,324,222	4,758,102,367	1,363,654,532	50,907,158	1,199,234,242	15,601,661,895
Financial liabilities:							
Borrowings from banks	-	2,385,576,689	64,476,885	-	-	-	2,450,053,574
Deposits from customers	1,255,583,073	4,101,949,199	2,652,025,169	1,053,508,391	-	-	9,063,065,832
Other financial liabilities	4,282,075	91,173,905	362,205	-	-	-	95,818,185
Total financial liabilities	1,259,865,148	6,578,699,793	2,716,864,259	1,053,508,391	-	-	11,608,937,591
Net liquidity	(805,425,774)	1,196,624,429	2,041,238,108	310,146,141	50,907,158	1,199,234,242	3,992,724,304
Credit commitments	5,370,776	340,304,830	704,479,134	82,541,790	-	-	1,132,696,530

Financial instruments risk management (Continued)

3) Market risk

The Bank’s market risk is mainly from the gaps arising from exchange rate and interest rate products. Both the Bank’s trading accounts and bank accounts may result in market risk. The Bank’s market risk management objective is to avoid significant loss on the Bank’s income statement and equity due to market risk, as well as reduce negative impact from the inherent volatility risk of financial instruments.

3.1) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Risk Management Division of the Bank manages foreign currency risk exposure in various ways, including limiting foreign currency net position and conducting currency risk stress tests regularly.

As at balance sheet date, relevant assets and liabilities by currency are as follows:

	31 December 2012			
	RMB	USD (RMB equivalent)	Other (RMB equivalent)	Total
Financial assets:				
Cash and balances with central bank	1,467,021,738	94,600,521	467,925	1,562,090,184
Due from/placement with banks and other financial institutions	5,594,559,502	1,299,893,395	376,030,111	7,270,483,008
Derivative financial assets	-	222,838	-	222,838
Loans and advances to customers	2,073,293,688	2,351,108,085	-	4,424,401,773
Available-for-sale financial assets	149,879,650	-	-	149,879,650
Others financial assets	102,510,307	12,155,650	4,048,594	118,714,551
Total financial assets	9,387,264,885	3,757,980,489	380,546,630	13,525,792,004
Financial liabilities:				
Borrowings from banks	1,070,000,000	250,162,900	-	1,320,162,900
Derivative financial liabilities	125,425	-	-	125,425
Deposits from customers	6,000,587,211	1,621,938,594	350,111,401	7,972,637,206
Other financial liabilities	116,194,185	3,130,145	5,456,073	124,780,403
Total financial liabilities	7,186,906,821	1,875,231,639	355,567,474	9,417,705,934
Net position	2,200,358,064	1,882,748,850	24,979,156	4,108,086,070
Credit commitments	126,582,645	909,074,882	18,722,282	1,054,379,809

Financial instruments risk management (Continued)

3) Market risk (Continued)

3.1) Currency risk (Continued)

	31 December 2011			
	RMB	USD (RMB equivalent)	Other (RMB equivalent)	Total
Financial assets:				
Cash and balances with central bank	1,531,982,346	33,061,326	268,456	1,565,312,128
Due from/placement with banks and other financial institutions	5,936,004,029	1,630,945,829	337,811,065	7,904,760,923
Loans and advances to customers	2,301,370,867	3,513,415,658	113,703,982	5,928,490,507
Available-for-sale financial assets	99,548,950	-	-	99,548,950
Others financial assets	79,791,517	14,407,390	9,350,480	103,549,387
Total financial assets	9,948,697,709	5,191,830,203	461,133,983	15,601,661,895
Financial liabilities:				
Borrowings from banks	150,000,000	2,184,238,490	115,815,084	2,450,053,574
Deposits from customers	7,705,114,340	1,027,707,988	330,243,504	9,063,065,832
Other financial liabilities	83,928,590	4,718,389	7,171,206	95,818,185
Total financial liabilities	7,939,042,930	3,216,664,867	453,229,794	11,608,937,591
Net position	2,009,654,779	1,975,165,336	7,904,189	3,992,724,304
Credit commitments	2,744,400	1,093,344,312	36,607,818	1,132,696,530

With all other variables held constant, the following shows the impact on pre-tax profit when foreign currency changes against the functional currency.

	31 December 2012	31 December 2011
Change in variables	Impact on profit before tax	Impact on profit before tax
-1% change against functional currency	(18,825,260)	(19,751,653)
+1% change against functional currency	18,825,260	19,751,653

The sensitivity analysis above is on the basis that assets and liabilities have static currency risk structure. It calculates the impact on pre-tax profit caused by the fluctuation of foreign exchange rate when other factors remain stable.

Financial instruments risk management (Continued)

3) Market risk (Continued)

3.1) Currency risk (Continued)

The related analysis is based on the following assumptions:

(i) As over 95% of the net foreign currency position is in USD, only the impact of change of USD against RMB on USD assets and liabilities is considered in the sensitive analysis;

(ii) The sensitivity of USD refers to the foreign exchange gains and losses arising from the fluctuation of the closing USD/RMB exchange rate (mid rate) by 1% of absolute value on the balance sheet date;

(iii) Off-balance sheet items have not been included in the currency risk exposure.

Therefore, actual fluctuation of net foreign currency exchange from changes in exchange rate may differ from the estimation of the above sensitivity analysis.

3.2) Interest rate risk

The Bank's interest rate risk mainly arises from the mismatch of contractual maturity date and repricing date of interest-generating assets and interest-bearing liabilities. The Risk Management Division monitors the interest rate risk, formulates relevant policies and processes, and reports regularly to the Assets & Liability Committee of the Bank. The methods used to monitor interest rate risk include interest rate repricing gap analysis and stress testing, etc.

The PBOC establishes a floor for RMB loan interest rate and a cap for RMB deposit interest rate, and the Bank strictly follows such limits.

Financial instruments risk management (Continued)

3) Market risk (Continued)

3.2) Interest rate risk (Continued)

The Bank’s financial assets and financial liabilities analysis by contractual repricing date or maturity date, whichever is earlier, is as follows:

	31 December 2012					
	Within 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Non-interest bearing	Total
Financial assets:						
Cash and balances with central bank	1,466,765,807	-	-	-	95,324,377	1,562,090,184
Due from/placement with banks and other financial institutions	3,457,093,508	3,813,389,500	-	-	-	7,270,483,008
Derivative financial assets	-	-	-	-	222,838	222,838
Loans and advances to customers	3,941,909,552	482,492,221	-	-	-	4,424,401,773
Available-for-sale financial assets	-	-	149,879,650	-	-	149,879,650
Other financial assets	-	-	-	-	118,714,551	118,714,551
Total assets	8,865,768,867	4,295,881,721	149,879,650	-	214,261,766	13,525,792,004
Financial liabilities:						
Borrowings from banks	1,320,162,900	-	-	-	-	1,320,162,900
Derivative financial liabilities	-	-	-	-	125,425	125,425
Deposits from customers	4,072,816,952	1,730,949,078	2,168,689,479	-	181,697	7,972,637,206
Other financial liabilities	-	-	-	-	124,780,403	124,780,403
Total liabilities	5,392,979,852	1,730,949,078	2,168,689,479	-	125,087,525	9,417,705,934
Net position	3,472,789,015	2,564,932,643	(2,018,809,829)	-	89,174,241	4,108,086,070

Financial instruments risk management (Continued)

3.2) Interest rate risk (Continued)

The Bank's financial assets and financial liabilities analysis by contractual repricing date or maturity date, whichever is earlier, is as follows (Continued):

	31 December 2011					
	Within 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Non-interest bearing	Total
Financial assets:						
Cash and balances with central bank	1,531,593,480	-	-	-	33,718,648	1,565,312,128
Due from/placement with banks and other financial institutions	5,051,496,250	2,853,264,673	-	-	-	7,904,760,923
Loans and advances to customers	5,029,082,046	899,408,461	-	-	-	5,928,490,507
Available-for-sale financial assets	-	50,208,950	49,340,000	-	-	99,548,950
Other financial assets	-	-	-	-	103,549,387	103,549,387
Total assets	11,612,171,776	3,802,882,084	49,340,000	-	137,268,035	15,601,661,895
Financial liabilities:						
Borrowings from banks	2,385,576,689	64,476,885	-	-	-	2,450,053,574
Deposits from customers	5,354,800,986	2,652,025,169	1,053,508,391	-	2,731,286	9,063,065,832
Other financial liabilities	-	-	-	-	95,818,185	95,818,185
Total liabilities	7,740,377,675	2,716,502,054	1,053,508,391	-	98,549,471	11,608,937,591
Net position	3,871,794,101	1,086,380,030	(1,004,168,391)	-	38,718,564	3,992,724,304

Financial instruments risk management (Continued)

3.2) Interest rate risk (Continued)

Floating interest rate instruments expose the Bank to cash flow interest risk, whereas fixed interest rate instruments expose the Bank to fair value interest risk.

The Bank's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and floating rate instruments. The policy also requires it to manage the maturities of interest generating financial assets and interest bearing financial liabilities. Floating interest rate instruments is re-priced at intervals of less than one year. Fixed interest rate instruments are priced at inception of the financial instrument and are fixed until maturity.

With all other variables held constant, the following shows the impact on profit before tax and equity when interest rate changes.

	31 December 2012		31 December 2011	
Change in interest rate	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
+100 basis points	40,005,401	(3,097,444)	37,952,124	(1,000,252)
- 100 basis points	(40,005,401)	3,196,213	(37,952,124)	1,023,011

The sensitivity analysis above is on the basis that assets and liabilities have static interest risk structure. The analysis is the measure of interest within only one year, reflecting the impact on annualized interest income caused by re-pricing of assets and liabilities. The assumptions are as follows:

(i) All the assets and liabilities which are due for re-price or due to mature within three months or three months to one year are assumed to re-price or mature in the middle of the period;

(ii) Interest rate yield curve moves in parallel with the change in interest;

(iii) There are no changes in the portfolio of assets and liabilities.

Based on the above assumption, the actual change of net interest income caused by the increase or decrease in interest rate may be different from the result of sensitivity analysis.

The impact on equity is estimated from the change in market value of 'Available-for-sale' portfolio caused by a parallel shift of yield curve arising from interest rate change.

Capital management

The Bank adopted capital management measures to mitigate the inherent risks in the business operations, as well as to comply with the requirements of regulatory authorities. Apart from that, the Bank also maintains healthy capital adequacy ratio for its operations, and maximize owner’s interests. The Bank adjusts the capital management measures actively in accordance with changes in the economic environment and relevant risk characteristics. The adjustments usually include increasing capital, decreasing customer loans, or increasing the proportion of secured loans, etc.

The calculation of risk weighted assets was based on the characteristics of each asset, counterparties and collaterals to reflect the expected credit risk, market risk and other relevant risks. This method also applies to off-balance sheet exposures; along with some adjustments reflecting the characteristics of contingent losses.

The Bank calculated and disclosed the core capital adequacy ratio and capital adequacy ratio in accordance with the "Administrative Measures for Capital Adequacy Ratio of Commercial Banks" and "The Notice on the Calculation of Capital Adequacy Ratio of Banking Financial Institution after the Implementation of Accounting Standard for Business Enterprises” promulgated by the CBRC.

Core capital includes paid-in capital, capital reserves, surplus reserves, general reserves and retained earnings. Supplementary capital includes general provision.

	31 December 2012	31 December 2011
	RMB ’000	RMB ’000
Core capital	4,216,693	4,080,082
Supplementary capital	129,912	124,031
Net capital base	4,346,605	4,204,113
Risk weighted assets	5,590,896	5,461,690
Core capital adequacy ratio	75.42%	74.70%
Capital adequacy ratio	77.74%	76.97%

Part III Corporate Governance

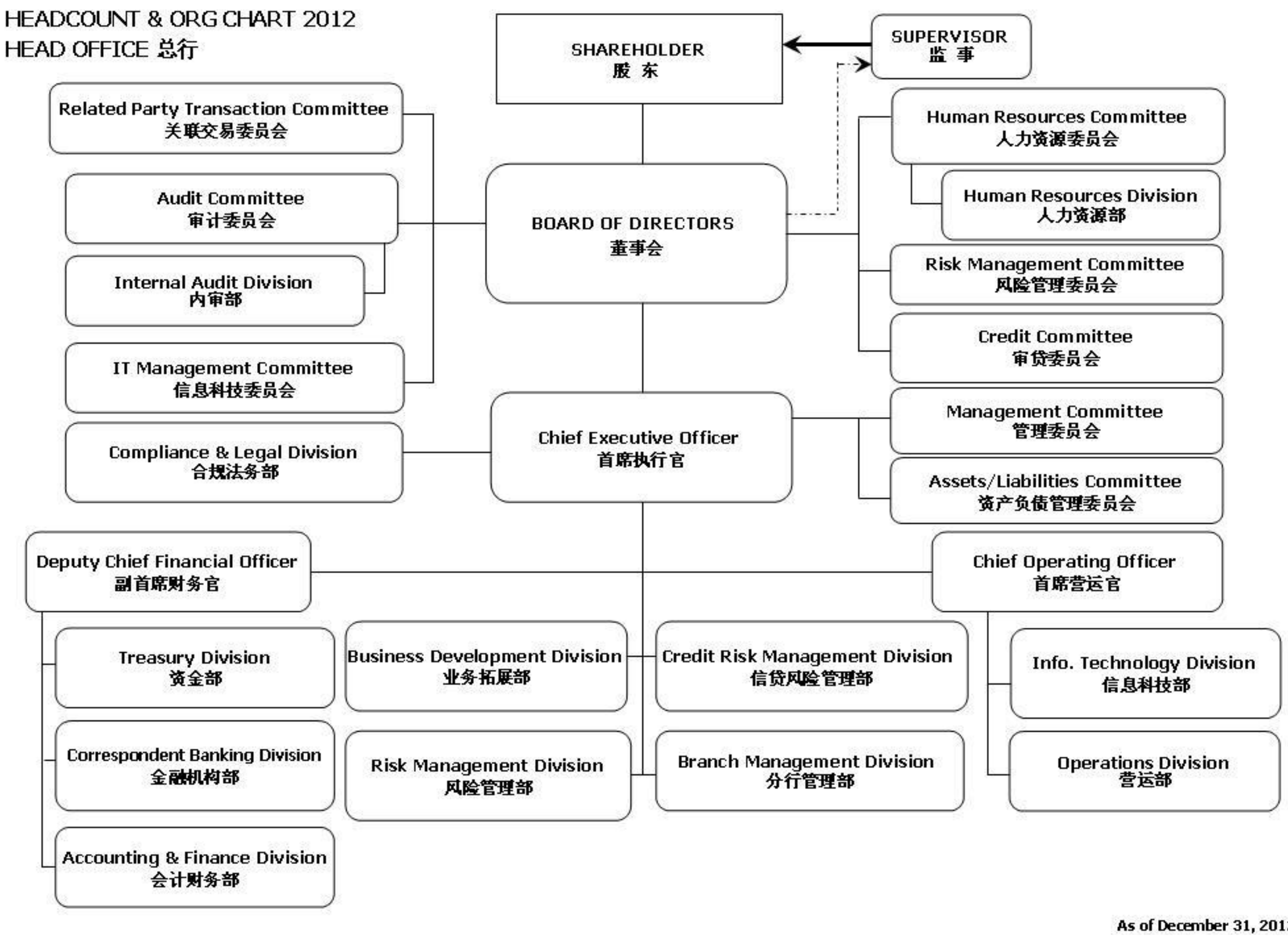
Shareholder’s meeting

Bangkok Bank (China) Company Limited (Hereinafter “BBC”) is a foreign-funded bank wholly invested by Bangkok Bank Public Company Limited; hence BBC has no Shareholder’s meeting.

In 2013, Bangkok Bank Public Company Limited, as sole shareholder of BBC, has fulfilled its responsibility earnestly and efficiently.

Branches and Governenance structure of BBC

Governenance structure of BBC head office



Up to December 31, 2012, BBC established four branches; those are Shanghai Branch, Beijing Branch, Shenzhen Branch and Xiamen Branch.

The Board of Directors (“The Board”)

The Board of Directors is accountable to the Shareholder and is ultimately responsible for the operations and management of the Bank. The Board’s role is to provide strategic leadership to the Bank within a framework of prudent and effective control which enables risk to be assessed and managed. Among other responsibilities set forth in the AOA, the Board sets the Bank's strategic aims to ensure that necessary financial and human resources are in place for the Bank to meet its objectives and it also reviews management performance.

The Board understands its overall responsibility for the Bank including the Bank's business and risk strategy, organization, financial soundness and corporate governance. The Board also provides effective oversight of Senior Management.

To fulfill this responsibility, the Board will:

- Exercise sound objective judgment and have appropriate qualifications and competence, both individually and collectively;
- Follow good governance practices; and
- Be supported by competent, robust and independent risk and control functions, for which the Board provides effective oversight.

Board Composisiton

The Board is composed of Executive Directors, Non-Executive Directors and Independent Directors to ensure that no individual or a small group of individuals who can dominate the Board's decision making. After the resignation of Mr. Prasong Uthaisangchai effective from August 1, 2011, the Bank has 11 Directors in the year 2012 consisting of 3 Independent Directors, 6 Non-Executive Directors and 2 Executive Directors. The current composition is adequate to ensure appropriate segregation of powers between the Board and the Senior Management. Each party performs its role and responsibilities in accordance with terms and conditions stipulated under the Bank's "AOA".

Mr.Chartsiri Sophonpanich	Chairman	陈智深 先生
Mr.Cui Guanbin	Independnet Director	崔官斌 先生
Mr. Gao Jilu	Independnet Director	高继鲁 先生
Mr. Cheung Yau Choi	Independnet Director	张幼才 先生
Ms.Rushda Theeratharathorn	Director	李璇贞 女士
Ms.Niramarn Laisathit	Director	赖晓慧 女士
Mr.Kung Lin Cheng	Director	孔令成 先生
Mr. Toh Chong	Director	杜　聪 先生
Mr.Chiu Man Ching	Director	赵文正 先生
Mr.Suwatchai Songwanich	Director、CEO	洪钦雄 先生
Ms.Chow Ai Kiow	Director、COO	徐爱娇 女士

Pursuant to Article 58 of the Bank's AOA and the Shareholder resolution passed on October 29, 2009, the first term (3-year as stipulated in AOA) of all Directors expired on October 28, 2012.

Based on their performances over the past 3 years, and their contributions to the development of the Bank, the Shareholder approved on October 25, 2012 to re-elect all the existing Directors to the Board for a 2nd term (3 years). This 2nd term took effect from October 28, 2012.

In 2012, the Board held in total 8 meetings: 4 Board meetings, as stipulated in AOA, and additional 4 meetings.

In addition, the Bank has established the following Specialized Board Committees: Risk Management Committee, Audit Committee, Credit Committee, Information Technology Management Committee, Human Resources Committee and Related Party Transaction Committee. In accordance with role and responsibilities stated in the "Terms of Reference" (TOR) of respective Specialized Board Committees approved by the Board of Directors, members of related committees undertake their role and responsibilities accordingly. The IT Management Committee held 11 Committee meetings in 2012 with an average attendance of 93%; the Human Resources Committee held 5 Committee meetings with an average attendance of 88%; the Related Party Transaction Committee held 2 Committee meetings in 2012 with an average attendance of 93%; the Risk Management Committee held 7 Committee meetings in 2012 with an average attendance of 88%; the frequency of the Credit Committee meeting is much dependent on the number of customer credit applications but in general the meeting runs on a weekly basis. In 2012, 37 Credit Committee meetings were held; the Audit Committee held 6 Committee meetings in 2012 with attendance of 100%

Fulfillment of Duties by Independent Directors

1) Mr. Cui Guanbin (retired)
   Mr. Cui Guanbin has attended 7 Board meetings (absent for the Board meeting on May 7, 2012) and also fulfilled his roles/responsibilities as Chairman of the Audit Committee in addition to his role as member of the Related Party Transaction Committee.

2) Mr. Gao Jilu (retired)
   Mr. Gao Jilu has attended all 8 Board meetings and also fulfilled his roles/responsibilities as Chairman of the Related Party Transaction Committee in addition to his role as a member of the Audit Committee.

3) Mr. Cheung Yau Choi
   Mr. Cheung Yau Choi has attended 7 Board meetings (absent for the Board meeting on August 20, 2012).
   Mr. Cheung Yau Choi is not a member of any Specialized Board Committee but he has contributed regularly his business and market perspective at Board meetings. As such he has fulfilled his responsibilities as an Independent Director of the Board and also fulfilled the attendance at the Board meetings.

Fulfillment of Duties by Supervisor

Mr. Pornthep Kitsanayothin serves as the only Supervisor to the Bank.
Mr. Pornthep Kitsanayothin attended all 8 Board meetings as observer. Where applicable, he also raised questions and suggestions to the Board's consideration. He also held independent meetings with respective Senior Management in particular Internal Audit, to review and analyse the issues raised by regulators, internal/external auditors and auditors from Parent Bank. The Bank's management benefited greatly from such

meetings with the Supervisor, where improvements on risk management and internal control were discussed.

Pursuant to the applicable laws, and Article 92 and Article 93 of the AOA of the Bank and the Shareholder resolution passed on October 29, 2009, the first term (3-years as stipulated in AOA) of the present Supervisor expired on October 28, 2012.

According to Shareholder resolution dated October 25, 2012, Mr. Pornthep Kitsanayothin was re-elected to serve as the Supervisor to the Bank for the 2nd term (3 years) with effect from October 28, 2012.

Composition of Senior Mangement and Fulfillment of Duties

At present, all of the members of Senior Management are employees of Bangkok Bnak China, which include, without limitation:

Name	Position
Mr. Suwatchai Songwanich（洪钦雄）	Chief Executive Officer
Ms. Chow Ai Kiow (Maria) （徐爱娇）	Chief Operating Officer
Ms. Yu Qian （俞茜）	Compliance Manager
Mr. Mok Yu Hei （莫宇熙）	Internal Audit Manager
Mr. Jason Wu （伍介山）	Shanghai Branch Manager
Mr. Chiravit Supatanakul（何智伟）	Beijing Branch Manager
Mr. Simon Yan（严树明）	Xiamen Branch Manager
Mr. Watcharapong Pornchaichanakit（陈华东）	Shenzhen Branch Manager

Senior Management individually and collectively possesses the appropriate experiences, competencies, personal qualities, professionalism and personal integrity.

Senior Management of the Bank is accountable to the CEO and periodic reporting to the Board is conducted via the CEO and respective Specialized Board Committees.

As part of his duties as delegated by the Board, the CEO is fully responsible for day-to-day operations of the Bank. Senior Management individually possesses adequate knowledge and experience relevant to each of their related functions, for example, finance, credit, operations, and collectively have a reasonable understanding of local market practices and legal/regulatory requirements.

Led by the CEO, Senior Management has fulfilled its roles and responsibilities in respective functions:

- Ensure full implementation of Board approved policies and procedures.
- Conduct periodic related risk assessments to identify and address risks due to change of business environment or regulatory requirements.
- Improve/monitor risk management and internal controls.
- Ensure compliance with regulatory requirements.
- Conduct continuous staff training in related functions to keep up with regulatory changes and business expansion.

Part IV Significant Events

On 23 April 2012, the Bank obtained the approval of CBRC to commence the general derivatives business.