

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
BANK OF AYUDHYA PUBLIC COMPANY LIMITED**

We have audited the consolidated balance sheets of Bank of Ayudhya Public Company Limited and subsidiaries and the separate balance sheets of Bank of Ayudhya Public Company Limited as at December 31, 2010 and 2009 and the related consolidated and separate statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Bank of Ayudhya Public Company Limited and subsidiaries and of Bank of Ayudhya Public Company Limited as at December 31, 2010 and 2009 and the results of operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

BANGKOK
February 14, 2011

Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
ASSETS				
CASH	22,460,978,526	20,090,301,220	22,447,132,836	20,080,481,318
INTERBANK AND MONEY MARKET ITEMS (Note 4.2)				
Domestic items				
Interest bearing	61,818,683,934	43,646,439,739	60,883,625,654	41,141,564,689
Non-interest bearing	9,922,023,693	6,324,081,956	9,395,487,801	4,984,942,711
Foreign items				
Interest bearing	572,926,465	2,068,922,128	572,926,465	2,068,922,128
Non-interest bearing	2,213,338,918	1,628,381,553	2,125,431,301	1,561,415,090
Total interbank and money market items, net	74,526,973,010	53,667,825,376	72,977,471,221	49,756,844,618
INVESTMENTS (Notes 3.2 and 4.3)				
Current investments, net	29,044,173,642	22,779,862,805	28,473,647,535	22,741,811,297
Long-term investments, net	49,315,543,143	44,640,302,562	49,015,619,181	44,402,356,334
Investments in subsidiaries and associated companies, net	728,930,154	642,683,414	36,726,498,528	37,699,959,145
Investments, net	79,088,646,939	68,062,848,781	114,215,765,244	104,844,126,776
LOANS AND ACCRUED INTEREST RECEIVABLE (Notes 3.3, 3.5 and 4.5)				
Loans	648,960,247,553	603,507,857,415	586,959,801,068	563,934,343,020
Accrued interest receivable	1,723,875,035	2,210,020,713	776,274,652	1,195,345,527
Total loans and accrued interest receivable	650,684,122,588	605,717,878,128	587,736,075,720	565,129,688,547
Less Allowance for doubtful accounts (Notes 3.4 and 4.6)	(33,409,959,806)	(38,270,889,402)	(20,154,187,454)	(24,255,898,175)
Less Revaluation allowance for debt restructuring (Notes 3.5 and 4.7)	(543,388,273)	(328,769,156)	(34,633,317)	(328,627,151)
Net loans and accrued interest receivable	616,730,774,509	567,118,219,570	567,547,254,949	540,545,163,221
PROPERTIES FORECLOSED, NET (Notes 3.6 and 4.8)	14,726,812,953	18,016,939,618	7,559,681,590	9,557,415,041
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES	752,285,991	680,864,990	752,285,991	680,864,990
CUSTOMERS' LIABILITIES UNDER COLLATERAL PROPERTY, PREMISES AND EQUIPMENT, NET (Notes 3.7 and 4.9)	17,551,951,654	17,369,818,373	16,666,916,410	16,597,158,635
INTANGIBLE ASSETS, NET (Notes 3.8, 3.9 and 4.10)	12,626,731,248	12,608,518,002	1,368,277,408	1,141,222,949
DEFERRED TAX ASSETS (Notes 3.14 and 4.11)	7,585,900,654	7,087,903,185	3,190,296,945	2,792,127,709
OTHER ASSETS, NET	10,436,357,623	8,339,135,600	8,655,322,482	7,539,935,761
TOTAL ASSETS	869,834,063,107	7	828,727,055,076	760,625,341,018

Notes to the consolidated and separate financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)

AS AT DECEMBER 31, 2010 AND 2009

			BAHT	
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS (Note 4.12)				
Deposits in Baht	573,553,083,066	517,551,626,496	578,315,308,994	521,722,506,312
Deposits in foreign currencies	2,925,721,338	2,963,011,066	2,925,721,338	2,963,011,067
Total deposits	<u>576,478,804,404</u>	<u>520,514,637,562</u>	<u>581,241,030,332</u>	<u>524,685,517,379</u>
INTERBANK AND MONEY MARKET ITEMS				
(Note 4.13)				
Domestic items				
Interest bearing	41,355,677,111	33,184,709,675	35,357,358,525	30,930,512,235
Non-interest bearing	2,296,381,288	1,776,556,195	2,319,446,981	1,791,093,255
Foreign items				
Interest bearing	84,711,080	519,222,147	84,711,080	519,222,147
Non-interest bearing	51,511,159	62,480,673	51,511,159	62,480,673
Total interbank and money market items	<u>43,788,280,638</u>	<u>35,542,968,690</u>	<u>37,813,027,745</u>	<u>33,303,308,310</u>
LIABILITIES PAYABLE ON DEMAND	1,517,426,198	1,752,365,884	1,517,426,198	1,752,365,884
BORROWINGS (Notes 4.14 and 4.15)				
Short-term borrowings	50,125,933,400	41,554,400,000	52,925,933,400	41,554,400,000
Long-term borrowings	49,238,992,173	55,004,442,233	29,938,992,173	48,704,442,233
Total borrowings	<u>99,364,925,573</u>	<u>96,558,842,233</u>	<u>82,864,925,573</u>	<u>90,258,842,233</u>
BANK'S LIABILITIES UNDER ACCEPTANCES	752,285,991	680,864,990	752,285,991	680,864,990
LIABILITIES UNDER COLLATERAL DELIVER	13,346,650,000	7,090,000,000	13,346,650,000	7,090,000,000
PROVISION (Note 4.16)	407,330,172	287,129,762	407,330,172	287,129,762
DEFERRED TAX LIABILITIES (Note 4.17)	4,039,254,872	2,722,116,191	2,319,254,956	2,343,766,278
OTHER LIABILITIES	31,035,057,240	22,398,195,199	16,577,283,021	12,083,172,984
TOTAL LIABILITIES	<u>770,730,015,088</u>	<u>687,547,120,511</u>	<u>736,839,213,988</u>	<u>672,484,967,820</u>

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)

AS AT DECEMBER 31, 2010 AND 2009

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
LIABILITIES AND SHAREHOLDERS' EQUITY				
(CONTINUED)				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (Note 4.19)				
Authorized share capital				
7,089,392,755 ordinary shares of				
Baht 10 each	70,893,927,550	70,893,927,550	70,893,927,550	70,893,927,550
Issued and paid-up share capital				
6,074,143,747 ordinary shares of				
Baht 10 each, fully paid	60,741,437,470	60,741,437,470	60,741,437,470	60,741,437,470
PREMIUM ON ORDINARY SHARE CAPITAL, NET	13,802,215,854	13,802,215,854	13,802,215,854	13,802,215,854
LAND REVALUATION SURPLUS	3,764,667,547	3,824,098,097	3,764,667,547	3,824,098,097
PREMISES REVALUATION SURPLUS	3,060,174,621	3,312,386,384	3,060,174,621	3,312,386,384
REVALUATION SURPLUS ON INVESTMENTS	531,549,975	127,945,524	535,505,619	135,603,115
DEFERRED TAX ON LAND REVALUATION SURPLUS	(1,129,400,264)	(1,147,229,429)	(1,129,400,264)	(1,147,229,429)
DEFERRED TAX ON PREMISES REVALUATION SURPLUS	(918,052,386)	(993,715,915)	(918,052,386)	(993,715,915)
DEFERRED TAX ON REVALUATION ON INVESTMENT	(162,206,522)	(46,193,401)	(162,206,522)	(46,848,317)
RETAINED EARNINGS				
Appropriated				
Statutory reserve (Note 4.19)	1,013,500,000	710,500,000	1,013,500,000	710,500,000
Unappropriated	18,211,478,626	12,082,136,783	11,179,999,149	7,801,925,939
Total	98,915,364,921	92,413,581,367	91,887,841,088	88,140,373,198
MINORITY INTEREST	188,683,098	171,672,837	-	-
TOTAL SHAREHOLDERS' EQUITY	99,104,048,019	92,585,254,204	91,887,841,088	88,140,373,198
TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY	869,834,063,107	780,132,374,715	828,727,055,076	760,625,341,018

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS (CONTINUED)
AS AT DECEMBER 31, 2010 AND 2009

			BAHT	
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
OFF -BALANCE SHEET ITEMS				
– CONTINGENCIES (Note 4.23)				
AVALS TO BILLS AND GUARANTEES OF LOANS	3,929,318,036	3,983,344,696	3,929,318,036	3,983,344,696
LIABILITY UNDER UNMATURED IMPORT BILLS	1,201,767,708	1,379,924,292	1,201,767,708	1,379,924,292
LETTERS OF CREDIT	8,126,365,279	5,382,508,494	8,310,039,359	5,415,315,342
OTHER CONTINGENCIES	403,355,677,610	255,084,600,468	404,320,504,039	255,592,949,313

Notes to the consolidated and separate financial statements form an integral part of these statements

(Mr. Mark John Arnold)
President and Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010	2009
INTEREST AND DIVIDEND INCOME				
Interest on loans	31,642,033,392	24,367,369,098	26,516,833,293	26,348,159,903
Interest on interbank and money market items	1,145,028,931	844,282,970	1,129,492,284	961,255,435
Hire purchase and financial lease income	13,855,229,322	12,427,727,438	-	-
Investments	2,083,714,896	1,818,087,082	6,410,578,348	3,727,327,708
Total Interest and Dividend Income	48,726,006,541	39,457,466,588	34,056,903,925	31,036,743,046
INTEREST EXPENSES				
Interest on deposits	5,629,743,027	6,812,889,201	5,583,727,533	6,878,604,057
Interest on interbank and money market items	722,755,433	391,531,541	650,321,654	232,785,773
Interest on short-term borrowings	1,600,484,604	970,797,846	1,617,572,605	1,009,561,324
Interest on long-term borrowings	2,539,070,381	2,865,106,531	1,952,438,381	2,813,463,506
Total Interest Expenses	10,492,053,445	11,040,325,119	9,804,060,173	10,934,414,660
Interest and Dividend Income, net	38,233,953,096	28,417,141,469	24,252,843,752	20,102,328,386
BAD DEBT AND DOUBTFUL ACCOUNTS (Note 4.6)	11,424,806,920	9,128,849,770	4,567,527,744	4,629,085,073
LOSS ON DEBT RESTRUCTURING (Note 4.7)	966,130,513	1,087,462,431	997,428,606	1,100,914,927
Interest and Dividend Income after				
Bad Debt and Doubtful Accounts and Loss on				
Debt Restructuring, net	25,843,015,663	18,200,829,268	18,687,887,402	14,372,328,386
NON-INTEREST INCOME				
Gain (Loss) on investments	970,980,176	(82,407,568)	427,929,505	(1,380,956,659)
Gain from equity interest in associated companies	144,378,002	126,119,943	-	-
Fees and service income				
Acceptances, aval and guarantees	55,211,874	49,305,002	55,581,843	49,320,231
Others	12,949,746,520	9,360,343,567	6,283,157,036	5,670,831,217
Gain on exchange	744,813,250	730,493,815	735,569,027	743,561,522
Gain on sales of properties foreclosed	883,034,242	812,696,985	449,506,983	450,922,396
Income from investments in receivables	821,811,126	370,802,177	-	-
Excess of net fair value of acquired subsidiaries				
over purchase cost	519,444,281	1,005,302,591	-	-
Other income	2,248,088,230	1,351,409,113	182,781,740	95,833,544
Total Non-Interest Income	19,337,507,701	13,724,065,625	8,134,526,134	5,629,512,251
NON-INTEREST EXPENSES				
Personnel expenses	11,815,430,573	8,911,486,779	7,902,187,665	6,671,219,383
Premises and equipment expenses	5,047,327,242	4,282,714,691	3,395,477,796	3,337,407,427
Taxes and duties	1,534,729,169	1,164,506,848	1,053,289,310	1,043,348,916
Fees and service expenses	4,165,392,011	3,157,538,631	1,787,558,651	1,421,517,947
Directors' remuneration	28,173,200	29,775,628	26,254,200	26,068,600
Contributions to Deposit Protection Agency	2,154,911,525	2,097,446,777	2,154,911,525	2,076,695,194
Other expenses	8,094,502,090	4,120,635,973	3,541,675,149	2,697,628,126
Total Non-Interest Expenses	32,840,465,810	23,764,105,327	19,861,354,296	17,273,885,593

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
INCOME BEFORE INCOME TAX EXPENSES	12,340,057,554	8,160,789,566	6,961,059,240	2,727,955,044
INCOME TAX EXPENSES (Notes 3.14 and 4.22)	3,523,934,047	1,503,728,665	918,126,206	184,385,733
NET INCOME	<u>8,816,123,507</u>	<u>6,657,060,901</u>	<u>6,042,933,034</u>	<u>2,543,569,311</u>
ATTRIBUTABLE TO				
EQUITY HOLDERS OF THE BANK	8,793,098,885	6,659,287,228	6,042,933,034	2,543,569,311
MINORITY INTEREST	23,024,622	(2,226,327)	-	-
NET INCOME	<u>8,816,123,507</u>	<u>6,657,060,901</u>	<u>6,042,933,034</u>	<u>2,543,569,311</u>
BASIC EARNINGS PER SHARE	Baht			
(Note 3.15)	1.45	1.10	0.99	0.42
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES	Shares			
	6,074,143,747	6,074,143,747	6,074,143,747	6,074,143,747

Notes to the consolidated and separate financial statements form an integral part of these statements

(Mr. Mark John Arnold)
President and Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS									
	Issued and paid-up share Capital	Premium on Share Capital	Asset Appraisal Surplus	Revaluation Surplus (Deficit) on Investments	Deferred Tax on Assets Appraisal Surplus	Deferred Tax on Revaluation on Investments	Retained Earnings		Minority Interest	Total
							Appropriated Legal Reserve	Unappropriated		
Balance as of December 31, 2008	#####	13,802,215,854	5,441,603,666	(143,430,231)	(1,632,481,100)	38,296,015	582,500,000	7,374,867,484	109,407,751	86,314,416,909
Increase in asset appraisal surplus	-	-	1,694,880,815	-	-	-	-	-	-	1,694,880,815
Increase in revaluation surplus on investments	-	-	-	271,375,755	-	-	-	-	425,677	271,801,432
Increase in deferred tax	-	-	-	-	(508,464,244)	(84,489,416)	-	-	-	(592,953,660)
Income (expenses) recognized in shareholders' equity	-	-	1,694,880,815	271,375,755	(508,464,244)	(84,489,416)	-	-	425,677	1,373,728,587
Net income (loss)	-	-	-	-	-	-	-	6,659,287,228	(2,226,327)	6,657,060,901
Total income (expenses) recognized for the year	-	-	1,694,880,815	271,375,755	(508,464,244)	(84,489,416)	-	6,659,287,228	(1,800,650)	8,030,789,488
Dividend payment (Note 4.21)	-	-	-	-	-	-	-	(1,821,416,039)	(4,668)	(1,821,420,707)
Increase in preferred share	-	-	-	-	-	-	-	-	480	480
Increase in legal reserve	-	-	-	-	-	-	128,000,000	(128,000,000)	-	-
Decrease in shareholding in subsidiary company	-	-	-	-	-	-	-	(2,601,890)	64,069,924	61,468,034
Ending balance as of December 31, 2009	#####	13,802,215,854	7,136,484,481	127,945,524	(2,140,945,344)	(46,193,401)	710,500,000	12,082,136,783	171,672,837	92,585,254,204

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS									
	Issued and	Premium on	Asset Appraisal	Revaluation Surplus	Deferred Tax on	Deferred Tax on	Retained Earnings		Minority Interest:	Total
	paid-up share	Share Capital	Surplus	on Investments	Assets	Revaluation on	Appropriated	Unappropriated		
	Capital				Appraisal Surplus	Investments	Legal Reserve			
Balance as of December 31, 2009	#####	13,802,215,854	7,136,484,481	127,945,524	(2,140,945,344)	(46,193,401)	710,500,000	12,082,136,783	171,672,837	92,585,254,204
Decrease in asset appraisal surplus	-	-	(311,642,313)	-	-	-	-	67,866,360	-	(243,775,953)
Increase in revaluation surplus on investments	-	-	-	403,604,451	-	-	-	-	454,194	404,058,645
(Increase) decrease in deferred tax	-	-	-	-	93,492,694	(116,013,121)	-	-	-	(22,520,427)
Income (expenses) recognized in shareholders' equity	-	-	(311,642,313)	403,604,451	93,492,694	(116,013,121)	-	67,866,360	454,194	137,762,265
Net income	-	-	-	-	-	-	-	8,793,098,885	23,024,622	8,816,123,507
Total income (expenses) recognized for the year	-	-	(311,642,313)	403,604,451	93,492,694	(116,013,121)	-	8,860,965,245	23,478,816	8,953,885,772
Dividend payment (Note 4.21)	-	-	-	-	-	-	-	(2,428,623,402)	(1,814,834)	(2,430,438,236)
Increase in preferred share	-	-	-	-	-	-	-	-	480	480
Increase in legal reserve	-	-	-	-	-	-	303,000,000	(303,000,000)	-	-
Increase in shareholding in subsidiary company	-	-	-	-	-	-	-	-	(4,654,201)	(4,654,201)
Ending balance as of December 31, 2010	#####	13,802,215,854	6,824,842,168	531,549,975	(2,047,452,650)	(162,206,522)	1,013,500,000	18,211,478,626	188,683,098	99,104,048,019

Notes to the consolidated and separate financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

BAHT

	SEPARATE FINANCIAL STATEMENTS								
	Issued and paid-up share Capital	Premium on Share Capital	Asset Appraisal Surplus	Revaluation Surplus (Deficit) on Investments	Deferred Tax on Assets Appraisal Surplus	Deferred Tax on Revaluation on Investments	Retained Earnings		Total
							Appropriated Legal Reserve	Unappropriated	
Balance as of December 31, 2008	60,741,437,470	13,802,215,854	5,441,603,666	(127,006,947)	(1,632,481,100)	26,631,646	582,500,000	7,208,599,753	86,043,500,342
Increase in asset appraisal surplus	-	-	1,694,880,815	-	-	-	-	-	1,694,880,815
Increase in revaluation surplus on investments	-	-	-	262,610,062	-	-	-	-	262,610,062
Increase in deferred tax	-	-	-	-	(508,464,244)	(73,479,963)	-	-	(581,944,207)
Income (expenses) recognized in shareholders' equity	-	-	1,694,880,815	262,610,062	(508,464,244)	(73,479,963)	-	-	1,375,546,670
Net income	-	-	-	-	-	-	-	2,543,569,311	2,543,569,311
Total income (expenses) recognized for the year	-	-	1,694,880,815	262,610,062	(508,464,244)	(73,479,963)	-	2,543,569,311	3,919,115,981
Dividend payment (Note 4.21)	-	-	-	-	-	-	-	(1,822,243,125)	(1,822,243,125)
Increase in legal reserve	-	-	-	-	-	-	128,000,000	(128,000,000)	-
Ending balance as of December 31, 2009	60,741,437,470	13,802,215,854	7,136,484,481	135,603,115	(2,140,945,344)	(46,848,317)	710,500,000	7,801,925,939	88,140,373,198

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	BAHT								
	SEPARATE FINANCIAL STATEMENTS								
	Issued and paid-up share Capital	Premium on Share Capital	Asset Appraisal Surplus	Revaluation Surplus on Investments	Deferred Tax on Assets Appraisal Surplus	Deferred Tax on Revaluation on Investments	Retained Earnings		Total
							Appropriated Legal Reserve	Unappropriated	
Balance as of December 31, 2009	60,741,437,470	13,802,215,854	7,136,484,481	135,603,115	(2,140,945,344)	(46,848,317)	710,500,000	7,801,925,939	88,140,373,198
Increase (decrease) in asset appraisal surplus	-	-	(311,642,313)	-	-	-	-	67,866,360	(243,775,953)
Increase in revaluation surplus on investments	-	-	-	399,902,504	-	-	-	-	399,902,504
(Increase) decrease in deferred tax	-	-	-	-	93,492,694	(115,358,205)	-	-	(21,865,511)
Income (expenses) recognized in shareholders' equity	-	-	(311,642,313)	399,902,504	93,492,694	(115,358,205)	-	67,866,360	134,261,040
Net income	-	-	-	-	-	-	-	6,042,933,034	6,042,933,034
Total income (expenses) recognized for the year	-	-	(311,642,313)	399,902,504	93,492,694	(115,358,205)	-	6,110,799,394	6,177,194,074
Dividend payment (Note 4.21)	-	-	-	-	-	-	-	(2,429,726,184)	(2,429,726,184)
Increase in legal reserve	-	-	-	-	-	-	303,000,000	(303,000,000)	-
Ending balance as of December 31, 2010	60,741,437,470	13,802,215,854	6,824,842,168	535,505,619	(2,047,452,650)	(162,206,522)	1,013,500,000	11,179,999,149	91,887,841,088

Notes to the consolidated and separate financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	12,340,057,554	8,160,789,566	6,961,059,240	2,727,955,044
Adjustments to reconcile income to net cash flows from operating activities:				
Depreciation and amortization	2,516,796,327	1,702,495,815	1,398,486,580	1,311,096,343
Deferred interest expenses	13,731,514	-	13,731,514	-
Bad debt and doubtful accounts	11,424,806,920	9,128,849,770	4,567,527,744	4,629,085,073
Loss on debt restructuring	966,130,513	1,087,462,431	997,428,606	1,100,914,927
Loss on translation in foreign currencies	1,121,555,119	341,512,545	1,121,555,119	341,512,545
(Gain) loss on investments	(970,980,176)	82,407,568	(427,929,505)	1,380,956,659
Excess of net fair value of acquired subsidiaries over purchase cost	(519,444,281)	(1,005,302,591)	-	-
Discretion of discount on investments	328,568,633	(223,038,448)	(154,462,694)	(226,960,948)
Gain on sales of properties foreclosed	(883,034,242)	(812,696,985)	(449,506,983)	(450,922,396)
(Gain) loss on sales of property, premises and equipment	(82,055,481)	(66,277,421)	16,093,586	(2,847,437)
Loss on impairment of properties foreclosed	823,752,337	539,263,753	584,640,689	625,902,348
Gain from equity interest in associated company	(144,378,002)	(126,119,943)	-	-
Interest and dividend income	(48,726,006,541)	(39,457,466,588)	(34,056,903,925)	(31,036,743,046)
Income tax refunded	-	182,979,740	-	78,344,710
Interest received	48,753,710,489	41,706,841,884	29,647,025,698	29,307,988,436
Dividend received	379,469,413	355,372,401	4,763,800,943	2,589,030,880
Interest expenses	10,492,053,445	11,040,325,119	9,804,060,173	10,934,414,660
Increase in other accrued expenses	823,614,844	1,081,125,869	112,062,082	91,325,657
Decrease in other reserve	(379,535,438)	(21,678,350)	(379,565,438)	(21,678,350)
Interest paid	(10,649,248,903)	(11,818,857,065)	(10,004,741,117)	(11,718,603,649)
Income tax paid	(4,126,140,397)	(1,774,412,392)	(1,219,242,329)	(235,469,873)
Income from operations before changes in operating assets and liabilities	23,503,423,647	20,103,576,678	13,295,119,983	11,425,301,583
(Increase) decrease in operating assets				
Interbank and money market items	(21,018,682,796)	58,792,374,849	(23,385,552,131)	34,080,461,387
Current investments - securities for trading	(1,922,858,598)	5,429,608,841	(1,351,597,055)	2,495,975,233
Loans	(64,681,098,746)	13,839,151,016	(34,202,542,737)	(29,117,064,671)
Properties foreclosed	3,739,350,114	4,054,258,822	2,252,541,290	3,727,086,526
Other assets	(872,551,194)	(151,675,443)	(783,855,551)	(3,726,704,271)
Increase (decrease) in operating liabilities				
Deposits	56,284,842,512	(35,982,500,114)	56,843,133,049	(15,895,037,267)
Interbank and money market items	8,293,540,443	(20,039,576,765)	4,553,682,309	24,421,218,119
Liabilities payable on demand	(234,939,686)	45,603,080	(234,939,686)	79,702,672
Other liabilities	8,004,493,430	(3,149,591,851)	3,097,435,395	2,122,208,714
Net cash provided by operating activities	11,095,519,126	42,941,229,113	20,083,424,866	29,613,148,025

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. GENERAL INFORMATION

Bank of Ayudhya Public Company Limited (“the Bank”) is a public company registered in the Kingdom of Thailand with its head office located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The Bank’s main business is commercial banking and the Bank conducts its business through a network of branches throughout Thailand and other countries. The Bank has 18 subsidiaries as follows:

- 1.1 Ayudhya Asset Management Company Limited, incorporated in Thailand since August 18, 2000 and located at 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary’s main business is to develop, manage and sell assets transferred from financial institutions.
- 1.2 Ayudhya Development Leasing Company Limited, incorporated in Thailand since July 25, 1991 and located at 65/182-185 Chamnanpenchat Business Center Building, Fl 22, Rama IX Road, Huey Khuang Subdistrict, Huey Khuang District, Bangkok. The subsidiary’s main business includes leasing and hire-purchase.
- 1.3 Ayudhya Auto Lease Public Company Limited, incorporated in Thailand since February 1, 1994 and located at 898 Ploenchit Tower Building, Fl 3, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is auto leasing.

The subsidiary ceased writing new auto hire-purchase business in 2006 and is servicing the portfolio run-off. Moreover, the subsidiary delisted its ordinary shares and warrants from The Stock Exchange of Thailand (“the SET”) when The Board of Governors of the SET approved the delisting of the Company’s ordinary shares and warrants on June 12, 2007.

- 1.4 Ayudhya Capital Lease Company Limited, incorporated in Thailand since December 27, 2006 and located at 898 Ploenchit Tower Building, Fl 16, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is auto leasing.

On December 5, 2008, the subsidiary transferred its entire business to Ayudhya Capital Auto Lease Public Company Limited and an extraordinary shareholders’ meeting of the subsidiary approved a resolution to liquidate the subsidiary on December 17, 2008, with an effective date on December 26, 2008. Currently, the subsidiary is in the process of liquidation.

- 1.5 Ayudhya Capital Auto Lease Public Company Limited, incorporated in Thailand since November 27, 1995 and located at 87/1, Fl 3, Capital Tower, and 87/2, Fl 30, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is auto hire-purchase, leasing service and refinancing to individual and corporate customers. The business became the Bank’s subsidiary on February 14, 2008.

On September 24, 2008, a meeting of Board of Directors of the Bank approved a resolution on the entire business transfer of two subsidiaries, carrying out a similar business, to Ayudhya Capital Auto Lease Public Company Limited, the Bank’s subsidiary. The transferor subsidiaries were Ayudhya Capital Lease Company Limited (see Note 1.4) and Ayudhya Hire Purchase Company Limited which was liquidated December 25, 2009. The Bank of Thailand approved the entire business transfer on November 5, 2008 and this transaction was executed on December 5, 2008.

- 1.6 Ayudhya Total Solutions Public Company Limited, incorporated in Thailand since May 9, 1994 to carry out the financial and security businesses. On December 7, 2006, the subsidiary was granted a banking license from the Bank of Thailand and it had changed its operation to be banking business since March 6, 2007. It has changed its registered address from 990 Abdulrahim Place, Fl 7 and Fl 10, Rama IV Road, Silom Subdistrict, Bangrak District, Bangkok to 550 Bank of Ayudhya Building Ploenchit office, F 17, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is hire-purchase. The business became the Bank's subsidiary on April 8, 2009.

On September 25, 2009, the subsidiary returned the banking license to the Bank of Thailand to be in compliance with the Bank of Thailand's regulations.

- 1.7 CFG Services Company Limited, incorporated in Thailand since October 24, 2006, has changed its registered address from 52/53, 54, 59, 60 Pathumthani-samkok Road, Bangprok, Muang, Pathumthani to 89/170 Juthamard Building, Fl 4, 5 and 10 Moo 3, Viphavadee Rangsit Road, Talad Bangkhen Subdistrict, Laksi District, Bangkok. The subsidiary's main business is hire-purchase loan and secured personal loan for vehicles and motorcycles. The business became the Bank's subsidiary on September 9, 2009.
- 1.8 Ayudhya Card Services Company Limited, incorporated in Thailand since December 4, 1997, has changed its register address from 968 U Chu Liang Building, Fl 20, Rama IV Road, Silom Subdistrict, Bangrak District, Bangkok to 550 Bank of Ayudhya Building Ploenchit office, Fl 7, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business are credit cards and personal loans. The business became the Bank's subsidiary on April 8, 2009.
- 1.9 Ayudhya Capital Services Company Limited (formerly GE Capital (Thailand) Limited) incorporated in Thailand since November 9, 1994 and located at 87/1, Capital Tower, All Seasons Place, Fl 1-6 and 8-11, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business are credit cards and personal loans. The business became the Bank's subsidiary on November 5, 2009.
- 1.10 General Card Services Limited, incorporated in Thailand since January 24, 1995 and located at 87/1, Capital Tower, All Seasons Place, Fl 1-6 and 8, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business are credit cards and personal loans. The business became the Bank's subsidiary on November 5, 2009.
- 1.11 Krungsriayudhya Card Company Limited, which is owned by Bank of Ayudhya Public Company Limited and Ayudhya Capital Services Company Limited equally, with 49.99% shareholding each, incorporated in Thailand since August 29, 1996 and located at 87/1, Capital Tower, All Seasons Place, Fl 1-6 and 8-11, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business are credit cards and personal loans. The business changed its status from being an associated company to a subsidiary as a result of the acquisition of Ayudhya Capital Services Company Limited on November 5, 2009.

As at September 29, 2010, the Bank purchased shares of Krungsriayudhya Card Company Limited from Ayudhya Capital Services Company Limited and revised its shareholding structure in Krungsriayudhya Card Company Limited from direct and indirect holding of 99.99% to direct holding of 99.99%.

- 1.12 Siam Realty and Services Company Limited, incorporated in Thailand since June 20, 1988. In 2010, it has changed its registered address from 550 Bank of Ayudhya Building Ploenchit Office, Fl 1, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok to 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok in 2010. The subsidiary's main business is car leasing and personnel services.
- 1.13 Total Services Solutions Public Company Limited, incorporated as a public company limited in Thailand since May 19, 1997 and located at 87/1, Capital Tower, and 87/2, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is providing collection services. The business became the Bank's subsidiary on November 5, 2009.
- 1.14 Ayudhya Fund Management Company Limited, incorporated in Thailand since December 19, 1996 and located at 898 Ploenchit Tower Building, Fl 11 and Fl 12, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is mutual funds and individual private fund management.
- 1.15 Ayudhya Securities Public Company Limited, incorporated in Thailand since April 16, 2004, has changed its register address from 999/9 the offices at Central World Building, Fl 12, Rama I Road, Patumwan Subdistrict, Patumwan District, Bangkok to 550 Bank of Ayudhya Building Ploenchit Office, Fl 5, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is securities.
- 1.16 Ayudhya Factoring Company Limited, incorporated in Thailand since February 1, 2007 and located at 550 Bank of Ayudhya Building Ploenchit Office, Fl 3, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is factoring.
- 1.17 Quality Life Assurance Broker Company Limited, which is 24.99% held by Ayudhya Capital Services Company Limited, incorporated in Thailand since March 2, 1997 and located at 87/1, Capital Tower, All Seasons Place, Fl 11, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is life assurance broker business. As at October 21, 2010, Ayudhya Capital Services Company Limited purchased shares of Quality Life Assurance Broker Company Limited and revised its shareholding structure in Quality Life Assurance Broker Company Limited to holding of 99.99%.
- 1.18 Quality General Insurance Broker Company Limited, which is 24.99% held by Ayudhya Capital Services Company Limited, incorporated in Thailand since March 2, 1997 and located at 87/1, Capital Tower, All Seasons Place, Fl 11, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is general insurance broker business. As at October 21, 2010, Ayudhya Capital Services Company Limited purchased shares of Quality General Insurance Broker Company Limited and revised its shareholding structure in Quality General Insurance Broker Company Limited to holding of 99.99%.

The Bank has liquidated 3 subsidiaries and sold 1 subsidiary to the third parties during 2010 and 2009 as follows:

1. Ayudhya Hire Purchase Company Limited, incorporated in Thailand since January 24, 2008 and located at 550 Bank of Ayudhya Building Ploenchit Office, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business was hire-purchase of used cars for sale and lease back to individuals.

On December 5, 2008, the subsidiary transferred its entire business to Ayudhya Capital Auto Lease Public Company Limited and an extraordinary shareholders' meeting of the subsidiary approved a resolution to liquidate the subsidiary on December 17, 2008. The subsidiary had registered with the Ministry of Commerce for the dissolution on December 26, 2008. The subsidiary was dissolved on December 25, 2009.

2. Ayudhya Derivatives Company Limited, which was 99.99% held by Ayudhya Securities Public Company Limited, incorporated in Thailand since June 15, 2005 and located at 999/9 The Offices at Central World Building, Fl 12, Rama I Road, Patumwan Subdistrict, Patumwan District, Bangkok. The subsidiary's main business was the financial derivatives and a derivative trading broker.

By a special resolution of the Annual General Shareholders' Meeting of the subsidiary held on April 22, 2009, it was resolved to dissolve the subsidiary. The subsidiary had registered with the Ministry of Commerce for the dissolution on May 19, 2009. The subsidiary was dissolved on March 24, 2010.

3. K. S. Law Office Company Limited, incorporated in Thailand since February 2, 1996 and located at 550 Bank of Ayudhya Building Ploenchit Office, Fl 1 ,Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business was legal advisory services. The subsidiary was dissolved on December 14, 2010.
4. PrimaVest Asset Management Company Limited, which was 99.99% held by Ayudhya Fund Management Company Limited, incorporated in Thailand since May 7, 1997 and located at 900 Tonson Tower, Fl 18, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business was fund management. The subsidiary became Ayudhya Fund Management Company Limited's subsidiary on September 18, 2009.

On October 28, 2010, Ayudhya Fund Management Company Limited, the Bank's subsidiary, has sold all shares in PrimaVest Asset Management Company Limited to third parties.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

- 2.1 The consolidated and separate financial statements are prepared in accordance with the regulation of the Stock Exchange of Thailand dated January 22, 2001, regarding the Preparation and Filing of Financial Statements and Reports on Financial Status and Results of Operations of Listed Companies, B.E. 2544 including the Procedures, Policies and Presentation in accordance with the Bank of Thailand ("BOT")'s Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated August 3, 2008 and Thai Accounting Standard No.1 (revised 2007) "Presentation of Financial Statements".

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The Bank prepares its statutory financial statements in the Thai language in conformity with Thai accounting standards and Notifications noted above. The accompanying financial statements and disclosures are prepared in accordance with accounting principles and practices generally accepted in Thailand. However, for the convenience of readers, the Bank also prepares its financial statements in English, by translating from the Thai version.

Disclosure regarding accounting standards issued but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretation (TFRI), which are not yet effective for the current period. The TAS, TFRS and TFRI which are related to Bank and subsidiaries are as follows:

2.1.1 TAS and TFRS which are effective on January 1, 2011:

TAS

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2009)	Earnings Per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property

TFRS

TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations

The Bank and subsidiaries' managements will adopt the above TAS, TFRS and TFRI relevant to the Bank and subsidiaries in the preparation of the Bank and subsidiaries' financial statements when they become effective. The Bank and subsidiaries' managements have assessed the effect of these standards and believe that they will not have any significant impact on the financial statements for the period in which they are initially applied. This excludes TAS 19 "Employee Benefits" for which management is still evaluating the first-year impact to the financial statements, and has yet to reach a conclusion.

2.1.2 TAS which are effective on January 1, 2013:

TAS

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Bank and subsidiaries' managements anticipate that the Bank and subsidiaries will adopt the above TAS relevant to the Bank and subsidiaries in the preparation of the Bank and subsidiaries' financial statements when they become effective except for TAS 12 Income Taxes, which the Bank and subsidiaries had early adopted in 2009. The Bank and subsidiaries' managements are in the process of assessing the impact of these standards on the financial statements for the period in which they are initially applied.

- 2.2 The consolidated financial statements included the accounts of the Head Office and all branches of the Bank and its subsidiaries in which the Bank has control or invested over 50% of their voting rights. These subsidiaries are as follows:

	Business Type	Percentage of Holdings As at December 31,	
		2010	2009
Subsidiaries			
Ayudhya Development Leasing Company Limited	Leasing and hire-purchase	99.99	99.99
Ayudhya Auto Lease Public Company Limited	Auto leasing	99.79	99.66
Ayudhya Capital Lease Company Limited ⁽¹⁾	Auto leasing	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	99.99	99.99
Ayudhya Total Solutions Public Company Limited	Hire-purchase	99.81	99.76
CFG Services Company Limited	Hire-purchase and motorcycle loans	99.99	99.99
Ayudhya Card Services Company Limited	Credit cards and personal loans	99.99	99.99
Ayudhya Capital Services Company Limited (formerly GE Capital (Thailand) Limited)	Credit cards and personal loans	99.99	99.99
General Card Services Limited	Credit cards and personal loans	99.99	99.99
Krungsriayudhya Card Company Limited ⁽²⁾	Credit cards and personal loans	99.99	99.99
Siam Realty and Services Company Limited	Car leasing and personnel services	99.99	99.99
K.S. Law Office Company Limited ⁽³⁾	Legal advisory services	-	99.99
Subsidiaries			
Total Service Solutions Public Company Limited	Collection services	99.99	99.99
Ayudhya Fund Management Company Limited	Fund management	76.59	76.59
Ayudhya Asset Management Company Limited	Asset management	99.99	99.99
Ayudhya Securities Public Company Limited	Securities	86.33	86.33
Ayudhya Factoring Company Limited	Factoring	99.99	99.99
Ayudhya Derivatives Company Limited ⁽³⁾	Derivatives trading broker	-	86.33
PrimaVest Asset Management Company Limited ⁽⁴⁾	Fund management	-	76.59
Quality Life Assurance Broker Company Limited ⁽⁵⁾	Life assurance broker	99.99	-
Quality General Insurance Broker Company Limited ⁽⁵⁾	General insurance broker	99.99	-

⁽¹⁾ Subsidiaries are under the liquidation process

⁽²⁾ As at December 31, 2010, the Bank directly held 99.99% share of Krungsriayudhya Card Company Limited compared to a direct holding of 49.99% and an indirectly holding via Ayudhya Capital Services Company Limited of 49.99% as at December 31, 2009.

⁽³⁾ Subsidiary registered the completion of liquidation

⁽⁴⁾ Indirectly holding via Ayudhya Fund Management Company Limited of 99.99% as at December 31, 2009 and sold on October 28, 2010

⁽⁵⁾ Indirectly holding via Ayudhya Capital Services Company Limited of 99.99%

As at December 31, 2009, Ayudhya Auto Lease Public Company Limited held 2,756,950 ordinary shares of the Bank. The acquisition cost was Baht 98 million which was presented as a long-term investments, net in the consolidated balance sheets. Such investment was not deducted from shareholders' equity as the amount was immaterial. As at December 31, 2010, the subsidiary has sold all shares of the Bank to the third parties.

All material intercompany transactions and balances have been eliminated.

- 2.3 The consolidated financial statements for the years ended December 31, 2010 and 2009, includes financial statements of certain subsidiaries and the gain (loss) on equity of certain associated companies, which were prepared by subsidiaries and associated company's management and have not been audited by the auditors as follows:

	Unit: Million Baht	
	Net Profit(loss)/ Gain(loss) on equity	
	For the years ended December 31,	
	2010	2009
Subsidiaries		
1. K.S. Law Office Company Limited	-	(1)
2. Ayudhya Capital Lease Company Limited	13	15
	<u>13</u>	<u>14</u>

2.4 Changes in Accounting Estimates

- 2.4.1 During 2010, the Bank's management reviewed the valuation of indefinite useful life intangible assets from a previous period business acquisition. Intangible assets totaling Baht 2,245 million were determined to have a remaining expected future economic benefit period of 13 years. Previously, these intangible assets were determined to have an indefinite useful life. These intangible assets are amortized by using the anticipated cash flow over the expected future economic benefit period. The result of this change in accounting estimates results in an increase in non-interest expenses of Baht 488 million in the income statements for the year ended December 31, 2010.
- 2.4.2 During 2010, the subsidiary's management reviewed the outstanding expected future economic benefit of the new auto finance business intangible assets totaling Baht 1,350 million. Previously, this intangible asset was determined to have an indefinite useful life. Upon review Baht 696 million of this balance was determined to have an indefinite useful life. The remaining balance of Baht 654 million was determined to have a remaining expected future economic benefit period of 12 years. The finite intangible assets are amortized by using the anticipated cash flow over the expected future economic benefit period. The result of this change in accounting estimates has no material effect on the income statements for the year ended December 31, 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents in the consolidated and separate statements of cash flows for the Bank and subsidiaries consist of cash on hand and cash on collection, in accordance with the Bank of Thailand's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated August 3, 2008.

3.2 Investments

The Bank and subsidiaries' investments which consist of debt securities and equity securities are classified as either trading securities, available-for-sale securities, held-to-maturity securities or general investments.

In addition, the Bank complies with the BOT's Notification dated August 3, 2008 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry, requiring commercial banks to present the investments as current investments, net, long-term investments, net and investments in subsidiaries and associated companies, net.

Trading securities which represent securities acquired with the intent to hold short-term are current investments and management acquires those securities with the intent to take advantage of anticipated changes in market values. Trading securities are carried at fair value. Realized gains and losses from the sales of trading securities and unrealized gain or losses on the changes in fair value are recognized as non-interest income. Interest earned and dividend on trading securities are recognized using the accrual basis of accounting as interest and dividend income.

Debt securities which the Bank and subsidiaries have the intent and ability to hold until maturity are classified as held-to-maturity and carried at the amortized cost, net of valuation allowances for impairment, if any, and are presented as long-term investments except for those with maturities less than one year. Valuation allowances are established to recognize an unrealized loss in the statement of income when an impairment is determined by management. In addition, the Bank classifies the rights of the Bank over the non-negotiable promissory notes, which are availed by the Financial Institutions Development Fund (FIDF) issued by the Thai Asset Management Corporation (TAMC) under the Asset Transfer Agreement for transfer of sub-quality assets, as a long-term investment in the category of debt securities held-to-maturity.

Debt and equity securities with readily determinable market values that are not classified as either trading securities or held-to-maturity securities are classified as available-for-sale securities and are presented as short-term or long-term investments depending on the intent of management and carried at fair value. The unrealized gains or losses related to available-for-sale securities are reported as a component of shareholders' equity until realized. Gain or loss on available-for-sale securities are recognized in the statements of income upon the sale or disposition of such securities.

Non-marketable equity securities and marketable equity securities acquired from troubled debt restructuring are classified as general investments and presented as long-term investment, carried at cost, net of valuation allowances for impairment, if applicable. Valuation allowances are established to recognize an unrealized loss in the statements of income when an impairment is determined by management.

Foreign sector debt securities include investments in Collateralized Debt Obligations and Structured Deposits which are classified as securities for trading and carried at fair value. Gain and loss on the changes in fair value are recognized as non-interest income.

Premiums and discounts are amortized and accreted into income as adjustments to interest income using the effective interest rate method.

In the consolidated financial statements, investments in associated companies are accounted for by the equity method. In the separate financial statements, investments in subsidiaries and associated companies are accounted for by the cost method.

When an investment is assessed as being impaired, the amount of impairment is recognized as expense in the statements of income.

Fair value or market value of securities is calculated on the following basis:

1. For Government bonds and state enterprise bonds, the fair values of these securities were estimated by using the BOT's formula, based on The Thai Bond Market Association's Yield Curve on the last business day of the year.
2. For private sector debt and equity securities which are listed securities and securities in The Thai Bond Market Association, market values are estimated using the bidding prices at The Stock Exchange of Thailand and The Thai Bond Market Association on the last business day of the year.
3. For private sector debt securities which are non-listed securities, the last closing prices of The Thai Bond Market Association are used to estimate fair value. In the absence of such prices, fair value is estimated by applying the aforementioned risk adjusted yield curve, in accordance with the criteria established by the BOT.
4. Foreign sector debt securities, market values are estimated using the average prices calculated by arrangers.

Equity securities which are non-listed securities are stated at cost, except in the case where a permanent decline in value is deemed to have occurred with the loss charged to the statements of income.

Cost of securities sold during the year is computed by using the weighted average method. Realized gain and loss from sales of debt and equity securities are included in non-interest income.

3.3 Loans

Overdrafts are stated at the drawn amounts including interest. Other loans are stated at the principal amounts.

Unearned discounts on notes receivable are presented as a reduction from loans.

3.4 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the Bank of Thailand's regulations. The Bank and its subsidiaries categorize their loan portfolio into six categories and determine allowance for doubtful accounts subject to different levels of provisioning. Allowance for doubtful accounts for loans classified as normal and special mention are calculated based on the minimum percentage in accordance with the BOT's guidelines by using the value of collateral for calculation of reserve. For loans classified as substandard, doubtful and doubtful of loss, the allowance rate is 100 percent of the difference between the outstanding loan value present value of expected cash flow from proceeds of the collateralized assets which excludes collateral in the form of machinery. With the exception of a subsidiary that carries out a leasing business, the reserve calculation is determined by including the value of machinery as collateral. In addition, the Bank and subsidiaries estimate an additional allowance for doubtful debts over the minimum percentage in accordance with the BOT's guidelines.

Subsidiaries involved in hire-purchase businesses, with qualified portfolios under the BOT regulations, calculate allowance for doubtful accounts by using the collective approach which classifies a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category.

Subsidiaries involved in the securities business provide an allowance for doubtful debts based on a review of the debtor's ability to make repayment, taking into consideration recovery risk and the value of the collateral. Such debt classifications and provisions are made in accordance with the guidelines of the Securities and Exchange Commission regarding "Accounting policies on Securities Companies' Substandard Account Receivable", and consideration of other relevant factors.

Loans are written-off in the year that they are determined to be irrecoverable. Bad debts recovered are recorded as income in the statements of income when received.

Bad debts written-off during the year are recorded as a deduction from the allowance for doubtful accounts.

Bad debt and doubtful accounts are shown as an expense in the statements of income.

A significant factor in the determination of the allowance for doubtful accounts is the value of collateral. Collateral pledged as support for loans typically consists of land, buildings, and buildings under construction. Value of such collateral is based on independent and/or internally performed appraisals.

3.5 Troubled debt restructuring

Losses on troubled debt restructurings resulting from the reduction of principal and accrued interest and other modifications of terms, asset transfers, equity securities transfers, etc. are recognized as expenses in the statements of income.

For troubled debt restructurings with a modification of terms, the Bank has applied the BOT's criteria requiring the Bank to choose between the collateral method which estimates a loss amount or the net present value method which represents expected future cash flows by applying the discounted market interest rate on the restructuring date. Losses from such debt restructurings are recognized in the statements of income.

The Bank has recalculated the fair value of restructured debts based on the aforementioned discount interest rate as of the date of the monthly financial statements and adjusted the valuation on debt restructured, if appropriate, in accordance with the BOT's criteria. The adjustment of valuation on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

Restructured debt with assets or equity securities transferred for debt repayment either in whole or in part are recorded at the fair value, net of estimated selling expenses, not to exceed the investment value on such debt and the right-to-claim interest income.

For investments in receivables subsequently restructured, the Bank has calculated the fair value of restructured debt as of the restructuring date and recognized the difference between book value and fair value in the statements of income for the period and classified investments in receivables as loans in accordance with the BOT's criteria.

3.6 Properties foreclosed

Properties foreclosed consist of immovable and movable properties which are recorded at the lower of net investment in the loan plus accrued interest (including previously unrecognized contractual interest) or fair value of the property as of the date of foreclosure.

According to the BOT's Notification Phor.Nor.Sor.(21)Wor.2470/2009 letter dated December 9, 2009 re: Guideline for financial institution appraisal of collateral and properties foreclosed from debt repayment, the bank complied with this guideline by having properties foreclosed with book value not over Baht 50 million appraised by the Bank's appraisers and those over Baht 50 million appraised by independent appraisers.

The Bank and subsidiaries provided the allowance for impairment of properties foreclosed as disclosed in note 3.19.3.

Losses on impairment of properties foreclosed are shown as an expense in the statements of income.

Gain or losses on the disposal of such properties are realized upon disposition of the underlying asset and are included in non-interest income in the statements of income.

3.7 Property, premises and equipment

Land is stated at the appraised value. Premises are stated at the appraised value less accumulated depreciation. Equipment is stated at cost less accumulated depreciation.

Revaluation of assets

Land and premises have been revalued by independent appraisers based on the market value for land and depreciated replacement cost for premises. For the portion of land and premises which have been revalued, the increments above the previous appraisal are recorded in land revaluation surplus and premises revaluation surplus accounts. In case of a revaluation decrease, the decline in value is deducted from such revaluation surplus to the extent that the new value is above original cost and recognized in the statements of income for the decrease in value below original cost.

Suite units in condominiums used as branch offices have been revalued by independent appraisers in accordance with the BOT's guidelines using depreciated replacement cost. The Bank has recorded the increment per appraisal of premises as revaluation surplus. Any revaluation decrease in excess of the original cost is recorded by deducting from the revaluation surplus.

Leased assets

Leases under which the Bank and its subsidiaries assume substantially all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of income.

Depreciation

Depreciation of premises and equipment is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Premises	20 - 50 years
Equipment	3 - 5 years

3.8 Goodwill in a business combination

Goodwill in a business combination represents the excess of the cost of acquisition over the Bank's interest in the fair value of the identifiable net assets acquired as at the date of acquisition.

Negative goodwill arising on acquisition represents the excess of the fair value of the net asset acquired over the cost of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs.

In the consolidated financial statements, the Bank recognizes goodwill in a business combination as an asset recorded as of the acquisition date. Negative goodwill is recognized as income in the statements of income.

Goodwill is stated at cost less allowance for impairment (if any).

3.9 Intangible assets

Intangible assets with indefinite useful lives are stated at cost less allowance for impairment (if any). Intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance for impairment.

Amortization

Software amortization is calculated by the straight-line method over the expected future economic benefit period between 5 - 10 years.

Amortization of other intangible assets received from business combinations are information of customer relationship, dealer relationship and distribution network, are calculated by the projected cash flow over the expected future economic benefit period between 8 - 20 years.

Amortization incurred is recognized as non-interest expense in the statements of income.

3.10 Recognition of income

Interest and dividend income and other income are recognized on an accrual basis.

The Bank and its subsidiaries are required by the BOT to stop accruing interest income for debtors more than three months past due and reverse this accrued interest income from interest income. Thereafter, interest income from these debtors shall be recognized on a cash basis.

The asset management subsidiary recognizes interest income from investment in receivable and loans by using the market interest rate plus a risk premium that represent the discounted rate in calculating present value of future cash flows expected to be collected from receivables, except for certain receivables being doubtful of collection where the subsidiary recognizes interest income from such investments in receivable and loans on a cash basis.

The hire-purchase business subsidiaries recognize income for new finance leases and hire-purchase contracts since January 1, 2008, by the effective interest rate method whereas, for contracts originated before January 1, 2008, income is recognized on the sum-of-the-digits method, except for one subsidiary where income has been recognized by the effective interest rate method from its inception.

3.11 Recognition of expense

Expenses, included interest expense are recognized on an accrual basis.

3.12 Provident fund and pension fund

The contributions to the provident fund made by the Bank are recorded as expense in the statements of income.

The Bank records accrued pension costs for employees who were employed before January 1, 1998, with their length of service exceeding 10 years as expense in the statements of income, in addition to provident fund costs.

3.13 Contributions to the Deposit Protection Agency

Contributions to the Deposit Protection Agency are recognized on an accrual basis as expense in the statements of income.

3.14 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

3.14.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

3.14.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered. The Bank and subsidiaries do not recognize deferred tax assets and liabilities for the initial goodwill.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank and subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expenses or income related to profit or loss are presented in the statement of income. For current income taxes and deferred taxes related to items recognized directly in the shareholders' equity in the same or different period, they will be recognized directly in the shareholders' equity.

3.15 Earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted-average ordinary shares outstanding during the year.

3.16 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange on the transaction dates. Monetary assets and liabilities at the end of the period denominated in foreign currencies are translated into Baht at the exchange rates announced by the Bank of Thailand on that date.

All foreign exchange gains or losses are recognized as income or expenses in non-interest income in the statements of income.

3.17 Translation of the financial statements of the foreign branches

The financial statements of foreign branches are translated into Baht using the reference exchange rates established by the BOT at the end of the year for the translation of foreign monetary items, the historical exchange rates for the translation of foreign non-monetary items and the average exchange rates for the translation of transactions in the statements of income. Differences in exchange rates from the translation of the financial statements of foreign branches are recognized as gain or losses on foreign exchange in the statements of income.

3.18 Derivatives

The Bank and its subsidiaries have recognized derivatives transactions as follows:

1. Derivatives for trading are recorded at fair value and profit or loss from the price appraisal is recognized as income or expense in the statements of income.
2. Derivatives for hedging of transactions are recognized on the accrual basis and recorded as off-balance sheet item with the income or expense recognized based on the accrual basis in line with the underlying transactions.

A subsidiary recognizes derivatives for hedging of transactions at fair value and profit or loss from the revaluation is recognized as income or expense in statements of income.

Hybrid Instruments

Hybrid instruments are recorded following the Bank of Thailand's notifications No. Sor Nor Sor. 09/2551 and Sor Nor Sor. 13/2551 dated August 3, 2008 for Structured Products and Collateralized Debt Obligation Instruments which mandate that the Bank should early adopt International Accounting Standard No.39 (IAS 39) to record an embedded derivative separately from the host contract and carry the embedded derivative at fair value, if and only if:

1. The economic characteristics and risks of the host contract and the embedded derivative are not closely related;
2. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and;
3. The hybrid instruments are not recognized at fair value through the statements of income.

The hybrid instrument shall be recorded by including the embedded derivative if not in compliance with the aforementioned condition. However, in case the reliable fair value of an embedded derivative is not determined, the hybrid instrument will be recorded as a financial instrument by adjusting its fair value through profit and loss.

3.19 Critical accounting judgments and key sources of estimation uncertainty

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

3.19.1 Fair value

The management has to use judgment in reporting the estimated fair value of the investment in Collateralized Debt Obligations and Structured Deposits since February, 2009. The estimation was determined by using the price calculated by the arranger.

For a business acquisition, the Bank's management estimated the fair value of assets, liabilities and other contingent liabilities of the acquiree's identifiable assets and liabilities at the acquisition date and any adjustments of the initial provision are finalized within 12 months after the acquisition date.

3.19.2 Allowance for doubtful accounts

The Bank and subsidiaries estimated the minimum allowance for doubtful accounts in accordance with the BOT's and the office of the Securities and Exchange Commission's guidelines. In addition, the Bank and subsidiaries estimated an additional allowance which the management has considered based on the uncollectible loss from past experience, current economic conditions and the ability to repay loans and accrued interest receivable. The Bank and subsidiaries considered the value of collateral where the source of repayment comes from the selling of the collateral.

3.19.3 Allowance for properties foreclosed

The Bank and subsidiaries estimate the allowance for impairment of properties foreclosed when there is a decline in net realizable value. For consideration in net realizable value, the Bank and its subsidiaries consider the appraised value together with other factors which can effect the realizable value such as related selling expenses, holding costs and discounted future expenses.

3.19.4 Goodwill

Goodwill is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

3.19.5 Impairment

The carrying amounts of the Bank and subsidiaries' assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated by using discounted cash flows.

3.19.6 Provisions

Provisions are recognized as liabilities in the balance sheet when it is probable that an obligation has been incurred as a result of a past event, it is possible that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reasonably estimated.

3.19.7 Loss from the impaired assets transferred to the Thai Asset Management Corporation (TAMC)

The probable loss arising from the impaired assets transferred to the Thai Asset Management Corporation (TAMC) is estimated from expected loss based on actual experience to date.

3.19.8 Provision for off-balance sheet obligations

The Bank provided a provision for off-balance sheet obligations with high credit risk such as loan guarantees, avals, etc, at the same rate as that provided for those debtors on the balance sheet.

4. ADDITIONAL INFORMATION

4.1 Supplementary disclosures of cash flow information

4.1.1 Non-cash transactions for the years ended December 31, are as follows:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2010	2009	2010	2009
Revaluation surplus on investments presented as item in shareholders' equity increase	403	271	400	263
Accumulated depreciation of premises for appraisal deducted from premises revaluation surplus	(312)	206	(312)	206
Properties foreclosed acquired from debt repayment	89	139	89	139
Property and premises transferred to be properties foreclosed	42	-	42	-
Properties foreclosed transferred to be property and premises	-	30	-	30

- 4.1.2 Non-cash transactions of property, premises and equipment for the years ended December 31, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Property, premises and equipment payable at the beginning of the years	105	433	105	617
Purchases of property, premises and equipment	1,476	1,271	947	1,081
<u>Less</u> Cash payment	<u>(1,088)</u>	<u>(1,599)</u>	<u>(559)</u>	<u>(1,593)</u>
Property, premises and equipment payable at the end of the years	<u>493</u>	<u>105</u>	<u>493</u>	<u>105</u>

- 4.1.3 Non-cash transactions of computer software for the years ended December 31, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Computer software payable at the beginning of the years	14	58	14	58
Purchases of computer software	494	368	382	358
<u>Less</u> Cash payment	<u>(503)</u>	<u>(412)</u>	<u>(391)</u>	<u>(402)</u>
Computer software payable at the end of the years	<u>5</u>	<u>14</u>	<u>5</u>	<u>14</u>

- 4.1.4 Acquisition of investments in subsidiaries

The Bank acquired investments in subsidiaries for the year ended December 31, 2009 and changes for the year ended December 31, 2010 as follows:

- 4.1.4.1 On April 8, 2009, the Bank acquired Ayudhya Total Solutions Public Company Limited (formerly AIG Retail Bank Public Company Limited) and Ayudhya Card Services Company Limited (formerly AIG Card (Thailand) Company Limited) for a total purchase price in the share sale agreement amounting to Baht 1,487 million. The Bank made a payment for this purchase of subsidiaries as follows:

Consolidated financial statements

	Unit : Million Baht
Cash payment to acquire shares	1,487
<u>Add</u> Additional related cost	42
<u>Less</u> Cash of subsidiary	<u>(130)</u>
Net cash payment	<u>1,399</u>

Fair value of assets, liabilities and identified contingent liabilities of subsidiaries and book value of each item is as follows:

	Unit : Million Baht	
	Book Value	Fair Value
Assets		
Cash	130	130
Deposits at financial institutions	24,779	24,779
Receivable and loans	19,935	19,563
Others	2,263	2,447
	<u>47,107</u>	<u>46,919</u>
Liabilities		
Deposits	19,197	19,437
Borrowings	20,940	20,940
Others	4,160	4,228
	<u>44,297</u>	<u>44,605</u>
Net assets	<u>2,810</u>	2,314
Other related costs		(42)
Excess of net fair value of acquired subsidiary over purchase cost		(761)
Change in accounting policy regarding deferred tax before subsidiary acquisition		(24)
Cash payment to acquire shares		<u>1,487</u>

- 4.1.4.2 On September 9, 2009, the Bank acquired CFG Services Company Limited for a total purchase price in the share sale agreement amounting to Baht 18 million. The Bank made a payment for this purchase of subsidiary as follows:

Consolidated financial statements

	Unit : Million Baht
Cash payment to acquire shares	18
<u>Add</u> Additional related cost	9
<u>Less</u> Cash of subsidiary	(5)
Net cash payment	<u>22</u>

Fair value of assets, liabilities and identified contingent liabilities of subsidiaries and book value of each item are as follows:

	Unit : Million Baht	
	Book Value	Fair Value
Assets		
Cash	5	5
Deposits at financial institutions	477	477
Receivable and loans	1,253	1,190
Others	621	431
	<u>2,356</u>	<u>2,103</u>
Liabilities		
Borrowings	1,570	1,570
Others	87	92
	<u>1,657</u>	<u>1,662</u>
Net assets	<u>699</u>	441
Other related costs		(9)
Excess of net fair value of acquired subsidiary held by the Bank before the purchased date over purchase		(209)
Change in accounting policy regarding deferred tax before subsidiary acquisition		(205)
Cash payment to acquire shares		<u>18</u>

- 4.1.4.3 On September 18, 2009, Ayudhya Fund Management Company Limited acquired PrimaVest Asset Management Company Limited for a total purchase price in the share sale agreement amounting to Baht 101 million. The subsidiary made a payment for this acquisition as follows:

Consolidated financial statements

	Unit : Million Baht
Cash payment to acquire shares	101
<u>Add</u> Additional related cost	<u>3</u>
Total	104
<u>Less</u> Cash paid to the Bank	<u>(10)</u>
Net cash payment	<u>94</u>

Fair value of assets, liabilities and identified contingent liabilities of subsidiaries and book value of each item are as follows:

	Unit : Million Baht	
	Book Value	Fair Value
Assets		
Cash and cash equivalents	9	9
Long-term deposits at financial institutions	38	38
Investment – net	16	16
Others	17	17
	<u>80</u>	<u>80</u>
Liabilities		
Accrued expenses	5	5
	<u>5</u>	<u>5</u>
Net assets	<u>75</u>	75
Goodwill		29
Other related cost		(3)
Net cash payment		<u>101</u>

As at October 28, 2010, Ayudhya Fund Management Company Limited, the Bank's subsidiary, has sold all shares in PrimaVest Asset Management Company Limited to the third parties.

- 4.1.4.4 On November 5, 2009, the Bank acquired GE Money's businesses in Thailand which included Ayudhya Capital Services Company Limited (formerly GE Capital (Thailand) Limited), General Card Services Limited and Total Services Solutions Public Company Limited for a total purchase price in the share sale agreement amounting to Baht 10,788 million. The Bank made a payment for this purchase of subsidiaries as follows:

Consolidated financial statements

	Unit : Million Baht
Purchase price	10,788
<u>Add</u> Additional related cost	303
<u>Less</u> Unsettled purchase price adjustment	(1,192)
Cash payment to acquire shares	<u>9,899</u>

Fair value of assets, liabilities and identified contingent liabilities of subsidiaries and book value of each item are as follows:

	Unit : Million Baht	
	Book Value	Fair Value
Assets		
Deposits at financial institutions	2,446	2,446
Receivable and loans	45,935	46,933
Others	2,396	2,777
	<u>50,777</u>	<u>52,156</u>
Liabilities		
Borrowings	37,732	37,772
Others	3,187	3,035
	<u>40,919</u>	<u>40,807</u>
Net assets	<u>9,858</u>	11,349
Excess of net fair value of acquired subsidiary held by the Bank before the purchased date		(258)
Unsettled purchase price adjustment		<u>(1,192)</u>
Cash payment to acquire shares		<u>9,899</u>

As a result of the business combination, the Bank has now fully controlled over a company in which an investment is previously recognized by the equity method and its financial statements are therefore included in the consolidated financial statements. Consequently, the excess of net fair value over the investment cost at the date before gaining control amounting to Baht 204 million is recognized in the consolidated financial statements.

- 4.1.4.5 On October 21, 2010, Ayudhya Capital Services Company Limited (AYCAP), a subsidiary, has acquired additional shares in Quality Life Assurance Broker Company Limited (QLAB) and Quality General Insurance Broker Company Limited (QGIB) for a total purchase price in the share sale agreement amounting to Baht 3 million. Upon completion of this transaction, AYCAPP now holds 99.99% each in QLAB and QGIB.

Fair value of assets, liabilities and identified contingent liabilities of subsidiaries and book value of each item are as follows:

	Unit : Million Baht	
	Book Value	Fair Value
Assets		
Cash and cash equivalents	248	248
Intangible assets	-	68
Others	6	6
	<u>254</u>	<u>322</u>
Liabilities		
Due to related companies	168	168
Others	50	70
	<u>218</u>	<u>238</u>
Net assets	<u>36</u>	84
Excess of net fair value of acquired subsidiary held by the Bank before the purchased date		(81)
Net cash payment		<u>3</u>

4.1.4.6 Realized and unrealized gain (loss) on foreign exchange

In the preparation of cash flows statements, realized gain (loss) on exchange is based on a cash basis with specific business tax already paid. Unrealized gain (loss) on foreign exchange is based on the translation of debt in foreign currencies recorded in each account and amount of assets in foreign currencies as recorded in each category at the balance sheet.

4.2 Interbank and money market items

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	2010			2009		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	9,292	55,800	65,092	4,930	40,500	45,430
Commercial banks	1,564	2,150	3,714	3,945	21	3,966
Finance companies,						
securities companies and						
credit foncier companies	-	2,887	2,887	-	630	630
Other financial institutions	-	47	47	-	1	1
Total domestic items	10,856	60,884	71,740	8,875	41,152	50,027
<u>Add</u> Accrued interest receivables	-	35	35	-	14	14
<u>Less</u> Allowance for doubtful accounts	-	(35)	(35)	-	(3)	(3)
Total	10,856	60,884	71,740	8,875	41,163	50,038
Foreign items						
US Dollar	1,001	530	1,531	708	2,134	2,842
Yen	212	-	212	145	-	145
Euro	240	-	240	147	-	147
Other currencies	546	257	803	432	63	495
Total foreign items	1,999	787	2,786	1,432	2,197	3,629
<u>Add</u> Accrued interest receivables	1	-	1	1	-	1
Total	2,000	787	2,787	1,433	2,197	3,630
Total domestic and foreign items	12,856	61,671	74,527	10,308	43,360	53,668

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS						
	2010			2009		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	9,292	55,800	65,092	4,930	40,500	45,430
Commercial banks	103	2,150	2,253	55	-	55
Finance companies,						
securities companies and						
credit foncier companies	-	2,887	2,887	-	630	630
Other financial institutions	-	47	47	-	1	1
Total domestic items	9,395	60,884	70,279	4,985	41,131	46,116
<u>Add</u> Accrued interest receivables	-	35	35	-	14	14
<u>Less</u> Allowance for doubtful accounts	-	(35)	(35)	-	(3)	(3)
Total	9,395	60,884	70,279	4,985	41,142	46,127
Foreign items						
US Dollar	913	530	1,443	708	2,134	2,842
Yen	212	-	212	145	-	145
Euro	240	-	240	147	-	147
Other currencies	546	257	803	432	63	495
Total foreign items	1,911	787	2,698	1,432	2,197	3,629
<u>Add</u> Accrued interest receivables	1	-	1	1	-	1
Total	1,912	787	2,699	1,433	2,197	3,630
Total domestic and foreign items	11,307	61,671	72,978	6,418	43,339	49,757

4.3 Investments

4.3.1 Current investments

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	2010				2009			
	Cost/Amortized	Unrealized	Unrealized	Fair	Cost/Amortized	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Securities for Trading								
Government and state								
enterprise securities	3,089	3	(20)	3,072	639	2	(3)	638
Foreign sector's debt securities	476	-	-	476	2,836	-	(2,420)	416
Domestic marketable equity								
securities	8	-	-	8	413	9	(2)	420
	<u>3,573</u>	<u>3</u>	<u>(20)</u>	<u>3,556</u>	<u>3,888</u>	<u>11</u>	<u>(2,425)</u>	<u>1,474</u>
Less Revaluation allowance	(17)			-	(2,414)			
Less Allowance for impairment	-			-	(416)			(416)
Total	<u>3,556</u>			<u>3,556</u>	<u>1,058</u>			<u>1,058</u>
Securities Available-for-Sale								
Government and state								
enterprise securities	20,515	-	(25)	20,490	19,644	18	-	19,662
Private sector's debt securities	638	2	-	640	745	6	-	751
Others	31	-	-	31	71	-	(2)	69
	<u>21,184</u>	<u>2</u>	<u>(25)</u>	<u>21,161</u>	<u>20,460</u>	<u>24</u>	<u>(2)</u>	<u>20,482</u>
Add (Less) Revaluation allowance	(23)			-	22			
Less Allowance for impairment	<u>(378)</u>			<u>(378)</u>	<u>(378)</u>			<u>(378)</u>
Total	<u>20,783</u>			<u>20,783</u>	<u>20,104</u>			<u>20,104</u>
Securities Held-to-Maturity								
Government and state								
enterprise securities	3,943	6	-	3,949	1,204	16	-	1,220
Private sector's debt securities	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>57</u>	<u>-</u>	<u>-</u>	<u>57</u>
Total	<u>3,993</u>	<u>6</u>	<u>-</u>	<u>3,999</u>	<u>1,261</u>	<u>16</u>	<u>-</u>	<u>1,277</u>
Less Allowance for impairment	<u>(50)</u>			<u>(50)</u>	<u>(50)</u>			<u>(50)</u>
Total	<u>3,943</u>			<u>3,949</u>	<u>1,211</u>			<u>1,227</u>
Securities for General Investments								
Investment in accounts receivable	1,186			1,186	831			831
Less Allowance for impairment	<u>(424)</u>			<u>(424)</u>	<u>(424)</u>			<u>(424)</u>
Total	<u>762</u>			<u>762</u>	<u>407</u>			<u>407</u>
Total Current Investments, net	<u>29,044</u>			<u>29,050</u>	<u>22,780</u>			<u>22,796</u>

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	2010				2009			
	Cost/Amortized	Unrealized	Unrealized	Fair	Cost/Amortized	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Securities for Trading								
Government and state								
enterprise securities	3,089	3	(20)	3,072	639	2	(3)	638
Private sector's debt securities	476	-	-	476	-	-	-	-
Foreign sector's debt securities	-	-	-	-	2,836	-	(2,420)	416
Domestic marketable equity								
securities	8	-	-	8	413	9	(2)	420
	3,573	3	(20)	3,556	3,888	11	(2,425)	1,474
<u>Less</u> Revaluation allowance	(17)			-	(2,414)			-
<u>Less</u> Allowance for impairment	-			-	(416)			(416)
Total	3,556			3,556	1,058			1,058
Securities Available-for-Sale								
Government and state								
enterprise securities	20,515	-	(25)	20,490	19,644	18	-	19,662
Private sector's debt securities	291	2	-	293	398	6	-	404
	20,806	2	(25)	20,783	20,042	24	-	20,066
<u>Add (less)</u> Revaluation allowance	(23)			-	24			-
Total	20,783			20,783	20,066			20,066
Securities Held-to-Maturity								
Government and state								
enterprise securities	3,825	6	-	3,831	1,204	16	-	1,220
Private sector's debt securities	50	-	-	50	57	-	-	57
	3,875	6	-	3,881	1,261	16	-	1,277
<u>Less</u> Allowance for impairment	(50)			(50)	(50)			(50)
Total	3,825			3,831	1,211			1,227
Securities for General Investments								
Investment in accounts receivable	734			734	831			831
<u>Less</u> Allowance for impairment	(424)			(424)	(424)			(424)
Total	310			310	407			407
Total Current Investments, net	28,474			28,480	22,742			22,758

4.3.2 Long-term investments

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
2010					2009			
	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities Available-for-Sale								
Government and state								
enterprise securities	31,698	143	(108)	31,733	26,279	98	(149)	26,228
Private sector's debt securities	9,500	76	(35)	9,541	5,168	46	(8)	5,206
Foreign sector's debt securities	-	-	-	-	848	43	-	891
Domestic marketable equity								
securities	3,427	496	(13)	3,910	3,216	117	(22)	3,311
	44,625	715	(156)	45,184	35,511	304	(179)	35,636
<u>Add</u> Revaluation allowance	559			-	125			
<u>Less</u> Allowance for impairment	(81)			(81)	(241)			(241)
Total	45,103			45,103	35,395			35,395
Securities Held-to-Maturity								
Government and state								
enterprise securities	-	-	-	-	4,482	17	-	4,499
Total	-	-	-	-	4,482	17	-	4,499
Securities for General								
Investments								
Domestic non-marketable								
equity securities	3,887			4,144	3,711			3,499
Foreign non-marketable								
equity securities	27			22	27			21
Investment in accounts receivable	589			589	1,315			1,315
Total	4,503			4,755	5,053			4,835
<u>Less</u> Allowance for impairment	(290)			-	(290)			-
Total	4,213			4,755	4,763			4,835
Total Long-term Investments, net	49,316			49,858	44,640			44,729

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	2010				2009			
	Cost/Amortized	Unrealized	Unrealized	Fair	Cost/Amortized	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Securities Available-for-Sale								
Government and state								
enterprise securities	31,698	144	(108)	31,734	26,279	98	(149)	26,228
Private sector's debt securities	9,500	76	(35)	9,541	5,168	46	(8)	5,206
Foreign sector's debt securities	-	-	-	-	848	43	-	891
Domestic marketable equity securities	<u>3,422</u>	<u>496</u>	<u>(10)</u>	<u>3,908</u>	<u>3,109</u>	<u>104</u>	<u>(2)</u>	<u>3,211</u>
	44,620	<u>716</u>	<u>(153)</u>	45,183	35,404	<u>291</u>	<u>(159)</u>	35,536
<u>Add</u> Revaluation allowance	563			-	132			-
<u>Less</u> Allowance for impairment	<u>(81)</u>			<u>(81)</u>	<u>(241)</u>			<u>(241)</u>
Total	<u>45,102</u>			<u>45,102</u>	<u>35,295</u>			<u>35,295</u>
Securities Held-to-Maturity								
Government and state								
enterprise securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,363</u>	<u>17</u>	<u>-</u>	<u>4,380</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,363</u>	<u>17</u>	<u>-</u>	<u>4,380</u>
Securities for General								
Investments								
Domestic non-marketable								
equity securities	3,853			4,126	3,676			3,481
Foreign non-marketable								
equity securities	26			21	27			21
Investment in accounts receivable	<u>309</u>			<u>309</u>	<u>1,315</u>			<u>1,315</u>
Total	4,188			4,456	5,018			4,817
<u>Less</u> Allowance for impairment	<u>(274)</u>			<u>-</u>	<u>(274)</u>			<u>-</u>
Total	<u>3,914</u>			<u>4,456</u>	<u>4,744</u>			<u>4,817</u>
Total Long-term Investments, net	<u>49,016</u>			<u>49,558</u>	<u>44,402</u>			<u>44,492</u>

As at December 31, 2010 and 2009, long-term investments classified as debt securities held-to-maturity (government and state enterprise securities) included the 10 year-term non-negotiable promissory notes by Financial Institutions Development Fund in the consolidated financial statements and separate financial statements of Baht 3,274 million and Baht 3,822 million, respectively, issued by the Thai Asset Management Corporation (TAMC) for asset transfer to TAMC. During the years ended December 31, 2010 and 2009, TAMC redeemed promissory notes of the Bank of Baht 544 million and Baht 201 million, respectively.

In 2010, the Bank partially sold investment in Collateralized Debt Obligations (CDO) and wrote off the rest.

As at December 31, 2009, the Bank assessed the fair value of the CDO investments by using the prices calculated by arrangers. The Bank recorded unrealized losses on the mark-to-market and loss on impairment for the CDO investment in the full amount.

The Bank's Collateralized Debt Obligations (CDO) were Managed Synthetic IG Corporate CDO, in which the underlying assets were the reference entities' debt. They were diversified across more than 20 industries in the U.S., Europe and Emerging Markets. The total amount of the CDO investment was USD 85 million. Maturity dates were between December 30, 2012 and September 20, 2013. CDO tranche ratings, which were rated by Standard & Poor's as of December 31, 2009 were "CCC-" and "D".

For the years ended December 31, 2010 and 2009, gain (loss) on investments in the statements of income consists of the following:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2010	2009	2010	2009
Gain (loss) on sale of securities				
- Securities for trading	(158)	(180)	(183)	(257)
- Securities available-for-sale	150	(28)	142	(28)
- Investment in general investments	(11)	171	(11)	171
- Investment in subsidiaries and associated companies	(26)	46	(32)	46
	(45)	9	(84)	(68)
Loss on impairment of investment in securities	(1,143)	(61)	(1,647)	(1,280)
Loss on impairment of investment in loan	-	(424)	-	(424)
Unrealized gain (loss) on securities for trading	(24)	190	(24)	187
Unrealized gain on hybrid instruments	2,183	204	2,183	204
Gain (loss) on investments	971	(82)	428	(1,381)

For the years ended December 31, 2010 and 2009, revaluation surplus (deficit) on investments presented in shareholders' equity consists of the following:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2010	2009	2010	2009
Beginning balance	128	(143)	136	(127)
Increase during the year	404	271	400	263
Ending balance	532	128	536	136

4.3.3 The remaining maturities of debt securities

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	2010				2009			
	Due within				Due within			
	1 Year	Greater than 1 Year-5 Years	Greater than 5 Years	Total	1 Year	Greater than 1 Year-5 Years	Greater than 5 Years	Total
Securities Available-for-Sale								
Government and state enterprise securities	20,515	30,628	1,070	52,213	19,114	24,258	2,020	45,392
Private sector's debt securities	638	9,500	-	10,138	775	5,123	45	5,943
Foreign sector's debt securities	-	-	-	-	500	848	-	1,348
Others	-	-	-	-	71	-	-	71
Total	21,153	40,128	1,070	62,351	20,460	30,229	2,065	52,754
Add (less) Revaluation allowances	(22)	66	10	54	22	13	18	53
Less Allowances for impairment	(347)	-	-	(347)	(378)	-	-	(378)
Total	20,784	40,194	1,080	62,058	20,104	30,242	2,083	52,429
Securities Held-to-Maturity								
Government and state enterprise securities	3,943	-	-	3,943	1,204	4,436	46	5,686
Private sector's debt securities	50	-	-	50	57	-	-	57
Total	3,993	-	-	3,993	1,261	4,436	46	5,743
Less Allowances for impairment	(50)	-	-	(50)	(50)	-	-	(50)
Total	3,943	-	-	3,943	1,211	4,436	46	5,693
Total Debt Securities	24,727	40,194	1,080	66,001	21,315	34,678	2,129	58,122

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS								
	2010				2009			
	Due within				Due within			
	1 Year	Greater than 1 Year-5 Years	Greater than 5 Years	Total	1 Year	Greater than 1 Year-5 Years	Greater than 5 Years	Total
Securities Available-for-Sale								
Government and state enterprise securities	20,515	30,628	1,070	52,213	19,114	24,258	2,020	45,392
Private sector's debt securities	291	9,500	-	9,791	428	5,123	45	5,596
Foreign sector's debt securities	-	-	-	-	500	848	-	1,348
Total	20,806	40,128	1,070	62,004	20,042	30,229	2,065	52,336
Add (less) Revaluation allowances	(22)	66	10	54	24	13	18	55
Total	20,784	40,194	1,080	62,058	20,066	30,242	2,083	52,391
Securities Held-to-Maturity								
Government and state enterprise securities	3,824	-	-	3,824	1,204	4,317	46	5,567
Private sector's debt securities	50	-	-	50	57	-	-	57
Total	3,874	-	-	3,874	1,261	4,317	46	5,624
Less Allowances for impairment	(50)	-	-	(50)	(50)	-	-	(50)
Total	3,824	-	-	3,824	1,211	4,317	46	5,574
Total Debt Securities	24,608	40,194	1,080	65,882	21,277	34,559	2,129	57,965

4.3.4 Investment in subsidiaries and associated companies

The Bank's investments in companies in which the Bank holds more than 20% of the paid-up capital, with the percentage of beneficial ownership and amount of investments, are as follows:

Unit : Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
Company Name	Business Type	Securities Investment Type	Ownership %	2010		2009		
				Investment (Cost)	Investment (Equity Method)	Ownership %	Investment (Cost)	Investment (Equity Method)
Associated companies								
Tesco Card Services Limited ⁽¹⁾	Credit card and personal loan	Common stock	49.00	382	681	49.00	382	598
Tesco Life Assurance Broker Company Limited ⁽²⁾	Life assurance broker	Common stock	49.00	-	10	49.00	-	7
Tesco General Insurance Broker Company Limited ⁽²⁾	General insurance broker	Common stock	49.00	-	38	49.00	-	27
Quality Life Assurance Broker Company Limited ⁽³⁾	Life assurance broker	Common stock	-	-	-	24.99	1	7
Quality General Insurance Broker Company Limited ⁽³⁾	General insurance broker	Common stock	-	-	-	24.99	1	4
Metro Designee Company Limited ⁽⁴⁾	Special purpose vehicle	Common stock	21.90	-	-	21.90	-	-
Investments in associated companies, net				382	729		384	643

⁽¹⁾ Hold indirectly via Ayudhya Capital Services Company Limited

⁽²⁾ Hold indirectly via Tesco Card Services Limited

⁽³⁾ Hold indirectly via Ayudhya Capital Services Company Limited 99.99% in the year 2010

⁽⁴⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case BMCL breaches the agreement with MRT or BMCL breaches the loan agreement with the creditor group.

				Unit : Million Baht
SEPARATE FINANCIAL STATEMENTS				
2010				
Company Name	Business Type	Securities Investment Type	Ownership %	Investment (Cost)
Subsidiaries				
Ayudhya Development Leasing Company Limited	Leasing	Common stock	99.99	929
Ayudhya Auto Lease Public Company Limited	Auto leasing	Common stock Preferred stock	99.79	2,236 500
Ayudhya Capital Lease Company Limited	Auto leasing	Common stock		3,000
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	99.99	16,281
Ayudhya Total Solutions Public Company Limited	Hire-purchase	Common stock	99.81	1,530

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

Company Name	Business Type	Securities Investment Type	2010	
			Ownership %	Investment (Cost)
CFG Service Company Limited	Hire-purchase and motorcycle loans	Common stock	99.99	26
		Preferred stock		1
Ayudhya Card Services Company Limited	Credit cards and personal loans	Common stock	99.99	4
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	Credit cards and personal loans	Common stock	99.99	5,968
General Card Services Limited	Credit cards and personal loans	Common stock	99.99	817
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	99.99	1,304
Siam Realty and Services Company Limited	Car leasing and personnel services	Common stock	99.99	100
Total Services Solutions Public Company Limited	Collection services	Common stock	99.99	1,631
		Preferred stock		215
Ayudhya Fund Management Company Limited	Fund management	Common stock	76.59	204
Ayudhya Asset Management Company Limited	Asset management	Common stock	99.99	6,000
Ayudhya Securities Public Company Limited	Securities	Common stock	86.33	637
Ayudhya Factoring Company Limited	Factoring	Common stock	99.99	100
Associated company				
Metro Designee Company Limited ⁽¹⁾	Special purpose vehicle	Common stock	21.90	-
Investments in subsidiaries and associated companies				41,483
<u>Less</u> Allowance for impairment				(4,757)
Investments in subsidiaries and associated companies, net				<u>36,726</u>

⁽¹⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case BMCL breaches the agreement with MRT or BMCL breaches the loan agreement with the creditor group.

Unit: Million Baht

SEPARATE FINANCIAL STATEMENTS

Company Name	Business Type	Securities	2009	Investment
		Investment Type	Ownership % (Cost)	
Subsidiaries				
Ayudhya Development Leasing Company Limited	Leasing and hire-purchase	Common stock	99.99	929
Ayudhya Auto Lease Public Company Limited	Auto leasing	Common stock Preferred stock Warrant	99.66	2,233 500 12
Ayudhya Capital Lease Company Limited	Auto leasing	Common stock		3,000
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock		99.99
Ayudhya Total Solutions Public Company Limited	Hire-purchase	Common stock	99.76	1,529
CFG Service Company Limited	Hire-purchase and motorcycle loans	Common stock Preferred stock	99.99	26 1
Ayudhya Card Services Company Limited	Credit cards and personal loans	Common stock		99.99
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	Credit cards and personal loans	Common stock	99.99	6,443
General Card Services Limited	Credit cards and personal loans	Common stock	99.99	806
Krungsriayudhya Card Company Limited ⁽²⁾	Credit cards and personal loans	Common stock	99.99	550
Siam Realty and Services Company Limited	Car leasing and personnel services	Common stock	99.99	100
K.S. Law Office Company Limited ⁽¹⁾	Legal advisory services	Common stock	99.99	32
Total Services Solutions Public Company Limited	Collection Services	Common stock Preferred stock	99.99	2,242 295
Ayudhya Fund Management Company Limited	Fund management	Common stock		76.59
Ayudhya Asset Management Company Limited	Asset management	Common stock	99.99	6,000
Ayudhya Securities Public Company Limited	Securities	Common stock	86.33	637
Ayudhya Factoring Company Limited	Factoring	Common stock	99.99	100

Unit : Million Baht				
SEPARATE FINANCIAL STATEMENTS				
2009				
Company Name	Business Type	Securities Investment Type	Ownership %	Investment (Cost)
Associated company				
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	Common stock	21.90	-
Investments in subsidiaries and associated company				41,924
<u>Less</u> Allowance for impairment				<u>(4,224)</u>
Investments in subsidiaries and associated company, net				<u><u>37,700</u></u>

(1) Subsidiary under the liquidation process

(2) Hold indirectly via Ayudhya Capital Services Company Limited 49.99%

(3) The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

Information about financial position, the results of operations and cash flow which is summarized from the financial statements of Ayudhya Asset Management Company Limited is as follows:

AYUDHYA ASSET MANAGEMENT COMPANY LIMITED
CONDENSED BALANCE SHEETS
AS AT DECEMBER 31,

Unit : Million Baht

	2010	2009
ASSETS		
Cash and deposit at financial institution	12	36
Investments in receivables, net	5,674	7,671
Loans, and accrued interest receivable, net	798	996
Properties foreclosed, net	6,787	7,974
Amounts due from parent company	436	398
Cash advance	168	207
Other assets	81	62
TOTAL ASSETS	13,956	17,344
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings	11,092	15,019
Other liabilities	147	173
Shareholders' equity	2,717	2,152
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13,956	17,344

AYUDHYA ASSET MANAGEMENT COMPANY LIMITED
CONDENSED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31,

Unit : Million Baht

	2010	2009
Interest and dividend income	402	328
Interest expenses	305	264
Net interest and dividend income	97	64
Bad debt and doubtful accounts	242	79
Loss on debt restructuring (reversal)	-	(1)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	(145)	(14)
Non-interest income	1,193	606
Non-interest expenses	483	268
Net income	565	324
Basic earnings per share (Baht)	0.94	0.54

AYUDHYA ASSET MANAGEMENT COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

Unit : Million Baht

	2010	2009
Cash flows from operating activities		
Income before income tax	565	324
Adjustments to reconcile income to cash provided by (used in) operating activities		
Depreciation and amortization	2	2
Bad debt and doubtful accounts	242	79
Loss on debt restructuring (reversal)	-	(1)
Gain on sales of properties foreclosed	(286)	(193)
Loss on impairment of properties foreclosed	173	35
Loss on written off fixed assets	-	1
Interest expenses	305	264
Cash paid for interest expense	(305)	(263)
Cash paid for income tax	(20)	(14)
Income from operations before change in operating assets and liabilities	676	234
(Increase) decrease in operating assets		
Investment in receivables	1,974	253
Loans and receivable	(21)	362
Properties foreclosed	1,300	(409)
Amounts due from parent company	(39)	178
Cash advance	40	13
Other assets	1	(1)
Increase (decrease) in operating liabilities		
Amounts due to parent company	(4)	(2)
Deposits for purchasing of properties foreclosed	(10)	14
Accrued payable	20	(4)
Other liabilities	(33)	(36)
Net cash provided by operating activities	3,904	602
Cash flows from investing activities		
Cash paid for purchase of equipment	(1)	(4)
Net cash used in investing activities	(1)	(4)
Cash flows from financing activities		
Decrease in borrowings	(3,927)	(899)
Net cash used in financing activities	(3,927)	(899)
Net decrease in cash and cash equivalents	(24)	(301)
Cash and cash equivalents as at January 1,	36	337
Cash and cash equivalents as at December 31,	12	36

Investments in companies in which the Bank and subsidiaries hold more than 10% of the paid-up capital in each company, classified according to industry groups, are as follows:

Unit : Million Baht		
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	2010	2009
Manufacturing	<u>21</u>	<u>21</u>
Total	<u><u>21</u></u>	<u><u>21</u></u>

In the consolidated financial statements and the separate financial statement as at December 31, 2010 and 2009, the Bank and its subsidiaries had investments in available-for-sale securities and general investments of 2 companies subject to SET, delisting with a costs basis of Baht 13 million and market price of Baht 0.

4.4 Securities used as collateral

Government and state enterprise securities with face values of Baht 14,676 million and Baht 17,088 million were used as collateral for other commitments with government departments and state enterprises as at December 31, 2010 and 2009, respectively.

4.5 Loans and accrued interest receivables

(1) Classified by products

Unit : Million Baht				
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Overdrafts	45,036	44,743	42,338	41,545
Loan against contract	268,613	247,128	381,266	361,839
Trade bill	163,815	161,120	162,894	160,023
Hire-purchase receivable	146,484	130,893	-	-
Lease contract receivable	15,555	11,765	-	-
Factoring receivable	2,741	1,090	-	-
Credit card receivable	26,075	27,229	-	-
Others	<u>5,012</u>	<u>1,176</u>	<u>496</u>	<u>564</u>
Total	673,331	625,144	586,994	563,971
<u>Less</u> Unearned income	(25,565)	(22,684)	(34)	(37)
<u>Add</u> Deferred brokerage fee, net	<u>1,194</u>	<u>1,048</u>	<u>-</u>	<u>-</u>
Total	648,960	603,508	586,960	563,934
<u>Add</u> Accrued interest receivables	1,724	2,210	776	1,196
<u>Less</u> Allowance for doubtful accounts	(33,410)	(38,271)	(20,154)	(24,256)
Revaluation allowance for debt restructuring	<u>(543)</u>	<u>(329)</u>	<u>(35)</u>	<u>(329)</u>
Total	<u><u>616,731</u></u>	<u><u>567,118</u></u>	<u><u>567,547</u></u>	<u><u>540,545</u></u>

(2) Classified by remaining maturity

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Not over 1 year*	367,348	360,824	243,745	245,314
Over 1 year	<u>305,983</u>	<u>264,320</u>	<u>343,249</u>	<u>318,657</u>
Total	673,331	625,144	586,994	563,971
<u>Less</u> Unearned income	(25,565)	(22,684)	(34)	(37)
<u>Add</u> Deferred brokerage fee, net	<u>1,194</u>	<u>1,048</u>	<u>-</u>	<u>-</u>
Total	648,960	603,508	586,960	563,934
<u>Add</u> Accrued interest receivables	<u>1,724</u>	<u>2,210</u>	<u>776</u>	<u>1,196</u>
Total	<u><u>650,684</u></u>	<u><u>605,718</u></u>	<u><u>587,736</u></u>	<u><u>565,130</u></u>

* Include those without agreements and past due agreements

(3) Classified by currency and residence of debtors

	CONSOLIDATED FINANCIAL STATEMENTS					
	2010			2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	658,755	1,014	659,769	615,719	905	616,624
US Dollar	11,711	1,392	13,103	7,052	281	7,333
Other currencies	<u>308</u>	<u>151</u>	<u>459</u>	<u>380</u>	<u>807</u>	<u>1,187</u>
Total	<u>670,774</u>	<u>2,557</u>	673,331	<u>623,151</u>	<u>1,993</u>	625,144
<u>Less</u> Unearned income			(25,565)			(22,684)
<u>Add</u> Deferred brokerage fee, net			<u>1,194</u>			<u>1,048</u>
Total			648,960			603,508
<u>Add</u> Accrued interest receivables			<u>1,724</u>			<u>2,210</u>
Total			<u><u>650,684</u></u>			<u><u>605,718</u></u>

	SEPARATE FINANCIAL STATEMENTS					
	2010			2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	572,418	1,014	573,432	554,547	905	555,452
US Dollar	11,711	1,392	13,103	7,051	281	7,332
Other currencies	<u>308</u>	<u>151</u>	<u>459</u>	<u>380</u>	<u>807</u>	<u>1,187</u>
Total	<u>584,437</u>	<u>2,557</u>	586,994	<u>561,978</u>	<u>1,993</u>	563,971
<u>Less</u> Unearned income			(34)			(37)
Total			586,960			563,934
<u>Add</u> Accrued interest receivables			<u>776</u>			<u>1,196</u>
Total			<u><u>587,736</u></u>			<u><u>565,130</u></u>

(4) Classified by business type and classification

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
2010						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,660	152	261	56	1,070	7,199
Manufacturing and trading	159,772	6,244	3,950	1,435	10,885	182,286
Real estate and construction	42,513	961	696	1,137	4,779	50,086
Public utilities and services	92,289	6,082	2,187	708	2,509	103,775
Housing loans	80,781	1,828	643	719	2,826	86,797
Others	228,343	10,508	2,596	998	743	243,188
Total	609,358	25,775	10,333	5,053	22,812	673,331
<u>Less</u> Unearned income						(25,565)
<u>Add</u> Deferred brokerage fee, net						1,194
Total						648,960
<u>Add</u> Accrued interest receivables						1,724
Total						650,684

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
2009						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,701	323	204	88	1,454	7,770
Manufacturing and trading	145,663	7,293	1,838	3,716	19,175	177,685
Real estate and construction	37,123	1,671	687	781	6,441	46,703
Public utilities and services	86,784	5,951	898	977	4,313	98,923
Housing loans	72,886	2,257	1,075	1,090	4,228	81,536
Others	196,775	10,188	2,819	1,313	1,432	212,527
Total	544,932	27,683	7,521	7,965	37,043	625,144
<u>Less</u> Unearned income						(22,684)
<u>Add</u> Deferred brokerage fee, net						1,048
Total						603,508
<u>Add</u> Accrued interest receivables						2,210
Total						605,718

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

2010

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,660	139	175	56	329	6,359
Manufacturing and trading	156,362	5,962	3,942	1,435	5,635	173,336
Real estate and construction	41,267	936	659	1,056	2,797	46,715
Public utilities and services	91,717	6,079	2,187	708	1,181	101,872
Housing loans	77,264	1,415	594	698	1,107	81,078
Others	176,732	286	169	168	279	177,634
Total	549,002	14,817	7,726	4,121	11,328	586,994
<u>Less</u> Unearned income						(34)
Total						586,960
<u>Add</u> Accrued interest receivables						776
Total						587,736

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

2009

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,700	319	119	87	651	6,876
Manufacturing and trading	142,371	7,043	1,772	3,653	12,569	167,408
Real estate and construction	36,412	1,642	634	762	3,787	43,237
Public utilities and services	86,453	5,941	893	966	2,849	97,102
Housing loans	65,014	1,278	776	1,011	2,091	70,170
Others	176,900	688	246	497	847	179,178
Total	512,850	16,911	4,440	6,976	22,794	563,971
<u>Less</u> Unearned income						(37)
Total						563,934
<u>Add</u> Accrued interest receivables						1,196
Total						565,130

(5) Classified by type of classification

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2010				
	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up***	Minimum Allowance per BOT Guideline
Normal - Securities Business receivable	247	247	-	-
Normal	586,109	309,234	1	5,257
Special mention	24,864	10,544	2	1,170
Substandard	10,104	6,086	100	5,564
Doubtful	4,897	1,629	100	1,268
Doubtful of loss	23,269	7,484	100	7,485
Total	649,490	335,224		20,744**
Add Deferred brokerage fee, net	1,194			
Total	650,684			
Surplus Reserve				12,666*
				33,410

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2009				
	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up***	Minimum Allowance per BOT Guideline
Normal - Securities Business receivable	152	152	-	-
Normal	524,949	272,814	1	5,376
Special mention	27,066	11,345	2	1,663
Substandard	7,298	3,536	100	3,369
Doubtful	7,886	3,595	100	3,442
Doubtful of loss	37,319	12,781	100	12,897
Total	604,670	304,223		26,747**
Add Deferred brokerage fee, net	1,048			
Total	605,718			
Surplus Reserve				11,524*
				38,271

(* Including allowance for doubtful accounts of loans granted to subsidiaries as at December 31, 2010 and 2009, at the rate of 1% of Baht 146,696 million and Baht 151,427 million equal to Baht 1,467 million and Baht 1,514 million, respectively which are eliminated from loans classified as normal in the consolidated financial statements.)

(** Excluding revaluation allowance for debt restructuring as at December 31, 2010 and 2009, of Baht 35 million and Baht 329 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2010 and 2009, of Baht 35 million and Baht 4 million, respectively but including allowance for doubtful accounts on a collective approach for hire-purchase loan as at December 31, 2010 and 2009, of Baht 4,680 million and Baht 3,247 million, respectively.)

(*** % set up is the minimum rate required by the Bank of Thailand for normal loans prior to reflecting the collective approach valuation.)

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

2010

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	549,614	285,795	1	4,994
Special mention	14,947	696	2	528
Substandard	7,726	3,946	100	3,946
Doubtful	4,121	962	100	962
Doubtful of loss	11,328	4,332	100	4,332
Total	<u>587,736</u>	<u>295,731</u>		<u>14,762**</u>
Surplus Reserve				<u>5,392*</u>
				<u>20,154</u>

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

2009

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	513,413	268,043	1	5,004
Special mention	17,252	1,940	2	727
Substandard	4,474	880	100	880
Doubtful	6,989	2,796	100	2,796
Doubtful of loss	23,002	9,039	100	9,156
Total	<u>565,130</u>	<u>282,698</u>		<u>18,563**</u>
Surplus Reserve				<u>5,693*</u>
				<u>24,256</u>

(* Including allowance for doubtful accounts of loans granted to subsidiaries as at December 31, 2010 and 2009, at the rate of 1% of Baht 146,696 million and Baht 151,427 million, equal to Baht 1,467 million and Baht 1,514 million, respectively.)

(** Excluding revaluation allowance for debt restructuring as at December 31, 2010 and 2009, of Baht 35 million and Baht 329 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2010 and 2009, of Baht 35 million and Baht 4 million, respectively.)

For the year ended December 31, 2009, the Bank entered into an agreement to sell non-performing loans (NPLs) to a subsidiary totalling at Baht 1,107 million with a book value of Baht 4,512 million and a net book value of Baht 1,107 million. The sale amount has been received.

For the year ended December 31, 2010, the Bank entered into agreements to sell non-performing loans (NPLs) to third parties totalling Baht 5,776 million, having a book value of Baht 12,672 million and a net book value of Baht 5,776 million. The sale amount has been received.

Non-performing loans (NPLs) represent loans classified as substandard, doubtful, doubtful of loss and loss in accordance to the BOT's Notification Re: Rule of debt Classification and Provision for Losses of Commercial Bank.

As at December 31, 2010 and 2009, the Bank and Ayudhya Asset Management Company Limited ("AMC") had non-performing loans which included interbank and money market items as follows:

	Unit : Million Baht		
	2010		
	Bank only	AMC	The Bank and AMC
Non-performing loans	23,175	10,795	33,970
Percentage of total loans	3.63	100.00	5.24
Non-performing loans, net	13,935	8,167	22,102
Percentage of total loans, net	2.22	100.00	3.47

	Unit : Million Baht		
	2009		
	Bank only	AMC	The Bank and AMC
Non-performing loans	34,210	13,391	47,601
Percentage of total loans	5.65	99.51	7.70
Non-performing loans, net	21,378	10,206	31,584
Percentage of total loans, net	3.61	99.35	5.24

As at December 31, 2010 and 2009, the Bank and its subsidiaries' non-performing loans are Baht 38,149 million and Baht 52,080 million, respectively.

In determining an allowance for doubtful accounts, a major factor the Bank takes into consideration is the value of collateral. Collateral supporting either certain significant loans or a portion of classified loans were reappraised by either internal appraisers of the Bank and/or independent appraisers approved by the BOT. According to the BOT's guideline dated August 3, 2008, banks are required to calculate the present value of cash flows expected from the sale of collateral to be deducted from the debtor's balance before determining the allowance of immovable assets, leasehold rights of machines, and vehicles. For collateral against substandard assets, doubtful assets, and doubtful of loss assets, its value has to be reappraised every 3 years in order to be used as a deduction from the debtor's balance before determining the allowance.

(6) Troubled debt restructuring

For the years ended December 31, 2010 and 2009, the Bank and its subsidiaries had restructured the following debts:

CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	Number	2010			Number	2009		
		Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)		Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)
Transfer of assets	1	27	Land and building	26	8	118	Land and building	75
Conversion to equity	-	-			2	13		
Modification of terms	186,604	6,267			28,414	3,919		
Reduction of principal and interest	104,507	5,120			15,158	5,177		
Various forms of restructuring	283	1,681	Land and building	202	347	4,856	Land and building	26
Total	291,395	13,095		228	43,929	14,083		101

SEPARATE FINANCIAL STATEMENTS								
Form of Restructuring	Number	2010			Number	2009		
		Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)		Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)
Transfer of assets	1	27	Land and building	26	6	115	Land and building	75
Conversion to equity	-	-			2	13		
Modification of terms	1,519	4,381			1,166	3,172		
Reduction of principal and interest	1,217	4,451			1,021	5,048		
Various forms of restructuring	279	1,554	Land and building	72	347	4,856	Land and building	26
Total	3,016	10,413		98	2,542	13,204		101

For the year ended December 31, 2010 and 2009, the Bank and its subsidiaries calculated the net realizable value for the trouble debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
Method	Average Aging (Year)	Number	2010		Average Aging (Year)	Number	2009	
			Amount of Debt				Amount of Debt	
			before	after			before	after
			Restructuring	Restructuring			Restructuring	Restructuring
Present value of future cash flows	0.50	184,750	2,385	1,175	0.02	26,933	611	355
Fair value of collateral	5.56	1,854	3,882	1,642	6.42	1,481	3,308	2,642

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS								
Method	Average Aging (Year)	Number	2010		Average Aging (Year)	Number	2009	
			Amount of Debt				Amount of Debt	
			before Restructuring	after Restructuring			before Restructuring	after Restructuring
Present value of future cash flows	10.07	49	1,386	1,175	7.04	56	374	355
Fair value of collateral	6.97	1,470	2,995	1,642	6.42	1,110	2,798	2,642

For the year ended December 31, 2010 and 2009, the Bank and its subsidiaries recognized losses on debt restructured and interest received from debt restructured in the statements of income and recorded balances of total debt restructured and debt restructured during the years in the balance sheets as follows:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Losses on debt restructured	966	1,088	997	1,101
Interest received from debt restructured	1,467	1,675	1,317	1,616
Balances of total debt restructured	35,220	61,861	32,143	43,270
Balances of debt restructured during the years	13,095	14,083	10,413	13,204

4.6 Allowance for doubtful accounts

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	2010						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	5,376	1,663	3,369	3,442	12,897	11,524	38,271
Doubtful accounts	(115)	(492)	2,372	(586)	3,508	3,845	8,532
Bad debts written off	-	-	(118)	(173)	(3,393)	(4,236)	(7,920)
Bad debts reversal	-	-	-	-	-	1,534	1,534
Bad debts written off from sales of NPLs	(4)	(1)	(59)	(1,415)	(5,527)	-	(7,006)
Other	-	-	-	-	-	(1)	(1)
Ending balance	5,257	1,170	5,564	1,268	7,485	12,666	33,410

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	2009						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	2,732	517	3,594	5,238	13,352	5,977	31,410
Beginning balance of subsidiaries as of investment date	652	76	1,893	204	853	1,749	5,427
Doubtful accounts	1,992	1,070	(2,078)	(1,962)	4,167	4,378	7,567
Bad debts written off	-	-	(9)	-	(1,973)	(858)	(2,840)
Bad debts reversal	-	-	-	-	151	278	429
Bad debts written off from sales of NPLs	-	-	(31)	(36)	(3,656)	-	(3,723)
Other	-	-	-	(2)	3	-	1
Ending balance	5,376	1,663	3,369	3,442	12,897	11,524	38,271

As at December 31, 2010 and 2009, the consolidated financial statements included the allowance for doubtful account of hire-purchase loans applied on a collective approach basis in the amount of Baht 4,680 million and Baht 3,247 million, respectively.

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	2010						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	5,004	727	880	2,796	9,156	5,693	24,256
Doubtful accounts	(6)	(199)	3,210	(246)	2,077	(300)	4,536
Bad debts written off	-	-	(85)	(173)	(1,374)	-	(1,632)
Bad debts written off from sales of NPLs	(4)	-	(59)	(1,415)	(5,527)	-	(7,005)
Other	-	-	-	-	-	(1)	(1)
Ending balance	4,994	528	3,946	962	4,332	5,392	20,154

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	2009						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	3,027	365	2,370	4,361	9,657	3,049	22,829
Doubtful accounts	1,977	362	(1,459)	(1,529)	2,680	2,645	4,676
Bad debts written off	-	-	-	-	(16)	-	(16)
Bad debts reversal	-	-	-	-	155	-	155
Bad debts written off from							
sales of NPLs	-	-	(31)	(36)	(3,320)	-	(3,387)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>5,004</u>	<u>727</u>	<u>880</u>	<u>2,796</u>	<u>9,156</u>	<u>5,693</u>	<u>24,256</u>

As at December 31, 2010 and 2009, the Bank estimated the minimum total allowance* under the BOT's guidelines of Baht 21,322 million and Baht 27,079 million, respectively, for the consolidated financial statements and Baht 14,832 million and Baht 18,895 million, respectively, for the separate financial statements.

(* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans and accrued interest receivable, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring.)

The Bank and its subsidiaries recorded allowance for doubtful accounts in financial statements as follows:

	Unit : Million Baht	
	2010	2009
Consolidated financial statements	33,989	38,603
The Bank and Ayudhya Asset Management Company Limited	24,668	29,538
The Separate financial statements	20,224	24,588

As at December 31, 2010 and 2009, the Bank and its subsidiaries had loans and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of the SET dated July 8, 1998 regarding the quality of assets and transactions with related parties and the allowance for doubtful accounts for such loans as follows:

	Unit : Million Baht			
	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	2010			
	Number	Outstanding Balance	Appraisal Value of Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	<u>3</u>	<u>233</u>	<u>162</u>	<u>35</u>
Total	<u>3</u>	<u>233</u>	<u>162</u>	<u>35</u>

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
2009

	Number	Outstanding Balance	Appraisal Value of Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	374	175	226
Total	3	374	175	226

4.7 Revaluation allowance for debt restructuring

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
2010 2009

Beginning Balance	329	897
Increase during the year	966	1,088
Amount written off	(752)	(1,656)
Ending Balance	543	329

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS
2010 2009

Beginning Balance	329	897
Increase during the year	997	1,101
Amount written off	(1,291)	(1,669)
Ending Balance	35	329

4.8 Properties foreclosed, net

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

Type of Properties Foreclosed	Balance as at January 1, 2010	Acquisition	Disposition	Balance as at December 31, 2010
1. Assets acquired from debt repayment				
1.1 Immovable	19,774	1,080	(4,115)	16,739
1.2 Movable	327	3,091	(3,102)	316
Total	20,101	4,171	(7,217)	17,055
2. Others	110	42	(62)	90
Total properties foreclosed	20,211	4,213	(7,279)	17,145
Less Provision for impairment	(2,194)	(1,358)	1,134	(2,418)
Total properties foreclosed	18,017	2,855	(6,145)	14,727

Unit : Million Baht

Type of Properties Foreclosed	CONSOLIDATED FINANCIAL STATEMENTS				Balance as at December 31, 2009
	Balance as at January 1, 2009	Balance of Subsidiary as at Purchase Date	Acquisition	Disposition	
1. Assets acquired from debt repayment					
1.1 Immovable	22,787	56	2,807	(5,876)	19,774
1.2 Movable	571	52	5,171	(5,467)	327
Total	23,358	108	7,978	(11,343)	20,101
2. Others	162	-	-	(52)	110
Total properties foreclosed	23,520	108	7,978	(11,395)	20,211
<u>Less</u> Provision for impairment	(2,149)	(13)	(2,173)	2,141	(2,194)
Total properties foreclosed	21,371	95	5,805	(9,254)	18,017

Unit : Million Baht

Type of Properties Foreclosed	SEPARATE FINANCIAL STATEMENTS			Balance as at December 31, 2010
	Balance as at January 1, 2010	Acquisition	Disposition	
1. Assets acquired from debt repayment				
1.1 Immovable	11,122	309	(2,104)	9,327
1.2 Movable	13	-	-	13
Total	11,135	309	(2,104)	9,340
2. Others	104	42	(62)	84
Total properties foreclosed	11,239	351	(2,166)	9,424
<u>Less</u> Provision for impairment	(1,682)	(611)	429	(1,864)
Total properties foreclosed	9,557	(260)	(1,737)	7,560

Unit : Million Baht

Type of Properties Foreclosed	SEPARATE FINANCIAL STATEMENTS			Balance as at December 31, 2009
	Balance as at January 1, 2009	Acquisition	Disposition	
1. Assets acquired from debt repayment				
1.1 Immovable	14,498	833	(4,209)	11,122
1.2 Movable	13	-	-	13
Total	14,511	833	(4,209)	11,135
2. Others	154	-	(50)	104
Total properties foreclosed	14,665	833	(4,259)	11,239
<u>Less</u> Provision for impairment	(1,518)	(774)	610	(1,682)
Total properties foreclosed	13,147	59	(3,649)	9,557

For the year ended December 31, 2009, the Bank entered into an agreement to sell the sub-quality assets and the rights obligations to Ayudhya Asset Management Company Limited, a subsidiary, by selling immovable properties foreclosed having the book value of Baht 1,141 million. The Bank has already collected in full.

For the years ended December 31, 2010 and 2009, the appraisal value of properties foreclosed acquired from repossession or auction, are appraised by the internal appraiser of Baht 4,562 million and Baht 8,258 million, respectively, and are appraised by the independent appraiser in amount of Baht 6,497 million and Baht 4,969 million, respectively.

4.9 Property, premises and equipment, net

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2010	Increase	Decrease	Others	Balance as at December 31, 2010
Land					
Cost	3,791	32	(22)	(24)	3,777
Appraisal increase	3,824	-	(59)	-	3,765
Appraisal decrease	(193)	-	-	3	(190)
Premises					
Cost	6,033	31	(12)	13	6,065
Appraisal increase	6,122	-	(13)	-	6,109
Appraisal decrease	(70)	-	-	-	(70)
Equipment	10,913	1,357	(466)	386	12,190
Leasehold improvement	1,511	76	(16)	13	1,584
Total	31,931	1,496	(588)	391	33,230
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,489)	(195)	5	18	(2,661)
- Appraisal increase	(2,794)	-	4	(259)	(3,049)
Equipment	(8,368)	(1,226)	440	67	(9,087)
Leasehold improvement	(1,155)	(101)	2	7	(1,247)
Total	(14,806)	(1,522)	451	(167)	(16,044)
Construction in progress	245	410	(17)	(272)	366
Property, premises and equipment, net	17,370				17,552

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2009	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Others	Balance as at December 31, 2009
Land						
Cost	3,620	1	4	(2)	168	3,791
Appraisal increase	2,905	-	-	-	919	3,824
Appraisal decrease	(212)	-	-	-	19	(193)
Premises						
Cost	5,603	4	54	-	372	6,033
Appraisal increase	4,699	-	-	-	1,423	6,122
Appraisal decrease	(73)	-	-	-	3	(70)
Equipment	9,919	1,215	685	(960)	54	10,913
Leasehold improvement	871	610	50	(44)	24	1,511
Total	27,332	1,830	793	(1,006)	2,982	31,931
<u>Less</u> Accumulated depreciation						
Premises						
- Cost	(2,292)	(3)	(191)	-	(3)	(2,489)
- Appraisal increase	(2,149)	-	-	-	(645)	(2,794)
Equipment	(7,122)	(1,049)	(1,155)	898	60	(8,368)
Leasehold improvement	(551)	(557)	(106)	20	39	(1,155)
Total	(12,114)	(1,609)	(1,452)	918	(549)	(14,806)
Construction in progress	867	-	478	(24)	(1,076)	245
Property, premises and equipment, net	16,085					17,370

Unit : Million Baht		
	2010	2009
Depreciation for the years	1,522	1,452

As at December 31, 2010 and 2009, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 7,074 million and Baht 5,999 million, respectively.

The increase in equipment of cost Baht 346 million during the year is from new finance leases as at December 31, 2010.

Unit : Million Baht

	SEPARATE FINANCIAL STATEMENTS				Balance as at December 31, 2010
	Balance as at January 1, 2010	Increase	Decrease	Others	
Land					
Cost	3,779	33	(18)	(24)	3,770
Appraisal increase	3,824	-	(59)	-	3,765
Appraisal decrease	(193)	-	-	3	(190)
Premises					
Cost	6,000	30	(12)	13	6,031
Appraisal increase	6,122	-	(13)	-	6,109
Appraisal decrease	(70)	-	-	-	(70)
Equipment	8,159	895	(97)	400	9,357
Leasehold improvement	625	23	-	13	661
Total	<u>28,246</u>	<u>981</u>	<u>(199)</u>	<u>405</u>	<u>29,433</u>
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,467)	(194)	5	18	(2,638)
- Appraisal increase	(2,794)	-	4	(259)	(3,049)
Equipment	(6,246)	(921)	96	53	(7,018)
Leasehold improvement	<u>(387)</u>	<u>(46)</u>	<u>-</u>	<u>7</u>	<u>(426)</u>
Total	<u>(11,894)</u>	<u>(1,161)</u>	<u>105</u>	<u>(181)</u>	<u>(13,131)</u>
Construction in progress	<u>245</u>	<u>396</u>	<u>(5)</u>	<u>(271)</u>	<u>365</u>
Property, premises and equipment, net	<u>16,597</u>				<u>16,667</u>

Unit : Million Baht					
	SEPARATE FINANCIAL STATEMENTS				Balance as at December 31, 2009
	Balance as at January 1, 2009	Increase	Decrease	Others	
Land					
Cost	3,732	5	(3)	45	3,779
Appraisal increase	2,905	-	-	919	3,824
Appraisal decrease	(212)	-	-	19	(193)
Premises					
Cost	5,664	54	-	282	6,000
Appraisal increase	4,699	-	-	1,423	6,122
Appraisal decrease	(73)	-	-	3	(70)
Equipment	8,009	510	(433)	73	8,159
Leasehold improvement	569	34	-	22	625
Total	<u>25,293</u>	<u>603</u>	<u>(436)</u>	<u>2,786</u>	<u>28,246</u>
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,274)	(189)	-	(4)	(2,467)
- Appraisal increase	(2,149)	-	-	(645)	(2,794)
Equipment	(5,869)	(852)	423	52	(6,246)
Leasehold improvement	(347)	(79)	-	39	(387)
Total	<u>(10,639)</u>	<u>(1,120)</u>	<u>423</u>	<u>(558)</u>	<u>(11,894)</u>
Construction in progress	<u>881</u>	<u>478</u>	<u>(24)</u>	<u>(1,090)</u>	<u>245</u>
Property, premises and equipment, net	<u>15,535</u>				<u>16,597</u>

	Unit : Million Baht	
	2010	2009
Depreciation for the years	<u>1,161</u>	<u>1,120</u>

As at December 31, 2010 and 2009, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 4,978 million and Baht 4,078 million, respectively.

The increase in equipment of cost Baht 346 million during the year is from new finance leases as at December 31, 2010.

4.10 Intangible assets, net

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2010	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Others	Balance as at December 31, 2010
Cost						
Goodwill	9,896	-	-	(29)	(2,346)*	7,521
Software	2,824	3	494	(6)	18	3,333
Other intangible assets	1,508	-	-	-	2,802*	4,310
Total	<u>14,228</u>	<u>3</u>	<u>494</u>	<u>(35)</u>	<u>474</u>	<u>15,167</u>
Accumulated amortization						
Software	(1,560)	(1)	(265)	4	(52)	(1,874)
Other intangible assets	(60)	-	(5)	-	(598)	(663)
Total	<u>(1,620)</u>	<u>(1)</u>	<u>(270)</u>	<u>4</u>	<u>(650)</u>	<u>(2,537)</u>
Intangible assets, net	<u>12,608</u>					<u>12,627</u>

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2009	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Others	Balance as at December 31, 2009
Cost						
Goodwill	8,397	-	1,499	-	-	9,896
Software	2,478	255	368	(1)	(276)	2,824
Other intangible assets	1,363	76	69	-	-	1,508
Total	<u>12,238</u>	<u>331</u>	<u>1,936</u>	<u>(1)</u>	<u>(276)</u>	<u>14,228</u>
Accumulated amortization						
Software	(1,202)	(202)	(212)	-	56	(1,560)
Other intangible assets	(6)	(54)	-	-	-	(60)
Total	<u>(1,208)</u>	<u>(256)</u>	<u>(212)</u>	<u>-</u>	<u>56</u>	<u>(1,620)</u>
Intangible assets, net	<u>11,030</u>					<u>12,608</u>

Unit : Million Baht		
	2010	2009
Amortization for the years	<u>270</u>	<u>212</u>

* Major items are changes in accounting estimates (see Note 2.4)

As at December 31, 2010 and 2009, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original cost amounting to Baht 913 million and Baht 582 million, respectively.

Unit : Million Baht					
	SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2010	Increase	Decrease	Others	Balance as at December 31, 2010
Cost					
Software	2,363	382	-	51	2,796
Other intangible assets	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>
Total	<u>2,370</u>	<u>382</u>	<u>-</u>	<u>51</u>	<u>2,803</u>
Accumulated amortization					
Software	(1,224)	(206)	-	-	(1,430)
Other intangible assets	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
Total	<u>(1,229)</u>	<u>(206)</u>	<u>-</u>	<u>-</u>	<u>(1,435)</u>
Intangible assets, net	<u>1,141</u>				<u>1,368</u>

Unit : Million Baht					
	SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2009	Increase	Decrease	Others	Balance as at December 31, 2009
Cost					
Software	2,212	358	-	(207)	2,363
Other intangible assets	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>
Total	<u>2,219</u>	<u>358</u>	<u>-</u>	<u>(207)</u>	<u>2,370</u>
Accumulated amortization					
Software	(1,064)	(162)	-	2	(1,224)
Other intangible assets	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
Total	<u>(1,069)</u>	<u>(162)</u>	<u>-</u>	<u>2</u>	<u>(1,229)</u>
Intangible assets, net	<u>1,150</u>				<u>1,141</u>

Unit : Million Baht			
		2010	2009
Amortization for the years		<u>206</u>	<u>162</u>

As at December 31, 2010 and 2009, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 652 million and Baht 373 million, respectively.

4.11 Deferred tax assets

Deferred tax assets as at December 31, 2010 and 2009, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Deferred tax assets	<u>7,586</u>	<u>7,088</u>	<u>3,190</u>	<u>2,792</u>

Movements in deferred tax assets during the years were as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	As at January 1, 2010	Balance of Subsidiary as at Purchase Date	Items arising from Business Combination	Items as recognized into Statement of Income	Items as recognized into Shareholders' Equity
Temporary differences					As at December 31, 2010
Impairment of assets	1,967	-	-	(297)	-
Allowance for doubtful debt	3,325	-	-	164	-
Unrealized loss on investment	428	-	-	179	-
Other	1,368	-	(33)	485	-
Total	<u>7,088</u>	<u>-</u>	<u>(33)</u>	<u>531</u>	<u>-</u>

	CONSOLIDATED FINANCIAL STATEMENTS				
	As at January 1, 2009	Balance of Subsidiary as at Purchase Date	Items arising from business combination	Items as recognized into Statement of Income	Items as recognized into Shareholders' Equity
Temporary differences					As at December 31, 2009
Impairment of assets	1,260	252	-	455	-
Allowance for doubtful debt	1,338	1,903	-	84	-
Unrealized loss on investment	362	-	-	66	-
Other	1,188	74	236	44	(174)
Total	<u>4,148</u>	<u>2,229</u>	<u>236</u>	<u>649</u>	<u>(174)</u>

	SEPARATE FINANCIAL STATEMENTS		
	As at January 1, 2010	Items as recognised into Statement of Income	Items as recognised into Shareholders' Equity
Temporary differences			As at December 31, 2010
Impairment of assets	1,687	(231)	-
Unrealized loss on investment	420	179	-
Other	685	450	-
Total	<u>2,792</u>	<u>398</u>	<u>-</u>

Unit : Million Baht			
SEPARATE FINANCIAL STATEMENTS			
	As at January 1, 2009	Items as recognized into Statement of Income	Items as recognized Into Shareholders' Equity
			As at December 31, 2009
Temporary differences			
Impairment of assets	1,107	580	-
Unrealized loss on investment	360	60	-
Other	1,029	(177)	(167)
Total	<u>2,496</u>	<u>463</u>	<u>(167)</u>
			<u>2,792</u>

The deferred tax assets which have not been recognized in the balance sheet as at the December 31, 2010 and 2009 are as follows :

Unit : Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010
			2009
Unused tax losses	913	1,255	-
Impairment of assets	149	126	-
Total	<u>1,062</u>	<u>1,381</u>	<u>-</u>
			<u>-</u>

Deferred tax assets of liquidating subsidiaries have not been recognized in the consolidated financial statements because these subsidiaries' deferred tax assets cannot be utilized for future economic benefit. Liquidating companies are as follows:

1. K.S. Law Office Company Limited (liquidation completed as of December 31, 2010)
2. Ayudhya Capital Lease Company Limited

4.12 Deposits

(1) Classified by product

Unit : Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010
			2009
Current deposit	18,129	14,907	19,494
Savings deposit	219,464	184,405	222,854
Time deposit			
- Less than 6 months	95,395	90,404	95,399
- 6 months to 1 year	106,666	114,425	106,665
- over 1 year	136,825	116,374	136,829
Total	<u>576,479</u>	<u>520,515</u>	<u>581,241</u>
			<u>524,686</u>

(2) Classified by remaining maturity

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Not over 1 year*	521,422	486,177	526,181	490,348
Over 1 year	<u>55,057</u>	<u>34,338</u>	<u>55,060</u>	<u>34,338</u>
Total	<u>576,479</u>	<u>520,515</u>	<u>581,241</u>	<u>524,686</u>

* Including matured time deposits

(3) Classified by currency and residence of depositors

	CONSOLIDATED FINANCIAL STATEMENTS					
	2010			2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	573,109	444	573,553	517,145	407	517,552
US Dollar	1,033	838	1,871	1,193	1,073	2,266
Other currencies	<u>421</u>	<u>634</u>	<u>1,055</u>	<u>205</u>	<u>492</u>	<u>697</u>
Total	<u>574,563</u>	<u>1,916</u>	<u>576,479</u>	<u>518,543</u>	<u>1,972</u>	<u>520,515</u>

	SEPARATE FINANCIAL STATEMENTS					
	2010			2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	577,871	444	578,315	521,316	407	521,723
US Dollar	1,033	838	1,871	1,193	1,073	2,266
Other currencies	<u>421</u>	<u>634</u>	<u>1,055</u>	<u>205</u>	<u>492</u>	<u>697</u>
Total	<u>579,325</u>	<u>1,916</u>	<u>581,241</u>	<u>522,714</u>	<u>1,972</u>	<u>524,686</u>

4.13 Interbank and money market items

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	2010			2009		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution						
Development Fund	-	597	597	-	687	687
Commercial banks	1,284	6,797	8,081	1,279	2,328	3,607
Other banks	48	720	768	43	667	710
Finance companies, securities companies and credit foncier companies	3,183	1,600	4,783	2,437	3,428	5,865
Other financial institutions	-	29,423	29,423	-	24,089	24,089
Total	4,515	39,137	43,652	3,759	31,199	34,958
Add Accrued interest receivables	-	-	-	-	3	3
Total domestic items	4,515	39,137	43,652	3,759	31,202	34,961
Foreign items						
US Dollar	71	-	71	514	-	514
Yen	-	-	-	-	-	-
Euro	-	-	-	6	-	6
Other currencies	65	-	65	62	-	62
Total foreign items	136	-	136	582	-	582
Total domestic and foreign items	4,651	39,137	43,788	4,341	31,202	35,543

Unit : Million Baht						
SEPARATE FINANCIAL STATEMENTS						
	2010			2009		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution						
Development Fund	-	597	597	-	687	687
Commercial banks	2,046	60	2,106	1,310	60	1,370
Other banks	48	720	768	43	667	710
Finance companies, securities companies and credit foncier companies	3,183	1,600	4,783	2,437	3,428	5,865
Other financial institutions	-	29,423	29,423	-	24,089	24,089
Total domestic items	5,277	32,400	37,677	3,790	28,931	32,721
Foreign items						
US Dollar	71	-	71	514	-	514
Yen	-	-	-	-	-	-
Euro	-	-	-	6	-	6
Other currencies	65	-	65	62	-	62
Total foreign items	136	-	136	582	-	582
Total domestic and foreign items	5,413	32,400	37,813	4,372	28,931	33,303

On August 11, 2006 and September 5, 2006, the Bank acquired Baht 600 million of borrowings under promissory notes with embedded derivatives (Structured Borrowings). The maturities are on August 11, 2011 and September 5, 2011 and the interest is payable semi-annually to be determined by reference interest rates in the future.

As of December 31, 2010 and 2009, such borrowings are carried at fair value derived from a counterparty or a calculation agent. The Bank has tested the fair value calculation by using a well-known technique of valuation appraisal with no significant difference noted. The change in fair value of borrowings is recognized as a mark-to-market loss in the statements of income for Baht 37 million and Baht 49 million, respectively which equals the mark-to-market gain on the hedging instruments.

4.14 Short-term borrowings

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
					2010			2009
	Currency	Interest rate	Maturity	Domestic	Foreign	Total	Domestic	Foreign
		(%)						
Senior securities	THB	4.00 – 5.10	2011	25,282	-	25,282	35,551	-
Bill of exchange	THB	0.92 – 2.30	2011	24,844	-	24,844	6,000	-
Other borrowings	THB	-	-	-	-	-	3	-
Total short-term borrowings				50,126	-	50,126	41,554	-

Unit : Million Baht								
SEPARATE FINANCIAL STATEMENTS								
					2010			2009
	Currency	Interest rate	Maturity	Domestic	Foreign	Total	Domestic	Foreign
		(%)						
Senior securities	THB	4.00 – 5.10	2011	28,082	-	28,082	35,551	-
Bill of exchange	THB	0.92 – 2.30	2011	24,844	-	24,844	6,000	-
Other borrowings	THB	-	-	-	-	-	3	-
Total short-term borrowings				52,926	-	52,926	41,554	-

4.15 Long-term borrowings

CONSOLIDATED FINANCIAL STATEMENTS								Unit : Million Baht	
	Currency	Interest rate (%)	Maturity	Domestic	2010 Foreign	Total	Domestic	2009 Foreign	Total
Subordinated									
Debenture	THB	4.35 – 5.50	2020	20,000	-	20,000	12,000	-	12,000
Senior securities	THB	3.33 – 4.40	2014	23,300	-	23,300	39,382	-	39,382
Bill of exchange	THB	1.80 – 3.00	2013	5,756	-	5,756	3,402	-	3,402
Other borrowings	THB	0.00 – 0.50	2015	183	-	183	220	-	220
Total long-term borrowings				49,239	-	49,239	55,004	-	55,004

								Unit : Million Baht	
SEPARATE FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	Domestic	2010 Foreign	Total	Domestic	2009 Foreign	Total
Subordinated									
Debenture	THB	4.35 – 5.50	2020	20,000	-	20,000	12,000	-	12,000
Senior securities	THB	4.25	2012	4,000	-	4,000	32,082	-	32,082
Bill of exchange	THB	1.80 – 3.00	2013	5,756	-	5,756	4,402	-	4,402
Other borrowings	THB	0.00 – 0.50	2015	183	-	183	220	-	220
Total long-term borrowings				29,939	-	29,939	48,704	-	48,704

Additional information on long-term borrowings are as follows:

- 4.15.1 On November 5, 2003, the Bank issued subordinated debenture #5 in the amount of Baht 12,000 million with a maturity in November 5, 2013 at the fixed rates of 4% per annum for the years 1-5 and 4.75% per annum for the years 6-10, payable quarterly on the fifth of February, May, August and November of each year. The Bank redeemed debenture # 5 following approval from the Bank of Thailand on May 24, 2010.
- 4.15.2 On June 23, 2010, the Bank issued subordinated debenture #1/2010 in the amount of Baht 20,000 million with a maturity in June 23, 2020 at the fixed rates of 4.35% per annum for the years 1-3, 4.75% per annum for the years 4-6 and 5.50% per annum for the years 7-10, payable quarterly on the 23 of March, June, September and December of each year. The Bank has the right to redeem debenture #1/2010 before the maturity date subject to the approval of the Bank of Thailand. The Bank may redeem the debentures prior to the fifth anniversary of the issue date, if the bank is notified by Bank of Thailand that the debentures shall not be treated as tier 2 capital or the debentures shall be treated as tier 2 capital less than 50% of tier 1 capital of the Bank.

4.16 Provisions for off-balance sheet obligations

The Bank provided reserves for off-balance sheet obligations with a high credit risk to comply with the Bank of Thailand's notifications No. Sor Nor Sor. 31/2551 Re: Guidelines on Provisioning for Off-Balance Sheet Items dated August 3, 2008 and Thai Accounting Standard No. 37 "Provisions, Contingent Liabilities and Contingent Assets" are as follows:

Unit : Million Baht		
CONSOLIDATED AND SEPARATE		
FINANCIAL STATEMENTS		
	2010	2009
Beginning balance of the year	287	389
Increase (decrease) during the year	120	(102)
Ending balance of the year	<u>407</u>	<u>287</u>

4.17 Deferred tax liabilities

Deferred tax liabilities as at December 31, 2010 and 2009 are as follows:

	CONSOLIDATED		Unit : Million Baht SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Deferred tax liabilities	4,039	2,722	2,319	2,344

Movements of deferred tax liabilities during the years are as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
As at	Items	Items as	Items as	As at
January 1,	Arising from	recognized	recognized	December 31,
2010	Business	into	into	2010
	Combination	of Income	Shareholders' Equity	
Temporary differences				
Asset appraisal surplus	2,141	-	(93)	2,048
Other	581	1,408	(114)	1,991
Total	<u>2,722</u>	<u>1,408</u>	<u>(114)</u>	<u>4,039</u>

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	As at January 1, 2009	Balance of Subsidiary as at Purchase Date	Items as recognized into Statement of Income	Items as recognized into Shareholders' Equity	As at December 31, 2009
Temporary differences					
Asset appraisal surplus	1,632	-	-	509	2,141
Other	551	37	84	(91)	581
Total	2,183	37	84	418	2,722

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	As at January 1, 2010	Items as recognized into Statement of Income	Items as recognized into Shareholders' Equity	As at December 31, 2010
Temporary differences				
Assets appraisal surplus	2,141	-	(94)	2,047
Other	203	(46)	115	272
Total	2,344	(46)	21	2,319

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	As at January 1, 2009	Items as recognized into Statement of Income	Items as recognized into Shareholders' Equity	As at December 31, 2009
Temporary differences				
Assets appraisal surplus	1,632	-	509	2,141
Other	293	4	(94)	203
Total	1,925	4	415	2,344

4.18 Finance lease liabilities

Finance lease liabilities as at December 31, 2010 are as follows:

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Principal	Interest	Payment
Within one year	137	3	140
One year to five years	-	-	-
Total	137	3	140

As at December 31, 2009, no finance lease liability existed.

4.19 Share capital

Unit : Million Baht
CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS
2010 2009

Authorized share capital	70,894	70,894
Issued and paid-up share capital	60,741	60,741

4.19.1 Capital management

The Bank and its subsidiaries' objectives when managing capital are to maintain the Bank and its subsidiaries' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure and to comply with regulator's rules.

For maintenance and restructuring of capital, the Bank may adjust the dividend policy for shareholders to refund its capital to shareholders, issue new shares or sell property in order to reduce debt obligation.

4.19.2 Capital funds

The Bank is subject to various capital and regulatory requirements administered by the Bank of Thailand. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items as calculated in accordance with regulatory accounting practices. In addition, the Bank's capital amounts and classification are also subject to qualitative judgment by the Bank of Thailand in regard to components, risk weightings, and other factors. As at December 31, 2010 and 2009, the Bank's management met all capital adequacy requirements. However, these capital and regulatory requirements are subject to change, as considered necessary by the Bank of Thailand.

The Bank maintains its capital funds in accordance with the criteria, methodologies and conditions prescribed by the Bank of Thailand. As at December 31, 2010 and 2009, the Bank's total capital funds can be categorized as follows:

	Unit : Million Baht	
	2010	2009
Tier 1 capital		
Issued and paid-up share capital	60,741	60,741
Premium on share capital	13,802	13,802
Statutory reserve	711	583
Unappropriated retained earning	7,837	4,139
<u>Less Deferred tax assets</u>	<u>(3,190)</u>	<u>(2,792)</u>
Total Tier 1 capital	<u>79,901</u>	<u>76,473</u>

	Unit : Million Baht	
	2010	2009
Tier 2 capital		
Assets revaluation surplus	4,165	4,333
Subordinated unsecured floating rate notes	20,000	7,200
Investment revaluation surplus (net) in securities available-for-sale	219	46
Reserve for normal assets	5,392	5,693
Total Tier 2 capital	<u>29,776</u>	<u>17,272</u>
Total capital fund	<u>109,677</u>	<u>93,745</u>

	Percentage	
	2010	2009
Total capital / Total risk assets (minimum 8.50%)	15.84	14.15
Total tier 1 capital / Total risk assets (minimum 4.25%)	11.54	11.55

Disclosure of capital maintenance information under the Notification of the Bank of Thailand Re : Public Disclosure of Capital Maintenance for Commercial Bank:

Location of disclosure	www.krungsri.com
Date of disclosure	within April 2011
Information as of	December 31, 2010

4.20 Statutory reserve

Pursuant to the Public Limited Companies Act, the Bank must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount not less than ten percent of the registered capital.

4.21 Dividend payment

At the General Shareholders' meeting held on April 9, 2009, the shareholders approved a resolution authorizing a dividend payment for the second half year ended December 31, 2008 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.15 per share which totaled Baht 911 million, with payment made on April 29, 2009.

The Board of Directors' Meeting No. 8/2009 dated August 26, 2009, had approved a resolution authorizing a dividend payment for the first half year ended June 30, 2009 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.15 per share which totaled Baht 911 million, with payment made on September 22, 2009.

At the General Shareholders' meeting held on April 8, 2010, the shareholders approved a resolution authorizing a dividend payment for the second half year ended December 31, 2009 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.18 per share which totaled Baht 1,093 million, with payment made on May 4, 2010.

The Board of Directors' Meeting No. 8/2010 dated August 25, 2010, had approved a resolution authorizing a dividend payment for the first half year ended June 30, 2010 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.22 per share which totaled Baht 1,336 million, with payment made on September 23, 2010.

4.22 Income tax

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Current tax for the year	4,372	2,069	1,363	644
Deferred tax	(848)	(565)	(445)	(460)
Total income tax expense	<u>3,524</u>	<u>1,504</u>	<u>918</u>	<u>184</u>

Reconciliation of effective tax rate

	CONSOLIDATED				SEPARATE			
	FINANCIAL STATEMENTS				FINANCIAL STATEMENTS			
	2010		2009		2010		2009	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>12,340</u>		<u>8,161</u>		<u>6,961</u>		<u>2,728</u>	
Income tax at the domestic tax rate	3,702	30.00	2,448	30.00	2,088	30.00	818	30.00
Add Tax effect of income and expense that are not exempt for tax purposes	1,833	14.86	204	2.50	296	4.25	51	1.86
Less Tax effect of income and expense that are exempt for tax purposes	(2,011)	(16.30)	(1,148)	(14.07)	(1,466)	(21.06)	(685)	(25.11)
Total	<u>3,524</u>	<u>28.56</u>	<u>1,504</u>	<u>18.43</u>	<u>918</u>	<u>13.19</u>	<u>184</u>	<u>6.75</u>

According to the Royal Decree No.475 B.E.2551 issued under the Revenue Code regarding the corporate income tax rate deduction effective on August 7, 2008, the corporate income tax for listed companies in the Stock Exchange of Thailand has been reduced from 30% to 25% for net profit portion not exceeding Baht 300 million. This will remain in effect for three consecutive accounting periods beginning on or after January 1, 2008. Therefore, the Bank has used tax rates of 25% and 30% for the corporate income tax calculation for the years ended December 31, 2010 and 2009, to conform to such tax rate change.

The subsidiaries have used a tax rate of 30% for calculation of the income tax for the years ended December 31, 2010 and 2009.

The Bank and subsidiaries used a tax rate of 30% for calculation of deferred tax.

4.23 Contingencies

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	2010			2009		
	Baht	Foreign	Total	Baht	Foreign	Total
	Currencies			Currencies		
Avals to bills	3,671	-	3,671	3,623	-	3,623
Guarantees of loans	32	226	258	11	350	361
Other guarantees	34,920	954	35,874	35,156	1,099	36,255
Letters of credit	583	7,543	8,126	131	5,251	5,382
Exchange rate contracts						
Bought	-	133,988	133,988	-	67,509	67,509
Sold	-	145,425	145,425	-	74,747	74,747
Currency swap contracts						
Bought	5,170	2,070	7,240	6,435	1,766	8,201
Sold	590	6,310	6,900	635	7,344	7,979
Interest rate swap						
Bought	12,493	3,226	15,719	13,820	3,623	17,443
Sold	600	2,123	2,723	600	2,652	3,252
Unused overdraft limit	50,596	-	50,596	38,590	-	38,590
Others	2,421	3,672	6,093	70	2,418	2,488
Total	111,076	305,537	416,613	99,071	166,759	265,830

Unit : Million Baht						
SEPARATE FINANCIAL STATEMENTS						
	2010			2009		
	Baht	Foreign	Total	Baht	Foreign	Total
	Currencies			Currencies		
Avals to bills	3,671	-	3,671	3,623	-	3,623
Guarantees of loans	32	226	258	11	350	361
Other guarantees	34,956	1,558	36,514	35,167	1,767	36,934
Letters of credit	583	7,727	8,310	130	5,285	5,415
Exchange rate contracts						
Bought	-	133,988	133,988	-	67,509	67,509
Sold	-	145,580	145,580	-	74,747	74,747
Currency swap contracts						
Bought	5,170	2,070	7,240	6,435	1,766	8,201
Sold	590	6,310	6,900	635	7,344	7,979
Interest rate swap						
Bought	12,493	3,226	15,719	13,520	3,623	17,143
Sold	600	2,123	2,723	600	2,652	3,252
Unused overdraft limit	50,766	-	50,766	38,720	-	38,720
Others	2,421	3,672	6,093	70	2,418	2,488
Total	111,282	306,480	417,762	98,911	167,461	266,372

As at December 31, 2010 and 2009, the Bank has commitments for information technology in the amount of Baht 532 million and Baht 250 million, respectively.

4.24 Long-term Leases

As at December 31, 2010

TYPE OF LEASE	PERIOD	TOTAL RENTAL EXPENSES		Unit : Million Baht
		CONSOLIDATED	SEPARATE	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	
Land and/or premises and equipment	Jan. 1, 2011 - Dec. 31, 2011	361	254	
	Jan. 1, 2012 - Dec. 31, 2012	220	172	
	Jan. 1, 2013 - Dec. 31, 2013	117	93	
	Jan. 1, 2014 - Dec. 31, 2014	36	27	
	Jan. 1, 2015 - Dec. 31, 2015	21	18	
	Jan. 1, 2016 - Dec. 31, 2016	14	14	
	Jan. 1, 2017 - Aug. 31, 2035	97	97	
		<u>866</u>	<u>675</u>	

As at December 31, 2009

TYPE OF LEASE	PERIOD	TOTAL RENTAL EXPENSES		Unit : Million Baht
		CONSOLIDATED	SEPARATE	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	
Land and/or premises and equipment	Jan. 1, 2010 - Dec. 31, 2010	303	192	
	Jan. 1, 2011 - Dec. 31, 2011	194	138	
	Jan. 1, 2012 - Dec. 31, 2012	78	62	
	Jan. 1, 2013 - Dec. 31, 2013	22	19	
	Jan. 1, 2014 - Dec. 31, 2014	15	15	
	Jan. 1, 2015 - Dec. 31, 2015	15	15	
	Jan. 1, 2016 - Aug. 31, 2035	145	145	
		<u>772</u>	<u>586</u>	

4.25 Related Party Transactions

The Bank has business transactions with subsidiaries, associated and related companies. These transactions are with companies that have shareholding and/or major shareholders and/or joint directors with the Bank and with related persons. Such related transactions are in the normal course of business for the Bank and are priced at market and have the same conditions as other customers, including the allowance for doubtful accounts policy. The Bank has complied with the same the BOT's regulations as those granted to other debtors.

According to the Bank of Thailand's Notification Sor.Nor.Sor. 6/2553 regarding the Guideline on Consolidated Supervision dated June 28, 2010, the Bank is required to disclose the Inter-Group Transactions in the Financial Business Group Policy and the Risk Management for Inter-Group Transaction in the Financial Business Group Policy as follows:

1. The Inter-Group Transactions in the Financial Business Group Policy

The inter-group transactions shall be in the same conditions or criteria, including interest rate or service fee charged, as applied when the Bank conducts the transactions with general customers with the same risk level and the Bank has no policy to allow the companies in the financial business group to borrow from or lend to each other, unless specifically reviewed and approved by Bank management.

2. The Risk Management for Inter-Group Transactions in the Financial Business Group Policy

The Bank manages risk for all inter-group transactions based on the Credit Risk Management for the Financial Business Policy which covers the key credit risk management process, namely credit risk control, credit risk measurement, and credit risk monitoring, in accordance with the Bank's policy and the Bank of Thailand's requirements.

Related Party Transactions are as follows:

4.25.1 Loans to, deposits, borrowing and contingencies with certain officers from the levels of Bank's Directors, Executive Vice Presidents and higher; and Vice Presidents/equivalent positions and higher in the Finance and Accounting Functions and the companies in which they and/or the Bank directors and/or their related parties and/or the Bank owned 10% or more of each company's paid-up capital the companies in which the directors and/or shareholders of the Bank having significant voting right either direct and indirect are as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2010				December 31, 2009			
	Loans	Deposits	Borrowing	Contingencies	Loans	Deposits	Borrowing	Contingencies
Associated companies								
Tesco Card Services Limited	6,570	313	-	-	6,648	96	-	-
Tesco Life Assurance Broker Company Limited	-	10	-	-	-	-	-	-
Tesco General Insurance Broker Company Limited	-	147	-	-	-	3	-	-
<u>Less</u> Allowance for doubtful accounts	(67)	-	-	-	(66)	-	-	-
Total	6,503	470	-	-	6,582	99	-	-
Related companies having joint major shareholders or directors								
<u>Less</u> Allowance for doubtful accounts	(3)	-	-	-	(3)	-	-	-
Total	252	13,402	-	1,722	378	8,878	-	353
Related companies from Troubled Debt								
Restructuring	-	-	-	-	1,128	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	-	(841)	-	-	-
Total	-	-	-	-	287	-	-	-
Individual and related parties								
Total	108	317	-	-	48	61	-	-
Total	6,863	14,189	-	1,722	7,295	9,038	-	353

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	December 31, 2010				December 31, 2009			
	Loans	Deposits	Borrowing	Contingencies	Loans	Deposits	Borrowing	Contingencies
Subsidiaries								
Ayudhya Development Leasing Company Limited	4,242	20	-	339	3,245	16	-	35
Ayudhya Auto Lease Public Company Limited	170	324	1,900	-	1,190	555	1,000	-
Ayudhya Capital Lease Company Limited	-	1,758	-	-	-	1,752	-	-
Ayudhya Capital Auto Lease Public Company Limited	78,647	284	-	-	77,280	316	-	-
Ayudhya Total Solutions Public Company Limited	800	83	-	-	5,400	157	-	-
CFG Services Company Limited	2,720	176	-	-	1,630	224	-	-
Ayudhya Card Services Company Limited	4,500	232	-	-	6,400	206	-	-
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	16,072	559	-	-	16,338	279	-	-
General Card Services Limited	11,169	182	-	-	11,448	57	-	-
Krungsriayudhya Card Company Limited	14,246	640	-	-	12,344	448	-	-
Siam Realty and Services Company Limited	295	57	-	-	150	19	-	-
Total Services Solutions Public Company Limited	-	370	900	-	-	-	-	-
Ayudhya Fund Management Company Limited	-	258	100	603	20	102	-	667
Ayudhya Asset Management Company Limited	11,092	12	-	38	15,019	36	-	13
Ayudhya Securities Public Company Limited	-	178	-	-	-	195	-	-
Ayudhya Factoring Company Limited	2,743	269	-	-	983	43	-	-
Quality Life Assurance Broker Company Limited	-	44	-	-	-	-	-	-
Quality General Insurance Broker Company Limited	-	119	-	-	-	-	-	-
Total	146,696	5,565	2,900	980	151,447	4,405	1,000	715
Less Allowance for doubtful accounts	(1,467)	-	-	-	(1,515)	-	-	-
Total	145,229	5,565	2,900	980	149,932	4,405	1,000	715
Associated companies								
Tesco Card Services Limited	6,570	313	-	-	6,648	96	-	-
Tesco Life Assurance Broker Company Limited	-	10	-	-	-	-	-	-
Tesco General Insurance Broker Company Limited	-	147	-	-	-	3	-	-
Less Allowance for doubtful accounts	(67)	-	-	-	(66)	-	-	-
Total	6,503	470	-	-	6,582	99	-	-

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	December 31, 2010				December 31, 2009			
	Loans	Deposits	Borrowing	Contingencies	Loans	Deposits	Borrowing	Contingencies
Related companies having joint								
major shareholders or directors	255	13,402	-	1,722	381	8,878	-	353
<u>Less</u> Allowance for doubtful accounts	(3)	-	-	-	(3)	-	-	-
Total	252	13,402	-	1,722	378	8,878	-	353
Related companies from Troubled Debt Restructuring	-	-	-	-	1,128	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	-	(841)	-	-	-
Total	-	-	-	-	287	-	-	-
Individual and related parties	108	316	-	-	48	61	-	-
Total	152,092	19,753	2,900	2,702	157,227	13,443	1,000	1,068

The aforementioned loans carry interest at substantially the same rates and are subject to substantially the same conditions as those granted to other customers.

As at December 31, 2010 and 2009, the Bank charges interest rates from the officer or related parties at 1.00% - 12.50% p.a. and 1.00% - 5.93%, respectively.

As at December 31, 2010 and 2009, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 1,467 million and Baht 1,515 million, respectively, are not eliminated but treated as surplus reserve in consolidated financial statements.

As at December 31, 2010 and 2009, the Bank granted loans to Ayudhya Asset Management Company Limited as short-term promissory notes of Baht 11,092 million and 15,019 million at the interest rates of 2.55% - 2.85% and 2.10% - 2.30% per annum, respectively.

4.25.2 The Bank has investments in subsidiaries, associated and related companies as follows :

Consolidated financial statements

December 31, 2010

							Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS							
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Book value	Dividend Amount	
Associated companies							
Tesco Card Services Limited ⁽¹⁾	Credit card and personal loan	780	49.00	382	681	-	
Tesco Life Assurance Broker Company Limited ⁽²⁾	Life insurance broker	2	49.00	-	10	-	
Tesco General Insurance Broker Company Limited ⁽²⁾	General insurance broker	77	49.00	-	38	-	
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	-	21.90	-	-	-	
Investment in associated companies, net				<u>382</u>	<u>729</u>	<u>-</u>	
Related companies							
(10%-20% holding)							
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	412	27	
Asian Trade and Leasing Company Limited	Service	150	10.00	10	-	-	
P.P. Parawood Company Limited	Manufacturing	95	10.00	15	-	-	
				444	412	27	
<u>Less</u> Allowance for doubtful accounts				(32)	-	-	
Investment in related companies, net				<u>412</u>	<u>412</u>	<u>27</u>	
Related companies from							
Troubled Debt Restructuring							
Wongpaitoon Public Company Limited	Manufacturing	8,683	37.30	93	-	-	
<u>Less</u> Allowance for doubtful accounts				(93)	-	-	
Investment in related companies from troubled debt restructuring, net				<u>-</u>	<u>-</u>	<u>-</u>	

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Card Services Limited

⁽³⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case BMCL breaches the agreement with MRT or BMCL breaches the loan agreement with the creditor group.

December 31, 2009

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Book value	Dividend Amount
Associated companies						
Tesco Card Services Limited ⁽¹⁾	Credit card and personal loan	780	49.00	382	598	-
Tesco Life Assurance Broker Company Limited ⁽²⁾	Life insurance broker	2	49.00	-	7	-
Tesco General Insurance Broker Company Limited ⁽²⁾	General insurance broker	77	49.00	-	27	-
Quality Life Assurance Broker Company Limited ⁽¹⁾	Life insurance broker	2	24.99	1	7	-
Quality General Insurance Broker Company Limited ⁽¹⁾	General insurance broker	2	24.99	1	4	-
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	-	21.90	-	-	-
Investment in associated companies, net				<u>384</u>	<u>643</u>	<u>-</u>
Related companies						
(10%-20% holding)						
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	412	23
Asian Trade and Leasing Company Limited	Service	150	10.00	10	-	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	15	-	-
				<u>444</u>	<u>412</u>	<u>23</u>
<u>Less</u> Allowance for doubtful accounts				<u>(32)</u>	<u>-</u>	<u>-</u>
Investment in related companies, net				<u>412</u>	<u>412</u>	<u>23</u>
Related companies from						
Troubled Debt Restructuring						
Wongpaitoon Public Company Limited	Manufacturing	8,683	37.30	93	-	-
<u>Less</u> Allowance for doubtful accounts				<u>(93)</u>	<u>-</u>	<u>-</u>
Investment in related companies from troubled debt restructuring, net				<u>-</u>	<u>-</u>	<u>-</u>

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Card Services Limited

⁽³⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case BMCL breaches the agreement with MRT or BMCL breaches the loan agreement with the creditor group.

Separate financial statements

December 31, 2010

Unit : Million Baht

		SEPARATE FINANCIAL STATEMENTS			
	Business	Registered	Ownership	Investment	Dividend
	Type	Share Capital	(%)	Cost	Amount
Subsidiaries					
Ayudhya Development Leasing Company Limited	Leasing and hire-purchase	705	99.99	929	70
Ayudhya Auto Lease Public Company Limited	Auto leasing	2,850	99.79	2,736	-
Ayudhya Capital Lease Company Limited ⁽¹⁾	Auto leasing	3,000	99.99	3,000	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	1,045	99.99	16,281	1,523
Ayudhya Total Solutions Public Company Limited	Hire-purchase	1,197	99.81	1,530	334
CFG Services Company Limited	Hire-purchase and motorcycles loan	514	99.99	27	-
Ayudhya Card Services Company Limited	Credit card and personal loan	720	99.99	4	-
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	Credit card and personal loan	125	99.99	5,968	1,553
General Card Services Limited	Credit card and personal loan	758	99.99	817	30
Krungsriayudhya Card Company Limited	Credit card and personal loan	1,100	99.99	1,304	630
Siam Realty and Services Company Limited	Car rent and personnel services	100	99.99	100	60
Total Services Solutions Public Company Limited	Collection service	1,326	99.99	1,846	170
Ayudhya Fund Management Company Limited	Fund management	350	76.59	204	-
Ayudhya Asset Management Company Limited	Assets management	6,000	99.99	6,000	-
Ayudhya Securities Public Company Limited	Securities	600	86.33	637	-
Ayudhya Factoring Company Limited	Factoring	100	99.99	100	-
Associated Company					
Metro Designee Company Limited ⁽²⁾	Special purpose vehicle	-	21.90	-	-
				41,483	4,370
Less Allowance for impairment				(4,757)	-
Investments in subsidiaries and associated company, net				36,726	4,370

⁽¹⁾ Subsidiary under the liquidation process

⁽²⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case BMCL breaches the agreement with MRT or BMCL breaches the loan agreement with the creditor group.

Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Related companies					
(10%-20% holding)					
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	27
Asian Trade and Leasing Company Limited	Service	150	10.00	10	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	15	-
				444	27
<u>Less</u> Allowance for impairment				(32)	-
Investments in related companies, net				<u>412</u>	<u>27</u>
Related companies from					
Troubled Debt Restructuring					
Wongpaitoon Public Company Limited	Manufacturing	8,683	37.30	93	-
<u>Less</u> Allowance for impairment				(93)	-
Investments in related companies from troubled debt restructuring , net				<u>-</u>	<u>-</u>

December 31, 2009

Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Subsidiaries					
Ayudhya Development Leasing Company Limited	Leasing	705	99.99	929	70
Ayudhya Auto Lease Public Company Limited	Auto leasing	2,850	99.66	2,745	-
Ayudhya Capital Lease Company Limited ⁽¹⁾	Auto leasing	3,000	99.99	3,000	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	1,045	99.99	16,281	1,773
Ayudhya Total Solutions Public Company Limited	Hire-purchase	1,197	99.76	1,529	-
CFG Services Company Limited	Hire-purchase and motorcycle loans	514	99.99	27	-
Ayudhya Card Services Company Limited	Credit cards and personal loans	720	99.99	4	-
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	Credit cards and personal loans	125	99.99	6,443	-
General Card Services Limited	Credit cards and personal loans	758	99.99	806	-
Krungsriayudhya Card ⁽²⁾ Company Limited	Credit cards	1,100	99.99	550	-
Siam Realty and Services Company Limited	Car leasing and personnel services	100	99.99	100	80
K.S.Law Office Company Limited ⁽¹⁾	Legal advisory services	32	99.99	32	-
Total Services Solutions Public Company Limited	Collection service	1,326	99.99	2,537	-
Ayudhya Fund Management Company Limited	Fund management	350	76.59	204	-
Ayudhya Asset Management Company Limited	Asset management	6,000	99.99	6,000	-
Ayudhya Securities Public Company Limited	Securities	600	86.33	637	-
Ayudhya Factoring Company Limited	Factoring	100	99.99	100	-

Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Associated					
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	-	21.90	-	-
				41,924	1,923
<u>Less</u> Allowance for impairment				(4,224)	-
Investments in subsidiaries, net				<u>37,700</u>	<u>1,923</u>
Related companies					
(10%-20% holding)					
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	23
Asian Trade and Leasing Company Limited	Service	150	10.00	10	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	15	-
				444	23
<u>Less</u> Allowance for impairment				(32)	-
Investments in related companies, net				<u>412</u>	<u>23</u>
Related companies from					
Troubled Debt Restructuring					
Wongpaitoon Public Company Limited	Manufacturing	8,683	37.30	93	-
<u>Less</u> Allowance for impairment				(93)	-
Investments in related companies from troubled debt restructuring , net				<u>-</u>	<u>-</u>

⁽¹⁾ Subsidiary under the liquidation process

⁽²⁾ Including indirect holding via Ayudhya Capital Services Company Limited 49.99%

⁽³⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case BMCL breaches the agreement with MRT or BMCL breaches the loan agreement with the creditor group.

4.25.3 Income and expense between the Bank and its subsidiaries, associated companies and related companies for the years ended December 31, 2010 and 2009 are as follows:

Unit : Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	2010				2009			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Associated company								
Krungsriayudhya Card Company Limited	-	-	-	-	380	-	1	-
Tesco Card Services Limited	185	-	-	-	76	-	-	-
Total	185	-	-	-	456	-	1	-
Related companies having joint major shareholders or directors								
	21	88	114	461	156	80	86	452
Total	21	88	114	461	156	80	86	452
Individual and related parties								
	3	-	2	-	2	-	1	-
Total	209	88	116	461	614	80	88	452

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	2010				2009			
	Income		Expenses		Income		Expenses	
	Interest income	Non- interest income	Interest expenses	Non- interest expenses	Interest income	Non- interest income	Interest expenses	Non-interest expenses
Subsidiaries								
Ayudhya Development Leasing Company Limited	136	4	-	-	150	3	-	-
Ayudhya Auto Lease Public Company Limited	24	2	31	-	84	4	6	-
Ayudhya Capital Lease Company Limited	-	-	13	-	-	1	8	-
Ayudhya Capital Auto Lease Public Company Limited	2,843	4	1	5	3,469	45	1	9
Ayudhya Hire Purchases Company Limited	-	-	-	-	-	-	4	-
Ayudhya Total Solutions Public Company Limited	59	7	-	-	63	24	-	-
CFG Services Company Limited	67	11	-	-	11	-	-	-
Ayudhya Card Services Company Limited	104	67	-	-	109	39	-	-
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	423	7	-	37	64	4	-	-
General Card Services Limited	284	-	-	-	39	1	-	-
Krungsriayudhya Card Company Limited	389	112	1	1	113	-	-	-
Siam Realty and Services Company Limited	5	1	-	461	6	1	-	-
K.S.Law Office Company Limited	-	-	-	7	-	-	-	-
Total Services Solutions Public Company Limited	-	-	10	52	-	-	-	-
Ayudhya Fund Management Company Limited	-	64	-	3	1	2	-	-
Ayudhya Asset Management Company Limited	304	7	-	2	264	1	-	-
Ayudhya Securities Public Company Limited	-	8	6	5	-	2	2	1
Ayudhya Factoring Company Limited	34	3	-	-	20	-	-	-
Total	4,672	297	63	573	4,393	127	21	10
Associated company								
Krungsriayudhya Card Company Limited	-	-	-	-	380	-	1	-
Tesco Card Services Limited	185	-	-	-	76	-	-	-
Total	185	-	-	-	456	-	1	-

		Unit : Million Baht							
		SEPARATE FINANCIAL STATEMENTS							
		2010				2009			
		Income		Expenses		Income		Expenses	
		Interest and dividend	Non-interest income	Interest expenses	Non-interest expenses	Interest and dividend	Non-interest income	Interest expenses	Non-interest expenses
Related companies having joint major shareholders or directors									
		21	88	114	461	156	80	86	452
Total		21	88	114	461	156	80	86	452
Individual and related parties									
		3	-	2	-	2	-	1	-
Total		4,881	385	179	1,034	5,007	207	109	462

Significant accounting transactions between the Bank and subsidiaries, associated companies and other related parties were charged under normal business practices and are subject to substantially the same conditions as those granted to other customers.

- 4.25.4 For the year ended December 31, 2009, the Bank entered into an Asset Transfer Agreement with Ayudhya Asset Management Company Limited, a subsidiary, in order to transfer sub-quality assets including collateral rights with a net book value at the date of transfer of Baht 1,107 million. The Bank had already collected the amount due.

For the year ended December 31, 2009, the Bank entered into an agreement to sell the sub-quality assets and the right obligations to Ayudhya Asset Management Company Limited, a subsidiary, by selling immovable properties foreclosed with a the book value of Baht 1,141 million. The Bank had already collected the amount due.

The Bank sold these sub-quality assets to its subsidiary without any obligation to refund, buy back, or transfer back any specific assets.

- 4.25.5 On June 24, 2009, the Board of Directors of the Bank approved the following matters:
1. To approve Ayudhya Fund Management Company Limited (AYF) to purchase all shares of PrimaVest Asset Management Company Limited (PMV) from Ayudhya Allianz C.P. Life Public Company Limited (AACP) and BBTV Equity Company Limited (BBTV) at the total price of Baht 101 million.
 2. To approve the Bank to sell 2,500,000 shares of PMV (10% of PMV total shares) to AYF at the price of Baht 10 million.
 3. To approve the Bank to sell 359,604 shares of AYF (10.3% of AYF total shares) to AACP and to sell 459,747 shares of AYF (13.1% of AYF total shares) to BBTV at the total price of Baht 91 million.
 4. To approve the transfer or business amalgamation between AYF and PMV.

The execution of these transactions was subject to conditions to be agreed by the parties including obtaining necessary approvals and waivers from the Bank of Thailand, the Securities and Exchange Commission and other relevant agencies.

The transaction was approved by the Bank of Thailand on September 3, 2009 and the Securities and Exchange Commission on July 28, 2009 and was completed on September 18, 2009, for matters 1 - 3. As at October 28, 2010, AYF sold all shares in PMV to third parties.

- 4.25.6 On July 9, 2009, the Extraordinary Board of Directors' Meeting of the Bank approved the bank to acquire via a share acquisition of GE Money's businesses in Thailand as follows:
1. To purchase 50% of the total shares of Krungsriyudhya Card Company Limited (KCC) operating a credit card and personal loan business from Ayudhya Capital Services Company Limited (AYCAP) (formerly GE Capital (Thailand) Limited (GECT)).
 2. To purchase 49% of the total shares of Tesco Card Services Limited (TCS) operating credit card and personal loan business from AYCAP (formerly GECT) with an option to purchase an additional 1% of TCS's total shares.
 3. To purchase the business by acquiring 100% of the total shares of AYCAP (formerly GECT) operating a personal loan and credit card business from General Electric Capital Corporation (GECC).
 4. To purchase 100% of the total shares of Total Services Solutions Public Company Limited (TSS) providing collection service from GE Capital International Holding Corporation (GECIH).
 5. To purchase 100% of the total shares of General Card Services Limited (GCS) operating a credit card and a personal loan business from GECIH.
 6. To indirectly hold 20,000 shares of Tesco Life Assurance Broker Company Limited (TLAB) and 770,000 shares of Tesco General Insurance Broker Company Limited (TGIB) through TCS respectively; and
 7. To indirectly hold 5,000 shares of Quality Life Assurance Broker Company Limited (QLAB) and 5,000 shares of Quality General Insurance Broker Company Limited (QGIB) through AYCAP (formerly GECT) respectively.

Furthermore, the Board of Directors of the Bank approved the Bank to execute the service agreement and financing agreement to the companies above as required.

The transactions were approved by the Extraordinary Shareholders' Meeting No. 2/2009 on August 27, 2009 and the Bank of Thailand on October 9, 2009. These transactions were completed on November 5, 2009 (see Note 4.1.4.4).

4.25.7 The Extraordinary Board of Directors' Meeting of the Bank on July 20, 2009 approved the Bank to accept the entire business transfer of Ayudhya Card Services Company Limited (formerly AIG Card (Thailand) Company Limited), operating credit card and personal loan and the Bank held 100% of total shares sold. The transaction was approved by the Extraordinary Shareholders' Meeting No. 2/2009 on August 27, 2009. However, this transaction has not been executed.

4.25.8 For the years ended December 31, 2010 and 2009, the Bank has expenses in the amounts of Baht 427 million and Baht 419 million, respectively paid to the General Electric Company Group ("GE") in connection with improvements in the effectiveness of management and operation of the Bank.

The price and conditions are in line with applicable agreements. The expenses have been recognized in the statements of income.

4.25.9 For the years ended December 31, 2010 and 2009, related party transactions between the Bank, subsidiaries and associated companies include collection services and other services of Baht 1,093 million and Baht 105 million and office and vehicle rental and facilities service of Baht 489 million and Baht 529 million, respectively.

4.25.10 For the years ended December 31, 2010 and 2009, subsidiaries have related party transactions from the licenses relevant to technology and software for Baht 42 million and Baht 46 million, respectively.

4.25.11 For the year ended December 31, 2010, related party transactions between the Bank and subsidiaries from service level agreements, was Baht 759 million and incentive was Baht 112 million.

4.25.12 For the year ended December 31, 2009, the Bank entered into an agreement to transfer in deposits and cashier cheques from Ayudhya Total Solutions Public Company Limited (formerly AIG Retail Bank Public Company Limited), a subsidiary, in the amount of Baht 9,156 million, with a net book value at the date of transfer of Baht 9,029 million. The Bank has already paid the amount due.

4.25.13 For the year ended December 31, 2009, two subsidiaries entered into an agreement to sell and buy a sub-quality assets and properties foreclosed, having a net book value at the date of transfer of Baht 169 million and Baht 56 million, respectively. The amounts had been paid.

4.25.14 On May 15, 2010, two subsidiaries entered into an agreement to sell and buy hire purchase receivable portfolios, in the amount of Baht 735 million, having the net book value at the date of transfer of Baht 722 million. The amount has been paid.

4.25.15 As at September 29, 2010, the Bank purchased shares of Krungsriyudhya Card Company Limited from Ayudhya Capital Services Company Limited changing its shareholding structure in Krungsriyudhya Card Company Limited from direct and indirect holding of 99.99% to direct holding of 99.99%.

4.25.16 As at October 21, 2010, Ayudhya Capital Services Company Limited (“AYCAP”), the Bank’s subsidiary, has additionally invested in Quality Life Assurance Broker Limited (“QLAB”) and Quality General Insurance Broker Limited (“QGIB”). AYCAPP now hold 99.99% each in QLAB and QGIB.

4.26 Benefits given to the Directors and Executive Officers

The Bank has no special benefits given to the directors and executive officers beyond the general benefits made as usual, i.e. remuneration, transportation, salary and bonus (if any).

The Bank did not sell, give or lease any properties to the directors, executive officers, or other related parties. The Bank has not purchased or leased contingency benefits from employment agreements compensation and other benefits from those persons.

4.27 Position and results of operations classified by domestic and foreign business.

(1) Position classified by type of business segment

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2010				
	Domestic	Foreign	Elimination	Total
Total assets	868,622	5,489	4,277	869,834
Interbank and money market items	73,590	937	-	74,527
Investments, net	78,780	309	-	79,089
Loans	646,403	2,557	-	648,960
Deposits	576,032	447	-	576,479
Interbank and money market items	43,788	-	-	43,788
Borrowings	99,365	-	-	99,365
Total commitments	416,506	107	-	416,613

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2009				
	Domestic	Foreign	Elimination	Total
Total assets	779,777	5,485	5,130	780,132
Interbank and money market items	52,346	1,322	-	53,668
Investments, net	67,900	163	-	68,063
Loans	601,515	1,993	-	603,508
Deposits	520,168	347	-	520,515
Interbank and money market items	35,543	-	-	35,543
Borrowings	96,559	-	-	96,559
Total commitments	265,719	111	-	265,830

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

2010

	Domestic	Foreign	Elimination	Total
Total assets	827,515	5,489	4,277	828,727
Interbank and money market items	72,040	937	-	72,977
Investments, net	113,907	309	-	114,216
Loans	584,402	2,557	-	586,959
Deposits	580,794	447	-	581,241
Interbank and money market items	37,813	-	-	37,813
Borrowings	82,865	-	-	82,865
Total commitments	417,654	108	-	417,762

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

2009

	Domestic	Foreign	Elimination	Total
Total assets	760,270	5,485	5,130	760,625
Interbank and money market items	48,435	1,322	-	49,757
Investments, net	104,681	163	-	104,844
Loans	561,941	1,993	-	563,934
Deposits	524,339	347	-	524,686
Interbank and money market items	33,303	-	-	33,303
Borrowings	90,259	-	-	90,259
Total commitments	266,261	111	-	266,372

(2) Results of operations classified by business segment

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2010

	Domestic	Foreign	Elimination	Total
Interest and dividend income	48,594	132	-	48,726
Interest expenses	10,491	1	-	10,492
Net interest income	38,103	131	-	38,234
Non-interest income	20,702	694	2,059	19,337
Non-interest expenses	47,232	58	2,059	45,231
Income before tax	11,573	767	-	12,340

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2009

	Domestic	Foreign	Elimination	Total
Interest and dividend income	39,307	150	-	39,457
Interest expenses	10,941	99	-	11,040
Net interest income	28,366	51	-	28,417
Non-interest income	15,524	141	1,941	13,724
Non-interest expenses	35,741	180	1,941	33,980
Income before tax	8,149	12	-	8,161

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

2010

	Domestic	Foreign	Elimination	Total
Interest and dividend income	33,924	133	-	34,057
Interest expenses	9,802	2	-	9,804
Net interest income	24,122	131	-	24,253
Non-interest income	9,499	694	2,059	8,134
Non-interest expenses	27,427	58	2,059	25,426
Income before tax	6,194	767	-	6,961

Unit: Million Baht

SEPARATE FINANCIAL STATEMENTS

2009

	Domestic	Foreign	Elimination	Total
Interest and dividend income	30,886	151	-	31,037
Interest expenses	10,835	99	-	10,934
Net interest income	20,051	52	-	20,103
Non-interest income	7,430	140	1,941	5,629
Non-interest expenses	24,765	180	1,941	23,004
Income before tax	2,716	12	-	2,728

Income and expenses between the head office and branches or inter-branches are determined by the head office at the rate which approximates actual cost.

4.28 Provident and Pension Funds

The Bank has both a staff leaving gratuities plan where employees receive a pension and a provident fund for its employees who are required to make contributions. The pension shall be paid to employees leaving after having completed at least 10 years of continuous service determined on the basis of length of service and the amount of the last pay received. The staff leaving gratuities plan shall be effective for employees who have been in service before January 1, 1998 only. As of December 31, 2005, the Bank had the reserve for pension under staff leaving gratuities plan transferred to and registered as the provident fund in the amount of Baht 1,850 million.

On January 1, 1998, the Bank established the provident fund for its employees to replace the staff leaving gratuities plan. Every employee is required to make contributions at the rate of not less than 3% of salary but not more than the Bank's contribution. The Bank will contribute as follows:

Service periods	Contribute rate (%)
Less than 5 years	5
5 years but less than 10 years	6
10 years but less than 20 years	8
Over 20 years	10

The Bank's contributions are recorded as expenses in the statements of income. The fund is managed by a financial institution who is an authorized fund manager.

After the establishment of the provident fund, the amount to be paid to a leaving employee shall first be disbursed from the provident fund. If the estimated contributions made by the Bank and interest thereon are less than the pension receivable under the staff leaving gratuities plan, the Bank shall make payment for the difference through disbursement from the pension fund.

4.29 Disclosure of Financial Instruments Information

The Bank is a party to financial instruments both on-balance sheet and off-balance sheet in the normal course of business to meet the financing needs of its customers for investment purposes and to reduce its own exposure to fluctuations in foreign exchange rates and interest rates. For off-balance sheet financial instruments, they include commitments to extend credit, standby letters of credit, financial guarantees, interest rate swap and forward foreign exchange contracts. Those instruments involve, to varying degrees, elements of credit, interest rate and foreign exchange risk in excess of the amount recognized in the financial statements. The contract or notional amounts of those instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

Off-balance sheet financial derivative transactions are approved by the Board of Directors. Limit breach reporting, operating processes and risk control are included under the Derivatives Product Program.

Accounting policies

Details of significant accounting policies and methods adopted, including criteria of recognition, the basis of measurement and the basis on which revenues, expenses and off-balance sheets are recognized, in respect of each class of financial assets and financial liabilities are disclosed in Note 3.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank has adopted the policy of dealing with counterparties and obtaining sufficient collateral or other security where appropriate, as a mean of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the balance sheet, net of a portion of allowance for doubtful accounts (see Note 4.6), represents the Bank's maximum exposure to credit risk.

The Bank considers that there is no significant concentration of credit risk due to a large number of customers and counterparties in different industries.

Credit risk also arises from the possibility that the counterparty to off-balance-sheet financial instrument will not adhere to the terms of the contract with the Bank when settlement becomes due.

The Bank's exposure to credit loss in the event of non-performance by the other party to the off-balance sheet financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. For interest rate swap and forward foreign exchange contracts, the contract or notional amounts do not represent exposure to credit loss. The Bank controls the credit risk of its financial instruments through prudent credit approvals, limits, and strict monitoring procedures.

As at December 31, 2010 and 2009, the Bank has credit equivalent of off-balance sheet financial instruments which remained open as follows :

	Unit : Million Baht	
	2010	2009
Spot and forward foreign bought exchange contracts	616	157
Spot and forward foreign sold exchange contracts	3,962	462

Interest rate risk

Interest rate risk in the balance sheet arises from the potential for a change in interest rates to have an adverse effect on the net interest earnings of the Bank and shareholders' equity. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and off balance sheet items, and in the mismatch in repricing rates of its assets, liabilities and off balance sheet items.

Foreign exchange rate risk

For asset and liability management purposes, the Bank manages foreign exchange rate risk and interest rate risk by entering into forward foreign exchange contracts and currency and interest rate swap contracts.

The Bank enters into forward foreign exchange contracts as part of its risk management strategy of the foreign exchange risk arising from the Bank underlying assets and liabilities and for hedging risk customers transactions. The utilization of forward foreign exchange contracts for these purposes is governed by policies and guidelines approved by the Board of Directors and controlling procedures set by the relevant Departments and Committees.

The Bank and its subsidiaries have summarized financial assets and liabilities classified on maturity of interest repricing periods as at December 31, 2010 and 2009, as follows :

							Unit : Million Baht
CONSOLIDATED FINANCIAL STATEMENTS							
2010							
	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	Non-Interest Bearing	Total
Financial assets							
Interbank and money market							
items	62,392	-	-	-	-	12,135	74,527
Investments, net	10,287	18,961	41,901	1,131	-	6,809	79,089
Loans	413,191	84,146	69,579	3,701	38,149	40,194	648,960
Financial liabilities							
Deposits	362,794	140,467	55,042	-	-	18,176	576,479
Interbank and money market							
items	37,801	2,464	1,108	67	-	2,348	43,788
Borrowings	23,175	26,950	29,219	20,011	-	10	99,365

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	2009						Total
	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	Non-Interest Bearing	
Financial assets							
Interbank and money market							
items	44,810	608	297	-	-	7,953	53,668
Investments, net	17,662	10,204	30,740	2,309	-	7,148	68,063
Loans	366,115	59,545	84,223	3,560	52,080	37,985	603,508
Financial liabilities							
Deposits	327,572	143,782	34,322	-	-	14,839	520,515
Interbank and money market							
items	29,094	3,827	716	67	-	1,839	35,543
Borrowings	14,231	27,320	54,989	-	-	19	96,559

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	2010						Total
	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	Non-Interest Bearing	
Financial assets							
Interbank and money market							
items	61,456	-	-	-	-	11,521	72,977
Investments, net	8,028	18,649	41,621	1,131	-	44,787	114,216
Loans	433,131	71,681	56,682	2,291	23,175	-	586,960
Financial liabilities							
Deposits	366,238	140,467	55,042	-	-	19,494	581,241
Interbank and money market							
items	32,869	605	1,901	67	-	2,371	37,813
Borrowings	25,975	26,950	9,919	20,011	-	10	82,865

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	2009						
	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	Non-Interest Bearing	Total
Financial assets							
Interbank and money market							
items	42,346	567	297	-	-	6,547	49,757
Investments, net	17,661	10,159	30,620	2,309	-	44,095	104,844
Loans	425,421	60,857	42,945	501	34,210	-	563,934
Financial liabilities							
Deposits	330,467	143,782	34,322	-	-	16,115	524,686
Interbank and money market							
items	27,418	3,550	414	67	-	1,854	33,303
Borrowings	14,231	27,320	48,689	-	-	19	90,259

Interest bearing financial instruments

The following table presents the Bank's average outstanding balance and interest amount for the years ended December 31, 2010 and 2009, as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	2010			2009		
	Average Balance (12 months)	Interest Amount	Average Rate %	Average Balance (12 months)	Interest Amount	Average Rate %
Interest bearing financial assets						
Interbank and money market items	71,395	852	1.2	71,711	947	1.3
Investments	62,280	2,318	3.7	51,174	1,479	2.9
Loans	606,724	44,516	7.3	510,400	35,253	6.9
Total	<u>740,399</u>	<u>47,686</u>		<u>633,285</u>	<u>37,679</u>	
Interest bearing financial liabilities						
Deposits	536,449	5,500	1.0	508,654	6,672	1.3
Interbank and money market items	13,300	449	3.4	18,738	814	4.3
Borrowings	115,275	4,444	3.9	84,456	3,396	4.0
Total	<u>665,024</u>	<u>10,393</u>		<u>611,848</u>	<u>10,882</u>	

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	2010			2009		
	Average Balance (12 months)	Interest Amount	Average Rate %	Average Balance (12 months)	Interest Amount	Average Rate %
Interest bearing financial assets						
Interbank and money market items	71,300	1,130	1.6	68,279	961	1.4
Investments	61,463	1,647	2.7	50,945	1,454	2.9
Loans	564,281	26,202	4.6	532,036	26,144	4.9
Total	<u>697,044</u>	<u>28,979</u>		<u>651,260</u>	<u>28,559</u>	
Interest bearing financial liabilities						
Deposits	541,211	5,584	1.0	512,825	6,878	1.3
Interbank and money market items	42,957	650	1.5	23,868	712	3.0
Borrowings	88,605	3,570	4.0	84,036	3,344	4.0
Total	<u>672,773</u>	<u>9,804</u>		<u>620,729</u>	<u>10,934</u>	

Maturities of financial assets and liabilities

The following table presents the Bank and its subsidiaries' maturities of financial assets and liabilities as at December 31, 2010 and 2009, as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	2010							
	Call	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items	12,856	61,137	201	119	-	-	214	74,527
Investments, net	-	6,653	21,103	44,303	1,146	-	5,884	79,089
Loans	17,308	149,297	141,597	167,315	135,294	38,149	-	648,960
Financial liabilities								
Deposits	237,593	143,367	140,462	55,057	-	-	-	576,479
Interbank and money market items	4,651	34,897	2,115	2,058	67	-	-	43,788
Borrowings	-	23,175	26,951	29,228	20,011	-	-	99,365

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2009

	Call	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market								
items	10,308	42,326	608	297	-	-	129	53,668
Investments, net	-	11,356	10,952	36,282	2,324	-	7,149	68,063
Loans	25,263	146,456	87,638	164,374	127,697	52,080	-	603,508
Financial liabilities								
Deposits	199,312	143,099	143,766	34,338	-	-	-	520,515
Interbank and money market								
items	4,341	24,661	4,328	2,146	67	-	-	35,543
Borrowings	-	14,231	27,324	55,002	2	-	-	96,559

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

2010

	Call	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market								
items	11,307	61,136	201	119	-	-	214	72,977
Investments, net	-	4,513	20,791	44,022	1,146	-	43,744	114,216
Loans	16,092	150,814	115,691	148,302	132,886	23,175	-	586,960
Financial liabilities								
Deposits	242,348	143,371	140,462	55,060	-	-	-	581,241
Interbank and money market								
items	5,413	29,227	1,205	1,901	67	-	-	37,813
Borrowings	-	25,975	26,951	9,928	20,011	-	-	82,865

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

2009

	Call	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market								
items	6,418	42,346	567	297	-	-	129	49,757
Investments, net	-	11,356	10,907	36,163	2,323	-	44,095	104,844
Loans	38,745	141,475	100,486	124,379	124,639	34,210	-	563,934
Financial liabilities								
Deposits	203,414	143,168	143,766	34,338	-	-	-	524,686
Interbank and money market								
items	4,372	24,300	3,550	1,014	67	-	-	33,303
Borrowings	-	14,231	27,324	48,702	2	-	-	90,259

Estimated fair value of financial instruments

The fair value of financial instruments has been estimated by using available market information and appropriate valuation methodologies for each type of financial instrument. A summary of carrying amounts and fair values of financial instruments as at December 31, 2010 and 2009, is as follows :

	Unit : Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets :				
Cash, interbank and money market items	96,989	96,989	73,758	73,758
Current investments, net	29,044	29,050	22,780	22,796
Long-term investment, net	49,316	49,858	44,640	44,729
Loans and accrued interest receivable, net	616,730	616,730	567,118	567,118
Customers' liabilities under acceptances	752	752	681	681
Customers' liabilities under collateral	13,347	13,347	7,090	7,090
Financial liabilities:				
Deposits	576,479	573,547	520,515	518,864
Interbank and money market items	43,788	43,959	35,543	36,869
Liabilities payable on demand	1,517	1,517	1,752	1,752
Borrowings	99,365	99,617	96,559	97,817
Bank's liabilities under acceptances	752	752	681	681
Liabilities under collateral deliver	13,347	13,347	7,090	7,090
Accrued interest payable	1,368	1,368	1,525	1,525

	Unit : Million Baht			
	SEPARATE FINANCIAL STATEMENTS			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets :				
Cash, interbank and money market items	95,425	95,425	69,837	69,837
Current investment, net	28,474	28,479	22,742	22,758
Long-term investment, net	49,016	49,558	44,402	44,492
Loans and accrued interest receivable, net	567,547	567,547	540,545	540,545
Customers' liabilities under acceptances	752	752	681	681
Customers' liabilities under collateral	13,347	13,347	7,090	7,090
Financial liabilities:				
Deposits	581,241	578,309	524,686	523,035
Interbank and money market items	37,813	37,813	33,303	33,303
Liabilities payable on demand	1,517	1,517	1,752	1,752
Borrowings	82,865	82,974	90,259	91,260
Bank's liabilities under acceptances	752	752	681	681
Liabilities under collateral deliver	13,347	13,347	7,090	7,090
Accrued interest payable	1,240	1,240	1,441	1,441

Off-balance sheet financial instruments

Unit : Million Baht						
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
2010						
	Notional < 1 year	Market Value	Fair Value	Notional > 1 year	Market Value	Fair Value
Spot and Forward Bought Foreign						
Exchange Contracts	169,124	165,770	(3,354)	500	501	1
Spot and Forward Sold Foreign						
Exchange Contracts	146,231	142,804	3,427	1,055	1,013	42

Unit : Million Baht						
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
2009						
	Notional < 1 year	Market Value	Fair Value	Notional > 1 year	Market Value	Fair Value
Spot and Forward Bought Foreign						
Exchange Contracts	65,599	65,304	(295)	2	2	-
Spot and Forward Sold Foreign						
Exchange Contracts	72,147	72,502	355	-	-	-

The Bank and subsidiaries have estimated the fair value of the above instruments by estimating from notional amount less market value at the end of year.

Methods and assumptions in estimating fair value of financial instruments

The following methods and assumptions were used in estimating fair value of financial instruments as disclosed herein:

Cash, interbank and money market items

The carrying amounts of cash and interbank and money market items presented in the balance sheet approximate fair value.

Current investments, net

Fair value for current investments, net, is as disclosed in note 3.2 to the financial statements.

Long-term investments, net

The determination of fair value for long-term investments, net, is as disclosed in note 3.2 to the financial statements except for non-listed equity securities which are presented at net book value and listed equity securities acquired from troubled debt restructurings and having an obligation to hold such securities according to debt restructuring agreements which are presented at cost.

Loans and accrued interest receivables

The Bank's loans and accrued interest receivables include variable interest rate loans, fixed rate loans with relatively short maturities and non-performing loans. Most loans carry a floating interest rate. As at December 31, 2010 and 2009, the fair value is the outstanding balance of loans and accrued interest receivables less allowance for doubtful accounts.

Customers' liabilities under acceptances

The carrying amount of customers' liabilities under acceptances presented in the balance sheet approximates fair value.

Customers' liabilities under collateral

The carrying amount of customers' liabilities under collateral presented in the balance sheet approximates fair value of the collateral under the private purchase agreement and the customers use that securities to enter into another transaction.

Deposits

The carrying amount of deposits presented in the balance sheet approximates fair value, except for deposits with a term of more than 90 days where the fair value is calculated based on discounted cash flows.

Interbank and money market items (Liabilities)

The carrying amount of interbank and money market items (liabilities) presented in the balance sheet approximates fair value.

Liabilities payable on demand

The carrying amount of liabilities payable on demand presented in the balance sheet approximates fair value.

Borrowings

The carrying amount of borrowings presented in the balance sheet approximates fair value, except for subordinated and senior securities floating rate notes which fair values are based on the actual market price.

Accrued interest payable

The carrying amount of accrued interest payable presented in the balance sheet approximates fair value due to its short term of maturity.

Bank's liabilities under collateral deliver

The carrying amount of the Bank's liabilities under collateral to deliver presented in the balance sheet approximates the fair value of the collateral under the private purchase agreement and the Bank uses those securities to enter into another transaction.

Derivative financial instruments

Derivative financial instruments mainly comprise forward foreign exchange contracts which derive their value from underlying interest rates and foreign exchange rates. The fair values of derivatives are determined using quoted market prices and exchange rate for instruments with similar characteristics and maturities. The Bank estimated the fair value by applying the mark to market model policy Validated Rate for Revaluation in accordance with the criteria established by the Bank and accounting standards.

4.30 Transfer of Sub-quality Assets to Thai Asset Management Corporation

On October 12, 2001, the Bank and a subsidiary entered into Asset Transfer Agreements with the Thai Asset Management Corporation (TAMC) in order to transfer sub-quality assets including rights over the collateral as specified in the agreements. The sub-quality assets to be transferred should be those which have outstanding balances as at December 31, 2000 and possess certain characteristics as specified in the Emergency Decree on TAMC B.E. 2544 (TAMC Decree). The price of the sub-quality assets shall equal the value of the collateral which should not exceed the loan value less allowance for doubtful accounts, as determined based on the BOT's guidelines. The Bank and subsidiary will receive non-negotiable promissory notes when TAMC confirms the price. The notes mature in 10 years and bear the interest rate calculated based on the average rate of deposits, payable annually. The notes are availed by the Financial Institutions Development Fund.

The Bank, its subsidiary and TAMC agreed to allocate any profits or losses from managing the sub-quality assets at the end of the fifth and the tenth year starting from July 1, 2001. In addition, pursuant to the TAMC Decree, in case when profits are realized, the first portion of the profits, not exceeding 20% of the transfer price of the sub-quality assets transferred to TAMC, will be allocated equally between TAMC and the Bank/subsidiary. The second portion of the profits will be allocated in full to the Bank/subsidiary. The two portions of the profits combined together shall not exceed the difference between the book value and the transfer price of the sub-quality assets transferred to TAMC. The residual amount of the profits after allocation of the second portion will be given to TAMC. In case when losses are realized, this will be shared between TAMC and the Bank/subsidiary. The Bank and subsidiary will absorb the first portion of the losses, not exceeding 20% of the transfer price of the sub-quality assets transferred to TAMC. For the second portion of losses which is the residual amount of the first portion, an amount not exceeding 20% of the transfer price of the sub-quality assets transferred to TAMC will be shared equally between the Bank and its subsidiary. The residual amount of the losses after allocation of the second portions will be absorbed by TAMC. The calculation of such profits and losses by TAMC is based on the fully repaid assets or the process of assets transfer has been completed in case of transfer of assets for repayment purposes. As at December 31, 2010 and 2009, the provisions for possible losses were set up amounting to Baht 1,996 million and Baht 1,400 million, respectively, which were presented under other liabilities in the balance sheet.

4.31 Reclassifications

The reclassifications have been made in the Bank's consolidated and separate balance sheets and statements of income for the year ended December 31, 2009, to comply with the classifications used in the consolidated and separate balance sheets and statements of income for year ended December 31, 2010 as follows:

	Unit : Million Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Previous classifications	Current classifications	Previous classifications	Current classifications
BALANCE SHEETS				
AS AT DECEMBER 31, 2009				
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interbank and Money Market items	47,415	35,543	43,549	33,303
Borrowings	84,687	96,559	80,013	90,259

	Unit : Million Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Previous classifications	Current classifications	Previous classifications	Current classifications
STATEMENT OF INCOME				
FOR THE YEAR ENDED DECEMBER 31, 2009				
INTEREST EXPENSES				
Interbank and money market items	884	392	712	233
Short-term borrowings	929	971	968	1,010
Long-term borrowings	2,415	2,865	2,376	2,813

4.32 Approval of Financial Statements

These financial statements were approved for issuance by the Bank's authorized directors and the Bank's Audit Committee on February 14, 2011.