

Industrial and Commercial Bank of China (Thai)  
Public Company Limited and its subsidiary  
(Formerly known as “ACL Bank Public Company Limited”)  
Report and financial statements  
31 December 2010 and 2009

## **Report of Independent Auditor**

To the Shareholders of

Industrial and Commercial Bank of China (Thai) Public Company Limited

(Formerly known as “ACL Bank Public Company Limited”)

I have audited the accompanying consolidated balance sheets of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary as at 31 December 2010 and 2009, the consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, and I have also audited the separate financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Bank and its subsidiary as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary and of Industrial and Commercial Bank of China (Thai) Public Company Limited as at 31 December 2010 and 2009, and the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited

Bangkok: 10 February 2011

**Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary**  
**(Formerly known as "ACL Bank Public Company Limited")**

**Balance sheets**

**As at 31 December 2010 and 2009**

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Assets</b>					
Cash		272,816,861	304,773,615	272,364,328	304,402,418
Interbank and money market items	6				
Domestic items					
Interest bearing		4,173,782,481	6,203,404,656	4,123,923,577	6,119,323,830
Non-interest bearing		250,050,758	277,365,655	235,572,967	266,958,474
Foreign items					
Interest bearing		124,093,765	-	124,093,765	-
Non-interest bearing		19,381,557	18,389,142	19,381,557	18,389,142
Interbank and money market items - net		4,567,308,561	6,499,159,453	4,502,971,866	6,404,671,446
Investments	7				
Current investments - net	7.1	5,491,517,003	3,282,122,359	5,491,517,003	3,282,122,359
Long-term investments - net	7.1	4,960,936,828	6,040,702,315	4,960,936,828	6,040,702,315
Investments in a subsidiary	7.4	-	-	2,499,999,930	999,999,930
Investments in an associated company	7.6	290,296,148	259,471,939	255,170,000	255,170,000
Investments - net		10,742,749,979	9,582,296,613	13,207,623,761	10,577,994,604
Loans and accrued interest receivables	8				
Loans		54,703,998,127	48,027,209,048	51,038,582,240	46,150,268,736
Accrued interest receivables		112,650,448	141,942,544	116,259,848	143,566,776
Total loans and accrued interest receivables		54,816,648,575	48,169,151,592	51,154,842,088	46,293,835,512
Less: Allowance for doubtful accounts	9.1	(1,003,796,384)	(1,419,466,897)	(704,506,753)	(1,276,577,593)
Allowance for revaluation on debt restructuring	9.2	(11,724,811)	(12,358,109)	(11,724,811)	(12,358,109)
Loans and accrued interest receivables - net		53,801,127,380	46,737,326,586	50,438,610,524	45,004,899,810
Properties foreclosed - net	10	1,214,853,311	1,286,545,166	1,206,836,078	1,284,861,648
Premises and equipments - net	11	196,274,290	206,748,746	171,465,013	194,693,193
Intangible assets - net	12	130,991,455	168,056,511	119,020,796	159,627,333
Leasehold rights - net		207,713,732	218,365,718	207,713,732	218,365,718
Accrued interest and dividend income receivables - net		71,086,783	78,790,662	71,086,783	78,790,662
Receivables on Credit Support for derivative contracts		465,638,064	60,462,126	465,638,064	60,462,126
Other receivables - net		472,527,707	305,521,275	333,222,504	259,716,835
Financial derivative assets		1,184,159,498	470,437,814	1,184,159,498	470,437,814
Other assets - net	13	44,672,944	38,837,984	40,352,995	35,459,155
<b>Total assets</b>		<b>73,371,920,565</b>	<b>65,957,322,269</b>	<b>72,221,065,942</b>	<b>65,054,382,762</b>

The accompanying notes are an integral part of the financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary  
(Formerly known as "ACL Bank Public Company Limited")

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Liabilities and shareholders' equity</b>					
<b>Deposits</b>					
	15				
Deposits in Baht		26,961,211,501	30,391,978,050	26,963,916,664	30,397,539,632
Deposits in foreign currencies		56,230,136	13,662,981	56,230,136	13,662,981
Total deposits		27,017,441,637	30,405,641,031	27,020,146,800	30,411,202,613
<b>Interbank and money market items</b>					
	16				
<b>Domestic</b>					
Interest bearing		1,237,670,092	1,886,689,401	737,670,092	1,367,822,095
<b>Foreign</b>					
Interest bearing		301,513,000	-	301,513,000	-
Non-interest bearing		504,668,956	-	504,668,956	-
Total interbank and money market items		2,043,852,048	1,886,689,401	1,543,852,048	1,367,822,095
Liabilities payable on demand		252,976,066	374,730,385	252,976,066	374,730,385
<b>Borrowings</b>					
	17				
Short-term borrowings	17.1	27,333,061,653	18,640,837,103	27,333,061,653	18,640,837,103
Long-term borrowings	17.2	197,830,772	132,850,788	197,830,772	132,850,788
Total borrowings		27,530,892,425	18,773,687,891	27,530,892,425	18,773,687,891
Accrued interest payables		187,142,711	183,423,740	187,069,609	183,292,524
Payables on Credit Support for derivative contracts		446,842,266	21,689,720	446,842,266	21,689,720
Financial derivative liabilities		1,056,405,006	500,761,363	1,056,405,006	500,761,363
Provisions for liabilities	28.4	99,650,000	94,150,000	99,650,000	94,150,000
Other liabilities	18	968,807,396	593,053,265	465,094,200	233,346,537
<b>Total liabilities</b>		<b>59,604,009,555</b>	<b>52,833,826,796</b>	<b>58,602,928,420</b>	<b>51,960,683,128</b>

The accompanying notes are an integral part of the financial statements.

**Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary**  
**(Formerly known as "ACL Bank Public Company Limited")**

**Balance sheets (continued)**

As at 31 December 2010 and 2009

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Shareholders' equity</b>					
Share capital	19				
Registered					
2,733,641 non-cumulative dividend preference shares of Baht 10 each (31 December 2009: 502,529,413 non-cumulative dividend preference shares of Baht 10 each)		27,336,410	5,025,294,130	27,336,410	5,025,294,130
1,587,719,304 ordinary shares of Baht 10 each (31 December 2009: 1,087,923,532 ordinary shares of Baht 10 each)		15,877,193,040	10,879,235,320	15,877,193,040	10,879,235,320
Issued and fully paid					
464,332 non-cumulative dividend preference shares of Baht 10 each (31 December 2009: 2,787,471 non-cumulative preference shares of Baht 10 each)		4,643,320	27,874,710	4,643,320	27,874,710
1,589,988,613 ordinary shares of Baht 10 each (31 December 2009: 1,587,665,474 ordinary shares of Baht 10 each)		15,899,886,130	15,876,654,740	15,899,886,130	15,876,654,740
Unrealised gains					
Revaluation surplus on investments	20	164,577,181	73,666,028	164,577,181	73,666,028
Deficit		(2,301,195,691)	(2,854,700,075)	(2,450,969,109)	(2,884,495,844)
Equity attributable to the Bank's shareholders		13,767,910,940	13,123,495,403	13,618,137,522	13,093,699,634
Minority interests - equity attributable to minority shareholders of a subsidiary		70	70	-	-
<b>Total shareholders' equity</b>		<b>13,767,911,010</b>	<b>13,123,495,473</b>	<b>13,618,137,522</b>	<b>13,093,699,634</b>
<b>Total liabilities and shareholders' equity</b>		<b>73,371,920,565</b>	<b>65,957,322,269</b>	<b>72,221,065,942</b>	<b>65,054,382,762</b>
		-	-	-	-
<b>Off-balance sheet items - contingencies</b>					
Avals to bill	28.1	24,000,000	48,775,018	24,000,000	48,775,018
Letters of credit		1,533,310,112	196,084,449	1,533,310,112	196,084,449
Other contingencies		50,153,420,675	51,663,607,278	50,153,420,675	51,663,607,278

The accompanying notes are an integral part of the financial statements.

Mr.Thongchai Ananthothai

President

Mr.Guohui Song

Senior Executive Vice President

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

(Formerly known as "ACL Bank Public Company Limited")

Statements of income

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Interest and dividend income</b>					
Loans		1,636,120,393	1,998,141,067	2,110,612,483	2,258,535,141
Interbank and money market items		87,535,115	101,305,805	87,455,165	100,771,817
Hire purchase and financial lease income		1,044,833,843	610,849,658	92,455	17,146
Investments		355,240,828	380,664,006	356,820,828	380,364,006
<b>Total interest and dividend income</b>		<b>3,123,730,179</b>	<b>3,090,960,536</b>	<b>2,554,980,931</b>	<b>2,739,688,110</b>
<b>Interest expense</b>					
Deposits		425,238,320	634,845,898	425,029,577	634,770,295
Interbank and money market items		157,648,848	113,047,833	132,208,741	107,735,070
Borrowings		303,893,531	277,834,353	303,893,531	277,834,353
Fees and charges		2,860,137	1,413,366	-	-
<b>Total interest expense</b>		<b>889,640,836</b>	<b>1,027,141,450</b>	<b>861,131,849</b>	<b>1,020,339,718</b>
<b>Net interest and dividend income</b>		<b>2,234,089,343</b>	<b>2,063,819,086</b>	<b>1,693,849,082</b>	<b>1,719,348,392</b>
Bad debt and doubtful accounts		(602,871,949)	(1,178,957,056)	(410,950,548)	(1,049,704,223)
Loss on debt restructuring		(32,235,463)	(48,448,472)	(32,235,463)	(48,448,472)
<b>Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring</b>		<b>1,598,981,931</b>	<b>836,413,558</b>	<b>1,250,663,071</b>	<b>621,195,697</b>
<b>Non-interest income</b>					
Brokerage fees from securities business		-	66,906,648	-	-
Brokerage fees from derivatives business		-	9,166,227	-	-
Gains on investments	7.9	33,798,939	278,962,150	33,798,939	159,916,434
Gains on derivatives trading		-	5,550,700	-	-
Share of profit from investments in an associated company under equity method	7.6	32,404,209	4,301,939	-	-
Fees and services income		152,323,358	110,631,460	52,684,220	54,495,680
Gains on exchange		7,282,886	35,782,963	7,282,886	35,782,963
Gains on disposals of assets		42,404,870	118,312,205	36,604,740	119,077,228
Bad debts recovery		209,066,762	498,840,980	196,355,380	489,342,937
Other income		33,000,109	23,077,270	16,890,235	13,166,772
<b>Total non-interest income</b>		<b>510,281,133</b>	<b>1,151,532,542</b>	<b>343,616,400</b>	<b>871,782,014</b>
<b>Net revenue</b>		<b>2,109,263,064</b>	<b>1,987,946,100</b>	<b>1,594,279,471</b>	<b>1,492,977,711</b>

The accompanying notes are an integral part of the financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

(Formerly known as "ACL Bank Public Company Limited")

Statements of income (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Non-interest expense</b>					
Personnel expenses		722,367,151	642,870,474	506,931,165	430,568,413
Premises and equipment expenses		190,313,792	214,564,642	161,513,531	147,755,084
Taxes and duties		99,249,986	92,095,955	77,511,378	84,576,376
Fees and service expenses		35,192,956	67,907,655	22,291,589	36,820,860
Directors' remuneration	23	7,782,000	18,502,286	7,182,000	16,187,419
Contributions to the Deposit Protection Agency	28.5	126,142,947	138,237,321	126,142,947	138,237,321
Losses on impairment of properties foreclosed and other assets (reversal of losses on impairment of properties foreclosed and other assets)		(11,916,912)	100,649,466	(26,260,751)	92,823,354
Loss on unwinding of cross currency interest rate swap contracts	30.5	31,076,680	-	31,076,680	-
Provision for liabilities		5,500,000	3,700,000	5,500,000	3,700,000
Other expenses		119,313,318	103,030,944	87,697,541	86,197,622
<b>Total non-interest expense</b>		<b>1,325,021,918</b>	<b>1,381,558,743</b>	<b>999,586,080</b>	<b>1,036,866,449</b>
<b>Earnings before income tax</b>		<b>784,241,146</b>	<b>606,387,357</b>	<b>594,693,391</b>	<b>456,111,262</b>
Income tax	24	(230,736,762)	(79,778,730)	(161,166,656)	(40,563,330)
<b>Net income</b>		<b>553,504,384</b>	<b>526,608,627</b>	<b>433,526,735</b>	<b>415,547,932</b>
<b>Net income attributable to:</b>		<b>553,504,384</b>	<b>529,074,197</b>	<b>433,526,735</b>	<b>415,547,932</b>
Equity holders of the Bank		-	(2,465,570)		
Minority shareholders of a subsidiary		553,504,384	526,608,627		
<b>Earnings per share</b>	25				
Basic earnings per share					
Net income attributable to equity holders of the Bank		0.35	0.46	0.27	0.36

The accompanying notes are an integral part of the financial statements.

Mr.Thongchai Ananthothai

President

Mr.Guohui Song

Senior Executive Vice President

**Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary**

(Formerly known as "ACL Bank Public Company Limited")

**Statements of cash flows**

**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from operating activities</b>				
Earnings before income tax	784,241,146	606,387,357	594,693,391	456,111,262
Adjustments to reconcile earnings before income tax to net cash provided by (paid from) operating activities:				
Share of profit from investment in an associated company				
under equity method	(32,404,209)	(4,301,939)	-	-
Depreciation and amortisation	112,239,106	122,988,861	101,983,213	99,363,239
Claims received due to flood	(1,752,065)	-	(1,752,065)	-
Gains on disposals of equipment	(389,166)	(2,625,554)	(237,056)	(2,626,694)
Gains on disposals of properties foreclosed	(42,015,704)	(118,146,555)	(36,367,683)	(116,450,534)
Gains on investments	(33,798,939)	(278,962,150)	(33,798,939)	(229,509,597)
Losses on impairment of investments in a subsidiary	-	-	-	69,593,163
Gains on derivatives trading	-	(5,550,700)	-	-
Bad debt and doubtful accounts	602,871,949	1,178,957,056	410,950,548	1,049,704,223
Loss on debt restructuring	32,235,463	48,448,472	32,235,463	48,448,472
Unrealised gains on exchange and derivatives	(183,554,424)	(92,678,336)	(183,554,424)	(92,678,336)
Loss on unwinding of cross currency interest rate swap contracts	31,076,680	-	31,076,680	-
Decrease in expenses as a result of transferring receivables				
under Legal Execution Department	(974,922)	(695,914)	(974,922)	(695,914)
Losses on impairment and write-off of equipment and intangible assets	-	2,481,329	-	21,416
Losses on impairment of properties foreclosed and other assets (reversal of losses on impairment of properties foreclosed and other assets)	(11,916,912)	100,649,466	(26,260,751)	92,823,354
Other income from revaluation of other receivables	(6,209,220)	(6,716,196)	(6,209,220)	(6,716,196)
Provisions for liabilities	5,500,000	3,700,000	5,500,000	3,700,000
Increase in other accrued expenses	110,767,052	10,583,668	87,804,064	744,810
<b>Income from operating activities before changes in operating assets and liabilities</b>	<b>1,365,915,835</b>	<b>1,564,518,865</b>	<b>975,088,299</b>	<b>1,371,832,668</b>
(Increase) decrease in operating assets				
Interbank and money market items	1,915,707,463	2,721,786,991	1,885,558,173	3,055,261,071
Current investments	(121,529,882)	18,967,286	(121,529,882)	(44,295,244)
Receivables from Clearing House	-	(52,695,393)	-	-
Loans	(7,934,030,116)	(3,969,030,290)	(5,946,493,473)	(2,940,046,504)
Properties foreclosed	266,479,462	373,682,798	117,940,500	263,847,321
Receivables on credit support for derivative contracts	(405,175,937)	(43,126,976)	(405,175,937)	(43,126,976)
Other assets	(66,471,227)	155,392,156	27,866,571	213,621,522

The accompanying notes are an integral part of the financial statements.



**Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary**

(Formerly known as "ACL Bank Public Company Limited")

**Statements of cash flows (continued)**

**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Increase (decrease) in operating liabilities</b>					
Deposits		(3,388,199,394)	(10,396,458,027)	(3,391,055,813)	(10,401,863,578)
Interbank and money market items		157,162,647	68,475,516	176,029,953	(664,441,790)
Liabilities payable on demand		(121,754,319)	170,888,286	(121,754,319)	170,888,286
Payables to Clearing House		-	26,438,331	-	-
Securities and derivatives business payables		-	194,474,621	-	-
Payables on credit support for derivative contracts		425,152,546	21,689,720	425,152,546	21,689,720
Other liabilities		148,090,185	203,797,843	51,266,697	11,876,614
<b>Cash used in operating activities</b>		<b>(7,758,652,737)</b>	<b>(8,941,198,273)</b>	<b>(6,327,106,685)</b>	<b>(8,984,756,890)</b>
Interest and dividend income		(3,123,730,179)	(3,090,960,535)	(2,554,980,931)	(2,739,688,110)
Interest expenses		889,640,836	1,025,728,084	861,131,849	1,020,339,717
Cash received on interest income		2,775,133,135	2,730,419,535	2,203,403,412	2,375,589,163
Cash paid on interest expenses		(604,522,536)	(851,561,368)	(575,955,434)	(845,139,038)
Cash paid on income tax		(124,636,772)	(170,303,341)	(76,645,595)	(131,471,558)
<b>Net cash used in operating activities</b>		<b>(7,946,768,253)</b>	<b>(9,297,875,898)</b>	<b>(6,470,153,384)</b>	<b>(9,305,126,716)</b>
<b>Cash flows from investing activities</b>					
Cash received on disposal of investment in a subsidiary		-	396,851,972	-	396,851,972
Cash paid for investment in an associated company		-	(255,170,000)	-	(255,170,000)
Cash paid for investment in a subsidiary		-	-	(1,500,000,000)	-
(Increase) decrease in long-term investments		(855,587,504)	4,352,117,070	(857,167,504)	4,352,188,272
Cash received on interest income from investments		311,896,512	491,787,399	311,896,512	491,787,399
Cash received on dividend income		25,701,413	8,141,067	27,281,412	7,841,067
Cash received on disposals of equipment		1,435,338	3,486,953	340,000	3,420,000
Cash paid for purchases of equipments		(32,911,693)	(59,899,133)	(15,977,334)	(57,969,631)
Cash paid for acquisition of intangible assets		(8,720,358)	(19,164,731)	(2,596,758)	(13,817,861)
<b>Net cash provided by (used in) investing activities</b>		<b>(558,186,292)</b>	<b>4,918,150,597</b>	<b>(2,036,223,672)</b>	<b>4,925,131,218</b>
<b>Cash flows from financing activities</b>					
Increase in borrowings		8,757,204,534	4,768,070,404	8,757,204,534	4,768,070,404
Cash paid for interest expense on borrowings		(281,399,330)	(327,600,450)	(281,399,330)	(327,600,450)
Cash paid for liabilities under lease agreement		(2,807,413)	-	(1,466,238)	-
<b>Net cash provided by financing activities</b>		<b>8,472,997,791</b>	<b>4,440,469,954</b>	<b>8,474,338,966</b>	<b>4,440,469,954</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(31,956,754)</b>	<b>60,744,653</b>	<b>(32,038,090)</b>	<b>60,474,456</b>
Cash and cash equivalents at beginning of the years		304,773,615	244,063,962	304,402,418	243,927,962
Less: Cash to the disposed subsidiary on the disposal date	7.5		(35,000)		
<b>Cash and cash equivalents at end of the years</b>		<b>272,816,861</b>	<b>304,773,615</b>	<b>272,364,328</b>	<b>304,402,418</b>
		-	-	-	-
<b>Supplemental cash flows information</b>					
Non-cash transactions					
Assets received in settlement of loans and receivables		163,539,993	622,940,226	-	508,170,059
Account payable for acquisition of equipment		2,240,632	150,000	492,117	150,000

The accompanying notes are an integral part of the financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

(Formerly known as "ACL Bank Public Company Limited")

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements							
Equity attributable to the Bank's shareholders							
Issued and paid-up share capital		Revaluation surplus (deficit) on investments	Deficit	Total equity attributable to the Bank's shareholders	Equity attributable to minority shareholders of a subsidiary	Total	
Preference shares	Ordinary shares						
<b>Balance as at 31 December 2008</b>	5,032,744,130	10,871,785,320	(15,848,824)	(3,383,774,272)	12,504,906,354	106,509,801	12,611,416,155
<b>Revenue (expenses) recognised directly in equity:</b>							
Revaluation surplus on investments	-	-	84,339,852	-	84,339,852	-	84,339,852
<b>Revenue (expenses) recognised directly in equity</b>	-	-	84,339,852	-	84,339,852	-	84,339,852
Recognised revaluation deficit on investments in statement of income	-	-	5,175,000	-	5,175,000	-	5,175,000
Net income (losses)	-	-	-	529,074,197	529,074,197	(2,465,570)	526,608,627
<b>Total revenue (expenses) for the year</b>	-	-	89,514,852	529,074,197	618,589,049	(2,465,570)	616,123,479
Conversion of preference shares to ordinary shares	(5,004,869,420)	5,004,869,420	-	-	-	-	-
Decrease in minority interest of a subsidiary from disposal of investments in a subsidiary (Note 7.5)	-	-	-	-	-	(104,044,161)	(104,044,161)
<b>Balance as at 31 December 2009</b>	<u>27,874,710</u>	<u>15,876,654,740</u>	<u>73,666,028</u>	<u>(2,854,700,075)</u>	<u>13,123,495,403</u>	<u>70</u>	<u>13,123,495,473</u>
<b>Balance as at 31 December 2009</b>	27,874,710	15,876,654,740	73,666,028	(2,854,700,075)	13,123,495,403	70	13,123,495,473
<b>Revenue (expenses) recognised directly in equity:</b>							
Revaluation surplus on investments	-	-	90,911,153	-	90,911,153	-	90,911,153
<b>Revenue (expenses) recognised directly in equity</b>	-	-	90,911,153	-	90,911,153	-	90,911,153
Net income	-	-	-	553,504,384	553,504,384	-	553,504,384
<b>Total revenue (expenses) for the year</b>	-	-	90,911,153	553,504,384	644,415,537	-	644,415,537
Conversion of preference shares to ordinary shares	(23,231,390)	23,231,390	-	-	-	-	-
<b>Balance as at 31 December 2010</b>	<u>4,643,320</u>	<u>15,899,886,130</u>	<u>164,577,181</u>	<u>(2,301,195,691)</u>	<u>13,767,910,940</u>	<u>70</u>	<u>13,767,911,010</u>

The accompanying notes are an integral part of the financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

(Formerly known as "ACL Bank Public Company Limited")

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital		Revaluation surplus (deficit)	Deficit	Total
	Preference shares	Ordinary shares	on of investments		
<b>Balance as at 31 December 2008</b>	5,032,744,130	10,871,785,320	(15,848,824)	(3,300,043,776)	12,588,636,850
<b>Revenue (expenses) recognised directly in equity:</b>					
Revaluation surplus on investments	-	-	84,339,852	-	84,339,852
<b>Revenue (expenses) recognised directly in equity</b>	-	-	84,339,852	-	84,339,852
Recognised revaluation deficit on investments in statements of income	-	-	5,175,000	-	5,175,000
Net income	-	-	-	415,547,932	415,547,932
<b>Total revenue (expenses) for the year</b>	-	-	89,514,852	415,547,932	505,062,784
Conversion of preference shares to ordinary shares	(5,004,869,420)	5,004,869,420	-	-	-
<b>Balance as at 31 December 2009</b>	27,874,710	15,876,654,740	73,666,028	(2,884,495,844)	13,093,699,634
<b>Balance as at 31 December 2009</b>	27,874,710	15,876,654,740	73,666,028	(2,884,495,844)	13,093,699,634
<b>Revenue (expenses) recognised directly in equity:</b>					
Revaluation surplus on investments	-	-	90,911,153	-	90,911,153
<b>Revenue (expenses) recognised directly in equity</b>	-	-	90,911,153	-	90,911,153
Net income	-	-	-	433,526,735	433,526,735
<b>Total revenue (expenses) for the year</b>	-	-	90,911,153	433,526,735	524,437,888
Conversion of preference shares to ordinary shares	(23,231,390)	23,231,390	-	-	-
<b>Balance as at 31 December 2010</b>	4,643,320	15,899,886,130	164,577,181	(2,450,969,109)	13,618,137,522

The accompanying notes are an integral part of the financial statements.

**Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary  
(Formerly known as “ACL Bank Public Company Limited”)**

**Notes to financial statements**

**For the years ended 31 December 2010 and 2009**

**1. The Bank’s information**

Industrial and Commercial Bank of China (Thai) Public Company Limited (Formerly known as “ACL Bank Public Company Limited”) (“the Bank”) was registered to be a publicly limited company under Thai laws on 15 April 1993 and it has been licensed by the Ministry of Finance on 21 December 2005 to operate commercial banking business in Thailand. Its registered address is at No. 622, Sukhumvit Road, Klongton Sub-district, Klongtoey District, Bangkok. As at 31 December 2010 and 2009, the Bank has altogether 19 branches including a head office.

On 30 September 2009, the Bank was informed by an investor, who is an overseas bank (“the Investor”), that its Board of Directors resolved to approve a tender offer to shareholders of the Bank that the Investor will buy the Bank’s shares from them voluntarily at Baht 11.50 per share. However, the offer will be made subject to the following conditions.

Conditions precedent to the tender offer

- (a) Receipt of the approvals, waivers, permissions or consents from the relevant agencies in Thailand and the Republic of China, necessary to enable the Investor to successfully make the offer and allow the Bank and its group to legally continue operating their businesses, after the offer is made; and
- (b) Approval by the Shareholders’ meeting of the Investor.

Condition after making the tender offer

- (a) The Investor is able to acquire not less than 51 percent of the issued capital of the Bank.

All conditions precedent to the tender offer were accomplished in the first quarter of 2010.

On 21 April 2010, Industrial and Commercial Bank of China Limited, who made the tender offer to buy all shares of the Bank, reported the result of its tender offer for securities of the Bank to the Secretary of the Office of the Securities and Exchange Commission and made full payment for its purchase of shares. It purchased all 1,546,568,601 shares being offered for sale in response to the tender offer or equivalent to 97.24 percent of the issued and paid-up share capital of the Bank, the condition after making the tender offer was then also completed. Hence, as of 31 December 2010, Industrial and Commercial Bank of China Limited is the parent company of the Bank, holding 97.24 % of the issued and paid-up share capital of the Bank (31 December 2009, the Bank's two major shareholders are the Ministry of Finance and Bangkok Bank Public Company Limited, with shareholding percentage of 30.61 percent and 19.26 percent, respectively).

On 25 June 2010, the Extraordinary General Meeting of the Shareholders No. 1/2010 approved the change of the Bank's name from ACL Bank Public Company Limited to Industrial and Commercial Bank of China (Thai) Public Company Limited. Such change was registered with Department of Business Development, the Ministry of Commerce on 8 July 2010. In addition, the meeting approved the voluntary delisting of the Bank's shares from the Stock Exchange of Thailand since Industrial and Commercial Bank of China Limited had completed acquisition of 97.24% of the total issued shares of the Bank and so the Bank is not able to meet the listing requirement of the SET that a listed company must maintain not less than 150 minority ordinary shareholders with an aggregate shareholding not less than 15% of paid-up capital. At present, the Bank is in the process of making a tender offer for the shares of the minority shareholders, in order to delist the Bank's shares from the Stock Exchange of Thailand.

As at 31 December 2010 and 2009, the Bank has only one subsidiary, which was established as a limited company under Thai laws, has been operating its businesses in Thailand and has core business in leasing and hire purchase businesses.

## **2. Basis of preparation of financial statements**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and with reference to the principles stipulated by the Bank of Thailand ("BOT") and the Office of the Securities and Exchange Commission ("SEC").

The presentation of the financial statements has been made in compliance with the Notification of BOT relating to the presentation and format of the financial statements of commercial banks and holding parent company of financial business groups, dated 3 August 2008.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from such financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding significant accounting policies.

## 2.2 Basis of consolidation

- (a) These consolidated financial statements include the financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries, except for the exclusion of balance sheet of ACL Securities Company Limited as at 31 December 2010 and 2009 from the consolidated balance sheets as at 31 December 2010 and 2009 and the inclusion of the statement of income of such company for the period ended only up to 14 September 2009 in the consolidated statement of income for year ended 31 December 2009, since the Bank disposed its investment in that company as already described in Note 7.5 to the financial statements.

		(Unit: Percentage)					
		Percentage of shares held				Percentage of total revenues	
		by the Bank as at				of subsidiaries included in	
		31 December				consolidated totals for	
		31 December				the years ended	
		31 December				31 December	
Company's name	Type of business	2010	2009	2010	2009	2010	2009
ACL Securities Company Limited	Securities business	-	-	-	-	-	0.83
Leasing Sinn Asia Company Limited	Hire purchase business	99.99	99.99	28.15	14.26	34.09	20.33

- (b) Subsidiary is fully consolidated as from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date when such control ceases.
- (c) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Bank.
- (d) Material balances and transactions between the Bank and its subsidiary have been eliminated from the consolidated financial statements.

- (e) Minority interests represent the portion of net income or loss and net assets of a subsidiary that is not held by the Bank and are presented separately in the consolidated statements of income and within equity in the consolidated balance sheets.

### **2.3 Separate financial statements**

The separate financial statements, which present investments in a subsidiary and an associated company under the cost method, have been prepared solely for the benefit of the public.

### **3. Adoption of new accounting standards**

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- (a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements  
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting

TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

(b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Bank's and its subsidiary's management believe that these accounting standards will not have any significant impact on the financial statements for the years in which they are initially applied, except for the following accounting standards that the Bank's and its subsidiary's management expect a significant impact on the financial statements for the years in which they are initially applied.

#### **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial valuation techniques. Currently, the Bank and its subsidiary account for such employee benefits when they are incurred.

Based on the management's assessment, the effect of the adoption of this accounting standard in 2011 will be to decrease retained earnings brought forward as at 1 January 2011 in the consolidated and separate financial statements by approximately Baht 90 million and Baht 80 million, respectively.

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.



At present, the management is still evaluating the impact on the financial statements in the year when this standard is adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

(a) Interest and discounts on loans

Interest on loans is recognised as revenue on an accrual basis over the term of the loans based on the amount of principal outstanding. For loans on which principal and/or interest payments have been defaulted for more than three months from the due dates, the Bank and its subsidiary cease accrual of interest income and reverse the interest previously accrued as revenue from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

The Bank recognises interest income on restructured loans on the same accrual basis used for loans discussed above with reference to interest rates stipulated in the agreements (excluding interest charged and suspended for payment in the future), with the exception of loans that are subject to monitoring for compliance with restructuring conditions, interest income on which is to be recognised on a cash basis until the borrower has been able to comply with the restructuring conditions for a period of not less than three consecutive months or three consecutive installments, whichever is longer.

Interest on margin loans is recognised as revenue on an accrual basis. When there is uncertainty as to the collectability of loans and interest, the subsidiary ceases accrual in accordance with the guidelines stipulated by the Office of the Securities and Exchange Commission.

Interest or discounts, which are already included in the face value of notes receivable or loans, are recorded as deferred interest and taken up as revenue evenly throughout the term of the notes or loans.

(b) Hire purchase income

Hire purchase income is recognised as revenue, using the effective interest rate method, over the period of the contracts. For hire purchase receivables on which installments have been defaulted and overdue for more than three months from the due dates, the Bank and its subsidiary cease accrual of revenue and reverse the revenue previously accrued from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

(c) Finance lease income

Finance lease income is recognised as revenue, using the effective interest rate method, over the period of the contracts. For finance lease receivables on which installments have been defaulted and overdue for more than three months from the due dates, the subsidiary ceases accrual of revenue and reverse the revenue previously accrued from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

(d) Interest and dividends on investments

Interest on investments is recognised as revenue on an accrual basis based on the effective rate method. Dividends from securities are recognised as revenue when the right to receive the dividends is established.

(e) Commissions and brokerages

Brokerage income from securities and derivatives trading are recognised as income on the transaction dates.

(f) Gains (losses) on investments

Gains (losses) on investments are recognised as revenue/expenses on the transaction dates.

(g) Gains (losses) on derivatives trading

Gains (losses) on derivatives trading are recognised as revenue/expenses on the transaction dates.

(h) Fees and service income

Fees are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered taking into account the stage of completion.

## 4.2 Expense recognition

(a) Interest expenses

Interest expenses are charged to statements of income on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest expense, which will be amortised to expenses evenly throughout the term of the notes.

The subsidiary recorded the financial fees related to borrowings typically incurred on or before signing of facility agreements and before actual drawdown of the loans as deferred financial expenses and amortised using the effective interest rate method over the term of the loans. The amortisation of deferred financial fees is included in determining borrowing costs.

- (b) Commissions and direct expenses from the hire purchase business

For hire-purchase contracts originating on or after 1 January 2008, commission and initial direct expenses at the inception of a hire-purchase contract are deferred and to be amortised as expenses throughout the contract period, using the effective interest method, with the amortisation deducted from interest income.

For hire-purchase contracts originating before 1 January 2008, commission and initial direct expenses at the inception of a hire-purchase contract are charged to statements of income on the translation date.

#### **4.3 Cash and cash equivalents**

Cash and cash equivalents include cash, cheques and cheques in transit.

#### **4.4 Securities purchased under resale agreements/Securities sold under repurchase agreements**

The Bank enters into agreements to purchase securities or to sell securities that include agreements to sell or purchase the securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Interbank and money market items" in the balance sheets, and the underlying securities are treated as collateral to the receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items" in the balance sheets, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

Differences between the purchase and sale considerations are recognised as interest income or expenses over the transaction periods.

#### **4.5 Investments in securities**

- (a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the statements of income.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the statements of income when the securities are sold.
- (c) Investments in debt securities, expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

- (d) Investments in non-marketable equity securities, which the Bank classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

The fair values of government bonds are calculated using the Bank of Thailand's formula and the risk-free yield curve. State enterprise bonds, both secured and unsecured by the Ministry of Finance, and private sector debt securities are calculated using the risk-free yield curve, adjusted by risk premiums appropriate to the risk profiles of such debt securities.

The fair value of marketable securities is calculated based on the latest bid price on the last working day of the period as quoted on the Stock Exchange of Thailand. The fair values of debt securities are calculated by using the last trading price quoted by the Thai Bond Market Association. The fair value of investment units is based on their net asset value as at the balance sheet dates

In the event the Bank and its subsidiary reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification dates. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded as gains or losses in the statements of income or recorded as revaluation surplus (deficit) on investments in shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as gain or loss in the statements of income. If the Bank and its subsidiary dispose of only part of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

#### **4.6 Investments in a subsidiary and an associated company**

##### Separate financial statements

Investments in a subsidiary and an associated company, recorded in the separate financial statements, are stated at cost net of allowance for impairment on investments in a subsidiary and an associated company (if any). Losses on impairment are charged to the statements of income.

### Consolidated financial statements

Investments in an associated company, recorded in the consolidated financial statements, are recorded using the equity method. Under this method, investments are initially recorded at the acquisition cost and are adjusted to reflect the attributable share of the profits or losses from the operations of the associated company, in proportion to the investments.

If the Bank receives shares as a result of debt restructuring of a borrower, and as a result the Bank holds more than 50 percent or 20 percent of the paid-up share capital of such company, the Bank will not treat the investee company as a subsidiary or an associated company, respectively, since it has no control or influence over their financial and operating policies and is obliged to dispose off such investments within a period stipulated in the Bank of Thailand's regulation.

#### **4.7 Loans and receivables**

Loans are presented at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Unearned income and discounts on loans are deducted from the loan balances.

Hire purchase receivables and finance lease receivables are stated at outstanding balances according to the hire-purchase and finance lease contracts net of outstanding balance of unearned income, which is presented net of deferred commission expenses and initial direct costs.

#### **4.8 Allowance for doubtful accounts**

- (a) The Bank provides allowance for doubtful accounts in accordance with the Notifications of the BOT and adjusts it based on amount for which it expects not to be recouped from debtors. Such amount is determined based on an evaluation of the current status of the debtors, taking into consideration relevant risk and value of the underlying collateral.

The Bank sets provision for "pass" loans (including restructured receivables) and "special-mention" loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivables) after deducting collateral value, calculated in accordance with the BOT's guidelines. For non-performing loans, the Bank sets provision at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, discounted using the discount rate and duration expected to be able to dispose the collateral as stipulated in the BOT's Notifications.

- (b) The subsidiary operating leasing and hire-purchase businesses provides an allowance for doubtful accounts with reference to number of months overdue and provisioning rates as stipulated in the BOT's Notifications.

Allowance for doubtful accounts is set for "pass" and "special-mention" loans at minimum rates of 1% and 2%, respectively, of the loan balances after deducting collateral value, calculated in accordance with the BOT's guidelines, and at 100% of the balance of non-performing loans after deducting the present value of expected future cash flows from collateral disposal, calculated in accordance with the BOT's guidelines.

At the balance sheet date, the adequacy of the allowance for doubtful accounts is reviewed taking into consideration past collection experience and the current status of receivables.

- (c) Allowance for doubtful accounts of other receivables is set aside by the amount of debt that may not be collectible, determined based on a review of the current status of the debtors on the balance sheet dates.
- (d) The Bank writes off bad debts following the BOT's guidelines and as approved by the Board of Directors. The Bank reverses allowance for doubtful accounts and records bad debts written-off in statements of income. All bad debts recovered are recognised as income in the statements of income.

#### **4.9 Troubled debt restructuring**

The Bank records troubled debt restructuring transactions with reference to criteria stipulated by the Bank of Thailand.

In cases where the troubled debt restructuring involves the transfer of assets and/or equity, the Bank records assets and/or equity received in settlement of debts at their fair value less estimated selling expenses (if any) providing that it does not exceed the book value of outstanding principal and accrued interest receivables. Losses arising from the excess of the book value over the fair value of those assets and equity transferred are recorded in statements of income, taking into account existing allowance for doubtful accounts.

In cases where the troubled debt restructuring involves modification of the repayment conditions, the Bank records losses arising from revaluation of the fair value of the debtor after restructuring determined by the present value of expected cash flows to be received in accordance with new restructuring agreements, discounted by the Bank's minimum interest rate for loan to large customer. The lower of the then-determined present value and the recorded outstanding loans and accrued interest receivables due from a debtor is accounted for as allowance for revaluation on debt restructuring and recognised as expenses in statements of income for the period in which the debt is restructured. Such allowance is amortised and recognised as revenue in the statements of income over the remainder of the restructuring periods or is reviewed by revaluing the net present value of expected cash flows to be received over the remaining period.

Losses arising from debt restructuring through waivers of principal and/or recorded accrued interest receivables are recognised as expenses in the statements of income.

#### **4.10 Properties foreclosed**

Properties foreclosed are stated at the lower of cost at the acquisition date and net realisable value. Cost at the acquisition date of properties foreclosed is stated at their fair value but it is not to exceed the balance of principal and accrued interest receivables. Net realisable value is determined based on to the latest available appraisal value less estimated selling expenses.

Gains or losses on disposals of properties foreclosed are recorded as revenue or expenses in the statements of income when significant risk and rewards have been transferred.

Impairment loss is recognised as expense in the statements of income.

#### **4.11 Premises and equipment and depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line method over the following estimated periods of useful lives.

Buildings	34 years
Furniture, fixtures and office equipment	3, 5 and 10 years
Motor vehicles	5 years

No depreciation is determined for land and assets in progress.

Depreciation is included in statements of income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of income when the asset is derecognised.

#### **4.12 Intangible assets and amortisation**

Intangible assets are stated at cost less accumulated amortisation and allowance for impairment (if any). The Bank and its subsidiary amortise intangible assets with finite useful lives or with useful lives, which can be estimated on a systematic basis over their economic benefit lives and test for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortised amount recognised as expenses in the statements of income.

Intangible assets of the Bank and its subsidiary with finite useful lives, or with useful lives that can be estimated on a systematic basis, are computer software and of which the estimated useful lives are 5 and 10 years.

#### **4.13 Leasehold rights**

Leasehold rights are stated at cost less accumulated amortization and allowance for impairment (if any). Leasehold rights are amortised on a straight-line basis over the lease period of 30 years and the amortisation amounts are recognised as expenses in statements of income.

#### **4.14 Goodwill on business combination**

Goodwill is stated in the balance sheets at cost less allowance for impairment. Impairment on goodwill is determined by estimating the recoverable amount from the asset or group of assets to which the goodwill relates. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as expenses in the statements of income. Impairment losses relating to goodwill cannot be reversed in future periods.



#### **4.15 Long-term leases**

Leases of motor vehicles which transfer substantially all the risks and rewards of ownership to the Bank and its subsidiary, as a lessee, are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term liabilities, while the interest element is charged to the statements of income over the lease periods. Assets acquired under finance leases are depreciated over the shorter of the useful lives of the assets and the lease periods.

Lease not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments recognised as an expenses in the statements of income on straight line basis over the lease term.

#### **4.16 Impairment of assets**

At each reporting date, the Bank and its subsidiary perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. the Bank and its subsidiary also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

#### **4.17 Sales of commercial papers**

Commercial papers sold without recourse are recorded by crediting the notes receivable account.

Commercial papers without an aval or acceptance and sold at a discount with recourse, are recorded as liabilities under the caption of “Liabilities from sale of commercial papers”. Commercial papers with an aval or acceptance from other commercial banks or finance companies, are sold at a discount with recourse, recorded by crediting the notes receivable account, and disclosed such as a part of “Contingent liabilities”.

#### **4.18 Provisions**

Provisions are recognised when the Bank and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of such obligation can be made.

#### **4.19 Derivatives**

The Bank has entered into off-balance sheet transactions involving derivatives in order to respond to clients’ needs and to manage its own foreign exchange and interest rate risks. Obligations under derivative contracts are regarded as off-balance sheet items and made according to the purpose of entering into those transactions as follows.

##### Trading Book

As at the balance sheet dates, foreign exchange contracts are measured at fair value. Gains/Losses arising from revaluation are recognised in statements of income.

The fair values of foreign exchange contracts are determined, using the forward exchange rates at the balance sheet dates for the contract periods remaining on those dates.

##### Banking Book

As at the balance sheet dates, the Bank recognises foreign exchange contracts, interest rate swap contracts, and cross currency and interest rate swap contracts on an accrual basis as follows:

- (a) The currency exchange components are translated at the exchange rates ruling on the balance sheet dates, with unrealised gains or losses on translation recognised in statements of income. Premiums or discounts on contracts are amortised on a straight-line basis over the contract periods.

- (b) Interest rate swap components are recognised on an accrual basis, in the same manner as the hedged assets and liabilities. That is, interest income or interest expense is recognised in the statements of income over the term of the contract periods.

These measurement methods are in compliance with the principles stipulated by the Bank of Thailand's Notification No. 67/2551 dated 3 August 2008.

#### **4.20 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

#### **4.21 Employee benefits**

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses on accrual basis.

#### **4.22 Income tax**

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on the taxable profits determined in accordance with tax legislation.

#### **4.23 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Bank and its subsidiary, whether directly or indirectly, or which are under common control with the Bank and its subsidiary.

They also include associated company and individuals which directly or indirectly own a voting interest in the Bank and its subsidiary that gives them significant influence over the Bank and its subsidiary, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiary's operations, together with close family members of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

### **5.1 Recognition and derecognition of assets and liabilities**

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether risk and rewards of those assets and liabilities have been transferred, based on their best knowledge of the current events and arrangements.

### **5.2 Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **5.3 Allowance for doubtful accounts provided on loans and receivables**

Allowances for doubtful accounts provided on loans and receivables are intended to adjust the value of loans and receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses on outstanding loans and receivable due from debtors having principal repayment and interest payment problems, taking into accounts, overdue aging analysis of each debtor, collateral value and current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful accounts and adjustments to the allowances may therefore be required in the future.

### **5.4 Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### **5.5 Impairment of equity investments**

The Bank treats available-for-sale investments and general investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement.

## **5.6 Allowance for impairment on properties foreclosed**

The Bank and its subsidiary determine allowance for impairment on properties foreclosed when net realisable value of such assets falls below their book value. The management uses judgment to estimate impairment losses, taking into consideration the appraisal value of assets, types and characteristics of assets, the period of time for which to be recouped from disposals and changes in the economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowance for impairment and adjustments to the allowances may therefore be required in the future.

## **5.7 Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Bank and its subsidiary's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses (if any) in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

## **5.8 Allowance for goodwill and intangible assets**

Determination of allowance for impairment on goodwill and intangible assets requires management to make estimates of cash flows to be generated by the assets or the cash generating units, including a suitable discount rate to be used in calculation of the present value of those cash flows.

## **5.9 Profit and loss sharing from management of non-performing assets**

In calculation of profit or loss sharing from management of non-performing assets transferred to Thai Asset Management Corporation ("TAMC"), the Bank estimates the amounts expected to be recouped from debtors or the underlying collaterals or the guarantors for which management exercises judgment in determination of assumptions with respect to recovery rates on the outstanding debts under the debt restructuring agreements or collateral value. The management considers that the assumptions used are appropriate based on the availability of information to the Bank and current circumstances. The different assumptions used and the change in circumstances in the future may affect the amount of loss sharing already recorded.

## 5.10 Litigation

The Bank has contingent liabilities as a result of litigation being made against the Bank for claims of compensation. The management has used judgement to assess of the results of the litigation and recorded provisions for liabilities as at the balance sheet dates. However, actual results could differ from the estimates.

## 6. Interbank and money market items (assets)

(Unit: Baht)

	Consolidated financial statements					
	31 December 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
<b>Domestic items</b>						
Bank of Thailand	200,768,182	200,000,000	400,768,182	222,444,512	980,000,000	1,202,444,512
Commercial banks	100,196,932	3,000,000,000	3,100,196,432	139,280,200	5,000,000,000	5,139,280,200
Other banks	-	900,000,000	900,000,000	-	-	-
Finance, finance and securities, securities and credit foncier companies	-	40,000,000	40,000,000	-	140,000,000	140,000,000
<b>Total</b>	<b>300,965,114</b>	<b>4,140,000,000</b>	<b>4,440,965,114</b>	<b>361,724,712</b>	<b>6,120,000,000</b>	<b>6,481,724,712</b>
Add: Accrued interest receivables	3,073	265,052	268,125	3,517	442,082	445,599
Less: Allowance for doubtful accounts	-	(17,400,000)	(17,400,000)	-	(1,400,000)	(1,400,000)
<b>Domestic items - net</b>	<b>300,968,187</b>	<b>4,122,865,052</b>	<b>4,423,833,239</b>	<b>361,728,229</b>	<b>6,119,042,082</b>	<b>6,480,770,311</b>
<b>Foreign items</b>						
USD currency	12,230,410	119,097,635	131,328,045	13,714,200	-	13,714,200
AUD currency	1,536,206	-	1,536,206	1,488,839	-	1,488,839
Yen currency	193,903	-	193,903	105,942	-	105,942
Euro currency	2,323,456	-	2,323,456	553,938	-	553,938
Pound sterling currency	613,542	-	613,542	1,064,564	-	1,064,564
Other currencies	2,484,040	4,945,647	7,429,687	1,461,659	-	1,461,659
<b>Total</b>	<b>19,381,557</b>	<b>124,043,282</b>	<b>143,424,839</b>	<b>18,389,142</b>	<b>-</b>	<b>18,389,142</b>
Add: Accrued interest receivables	-	629,388	629,388	-	-	-
Less: Allowance for doubtful accounts	-	(578,905)	(578,905)	-	-	-
<b>Total foreign items - net</b>	<b>19,381,557</b>	<b>124,093,765</b>	<b>143,475,322</b>	<b>18,389,142</b>	<b>-</b>	<b>18,389,142</b>
<b>Total domestic and foreign items</b>	<b>320,349,744</b>	<b>4,246,958,817</b>	<b>4,567,308,561</b>	<b>380,117,371</b>	<b>6,119,042,082</b>	<b>6,499,159,453</b>

(Unit: Baht)

	Separate financial statements					
	31 December 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
<b>Domestic items</b>						
Bank of Thailand	200,768,182	200,000,000	400,768,182	222,444,512	980,000,000	1,202,444,512
Commercial banks	35,861,732	3,000,000,000	3,035,861,732	44,795,710	5,000,000,000	5,044,795,710
Other banks	-	900,000,000	900,000,000	-	-	-
Finance, finance and securities, securities and credit foncier companies	-	40,000,000	40,000,000	-	140,000,000	140,000,000
<b>Total</b>	<b>236,629,914</b>	<b>4,140,000,000</b>	<b>4,376,629,914</b>	<b>267,240,222</b>	<b>6,120,000,000</b>	<b>6,387,240,222</b>
Add: Accrued interest receivables	1,578	265,052	266,630	-	442,082	442,082
Less: Allowance for doubtful accounts	-	(17,400,000)	(17,400,000)	-	(1,400,000)	(1,400,000)
<b>Domestic items - net</b>	<b>236,631,492</b>	<b>4,122,865,052</b>	<b>4,359,496,544</b>	<b>267,240,222</b>	<b>6,119,042,082</b>	<b>6,386,282,304</b>
<b>Foreign items</b>						
USD currency	12,230,410	119,097,635	131,328,045	13,714,200	-	13,714,200
AUD currency	1,536,206	-	1,536,206	1,488,839	-	1,488,839
Yen currency	193,903	-	193,903	105,942	-	105,942
Euro currency	2,323,456	-	2,323,456	553,938	-	553,938
Pound sterling currency	613,542	-	613,542	1,064,564	-	1,064,564
Other currencies	2,484,040	4,945,647	7,429,687	1,461,659	-	1,461,659
<b>Total</b>	<b>19,381,557</b>	<b>124,043,282</b>	<b>143,424,839</b>	<b>18,389,142</b>	<b>-</b>	<b>18,389,142</b>
Add: Accrued interest receivables	-	629,388	629,388	-	-	-
Less: Allowance for doubtful accounts	-	(578,905)	(578,905)	-	-	-
<b>Total foreign items - net</b>	<b>19,381,557</b>	<b>124,093,765</b>	<b>143,475,322</b>	<b>18,389,142</b>	<b>-</b>	<b>18,389,142</b>
<b>Total domestic and foreign items</b>	<b>256,013,049</b>	<b>4,246,958,817</b>	<b>4,502,971,866</b>	<b>285,629,364</b>	<b>6,119,042,082</b>	<b>6,404,671,446</b>

## 7. Investments

### 7.1 Classified by types of investments

(Unit: Baht)

	Consolidated and separate financial statements			
	31 December 2010		31 December 2009	
	Cost/ Amortised cost	Fair Value	Cost/ Amortised cost	Fair Value
<b>Current investments</b>				
<b>Trading securities</b>				
Domestic marketable equity securities	6,601,932	6,620,000	67,168,595	64,970,241
Total	6,601,932	6,620,000	67,168,595	64,970,241
Add (less): Allowance for revaluation	18,068	-	(2,198,354)	-
Trading securities – net	6,620,000	6,620,000	64,970,241	64,970,241
<b>Available-for-sale securities</b>				
Government and state enterprises securities	4,354,791,394	4,347,665,504	2,871,047,497	2,875,152,503
Private sector debt securities	451,702,469	371,624,534	106,724,831	25,197,326
Foreign debt securities	-	-	166,711,777	166,802,289
Total	4,806,493,863	4,719,290,038	3,144,484,105	3,067,152,118
Add (less): Allowance for revaluation	(5,510,525)	-	4,361,313	-
Less: Allowance for impairment	(81,693,300)	-	(81,693,300)	-
Available-for-sale securities - net	4,719,290,038	4,719,290,038	3,067,152,118	3,067,152,118
<b>Held-to-maturity debt securities</b>				
Government and state enterprises securities	987,606,965	-	-	-
Private sector debt securities	-	-	150,000,000	-
Total	987,606,965	-	150,000,000	-
Less: Allowance for impairment	(222,000,000)	-	-	-
Total held-to-maturity debt securities - net	765,606,965	-	150,000,000	-
<b>Current investments – net</b>	<b>5,491,517,003</b>	<b>5,491,517,003</b>	<b>3,282,122,359</b>	<b>3,282,122,359</b>
<b>Long-term investments</b>				
<b>Available-for-sale securities</b>				
Government and state enterprises securities	1,694,328,962	1,680,726,368	1,558,223,599	1,556,897,057
Private sector debt securities	-	-	370,135,686	373,827,316
Foreign debt securities	2,518,672,185	2,681,619,249	2,619,869,155	2,681,600,587
Domestic marketable equity securities	38,625,313	59,368,550	45,318,691	43,521,113
Total	4,251,626,460	4,421,714,167	4,593,547,131	4,655,846,073
Add: Allowance for revaluation	170,087,707	-	67,473,942	-
Less: Allowance for impairment	-	-	(5,175,000)	-
Available-for-sale securities - net	4,421,714,167	4,421,714,167	4,655,846,073	4,655,846,073
<b>Held-to-maturity debt securities</b>				
Government and state enterprises securities	46,424,807	-	1,105,031,772	-
Private sector debt securities	400,000,000	-	400,000,000	-
Total	446,424,807	-	1,505,031,772	-
Less: Allowance for impairment	-	-	(222,000,000)	-
Held-to-maturity debt securities - net	446,424,807	-	1,283,031,772	-
<b>General investments</b>				
Domestic non-marketable equity securities	424,446,987	-	479,855,347	-
Less: Allowance for impairment	(331,649,133)	-	(378,030,877)	-
General investments – net	92,797,854	-	101,824,470	-
<b>Long-term investments - net</b>	<b>4,960,936,828</b>	<b>4,960,936,828</b>	<b>6,040,702,315</b>	<b>6,040,702,315</b>

As at 31 December 2010 and 2009, investments of the Bank and its subsidiary were not subject to any restrictions on their holding and disposal, except that the Bank has placed government bonds amounting to Baht 4 million and Baht 1 million, respectively, which it classifies as available-for-sale securities, with the Court as security.

## 7.2 Classified by the remaining periods to maturity of the debt securities

(Unit: Baht)

	Consolidated and separate financial statements			
	31 December 2010			
	Periods to maturity			
	1 year	Over 1 year to 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>				
Government and state enterprises securities	4,354,791,394	1,694,328,962	-	6,049,120,356
Private sector debt securities	451,702,469 <sup>(1)</sup>	-	-	451,702,469
Foreign debt securities	-	1,434,244,369	1,084,427,816	2,518,672,185
<b>Total</b>	<b>4,806,493,863</b>	<b>3,128,573,331</b>	<b>1,084,427,816</b>	<b>9,019,495,010</b>
Add (less): Allowance for revaluation	(5,510,525)	69,946,066	79,398,403	143,833,944
Less: Allowance for impairment	(81,693,300)	-	-	(81,693,300)
<b>Available-for-sale securities - net</b>	<b>4,719,290,038</b>	<b>3,198,519,397</b>	<b>1,163,826,219</b>	<b>9,081,635,654</b>
<b>Held-to-maturity debt securities</b>				
Government and state enterprises securities	987,606,965	46,424,807	-	1,034,031,772
Private sector debt securities	-	400,000,000	-	400,000,000
<b>Total</b>	<b>987,606,965</b>	<b>446,424,807</b>	<b>-</b>	<b>1,434,031,772</b>
Less: Allowance for impairment	(222,000,000)	-	-	(222,000,000)
<b>Held-to-maturity debt securities - net</b>	<b>765,606,965</b>	<b>446,424,807</b>	<b>-</b>	<b>1,212,031,772</b>
<b>Debt securities - net</b>	<b>5,484,897,003</b>	<b>3,644,944,204</b>	<b>1,163,826,219</b>	<b>10,293,667,426</b>

<sup>(1)</sup> Includes debt securities that have already matured



(Unit: Baht)

Consolidated and separate financial statements				
31 December 2009				
Periods to maturity				
	1 year	Over 1 year to 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>				
Government and state enterprises securities	2,871,047,497	1,558,223,599	-	4,429,271,096
Private sector debt securities	106,724,831 <sup>(1)</sup>	370,135,686	-	476,860,517
Foreign debt securities	166,711,777	888,585,941	1,731,283,214	2,786,580,932
Total	3,144,484,105	2,816,945,226	1,731,283,214	7,692,712,545
Add: Allowance for revaluation	4,361,313	48,626,100	15,470,420	68,457,833
Less: Allowance for impairment	(81,693,300)	-	-	(81,693,300)
Available-for-sale securities - net	3,067,152,118	2,865,571,326	1,746,753,634	7,679,477,078
<b>Held-to-maturity debt securities</b>				
Government and state enterprises securities	-	1,105,031,772	-	1,105,031,772
Private sector debt securities	150,000,000	400,000,000	-	550,000,000
Total	150,000,000	1,505,031,772	-	1,655,031,772
Less: Allowance for impairment	-	(222,000,000)	-	(222,000,000)
Held-to-maturity debt securities - net	150,000,000	1,283,031,772	-	1,433,031,772
<b>Debt securities - net</b>	<b>3,217,152,118</b>	<b>4,148,603,098</b>	<b>1,746,753,634</b>	<b>9,112,508,850</b>

<sup>(1)</sup> Includes debt securities that have already matured

### 7.3 Investments in companies having problems relating to financial position and operating results

(Unit: Baht)

Consolidated and separate financial statements						
31 December 2010			31 December 2009			
	Cost	Fair value	Allowance for impairment	Cost	Fair value	Allowance for impairment
Listed companies under delisting conditions	110,120	-	(110,120)	110,120	-	(110,120)
Companies with problems regarding to financial status and operating performance	333,531,577	1,992,565	(331,539,012)	395,064,937	11,869,180	(383,195,757)
Defaulted debt securities	81,693,300	-	(81,693,300)	81,693,300	-	(81,693,300)

## 7.4 Investments in a subsidiary

The Bank has investment in the following subsidiary, which is accounted for under the cost method in the separate financial statements.

(Unit: Baht)

Company's name	Type of invested in securities	31 December 2010			Dividend received during the year ended 31 December 2010
		Paid-up capital	Shareholding percentage	Cost method	
			%		
Leasing Sinn Asia Company Limited	Ordinary shares	2,500,000,000	99.99	2,499,999,930	-
Total investment in a subsidiary				2,499,999,930	-

(Unit: Baht)

Company's name	Type of invested in securities	31 December 2009			Dividend received during the year ended 31 December 2009
		Paid-up capital	Shareholding percentage	Cost method	
			%		
Leasing Sinn Asia Company Limited	Ordinary shares	1,000,000,000	99.99	999,999,930	-
Total investment in a subsidiary				999,999,930	-

During the year, the subsidiary called up partial payment of the additional shares and the Bank made payment of Baht 1.5 billion on 15 July 2010. On 20 July 2010, the subsidiary registered with the Ministry of Commerce the increase of its share capital as a result of the issue of additional 200 million ordinary shares with a par value of Baht 10 each. Following the registration of the capital increase, the subsidiary's registered share capital stands at Baht 3 billion, comprising 300 million ordinary shares with a par value of Baht 10 each. As at 31 December 2010, the subsidiary had fully paid-up 200 million shares with a par value of Baht 10 each and 50% paid-up 100 million shares with a par value of Baht 10 each. The Bank made payment of Baht 500 million for the remaining unpaid shares on 26 January 2011.

## **7.5 Disposal of investment in a subsidiary**

On 28 August 2009, the Bank entered into a share subscription and share sale and purchase agreement with Finansia Syrus Securities Public Company Limited, with both parties wishing to reorganize their securities businesses, as follows:

- (a) The Bank agreed to sell all of 86,648,900 ordinary shares it holds in ACL Securities Company Limited (“subsidiary”), representing 86.65% of the issued shares of the subsidiary, for Baht 4.58 per share, or a total of Baht 397 million, which was the net book value as at 31 March 2009 of the subsidiary.
- (b) Finansia Syrus Securities Public Company Limited agreed to sell 79,000,000 newly issued ordinary shares to the Bank for Baht 3.23 per share, or a total of Baht 255 million.

The parties completed execution of these agreements and settlement of the purchase prices were made on 15 September 2009.

In respect of the above share sale and purchase, the Bank signed a related agreement, whereby it agreed to provide a guarantee to Finansia Syrus Securities Company Limited for losses that arise from (a) Margin loan agreements, up to a maximum of 20 percent of the total balance outstanding as at the date that the subsidiary’s shares were sold, which is determined proportionately to the shareholding in the subsidiary that was sold to Finansia Syrus Securities Public Company Limited, for 12 months from the date of the sale of the subsidiary’s shares. Finansia Syrus Securities Public Company Limited provides the same type of guarantee back to the Bank. The balance of margin loans on the date of the sale of the subsidiary’s shares was Baht 312 million, and (b) The litigation cases brought against the subsidiary by the former executive of the subsidiary, with a claim of Baht 192 million. This amount included a labour lawsuit with a claim of Baht 75 million, which ruling of the chief juristic of the central Labour Court concludes that this case does not fall under the jurisdiction of the Labour Court, as detailed in Note 28.4.4 to the financial statements. As at 31 December 2010 and 2009, the Bank’s management believes that such guarantee will result in no losses.

The Bank received full payment for its sale of investment in the subsidiary on 15 September 2009 and recognised a gain of Baht 29 million on disposal of investment in a subsidiary in the consolidated financial statements for the year ended 31 December 2009.

The net asset value of ACL Securities Company Limited on the date that the Bank sold its shares in such subsidiary (14 September 2009), was as follows:

	(Unit: Baht)
	<u>14 September 2009</u>
<b>Asset</b>	
Cash	35,000
Deposits at financial institutions - net	197,954,970
Investments in equity securities - net	5,710,000
Receivables from Clearing House	67,532,753
Securities and derivatives business receivables - net	534,622,823
Leasehold improvement and equipment - net	29,962,887
Intangible assets - net	7,758,318
Other assets	33,477,676
Total assets	<u>877,054,427</u>
<b>Liabilities</b>	
Borrowings	100,000,000
Payables to Clearing House	56,400,973
Securities and derivatives business payables	226,167,863
Accrued expenses	16,743,489
Other liabilities	5,959,902
Total liabilities	<u>405,272,227</u>
Net asset value	471,782,200
Less: Minority interest - equity attributable to minority shareholders of subsidiaries	<u>(104,044,150)</u>
Equity of the subsidiary attributable to the Bank in the consolidated financial statements	<u>367,738,050</u>
Selling price	396,851,972
Less: Equity of the subsidiary attributable to the Bank in the consolidated financial statements	<u>(367,738,050)</u>
Gain on disposal of investments in a subsidiary recognised in the consolidated financial statements	<u>29,113,922</u>
Selling price	396,851,972
Less: Investments in a subsidiary under cost method on the selling date	<u>(396,851,972)</u>
Gain on disposal of investments in a subsidiary recognised in the separate financial statements	<u>-</u>

The consolidated statements of income and cash flows for the year ended 31 December 2009, categorised by continuing operations and discontinued operations as a result of disposal of investment in a subsidiary as mentioned above, are shown below.

(Unit: Baht)

	Consolidated financial statements			
	For the year ended 31 December 2009			
	Continuing operations	Discontinued operations <sup>(1)</sup>	Elimination entries	Total
<b>Interest and dividend income</b>				
Loans	1,973,389,243	24,751,824	-	1,998,141,067
Interbank and money market items	100,817,039	1,508,636	(1,019,870)	101,305,805
Hire purchase and financial lease income	610,849,658	-	-	610,849,658
Investments	380,364,006	300,000	-	380,664,006
<b>Total interest and dividend income</b>	<b>3,065,419,946</b>	<b>26,560,460</b>	<b>(1,019,870)</b>	<b>3,090,960,536</b>
<b>Interest expense</b>				
Deposits	634,845,898	-	-	634,845,898
Interbank and money market items	112,998,758	1,068,945	(1,019,870)	113,047,833
Borrowings	277,834,353	-	-	277,834,353
Fees and charges	399,329	1,014,037	-	1,413,366
<b>Total interest expense</b>	<b>1,026,078,338</b>	<b>2,082,982</b>	<b>(1,019,870)</b>	<b>1,027,141,450</b>
<b>Net interest and dividend income</b>	<b>2,039,341,608</b>	<b>24,477,478</b>	<b>-</b>	<b>2,063,819,086</b>
Bad debt and doubtful accounts	(1,179,209,478)	252,422	-	(1,178,957,056)
Loss on debt restructuring	(48,448,472)	-	-	(48,448,472)
<b>Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring</b>	<b>811,683,658</b>	<b>24,729,900</b>	<b>-</b>	<b>836,413,558</b>
<b>Non-interest income</b>				
Brokerage fees from securities business	-	69,203,996	(2,297,348)	66,906,648
Brokerage fees from derivatives business	-	9,166,227	-	9,166,227
Gains on investments	258,623,519	20,338,631	-	278,962,150
Share of profit from investments in an associated company under equity method	4,301,939	-	-	4,301,939
Gain on derivatives trading	-	5,550,700	-	5,550,700
Fees and services income	98,628,177	12,003,283	-	110,631,460
Gains on exchange	35,782,963	-	-	35,782,963
Gains (losses) on disposals of assets	120,754,841	(2,442,636)	-	118,312,205
Bad debts recovery	498,840,980	-	-	498,840,980
Other income	22,767,564	340,743	(31,037)	23,077,270
<b>Total non-interest income</b>	<b>1,039,699,983</b>	<b>114,160,944</b>	<b>(2,328,385)</b>	<b>1,151,532,542</b>
<b>Net revenue</b>	<b>1,851,383,641</b>	<b>138,890,844</b>	<b>(2,328,385)</b>	<b>1,987,946,100</b>

<sup>(1)</sup> The amounts shown in the "Discontinued operations" were presented by the amounts recognised until the date the Bank sold its subsidiary (14 September 2009).

(Unit: Baht)

	Consolidated financial statements			
	For the year ended 31 December 2009			
	Continuing operations	Discontinued operations <sup>(1)</sup>	Elimination entries	Total
<b>Non-interest expense</b>				
Personnel expenses	559,738,444	83,132,030	-	642,870,474
Premises and equipment expenses	175,676,238	38,888,404	-	214,564,642
Taxes and duties	91,190,756	905,199	-	92,095,955
Fees and service expenses	45,132,052	25,103,988	(2,328,385)	67,907,655
Directors' remuneration	17,137,419	1,364,867	-	18,502,286
Contributions to the Deposit Protection Fund	138,237,321	-	-	138,237,321
Losses on impairment of properties foreclosed and other assets	100,649,466	-	-	100,649,466
Provision for liabilities	3,700,000	-	-	3,700,000
Other expenses	95,065,894	7,965,050	-	103,030,944
<b>Total non-interest expense</b>	<b>1,226,527,590</b>	<b>157,359,538</b>	<b>(2,328,385)</b>	<b>1,381,558,743</b>
<b>Earnings (loss) before income tax</b>	<b>624,856,051</b>	<b>(18,468,694)</b>	<b>-</b>	<b>606,387,357</b>
Income tax	(79,778,730)	-	-	(79,778,730)
<b>Net income (loss)</b>	<b>545,077,321</b>	<b>(18,468,694)</b>	<b>-</b>	<b>526,608,627</b>
<b>Net income (loss) attributable to:</b>				
Equity holders of the Bank	545,077,321	(16,003,124)	-	529,074,197
Minority shareholders of the subsidiaries	-	(2,465,570)	-	(2,465,570)
	<b>545,077,321</b>	<b>(18,468,694)</b>	<b>-</b>	<b>526,608,627</b>

<sup>(1)</sup> The amounts shown in the "Discontinued operations" were presented by the amounts recognised until the date the Bank sold its subsidiary (14 September 2009).

(Unit: Baht)

	Consolidated financial statements			
	For the year ended 31 December 2009			
	Continuing operations	Discontinued operations <sup>(1)</sup>	Elimination entries	Total
<b>Cash flows from operating activities</b>				
Earnings (losses) before income tax	624,856,051	(18,468,694)	-	606,387,357
Adjustments to reconcile earnings (losses) before income tax to net cash provided by (paid from) operating activities:				
Share of profit from investments in an associated company under equity method	(4,301,939)	-	-	(4,301,939)
Depreciation and amortisation	107,218,762	15,770,099	-	122,988,861
Gains on disposals of equipment	(2,608,286)	(17,268)	-	(2,625,554)
Gains on disposals of properties foreclosed	(118,146,555)	-	-	(118,146,555)
Gains on investments	(258,623,519)	(20,338,631)	-	(278,962,150)
Gains on derivatives trading	-	(5,550,700)	-	(5,550,700)
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	1,179,209,478	(252,422)	-	1,178,957,056
Loss on debt restructuring	48,448,472	-	-	48,448,472
Unrealised gains on exchange and derivatives	(92,678,336)	-	-	(92,678,336)
Decrease in expense as a result of transferring receivables under Legal Execution Department	(695,914)	-	-	(695,914)
Losses on impairment and write-off of equipment and intangible assets	21,428	2,459,901	-	2,481,329
Losses on impairment of properties foreclosed and other assets	100,649,466	-	-	100,649,466
Other income from revaluation of other receivables	(6,716,196)	-	-	(6,716,196)
Provision for liabilities	3,700,000	-	-	3,700,000
Increase in other accrued expenses	5,988,592	4,595,076	-	10,583,668
<b>Income (loss) from operating activities before changes in operating assets and liabilities</b>	<b>1,586,321,504</b>	<b>(21,802,639)</b>	<b>-</b>	<b>1,564,518,865</b>
(Increase) decrease in operating assets				
Interbank and money market items	2,972,470,717	(136,633,726)	(114,050,000)	2,721,786,991
Current investments	(44,295,244)	63,262,530	-	18,967,286
Receivables from Clearing House	-	(52,695,393)	-	(52,695,393)
Loans	(3,821,788,575)	(147,241,715)	-	(3,969,030,290)
Properties foreclosed	373,682,798	-	-	373,682,798
Receivables on credit support for derivative contracts	(43,126,976)	-	-	(43,126,976)
Other assets	192,905,940	(2,199,529)	(35,314,255)	155,392,156

<sup>(1)</sup> The amounts shown in the "Discontinued operations" were presented by the amounts recognised until the date the Bank sold its subsidiary (14 September 2009).

(Unit: Baht)

	Consolidated financial statements			
	For the year ended 31 December 2009			
	Continuing operations	Discontinued operations <sup>(1)</sup>	Elimination entries	Total
Increase (decrease) in operating liabilities				
Deposits	(10,406,855,686)	10,397,659	-	(10,396,458,027)
Interbank and money market items	(145,574,484)	100,000,000	114,050,000	68,475,516
Liabilities payable on demand	170,888,286	-	-	170,888,286
Payables to Clearing House	-	26,438,331	-	26,438,331
Securities and derivatives business payables	-	159,160,366	35,314,255	194,474,621
Payables on credit support for derivative contracts	21,689,720	-	-	21,689,720
Other liabilities	202,361,622	1,436,221	-	203,797,843
<b>Cash provided by (used in) operating activities</b>	<b>(8,941,320,378)</b>	<b>122,105</b>	<b>-</b>	<b>(8,941,198,273)</b>
Interest and dividend income	(3,065,419,946)	(26,560,460)	1,019,871	(3,090,960,535)
Interest expenses	1,025,679,009	1,068,946	(1,019,871)	1,025,728,084
Cash received on interest income	2,703,961,401	26,306,600	151,534	2,730,419,535
Cash paid on interest expenses	(850,347,079)	(1,062,755)	(151,534)	(851,561,368)
Cash paid on income tax	(170,303,341)	-	-	(170,303,341)
<b>Net cash used in operating activities</b>	<b>(9,297,750,334)</b>	<b>(125,564)</b>	<b>-</b>	<b>(9,297,875,898)</b>
<b>Cash flows from investing activities</b>				
Cash received on disposal of investments in a subsidiary	396,851,972	-	-	396,851,972
Cash paid for investments in an associated company	(255,170,000)	-	-	(255,170,000)
(Increase) decrease in long-term investments	4,352,188,270	(71,200)	-	4,352,117,070
Cash received on interest income from investments	491,787,399	-	-	491,787,399
Cash received on dividend income	7,841,067	300,000	-	8,141,067
Cash received on disposals of equipment	3,420,463	66,490	-	3,486,953
Cash paid for purchases of premises and equipment	(59,899,133)	-	-	(59,899,133)
Cash paid for acquisition of intangible assets	(18,985,005)	(179,726)	-	(19,164,731)
<b>Net cash provided by investing activities</b>	<b>4,918,035,033</b>	<b>115,564</b>	<b>-</b>	<b>4,918,150,597</b>
<b>Cash flows from financing activities</b>				
Increase in borrowings	4,768,070,404	-	-	4,768,070,404
Cash paid on interest expense on borrowings	(327,600,450)	-	-	(327,600,450)
<b>Net cash provided by financing activities</b>	<b>4,440,469,954</b>	<b>-</b>	<b>-</b>	<b>4,440,469,954</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>60,754,653</b>	<b>(10,000)</b>	<b>-</b>	<b>60,744,653</b>
Cash and cash equivalents at beginning of the year	244,018,962	45,000	-	244,063,962
Less: Cash of the disposed subsidiary on the disposal date	-	(35,000)	-	(35,000)
<b>Cash and cash equivalents at end of the year</b>	<b>304,773,615</b>	<b>-</b>	<b>-</b>	<b>304,773,615</b>

<sup>(1)</sup> The amounts shown in the "Discontinued operations" were presented by the amounts recognised until the date the Bank sold its subsidiary (14 September 2009).



## 7.6 Investments in an associated company

As presented in Note 7.5 to the financial statements, the Bank purchased 79,000,000 newly issued ordinary shares of Finansia Syrus Securities Public Company Limited (“the associated company”) for Baht 3.23 per share or a total of Baht 255 million. The Bank made full payment for the purchase on 15 September 2009.

7.6.1 Details of the associated company can be summarised as follows:

(Unit: Million Baht)

Company's name	Type of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Separate financial statements	
			31 December 2010	31 December 2009	Equity method	Cost method	Equity method	Cost method
			31	31	31	31	31	31
			December 2010	December 2009	December 2010	December 2009	December 2010	December 2009
			%	%				
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	24.51	24.51	290	259	255	255
Total investment in an associated company					290	259	255	255

(Unit: Million Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Shares of profit from investment in an associated company for the years ended 31 December	Dividends received for the years ended 31 December	Shares of profit from investment in an associated company for the years ended 31 December	Dividends received for the years ended 31 December
	2010	2009	2010	2009
Finansia Syrus Securities Public Company Limited	32	4	2	-

The profit sharing from investment in an associated company for the years ended 31 December 2010 and 2009, amounting to Baht 32 million and Bath 4 million, respectively, was calculated from management accounts of the associated company as shown in Note 7.6.2.

7.6.2 Financial information of the associated company as at 31 December 2010 and 2009 and for the years ended 31 December 2010 and 2009, as summarised from its financial statements, which were prepared by the management of the associated company, is presented below.

Company's name	Paid-up share		Total assets as at		Total liabilities as at		Total revenue		(Unit: Million Baht) Net income (loss)	
	Capital as at		31 December		31 December		for the years ended		for the years ended	
	31 December	31 December	31 December	31 December	31 December	31 December	2010	2009	2010	2009
Finansia Syrus Securities Public Company Limited	516	516	2,732	1,950	1,467	806	1,290	569	128	15

7.6.3 As at 31 December 2010 and 2009, the fair values of the associated company, which were computed from the last bid price as at the last business day of Stock Exchange of Thailand only on the share portion held by the Bank, were Baht 253 million and 198 million, respectively.

## 7.7 Investment in a related company

The Bank has the following investment in a related company, where the Bank holds 10% or more of the paid-up share capital of the investee company, which is recorded as a part of general investments and classified as long-term investments, is presented below.

(Unit: Baht)						
Consolidated and separate financial statements						
Company's name	Type of business	Type of invested in securities	Nature of relationship	31 December 2010		
				Paid-up capital	Shareholding percentage	Cost
%						
<u>Related company</u>						
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	Related through the Bank's management	200,000,000	10.00	20,389,570
Total investment in a related company						<u>20,389,570</u>

(Unit: Baht)						
Consolidated and separate financial statements						
Company's name	Type of business	Type of invested in securities	Nature of relationship	31 December 2009		
				Paid-up capital	Shareholding percentage	Cost
%						
<u>Related company</u>						
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	Related through the Bank's management	200,000,000	10.00	20,389,570
Total investment in a related company						<u>20,389,570</u>

## **7.8 Promissory notes from Thai Asset Management Corporation**

During 2001 to 2003, the Bank transferred non-performing loans to the Thai Asset Management Corporation (“TAMC”) whereby TAMC issued non-transferable promissory notes for the value of the assets transferred. On the face of the notes indicated the amounts accounting to the transfer prices, the issuance dates (being the same as the transfer dates), and the maturity dates being 10 years after the issuance dates. The promissory notes are avaled by the Financial Institutions Development Fund (“FIDF”) and may be redeemed by TAMC prior to maturity.

The Bank is jointly responsible, together with TAMC, for future profit or loss sharing from TAMC’s management of the non-performing loans.

- If there are profits, the first portion not exceeding 20 percent of the transfer price shall be equally shared between the Bank and TAMC. The second portion shall be fully given to the Bank; provided that, when added to the first portion, the sum shall not exceed the difference between the book value and the transfer price. Any remaining profits after the second portion shall be for TAMC.
- If there are losses, the first portion not exceeding 20 percent of the transfer price shall be borne solely by the Bank. The second portion remaining after the first portion that does not exceed 20 percent of transfer price shall be equally shared and borne between the Bank and TAMC. Any remaining losses after the second portion shall be borne by TAMC.

The Bank is still jointly liable for share of the profit or loss at the end of fifth and tenth years counting from 1 July 2001.

The Bank received performance reports on non-performing loan management from TAMC. TAMC informed the Bank that there are profits or losses to share. However, such share of profits or losses was on only certain transferred non-performing loans. The Bank has therefore not recorded such share of profits or losses. Total shares of profits or losses will be known at the end of the tenth year. However, as at 31 December 2010 and 2009, the Bank estimated its share of losses of Baht 222 million and Baht 222 million, respectively, that may be arisen from the management of the non-performing loans. Such amount has been presented as an allowance for impairment against promissory notes received from TAMC, which are recorded as a part of held-to-maturity debt securities.

On the last working day of each year, TAMC shall calculate interest based on a quarterly average deposit rate and pay interest on an annual basis at the end of every year.

As a result of transferring non-performing loans to TAMC, the Bank received promissory notes from TAMC of Baht 2,599 million, maturing on 31 October 2011, 30 November 2011, 29 March 2012, 12 April 2012, 31 October 2012, 31 March 2013 and 30 September 2013 in settlement for transfer prices of non-performing loans transferred, and the Bank classified such promissory notes as held-to-maturity debt securities. Up to 31 December 2010 and 2009, TAMC made payment and redeemed promissory notes totalling Baht 1,565 million and Baht 1,494 million, respectively. Following such redemptions, the balances of promissory notes as at 31 December 2010 and 2009 were Baht 1,034 million and Baht 1,105 million, respectively.

During the years ended 31 December 2010 and 2009, the Bank recognised interest income on promissory notes from TAMC totaling Baht 8 million and Baht 10 million, respectively.

## 7.9 Gains on investments

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2010	2009	2010	2009
Gains on revaluation of trading securities	2,216,422	4,374,569	2,216,422	4,020,379
Gains on sale of investments:				
- Trading securities	3,839,317	38,950,686	3,839,317	18,966,245
- Available-for-sale securities	18,126,582	209,859,373	18,126,582	209,859,373
- General investments	9,734,633	2,560,000	9,734,633	2,560,000
- Investments in a subsidiary (Note 7.5)	-	29,113,922	-	-
Losses on impairment of investments:				
- Available-for-sale securities	-	(5,175,000)	-	(5,175,000)
- General investments	(118,015)	(721,400)	(118,015)	(721,400)
- Investments in a subsidiary	-	-	-	(69,593,163)
Total gains on investments	<u>33,798,939</u>	<u>278,962,150</u>	<u>33,798,939</u>	<u>159,916,434</u>

## 7.10 Reconciliations of shareholders' equity between those stated in the consolidated financial statements and the separate financial statements

(Unit: Baht)

	31 December 2010	31 December 2009
Equity attributable to the Bank's shareholders in the separate financial statements	13,618,137,522	13,093,699,634
<u>Reconciled items</u>		
Accumulated share of gains (losses) from investments under equity method	351,138,128	(269,126,606)
Accumulated dividend received from subsidiaries and an associated company	(201,364,710)	(199,784,710)
Allowance for impairment on a subsidiary	-	469,593,163
Gains on disposal of investment in a subsidiary (Notes 7.5)	-	29,113,922
Total amounts of reconciled items	149,773,418	29,795,769
Equity attributable to the Bank's shareholders in the consolidated financial statements	13,767,910,940	13,123,495,403

## 8. Loans and accrued interest receivables

### 8.1 Classified by types of loans

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
<b>Loans and receivables:</b>				
Overdrafts	1,130,157,897	1,185,347,873	1,130,157,897	1,185,347,873
Loans	20,872,622,177	24,150,715,811	20,609,301,138	23,872,636,124
Notes receivable	12,262,923,205	13,586,594,432	29,299,123,205	21,090,594,432
Hire purchase and financial lease receivables	20,438,294,848	9,104,550,932	-	1,690,307
Total loans and receivables	54,703,998,127	48,027,209,048	51,038,582,240	46,150,268,736
Add: Accrued interest receivables	112,650,448	141,942,544	116,259,848	143,566,776
Total loans, receivables and accrued interest receivables	54,816,648,575	48,169,151,592	51,154,842,088	46,293,835,512
Less: Allowance for doubtful accounts	(1,003,796,384)	(1,419,466,897)	(704,506,753)	(1,276,577,593)
Allowance for revaluation on debt restructuring	(11,724,811)	(12,358,109)	(11,724,811)	(12,358,109)
Loans, receivables and accrued interest receivables - net	53,801,127,380	46,737,326,586	50,438,610,524	45,004,899,810

## 8.2 Classified by remaining periods to maturity of loan agreements

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
Not over 1 year	24,019,151,214	22,309,094,923	24,423,701,238	20,650,717,267
Over 1 year	30,684,846,913	25,718,114,125	26,614,881,002	25,499,551,469
Total loans	54,703,998,127	48,027,209,048	51,038,582,240	46,150,268,736
Add: Accrued interest receivables	112,650,448	141,942,544	116,259,848	143,566,776
Total loans and accrued interest receivables	<u>54,816,648,575</u>	<u>48,169,151,592</u>	<u>51,154,842,088</u>	<u>46,293,835,512</u>

## 8.3 Classified by currency and residency of debtors

(Unit: Baht)

	Consolidated financial statements					
	31 December 2010			31 December 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	54,745,298,104	-	54,745,298,104	48,022,545,022	-	48,022,545,022
US dollar	59,037,504	-	59,037,504	111,720,980	-	111,720,980
Euro	12,312,967	-	12,312,967	34,885,590	-	34,885,590
Total loans and accrued interest receivables	<u>54,816,648,575</u>	<u>-</u>	<u>54,816,648,575</u>	<u>48,169,151,592</u>	<u>-</u>	<u>48,169,151,592</u>

(Unit: Baht)

	Separate financial statements					
	31 December 2010			31 December 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	51,083,491,617	-	51,083,491,617	46,147,228,942	-	46,147,228,942
US dollar	59,037,504	-	59,037,504	111,720,980	-	111,720,980
Euro	12,312,967	-	12,312,967	34,885,590	-	34,885,590
Total loans and accrued interest receivables	<u>51,154,842,088</u>	<u>-</u>	<u>51,154,842,088</u>	<u>46,293,835,512</u>	<u>-</u>	<u>46,293,835,512</u>

## 8.4 Classified by types of business and loan classification

(Unit: Baht)

Consolidated financial statements						
31 December 2010						
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	422,169,176	-	-	778,342	17,054,911	440,002,429
Manufacturing and commerce	18,731,180,325	36,325,253	420,099,241	63,823,070	769,383,920	20,020,811,809
Real estate and construction	3,478,420,819	20,072,428	264,929,895	193,718,162	354,398,181	4,311,539,485
Public utilities and services	5,730,694,279	341,350	369,038,940	6,386,783	44,103,923	6,150,565,275
Housing loans	74,709,843	13,643,562	7,593,282	3,776,085	19,334,417	119,057,189
Others	21,981,486,412	1,376,889,335	177,383,767	94,421,452	144,491,422	23,774,672,388
Total loans and accrued interest receivables	<u>50,418,660,854</u>	<u>1,447,271,928</u>	<u>1,239,045,125</u>	<u>362,903,894</u>	<u>1,348,766,774</u>	<u>54,816,648,575</u>

(Unit: Baht)

Consolidated financial statements						
31 December 2009						
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	543,584,290	-	2,681,774	53,852,310	2,636,275	602,754,649
Manufacturing and commerce	22,740,543,450	814,404,523	385,571,570	534,786,270	446,522,749	24,921,828,562
Real estate and construction	4,154,206,508	117,677,198	11,366,754	292,335,803	364,138,212	4,939,724,475
Public utilities and services	5,246,492,498	14,554,190	320,900,803	8,732,963	51,913,287	5,642,593,741
Housing loans	103,318,336	18,320,506	2,846,391	6,568,661	34,809,187	165,863,081
Others	10,745,311,880	942,445,307	74,579,545	55,997,288	78,053,064	11,896,387,084
Total loans and accrued interest receivables	<u>43,533,456,962</u>	<u>1,907,401,724</u>	<u>797,946,837</u>	<u>952,273,295</u>	<u>978,072,774</u>	<u>48,169,151,592</u>

(Unit: Baht)

Separate financial statements						
31 December 2010						
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	422,169,176	-	-	778,342	17,054,911	440,002,429
Manufacturing and commerce	35,507,668,687	36,325,253	420,099,241	63,823,070	769,383,920	36,797,300,171
Real estate and construction	3,478,420,819	20,072,428	264,929,895	193,718,162	354,398,181	4,311,539,485
Public utilities and services	5,730,694,279	341,350	369,038,940	6,386,783	44,103,923	6,150,565,275
Housing loans	74,709,843	13,643,562	7,593,282	3,776,085	19,334,417	119,057,189
Others	3,314,392,197	277,334	-	-	21,708,008	3,336,377,539
Total loans and accrued interest receivables	<u>48,528,055,001</u>	<u>70,659,927</u>	<u>1,061,661,358</u>	<u>268,482,442</u>	<u>1,225,983,360</u>	<u>51,154,842,088</u>

(Unit: Baht)

Separate financial statements						
31 December 2009						
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	543,584,290	-	2,681,774	53,852,310	2,636,275	602,754,649
Manufacturing and commerce	30,246,531,139	535,961,379	385,571,570	534,786,270	446,522,749	32,149,373,107
Real estate and construction	4,154,206,508	117,677,198	11,366,754	292,335,803	364,138,212	4,939,724,475
Public utilities and services	5,246,492,498	14,554,190	320,900,803	8,732,963	51,913,287	5,642,593,741
Housing loans	103,318,336	18,320,506	2,846,391	6,568,661	34,809,187	165,863,081
Others	2,770,664,960	719,281	-	-	22,142,218	2,793,526,459
Total loans and accrued interest receivables	<u>43,064,797,731</u>	<u>687,232,554</u>	<u>723,367,292</u>	<u>896,276,007</u>	<u>922,161,928</u>	<u>46,293,835,512</u>

## 8.5 Classified by loan classification

(Unit: Baht)

Consolidated financial statements				
31 December 2010				
	Loans and accrued interest receivables	Debt balance after collateral <sup>(1)</sup>	Minimum percentage	Allowance for doubtful accounts provided in the accounts
			%	
Pass	50,418,660,854	20,843,700,067	1	208,437,001
Special-mention	1,447,271,928	246,222,134	2	4,924,443
Sub-standard	1,239,045,125	317,310,177	100	317,310,177
Doubtful	362,903,894	85,258,179	100	85,258,179
Doubtful of loss	1,348,766,774	135,569,444	100	135,569,444
Total	<u>54,816,648,575</u>	<u>21,628,060,001</u>		751,499,244
Additional provision by qualitative criteria				252,297,140
Total				<u>1,003,796,384</u>

<sup>(1)</sup> Debt balance after collateral is debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals.



(Unit: Baht)

Consolidated financial statements				
31 December 2009				
	Loans and accrued interest receivables	Debt balance after collateral <sup>(1)</sup>	Minimum percentage	Allowance for doubtful accounts provided in the accounts
			%	
Pass	43,533,456,962	22,511,113,526	1	225,111,136
Special-mention	1,907,401,724	604,769,731	2	12,095,394
Sub-standard	797,946,837	271,026,181	100	271,026,181
Doubtful	952,273,295	352,153,303	100	352,153,303
Doubtful of loss	978,072,774	60,602,566	100	60,602,566
Total	<u>48,169,151,592</u>	<u>23,799,665,307</u>		920,988,580
Additional provision by qualitative criteria				498,478,317
Total				<u>1,419,466,897</u>

<sup>(1)</sup> Debt balance after collateral is debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals.

(Unit: Baht)

Separate financial statements				
31 December 2010				
	Loans and accrued interest receivables	Debt balance after collateral <sup>(1)</sup>	Minimum percentage	Allowance for doubtful accounts provided in the accounts
			%	
Pass	48,528,055,001	36,088,992,172	1	360,889,922
Special-mention	70,659,927	-	2	-
Sub-standard	1,061,661,358	243,724,609	100	243,724,609
Doubtful	268,482,442	41,060,596	100	41,060,596
Doubtful of loss	1,225,983,360	13,603,073	100	13,603,073
Total	<u>51,154,842,088</u>	<u>36,387,380,450</u>		659,278,020
Additional provision by qualitative criteria				45,228,553
Total				<u>704,506,753</u>

<sup>(1)</sup> Debt balance after collateral is debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals.

(Unit: Baht)

	Separate financial statements			Allowance for doubtful accounts provided in the accounts
	31 December 2009			
	Loans and accrued interest receivables	Debt balance after collateral <sup>(1)</sup>	Minimum percentage	
			%	
Pass	43,064,797,731	29,234,783,777	1	292,347,838
Special-mention	687,232,554	363,464,114	2	7,269,282
Sub-standard	723,367,292	241,499,897	100	241,499,897
Doubtful	896,276,007	333,644,624	100	333,644,624
Doubtful of loss	922,161,928	4,691,720	100	4,691,720
Total	<u>46,293,835,512</u>	<u>30,178,084,132</u>		<u>879,453,361</u>
Additional provision by qualitative criteria				<u>397,124,232</u>
Total				<u><u>1,276,577,593</u></u>

<sup>(1)</sup> Debt balance after collateral is debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals.

## 8.6 Non-accrued loans

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2010	2009	2010	2009
Non-accrued loans (principal only)	2,634,719,113	2,720,068,809	2,240,130,480	2,533,581,130
Percentage of total loans <sup>(1)</sup>	4.4	5.1	4.07%	4.

<sup>(1)</sup> The denominator base included interbank and money market items (loans).

## 8.7 Hire purchase receivables/financial lease receivables

As at 31 December 2010 and 2009, the Bank and its subsidiary had net hire-purchase and financial lease receivables amounting to Baht 20,438 million and Baht 9,105 million, respectively, the majority of which is hire purchase or financial lease contracts for motor vehicles, machinery and equipment for their customers' operating businesses. The average contract periods are 1 to 7 years and the interest rates are fixed as specified in the contracts.

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2010

	Amounts due under agreements				Total
	Not over 1 year	1-5 years	Over 5 years	Non-	
				performing loans	
Aggregate initial investments under the contracts	6,935	15,865	579	203	23,582
Unearned income <sup>(1)</sup>	(1,299)	(1,798)	(17)	(30)	(3,144)
Present value of minimum lease payments	5,636	14,067	562	173	20,438
Allowance for doubtful accounts					297

<sup>(1)</sup> Net of commissions and initial direct expenses incurred at the inception of contracts.

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2009

	Amounts due under agreements				Total
	Not over 1 year	1-5 years	Over 5 years	Non-	
				performing loans	
Aggregate initial investments under the contracts	3,471	6,778	45	125	10,419
Unearned income <sup>(1)</sup>	(605)	(690)	(1)	(18)	(1,314)
Present value of minimum lease payments	2,866	6,088	44	107	9,105
Allowance for doubtful accounts					143

<sup>(1)</sup> Net of commissions and initial direct expenses incurred at the inception of contracts.

(Unit: Million Baht)

## Separate financial statements as at 31 December 2010

	Amounts due under agreements				Total
	Not over 1 year	1-5 years	Over 5 years	Non-	
				performing loans	
Aggregate initial investments under the contracts	-	-	-	-	-
Present value of minimum lease payment	-	-	-	-	-
Allowance for doubtful accounts					-

(Unit: Million Baht)

Separate financial statements as at 31 December 2009				
Amounts due under agreements				
Not over 1 year	1-5 years	Over 5 years	Non- performing loans	Total
Aggregate initial investments under the contracts	-	-	2	2
Present value of minimum lease payment	-	-	2	2
Allowance for doubtful accounts				2

### 8.8 Unearned income

As at 31 December 2010 and 2009, unearned income is summarized as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Unearned income <sup>(1)</sup>	3,143,747,757	1,313,817,951	-	-

<sup>(1)</sup> Unearned income from hire purchase contracts is stated net of commissions and initial direct expenses incurred at the inception of contracts.

### 8.9 Troubled debt restructuring

The Bank entered into troubled debt restructuring contracts with its debtors during the years ended 31 December 2010 and 2009 as follows:

(Unit: Million Baht)

	Separate financial statements			
	For the years ended 31 December			
	2010		2009	
Number of debtors	Outstanding balances before restructuring	Number of debtors	Outstanding balances before restructuring	
Restructured debts	26	398	54	1,300

The restructured debts discussed above can be classified by methods of debt restructuring as follows:

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2010							
	Debt balances		Average	Type of assets transferred	Fair value	Loss on debt restructuring <sup>(1)</sup>	Present
	Number of debtors	Before restructuring	After restructuring				period of the remaining term of debt restructuring
Modification of terms of payments	26	398	398	2 years	-	-	-
Total restructured debts	26	398	398		-	-	-
Loans and accrued interest receivables as at 31 December 2010	890		51,155				

<sup>(1)</sup> Losses on debt restructuring are the amounts before deducting allowance for doubtful accounts already provided for troubled debts in the accounts on the restructuring dates.

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2009							
	Debt balances		Average	Type of assets transferred	Fair value	Loss on debt restructuring <sup>(1)</sup>	Present
	Number of debtors	Before restructuring	After restructuring				period of the remaining term of debt restructuring
Modification of terms of payments	50	759	703	5 years	-	56	-
Transfer of assets and modification of terms of payments	4	541	541 <sup>(2)</sup>	-	Land, buildings and machinery 239 <sup>(3)</sup>	-	-
Total restructured debts	54	1,300	1,244		239	56	-
Loans and accrued interest receivables as at 31 December 2009	1,047		46,294				

<sup>(1)</sup> Losses on debt restructuring are the amounts before deducting allowance for doubtful accounts already provided for troubled debts in the accounts on the restructuring dates.

<sup>(2)</sup> As at the balance sheets date, the debtors already signed the debt restructuring agreements but the transfers of assets have yet been completed. Hence, outstanding balances still remained as at the balance sheet date.

<sup>(3)</sup> For debt restructuring by transfer of assets in settlement of debts, the transfer price of mortgaged and pledged assets can be determined after the debtors have fulfilled the conditions stipulated in the debt restructuring agreements. Thus, fair value is stated at the latest appraisal value and the Bank already provided for relevant allowance for doubtful accounts.

For debt restructuring by modification of terms of payments, the Bank will calculate the net realisable value on the basis of the present value of the future cash flows to be received under the new conditions, using the Bank's minimum interest rate for loan to large customers in discounting.

Additional information for the years ended 31 December 2010 and 2009 relating to the restructured debts is as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	For the year ended 31 December 2010	For the year ended 31 December 2009
Part of debt forgiven to debtors during the years in case that they fulfilled debt restructuring conditions during the years	32	60
Interest income recognised in statements of income	100	146
Settlement by debtors		
Principal	273	560
Interest	89	153

As at 31 December 2010 and 2009, troubled debtors, which the Bank has completed restructuring, can be summarized as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	Number of debtors	Debt balances after restructuring
Balance of restructured debts up to 31 December 2010	153	1,683
Balance of restructured debts up to 31 December 2009	179	2,006

During the years ended 31 December 2010 and 2009, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 0.1 million and Baht 12 million, respectively, and amortised allowance for revaluation on debt restructuring as interest income totaling Baht 0.5 million and Baht 1 million, respectively.

As at 31 December 2010 and 2009, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

The Bank was not able to estimate the amount of future losses on outstanding loans currently being restructured at this stage.

## 8.10 Loans to companies having problems with financial position and operating results

As at 31 December 2010 and 2009, the Bank had loans and accrued interest receivables due from companies having problems with their financial position and operating results, and set aside allowances for doubtful accounts as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements							
							Allowance for doubtful accounts and allowance for revaluation	
	Number of loans		Debt balances		Collateral			
	31 December		31 December		31 December		31 December	
2010	2009	2010	2009	2010	2009	2010	2009	
Listed companies under rehabilitation and/or delisting conditions	2	1	21	12	21	12	-	-

## 9. Allowance for doubtful accounts and allowance for revaluation on debt restructuring

### 9.1 Allowance for doubtful accounts

(Unit: Baht)

	Consolidated financial statements						
	For the year ended 31 December 2010						
	Pass	Special-mention	Sub-standard	Doubtful	Doubtful of loss	Provision in accordance with qualitative criteria	Total
Balance - beginning of the year	225,111,136	12,095,394	271,026,181	352,153,303	60,602,566	498,478,317	1,419,466,897
Allowance for doubtful accounts	(16,674,135)	(7,170,951)	46,428,663	(257,407,192)	1,043,318,115	(246,181,177)	562,313,323
Bad debt written-off	-	-	(144,667)	(9,487,932)	(968,351,237)	-	(977,983,836)
Balance - end of the year	208,437,001	4,924,443	317,310,177	85,258,179	135,569,444	252,297,140	1,003,796,384

(Unit: Baht)

	Consolidated financial statements						
	For the year ended 31 December 2009						
	Pass	Special-mention	Sub-standard	Doubtful	Doubtful of loss	Provision in accordance with qualitative criteria	Total
Balance - beginning of the year	249,437,210	18,785,287	176,096,125	394,965,748	37,855,722	165,667,143	1,042,807,235
Allowance for doubtful accounts	(24,326,074)	(6,689,893)	102,103,929	(32,253,543)	758,624,834	332,811,174	1,130,270,427
Bad debt written-off	-	-	(7,173,873)	(10,558,902)	(722,769,426)	-	(740,502,201)
Decrease from disposal of investment in subsidiary	-	-	-	-	(13,108,564)	-	(13,108,564)
Balance - end of the year	225,111,136	12,095,394	271,026,181	352,153,303	60,602,566	498,478,317	1,419,466,897

(Unit: Baht)

Separate financial statements							
For the year ended 31 December 2010							
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Provision in accordance with qualitative criteria	Total
Balance - beginning of the year	292,347,838	7,269,282	241,499,897	333,644,624	4,691,720	397,124,232	1,276,577,593
Allowance for doubtful accounts	68,542,084	(7,269,282)	2,224,712	(292,584,028)	975,353,835	(351,895,679)	394,371,642
Bad debt written-off	-	-	-	-	(966,442,482)	-	(966,442,482)
Balance - end of the year	<u>360,889,922</u>	<u>-</u>	<u>243,724,609</u>	<u>41,060,596</u>	<u>13,603,073</u>	<u>45,228,553</u>	<u>704,506,753</u>

(Unit: Baht)

Separate financial statements							
For the year ended 31 December 2009							
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Provision in accordance with qualitative criteria	Total
Balance - beginning of the year	243,885,825	13,402,140	151,740,211	382,087,853	4,886,072	155,089,750	951,091,851
Allowance for doubtful accounts	48,462,013	(6,132,858)	89,759,686	(48,443,229)	722,575,074	242,034,482	1,048,255,168
Bad debt written-off	-	-	-	-	(722,769,426)	-	(722,769,426)
Balance - end of the year	<u>292,347,838</u>	<u>7,269,282</u>	<u>241,499,897</u>	<u>333,644,624</u>	<u>4,691,720</u>	<u>397,124,232</u>	<u>1,276,577,593</u>

## 9.2 Allowance for revaluation on debt restructuring

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2010	2009
Balance - beginning of the years	12,358,109	25,540,758
Decrease during the years	(124,112)	(11,937,131)
Amortised during the years	(509,186)	(1,245,518)
Balance - end of the years	<u>11,724,811</u>	<u>12,358,109</u>

## 10. Properties foreclosed

The majority of properties foreclosed are from auction bidding and settlement of debts by the restructured debtors.

In cases where the debtors restructure their debts by means of a debt/asset swap, the Bank may grant buyback options or first refusal rights to certain debtors for a certain period, at prices as agreed in the debt restructuring agreements.



For the years ended 31 December 2010 and 2009, movement of properties foreclosed can be summarized as follows:

(Unit: Baht)

Consolidated financial statements					
For the year ended 31 December 2010					
Type of properties foreclosed	Balance as at 31 December 2009	Additions	Disposals	Balance as at 31 December 2010	Portion subject to disposal restrictions, buyback options or first refusal rights
<b>Assets transferred in settlement of debts</b>					
Immovable assets					
Internal appraiser	430,332,936	-	(56,138,000)	374,194,936	39,476,614
External appraiser	938,805,463	-	-	938,805,463	69,404,000
Movable assets	2,057,812	163,539,993	(155,454,212)	10,143,593	-
<b>Assets from auction bidding</b>					
Immovable assets					
Internal appraiser	269,450,477	12,850,000	(68,587,160)	213,713,317	-
Total	1,640,646,688	176,389,993	(280,179,372)	1,536,857,309	108,880,614
Less: Allowance for impairment	(354,101,522)	1,215,822	30,881,702	(322,003,998)	(42,711,104)
Properties foreclosed – net	1,286,545,166	177,605,815	(249,297,670)	1,214,853,311	66,169,510

(Unit: Baht)

Consolidated financial statements					
For the year ended 31 December 2009					
Type of properties foreclosed	Balance as at 31 December 2008	Additions	Disposals	Balance as at 31 December 2009	Portion subject to disposal restrictions, buyback options or first refusal rights
<b>Assets transferred in settlement of debts</b>					
Immovable assets					
Internal appraiser	442,915,020	91,707,309	(104,289,393)	430,332,936	39,476,614
External appraiser	522,342,713	416,462,750	-	938,805,463	69,404,000
Movable assets	3,874,843	114,770,167	(116,587,198)	2,057,812	-
<b>Assets from auction bidding</b>					
Immovable assets					
Internal appraiser	248,067,659	93,995,000	(72,612,182)	269,450,477	-
Total	1,217,200,235	716,935,226	(293,488,773)	1,640,646,688	108,880,614
Less: Allowance for impairment	(292,558,758)	(111,697,312)	50,154,548	(354,101,522)	(42,631,579)
Properties foreclosed – net	924,641,477	605,237,914	(243,334,225)	1,286,545,166	66,249,035

(Unit: Baht)

Separate financial statements					
For the year ended 31 December 2010					
Type of properties foreclosed	Balance as at 31 December 2009	Additions	Disposals	Balance as at 31 December 2010	Portion subject to disposal restrictions, buyback options or first refusal rights
<b>Assets transferred in settlement of debts</b>					
Immovable assets					
Internal appraiser	430,332,936	-	(56,138,000)	374,194,936	39,476,614
External appraiser	938,805,463	-	-	938,805,463	69,404,000
<b>Assets from auction bidding</b>					
Immovable assets					
Internal appraiser	269,450,477	12,850,000	(68,587,160)	213,713,317	-
Total	1,638,588,876	12,850,000	(124,725,160)	1,526,713,716	108,880,614
Less: Allowance for impairment	(353,727,228)	27,574,461	6,275,129	(319,877,638)	(42,711,104)
Properties foreclosed – net	1,284,861,648	40,424,461	(118,450,031)	1,206,836,078	66,169,510

(Unit: Baht)

Separate financial statements					
For the year ended 31 December 2009					
Type of properties foreclosed	Balance as at 31 December 2008	Additions	Disposals	Balance as at 31 December 2009	Portion subject to disposal restrictions, buyback options or first refusal rights
<b>Assets transferred in settlement of debts</b>					
Immovable assets					
Internal appraiser	442,915,020	91,707,309	(104,289,393)	430,332,936	39,476,614
External appraiser	522,342,713	416,462,750	-	938,805,463	69,404,000
<b>Assets from auction bidding</b>					
Immovable assets					
Internal appraiser	248,067,659	93,995,000	(72,612,182)	269,450,477	-
Total	1,213,325,392	602,165,059	(176,901,575)	1,638,588,876	108,880,614
Less: Allowance for impairment	(291,577,394)	(91,654,621)	29,504,787	(353,727,228)	(42,631,579)
Properties foreclosed – net	921,747,998	510,510,438	(147,396,788)	1,284,861,648	66,249,035

## 11. Premises and equipment

(Unit: Baht)

Consolidated financial statements					
	Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Total
<b>Cost</b>					
31 December 2009	8,500,000	6,892,070	357,859,449	115,717,449	488,968,968
Additions	-	-	26,813,732	20,156,405	46,970,137
Transfer in	-	-	11,371,022	-	11,371,022
Transfer out	-	-	(12,745,972)	-	(12,745,972)
Disposals/written-off	-	-	(17,507,635)	(1,400,000)	(18,907,635)
31 December 2010	8,500,000	6,892,070	365,790,596	134,473,854	515,656,520
<b>Accumulated depreciation</b>					
31 December 2009	-	(78,275)	(217,011,697)	(65,130,250)	(282,220,222)
Depreciation charged for the year	-	(202,627)	(34,019,509)	(20,204,621)	(54,426,757)
Accumulated depreciation on disposals/written-off	-	-	16,486,607	778,142	17,264,749
31 December 2010	-	(280,902)	(234,544,599)	(84,556,729)	(319,382,230)
<b>Net book value</b>					
31 December 2009	8,500,000	6,813,795	140,847,752	50,587,199	206,748,746
31 December 2010	8,500,000	6,611,168	131,245,997	49,917,125	196,274,290
<b>Depreciation included in statements of income for the years ended</b>					
31 December 2009					65,224,115
31 December 2010					54,426,757

(Unit: Baht)

	Separate financial statements				
	Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Total
<b>Cost</b>					
31 December 2009	8,500,000	6,892,070	334,201,959	103,445,939	453,039,968
Additions	-	-	10,539,138	15,060,273	25,599,411
Transfer in	-	-	5,769,808	-	5,769,808
Transfer out	-	-	(7,144,758)	-	(7,144,758)
Disposals/written-off	-	-	(16,549,120)	-	(16,549,120)
31 December 2010	8,500,000	6,892,070	326,817,027	118,506,212	460,715,309
<b>Accumulated depreciation</b>					
31 December 2009	-	(78,275)	(201,444,221)	(56,824,279)	(258,346,775)
Depreciation charged for the year	-	(202,627)	(27,866,295)	(18,684,059)	(46,752,981)
Accumulated depreciation on disposals/written-off	-	-	15,849,460	-	15,849,460
31 December 2010	-	(280,902)	(213,461,056)	(75,508,338)	(289,250,296)
<b>Net book value</b>					
31 December 2009	8,500,000	6,813,795	132,757,738	46,621,660	194,693,193
31 December 2010	8,500,000	6,611,168	113,355,971	42,997,874	171,465,013
<b>Depreciation included in statements of income for the years ended</b>					
31 December 2009					45,851,912
31 December 2010					46,752,981

As at 31 December 2010 and 2009, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 11.7 million and Baht 0.7 million, respectively (the Bank only: as at 31 December 2010 the Bank has motor vehicles acquired under financial leases with net book value amounting to 8.4 Baht million).

As at 31 December 2010 and 2009, the Bank and its subsidiaries have certain assets which have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 230 million and 111 million, respectively (the Bank only: Baht 228 million and Baht 109 million, respectively).

## 12. Intangible assets

(Unit: Baht)

	Consolidated financial statements				
	Net book value		Transferred in/ (transferred out)	Amortisation	Net book value as at 31 December 2010
	as at 31 December 2009	Increase			
Computer software	162,692,755	2,118,639	10,964,788	(47,160,364)	128,615,818
Computer software under development	5,363,756	6,601,719	(589,838)	(9,000,000)	2,375,637
<b>Total</b>	<b>168,056,511</b>	<b>8,720,358</b>	<b>10,374,950</b>	<b>(56,160,364)</b>	<b>130,991,455</b>

(Unit: Baht)

	Separate financial statements				
	Net book value		Transferred in/ (transferred out)	Amortisation	Net book value as at 31 December 2010
	as at 31 December 2009	Increase			
Computer software	159,430,720	187,439	1,964,788	(44,578,245)	117,004,702
Computer software under development	196,613	2,409,319	(589,838)	-	2,016,094
<b>Total</b>	<b>159,627,333</b>	<b>2,596,758</b>	<b>1,374,950</b>	<b>(44,578,245)</b>	<b>119,020,796</b>

## 13. Other assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Accounts receivable from sale of investments	19,160,600	13,951,266	19,160,600
Prepaid expenses	12,378,127	13,288,959	11,121,994	12,074,671
Deposits	11,503,897	9,196,015	8,440,081	7,031,474
Others	1,630,320	2,401,744	1,630,320	2,401,744
<b>Other assets</b>	<b>44,672,944</b>	<b>38,837,984</b>	<b>40,352,995</b>	<b>35,459,155</b>

## 14. Classification of assets in accordance with the Notification of the Bank of Thailand

As at 31 December 2010 and 2009, the quality of assets of the Bank and its subsidiary, operating leasing and hire purchase businesses, classified in accordance with the Notification of the Bank of Thailand are as follows:

(Unit: Million Baht)

	Consolidated financial statements									
	Loans and accrued interest receivables <sup>(1)</sup>		Investments		Properties foreclosed		Other assets		Total	
	31 December		31 December		31 December		31 December		31 December	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Pass	54,417	49,654	-	-	-	-	-	-	54,417	49,654
Special-mention	1,447	1,908	-	-	-	-	-	-	1,447	1,908
Sub-standard	1,239	798	-	-	-	-	-	-	1,239	798
Doubtful	363	952	-	-	-	-	-	-	363	952
Doubtful of loss	1,349	978	635	687	322	354	38	26	2,344	2,045
<b>Total</b>	<b>58,815</b>	<b>54,290</b>	<b>635</b>	<b>687</b>	<b>322</b>	<b>354</b>	<b>38</b>	<b>26</b>	<b>59,810</b>	<b>55,357</b>

<sup>(1)</sup> The classified debts included loans to the financial institutions, which are presented as a part of "interbank and money market items" (assets) in the balance sheets.

(Unit: Million Baht)

	Separate financial statements									
	Loans and accrued interest receivables <sup>(1)</sup>		Investments		Properties foreclosed		Other assets		Total	
	31 December		31 December		31 December		31 December		31 December	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Pass	52,527	49,185	-	-	-	-	-	-	52,527	49,185
Special-mention	71	687	-	-	-	-	-	-	71	687
Sub-standard	1,062	724	-	-	-	-	-	-	1,062	724
Doubtful	268	896	-	-	-	-	-	-	268	896
Doubtful of loss	1,226	922	635	687	320	354	2	3	2,183	1,966
<b>Total</b>	<b>55,154</b>	<b>52,414</b>	<b>635</b>	<b>687</b>	<b>320</b>	<b>354</b>	<b>2</b>	<b>3</b>	<b>56,111</b>	<b>53,458</b>

<sup>(1)</sup> The classified debts included loans to the financial institutions, which are presented as a part of "interbank and money market items" (assets) in the balance sheets.

## 15. Deposits

### 15.1 Classified by types of deposits

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
At call	7,129,417,091	4,295,834,159	7,129,483,616	4,301,022,815
Savings deposits	2,505,295,687	4,983,060,236	2,507,934,325	4,983,433,162
Time deposits				
- Less than 6 months	6,011,162,562	9,181,734,944	6,011,162,562	9,181,734,944
- 6 months and up to 1 year	3,506,432,230	6,712,044,911	3,506,432,230	6,712,044,911
- Over 1 year	7,865,134,067	5,232,966,781	7,865,134,067	5,232,966,781
<b>Total deposits</b>	<b>27,017,441,637</b>	<b>30,405,641,031</b>	<b>27,020,146,800</b>	<b>30,411,202,613</b>

### 15.2 Classified by remaining periods of deposit contracts

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Not over 1 year (included matured contracts)	21,366,936,946	28,327,752,518	21,369,642,109	28,333,314,100
Over 1 year	5,650,504,691	2,077,888,513	5,650,504,691	2,077,888,513
<b>Total deposits</b>	<b>27,017,441,637</b>	<b>30,405,641,031</b>	<b>27,020,146,800</b>	<b>30,411,202,613</b>

### 15.3 Classified by currencies and residency of depositors

(Unit: Baht)

	Consolidated financial statements					
	31 December 2010			31 December 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	26,894,732,212	66,479,289	26,961,211,501	30,362,900,409	29,077,641	30,391,978,050
US dollar	52,902,250	-	52,902,250	11,578,407	-	11,578,407
Other currency	3,327,886	-	3,327,886	2,084,574	-	2,084,574
<b>Total deposits</b>	<b>26,950,962,348</b>	<b>66,479,289</b>	<b>27,017,441,637</b>	<b>30,376,563,390</b>	<b>29,077,641</b>	<b>30,405,641,031</b>

(Unit: Baht)

	Separate financial statements					
	31 December 2010			31 December 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	26,897,437,375	66,479,289	26,963,916,664	30,368,461,991	29,077,641	30,397,539,632
US dollar	52,902,250	-	52,902,250	11,578,407	-	11,578,407
Other currency	3,327,886	-	3,327,886	2,084,574	-	2,084,574
<b>Total deposits</b>	<b>26,953,667,511</b>	<b>66,479,289</b>	<b>27,020,146,800</b>	<b>30,382,124,972</b>	<b>29,077,641</b>	<b>30,411,202,613</b>

## 16. Interbank and money market items (liabilities)

(Unit: Baht)

	Consolidated financial statements					
	31 December 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand	-	4,600,000	4,600,000	-	10,600,000	10,600,000
Commercial banks	14,596	500,000,000	500,014,596	1,281,388	455,185,918	456,467,306
Other banks	-	-	-	-	62,400,000	62,400,000
Finance, finance and securities, securities and credit foncier companies	415,032,406	-	415,032,406	606,532,192	-	606,532,192
Other financial institutions	47,863,710	270,159,380	318,023,090	126,924,888	623,765,015	750,689,903
<b>Foreign</b>						
Baht currency	504,668,956	-	504,668,956	-	-	-
USD currency	-	301,513,000	301,513,000	-	-	-
<b>Total interbank and money market items</b>	<b>967,579,668</b>	<b>1,076,272,380</b>	<b>2,043,852,048</b>	<b>734,738,468</b>	<b>1,151,950,933</b>	<b>1,886,689,401</b>

(Unit: Baht)

	Separate financial statements					
	31 December 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand	-	4,600,000	4,600,000	-	10,600,000	10,600,000
Commercial banks	14,596	-	14,596	-	-	-
Finance, finance and securities, securities and credit foncier companies	415,032,406	-	415,032,406	606,532,192	-	606,532,192
Other financial institutions	47,863,710	270,159,380	318,023,090	126,924,888	623,765,015	750,689,903
<b>Foreign</b>						
Baht currency	504,668,956	-	504,668,956	-	-	-
USD currency	-	301,513,000	301,513,000	-	-	-
<b>Total interbank and money market items</b>	<b>967,579,668</b>	<b>576,272,380</b>	<b>1,543,852,048</b>	<b>733,457,080</b>	<b>634,365,015</b>	<b>1,367,822,095</b>

## 17. Borrowings

### 17.1 Short-term borrowings

As at 31 December 2010, the Bank had short-term borrowings in the form of bills of exchange amounting to Baht 27,333 million and carrying interest at the rates of 0.50 to 2.75 percent per annum, which will be due during January to December 2011 (31 December 2009: Baht 18,641 million carrying interest at the rates of 0.50 to 4.75 percent per annum, which were due during January to December 2010).



## 17.2 Long-term borrowings

As at 31 December 2010, the Bank had long-term borrowings in the form of bills of exchange amounting to Baht 198 million and carrying interest at the rates of 2.00 to 2.75 percent per annum, which will be due from January 2012 onwards. (31 December 2009: Baht 133 million carrying interest at the rates of 1.75 to 2.75 percent per annum, which will be due from January 2011 onwards).

## 18. Other liabilities

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Other payables	666,147,734	424,855,174	275,729,912	118,652,745
Accrued expenses	121,038,323	113,806,971	74,258,137	89,989,772
Withholding tax payable	12,425,947	10,374,780	10,903,491	9,842,478
Special business tax payable	8,206,105	8,966,946	8,206,105	8,966,947
Corporate income tax payable	127,699,246	21,599,258	84,521,062	-
Payables under finance lease contracts	12,334,235	886,943	8,066,836	-
Others	20,955,806	12,563,193	3,408,657	5,894,595
Total other liabilities	<u>968,807,396</u>	<u>593,053,265</u>	<u>465,094,200</u>	<u>233,346,537</u>

## 19. Share capital

Preference shares of the Bank are divided into Class A and Class B shares, both of which are non-cumulative dividend-paying shares. Holders of Class B preference shares are entitled to preferential receipt of dividends and return of capital over holders of Class A preference shares and ordinary shares. If the Bank reduces its capital as a result of operating losses on assets held prior to the injection of capital funds by the Ministry of Finance, the Bank is to reduce the capital of the ordinary shares and the Class A preference shares first, to the extent that this does not exceed the accumulated loss as at the date that the Ministry of Finance injected funds plus any subsequent losses on the assets held prior to that date. If the Bank reduces capital as a result of operating losses on assets acquired after the Ministry of Finance injected funds, the Bank is to reduce the capital of the ordinary shares first and the Class A preference shares and Class B preference shares proportionately. All preferences have a period of 10 years, which expired in November 2009. Hence, rights of preference shareholders are now the same as those of the ordinary shareholders.

Holders of both classes of preference shares are entitled to convert the shares they hold to ordinary shares, with the conversion ratio being 1:1. All Class A preference shares were already converted into ordinary shares and the preference shareholders are still entitled to convert the remaining Class B preference shares to ordinary shares.

During the year ended 31 December 2010, 2,323,139 Class B preference shares were converted into ordinary shares. After conversion, as at 31 December 2010, there were 1,589,988,613 ordinary shares in issue, and 464,332 Class B preference shares outstanding and during the year ended 31 December 2009, 500,486,942 Class B preference shares were converted into ordinary shares. After conversion, as at 31 December 2009, there were 1,587,665,474 ordinary shares in issue, and 2,787,471 Class B preference shares outstanding.

The registered capital of the Bank as presented in the balance sheets as at 31 December 2010 and 2009 is the registered capital per the Bank's Memorandum of Association.

Reconciliation of number of ordinary shares and preference shares

	(Unit: Shares)	
	<u>For the years ended 31 December</u>	
	<u>2010</u>	<u>2009</u>
<u>Registered share capital</u>		
<u>Ordinary shares</u>		
Number of ordinary shares at the beginning of the years	1,087,923,532	1,087,178,532
Registered conversion of preference shares into ordinary shares	499,795,772	745,000
Number of ordinary shares at the end of the years	<u>1,587,719,304</u>	<u>1,087,923,532</u>
<u>Preference shares</u>		
Number of preference shares at the beginning of the years	502,529,413	503,274,413
Registered conversion of preference shares into ordinary shares	(499,795,772)	(745,000)
Number of preference shares at the end of the years	<u>2,733,641</u>	<u>502,529,413</u>
<u>Issued and paid-up share capital</u>		
<u>Ordinary shares</u>		
Number of ordinary shares at the beginning of the years	1,587,665,474	1,087,178,532
Conversion of preference shares into ordinary shares	2,323,139	500,486,942
Number of ordinary shares at the end of the years	<u>1,589,988,613</u>	<u>1,587,665,474</u>
<u>Preference shares</u>		
Number of preference shares at the beginning of the years	2,787,471	503,274,413
Conversion of preference shares into ordinary shares	(2,323,139)	(500,486,942)
Number of preference shares at the end of the years	<u>464,332</u>	<u>2,787,471</u>

## 20. Revaluation surplus on investments

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2010	2009
Balances – beginning of the years	73,666,028	(15,848,824)
Increase from changes in value of securities	142,196,118	313,767,111
Decrease from changes in value of securities	(43,117,667)	(16,514,144)
Recognised losses on impairment of investments in statements of income	-	5,175,000
Transfer to gains on sale of investments	(8,167,298)	(212,913,115)
Balances – end of the years	164,577,181	73,666,028

## 21. Capital funds

The primary objectives of the Bank’s capital management are to maintain the Bank’s ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551. As at 31 December 2010 and 2009, the capital funds are as follows:

(Unit: Baht)

	Separate financial statements	
	31 December 2010	31 December 2009
<u>Tier 1 capital</u>		
Registered and fully paid share capital	15,904,529,450	15,904,529,450
Investments in instruments already counted as other financial institutions’ capital funds	(289,282,879)	(384,631,994)
Deficit	(2,687,632,793)	(3,143,633,229)
Total	12,927,613,778	12,376,264,227
<u>Tier 2 capital</u>		
Reserve for assets classified as “Pass”	378,868,827	293,747,838
Revaluation surplus on investments in available-for-sale securities	9,334,457	2,343,688
Investments in instruments already counted as other financial institutions’ capital funds	(289,282,879)	(296,091,526)
Total	98,920,405	-
Total capital funds	13,026,534,183	12,376,264,227

As at 31 December 2010 and 2009, the calculation of capital ratios which are determined in accordance with the criteria regulating capital funds of commercial banks as announced in the Notification of the Bank of Thailand, are as follows:

(Unit: Percentage)

Capital ratios	Separate financial statements			
	31 December 2010		31 December 2009	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	20.40	4.25	22.64	4.25
Total capital to risk assets	20.55	8.50	22.64	8.50

In compliance with Basel II's Pillar III about concerning the disclosure of capital adequacy information, in accordance with a relevant BOT Notification, on 24 September 2010 the Bank disclosed capital adequacy and capital risk exposure information as of 30 June 2010 through the Bank's website at [www.icbcthai.com](http://www.icbcthai.com) and will disclose capital adequacy and capital risk exposure information as of 31 December 2010 through the Bank's website within April 2011.

## 22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act. B.E. 2535, the Bank is required to set aside a statutory reserve of at least 5 percent of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of registered share capital. The statutory reserve is not available for dividend distribution.

## 23. Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries and related benefits payable to executive directors) paid to the Bank and subsidiary's directors in accordance with Section 90 of the Public Limited Companies Act.

## 24. Income tax

Income tax has been calculated based on earnings before income tax after adding back certain expenses and provision non-deductible for tax computation purposes and deducting tax-exempted revenue.

## 25. Earnings per share

Basic earnings per share is calculated by dividing net income attributable to equity holders of the Bank, after deducting dividends for the preference shareholders (if any), by the weighted average number of ordinary shares and the preference shares, which have the same right as ordinary shares, in issue during the periods.

Diluted earnings per share is calculated by dividing net income attributable to equity holders of the Bank, after adjusting for the effect of transactions related to dilutive potential ordinary shares by the sum of the weighted average number of ordinary shares in issue during the periods and the weighted average number of ordinary shares, which would need to be issued for conversion of all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the periods or on the dates the potential ordinary shares were issued. Since the rights of the preference shareholders to convert into ordinary shares expired in November 2009 resulting in the preference shareholders having the same rights as the ordinary shareholders, there was no effect of dilutive potential ordinary shares for the year ended 31 December 2010.

The following tables set forth the computation of basic and diluted earnings per share:

For the year ended 31 December 2010						
Consolidated financial statements				Separate financial statements		
		Weighted average number of ordinary shares and potential ordinary shares	Earnings per share			Earnings per share
Net income	Thousand Baht	Thousand shares	Baht	Net income	Thousand Baht	Thousand shares
<b>Basic earnings per share</b>						
Net income attributable to						
equity holders of the Bank						
553,504		1,590,453	<u>0.35</u>	433,527		1,590,453
						<u>0.27</u>

For the year ended 31 December 2009						
Consolidated financial statements				Separate financial statements		
		Weighted average number of ordinary shares and potential ordinary shares	Earnings per share			Earnings per share
Net income	Thousand Baht	Thousand shares	Baht	Net income	Thousand Baht	Thousand shares
<b>Basic earnings per share</b>						
Net income attributable to						
equity holders of the Bank						
529,074		1,142,817	<u>0.46</u>	415,548		1,142,817
						<u>0.36</u>

## **26. Provident fund**

The Bank, its subsidiary and their employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate of 3% of their basic salaries, and by the Bank and its subsidiary at the same rate, and will be paid to employees upon termination in accordance with the rules of the fund. The fund is managed by Kasikorn Asset Management Company Limited.

During the years ended 31 December 2010 and 2009, Baht 12,782,972 and Baht 11,570,585, respectively, (the Bank only: Baht 9,726,779 and Baht 9,102,696, respectively,) were contributed to the provident fund by the Bank and its subsidiary.

## **27. Related party transactions**

As at 31 December 2010 and 2009, the Bank had significant business transactions with its subsidiary and related companies, including transactions with directors or management employees from executive vice president level upward or equivalent position, persons related to the referred persons, entities in which the referred persons or the related persons have management authority, or entities in which the Bank or directors or such management employees from executive vice president level upward or equivalent position or persons related to the referred persons hold in the aggregate more than 10 percent of the issued share capital.

Relationship with related parties are summarised below.

1. The parent company of the Bank, holding 97.24 % of its paid-up share capital since 21 April 2010, is Industrial and Commercial Bank of China Limited.
2. The shareholder of the Bank with a stake more than 10 percent, was Bangkok Bank Public Company Limited, which has not been considered a related party of the Bank since 21 April 2010, when the current parent company of the Bank purchased the shares it held in the Bank.
3. Companies having transaction with the Bank in which Bangkok Bank Public Company Limited holds 20 or more percent of shares and over which it has management control consist of the following. These have not been related parties of the Bank since 21 April 2010, when the current parent company of the Bank purchased the shares it held in the Bank.
  - BBL Asset Management Company Limited
  - Bualuang Securities Company Limited
4. The subsidiary of the Bank is
  - Leasing Sinn Asia Company Limited

5. The accounting standard defines associated companies as those entities over which the investor has significant influence, but which is not a subsidiary. If the investor's direct and indirect voting rights total at least 20 percent of the issued share capital of such company, it is presumed that the investor has significant influence over the company. The associated company of the Bank is
  - Finansia Syrus Securities Public Company Limited (an associated company of the Bank since 15 September 2009)
6. The subsidiary of the Bank's associated company, which has transaction with the Bank, is
  - ACL Securities Company Limited
7. The companies that are related through the Bank's directors and management and have transactions with the Bank, consist of
  - Bangkok BTMU Company Limited
  - M-Home SPV 3 Company Limited
  - Siam Piwat Company Limited
  - Siam Piwat Holding Company Limited

Transactions occurring for the years ended 31 December 2010 and 2009 can be summarised as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2010	2009	2010	2009
Interest income	8,043	5,556	502,523	308,125
Fees income	427	-	427	-
Dividend income	22,000	3,000	23,580	3,000
Brokerage fees from derivatives business	-	21	-	-
Rental income	-	-	105	180
Other income	-	-	36	67
Interest expense	3,566	18,203	3,591	18,200
Fee and service expenses	1,858	436	1,679	2,324

The Bank has established guidelines whereby interest rates, fees, service and rental charges are to be set for related companies as if the transactions were being executed with unrelated parties, with the key consideration being maximisation of benefit to the Bank.

The outstanding balances of transactions between the Bank and its subsidiary, or between the Bank or its subsidiary and their related parties can be summarised as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
<b>Interbank and money market items (assets)</b>				
Bangkok Bank Public Company Limited	- <sup>(1)</sup>	124,377	- <sup>(1)</sup>	45,504
Finansia Syrus Securities Public Company Limited	40,015	140,050	40,015	140,050
Industrial and Commercial Bank of China Limited	119,726	-	119,726	-
Industrial and Commercial Bank of China (Asia) Limited	4,947	-	4,947	-
<b>Investments</b>				
Leasing Sinn Asia Company Limited	-	-	2,500,000	1,000,000
Finansia Syrus Securities Public Company Limited	290,296	259,472	255,170	255,170
Bangkok BTMU Company Limited	20,390	20,390	20,390	20,390
<b>Loans</b>				
Leasing Sinn Asia Company Limited	-	-	17,036,200	7,504,000
<b>Accrued interest receivables</b>				
Leasing Sinn Asia Company Limited	-	-	3,968	1,988
<b>Other assets</b>				
Bangkok Bank Public Company Limited	- <sup>(1)</sup>	166	- <sup>(1)</sup>	-
Industrial and Commercial Bank of China Limited	10,493	-	10,493	-
ACL Securities Company Limited	-	13,951	-	13,951
Leasing Sinn Asia Company Limited	-	-	3	25
Finansia Syrus Securities Public Company Limited	19,727	-	19,727	-
<b>Interbank and money market items (liabilities)</b>				
Industrial and Commercial Bank of China Limited	504,669	-	504,669	-
ACL Securities Company Limited	58,200	241,450	58,200	241,450
Bualuang Securities Company Limited	- <sup>(1)</sup>	280,000	- <sup>(1)</sup>	280,000
Finansia Syrus Securities Public Company Limited	1,832	82	1,832	82

<sup>(1)</sup> There are still outstanding balances with the Bank as at the balance sheet data but they were not the Bank's related parties as of such date.



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
<b>Deposits and borrowings</b>				
Leasing Sinn Asia Company Limited	-	-	2,705	5,562
M-Home SPV 3 Company Limited	6,640	3,574	6,640	3,574
Siam Piwat Company Limited	15,000	95,000	15,000	95,000
Siam Piwat Holding Company Limited	10,000	50,000	10,000	50,000
Related persons	78,771	57,322	78,771	57,322
<b>Accrued interest payables</b>				
ACL Securities Company Limited	-	55	-	55
Bualuang Securities Company Limited	- <sup>(1)</sup>	316	- <sup>(1)</sup>	316
M-Home SPV 3 Company Limited	1	3	1	3
Siam Piwat Company Limited	39	80	39	80
Siam Piwat Holding Company Limited	26	119	26	119
Related persons	183	98	183	98
<b>Off-balance sheet items</b>				
Bangkok Bank Public Company Limited				
Forward contract - bought	- <sup>(1)</sup>	1,124,239	- <sup>(1)</sup>	1,124,239
Forward contract - sold	- <sup>(1)</sup>	728,905	- <sup>(1)</sup>	728,905
Industrial and Commercial Bank of China Limited				
Letter of guarantee	304,605	-	304,605	-
Industrial and Commercial Bank of China (Asia) Limited				
Forward contract - bought	32,052	-	32,052	-
Letter of guarantee	767	-	767	-

<sup>(1)</sup> There are still outstanding balances with the Bank as at the balance sheet date but they were not the Bank's related parties as of such date.

For restructured debts, interest rates will be according to conditions as stipulated in debt restructuring agreements.

The Bank's policy in setting up allowance for doubtful accounts on loans to related parties is similar to other debtors. As at 31 December 2010 and 2009, the Bank set up allowance for doubtful accounts and allowance for revaluation on loans to related parties totaling Baht 171 million and Baht 76 million, respectively.

The deposits and borrowings mentioned above are promissory notes, deposit receipts or bills of exchange, carrying interest rates of 0.75 to 3.00 percent per annum.

As at 31 December 2009, Bangkok Bank Public Company Limited obliged to guarantee the Bank totaling Baht 0.37 million. As at 31 December 2010, it was not the Bank's related parties as of such date.

Movements of loans (included interbank and money market items - assets) to related parties for the year ended 31 December 2010 are as follows:

(Unit: Thousand Baht)

	31 December 2009	Addition during the period	Repayment during the period	31 December 2010	Period of contracts
Leasing Sinn Asia Company Limited	7,504,000	11,134,700	(1,602,500)	17,036,200	Revolving loans
Finansia Syrus Securities Public Company Limited	140,000	-	(100,000)	40,000	16 Sep 09 - 16 Mar 11
Industrial and Commercial Bank of China Limited	-	288,246	(230,356)	57,890	19 Jul 10 - 14 Jan 11
Industrial and Commercial Bank of China Limited	-	180,991	(180,991)	-	At call

Movements of deposits and borrowings from related companies for the year ended 31 December 2010 are as follows:

(Unit: Thousand Baht)

	31 December 2009	Deposits/ borrowings during the period	Repayment during the period	31 December 2010	Period of contracts
Industrial and Commercial Bank of China Limited	-	504,669	-	504,669	At call
ACL Securities Company Limited	241,450	235,650	(418,900)	58,200	At call
ACL Securities Company Limited	-	3,087,700	(3,087,700)	-	Matured
Finansia Syrus Securities Public Company Limited	82	7,155	(5,405)	1,832	At call
Leasing Sinn Asia Company Limited	5,562	2,372,963	(2,375,820)	2,705	At call
M Home SPV 3 Company Limited	3,574	11,596	(8,530)	6,640	At call
Siam Piwat Company Limited	95,000	285,000	(365,000)	15,000	12 Nov 10 - 14 Feb 11
Siam Piwat Holding Company Limited	50,000	46,000	(86,000)	10,000	12 Nov 10 - 14 Feb 11
Related persons	30,882	75,441	(87,555)	18,768	At call
Related persons	26,440	270,572	(237,009)	60,003	11 May 10 - 11 May 11

For the years ended 31 December 2010 and 2009, the Bank paid salaries, bonuses, meeting allowances and other remunerations to its key management personnel, including directors, totaling Baht 81 million and Baht 74 million, respectively.

## 28. Contingent liabilities and commitments

### 28.1 Commitments

(Unit: Million Baht)

	Consolidated and separate financial statements					
	31 December 2010			31 December 2009		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bill	24	-	24	49	-	49
Letters of credit	21	1,513	1,534	46	150	196
Other contingencies						
Forward exchange contracts - bought	-	17,818	17,818	-	17,544	17,544
Forward exchange contracts - sold	-	19,145	19,145	-	19,826	19,826
Interest rate swap contracts	11,380	-	11,380	10,610	-	10,610
Cross currency swap contracts						
Bought contracts	-	-	-	-	1,001	1,001
Cross currency and interest rate swap contracts						
Sold contracts	-	693	693	-	1,643	1,643
Shipping guarantees	-	-	-	-	1	1
Others	808	309	1,117	992	46	1,038
Total	12,233	39,478	51,711	11,697	40,211	51,908

### 28.2 Commitments under long-term leases and service agreements

As at 31 December 2010 and 2009, the Bank and its subsidiary had the following commitments under long-term lease and service agreements for their office spaces and equipment, and other service agreements as follows:

(Unit: Million Baht)

Year	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
2010	71	75	59	62
2011	41	18	34	11
2012	33	10	32	7
2013	8	4	8	4
2014 onwards	45	27	45	26

### **28.3 Commitments under TAMC's management of the non-performing assets**

From 2001 to 2003, the Bank transferred its non-performing loans to TAMC as described in Note 7.8 to the financial statements, the Bank is still jointly liable for a share of profits or losses arising from TAMC's management of the non-performing assets, at the end of fifth and tenth years, counting from 1 July 2001. The gains or losses cannot be estimated with certainty at this stage. However, as at 31 December 2010 and 2009, the Bank estimated its share of losses, of Baht 222 million and Baht 222 million respectively which may be arisen at the end of the tenth year from the management of the non-performing assets. This estimated loss amounts are presented as a part of allowance for impairment on short-term investments in held-to-maturity debt securities, which is presented as a deduction item against promissory notes received from TAMC in settlement for the transfer price.

### **28.4 Contingent liabilities from litigations**

As at 31 December 2010 and 2009, the Bank and its subsidiary had contingent liabilities as a result of the following litigations for claims from the Bank and its subsidiary, which have been arisen in the ordinary course of business.

28.4.1 As at 31 December 2010, a litigation claim amounting to Baht 0.4 million has been filed against the Bank, which is currently being considered by the Appeals Court, and the Bank's management estimated loss of approximately Baht 0.4 million from such claim, which is recorded under "Provisions for liabilities" in the balance sheet. As at 31 December 2010, the Bank has litigation claim status and provision for liabilities, which are the same as those as at 31 December 2009.

28.4.2 As at 31 December 2010, a litigation claim amounting to Baht 243 million has been filed against the Bank. However, the Appeals Court ordered the Bank to pay the plaintiff a total of Baht 50 million plus interest at 7.5 percent per annum, calculated from 11 June 1998 onwards. Therefore, the Bank estimated its liabilities at Baht 97.5 million (31 December 2009: Baht 93.7 million), and recorded this amount under "Provisions for liabilities" in the balance sheet. The litigation claim status as at 31 December 2010 is the same as that as at 31 December 2009.

28.4.3 As at 31 December 2010, the Bank had three outstanding litigation claims totaling Baht 8.2 million. A litigation claim of Baht 5.9 million of which was ordered dismissed by the Court on 27 October 2009 but the case has yet to be finalised. The remaining claims are being considered by the Court. However as at 31 December 2010, the Bank's management expects that the Bank may incur losses from the outstanding cases, and therefore, the Bank estimated and recorded the amount of Baht 1.7 million under "Provisions for liabilities" in the balance sheet (31 December 2009: The Bank recorded no provision for those claims).

28.4.4 As at 31 December 2010 and 2009, ACL Securities Company Limited (a former subsidiary of the Bank), which the Bank divested as described in Note 7.5 to the financial statements, had contingent liabilities of Baht 75 million and Baht 75 million, respectively, as a result of a litigation claim made in a Labour Law case brought by a former executive, arising in the ordinary course of business of the subsidiary. Ruling of the Chief Justice of the Central Labour Court concluded that this case did not fall under the jurisdiction of the Labor Court. Later, ACL Securities Company Limited's former executive appealed this ruling to the Chief Justice of the Central Labour Court, which dismissed the petition to appeal. The former executive against appealed the Central Labor Court's order not to accept his appeal and ACL Securities Company Limited submitted an objection to the submission of appeal made by its former executive. Later, the former executive has filed a request to withdraw the appeal and withdraw the appeal petition previously submitted to the Central Labour Court. On 4 October 2010, the Central Labour Court summoned the parties to hear the order of the Supreme Court, that permitted the withdrawal of the appeal. Hence, the case is considered final and no loss was incurred.

Moreover, the plaintiff in the above cases also sued the Bank and ACL Securities Company Limited in a civil law case to claim for compensation of Baht 117 million on infringing the contract. This case is currently being considered by the civil Court. However, the lawyer of this case considers that there is less likely that the Bank and such company have to pay the claim amount, the Bank therefore recorded no provision for the claim as at 31 December 2010 which was the same as that as at 31 December 2009.

28.4.5 The Bank has contingent liabilities as a result of entering into the guarantee agreement described in Note 7.5 to the financial statements. This agreement terminated on 14 September 2010 and up to the date of the authorisation of these financial statements the Bank has still to receive notice of any claims as a result of such guarantee. Hence, as at 31 December 2010 and 2009, the Bank's management assessed that no loss would be incurred as a result of providing this guarantee and the Bank therefore recorded no provision in the accounts.

## 28.5 Other commitments

The Bank is obliged to make contributions to Deposit Protection Agency within one month after the periods ended 30 June and 31 December of every year, at a rate of 0.2 percent of the Bank's daily average deposit balance of each period.

## 29. Financial information by segments

The Bank and its subsidiaries' business operations involve 3 principal segments: (1) banking business (2) securities business and (3) hire purchase/finance leases business. These operations are mainly carried on in Thailand. However, during the third quarter of 2009, the Bank disposed of investment in the subsidiary that operates a securities business as described in Note 7.5 to the financial statements. Therefore the asset items by segment as at 31 December 2009 exclude that assets of such business. Below is financial information by segment of the Bank and its subsidiaries for the years ended 31 December 2010 and 2009 and as of 31 December 2010 and 2009:

(Unit: Million Baht)

	For the years ended 31 December											
	Banking business		Securities business		Hire purchase/finance leases business		Total		Elimination entries		Total	
	2010	2009	2010	2009 <sup>(2)</sup>	2010	2009	2010	2009	2010	2009	2010	2009
Interest and dividend income	2,553	2,740	-	27	1,065	628	3,618	3,395	(494)	(304)	3,124	3,091
Interest expenses	(861)	(1,021)	-	(2)	(523)	(308)	(1,384)	(1,331)	494	304	(890)	(1,027)
Net interest income and dividend income	1,692	1,719	-	25	542	320	2,234	2,064	-	-	2,234	2,064
Bad debt and doubtful accounts <sup>(1)</sup>	(443)	(1,098)	-	-	(192)	(130)	(635)	(1,228)	-	-	(635)	(1,228)
Net interest income and dividend income after bad debt and doubtful accounts	1,249	621	-	25	350	190	1,599	836	-	-	1,599	836
Non-interest income	376	975	-	114	134	65	510	1,154	-	(2)	510	1,152
Non-interest expenses	(1,000)	(1,037)	-	(157)	(326)	(189)	(1,326)	(1,383)	-	2	(1,326)	(1,381)
Earnings (loss) before income tax	625	559	-	(18)	158	66	783	607	-	-	783	607
Income tax	(161)	(41)	-	-	(69)	(39)	(230)	(80)	-	-	(230)	(80)
Net income (loss)	464	518	-	(18)	89	27	553	527	-	-	553	527

<sup>(1)</sup> Included loss on debt restructuring/reversal of loss on debt restructuring

<sup>(2)</sup> Included operating results of securities business until 14 September 2009 due to the disposal of the investments in the subsidiary that operates a security business on that date

	As at 31 December									
	Banking business		Hire purchase/finance leases business		Total		Elimination entries		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Investments - net	13,243	10,582	-	-	13,243	10,582	(2,500)	(1,000)	10,743	9,582
Loans and accrued interest receivables - net	50,439	45,005	20,402	9,238	70,841	54,243	(17,040)	(7,506)	53,801	46,737
Other assets	8,574	9,471	257	172	8,831	9,643	(3)	(5)	8,828	9,638
Total assets	72,256	65,058	20,659	9,410	92,915	74,468	(19,543)	(8,511)	73,372	65,957

Transfer prices between business segments are as set out in Note 27 to the financial statements.

### 30. Financial instruments

Financial instruments are any contracts which give rise to both a financial asset of one enterprise and a financial liability or equity security of another enterprise.

#### 30.1 Credit Risk

Credit risk is the risk that the party to a financial agreement fails to honour an obligation and consequently cause the Bank and its subsidiary to incur a financial loss. The Bank and its subsidiary have disclosed significant concentrations of credit risk in Note 8.4 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the balance sheets. The risk from off-balance sheet derivative financial instruments is presented in Note 28.1 to the financial statements.

In addition, the Bank manages credit risk by the following means, including through careful consideration of credit approval process, analysis of risk factors and the ability to service debts of borrowers and performing credit review to examine process, which examines and reviews the quality of the Bank's loan portfolio so as to prevent and provide a remedy for problem loans in the future.

#### 30.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Bank manages interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels.

As at 31 December 2010 and 2009, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2010				
Outstanding balances of financial instruments				
Transactions	Floating	Fixed	No interest	Total
	interest rate	interest rate		
<b>Financial assets</b>				
Interbank and money market items - net	91	4,207	269	4,567
Investments - net	812	9,482	449	10,743
Loans	17,704	34,074	2,926	54,704
<b>Financial liabilities</b>				
Deposits	5,321	21,635	61	27,017
Interbank and money market items	2	1,536	506	2,044
Liabilities payable on demand	-	-	253	253
Borrowings	-	27,531	-	27,531

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2009				
Outstanding balances of financial instruments				
Transactions	Floating	Fixed	No interest	Total
	interest rate	interest rate		
<b>Financial assets</b>				
Interbank and money market items - net	225	5,980	294	6,499
Investments - net	1,050	5,559	2,973	9,582
Loans	18,358	26,884	2,785	48,027
<b>Financial liabilities</b>				
Deposits	7,726	22,626	54	30,406
Interbank and money market items	528	1,356	3	1,887
Liabilities payable on demand	-	-	375	375
Borrowings	-	18,774	-	18,774



(Unit: Million Baht)

Separate financial statements as at 31 December 2010

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	No interest	Total
<b><u>Financial assets</u></b>				
Interbank and money market items - net	41	4,207	255	4,503
Investments - net	812	9,482	2,914	13,208
Loans	17,704	30,803	2,532	51,039
<b><u>Financial liabilities</u></b>				
Deposits	5,324	21,635	61	27,020
Interbank and money market items	2	1,036	506	1,544
Liabilities payable on demand	-	-	253	253
Borrowings	-	27,531	-	27,531

(Unit: Million Baht)

Separate financial statements as at 31 December 2009

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	No interest	Total
<b><u>Financial assets</u></b>				
Interbank and money market items - net	140	5,980	285	6,405
Investments - net	1,050	5,559	3,969	10,578
Loans	19,018	24,534	2,598	46,150
<b><u>Financial liabilities</u></b>				
Deposits	7,731	22,626	54	30,411
Interbank and money market items	9	1,356	3	1,368
Liabilities payable on demand	-	-	375	375
Borrowings	-	18,774	-	18,774

In addition, the Bank entered into interest rate swap contracts as described in Note 30.5 to the financial statements.

The periods of time from the balance sheet date to the repricing or maturity dates (whichever dates are earlier) of financial instruments which have fixed interest rates are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2010							
Transactions	Repricing or maturity date					Total	Average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items - net	-	4,207	-	-	-	4,207	1.88%
Investments - net	-	651	4,068	3,599	1,164	9,482	3.39%
Loans	28	12,781	5,912	14,792	561	34,074	6.82%
<b>Financial liabilities</b>							
Deposits	4,252	9,004	2,728	5,651	-	21,635	2.02%
Interbank and money market items	460	1,076	-	-	-	1,536	1.80%
Borrowings	3,321	18,486	5,526	198	-	27,531	1.83%

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2009							
Transactions	Repricing or maturity date					Total	Average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items - net	-	5,980	-	-	-	5,980	1.20%
Investments - net	-	150	396	3,266	1,747	5,559	5.35%
Loans	705	13,640	4,490	7,755	294	26,884	5.31%
<b>Financial liabilities</b>							
Deposits	1,500	12,325	6,723	2,078	-	22,626	1.42%
Interbank and money market items	722	615	19	-	-	1,356	1.13%
Borrowings	1,073	13,128	4,440	133	-	18,774	1.57%

(Unit: Million Baht)

Separate financial statements as at 31 December 2010							
Transactions	Repricing or maturity date					Total	Average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items - net	-	4,207	-	-	-	4,207	1.88%
Investments - net	-	651	4,068	3,599	1,164	9,482	3.39%
Loans	3,592	12,032	3,701	11,478	-	30,803	4.82%
<b>Financial liabilities</b>							
Deposits	4,252	9,004	2,728	5,651	-	21,635	2.02%
Interbank and money market items	460	576	-	-	-	1,036	1.38%
Borrowings	3,321	18,486	5,526	198	-	27,531	1.83%

(Unit: Million Baht)

Transactions	Separate financial statements as at 31 December 2009						Average interest rates
	Repricing or maturity date					Total	
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items - net	-	5,980	-	-	-	5,980	1.20%
Investments - net	-	150	396	3,266	1,747	5,559	5.35%
Loans	705	12,871	3,053	7,655	250	24,534	5.09%
<b>Financial liabilities</b>							
Deposits	1,500	12,325	6,723	2,078	-	22,626	1.42%
Interbank and money market items	722	615	19	-	-	1,356	1.13%
Borrowings	1,073	13,128	4,440	133	-	18,774	1.57%

In addition, the average balances of the financial assets or liabilities of the Bank generating revenues or incurring expenses, calculated based on the average balances outstanding during the periods, and the average interest and dividend rates for the years ended 31 December 2010 and 2009 can be summarised as follows:

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2010			For the year ended 31 December 2009		
	Average Balances	Interest and dividend	Average rate (% per annum)	Average balances	Interest and dividend	Average rate (% per annum)
<b>Financial assets</b>						
Interbank and money market items	5,449.55	87.46	1.60%	5,335.13	100.77	1.88%
Investments	11,223.26	356.82	3.18%	10,947.95	380.36	3.47%
Loans	46,180.62	2,110.70	4.57%	43,996.51	2,258.55	5.13%
<b>Financial liabilities</b>						
Deposits	30,771.69	425.03	1.38%	33,932.58	634.77	1.87%
Interbank and money market items	1,238.23	132.21	10.68%	1,552.48	107.74	6.94%
Borrowings	19,148.73	303.89	1.59%	13,715.92	277.83	2.03%

### 30.3 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Bank incurring a financial loss.

The Bank has established a liquidity management policy, to ensure that the Bank has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has the liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits. The liquidity management policy is approved by the Group Risk Management Committee, the Board of Executive Directors and the Board of Directors, respectively.

To manage the Bank's liquidity, the Treasury Division projects funding demand and identifies appropriate sources of funds consistent with the Bank's business and strategic plans. For the purpose of liquidity risk management, the Bank has set risk limits, required liquidity ratios, and liquidity control procedures, and the liquidity gap and liquidity management's performance are reported to the Asset and Liability Committee (ALCO) on a monthly basis. Moreover, the Risk Management Division closely monitors risk to ensure it remains within the limits set, and reports to the Group Risk Management Committee on a regular basis.

Moreover, the Bank has also formulated the liquidity contingency plans to handle any potential liquidity problems. These plans designate working procedures and explicitly assign roles and responsibilities to the relevant parties.

The Asset and Liability Committee has the following roles and responsibilities.

1. Review and verify the validity of the assumptions utilized by the Treasury Division in liquidity management
2. Formulate strategies relating to the regular and daily liquidity management
3. Ensure that liquidity management is efficient and appropriate policies and procedures for liquidity risk are established
4. Set interest rate policy
5. Ensure that the Bank has adequate information systems to measure, monitor, control and report liquidity risk
6. Approve the limits for mismatches in sources and uses of fund
7. Diversify sources of funds
8. Verify the liquidity contingency plan

Group liquidity management is decentralized, with the subsidiary, Leasing Sinn Asia Co., Ltd. independently managing its own cash inflows and outflows. Leasing Sinn Asia Co., Ltd, sources funds mainly from the Bank, which will provide liquidity support, with the amount of funds based on Limited of Authority via the Asset and Liability Committee. Nevertheless, the Bank performs regular monitoring of the liquidity risk of its subsidiary and the subsidiary's liquidity gap is reported to the Asset and Liability Committee on a monthly basis.

The major uses of funds by the Bank are lending to corporate customers and investment in investment grade securities, but the Bank also designates limits to diversify the use of funds, such as limits on individual industries and lending limits for each individual. The Bank's main sources of funds are public deposits and borrowings. The Bank has set guidelines to reduce deposit concentrations, such as limits of the amount deposited per customer and limits of the amount deposited per corporate customer and per state enterprise.

The Bank has employed a conservative liquidity management policy, whereby it holds appropriate amounts of liquid assets, which can be easily converted into cash if liquidity problems arise. The Bank also maintains liquidity ratios in accordance with its expected liquidity requirement levels, for which there are three defined levels, depending on the economic, political and money market conditions. Such ratios are closely monitored on a daily basis.

The Bank generates reports and sets limits in liquidity management as follows.

1. Daily reports on the liquidity ratios used in determining the required amount of liquid assets, including liquid assets to total deposits ratio, liquid assets to top 20 large depositors ratio
2. Daily reports on amounts and types of liquid assets and their returns
3. Liquidity gap report, indicating expected cash inflows and outflows in different tenors, and cumulative net liquidity excess or shortfall, which reflects the period to maturity both on the basis of the contract and after behavioral adjustment. Liquidity gap reports are prepared on a monthly basis for normal circumstances and on a quarterly basis for crisis situations.
4. Monthly reports on liquidity ratios, to be used to provide indications of the Bank's liquidity and early warnings, including loan to deposit ratio, loan to asset ratio, investment to asset ratio, liquid asset to total asset ratio, liquid asset to short-term to 1-month deposit ratio, borrowing to total asset ratio, deposit to total asset ratio, proportion of large depositors to total deposits, maximum deposit withdrawal per day and rollover rate
5. Annual liquidity risk self assessment report
6. Monthly reports on any transactions or facilities exceeding approved limits
7. The setting of liquidity risk limits for the ratio of net liquidity deficit to deposits, deposits from corporate customers and public enterprises and individual deposits.

The Bank also conducts stress tests on a quarterly basis and reviews the assumptions on a regular basis, to ensure they reflect current economic conditions, business strategies, and other relevant current and future factors. The stress test scenarios, based on the assumption of a severely adverse impact on the Bank, include a bank-specific crisis, a general market crisis and a combination of both scenarios. The liquidity risk stress tests are conducted on two tenors, namely, 0 - 7 days and 8 - 30 days, while the outcomes of the recent stress test can be described as follows.

1. Under the bank-specific crisis scenario, the Bank prepared the assumption based on the estimation from front office. The appropriateness of the assumption has also been reviewed by ALCO. The Bank has adequate liquidity to handle cash outflows for more than 30 days in a row, as a result of a large amount of liquid assets the Bank holds.
2. Under the general market crisis scenario and combination of both scenarios, based on the events of the financial crisis in 1997, the Bank has sufficient net positive liquidity to meet cash outflows for over seven days. However, this assumption does not take into account the change in the major shareholder to the Industrial and Commercial Bank of China Limited (ICBC) during the year, and as this is one of the largest commercial banks in the world, it will greatly strengthen the liquidity of the Bank in the stress test scenarios.

The periods to maturity, counting from the balance sheet dates, of financial instruments outstanding as at 31 December 2010 and 2009, are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2010

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non -	Total
							performing loans	
<b>Financial assets</b>								
Interbank and money market items - net	320	4,247	-	-	-	-	-	4,567
Investments - net	7	651	4,834	3,645	1,164	442	-	10,743
Loans	225	13,487	10,285	24,385	3,403	-	2,919	54,704
<b>Financial liabilities</b>								
Deposits	9,634	9,004	2,728	5,651	-	-	-	27,017
Interbank and money market items	968	1,076	-	-	-	-	-	2,044
Liabilities payable on demand	253	-	-	-	-	-	-	253
Borrowings	3,321	18,486	5,526	198	-	-	-	27,531
<b>Off-balance sheet items</b>								
Avals to bill	-	24	-	-	-	-	-	24
Letters of credit	-	1,515	18	-	-	-	-	1,533
Other contingencies	312	12,977	25,705	10,858	301	-	-	50,153

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2009

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non -	Total
							performing loans	
<b>Financial assets</b>								
Interbank and money market items - net	379	5,980	140	-	-	-	-	6,499
Investments - net	65	1,163	2,054	4,149	1,747	404	-	9,582
Loans	45	15,138	7,405	20,782	1,939	-	2,718	48,027
<b>Financial liabilities</b>								
Deposits	9,280	12,325	6,723	2,078	-	-	-	30,406
Interbank and money market items	735	615	432	105	-	-	-	1,887
Liabilities payable on demand	375	-	-	-	-	-	-	375
Borrowings	1,073	13,128	4,440	133	-	-	-	18,774
<b>Off-balance sheet items</b>								
Avals to bill	-	48	1	-	-	-	-	49
Letters of credit	-	187	9	-	-	-	-	196
Other contingencies	546	9,281	27,975	12,966	896	-	-	51,664

(Unit: Million Baht)

## Separate financial statements as at 31 December 2010

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non -	Total
							performing loans	
<b>Financial assets</b>								
Interbank and money market items - net	256	4,247	-	-	-	-	-	4,503
Investments - net	7	651	4,834	3,645	1,164	2,907	-	13,208
Loans	3,790	12,737	8,074	21,071	2,842	-	2,525	51,039
<b>Financial liabilities</b>								
Deposits	9,637	9,004	2,728	5,651	-	-	-	27,020
Interbank and money market items	968	576	-	-	-	-	-	1,544
Liabilities payable on demand	253	-	-	-	-	-	-	253
Borrowings	3,321	18,486	5,526	198	-	-	-	27,531
<b>Off-balance sheet items</b>								
Avals to bill	-	24	-	-	-	-	-	24
Letters of credit	-	1,515	18	-	-	-	-	1,533
Other contingencies	312	12,977	25,705	10,858	301	-	-	50,153

(Unit: Million Baht)

## Separate financial statements as at 31 December 2009

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non -	Total
							performing loans	
<b>Financial assets</b>								
Interbank and money market items - net	285	5,980	140	-	-	-	-	6,405
Investments - net	65	1,163	2,054	4,149	1,747	1,400	-	10,578
Loans	705	14,369	5,968	20,681	1,895	-	2,532	46,150
<b>Financial liabilities</b>								
Deposits	9,285	12,325	6,723	2,078	-	-	-	30,411
Interbank and money market items	734	615	19	-	-	-	-	1,368
Liabilities payable on demand	375	-	-	-	-	-	-	375
Borrowings	1,073	13,128	4,440	133	-	-	-	18,774
<b>Off-balance sheet items</b>								
Avals to bill	-	48	1	-	-	-	-	49
Letters of credit	-	187	9	-	-	-	-	196
Other contingencies	546	9,281	27,975	12,966	896	-	-	51,664

### 30.4 Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the Bank has foreign exchange transactions, it may be exposed to foreign exchange risk. However, the Bank has a policy to hedge this foreign exchange exposure through management of its net foreign exchange position and operating in accordance with a risk management policy.

The Bank and its subsidiary's significant foreign currency position as at 31 December 2010 and 2009 can be summarised as follows:

Consolidated and separate financial statements as at 31 December 2010									
Outstanding balances of financial instruments									
	US dollar	Euro	Yen	Pound sterling	New Zealand dollar	Australian dollar	Hong Kong dollar	Singapore dollar	Renminbi
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
<b><u>In-balance foreign currency position</u></b>									
Interbank and money market items (assets)	73.44	2.32	0.19	0.61	1.30	1.54	1.17	0.01	4.95
Investments - net	2,681.62	-	-	-	-	-	-	-	-
Loans and accrued interest receivables	129.82	12.31	-	-	-	-	-	-	-
Deposits and accrued interest payables	52.90	-	-	-	-	0.16	-	-	3.17
Borrowings and accrued interest payables	301.96	-	-	-	-	-	-	-	-
<b><u>Off-balance foreign currency position</u></b>									
Letters of credit	1,490.40	22.12	-	-	-	-	-	-	-
Bought forward contracts	17,747.18	39.94	0.58	-	-	0.16	-	-	30.30
Sold forward contracts	19,123.58	13.24	8.36	-	-	-	-	-	-
Cross currency swap contracts									
Bought contracts	-	-	-	-	-	-	-	-	-
Cross currency and interest rate swap contracts									
Sold contracts	693.48	-	-	-	-	-	-	-	-
Other contingencies	305.53	3.27	-	-	-	-	-	-	-
<b>Average exchange rate as at 31 December 2010</b>									
(Baht per 1 foreign currency unit)	30.1513	39.9394	0.3705	46.7968	23.1723	30.7226	3.8742	23.3264	4.5582



	Outstanding balances of financial instruments							
	New							
	US dollar	Euro	Yen	Pound sterling	Zealand dollar	Australian dollar	Hong Kong dollar	Singapore dollar
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
<b><u>In-balance foreign currency position</u></b>								
Interbank and money market items (assets)	13.72	0.55	0.11	1.06	1.35	1.49	0.10	0.01
Investments - net	2,848.40	-	-	-	-	-	-	-
Loans and accrued interest receivables	111.72	34.89	-	-	-	-	-	-
Deposits	11.58	-	-	-	-	2.09	-	-
<b><u>Off-balance foreign currency position</u></b>								
Letters of credit	150.51	-	-	-	-	-	-	-
Bought forward contracts	17,529.49	12.05	-	-	-	2.08	-	-
Sold forward contracts	19,783.96	42.34	-	-	-	-	-	-
Cross currency swap contracts								
Bought contracts	1,001.06	-	-	-	-	-	-	-
Cross currency and interest rate swap contracts								
Sold contracts	1,643.08	-	-	-	-	-	-	-
Other contingencies	42.32	4.23	1.01	-	-	-	-	-
<b>Average exchange rate as at 31 December 2009</b>								
(Baht per 1 foreign currency unit)	33.3688	47.7934	0.3623	53.0306	23.8741	29.7663	4.3027	23.7287

### 30.5 Financial derivatives

The Bank engages in financial derivatives activities as required in the normal course of business of the Bank to meet its clients' needs and to manage the risks of the Bank arising from fluctuations in foreign exchange rates and interest rates.

The Bank has a policy to mitigate risk associated with financial derivatives by stipulating policies and limits that require risk reporting and control procedures for the various types of risk, as a control over financial derivative activities. The Bank manages the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process that is used when granting loans to a customer is adopted for financial derivative customers, so that the Bank is able to maintain risk at acceptable levels.

The Bank has entered into interest rate swap contracts in order to manage risk associated with loans and investments, as follows:

	Consolidated and separate financial statements							
	31 December 2010				31 December 2009			
	Notional amount		Maturity		Notional amount		Maturity	
Interest rate swap contracts								
- swap the fixed interest rates for the floating interest	9,780	Million Baht	2011 – 2013	9,010	Million Baht	2010 - 2012		
- swap the floating interest rates for the fixed interest rates	1,600	Million Baht	2011 - 2012	1,600	Million Baht	2011 - 2012		

The Bank has entered into cross currency interest rate swap contracts in order to manage the risk associated with investments in foreign debt securities, as follows:

	Consolidated and separate financial statements			
	31 December 2010		31 December 2009	
	Notional amount	Maturity	Notional amount	Maturity
Cross currency interest rate swap contracts				
- receive interest at a floating rate on Baht notional amounts and to pay interest at a fixed rate on USD notional amounts	8 Million USD	2012	28 Million USD	2011 - 2017
- receive at a fixed rate on Baht notional amount and to pay interest at a fixed rate on USD notional amounts	15 Million USD	2012 - 2016	21 Million USD	2010 - 2016

During the year ended 31 December 2010, the Bank unwinded cross currency interest rate swap contracts with notional amounts totaling USD 20 million prior to the maturity date. Such contracts were recorded as assets having the book value on the unwinding date of Baht 27 million and the Bank paid Baht 4 million to unwind those contracts cancellation. As a result, the Bank incurred losses on the unwinding of these contracts amounting to Baht 31 million, which was already recognised by the Bank as loss in the statement of income for the year ended 31 December 2010.

In addition, the Bank has also entered into cross currency swap contracts for trading purposes for arbitrage profits, as follow:

	Consolidated and separate financial statements			
	31 December 2010		31 December 2009	
	Notional amount	Maturity	Notional amount	Maturity
Cross currency swap contracts				
- pay interest at a fixed rate on Baht notional amounts and to receive interest at a fixed rate on USD notional amounts	-	-	30 Million USD	2010

As at 31 December 2010 and 2009, financial derivatives, classified by their maturities, are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements					
	31 December 2010			31 December 2009		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Forward exchange contracts						
- Bought	16,609	1,209	17,818	15,542	2,002	17,544
- Sold	17,939	1,206	19,145	17,557	2,269	19,826
Interest rate swap contracts	3,430	7,950	11,380	2,530	8,080	10,610
Cross currency swap contracts						
- Bought	-	-	-	1,001	-	1,001
Cross currency interest rate swap contracts						
- Sold	-	693	693	213	1,430	1,643

### 30.6 Fair value

Fair value represents the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. The Bank has estimated the fair value of their financial instruments as follows:

#### (a) Financial assets

The methodology used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets are presented as the amount stated in the balance sheets, including cash, interbank and money market items and loans, which are considered to approximate their respective carrying value since they are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions and which are traded on an active and liquid market, such as investments in securities, fair values are determined from the quoted market price.

#### (b) Financial liabilities

The fair values of financial liabilities, including deposits, borrowings and interbank and money market items, are considered to approximate their respective carrying values for the same reasons as described above.

As at 31 December 2010 and 2009, there are no material differences between the book value of financial instruments and their fair values.

### 31. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification with no effect to previously reported net income or shareholders' equity. The reclassifications are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Balance sheets</b>				
Receivables on Credit Support				
for derivative contracts	60,462	-	60,462	-
Other receivables - net	305,521	317,167	259,717	271,363
Financial derivative assets	470,438	-	470,438	-
Other assets - net	38,838	558,092	35,459	554,713

### 32. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee of the Bank on 10 February 2011.