

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

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 30 June 2010 and 31 December 2009, the consolidated statements of income, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2010 and 2009, 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 30 June 2010 and 31 December 2009, and the results of their operations and cash flows for the six-month periods ended 30 June 2010 and 2009 in accordance with generally accepted accounting principles.

I have also reviewed the consolidated and the separate statements of income for the three-month periods ended 30 June 2010 and 2009. I conducted my reviews in accordance with the auditing standard applicable to review engagements, which provides less assurance than an audit conducted in accordance with generally accepted audit standards. Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Rungnapa Lertsuwankul
Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited
Bangkok: 20 August 2010

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 30 June 2010 and 31 December 2009

(Unit: Baht)

Notes	Consolidated financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Assets				
Cash	354,975,588	304,773,615	354,694,011	304,402,418
Interbank and money market items	6			
Domestic items				
Interest bearing	6,508,914,624	6,203,404,656	6,441,973,292	6,119,323,830
Non-interest bearing	259,440,116	277,365,655	232,800,760	266,958,474
Foreign items				
Interest bearing	385,154,796	-	385,154,796	-
Non-interest bearing	11,009,342	18,389,142	11,009,342	18,389,142
Interbank and money market items - net	7,164,518,878	6,499,159,453	7,070,938,190	6,404,671,446
Investments	7			
Current investments - net	7.1	3,518,502,261	3,282,122,359	3,518,502,261
Long-term investments - net	7.1	6,783,793,570	6,040,702,315	6,040,702,315
Investments in a subsidiary	7.4	-	-	999,999,930
Investment in an associated company	7.6	267,972,507	259,471,939	255,170,000
Investments - net		10,570,268,338	9,582,296,613	11,557,465,761
Loans and accrued interest receivables	8			
Loans		47,056,476,612	48,027,209,048	45,106,559,410
Accrued interest receivables		63,879,976	141,942,544	65,079,929
Total loans and accrued interest receivables		47,120,356,588	48,169,151,592	45,171,639,339
Less: Allowance for doubtful accounts	9.1	(1,688,133,172)	(1,419,466,897)	(1,495,726,853)
Allowance for revaluation on debt restructuring	9.2	(12,019,800)	(12,358,109)	(12,019,800)
Loans and accrued interest receivables - net		45,420,203,616	46,737,326,586	43,663,892,686
Properties foreclosed - net	10	1,278,572,612	1,286,545,166	1,268,039,338
Premises and equipment - net	11	214,397,920	206,748,746	190,965,447
Intangible assets - net	12	152,379,897	168,056,511	141,540,996
Leasehold rights - net		213,039,725	218,365,718	213,039,725
Accrued interest and dividend income receivables - net		79,221,578	78,790,662	79,221,578
Receivable on Credit Support Annex for derivative contracts		202,600,000	59,900,000	202,600,000
Other receivables - net		376,131,430	306,083,401	282,553,307
Financial derivative assets		748,719,410	470,437,814	748,719,410
Other assets - net	13	41,349,725	38,837,984	26,961,996
Total assets		66,816,378,717	65,957,322,269	65,800,632,445

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 30 June 2010 and 31 December 2009

(Unit: Baht)

Notes	Consolidated financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Liabilities and shareholders' equity				
Deposits				
15				
	29,292,082,660	30,391,978,050	29,294,294,341	30,397,539,632
	35,090,799	13,662,981	35,090,799	13,662,981
	29,327,173,459	30,405,641,031	29,329,385,140	30,411,202,613
Interbank and money market items				
16				
	4,175,225,384	1,886,689,401	3,656,947,316	1,367,822,095
	504,668,956	-	504,668,956	-
	4,679,894,340	1,886,689,401	4,161,616,272	1,367,822,095
Liabilities payable on demand				
	16,441,766	374,730,385	16,441,766	374,730,385
Borrowings				
17				
17.1	17,209,763,860	18,640,837,103	17,209,763,860	18,640,837,103
17.2	53,611,596	132,850,788	53,611,596	132,850,788
	17,263,375,456	18,773,687,891	17,263,375,456	18,773,687,891
Accrued interest payables				
	152,367,806	183,423,740	152,302,202	183,292,524
Payable on Credit Support Annex for derivative contracts				
	226,134,680	21,689,720	226,134,680	21,689,720
Financial derivative liabilities				
	718,675,908	500,761,363	718,675,908	500,761,363
Provisions for liabilities				
28.4	97,650,000	94,150,000	97,650,000	94,150,000
Other liabilities				
18	785,273,233	593,053,265	367,740,565	233,346,537
	53,266,986,648	52,833,826,796	52,333,321,989	51,960,683,128
Total liabilities				
Shareholders' equity				
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				
2,733,641 non-cumulative dividend preference shares of Baht 10 each				
(31 December 2009: 2,787,471 non-cumulative preference shares of Baht 10 each)				
	27,336,410	27,874,710	27,336,410	27,874,710
1,587,719,304 ordinary shares of Baht 10 each				
(31 December 2009: 1,587,665,474 ordinary shares of Baht 10 each)				
	15,877,193,040	15,876,654,740	15,877,193,040	15,876,654,740
Unrealised gains				
20	250,413,799	73,666,028	250,413,799	73,666,028
Deficit				
	(2,605,551,250)	(2,854,700,075)	(2,687,632,793)	(2,884,495,844)
Equity attributable to the Bank's shareholders				
	13,549,391,999	13,123,495,403	13,467,310,456	13,093,699,634
Minority interests - equity attributable to minority shareholders of subsidiaries				
	70	70	-	-
	13,549,392,069	13,123,495,473	13,467,310,456	13,093,699,634
Total shareholders' equity				
	66,816,378,717	65,957,322,269	65,800,632,445	65,054,382,762
Total liabilities and shareholders' equity				
28.1				
Off-balance sheet items - contingencies				
Avals to bill				
	493,046	48,775,018	493,046	48,775,018
Letters of credit				
	367,397,603	196,084,449	367,397,603	196,084,449
Other contingencies				
	74,011,081,554	51,663,607,278	74,011,081,554	51,663,607,278

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

Thongchai Ananthothai
President

Guohui Song
Senior Executive Vice President

(Unaudited but reviewed)

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 three-month periods ended 30 June 2010 and 2009

(Unit: Baht)

Notes	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Interest and dividend income				
Loans	426,053,426	483,009,894	532,375,749	544,380,458
Interbank and money market items	20,401,929	20,013,476	20,375,471	19,808,987
Hire purchase and financial lease income	227,656,703	144,680,465	-	9,358
Investments	81,847,313	106,868,848	83,427,313	106,868,848
Total interest and dividend income	755,959,371	754,572,683	636,178,533	671,067,651
Interest expense				
Deposits	96,014,125	153,576,649	95,954,237	153,920,775
Interbank and money market items	39,819,676	26,626,427	33,455,758	26,191,027
Borrowings	58,559,028	59,853,490	58,559,028	59,853,490
Fees and charges	99,726	435,102	-	-
Total interest expense	194,492,555	240,491,668	187,969,023	239,965,292
Net interest and dividend income	561,466,816	514,081,015	448,209,510	431,102,359
Bad debt and doubtful accounts	(153,596,764)	(271,421,374)	(119,000,967)	(237,415,501)
Reversal of loss on debt restructuring	-	1,411,375	-	1,411,375
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	407,870,052	244,071,016	329,208,543	195,098,233
Non-interest income				
Brokerage fees from securities business	-	31,125,193	-	-
Brokerage fees from derivatives business	-	3,485,316	-	-
Gains on investments	7.9 13,261,392	130,475,029	13,261,392	111,682,438
Gains on derivatives trading	-	3,227,500	-	-
Share of profit from investment in an associated company under equity method	7.6 7,728,928	-	-	-
Fees and services income	34,195,697	25,072,736	12,610,369	13,663,186
Gains on exchange	3,534,368	12,038,508	3,534,368	12,038,508
Gains on disposals of assets	7,455,387	454,931	5,990,389	2,383,342
Bad debts recovery	33,131,772	46,869,934	31,313,867	46,869,934
Other income	8,851,585	5,362,166	5,500,130	3,135,049
Total non-interest income	108,159,129	258,111,313	72,210,515	189,772,457
Net revenue	516,029,181	502,182,329	401,419,058	384,870,690

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

(Unaudited but reviewed)

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 three-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Non-interest expense					
Personnel expenses		168,261,148	169,243,861	115,624,319	110,492,967
Premises and equipment expenses		45,238,849	54,518,562	39,966,068	36,352,449
Taxes and duties		23,777,389	20,582,086	18,860,942	18,847,467
Fees and service expenses		6,965,508	23,329,964	4,251,245	8,596,296
Directors' remuneration	23	1,422,000	4,668,900	1,272,000	4,020,000
Contributions to the Deposit Protection Agency	28.5	32,332,704	31,307,342	32,332,704	31,307,342
Losses impairment on properties foreclosed and other assets (reversal of allowance for impairment on properties foreclosed and other assets)		4,682,355	9,034,723	(1,191,183)	5,829,668
Loss on unwinding of cross currency interest rate swap contracts	30.5	11,345,900	-	11,345,900	-
Provision for liabilities		900,000	-	900,000	-
Other expenses		29,422,904	21,213,017	20,221,464	19,767,847
Total non-interest expense		324,348,757	333,898,455	243,583,459	235,214,036
Earnings before income tax		191,680,424	168,283,874	157,835,599	149,656,654
Income tax	24	(52,418,959)	(58,355,497)	(42,102,556)	(50,131,317)
Net income		139,261,465	109,928,377	115,733,043	99,525,337
Net income attributable to:					
Equity holders of the Bank		139,261,465	108,305,699	115,733,043	99,525,337
Minority shareholders of the subsidiaries		-	1,622,678	-	-
		<u>139,261,465</u>	<u>109,928,377</u>		
Earnings per share					
25					
Basic earnings per share					
Net income attributable to equity holders of the Bank		<u>0.09</u>	<u>0.10</u>	<u>0.07</u>	<u>0.09</u>
Diluted earnings per share					
Net income attributable to equity holders of the Bank			<u>0.07</u>		<u>0.06</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 income

For the six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

Notes	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Interest and dividend income				
Loans	859,180,251	1,085,211,208	1,051,017,191	1,210,681,093
Interbank and money market items	37,664,408	62,947,169	37,617,881	62,525,406
Hire purchase and financial lease income	415,281,667	287,376,879	-	9,489
Investments	183,994,834	224,068,142	185,574,834	223,768,142
Total interest and dividend income	1,496,121,160	1,659,603,398	1,274,209,906	1,496,984,130
Interest expense				
Deposits	196,248,250	422,426,459	196,146,958	422,385,518
Interbank and money market items	80,109,627	41,341,971	67,531,469	41,287,074
Borrowings	126,420,335	152,317,859	126,420,335	152,317,859
Fees and charges	198,356	738,974	-	-
Total interest expense	402,976,568	616,825,263	390,098,762	615,990,451
Net interest and dividend income	1,093,144,592	1,042,778,135	884,111,144	880,993,679
Bad debt and doubtful accounts	(301,715,653)	(564,302,050)	(244,742,224)	(504,814,837)
Reversal of loss on debt restructuring	75,461	6,576,340	75,461	6,576,340
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	791,504,400	485,052,425	639,444,381	382,755,182
Non-interest income				
Brokerage fees from securities business	-	41,825,596	-	-
Brokerage fees from derivatives business	-	5,980,246	-	-
Gains on investments	7.9 18,963,424	206,129,648	18,963,424	120,137,759
Gains on derivatives trading	-	4,438,800	-	-
Share of profit from investment in an associated company under equity method	7.6 10,080,568	-	-	-
Fees and services income	63,895,914	48,362,882	24,685,707	26,530,272
Gains on exchange	3,725,817	18,595,268	3,725,817	18,595,268
Gains on disposals of assets	13,394,667	65,772,466	11,281,480	67,330,550
Bad debts recovery	60,532,588	109,986,252	55,661,718	109,737,654
Other income	14,774,139	10,212,880	8,496,082	6,196,351
Total non-interest income	185,367,117	511,304,038	122,814,228	348,527,854
Net revenue	976,871,517	996,356,463	762,258,609	731,283,036

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 six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

Notes	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Non-interest expense				
Personnel expenses	330,531,405	339,050,019	236,506,419	221,109,194
Premises and equipment expenses	92,791,242	112,404,898	79,723,314	71,443,357
Taxes and duties	45,659,529	51,233,952	37,173,562	48,423,308
Fees and service expenses	13,739,493	36,805,316	9,106,326	17,388,477
Directors' remuneration	23 5,442,000	9,801,900	5,142,000	8,100,000
Contributions to the Deposit Protection Agency	28.5 63,831,983	62,615,668	63,831,983	62,615,668
Losses impairment on properties foreclosed and other assets (reversal of allowance for impairment on properties foreclosed and other assets)	1,488,152	20,423,323	(5,457,119)	13,770,249
Loss on unwinding of cross currency interest rate swap contracts	30.5 31,076,680	-	31,076,680	-
Provision for liabilities	3,500,000	-	3,500,000	-
Other expenses	51,906,948	53,940,880	39,115,362	44,258,479
Total non-interest expense	639,967,432	686,275,956	499,718,527	487,108,732
Earnings before income tax	336,904,085	310,080,507	262,540,082	244,174,304
Income tax	24 (87,755,260)	(107,698,808)	(65,677,031)	(87,763,758)
Net income	249,148,825	202,381,699	196,863,051	156,410,546
Net income attributable to:				
Equity holders of the Bank	249,148,825	205,086,776	196,863,051	156,410,546
Minority shareholders of the subsidiaries	-	(2,705,077)	-	-
	<u>249,148,825</u>	<u>202,381,699</u>		
Earnings per share				
25				
Basic earnings per share				
Net income attributable to equity holders of the Bank	<u>0.16</u>	<u>0.19</u>	<u>0.12</u>	<u>0.14</u>
Diluted earnings per share				
Net income attributable to equity holders of the Bank		<u>0.13</u>		<u>0.10</u>

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

Thongchai Ananthothai
President

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 flow

For the six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities				
Earnings before income tax	336,904,085	310,080,507	262,540,082	244,174,304
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	(10,080,568)	-	-	-
Depreciation and amortisation	56,167,983	63,797,044	51,442,571	48,577,003
Gains on disposals of equipment	(154,412)	(1,738,285)	-	(1,724,581)
Gains on disposals of properties foreclosed	(13,240,255)	(66,494,085)	(11,281,480)	(65,605,969)
Gains on investments	(18,963,424)	(206,129,648)	(18,963,424)	(189,730,922)
Gains on derivatives trading	-	(4,438,800)	-	-
Bad debt and doubtful accounts	301,715,653	564,361,601	244,742,224	504,814,837
Reversal of loss on debt restructuring	(75,461)	(6,576,340)	(75,461)	(6,576,340)
Unrealised (gain) losses on exchange and derivatives	(85,391,117)	4,891,784	(85,391,117)	4,891,784
Losses on unwinding of derivative contracts	27,412,885	-	27,412,885	-
Decrease in expense as a result of transferring receivables				
under Legal Execution Department	(822,154)	(462,325)	(822,154)	(462,325)
Losses on impairment of investment in a subsidiary	-	-	-	69,593,163
Losses on impairment and write-off of equipment and intangible assets	-	2,481,320	-	21,417
Losses on impairment of properties foreclosed and other assets				
(Reversal of allowance for impairment on properties foreclosed and other assets)	1,488,152	20,423,324	(5,457,119)	13,770,249
Other income from revaluation of other receivables	(2,873,000)	(3,753,466)	(2,873,000)	(3,753,466)
Provisions for liabilities	3,500,000	-	3,500,000	-
Increase (decrease) in other accrued expenses	31,006,018	(29,813,902)	29,173,822	(21,061,677)
Income from operating activities before changes in operating assets and liabilities	626,594,385	646,628,729	493,947,829	596,927,477
(Increase) decrease in operating assets				
Interbank and money market items	(667,750,541)	1,088,488,303	(668,661,296)	1,137,601,886
Current investments	122,929,347	2,416,507,902	122,929,347	2,357,306,376
Receivables from Clearing House	-	(69,701,767)	-	-
Loans	924,451,141	(251,286,429)	1,004,884,445	(165,644,646)
Properties foreclosed	11,281,631	148,175,991	19,770,000	158,415,323
Receivable on Credit Support Annex for derivative contracts	(142,700,000)	16,773,024	(142,700,000)	16,773,024
Other assets	(34,844,826)	150,125,886	29,285,641	175,473,830

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 six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Increase (decrease) in operating liabilities				
Deposits	(1,078,467,572)	(5,587,331,393)	(1,081,817,473)	(5,626,249,407)
Interbank and money market items	2,793,204,939	(416,989,278)	2,793,794,177	(408,789,278)
Liabilities payable on demand	(358,288,619)	(195,449,629)	(358,288,619)	(195,449,629)
Payables to Clearing House	-	(29,962,641)	-	-
Securities and derivatives business payables	-	97,399,086	-	-
Payable on Credit Support Annex for derivative contracts	204,444,960	-	204,444,960	-
Other liabilities	85,552,496	81,214,558	31,807,810	25,913,347
Cash provided by (used in) operating activities	2,486,407,341	(1,905,407,658)	2,449,396,821	(1,927,721,697)
Interest and dividend income	(1,496,121,160)	(1,659,603,398)	(1,274,209,906)	(1,496,984,130)
Interest expenses	402,976,568	616,086,289	390,098,762	615,990,451
Cash received on interest income	1,377,137,412	1,477,919,140	1,154,414,227	1,313,765,291
Cash paid for interest expenses	(294,622,966)	(535,032,124)	(281,679,548)	(535,032,136)
Cash paid for income tax	(24,038,780)	(67,690,083)	(1,722,883)	(45,663,723)
Net cash provided by (used in) operating activities	2,451,738,415	(2,073,727,834)	2,436,297,473	(2,075,645,944)
Cash flows from investing activities				
(Increase) decrease in long-term investments	(899,480,865)	3,160,654,488	(899,480,865)	3,160,654,488
Cash received on interest income from investments	151,574,878	302,235,039	151,574,878	302,235,039
Cash received on dividend income	26,466,325	7,049,673	26,466,325	6,749,673
Cash received on disposals of equipment	813,346	2,550,793	-	2,456,448
Cash paid for purchases of equipment	(24,140,874)	(5,754,633)	(11,843,740)	(7,254,183)
Cash paid for acquisition of intangible assets	(6,042,958)	(4,020,466)	(2,575,358)	(240,740)
Net cash provided by (used in) investing activities	(750,810,148)	3,462,714,894	(735,858,760)	3,464,600,725
Cash flows from financing activities				
Decrease in borrowings	(1,510,312,435)	(1,218,909,929)	(1,510,312,435)	(1,218,909,929)
Cash paid for interest expense on borrowings	(139,409,536)	(175,157,019)	(139,409,536)	(175,157,019)
Cash paid for liabilities under lease agreement	(1,004,323)	-	(425,149)	-
Net cash used in financing activities	(1,650,726,294)	(1,394,066,948)	(1,650,147,120)	(1,394,066,948)
Net increase (decrease) in cash and cash equivalents	50,201,973	(5,079,888)	50,291,593	(5,112,167)
Cash and cash equivalents at beginning of the periods	304,773,615	244,063,962	304,402,418	243,927,962
Cash and cash equivalents at end of the periods	354,975,588	238,984,074	354,694,011	238,815,795
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Assets received in settlement of loans and receivables	6,010,000	91,482,400	6,010,000	91,482,400
Account payable for acquisition of equipment	2,141,107	2,719,190	753,437	1,059,508

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 six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Consolidated financial statements						
	Equity attributable to the Bank's shareholders				Equity attributable to minority shareholders		
	Issued and paid-up share capital		Revaluation surplus (deficit) on of investments	Deficit	Total equity attributable to the Bank's shareholders	to minority shareholders of subsidiaries	Total
	Preference shares	Ordinary shares					
Balance as at 31 December 2008	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
Revenue (expenses) recognised directly in equity:							
Revaluation deficit on investments	-	-	(29,782,001)	-	(29,782,001)	-	(29,782,001)
Revenue (expenses) recognised directly in equity	-	-	(29,782,001)	-	(29,782,001)	-	(29,782,001)
Recognised revaluation deficit on investments in statement of income	-	-	5,175,000	-	5,175,000	-	5,175,000
Net income (losses)	-	-	-	205,086,776	205,086,776	(2,705,077)	202,381,699
Total revenue (expenses) for the period	-	-	(24,607,001)	205,086,776	180,479,775	(2,705,077)	177,774,698
Conversion of preference shares to ordinary shares	(7,460,000)	7,460,000	-	-	-	-	-
Balance as at 30 June 2009	<u>5,025,284,130</u>	<u>10,879,245,320</u>	<u>(40,455,825)</u>	<u>(3,178,687,496)</u>	<u>12,685,386,129</u>	<u>103,804,724</u>	<u>12,789,190,853</u>
	-	-	-	-	-	-	-
Balance as at 31 December 2009	27,874,710	15,876,654,740	73,666,028	(2,854,700,075)	13,123,495,403	70	13,123,495,473
Revenue (expenses) recognised directly in equity:							
Revaluation surplus on investments	-	-	176,747,771	-	176,747,771	-	176,747,771
Revenue (expenses) recognised directly in equity	-	-	176,747,771	-	176,747,771	-	176,747,771
Net income	-	-	-	249,148,825	249,148,825	-	249,148,825
Total revenue (expenses) for the period	-	-	176,747,771	249,148,825	425,896,596	-	425,896,596
Conversion of preference shares to ordinary shares	(538,300)	538,300	-	-	-	-	-
Balance as at 30 June 2010	<u>27,336,410</u>	<u>15,877,193,040</u>	<u>250,413,799</u>	<u>(2,605,551,250)</u>	<u>13,549,391,999</u>	<u>70</u>	<u>13,549,392,069</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 six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital		Revaluation surplus (deficit)		Total
	Preference shares	Ordinary shares	on of investments	Deficit	
Balance as at 31 December 2008	5,032,744,130	10,871,785,320	(15,848,824)	(3,300,043,776)	12,588,636,850
Revenue (expenses) recognised directly in equity:					
Revaluation deficit on investments	-	-	(29,782,001)	-	(29,782,001)
Revenue (expenses) recognised directly in equity	-	-	(29,782,001)	-	(29,782,001)
Recognised revaluation deficit on investments in statements of income	-	-	5,175,000	-	5,175,000
Net income	-	-	-	156,410,546	156,410,546
Total revenue (expenses) for the period	-	-	(24,607,001)	156,410,546	131,803,545
Conversion of preference shares to ordinary shares	(7,460,000)	7,460,000	-	-	-
Balance as at 30 June 2009	<u>5,025,284,130</u>	<u>10,879,245,320</u>	<u>(40,455,825)</u>	<u>(3,143,633,230)</u>	<u>12,720,440,395</u>
Balance as at 31 December 2009	27,874,710	15,876,654,740	73,666,028	(2,884,495,844)	13,093,699,634
Revenue (expenses) recognised directly in equity:					
Revaluation surplus on investments	-	-	176,747,771	-	176,747,771
Revenue (expenses) recognised directly in equity	-	-	176,747,771	-	176,747,771
Net income	-	-	-	196,863,051	196,863,051
Total revenue (expenses) for the period	-	-	176,747,771	196,863,051	373,610,822
Conversion of preference shares to ordinary shares	(538,300)	538,300	-	-	-
Balance as at 30 June 2010	<u>27,336,410</u>	<u>15,877,193,040</u>	<u>250,413,799</u>	<u>(2,687,632,793)</u>	<u>13,467,310,456</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”)**

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2010

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 30 June 2010 and 31 December 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.

During the first quarter of 2010, all conditions precedent were satisfied.

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 30 June 2010, Industrial and Commercial Bank of China Limited is the parent company of the Bank, holding 97.24 % of its paid-up share capital (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. The delisting application is in the process of being approved by the relevant authorities.

As at 30 June 2010 and 31 December 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 interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standard No. 34 (revised 2007) "Interim Financial Statements", with the Bank and its subsidiary choosing to present condensed interim financial statements. However, the Bank and its subsidiary have presented the balance sheets and the statements of income, changes in shareholders' equity and cash flows in the same format as that used for the annual 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 30 June 2010 and 31 December 2009 from the consolidated balance sheet as at 30 June 2010 and 31 December 2009 and the inclusion of the statement of income of such company for the six-month period ended 30 June 2009 in the consolidated statement of income for six-month period ended 30 June 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 total assets				Percentage of total revenues	
		Percentage of shares held		of subsidiaries included in		of subsidiaries included in	
		by the Bank as at		consolidated totals as at		consolidated totals for	
		30 June	31 December	30 June	31 December	30 June	30 June
Company's name	Type of business	2010	2009	2010	2009	2010	2009
ACL Securities Company Limited	Securities business	-	-	-	-	-	1.09
Leasing Sinn Asia Company Limited	Hire purchase business	99.99	99.99	20.58	14.26	28.45	17.67

- (b) Subsidiaries are 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 for the same reporting period as the Bank, 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 the subsidiaries that are 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 under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

The Federation of Accounting Professions has issued Notification No. 17/2553, regarding new accounting standards and financial reporting standards. These are not effective for the current year, except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective.

		<u>Effective date</u>
Framework for the Preparation and Presentation of Financial Statements (revised 2009)		Immediate
TAS 1 (revised 2009)	Presentation of Financial Statements	1 January 2011
TAS 2 (revised 2009)	Inventories	1 January 2011
TAS 7 (revised 2009)	Statement of Cash Flows	1 January 2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011
TAS 10 (revised 2009)	Events after the Reporting Period	1 January 2011
TAS 11 (revised 2009)	Construction Contracts	1 January 2011
TAS 12	Income Taxes	1 January 2013
TAS 17 (revised 2009)	Leases	1 January 2011
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
TAS 23 (revised 2009)	Borrowing Costs	1 January 2011
TAS 24 (revised 2009)	Related Party Disclosures	1 January 2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	1 January 2011
TAS 28 (revised 2009)	Investments in Associates	1 January 2011
TAS 29	Financial Reporting in Hyperinflationary Economies	1 January 2011
TAS 31 (revised 2009)	Interests in Joint Ventures	1 January 2011
TAS 33 (revised 2009)	Earnings per Share	1 January 2011
TAS 34 (revised 2009)	Interim Financial Reporting	1 January 2011
TAS 36 (revised 2009)	Impairment of Assets	1 January 2011

		<u>Effective date</u>
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2011
TAS 38 (revised 2009)	Intangible Assets	1 January 2011
TAS 40 (revised 2009)	Investment Property	1 January 2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2011

The management of the Bank and its subsidiary have assessed the effect of TAS2 (revised 2009), TAS11 (revised 2009), TAS20 (revised 2009), TAS29, TAS31 (revised 2009) and TFRS6 are not relevant to the business of the Bank and its subsidiary while the other accounting standards and financial reporting standards will not have any significant impact on the financial statements for the year in which they are initially applied. This excludes TAS12 and TAS40 (revised 2009) for which management is still evaluating the first-year impact to the financial statements, and has yet to reach a conclusion.

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) Gains (losses) on investments

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

(f) Gains (losses) on derivatives trading

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

(g) 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 expense throughout the contract period, using the effective interest method, with the amortisation deducted from interest income.

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

Investments in securities held for trading are presented at fair value. Unrealised gains or losses arising from changes in value of such securities are included in statements of income.

Investments in available-for-sales securities, both held as short-term and long-term investments, are presented at fair value. Changes in value of such securities are shown as a separate item in shareholders' equity until the securities are sold, when the changes are then included in statements of income.

Investments in debt securities intended to be held to maturity, are presented at amortised cost. Premiums/discounts on debt securities are amortised, using the effective yield rate method. The amortised amount is presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as general investments, are valued at cost less allowance for impairment (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 value of investment units is based on their net asset value as at the balance sheet dates.

Losses on impairment (if any) of investments in available-for-sale securities, held-to-maturity debt securities and general investments are recognised in statements of income.

The weighted average method is used for computation of the cost of investments when disposed.

In cases where there is reclassification of investment type, the investments are presented at their fair values prevailing on the reclassification dates. Differences between the carrying amount of the investments and their respective fair values on those dates are charged to statements of income or recorded as revaluation surplus (deficit) on investments, which is presented as a separate item within shareholders' equity, according to the type of the reclassified investments.

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 receivable. 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 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 receivable 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 receivable. 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 expenses 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.

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 expense 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 sheet 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 expense in the statements of income. Impairment losses relating to goodwill cannot be reversed in future periods.

4.15 Long-term lease agreements

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.

4.16 Impairment of assets

The Bank and its subsidiary assess at each reporting date whether there is an indication that an asset may be impaired and assess annually for impairment on goodwill. The Bank and its subsidiary recognise losses on impairment when an asset's recoverable amount is lower than its carrying value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

In determining fair value less costs to sell, the Bank and its subsidiary assess value that reflects the amount that the Bank could obtain from the disposal of the asset in an arm's length transaction between knowledgeable and willing parties, after deducting the costs of disposal.

In determining value in use, the Bank and its subsidiary estimate future cash flows to be generated from the use of such assets, discounted 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.

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 subsidiaries 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

Foreign currency transactions are translated into Baht at the exchange rates announced by the Bank of Thailand on the transaction dates. Assets and liabilities denominated in foreign currencies and off-balance sheets transactions, which are outstanding on the balance sheet dates, are translated into Baht at the exchange rates announced by the Bank of Thailand on the balance sheet dates.

Gains and losses on such foreign currency translations are included in statements of 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 for in the accounts 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 may require 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. The significant accounting judgments and estimates are as follow:

5.1 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded or for which quoted market prices are not readily available, the management exercise judgment, using valuation criteria and models, in which the variables used are taken from the observable markets, taking into consideration of liquidity, correlation and longer-term volatility of financial instruments.

5.2 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.

5.3 Allowance for impairment on investments in securities

The Bank and its subsidiary will set aside allowance for impairment on investments in available-for-sale securities and general investments when the fair value of such investments is significantly reduced for a long period of time. Conclusion on either "the fair value is significantly reduced" or "such reduction is prolonged for a period of time" requires management's judgment.

5.4 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.

5.5 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.

5.6 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.

5.7 Litigation

The Bank has contingent liabilities as a result of litigation being made against the Bank for claims of compensation. The management uses judgment to assess of the outcome of those litigations and provisions for liabilities are recognised as at the balance sheet dates. However, actual results could differ from the estimates.

5.8 Recognition and derecognition of assets and liabilities.

In considering whether to recognise or to derecognise assets and 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.

6. Interbank and money market items (assets)

(Unit: Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	137,937,932	-	137,937,932	222,444,512	980,000,000	1,202,444,512
Commercial banks	190,803,945	6,400,000,000	6,590,803,945	139,280,200	5,000,000,000	5,139,280,200
Other financial institution	-	40,000,000	40,000,000	-	140,000,000	140,000,000
Total	328,741,877	6,440,000,000	6,768,741,877	361,724,712	6,120,000,000	6,481,724,712
Add: Accrued interest receivables	7,022	221,041	228,063	3,517	442,082	445,599
Less: Allowance for doubtful accounts	-	(615,200)	(615,200)	-	(1,400,000)	(1,400,000)
Domestic items - net	328,748,899	6,439,605,841	6,768,354,740	361,728,229	6,119,042,082	6,480,770,311
Foreign items						
USD currency	6,887,294	388,113,107	395,000,401	13,714,200	-	13,714,200
AUD currency	1,379,171	-	1,379,171	1,488,839	-	1,488,839
Yen currency	66,959	-	66,959	105,942	-	105,942
Euro currency	172,717	-	172,717	553,938	-	553,938
Pound sterling currency	1,114,257	-	1,114,257	1,064,564	-	1,064,564
Other currencies	1,388,944	-	1,388,944	1,461,659	-	1,461,659
Total	11,009,342	388,113,107	399,122,449	18,389,142	-	18,389,142
Add: Accrued interest receivables	-	74,734	74,734	-	-	-
Less: Allowance for doubtful accounts	-	(3,033,045)	(3,033,045)	-	-	-
Total foreign items	11,009,342	385,154,796	396,164,138	18,389,142	-	18,389,142
Total domestic and foreign items	339,758,241	6,824,760,637	7,164,518,878	380,117,371	6,119,042,082	6,499,159,453

(Unit: Baht)

	Separate financial statements					
	30 June 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	137,937,932	-	137,937,932	222,444,512	980,000,000	1,202,444,512
Commercial banks	97,230,279	6,400,000,000	6,497,230,279	44,795,710	5,000,000,000	5,044,795,710
Other financial institution	-	40,000,000	40,000,000	-	140,000,000	140,000,000
Total	235,168,211	6,440,000,000	6,675,168,211	267,240,222	6,120,000,000	6,387,240,222
Add: Accrued interest receivables	-	221,041	221,041	-	442,082	442,082
Less: Allowance for doubtful accounts	-	(615,200)	(615,200)	-	(1,400,000)	(1,400,000)
Domestic items - net	235,168,211	6,439,605,841	6,674,774,052	267,240,222	6,119,042,082	6,386,282,304
Foreign items						
USD currency	6,887,294	388,113,107	395,000,401	13,714,200	-	13,714,200
AUD currency	1,379,171	-	1,379,171	1,488,839	-	1,488,839
Yen currency	66,959	-	66,959	105,942	-	105,942
Euro currency	172,717	-	172,717	553,938	-	553,938
Pound sterling currency	1,114,257	-	1,114,257	1,064,564	-	1,064,564
Other currencies	1,388,944	-	1,388,944	1,461,659	-	1,461,659
Total	11,009,342	388,113,107	399,122,449	18,389,142	-	18,389,142
Add: Accrued interest receivables	-	74,734	74,734	-	-	-
Less: Allowance for doubtful accounts	-	(3,033,045)	(3,033,045)	-	-	-
Total foreign items	11,009,342	385,154,796	396,164,138	18,389,142	-	18,389,142
Total domestic and foreign items	246,177,553	6,824,760,637	7,070,938,190	285,629,364	6,119,042,082	6,404,671,446

7. Investments

7.1 Classified by types of investments

(Unit: Baht)

	Consolidated and separate financial statements			
	30 June 2010		31 December 2009	
	Cost/ Amortised cost	Fair Value	Cost/ Amortised cost	Fair Value
<u>Current investments</u>				
Trading securities				
Domestic marketable equity securities	53,229,618	51,755,522	67,168,595	64,970,241
Total	53,229,618	51,755,522	67,168,595	64,970,241
Less: Allowance for revaluation	(1,474,096)	-	(2,198,354)	-
Trading securities – net	51,755,522	51,755,522	64,970,241	64,970,241
Available-for-sale securities				
Government and state enterprises securities	2,948,976,038	2,951,235,530	2,871,047,497	2,875,152,503
Private sector debt securities	441,705,239	365,511,209	106,724,831	25,197,326
Foreign debt securities	-	-	166,711,777	166,802,289
Total	3,390,681,277	3,316,746,739	3,144,484,105	3,067,152,118
Add: Allowance for revaluation	7,758,762	-	4,361,313	-
Less: Allowance for impairment	(81,693,300)	-	(81,693,300)	-
Available-for-sale securities - net	3,316,746,739	3,316,746,739	3,067,152,118	3,067,152,118
Held-to-maturity debt securities				
Private sector debt securities	150,000,000		150,000,000	
Total held-to-maturity debt securities	150,000,000		150,000,000	
Current investments – net	3,518,502,261		3,282,122,359	
<u>Long-term investments</u>				
Available-for-sale securities				
Government and state enterprises securities	2,634,227,444	2,639,057,500	1,558,223,599	1,556,897,057
Private sector debt securities	20,144,563	20,709,663	370,135,686	373,827,316
Foreign debt securities	2,535,066,592	2,759,888,718	2,619,869,155	2,681,600,587
Domestic marketable equity securities	45,318,691	50,781,447	45,318,691	43,521,113
Total	5,234,757,290	5,470,437,328	4,593,547,131	4,655,846,073
Add: Allowance for revaluation	240,855,038	-	67,473,942	-
Less: Allowance for impairment	(5,175,000)	-	(5,175,000)	-
Available-for-sale securities - net	5,470,437,328	5,470,437,328	4,655,846,073	4,655,846,073
Held-to-maturity debt securities				
Government and state enterprises securities	1,034,031,772		1,105,031,772	
Private sector debt securities	400,000,000		400,000,000	
Total	1,434,031,772		1,505,031,772	
Less: Allowance for impairment	(222,000,000)		(222,000,000)	
Held-to-maturity debt securities - net	1,212,031,772		1,283,031,772	
General investments				
Domestic non-marketable equity securities	479,355,347		479,855,347	
Less: Allowance for impairment	(378,030,877)		(378,030,877)	
General investments – net	101,324,470		101,824,470	
Long-term investments - net	6,783,793,570		6,040,702,315	

As at 30 June 2010 and 31 December 2009, investments of the Bank and its subsidiary were not subject to any restrictions on their holding and disposal, except that government bonds of Baht 1 million which the Bank holds as long-term available-for-sale securities and has placed them as collateral with the Court since 20 July 2009 in place of the bonds in which the Bank invested in accordance with an agreement with the Ministry of Finance under the Tier I capital support scheme (placed them as collateral with the Court on 14 February 2009) because these bonds matured on 23 November 2009.

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

(Unit: Baht)

	Consolidated and separate financial statements			
	30 June 2010			
	Periods to maturity			
	1 year	Over 1 year to 5 years	Over 5 years	Total
Available-for-sale securities				
Government and state enterprises securities	2,948,976,038	2,634,227,444	-	5,583,203,482
Private sector debt securities	441,705,239 ⁽¹⁾	20,144,563	-	461,849,802
Foreign debt securities	-	1,366,731,837	1,168,334,755	2,535,066,592
Total	3,390,681,277	4,021,103,844	1,168,334,755	8,580,119,876
Add: Allowance for revaluation	7,758,762	114,138,492	116,078,789	237,976,043
Less: Allowance for impairment	(81,693,300)	-	-	(81,693,300)
Available-for-sale securities - net	3,316,746,739	4,135,242,336	1,284,413,544	8,736,402,619
Held-to-maturity debt securities				
Government and state enterprises securities	-	1,034,031,772	-	1,034,031,772
Private sector debt securities	150,000,000	400,000,000	-	550,000,000
Total	150,000,000	1,434,031,772	-	1,584,031,772
Less: Allowance for impairment	-	(222,000,000)	-	(222,000,000)
Held-to-maturity debt securities - net	150,000,000	1,212,031,772	-	1,362,031,772
Debt securities - net	3,466,746,739	5,347,274,108	1,284,413,544	10,098,434,391

⁽¹⁾ 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
Available-for-sale securities				
Government and state enterprises securities	2,871,047,497	1,558,223,599	-	4,429,271,096
Private sector debt securities	106,724,831 ⁽¹⁾	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
Held-to-maturity debt securities				
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
Debt securities - net	3,217,152,118	4,148,603,098	1,746,753,634	9,112,508,850

⁽¹⁾ 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						
	30 June 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	395,064,937	11,869,180	(383,095,757)	395,064,937	11,869,180	(383,095,757)
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 are accounted for under the cost method in the separate financial statements.

(Unit: Baht)

30 June 2010					
Company's name	Type of invested in securities	Paid-up capital	Shareholding percentage	Cost method	Dividend received during the six-month period ended 30 June 2010
			%		
Leasing Sinn Asia Company Limited	Ordinary shares	1,000,000,000	99.99	999,999,930	-
Total investment in a subsidiary				999,999,930	-

(Unit: Baht)

31 December 2009					
Company's name	Type of invested in securities	Paid-up capital	Shareholding percentage	Cost method	Dividend received during the six-month period ended 30 June 2009
			%		
Leasing Sinn Asia Company Limited	Ordinary shares	1,000,000,000	99.99	999,999,930	-
Total investment in a subsidiary				999,999,930	-

The Board of Directors' Meeting No.6/2010 held on 9 July 2010 passed the following resolutions.

- 1) To approve the increase of the capital of Leasing Sinn Asia Company Limited.
- 2) To authorize the Board of Executive Directors to decide on the amount and timing of the capital injection into Leasing Sinn Asia Company Limited.

In respect of the above resolutions, the subsidiary will increase its capital to Baht 3 billion by issuing 200 million new ordinary shares with a par value of Baht 10 each, and the Bank is to purchase all additional shares. On 15 July 2010, the Bank made share payment of Baht 1.5 billion following the subsidiary's partial call of the shares.

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 30 June 2010 and 31 December 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>
Asset	
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>
Liabilities	
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 investment in a subsidiary recognised in the consolidated financial statements	<u>29,113,922</u>
Selling price	396,851,972
Less: Investment in a subsidiary under cost method on the selling date	<u>(396,851,972)</u>
Gain on disposal of investment in a subsidiary recognised in the separate financial statements	<u>-</u>

The consolidated statements of income and cash flows for the six-month period ended 30 June 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 six-month period ended 30 June 2009			
	Continuing operations	Discontinued operations	Elimination entries	Total
Interest and dividend income				
Loans	1,067,813,593	17,397,615	-	1,085,211,208
Interbank and money market items	62,542,583	1,193,195	(788,609)	62,947,169
Hire purchase and financial lease income	287,376,879	-	-	287,376,879
Investments	223,768,142	300,000	-	224,068,142
Total interest and dividend income	1,641,501,197	18,890,810	(788,609)	1,659,603,398
Interest expense				
Deposits	422,426,459	-	-	422,426,459
Interbank and money market items	41,291,659	838,921	(788,609)	41,341,971
Borrowings	152,317,859	-	-	152,317,859
Fees and charges	-	738,974	-	738,974
Total interest expense	616,035,977	1,577,895	(788,609)	616,825,263
Net interest and dividend income	1,025,465,220	17,312,915	-	1,042,778,135
Bad debt and doubtful accounts	(564,554,472)	252,422	-	(564,302,050)
Reversal of loss on debt restructuring	6,576,340	-	-	6,576,340
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	467,487,088	17,565,337	-	485,052,425
Non-interest income				
Brokerage fees from securities business	-	43,595,032	(1,769,436)	41,825,596
Brokerage fees from derivatives business	-	5,980,246	-	5,980,246
Gains on investments	189,730,923	16,398,725	-	206,129,648
Gains on derivatives trading	-	4,438,800	-	4,438,800
Fees and services income	41,192,832	7,170,050	-	48,362,882
Gains on exchange	18,595,268	-	-	18,595,268
Gains (losses) on disposals of assets	68,215,102	(2,442,636)	-	65,772,466
Bad debts recovery	109,986,252	-	-	109,986,252
Other income	10,024,623	188,257	-	10,212,880
Total non-interest income	437,745,000	75,328,474	(1,769,436)	511,304,038
Net revenue	905,232,088	92,893,811	(1,769,436)	996,356,463

(Unit: Baht)

Consolidated financial statements				
For the six-month period ended 30 June 2009				
	Continuing operations	Discontinued operations	Elimination entries	Total
Non-interest expense				
Personnel expenses	278,718,512	60,331,507	-	339,050,019
Premises and equipment expenses	84,484,910	27,919,988	-	112,404,898
Taxes and duties	50,579,069	654,883	-	51,233,952
Fees and service expenses	21,104,491	17,470,261	(1,769,436)	36,805,316
Directors' remuneration	8,700,000	1,101,900	-	9,801,900
Contributions to Deposit Protection Agency	62,615,668	-	-	62,615,668
Losses on impairment of properties foreclosed and other assets	20,423,323	-	-	20,423,323
Other expenses	48,262,853	5,678,027	-	53,940,880
Total non-interest expense	574,888,826	113,156,566	(1,769,436)	686,275,956
Earnings (loss) before income tax	330,343,262	(20,262,755)	-	310,080,507
Income tax	(107,698,808)	-	-	(107,698,808)
Net income (loss)	222,644,454	(20,262,755)	-	202,381,699
Net income (loss) attributable to:				
Equity holders of the Bank	222,644,454	(17,557,678)	-	205,086,776
Minority shareholders of the subsidiaries	-	(2,705,077)	-	(2,705,077)
	222,644,454	(20,262,755)	-	202,381,699

(Unit: Baht)

Consolidated financial statements				
For the six-month period ended 30 June 2009				
	Continuing operations	Discontinued operations	Elimination entries	Total
Cash flows from operating activities				
Earnings (losses) before income tax	330,343,262	(20,262,755)	-	310,080,507
Adjustments to reconcile earnings (losses) before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	52,564,353	11,232,691	-	63,797,044
Gains on disposals of equipment	(1,721,017)	(17,268)	-	(1,738,285)
Gains on disposals of properties foreclosed	(66,494,085)	-	-	(66,494,085)
Gains on investments	(189,730,922)	(16,398,726)	-	(206,129,648)
Gains on derivatives trading	-	(4,438,800)	-	(4,438,800)
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	564,554,472	(192,871)	-	564,361,601
Reversal of loss on debt restructuring	(6,576,340)	-	-	(6,576,340)
Unrealised loss on exchange and derivatives	4,891,784	-	-	4,891,784
Decrease in expense as a result of transferring receivables under Legal Execution Department	(462,325)	-	-	(462,325)
Losses on impairment and write-off of equipment and intangible assets	21,417	2,459,903	-	2,481,320
Losses on impairment of properties foreclosed and other assets	20,423,324	-	-	20,423,324
Other income from revaluation of other receivables	(3,753,466)	-	-	(3,753,466)
(Decrease) increase in other accrued expenses	(30,881,050)	1,067,148	-	(29,813,902)
Income (loss) from operating activities before changes in operating assets and liabilities	673,179,407	(26,550,678)	-	646,628,729
(Increase) decrease in operating assets				
Interbank and money market items	1,120,265,237	(60,020,395)	28,243,461	1,088,488,303
Current investments	2,357,306,376	59,201,526	-	2,416,507,902
Receivables from Clearing House	-	(69,701,767)	-	(69,701,767)
Loans	(251,969,465)	683,036	-	(251,286,429)
Properties foreclosed	148,175,991	-	-	148,175,991
Receivable on Credit Support Annex for derivative contracts	16,773,024	-	-	16,773,024
Other assets	184,179,901	(1,905,592)	(32,148,423)	150,125,886

(Unit: Baht)

	Consolidated financial statements			
	For the six-month period ended 30 June 2009			
	Continuing operations	Discontinued operations	Elimination entries	Total
Increase (decrease) in operating liabilities				
Deposits	(5,625,856,255)	38,524,862	-	(5,587,331,393)
Interbank and money market items	(408,789,278)	20,000,000	(28,200,000)	(416,989,278)
Liabilities payable on demand	(195,449,629)	-	-	(195,449,629)
Payables to Clearing House	-	(29,962,641)	-	(29,962,641)
Securities and derivatives business payables	-	65,250,663	32,148,423	97,399,086
Other liabilities	76,623,481	4,634,538	(43,461)	81,214,558
Cash provided by (used in) operating activities	(1,905,561,210)	153,552	-	(1,905,407,658)
Interest and dividend income	(1,641,501,197)	(18,890,810)	788,609	(1,659,603,398)
Interest expenses	616,035,977	838,921	(788,609)	616,086,289
Cash received on interest income	1,459,721,054	18,763,126	(565,040)	1,477,919,140
Cash paid on interest expenses	(534,746,001)	(851,163)	565,040	(535,032,124)
Cash paid on income tax	(67,451,875)	(238,208)	-	(67,690,083)
Net cash used in operating activities	(2,073,503,252)	(224,582)	-	(2,073,727,834)
Cash flows from investing activities				
Decrease in long-term investments	3,160,654,488	-	-	3,160,654,488
Cash received on interest income from investments	302,235,039	-	-	302,235,039
Cash received on dividend income	6,749,673	300,000	-	7,049,673
Cash received on disposals of equipment	2,456,485	94,308	-	2,550,793
Cash paid for purchases of equipment	(5,754,633)	-	-	(5,754,633)
Cash paid for acquisition of intangible assets	(3,840,740)	(179,726)	-	(4,020,466)
Net cash provided by investing activities	3,462,500,312	214,582	-	3,462,714,894
Cash flows from financing activities				
Decrease in borrowings	(1,218,909,929)	-	-	(1,218,909,929)
Cash paid on interest expense on borrowings	(175,157,019)	-	-	(175,157,019)
Net cash used in financing activities	(1,394,066,948)	-	-	(1,394,066,948)
Net decrease in cash and cash equivalents	(5,069,888)	(10,000)	-	(5,079,888)
Cash and cash equivalents at beginning of the period	244,018,962	45,000	-	244,063,962
Cash and cash equivalents at end of the period	238,949,074	35,000	-	238,984,074

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		Consolidated financial statements		Separate financial statements	
			percentage		Equity method		Cost method	
			30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009
			%	%				
Finansia Syrus Securities								
Public Company								
Limited	Securities business	Thailand	24.51	24.51	268	259	255	255
Total investment in an associated company					268	259	255	255

(Unit: Million Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Shares of profit from investment in an associated company		Dividends received	
	For the three-month periods ended		For the three-month periods ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Finansia Syrus Securities Public Company				
Limited	7.7	- ⁽¹⁾	1.6	- ⁽¹⁾

⁽¹⁾ During such period, the Bank did not have investment in such company.

(Unit: Million Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Shares of profit from investment in an associated company		Dividends received	
	For the six-month periods ended		For the six-month periods ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Finansia Syrus Securities Public Company				
Limited	10.1	- ⁽¹⁾	1.6	- ⁽¹⁾

⁽¹⁾ During such period, the Bank did not have investment in such company.

The profit sharing from investment in an associated company for the three-month and six-month periods ended 30 June 2010, amounting to Baht 7.7 million and Baht 10.1 million, respectively, was calculated from management accounts of the associated company as shown in Note 7.6.2 (For the three-month and six-month periods ended 30 June 2009, there was no profit sharing from investment in the associated company as the Bank did not have investment in such company during such period).

7.6.2 Financial information of the associated company as at 30 June 2010 and 31 December 2009 and for the six-month periods ended 30 June 2010 and 2009, as summarised from its financial statements, which were prepared by the management of the associated company, is presented below.

(Unit: Million Baht)

Company's name	Paid-up share capital		Total assets		Total liabilities		Total revenue for the six-month periods ended		Net income (loss) for the six-month periods ended	
	30	31	30	31	30	31	30 June		30 June	
	June	December	June	December	June	December	2010		2009	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Finansia Syrus Securities Public Company Limited	516	516	2,284	1,950	1,126	806	485	104	21	(36)

7.6.3 As at 30 June 2010 and 31 December 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 164 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, is presented below.

(Unit: Baht)

Consolidated and separate financial statements

Company's name	Type of business	Type of invested in securities	Nature of relationship	30 June 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						20,389,570

(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						20,389,570

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 30 June 2010 and 31 December 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 30 June 2010 and 31 December 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 30 June 2010 and 31 December 2009 were Baht 1,034 million and Baht 1,105 million, respectively.

During the six-month periods ended 30 June 2010 and 2009, the Bank recognised interest income on promissory notes from TAMC totaling Baht 4 million and Baht 7 million, respectively.

7.9 Gains on investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended		For the three-month periods ended	
	30 June		30 June	
	2010	2009	2010	2009
Gains (losses) on revaluation of trading securities	(1,095,224)	4,924,590	(1,095,224)	3,326,823
Gains on sale of investments:				
Trading securities	2,361,526	31,783,301	2,361,526	14,588,477
Available-for-sale securities	10,973,576	98,132,138	10,973,576	98,132,138
General investments	1,021,514	810,000	1,021,514	810,000
Losses on impairment of investments:				
Available-for-sale securities	-	(5,175,000)	-	(5,175,000)
Total gains on investments	<u>13,261,392</u>	<u>130,475,029</u>	<u>13,261,392</u>	<u>111,682,438</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2010	2009	2010	2009
Gains on revaluation of trading securities	724,258	943,277	724,258	1,518,687
Gains (losses) on sale of investments:				
Trading securities	(268,066)	32,623,975	(268,066)	15,649,839
Available-for-sale securities	17,485,718	175,898,796	17,485,718	175,898,796
General investments	1,021,514	2,560,000	1,021,514	2,560,000
Losses on impairment of investments:				
Available-for-sale securities	-	(5,175,000)	-	(5,175,000)
General investments	-	(721,400)	-	(721,400)
Investments in a subsidiary	-	-	-	(69,593,163)
Total gains on investments	<u>18,963,424</u>	<u>206,129,648</u>	<u>18,963,424</u>	<u>120,137,759</u>

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

(Unit: Baht)

	30 June 2010	31 December 2009
Equity attributable to the Bank's shareholders in the separate financial statements	13,467,310,456	13,093,699,634
<u>Reconciled items</u>		
Accumulated share of gains (losses) from investments under equity method	283,446,253	(269,126,606)
Accumulated dividend received from 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	82,081,543	29,795,769
Equity attributable to the Bank's shareholders in the consolidated financial statements	13,549,391,999	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	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Loans and receivables:				
Overdrafts	1,086,725,342	1,185,347,873	1,086,725,342	1,185,347,873
Loans	21,327,331,778	24,150,715,811	21,065,045,594	23,872,636,124
Notes receivable	11,211,688,474	13,586,594,432	22,954,788,474	21,090,594,432
Hire purchase and financial lease receivables	13,430,731,018	9,104,550,932	-	1,690,307
Total loans and receivables	47,056,476,612	48,027,209,048	45,106,559,410	46,150,268,736
Add: Accrued interest receivables	63,879,976	141,942,544	65,079,929	143,566,776
Total loans, receivables and accrued interest receivables	47,120,356,588	48,169,151,592	45,171,639,339	46,293,835,512
Less: Allowance for doubtful accounts	(1,688,133,172)	(1,419,466,897)	(1,495,726,853)	(1,276,577,593)
Allowance for revaluation on debt restructuring	(12,019,800)	(12,358,109)	(12,019,800)	(12,358,109)
Loans, receivables and accrued interest receivables - net	45,420,203,616	46,737,326,586	43,663,892,686	45,004,899,810

8.2 Classified by remaining periods to maturity of loan agreements

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Not over 1 year	19,524,365,463	22,309,094,923	19,636,357,316	20,650,717,267
Over 1 year	27,532,111,149	25,718,114,125	25,470,202,094	25,499,551,469
Total loans	47,056,476,612	48,027,209,048	45,106,559,410	46,150,268,736
Add: Accrued interest receivables	63,879,976	141,942,544	65,079,929	143,566,776
Total loans and accrued interest receivables	47,120,356,588	48,169,151,592	45,171,639,339	46,293,835,512

8.3 Classified by currency and residency of debtors

(Unit: Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	47,043,662,531	-	47,043,662,531	48,022,545,022	-	48,022,545,022
US dollar	65,954,489	-	65,954,489	111,720,980	-	111,720,980
Euro	10,739,568	-	10,739,568	34,885,590	-	34,885,590
Total loans and accrued interest receivables	47,120,356,588	-	47,120,356,588	48,169,151,592	-	48,169,151,592

(Unit: Baht)

	Separate financial statements					
	30 June 2010			31 December 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	45,094,945,282	-	45,094,945,282	46,147,228,942	-	46,147,228,942
US dollar	65,954,489	-	65,954,489	111,720,980	-	111,720,980
Euro	10,739,568	-	10,739,568	34,885,590	-	34,885,590
Total loans and accrued interest receivables	45,171,639,339	-	45,171,639,339	46,293,835,512	-	46,293,835,512

8.4 Classified by types of business and loan classification

(Unit: Baht)

Consolidated financial statements						
30 June 2010						
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	457,309,410	-	-	3,538,584	2,636,275	463,484,269
Manufacturing and commerce	19,137,318,807	175,610,240	96,805,353	845,523,234	967,517,609	21,222,775,243
Real estate and construction	3,512,546,086	66,518,131	358,356,069	44,306,312	360,907,798	4,342,634,396
Public utilities and services	4,433,573,676	81,689,557	300,311,115	6,940,957	44,715,480	4,867,230,785
Housing loans	94,865,611	15,233,055	2,468,878	3,126,603	25,726,540	141,420,687
Others	14,297,919,136	1,469,302,927	128,454,237	87,637,497	99,497,411	16,082,811,208
Total loans and accrued interest receivables	<u>41,933,532,726</u>	<u>1,808,353,910</u>	<u>886,395,652</u>	<u>991,073,187</u>	<u>1,501,001,113</u>	<u>47,120,356,588</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						
30 June 2010						
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	457,309,410	-	-	3,538,584	2,636,275	463,484,269
Manufacturing and commerce	30,619,332,575	175,610,240	96,805,353	845,523,234	967,517,609	32,704,789,011
Real estate and construction	3,512,546,086	66,518,131	358,356,069	44,306,312	360,907,798	4,342,634,396
Public utilities and services	4,433,573,676	81,689,557	300,311,115	6,940,957	44,715,480	4,867,230,785
Housing loans	94,865,611	15,233,055	2,468,878	3,126,603	25,726,540	141,420,687
Others	2,177,082,569	453,289,614	-	-	21,708,008	2,652,080,191
Total loans and accrued interest receivables	<u>41,294,709,927</u>	<u>792,340,597</u>	<u>757,941,415</u>	<u>903,435,690</u>	<u>1,423,211,710</u>	<u>45,171,639,339</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	43,064,797,731	687,232,554	723,367,292	896,276,007	922,161,928	46,293,835,512

8.5 Classified by loan classification

(Unit: Baht)

Consolidated financial statements				
30 June 2010				
	Loans and accrued interest receivables	Debt balance after collateral ⁽¹⁾	Minimum percentage	Allowance for doubtful accounts provided in the accounts
			%	
Pass	41,933,532,726	18,037,430,223	1	297,805,302
Special-mention	1,808,353,910	765,160,329	2	15,303,206
Sub-standard	886,395,652	126,991,800	100	126,991,800
Doubtful	991,073,187	618,493,621	100	618,493,621
Doubtful of loss	1,501,001,113	419,512,479	100	419,512,479
Total	47,120,356,588	19,967,588,452		1,478,106,408
Specific provision in accordance with qualitative criteria				210,026,764
Total				1,688,133,172

⁽¹⁾ 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 ⁽¹⁾	Minimum percentage	Allowance for doubtful accounts provided in the accounts
			%	
Pass	43,533,456,962	30,015,113,526	1	300,151,136
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>31,303,665,307</u>		996,028,580
Specific provision in accordance with qualitative criteria				<u>423,438,317</u>
Total				<u>1,419,466,897</u>

⁽¹⁾ 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				
30 June 2010				
	Loans and accrued interest receivables	Debt balance after collateral ⁽¹⁾	Minimum percentage	Allowance for doubtful accounts provided in the accounts
			%	
Pass	41,294,709,927	28,546,834,950	1	285,468,349
Special-mention	792,340,597	598,239,210	2	11,964,784
Sub-standard	757,941,415	79,802,589	100	79,802,589
Doubtful	903,435,690	590,199,979	100	590,199,979
Doubtful of loss	1,423,211,710	342,540,119	100	342,540,119
Total	<u>45,171,639,339</u>	<u>30,157,616,847</u>		1,309,975,820
Specific provision in accordance with qualitative criteria				<u>185,751,033</u>
Total				<u>1,495,726,853</u>

⁽¹⁾ 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 ⁽¹⁾	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>
Specific provision in accordance with qualitative criteria				<u>397,124,232</u>
Total				<u>1,276,577,593</u>

⁽¹⁾ 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	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Non-accrued loans (principal only)	3,363,743,463	2,720,068,809	3,069,862,326	2,533,581,130
Percentage of total loans ⁽¹⁾	6.25%	5.02%	5.92%	4.85%

⁽¹⁾ The denominator base included interbank and money market items (loans).

8.7 Hire purchase receivables/financial lease receivables

As at 30 June 2010 and 31 December 2009, the Bank and its subsidiary have net hire-purchase and financial lease receivables amounting to Baht 13,431 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 6 years and the interest rates are fixed as specified in the contracts.

(Unit: Million Baht)

Consolidated financial statements as at 30 June 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	4,845	10,220	197	166	15,428
Unearned income ⁽¹⁾	(873)	(1,094)	(5)	(25)	(1,997)
Present value of minimum lease payments	3,972	9,126	192	141	13,431
Allowance for doubtful accounts					190

⁽¹⁾ 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 ⁽¹⁾	(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

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

(Unit: Million Baht)

Separate financial statements as at 30 June 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				Total
	Amounts due under agreements				
	Not over 1		Over	Non-	
	year	1-5 years	5 years	performing	
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 30 June 2010 and 31 December 2009, unearned income is summarized as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	Unearned income ⁽¹⁾	1,997,269,344	1,313,817,951	-

⁽¹⁾ 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 six-month period ended 30 June 2010 and the year ended 31 December 2009 as follows:

	Separate financial statements			
	For the six-month period ended		For the year ended	
	30 June 2010		31 December 2009	
	Number of debtors	Outstanding balances before restructuring	Number of debtors	Outstanding balances before restructuring
Restructured debts	15	302	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 six-month period ended 30 June 2010							
	Debt balances		Average	Type of assets transferred	Fair value	Loss on debt restructuring ⁽¹⁾	Present
	Number of debtors	Before restructuring	After restructuring				period of the remaining term of debt restructuring
Modification of terms of payments	15	302	302	3 years	-	-	-
Total restructured debts	15	302	302		-	-	-
Loans and accrued interest receivables as at 30 June 2010	953		45,172				

⁽¹⁾ 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 ⁽¹⁾	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 ⁽²⁾	-	Land, buildings and machinery	239 ⁽³⁾	-
Total restructured debts	54	1,300	1,244		239	56	-
Loans and accrued interest receivables as at 31 December 2009	1,047		46,294				

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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 six-month periods ended 30 June 2010 and 2009 relating to the restructured debts is as follows:

(Unit: Million Baht)

	Separate financial statements	
	For the six-month period ended	For the six-month period ended
	30 June 2010	30 June 2009
Part of debt forgiven to debtors during the periods in case that they fulfilled debt restructuring conditions during the periods	-	-
Interest income recognised in statements of income	58	87
Settlement by debtors		
Principal	149	155
Interest	52	67

As at 30 June 2010 and 31 December 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 30 June 2010	168	2,123
Balance of restructured debts up to 31 December 2009	179	2,006

During the six-month periods ended 30 June 2010 and 2009, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 0.1 Million and Baht 11.8 million, respectively, and amortised allowance for revaluation on debt restructuring as interest income totaling Baht 0.3 million and Baht 0.8 million, respectively.

As at 30 June 2010 and 31 December 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 30 June 2010 and 31 December 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							
		Number of loans		Debt balances		Collateral		Allowance for doubtful accounts and allowance for revaluation	
		30	31	30	31	30	31	30	31
		June	December	June	December	June	December	June	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 six-month period ended 30 June 2010						
		Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Specific provision in accordance with qualitative criteria	Total
Balance - beginning of the period		300,151,136	12,095,394	271,026,181	352,153,303	60,602,566	423,438,317	1,419,466,897
Allowance for doubtful accounts		(2,345,834)	3,207,812	(144,034,381)	267,985,094	382,254,633	(213,411,553)	293,655,771
Bad debt written-off		-	-	-	(1,644,776)	(23,344,720)	-	(24,989,496)
Balance - end of the period		<u>297,805,302</u>	<u>15,303,206</u>	<u>126,991,800</u>	<u>618,493,621</u>	<u>419,512,479</u>	<u>210,026,764</u>	<u>1,688,133,172</u>

(Unit: Baht)

		Consolidated financial statements						
		For the year ended 31 December 2009						
		Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Specific 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		50,713,926	(6,689,893)	102,103,929	(32,253,543)	758,624,834	257,771,174	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		<u>300,151,136</u>	<u>12,095,394</u>	<u>271,026,181</u>	<u>352,153,303</u>	<u>60,602,566</u>	<u>423,438,317</u>	<u>1,419,466,897</u>

(Unit: Baht)

Separate financial statements							
For the six-month period ended 30 June 2010							
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Specific provision in accordance with qualitative criteria	Total
Balance - beginning of the period	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	(6,879,489)	4,695,502	(161,697,308)	256,555,355	361,193,119	(211,373,199)	242,493,980
Bad debt written-off	-	-	-	-	(23,344,720)	-	(23,344,720)
Balance - end of the period	<u>285,468,349</u>	<u>11,964,784</u>	<u>79,802,589</u>	<u>590,199,979</u>	<u>342,540,119</u>	<u>185,751,033</u>	<u>1,495,726,853</u>

(Unit: Baht)

Separate financial statements							
For the year ended 31 December 2009							
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Specific 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 six-month period ended 30 June 2010	For the year ended 31 December 2009
	Balance - beginning of the period/year	12,358,109
Decrease during the period/year	(75,461)	(11,937,131)
Amortised during the period/year	(262,848)	(1,245,518)
Balance - end of the period/year	<u>12,019,800</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 six-month period ended 30 June 2010 and for the year ended 31 December 2009, movement of properties foreclosed can be summarized as follows:

(Unit: Baht)

Consolidated financial statements					
For the six- month period ended 30 June 2010					
Type of properties foreclosed	Balance as at 31 December 2009	Additions	Disposals	Balance as at 30 June 2010	Portion subject to disposal restrictions, buyback options or first refusal rights
Assets transferred in settlement of debts					
Immovable assets					
Internal appraiser	430,332,936	-	(3,288,000)	427,044,936	39,476,614
External appraiser	938,805,463	-	-	938,805,463	69,404,000
Movable assets	2,057,812	67,570,129	(57,122,984)	12,504,957	-
Assets from auction bidding					
Immovable assets					
Internal appraiser	269,450,477	6,010,000	(31,367,160)	244,093,317	-
Total	1,640,646,688	73,580,129	(91,778,144)	1,622,448,673	108,880,614
Less: Allowance for impairment	(354,101,522)	(15,107,472)	25,332,933	(343,876,061)	(42,631,579)
Properties foreclosed – net	1,286,545,166	58,472,657	(66,445,211)	1,278,572,612	66,249,035

(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
Assets transferred in settlement of debts					
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	-
Assets from auction bidding					
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 six-month period ended 30 June 2010					
Type of properties foreclosed	Balance as at 31 December 2009	Additions	Disposals	Balance as at 30 June 2010	Portion subject to disposal restrictions, buyback options or first refusal rights
Assets transferred in settlement of debts					
Immovable assets					
Internal appraiser	430,332,936	-	(3,288,000)	427,044,936	39,476,614
External appraiser	938,805,463	-	-	938,805,463	69,404,000
Assets from auction bidding					
Immovable assets					
Internal appraiser	269,450,477	6,010,000	(31,367,160)	244,093,317	-
Total	1,638,588,876	6,010,000	(34,655,160)	1,609,943,716	108,880,614
Less: Allowance for impairment	(353,727,228)	(2,565,494)	14,388,344	(341,904,378)	(42,631,579)
Properties foreclosed – net	1,284,861,648	3,444,506	(20,266,816)	1,268,039,338	66,249,035

(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
Assets transferred in settlement of debts					
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
Assets from auction bidding					
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
Cost					
31 December 2009	8,500,000	6,892,070	357,859,449	115,717,449	488,968,968
Additions	-	-	18,772,120	18,658,405	37,430,525
Transfer out	-	-	(1,374,950)	-	(1,374,950)
Disposals/written-off	-	-	(45,249)	(1,400,000)	(1,445,249)
30 June 2010	8,500,000	6,892,070	375,211,370	132,975,854	523,579,294
Accumulated depreciation					
31 December 2009	-	(78,275)	(217,011,697)	(65,130,250)	(282,220,222)
Depreciation charged for the period	-	(100,481)	(18,172,505)	(9,474,482)	(27,747,468)
Accumulated depreciation on disposals/written-off	-	-	8,174	778,142	786,316
30 June 2010	-	(178,756)	(235,176,028)	(73,826,590)	(309,181,374)
Net book value					
31 December 2009	8,500,000	6,813,795	140,847,752	50,587,199	206,748,746
30 June 2010	8,500,000	6,713,314	140,035,342	59,149,264	214,397,920
Depreciation included in statements of income for the six-month periods ended					
30 June 2009					35,182,822
30 June 2010					27,747,468

(Unit: Baht)

	Separate financial statements				
	Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost					
31 December 2009	8,500,000	6,892,070	334,201,959	103,445,939	453,039,968
Additions	-	-	6,666,863	15,060,274	21,727,137
Transfer out	-	-	(1,374,950)	-	(1,374,950)
30 June 2010	8,500,000	6,892,070	339,493,872	118,506,213	473,392,155
Accumulated depreciation					
31 December 2009	-	(78,275)	(201,444,221)	(56,824,279)	(258,346,775)
Depreciation charged for the period	-	(100,481)	(15,233,359)	(8,746,093)	(24,079,933)
30 June 2010	-	(178,756)	(216,677,580)	(65,570,372)	(282,426,708)
Net book value					
31 December 2009	8,500,000	6,813,795	132,757,738	46,621,660	194,693,193
30 June 2010	8,500,000	6,713,314	122,816,292	52,935,841	190,965,447
Depreciation included in statements of income for the six-month periods ended					
30 June 2009					22,610,751
30 June 2010					24,079,933

As at 30 June 2010 and 31 December 2009, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 13.2 million and Baht 0.7 million, respectively (the Bank only: as at 30 June 2010 the Bank has motor vehicles acquired under financial leases with net book value amounting to 9.4 Baht million).

As at 30 June 2010 and 31 December 2009, the Bank and its subsidiaries have certain assets which have been fully depreciated but are still in use. The original costs, before deducting accumulated depreciation, of those assets amounted to Baht 193 million and 111 million, respectively (the Bank only: Baht 191 million and Baht 109 million, respectively).

12. Intangible assets

(Unit: Baht)

	Consolidated financial statements				Net book value as at 30 June 2010
	Net book value as at 31 December 2009	Increase	Transferred in/ (transferred out)	Amortisation	
Computer software	162,692,755	1,367,239	1,964,788	(23,094,523)	142,930,259
Computer software under development	5,363,756	4,675,720	(589,838)	-	9,449,638
Total	168,056,511	6,042,959	1,374,950	(23,094,523)	152,379,897

(Unit: Baht)

	Separate financial statements				Net book value as at 30 June 2010
	Net book value as at 31 December 2009	Increase	Transferred in/ (transferred out)	Amortisation	
Computer software	159,430,720	166,039	1,964,788	(22,036,646)	139,524,901
Computer software under development	196,613	2,409,320	(589,838)	-	2,016,095
Total	159,627,333	2,575,359	1,374,950	(22,036,646)	141,540,996

13. Other assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Prepaid expenses	13,335,062	13,288,959	11,765,576	12,074,671
Deposits	10,863,417	9,196,015	7,945,174	7,031,474
Deferred financial fee	9,900,000	-	-	-
Others	7,265,960	16,353,010	7,265,960	16,353,010
Total	41,364,439	38,837,984	26,976,710	35,459,155
Less: Allowance for impairment	(14,714)	-	(14,714)	-
Other assets – net	41,349,725	38,837,984	26,961,996	35,459,155

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

As at 30 June 2010 and 31 December 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 ⁽¹⁾		Investments		Properties foreclosed		Other assets		Total		
	30	31	30	31	30	31	30	31	30	31	
	June	December	June	December	June	December	June	December	June	December	
2010		2009		2010		2009		2010		2009	
Pass	48,678	49,654	-	-	-	-	-	-	48,678	49,654	
Special-mention	1,808	1,908	-	-	-	-	-	-	1,808	1,908	
Sub-standard	886	798	-	-	-	-	-	-	886	798	
Doubtful	991	952	-	-	-	-	1	-	992	952	
Doubtful of loss	1,501	978	687	687	344	354	30	26	2,562	2,045	
Total	53,864	54,290	687	687	344	354	31	26	54,926	55,357	

⁽¹⁾ 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 ⁽¹⁾		Investments		Properties foreclosed		Other assets		Total		
	30	31	30	31	30	31	30	31	30	31	
	June	December	June	December	June	December	June	December	June	December	
2010		2009		2010		2009		2010		2009	
Pass	48,039	49,185	-	-	-	-	-	-	48,039	49,185	
Special-mention	792	687	-	-	-	-	-	-	792	687	
Sub-standard	758	724	-	-	-	-	-	-	758	724	
Doubtful	903	896	-	-	-	-	1	-	904	896	
Doubtful of loss	1,423	922	687	687	342	354	3	3	2,455	1,966	
Total	51,915	52,414	687	687	342	354	4	3	52,948	53,458	

⁽¹⁾ 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	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
At call	5,267,048,883	4,295,834,159	5,267,109,769	4,301,022,815
Savings deposits	3,142,204,298	4,983,060,236	3,144,355,093	4,983,433,162
Time deposits				
- Less than 6 months	9,075,554,960	9,181,734,944	9,075,554,960	9,181,734,944
- 6 months and up to 1 year	4,809,450,777	6,712,044,911	4,809,450,777	6,712,044,911
- Over 1 year	7,032,914,541	5,232,966,781	7,032,914,541	5,232,966,781
Total deposits	<u>29,327,173,459</u>	<u>30,405,641,031</u>	<u>29,329,385,140</u>	<u>30,411,202,613</u>

15.2 Classified by remaining periods of deposit contracts

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Not over 1 year (included matured contracts)	25,996,664,572	28,327,752,518	25,998,876,253	28,333,314,100
Over 1 year	<u>3,330,508,887</u>	<u>2,077,888,513</u>	<u>3,330,508,887</u>	<u>2,077,888,513</u>
Total deposits	<u>29,327,173,459</u>	<u>30,405,641,031</u>	<u>29,329,385,140</u>	<u>30,411,202,613</u>

15.3 Classified by currencies and residency of depositors

(Unit: Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	29,241,674,151	50,408,509	29,292,082,660	30,362,900,409	29,077,641	30,391,978,050
US dollar	33,136,718	-	33,136,718	11,578,407	-	11,578,407
Other currency	1,954,081	-	1,954,081	2,084,574	-	2,084,574
Total deposits	<u>29,276,764,950</u>	<u>50,408,509</u>	<u>29,327,173,459</u>	<u>30,376,563,390</u>	<u>29,077,641</u>	<u>30,405,641,031</u>

(Unit: Baht)

	Separate financial statements					
	30 June 2010			31 December 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	29,243,885,832	50,408,509	29,294,294,341	30,368,461,991	29,077,641	30,397,539,632
US dollar	33,136,718	-	33,136,718	11,578,407	-	11,578,407
Other currency	1,954,081	-	1,954,081	2,084,574	-	2,084,574
Total deposits	<u>29,278,976,631</u>	<u>50,408,509</u>	<u>29,329,385,140</u>	<u>30,382,124,972</u>	<u>29,077,641</u>	<u>30,411,202,613</u>

16. Interbank and money market items (liabilities)

(Unit: Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand	-	10,600,000	10,600,000	-	10,600,000	10,600,000
Commercial banks	-	1,855,878,068	1,855,878,068	1,281,388	455,185,918	456,467,306
Other banks	300,000,000	1,062,400,000	1,362,400,000	-	62,400,000	62,400,000
Finance, finance and securities, securities and credit foncier companies	378,507,071	45,000,000	423,507,071	606,532,192	-	606,532,192
Other financial institution	44,287,434	478,552,811	522,840,245	126,924,888	623,765,015	750,689,903
Foreign						
Baht currency	504,668,956	-	504,668,956	-	-	-
Total interbank and money market items	<u>1,227,463,461</u>	<u>3,452,430,879</u>	<u>4,679,894,340</u>	<u>734,738,468</u>	<u>1,151,950,933</u>	<u>1,886,689,401</u>

(Unit: Baht)

	Separate financial statements					
	30 June 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand	-	10,600,000	10,600,000	-	10,600,000	10,600,000
Commercial banks	-	1,400,000,000	1,400,000,000	-	-	-
Other banks	300,000,000	1,000,000,000	1,300,000,000	-	-	-
Finance, finance and securities, securities and credit foncier companies	378,507,071	45,000,000	423,507,071	606,532,192	-	606,532,192
Other financial institution	44,287,434	478,552,811	522,840,245	126,924,888	623,765,015	750,689,903
Foreign						
Baht currency	504,668,956	-	504,668,956	-	-	-
Total interbank and money market items	<u>1,227,463,461</u>	<u>2,934,152,811</u>	<u>4,161,616,272</u>	<u>733,457,080</u>	<u>634,365,015</u>	<u>1,367,822,095</u>

17. Borrowings

17.1 Short-term borrowings

As at 30 June 2010, the Bank had short-term borrowings in the form of bills of exchange amounting to Baht 17,210 million and carrying interest at the rates of 0.50 to 4.75 percent per annum, which will be due during July 2010 to June 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 30 June 2010, the Bank had long-term borrowings in the form of bills of exchange amounting to Baht 54 million and carrying interest at the rates of 1.5 to 2.5 percent per annum, which will be due from July 2011 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	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
Other payables	513,175,843	424,855,174	155,588,906	118,652,745
Accrued expenses	142,641,781	113,806,971	116,992,386	89,989,772
Withholding tax payable	11,354,189	10,374,780	10,358,877	9,842,478
Special business tax payable	8,209,976	8,966,946	8,209,976	8,966,947
Corporate income tax payable	85,315,738	21,599,258	63,954,148	-
Payables under finance lease contracts	13,013,825	886,943	9,107,925	-
Others	11,561,881	12,563,193	3,528,347	5,894,595
Total other liabilities	<u>785,273,233</u>	<u>593,053,265</u>	<u>367,740,565</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. 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 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 and remain only the right to convert the preference shares to ordinary shares.

All class A preference shares were already converted into ordinary shares.

During the six-month period ended 30 June 2010, 53,830 Class B preference shares were converted into ordinary shares. After conversion, there were 1,587,719,304 ordinary shares in issue, and 2,733,641 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, 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 30 June 2010 and 31 December 2009 is the registered capital per the Bank's Memorandum of Association.

Reconciliation of number of ordinary shares and preference shares

	(Unit: Shares)	
	<u>30 June 2010</u>	<u>31 December 2009</u>
<u>Registered share capital</u>		
<u>Ordinary shares</u>		
Number of ordinary shares at the beginning of the period/year	1,087,923,532	1,087,178,532
Registered conversion of preference shares into ordinary shares	<u>499,795,772</u>	<u>745,000</u>
Number of ordinary shares at the end of the period/year	<u><u>1,587,719,304</u></u>	<u><u>1,087,923,532</u></u>
<u>Preference shares</u>		
Number of preference shares at the beginning of the period/year	502,529,413	503,274,413
Registered conversion of preference shares into ordinary shares	<u>(499,795,772)</u>	<u>(745,000)</u>
Number of preference shares at the end of the period/year	<u><u>2,733,641</u></u>	<u><u>502,529,413</u></u>
<u>Issued and paid-up share capital</u>		
<u>Ordinary shares</u>		
Number of ordinary shares at the beginning of the period/year	1,587,665,474	1,087,178,532
Conversion of preference shares into ordinary shares	<u>53,830</u>	<u>500,486,942</u>
Number of ordinary shares at the end of the period/year	<u><u>1,587,719,304</u></u>	<u><u>1,587,665,474</u></u>
<u>Preference shares</u>		
Number of preference shares at the beginning of the period/year	2,787,471	503,274,413
Conversion of preference shares into ordinary shares	<u>(53,830)</u>	<u>(500,486,942)</u>
Number of preference shares at the end of the period/year	<u><u>2,733,641</u></u>	<u><u>2,787,471</u></u>

20. Revaluation surplus on investments

(Unit: Baht)

	Consolidated and separate financial statements	
	30 June 2010	31 December 2009
Balances - beginning of the period/year	73,666,028	(15,848,824)
Increase from changes in value of securities	182,282,372	313,767,111
Decrease from changes in value of securities	(1,522,187)	(10,669,960)
Reclassification of investment types	2,128,588	(5,844,184)
Recognised losses on impairment of investments in statements of income	-	5,175,000
Transfer to gains (losses) on sale of investments	(6,141,002)	(212,913,115)
Balances - end of the period/year	<u>250,413,799</u>	<u>73,666,028</u>

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 30 June 2010 and 31 December 2009, the capital funds are as follows:

(Unit: Baht)

	Separate financial statements	
	30 June 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	(351,976,446)	(384,631,994)
Deficit	<u>(2,884,495,844)</u>	<u>(3,143,633,229)</u>
Total	<u>12,668,057,160</u>	<u>12,376,264,227</u>
<u>Tier 2 capital</u>		
Reserve for assets classified as "Pass"	289,116,594	293,747,838
Revaluation surplus on investments in available-for-sale securities	5,596,990	2,343,688
Investments in instruments already counted as other financial institutions' capital funds	<u>(294,713,584)</u>	<u>(296,091,526)</u>
Total	<u>-</u>	<u>-</u>
Total capital funds	<u>12,668,057,160</u>	<u>12,376,264,227</u>

As at 30 June 2010 and 31 December 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			
	30 June 2010		31 December 2009	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	23.33	4.25	22.64	4.25
Total capital to risk assets	23.33	8.50	22.64	8.50

In compliance with Basel II's Pillar III about concerning disclosure of capital adequacy information, under BOT Notification the Bank disclosed capital adequacy and capital risk exposure information as of 31 December 2009 through the Bank's website at www.icbcthai.com, on 24 April 2010.

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.

For the six-month periods ended 30 June 2010

	Consolidated financial statements			Separate financial statements		
	Weighted average number of ordinary shares	Earnings per share		Weighted average number of ordinary shares	Earnings per share	
Net income	Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht	
Basic earnings per share						
Net income attributable to equity holders of the Bank	249,149	1,590,453	<u>0.16</u>	196,863	1,590,453	<u>0.12</u>

For the six-month periods ended 30 June 2009

	Consolidated financial statements			Separate financial statements		
	Weighted average number of ordinary shares and potential ordinary shares	Earnings per share		Weighted average number of ordinary shares and potential ordinary shares	Earnings per share	
Net income	Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht	
Basic earnings per share						
Net income attributable to equity holders of the Bank	205,087	1,087,710	<u>0.19</u>	156,411	1,087,710	<u>0.14</u>
Effect of dilutive potential ordinary shares						
Convertible preference shares	-	502,528		-	502,528	
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion into ordinary shares	<u>205,087</u>	<u>1,590,238</u>	<u>0.13</u>	<u>156,411</u>	<u>1,590,238</u>	<u>0.10</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 six-month periods ended 30 June 2010 and 2009, Baht 6,297,296 and Baht 6,900,354 respectively, (the Bank only: Baht 4,964,444 and Baht 4,554,516, respectively,) were contributed to the provident fund by the Bank and its subsidiary.

27. Related party transactions

As at 30 June 2010 and 31 December 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 equal position, and entities that the referred persons have management authorities or entities in which the Bank or directors or such management employees from executive vice president level upward or equal position hold in the aggregate more than 10 percent of the issued share capital of those entities.

Relationship with related parties can be summarised as follows:

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, which holds 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 shares in 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 shares in 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 Bank's associated company, as defined in the accounting standard, is a company under the significant control of investors and is not a subsidiary. In case that its investors have direct and indirect voting rights of at least 20 percent of the issued share capital of such company, it is presumed that those shareholders have significant influence over the company. The associated company of the Bank is
 - Finansia Syrus Securities Public Company Limited (is the associated company of the Bank on or after 15 September 2009)
6. The subsidiary of the Bank's associated company, which has transaction with the Bank, consist of
 - ACL Securities Company Limited
7. The companies, which are related through the Bank's management and have transaction with the Bank, consist of
 - Bangkok BTMU Company Limited
 - M-Home SPV 3 Company Limited
 - Billion Building Company Limited
 - Siam Piwat Company Limited
 - Siam Piwat Holding Company Limited

Transactions occurring during the three-month periods and the six-month periods ended 30 June 2010 and 2009 can be summarised as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2010	2009	2010	2009
Interest income	723	1,221	112,047	74,172
Fees income	12	-	12	-
Dividend income	3,580	3,000	3,580	3,000
Brokerage fees from derivatives business	-	13	-	-
Rental income	-	-	45	45
Other income	-	-	9	37
Interest expense	378	4,763	380	5,064
Fee and service expenses	492	108	492	1,256

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2010	2009	2010	2009
Interest income	2,828	2,853	205,017	151,655
Fees income	12	-	12	-
Dividend income	23,580	3,000	23,580	3,000
Brokerage fees from derivatives business	-	21	-	-
Rental income	-	-	90	90
Other income	-	-	18	49
Interest expense	1,454	12,356	1,458	13,143
Fee and service expenses	1,302	179	1,123	1,787

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	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
Interbank and money market items (assets)				
Bangkok Bank Public Company Limited	- ⁽¹⁾	124,377	- ⁽¹⁾	45,504
Finansia Syrus Securities Public Company Limited	40,007	140,050	40,007	140,050
Industrial and Commercial Bank of China Limited	303,379	-	303,379	-
Investments				
Leasing Sinn Asia Company Limited	-	-	1,000,000	1,000,000
Finansia Syrus Securities Public Company Limited	267,973	259,472	255,170	255,170
Bangkok BTMU Company Limited	20,390	20,390	20,390	20,390
Loans				
Leasing Sinn Asia Company Limited	-	-	11,743,100	7,504,000
Accrued interest receivables				
Leasing Sinn Asia Company Limited	-	-	1,472	1,988
Other assets				
Bangkok Bank Public Company Limited	-	166	-	-
ACL Securities Company Limited	5,416	13,951	5,416	13,951
Leasing Sinn Asia Company Limited	-	-	28	25

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
Interbank and money market items (liabilities)				
Industrial and Commercial Bank of China Limited	504,669	-	504,669	-
ACL Securities Company Limited	46,450	241,450	46,450	241,450
Bualuang Securities Company Limited	- ⁽¹⁾	280,000	- ⁽¹⁾	280,000
Finansia Syrus Securities Public Company Limited	57	82	57	82
Deposits and borrowings				
Leasing Sinn Asia Company Limited	-	-	2,212	5,562
M-Home SPV 3 Company Limited	9,477	3,574	9,477	3,574
Siam Piwat Company Limited	100,000	95,000	100,000	95,000
Siam Piwat Holding Company Limited	36,000	50,000	36,000	50,000
Related persons	71,958	57,322	71,958	57,322
Accrued interest payables				
ACL Securities Company Limited	28	55	28	55
Bualuang Securities Company Limited	- ⁽¹⁾	316	- ⁽¹⁾	316
M-Home SPV 3 Company Limited	1	3	1	3
Siam Piwat Company Limited	23	80	23	80
Siam Piwat Holding Company Limited	9	119	9	119
Related persons	39	98	39	98
Off-balance sheet items				
Bangkok Bank Public Company Limited				
Forward contract - bought	- ⁽¹⁾	1,124,239	- ⁽¹⁾	1,124,239
Forward contract - sold	- ⁽¹⁾	728,905	- ⁽¹⁾	728,905
Industrial and Commercial Bank of China Limited				
Other commitments	17,134	-	17,134	-

⁽¹⁾ 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 30 June 2010 and 31 December 2009, the Bank set up allowance for doubtful accounts and allowance for revaluation on loans to related parties totaling Baht 121 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 0.625 to 2.650 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 30 June 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 during the six-month period ended 30 June 2010 are as follows:

(Unit: Thousand Baht)

	31 December 2009	Addition during the period	Repayment during the period	30 June 2010	Period of contracts
Leasing Sinn Asia Company Limited	7,504,000	4,322,400	83,300	11,743,100	Revolving loans
Finansia Syrus Securities Public Company Limited	140,000	-	100,000	40,000	16 Sep 09 - 16 Sep 10
Industrial and Commercial Bank of China Limited	-	172,602	-	172,602	21 Jun 10 - 21 Dec 10
Industrial and Commercial Bank of China Limited	-	107,550	-	107,550	23 Jun 10 - 21 Oct 10
Industrial and Commercial Bank of China Limited	-	23,152	-	23,152	24 Jun 10 - 21 Sep 10

Movements of deposits and borrowings from related companies during the six-month period ended 30 June 2010 are as follows:

(Unit: Thousand Baht)

	31 December 2009	Deposits/ borrowings during the period	Repayment during the period	30 June 2010	Period of contracts
ACL Securities Company Limited	241,450	52,000	(247,000)	46,450	At call
ACL Securities Company Limited	-	1,128,000	(1,128,000)	-	Matured
Finansia Syrus Securities Public Company Limited	82	2,750	(2,775)	57	At call
Leasing Sinn Asia Company Limited	5,562	68,933	(72,283)	2,212	At call
M Home SPV 3 Company Limited	3,574	11,513	(5,610)	9,477	At call
Siam Piwat Company Limited	95,000	140,000	(135,000)	100,000	25 Jun 10 - 24 Sep 10
Siam Piwat Holding Company Limited	50,000	36,000	(50,000)	36,000	24 Jun 10 - 26 Aug 10
Related persons	30,882	33,938	(29,543)	35,277	At call
Related persons	26,440	109,947	(99,706)	36,681	8 Feb 10 - 8 Feb 12

For the six-month periods ended 30 June 2010 and 2009, the Bank paid salaries, bonuses, meeting allowances and other remunerations to its key management personnel, including directors, totaling Baht 46 million and Baht 45 million, respectively.

28. Contingent liabilities and commitments

28.1 Commitments

(Unit: Million Baht)

	Consolidated and separate financial statements					
	30 June 2010			31 December 2009		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bill	-	-	-	49	-	49
Letters of credit	20	347	367	46	150	196
Other contingencies						
Forward exchange contracts - bought	-	29,099	29,099	-	17,544	17,544
Forward exchange contracts - sold	-	31,820	31,820	-	19,826	19,826
Interest rate swap contracts	10,150	-	10,150	10,610	-	10,610
Cross currency swap contracts						
Bought contracts	-	973	973	-	1,001	1,001
Cross currency and interest rate swap contracts						
Sold contracts	-	954	954	-	1,643	1,643
Shipping guarantees	-	-	-	-	1	1
Others	858	158	1,016	992	46	1,038
Total	11,028	63,351	74,379	11,697	40,211	51,908

28.2 Commitments under long-term leases and service agreement

As at 30 June 2010 and 31 December 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	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
2010	45	75	31	62
2011	20	18	13	11
2012	12	10	8	7
2013	5	4	5	4
2014 onwards	39	27	39	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 30 June 2010 and 31 December 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 long-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 litigation

As at 30 June 2010 and 31 December 2009, the Bank and its subsidiary have 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 30 June 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 losses of approximately Baht 0.4 million from such claim, which are recorded under "Provisions for liabilities" in the balance sheet. As at 30 June 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 30 June 2010, a litigation claim amounting to Baht 243 million had 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 95.5 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 30 June 2010 is the same as that as at 31 December 2009.

28.4.3 As at 30 June 2010, the Bank has 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 30 June 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 "Provision for liabilities" in the balance sheet (31 December 2009: The Bank recorded no provision for those claims).

28.4.4 As at 30 June 2010 and 31 December 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 appealed to the Central Labor Court again 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. The former executive has filed a request to withdraw the appeal and withdraw the appeal petition submitted to the Central Labour Court. The request is awaiting the decision of the Supreme Court, and if the Supreme Court allows the withdrawal, the case will be considered final. Hence, the Bank has not set aside any provision for liabilities in respect of this case which was the same as that as at 31 December 2009. Furthermore, the Bank and its subsidiary have insurance covering directors' and employees' responsibilities, including coverage for labor-related lawsuits.

Moreover, the former executive, being a plaintiff in the above-mentioned case, 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 Court. However, the lawyer of this case considers that there is less likely that the Bank and its subsidiary have to pay the claim amount, the Bank and ACL Securities Company Limited therefore recorded no provision for the claim.

28.4.5 The Bank has contingent liabilities as a result of entering into the guarantee agreement as described in Note 7.5 to the financial statements. As at 30 June 2010 and 31 December 2009, the Bank's management assessed that no loss will be incurred as a result of such guarantee, and the Bank therefore recorded no provision in the financial statements.

28.5 Other commitments

The Bank is obliged to make contributions to Deposit Protection Agency within one month after the period 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 segment

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 six-month periods ended 30 June 2010 and 2009 and as of 30 June 2010 and 31 December 2009:

(Unit: Million Baht)

	For the three-month periods ended 30 June											
	Banking business		Securities business		Hire purchase/finance leases business		Total		Elimination entries		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Interest and dividend income	634	671	-	10	233	148	867	829	(111)	(74)	756	755
Interest expenses	(188)	(240)	-	(2)	(118)	(73)	(306)	(315)	111	74	(195)	(241)
Net interest income and dividend income	446	431	-	8	115	75	561	514	-	-	561	514
Bad debt and doubtful accounts ⁽¹⁾	(119)	(236)	-	-	(35)	(34)	(154)	(270)	-	-	(154)	(270)
Net interest income and dividend income after bad debt and doubtful accounts	327	195	-	8	80	41	407	244	-	-	407	244
Non-interest income	80	189	-	59	28	11	108	259	-	(1)	108	258
Non-interest expenses	(243)	(235)	-	(55)	(81)	(45)	(324)	(335)	-	1	(324)	(334)
Earnings before income tax	164	149	-	12	27	7	191	168	-	-	191	168
Income tax	(42)	(50)	-	-	(10)	(8)	(52)	(58)	-	-	(52)	(58)
Net income (loss)	122	99	-	12	17	(1)	139	110	-	-	139	110

⁽¹⁾ Included loss on debt restructuring/reversal of loss on debt restructuring

(Unit: Million Baht)

	For the six-month periods ended 30 June											
	Banking business		Securities business		Hire purchase/finance leases business		Total		Elimination entries		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Interest and dividend income	1,272	1,497	-	19	426	294	1,698	1,810	(202)	(150)	1,496	1,660
Interest expenses	(390)	(616)	-	(2)	(215)	(149)	(605)	(767)	202	150	(403)	(617)
Net interest income and dividend income	882	881	-	17	211	145	1,093	1,043	-	-	1,093	1,043
Bad debt and doubtful accounts ⁽¹⁾	(245)	(498)	-	-	(57)	(60)	(302)	(558)	-	-	(302)	(558)
Net interest income and dividend income after bad debt and doubtful accounts	637	383	-	17	154	85	791	485	-	-	791	485
Non-interest income	133	418	-	75	52	20	185	513	-	(2)	185	511
Non-interest expenses	(499)	(487)	-	(113)	(140)	(88)	(639)	(688)	-	2	(639)	(686)
Earnings (loss) before income tax	271	314	-	(21)	66	17	337	310	-	-	337	310
Income tax	(66)	(88)	-	-	(22)	(20)	(88)	(108)	-	-	(88)	(108)
Net income (loss)	205	226	-	(21)	44	(3)	249	202	-	-	249	202

⁽¹⁾ Included loss on debt restructuring/reversal of loss on debt restructuring

(Unit: Million Baht)

	Banking business		Hire purchase/finance leases business		Total		Elimination entries		Total	
	30	31	30	31	30	31	30	31	30	31
	June	December	June	December	June	December	June	December	June	December
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Investments - net	11,570	10,582	-	-	11,570	10,582	(1,000)	(1,000)	10,570	9,582
Loans and accrued interest receivables - net	43,664	45,005	13,501	9,238	57,165	54,243	(11,745)	(7,506)	45,420	46,737
Other assets	10,579	9,471	249	172	10,828	9,643	(2)	(5)	10,826	9,638
Total assets	65,813	65,058	13,750	9,410	79,563	74,468	(12,747)	(8,511)	66,816	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 30 June 2010 and 31 December 2009, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 30 June 2010				
Outstanding balances of financial instruments				
Transactions	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Interbank and money market items - net	109	6,785	271	7,165
Investments - net	812	6,486	3,272	10,570
Loans	18,913	27,806	337	47,056
Financial liabilities				
Deposits	5,564	23,743	20	29,327
Interbank and money market items	547	3,628	505	4,680
Liabilities payable on demand	-	-	16	16
Borrowings	-	17,263	-	17,263

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2009				
Outstanding balances of financial instruments				
Transactions	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Interbank and money market items - net	225	5,980	294	6,499
Investments - net	1,050	5,559	2,973	9,582
Loans	20,091	27,705	231	48,027
Financial liabilities				
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 30 June 2010

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	No interest	Total
<u>Financial assets</u>				
Interbank and money market items - net	42	6,785	244	7,071
Investments - net	812	6,486	4,259	11,557
Loans	18,913	26,150	44	45,107
<u>Financial liabilities</u>				
Deposits	5,566	23,743	20	29,329
Interbank and money market items	29	3,628	505	4,162
Liabilities payable on demand	-	-	16	16
Borrowings	-	17,263	-	17,263

(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
<u>Financial assets</u>				
Interbank and money market items - net	140	5,980	285	6,405
Investments - net	1,050	5,559	3,969	10,578
Loans	20,751	25,355	44	46,150
<u>Financial liabilities</u>				
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 30 June 2010							
Transactions	At call	Repricing or maturity date				Total	Average interest rates
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	-	6,620	165	-	-	6,785	1.21%
Investments - net	-	171	496	4,535	1,284	6,486	4.33%
Loans	2,397	10,978	4,290	9,944	197	27,806	6.66%
Financial liabilities							
Deposits	2,825	11,410	6,177	3,331	-	23,743	1.65%
Interbank and money market items	694	2,883	51	-	-	3,628	3.55%
Borrowings	1,157	9,903	6,150	53	-	17,263	1.48%

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2009							
Transactions	At call	Repricing or maturity date				Total	Average interest rates
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
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	2,121	12,979	4,518	7,642	445	27,705	5.31%
Financial liabilities							
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 30 June 2010							
Transactions	At call	Repricing or maturity date				Total	Average interest rates
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	-	6,620	165	-	-	6,785	1.21%
Investments - net	-	171	496	4,535	1,284	6,486	4.33%
Loans	4,068	10,145	3,719	8,212	6	26,150	5.76%
Financial liabilities							
Deposits	2,825	11,410	6,177	3,331	-	23,743	1.65%
Interbank and money market items	694	2,883	51	-	-	3,628	1.20%
Borrowings	1,157	9,903	6,150	53	-	17,263	1.48%

(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		
	Financial assets						
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	2,121	12,210	3,081	7,542	401	25,355	5.09%
Financial liabilities							
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 six-month periods ended 30 June 2010 and 2009 can be summarised as follows:

(Unit: Million Baht)

	Separate financial statements					
	For the six-month period ended			For the six-month period ended		
	30 June 2010			30 June 2009		
	Average Balances	Interest and dividend	Average rate (% per annum)	Average balances	Interest and dividend	Average rate (% per annum)
Performing financial assets						
Interbank and money market items	6,090	38	1.24%	7,028	63	1.86%
Investments	11,814	186	3.14%	13,813	224	3.24%
Loans	44,729	1,051	4.70%	43,474	1,211	5.57%
Performing financial liabilities						
Deposits	30,842	196	1.27%	37,405	422	2.26%
Interbank and money market items	2,470	68	5.47%	1,736	41	4.76%
Borrowings	16,535	126	1.53%	12,140	152	2.51%

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 is 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, based 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, and liquid assets to short-term deposits (from call to 1-month tenor) 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. Liquidity risk limits set for the cumulative liquidity gap, 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, prepared based on historical events at the Bank in 1999, 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 30 June 2010 and 31 December 2009, are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements as at 30 June 2010							Total
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non - performing loans	
<u>Financial assets</u>								
Interbank and money market items - net	340	6,658	167	-	-	-	-	7,165
Investments - net	52	171	3,296	5,347	1,284	420	-	10,570
Loans	1,412	23,486	5,857	12,719	218	-	3,364	47,056
<u>Financial liabilities</u>								
Deposits	8,410	11,410	6,177	3,330	-	-	-	29,327
Interbank and money market items	1,228	2,986	466	-	-	-	-	4,680
Liabilities payable on demand	16	-	-	-	-	-	-	16
Borrowings	1,157	9,903	6,150	53	-	-	-	17,263
<u>Off-balance sheet items</u>								
Avals to bill	1	-	-	-	-	-	-	1
Letters of credit	-	332	35	-	-	-	-	367
Other contingencies	114	31,357	17,697	24,225	325	293	-	74,011

(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	
Financial assets								
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
Financial liabilities								
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
Off-balance sheet items								
Avals to bill and guarantees of loans	-	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 30 June 2010

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non -	Total
							performing loans	
Financial assets								
Interbank and money market items - net	246	6,658	167	-	-	-	-	7,071
Investments - net	52	171	3,296	5,347	1,284	1,407	-	11,557
Loans	3,083	22,654	5,286	10,988	26	-	3,070	45,107
Financial liabilities								
Deposits	8,412	11,410	6,177	3,330	-	-	-	29,329
Interbank and money market items	1,228	2,883	51	-	-	-	-	4,162
Liabilities payable on demand	16	-	-	-	-	-	-	16
Borrowings	1,157	9,903	6,150	53	-	-	-	17,263
Off-balance sheet items								
Avals to bill and guarantees of loans	1	-	-	-	-	-	-	1
Letters of credit	-	332	35	-	-	-	-	367
Other contingencies	114	31,357	17,697	24,225	325	293	-	74,011

(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	
Financial assets								
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
Financial liabilities								
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
Off-balance sheet items								
Avals to bill and guarantees of loans	-	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 30 June 2010 and 31 December 2009 can be summarised as follows:

Consolidated and separate financial statements as at 30 June 2010								
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)					
<u>In-balance foreign currency position</u>								
Interbank and money market items (assets)	91.70	0.17	-	1.11	1.27	1.38	0.10	-
Investments - net	2,759.89	-	-	-	-	-	-	-
Loans and accrued interest receivables	65.95	10.74	-	-	-	-	-	-
Deposits and accrued interest payables	33.14	-	-	-	-	1.96	-	-
<u>Off-balance foreign currency position</u>								
Letters of credit	333.81	7.91	2.89	-	-	-	-	-
Bought forward contracts	29,060.86	6.26	29.69	-	-	1.95	-	-
Sold forward contracts	31,784.18	16.95	18.70	-	-	-	-	-
Cross currency swap contracts								
Bought contracts	973.32	-	-	-	-	-	-	-
Cross currency and interest rate swap contracts								
Sold contracts	953.53	-	-	-	-	-	-	-
Other contingencies	156.62	0.55	1.12	-	-	-	-	-
Average exchange rate as at 30 June 2010								
(Baht per 1 foreign currency unit)	32.4440	39.5895	0.3664	48.8123	22.4546	27.5831	4.1673	23.1246

Outstanding balances of financial instruments								
US dollar	Euro	Yen	New					
			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)	
<u>In-balance foreign currency position</u>								
Interbank and money market items (assets)	13.72	0.55	0.11	1.06	1.35	1.49	0.10	0.01
Investments	2,848.40	-	-	-	-	-	-	-
Loans and accrued interest receivables	111.72	34.89	-	-	-	-	-	-
Deposits	11.58	-	-	-	-	2.09	-	-
<u>Off-balance foreign currency position</u>								
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	-	-	-	-	-
Average exchange rate as at 31 December 2009								
(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					
	30 June 2010			31 December 2009		
	Notional amount		Maturity	Notional amount		Maturity
Interest rate swap contracts						
- swap the fixed interest rates for the floating interest	8,550	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					
	30 June 2010			31 December 2009		
	Notional amount		Maturity	Notional amount		Maturity
Cross currency interest rate swap contracts						
- pay interest at a fixed rate on USD notional amounts and to receive interest at a floating rate in on Baht notional amounts	8	Million USD	2010 - 2011	28	Million USD	2011 - 2017
- pay interest at a fixed rate on USD notional amount and to receive at a fixed rate on Baht notional amounts	21	Million USD	2010 - 2016	21	Million USD	2010 - 2016

During the six-month period ended 30 June 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 six-month period ended 30 June 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					
	30 June 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	30	Million USD	2010

As at 30 June 2010 and 31 December 2009, financial derivatives, classified by their maturities, are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements					
	As at 30 June 2010			As at 31 December 2009		
	Less than 1	Over 1	Total	Less than 1	Over 1	Total
year	year	year		year		
Forward exchange contracts						
- Bought	20,177	8,922	29,099	15,542	2,002	17,544
- Sold	23,936	7,884	31,820	17,557	2,269	19,826
Interest rate swap contracts	3,250	6,900	10,150	2,530	8,080	10,610
Cross currency swap contracts						
- Bought	973	-	973	1,001	-	1,001
Cross currency and interest rate						
swap contracts						
- Sold	207	746	953	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 investment 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 30 June 2010 and 31 December 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
Balance sheet				
Receivable on Credit Support				
Annex for derivative contracts	59,900,000	-	59,900,000	-
Other receivables - net	306,083,401	317,166,970	260,278,961	271,362,530
Financial derivative assets	470,437,814	-	470,437,814	-
Other assets - net	38,837,984	558,092,229	35,459,155	554,713,400

32. Approval of financial statements

These interim financial statements were authorised for issue by the Audit Committee of the Bank on 20 August 2010.