JPMORGAN CHASE BANK, N.A. - BANGKOK BRANCH

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2010

pwc

AUDITOR'S REPORT

To the Board of Directors of JPMorgan Chase Bank, N.A.

I have audited the accompanying balance sheets as of 31 December 2010 and the related statements of income, changes in Head Office's equity and other branches under the same entity and cash flows for the year then ended of JPMorgan Chase Bank, N.A. - Bangkok Branch. The Bank's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of JPMorgan Chase Bank, N.A. - Bangkok Branch for the year ended 31 December 2009 were audited by another auditor in the same firm as myself whose report dated 19 April 2010 expressed an unqualified opinion on those financial statements.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as of 31 December 2010 and the results of operations and cash flows for the year then ended of JPMorgan Chase Bank, N.A. - Bangkok Branch, in accordance with generally accepted accounting principles.

Unakorn Phruithithada
Certified Public Accountant (Thailand) No. 3257
PricewaterhouseCoopers ABAS Limited

Bangkok
12 April 2011

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JPMorgan Chase Bank, N.A. - Bangkok Branch
Balance Sheets
As at 31 December 2010 and 2009

	Notes	2010 Baht	2009 Baht
Assets			
Cash		6,002,951	6,659,759
Interbank and money market items	4		
Domestic items - interest bearing		10,755,631,539	4,400,254,441
- non-interest bearing		396,316,068	352,215,717
Foreign items - interest bearing		145,252,502	292,259,345
- non-interest bearing		1,138,927	1,777,860
Total interbank and money market items		11,298,339,036	5,046,507,363
Investments	5		
Short-term investments, net		25,243,695,150	24,294,480,371
Long-term investments, net		1,719,410,649	6,863,041,334
Total investments, net		26,963,105,799	31,157,521,705
Loans and interest receivables, net	6		
Loans		523,207,803	561,138,510
Accrued interest receivables		104,917	269,821
Total loans and interest receivables		523,312,720	561,408,331
Less Allowance for doubtful accounts	7	(8,548,042)	(8,004,286)
Total loans and accrued interest receivables, net		514,764,678	553,404,045
Accounts receivable from securities trading		14,530,174	-
Financial derivative assets		28,710,866,713	23,394,430,645
Customer liabilities under acceptance		8,412,665	-
Equipment, net	8	27,563,356	30,417,576
Other assets, net	9	172,431,072	238,776,447
Total assets		67,716,016,444	60,427,717,540

(Mr. Suratun Kongton)
Branch Manager

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

	Notes	2010 Baht	2009 Baht
Liabilities and Head Office's equity and balances with other branches under the same entity			
Liabilities			
Deposits	10		
Thai Baht		9,481,930,952	7,931,530,088
Foreign currencies		761,871,105	548,907,620
Total deposits		10,243,802,057	8,480,437,708
Interbank and money market items	11		
Domestic items - interest bearing		9,516,297,665	7,652,625,393
- non-interest bearing		100,199	100,156
Foreign items - interest bearing		-	-
- non-interest bearing		48,320	113,431
Total interbank and money market items		9,516,446,184	7,652,838,980
Accounts payable from securities trading		49,938,634	-
Demand liabilities		6,651,424	52,877,610
Borrowings	12		
Short-term borrowings		261,620,077	188,925,090
Long-term borrowings		2,000,000,000	2,261,620,076
Total borrowings		2,261,620,077	2,450,545,166
Bank liabilities under acceptance		8,412,665	-
Financial derivative liabilities		29,636,078,570	22,988,684,142
Other liabilities	13	479,142,283	507,765,928
Total liabilities		52,202,091,894	42,133,149,534

	Notes	2010 Baht	2009 Baht
Head Office's equity and balances with other branches under the same entity (Cont'd)			
Fund remitted into Thailand for maintaining assets under law	15	9,112,616,000	9,112,616,000
Net balance of inter-office accounts with Head Office and other branches under the same entity	15, 19	6,263,378,506	9,304,766,420
Retained earnings (deficit)		131,920,364	(64,932,224)
Unrealised gain (loss) on changes in fair value of available-for-sale securities	14	6,009,680	(57,882,190)
Total Head Office's equity and balances with other branches under the same entity		15,513,924,550	18,294,568,006
Total liabilities and Head Office's equity and balances with other branches under the same entity		67,716,016,444	60,427,717,540
Off-balance sheet items - commitments			
Other commitments	16	1,969,879,663,182	1,512,135,082,100

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statements of Income
For the years ended 31 December 2010 and 2009

	Notes	2010 Baht	2009 Baht
Interest income			
Loans		8,927,843	19,645,561
Interbank and money market items		52,650,924	9,738,527
Investments		681,638,873	890,687,798
Total interest income		743,217,640	920,071,886
Interest expenses			
Deposits		6,080,785	3,456,593
Interbank and money market items		143,880,524	132,524,801
Total interest expenses	19	149,961,309	135,981,394
Net interest income		593,256,331	784,090,492
Bad debt and doubtful accounts (reversal)		99,490,007	(238,279)
Net interest income after bad debt and doubtful accounts		493,766,324	784,328,771
Non-interest income			
Gain (loss) on investment		228,566,492	(619,642,995)
Fees and services income		27,675,490	24,708,873
Net gain (loss) on foreign currency exchange		858,279,917	(750,615,365)
Other income	17,19	95,783,060	1,035,908,338
Total non-interest income		1,210,304,959	(309,641,149)
Non-interest expenses			
Personnel expenses		181,919,434	163,582,002
Premise and equipment expenses		31,129,682	30,589,393
Taxes and duties		6,591,814	7,551,514
Fees and services expenses	19	276,208,101	293,495,772
Other expenses	18,19	898,977,324	207,686,618
Total non-interest expenses		1,394,826,355	702,905,299
Profit (loss) before income tax		309,244,928	(228,217,677)
Income tax		(112,392,340)	(275,106,511)
Net profit (loss) for the year		196,852,588	(503,324,188)

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statements of Changes in Head Office's Equity and balances with other branches under the same entity
For the years ended 31 December 2010 and 2009

	Fund remitted into Thailand for maintaining assets under law Baht	Net balance of inter-office accounts with Head Office and other branches under the same entity Baht	Retained earnings (deficit) Baht	Unrealised gain (loss) on changes in fair value of available-for-sale securities Baht	Total Baht
Balance at 31 December 2008	9,112,616,000	523,137,608	2,096,075,405	282,530,879	12,014,359,892
Profit remitted to Head Office	-	-	(1,657,683,441)	-	(1,657,683,441)
Increase during the year	-	8,781,628,812	-	-	8,781,628,812
Unrealised loss on changes in fair value of available-for-sale securities	-	-	-	(340,413,069)	(340,413,069)
Net loss for the year	-	-	(503,324,188)	-	(503,324,188)
Balance at 31 December 2009	9,112,616,000	9,304,766,420	(64,932,224)	(57,882,190)	18,294,568,006
Balance at 31 December 2009	9,112,616,000	9,304,766,420	(64,932,224)	(57,882,190)	18,294,568,006
Decrease during the year	-	(3,041,387,914)	-	-	(3,041,387,914)
Unrealised gain on changes in fair value of available-for-sale securities	-	-	-	63,891,870	63,891,870
Net profit for the year	-	-	196,852,588	-	196,852,588
Balance at 31 December 2010	9,112,616,000	6,263,378,506	131,920,364	6,009,680	15,513,924,550

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statements of Cash Flows
For the years ended 31 December 2010 and 2009

	2010 Baht	2009 Baht
Cash flows from operating activities:		
Net profit (loss) before income tax	309,244,928	(228,217,677)
Adjustments to reconcile net profit (loss) before income tax to net cash provided by (used in) operating activities:		
Bad debt and doubtful accounts (reversal)	99,490,007	(238,279)
Depreciation and amortisation (Notes 8, 9)	21,454,464	21,973,592
Unrealised loss on changes in fair value of trading securities	69,337,556	535,694,898
(Gain) loss on sales of investments in securities	76,580,368	(23,462,643)
Amortised discount on investments in securities	(189,590,789)	(285,972,203)
Loss on write-off on investments in securities	16,932,694	-
Gain on disposal of equipment	(15,806)	(4,756)
Loss on write-off of leasehold improvement and equipment	24,964	4,382
Unrealised loss on changes in fair value of financial derivative instruments	1,330,958,360	1,471,831,602
Interest income	(743,217,640)	(920,071,886)
Interest expense	149,961,309	135,981,394
Operating profit before changes in operating assets and liabilities	1,141,160,415	707,518,424
(Increase) decrease in operating assets:		
Interbank and money market items	(5,994,625,024)	(3,964,580,544)
Investment in trading securities	3,123,835,850	(20,345,892)
Loans	37,930,707	116,650,487
Accounts receivable from securities trading	(14,530,175)	1,004,276,159
Other assets	(526,832)	8,645,044
Increase (decrease) in operating liabilities:		
Deposits	1,763,364,349	1,357,294,066
Interbank and money market items	1,863,607,204	(4,953,169,898)
Demand liabilities	(46,226,186)	(18,425,542)
Borrowings	(188,925,089)	(25,159,550)
Accounts payable from securities trading	49,938,634	(1,371,992,200)
Other liabilities	(25,120,095)	(16,046,927)
Net balance of inter-office accounts with Head Office and other branches abroad	(3,041,692,858)	8,772,392,719
Net cash provided by (used in) operating activities before interest received, interest paid and income tax paid - carried forward	(1,331,809,100)	1,597,056,346

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

	2010 Baht	2009 Baht
Net cash provided by (used in) operating activities before interest received, interest paid and income tax paid - brought forward	(1,331,809,100)	1,597,056,346
Interest received	811,531,593	959,620,116
Interest paid	(47,534,745)	(60,698,077)
Income tax paid	(218,322,454)	(209,033,166)
Net cash provided by (used in) operating activities	(786,134,706)	2,286,945,219
Cash flows from investing activities:		
Purchases of investments in securities	(29,566,725,486)	(30,800,454,065)
Proceeds from sales of investments in securities	1,817,937,583	6,300,879,663
Proceeds from matured investments in securities	28,910,000,000	24,730,000,000
Proceeds from sales of equipment	21,500	71,892
Purchase of equipment	(10,889,689)	(9,332,819)
Purchase of leasehold improvement	(8,823,363)	-
Net cash provided by investing activities:	1,141,520,545	221,164,671
Cash flows from financing activities:		
Profit remitted to Head Office	-	(1,657,683,441)
Remittance tax to Head Office	-	(184,187,049)
Net cash used in financing activities	-	(1,841,870,490)
Net increase in cash and cash equivalents	355,385,839	666,239,400
Cash and cash equivalents at beginning of the year	1,096,359,905	430,120,505
Cash and cash equivalents at end of the year	1,451,745,744	1,096,359,905
Cash and cash equivalents		
Cash on hand	6,002,951	6,659,759
Interbank and money market items	1,438,380,835	1,082,033,244
Net inter-office accounts with Head office and other branches abroad	7,361,958	7,666,902
	1,451,745,744	1,096,359,905

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

1 General information

JPMorgan Chase Bank, N.A., which is a bank established under the law of the State of New York, United States of America, operates as a full branch in Thailand, namely Bangkok Branch, herein referred to as "the Bank". The address of the Bank's registration in Thailand is as follows:

Bubhajit Building, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500.

The Bank's financial statements have been approved for issue by the Bank's management on 12 April 2011.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation of financial statements

The Bangkok Branch is a segment of JPMorgan Chase Bank, N.A. and is not a separate legal entity. The financial statements of the Thailand operations of JPMorgan Chase Bank have been prepared from the records of the Thailand operations and only reflect transaction recorded locally.

The financial statements have been prepared in accordance with procedures, policies and notifications of the Bank of Thailand regarding the preparation of the financial statements of commercial banks and the generally accepted accounting principles in Thailand under the Accounting Act B.E. 2543, being those Thai Accounting Standards under the Accounting Profession Act B.E. 2547.

The Bank has chosen not to apply Thai Accounting Standard No. 32 (Revised 2007) (formerly TAS 48), Financial Instruments: Disclosure and Presentation. The application of this standard is not mandatory for non-public companies.

The Bank's financial statements have been prepared under the historical cost convention except some of transactions as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

An English version of the financial statements has been prepared from the statutory financial statements that are in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework

a) Accounting framework

The amendment of accounting framework is effective on 26 May 2010.

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Bank has not early adopted them:

Effective for the periods beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

Effective for the periods beginning on or after 1 January 2013

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

The Bank's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not significantly impact the financial statements being presented.

TAS 19 deals with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss. The Bank will apply this standard from 1 January 2011.

TFRS 2 deals with accounting for transactions in which the Bank receives goods or services as considerations for either Equity instruments of the Bank (equity-settled), which is recognised as equity, or cash or other assets, which the amount is based on the price or value of the entity's share (cash-settled) which is recognised as liabilities. The measurement of the transaction is based on the fair value of the goods or services received. The equity-settled transactions are not re-measured once the grant date fair value has been determined. The cash-settled transactions are required to re-measure at each date of the statement of financial position and at the date of settlement, which change in fair value recognised in profit or loss. The Bank will apply this standard for share-based payment transactions that are granted from 1 January 2011. The Bank expects that it will not have significant impact to the Bank's financial statements.

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Bank will apply this standard from 1 January 2013 retrospectively with an expected to incur of deferred tax account and changes in retained earnings and income tax expense.

2 Accounting policies (Cont'd)

2.3 Accounting principles in the United States of America which the Bank applies

The Bank has applied accounting principles in the United States of America for recording of deposits and borrowings with embedded derivatives in absence of present TAS. Those principles come from the following standards:

- FAS 155 Accounting for Certain Hybrid Financial Instruments

  The Bank has applied the accounting principle in this standard to record deposits and borrowings with embedded derivatives by presenting them at fair value and recording such change of fair value in the statement of income.

- FAS 157 Fair Value Measurement

  The Bank has applied the accounting principle in this standard to measure fair value of all financial derivatives only.

- FAS 159 Fair Value Option

  The Bank has selected to use Fair Value Option for deposits and borrowings with embedded derivatives by presenting them at fair value and recording such change of fair value in the statement of income.

2.4 Recognition of income

Interest income is recognised on an accrual basis. The Bank discontinues recognition of overdue accrued interest income more than three months since the due date or there is uncertainty of collectability, and a collection basis is applied. The Bank also reverses interest income on such loans in order to comply with the Bank of Thailand's notification.

Interest on investment in debt securities is recognised as income on an accrual basis using the effective interest rate method.

Other income is recognised as income on an accrual basis.

2.5 Recognition of interest expenses

Interests on borrowings and deposits are recognised as expenses on an accrual basis.

2.6 Provisions

In addition to employee benefits, provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount can be made. Where the Bank expects provisions to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2 Accounting policies (Cont'd)

2.7 Offsetting

Financial assets and financial liabilities are presented in the balance sheet by the net amount when there is a legally enforceable right to set off the recognised amounts and the Bank has an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

2.8 Foreign currency translation

Items included in the financial statements are measured using Thai Baht. The financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transactions. Foreign currency assets and liabilities outstanding at the balance sheet date are translated into Thai Baht using the reference rates of exchange of the Bank of Thailand ruling at that date.

Gains and losses resulting from the settlement of such transactions and from the translation of such monetary assets and liabilities are recognised in the statements of income when incurred.

2.9 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise of cash and deposits held at call with other banks.

2.10 Securities purchased under resale agreements and securities sold under repurchase agreements

Securities purchased under agreements to resell and securities sold under agreements to repurchase are recorded as assets and liabilities as appropriate. Interest income from securities purchased under resale agreements and interest expense from securities sold under repurchase agreements are recognised on an accrual basis over the respective periods of the agreements.

2.11 Investments

Investments in debt securities which are classified as trading securities are carried at fair value. Fair value of debt securities, not traded in the established market, is calculated by reference to the risk-free yield curve adjusted by an appropriate risk premium. Increases or decreases in the carrying amount are recognised in statements of income when incurred.

Investments in debt securities which are classified as available-for-sale securities are carried at fair value. Fair value of debt securities, not traded in the established market, is calculated by reference to the risk-free yield curve adjusted by an appropriate risk premium. Increases or decreases in the carrying amount are credited or charged against unrealised gains or losses on change in fair value of investments in securities under Head Office's equity and balances with other branches under the same entity.

2 Accounting policies (Cont'd)

2.11 Investments (Cont'd)

Investments in marketable equity securities which are classified as available-for-sale securities are carried at fair market value traded in Stock Exchange of Thailand. Increases or decreases in the carrying amount are credited or charged against unrealised gains or losses on change in fair value of investments in securities under Head Office's equity and balances with other branches under the same entity.

Investments in non-marketable equity securities which are classified as general investments are stated at cost less allowance for impairment in value.

A test for impairment is carried out when there is a factor indicating that such investment might be impaired. If the carrying value of the investment is greater than its recoverable amount, impairment loss is charged to the statement of income.

The Bank uses the First-in, First-out method in determining the cost of the disposed securities. Gains or losses on disposal of investments are taken to the statements of income in the period which the transactions take place.

2.12 Loans and allowance for doubtful accounts

Loans are generally stated at the principal amounts outstanding. The allowance increases by provisions charged to expense and decreased by write-offs, net of recoveries. The allowance is based on the management's review and assessment of the status of individual debtor as well as the Bank of Thailand's guidelines. Such assessment takes into consideration various factors including the risks involved, the value of collateral and the status of an individual debtor including the relationship of allowance for doubtful debts against the loan balance through the economic situation which may have impact on the customers' ability to pay.

2 Accounting policies (Cont'd)

2.13 Equipment

Equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line method over the estimated useful lives of 3 - 5 years and 10 years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted future cash flows from the continuing use of the asset or the amount obtainable from the sale of the asset less any costs of disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profits.

Repairs and maintenance are charged to the statements of income during the accounting period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

2.14 Leasehold right

The cost of leasehold right on building for the period of 30 years, which is presented as other assets, is amortised as an operating expense on a straight-line method over the life of the agreement.

2.15 Provident fund

The Bank operates a provident fund, being a defined contribution plan, the assets for which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and contributions by the Bank.

The Bank's contributions to the provident fund are charged to the statements of income.

2 Accounting policies (Cont'd)

2.16 Related parties

Enterprises or individuals that, directly or indirectly through one or more intermediaries, control, or are under controlled by, or are under common control with, the Bank, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.17 Derivatives

Derivative financial instruments including foreign exchange forward contracts, forward rate agreements, currency option agreements, interest rate option agreements, interest and currency swap agreements and credit derivative agreements are recognised at fair values. Fair values are obtained from widely used methods such as discounted cash flow models. Changes in fair value are reflected in the statements of income.

3 Critical accounting estimates, assumptions and judgements

Estimates assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of loans

The Bank maintains an allowance for doubtful accounts to reflect impairment of loans relating to estimated losses resulting from the inability of customers to make required payments. Management believed that estimation are reasonable.

Impairment of investments

Investments are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered, in determining the impairment losses. Management believed that estimation are reasonable.

Fair value of financial derivative instruments

In determining the fair value of financial derivative instruments, the management has made judgement in valuing derivative instruments by using widely accepted valuation techniques and guidelines. Management believed that estimation are reasonable.

Equipment

Management determines and reviews the estimated useful lives and residual values for the Bank's equipment and revises if they are different from previously estimated. Management believed that estimation are reasonable.

4 Interbank and money market items

Interbank and money market items as at 31 December consist of the followings:

	2010		
	Demand Baht	Time Baht	Total Baht
Domestic items			
The Bank of Thailand	243,584,146	950,000,000	1,193,584,146
Commercial banks	152,748,426	9,904,539,000	10,057,287,426
Total	396,332,572	10,854,539,000	11,250,871,572
Add Accrued interest receivable	-	121,425	121,425
Less Allowance for doubtful accounts	-	(99,045,390)	(99,045,390)
Total domestic items	396,332,572	10,755,615,035	11,151,947,607
Foreign items			
US Dollar	-	54,666,568	54,666,568
Japanese Yen	84,177,651	-	84,177,651
Euro	4,580,228	-	4,580,228
Danish Krone	522,968	-	522,968
Others	2,767,416	-	2,767,416
Total	92,048,263	54,666,568	146,714,831
Add Accrued interest receivable	-	223,264	223,264
Less Allowance for doubtful accounts	-	(546,666)	(546,666)
Total foreign items	92,048,263	54,343,166	146,391,429
Total interbank and money market items	488,380,835	10,809,958,201	11,298,339,036

	2009		
	Demand Baht	Time Baht	Total Baht
Domestic items			
The Bank of Thailand	177,192,863	3,900,000,000	4,077,192,863
Commercial banks	175,037,952	500,000,000	675,037,952
Total	352,230,815	4,400,000,000	4,752,230,815
Add Accrued interest receivable	-	239,343	239,343
Total domestic items	352,230,815	4,400,239,343	4,752,470,158
Foreign items			
US Dollar	-	64,580,544	64,580,544
Japanese Yen	105,438,813	-	105,438,813
Euro	117,906,837	-	117,906,837
Danish Krone	1,137,004	-	1,137,004
Others	5,319,775	-	5,319,775
Total	229,802,429	64,580,544	294,382,973
Add Accrued interest receivable	-	300,037	300,037
Less Allowance for doubtful accounts	-	(645,805)	(645,805)
Total foreign items	229,802,429	64,234,776	294,037,205
Total interbank and money market items	582,033,244	4,464,474,119	5,046,507,363

5 Investments, net

Investments as at 31 December comprised of the followings:

	2010		2009	
	Cost/ Book value Baht	Fair value Baht	Cost/ Book value Baht	Fair value Baht
Short-term investments				
Trading securities				
Government and state enterprise securities	5,647,286,743	5,630,434,742	6,485,457,669	6,445,858,401
Other corporate enterprise debt securities	-	-	2,285,664,924	2,377,749,747
Add(less) Mark to market adjustment	(16,852,001)	-	52,485,555	-
Total	5,630,434,742	5,630,434,742	8,823,608,148	8,823,608,148
Available-for-sale securities				
Government and state enterprise securities	19,616,480,211	19,613,260,408	15,452,184,326	15,470,872,223
Add(less) Mark to market adjustment	(3,219,803)	-	18,687,897	-
Total	19,613,260,408	19,613,260,408	15,470,872,223	15,470,872,223
Total short-term investments, net	25,243,695,150	25,243,695,150	24,294,480,371	24,294,480,371
Long-term investments				
Available-for-sale securities				
Government and state enterprise securities	1,710,181,166	1,719,410,649	6,922,678,727	6,856,009,962
Marketable equity securities	-	-	16,932,693	7,031,371
Add(less) Mark to market adjustment	9,229,483	-	(76,570,087)	-
Total	1,719,410,649	1,719,410,649	6,863,041,333	6,863,041,333
General investment				
Non-marketable equity securities	-		1	
Add(less) Allowance for impairment	-		-	
Total	-		1	
Total long-term investments, net	1,719,410,649		6,863,041,334	
Total investments, net	26,963,105,799		31,157,521,705	

5 Investments, net (Cont'd)

Available-for-sale debt instruments classified according to their remaining lives to maturity are as follows:

	2010			
	Up to 1 year Baht	Over 1 year to 5 years Baht	Over 5 years Baht	Total Baht
Government and state enterprise securities	19,613,260,408	1,719,410,649	-	21,332,671,057
Total	19,613,260,408	1,719,410,649	-	21,332,671,057

	2009			
	Up to 1 year Baht	Over 1 year to 5 years Baht	Over 5 years Baht	Total Baht
Government and state enterprise securities	15,470,872,223	6,096,708,412	759,301,550	22,326,882,185
Total	15,470,872,223	6,096,708,412	759,301,550	22,326,882,185

6 Loans and interest receivables, net

6.1 Grouped by types of loans:

	2010 Baht	2009 Baht
Overdrafts	8,755,001	3,880,033
Loans	514,452,802	557,258,477
Total loans	523,207,803	561,138,510
Add Interest receivables	104,917	269,821
Less Allowance for doubtful accounts	(8,548,042)	(8,004,286)
Total loans and interest receivables, net	514,764,678	553,404,045

6.2 Grouped by remaining maturity periods:

	2010 Baht	2009 Baht
Less than 1 year	513,177,841	550,959,454
Over than 1 year	10,029,962	10,179,056
Total loans	523,207,803	561,138,510
Interest receivables	104,917	269,821
Total loans and interest receivables	523,312,720	561,408,331

6 Loans and interest receivables, net (Cont'd)

6.3 Grouped by currencies and residencies of customers:

	2010		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	19,784,963	-	19,784,963
US Dollar	503,422,840	-	503,422,840
Total loans	523,207,803	-	523,207,803
Interest receivables	104,917	-	104,917
Total loans and interest receivables	523,312,720	-	523,312,720

	2009		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	64,059,089	-	64,059,089
US Dollar	497,079,421	-	497,079,421
Total loans	561,138,510	-	561,138,510
Interest receivables	269,821	-	269,821
Total loans and interest receivables	561,408,331	-	561,408,331

6.4 Grouped by type of business and classification:

	2010					
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	Total
Manufacturing and commerce	503,422,840	-	1,000,000	-	5,884,347	510,307,187
Utilities and services	8,754,297	-	-	-	-	8,754,297
Others	2,144,104	-	-	-	2,002,215	4,146,319
Total loans	514,321,241	-	1,000,000	-	7,886,562	523,207,803
Interest receivables	95,145	-	9,342	-	430	104,917
Total loans and interest receivables	514,416,386	-	1,009,342	-	7,886,992	523,312,720

	2009					
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	Total
Manufacturing and commerce	497,079,420	-	50,000,000	-	5,901,327	552,980,747
Utilities and services	3,880,033	-	-	-	-	3,880,033
Others	2,236,356	-	-	-	2,041,374	4,277,730
Total loans	503,195,809	-	50,000,000	-	7,942,701	561,138,510
Interest receivables	243,140	-	26,260	-	421	269,821
Total loans and interest receivables	503,438,949	-	50,026,260	-	7,943,122	561,408,331

6 Loans and interest receivables, net (Cont'd)

6.5 Grouped by classifications:

Classified loans and accrued interest receivables and the allowance for doubtful accounts in accordance with guidelines of the Bank of Thailand (BOT) are as follows:

	2010			
			Allowance for doubtful accounts	
Classifications	Loans and accrued interest receivables Baht	Loans net of collateral Baht	Minimum % required according to BOT guidelines	Total allowance recorded Baht
Normal	514,321,241	65,170,740	1	651,708
Substandard	1,009,342	9,342	100	9,342
Doubtful loss	7,886,992	7,886,992	100	7,886,992
Accrued interest receivables of normal loan	95,145	-	-	-
Total	523,312,720	73,067,074		8,548,042

	2009			
			Allowance for doubtful accounts	
Classifications	Loans and accrued interest receivables Baht	Loans net of collateral Baht	Minimum % required according to BOT guidelines	Total allowance recorded Baht
Normal	503,195,809	6,116,389	1	61,164
Substandard	50,026,260	-	-	-
Doubtful loss	7,943,122	7,943,122	100	7,943,122
Accrued interest receivables of normal loan	243,140	-	-	-
Total	561,408,331	14,059,511		8,004,286

7 Allowance for doubtful accounts

	2010					
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	Total
Balance at beginning of the year	61,164	-	-	-	7,943,122	8,004,286
Allowance for doubtful accounts (Reversal)	590,544	-	9,342	-	(56,130)	543,756
Balance at end of the year	651,708	-	9,342	-	7,886,992	8,548,042

	2009					
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	Total
Balance at beginning of the year	589,491	-	-	-	8,298,879	8,888,370
Reversal of allowance for doubtful accounts	(528,327)	-	-	-	(355,757)	(884,084)
Balance at end of the year	61,164	-	-	-	7,943,122	8,004,286

8 Equipment, net

	Computer equipment Baht	Office equipment Baht	Furnitures, fixture & fitting Baht	Motor vehicles Baht	Fixed assets in progress	Total Baht
As at 1 January 2009						
Cost	43,532,884	46,475,916	38,328,036	48,000	-	128,384,836
Less Accumulated depreciation	(35,732,318)	(24,660,349)	(32,917,410)	(47,999)	-	(93,358,076)
Net book value	7,800,566	21,815,567	5,410,626	1	-	35,026,760
For the year ended 31 December 2009						
Opening net book value	7,800,566	21,815,567	5,410,626	1	-	35,026,760
Additions/transfer	6,917,479	457,782	93,336	-	1,864,222	9,332,819
Disposals - cost	(766,501)	(6,989,143)	(141,622)	-	-	(7,897,266)
Disposals - Accumulated depreciation	705,195	6,978,941	141,612	-	-	7,825,748
Depreciation charge	(6,575,262)	(6,620,932)	(674,291)	-	-	(13,870,485)
Closing net book value	8,081,477	15,642,215	4,829,661	1	1,864,222	30,417,576
As at 31 December 2009						
Cost	49,683,862	39,944,555	38,279,750	48,000	1,864,222	129,820,389
Less Accumulated depreciation	(41,602,385)	(24,302,340)	(33,450,089)	(47,999)	-	(99,402,813)
Net book value	8,081,477	15,642,215	4,829,661	1	1,864,222	30,417,576
For the year ended 31 December 2010						
Opening net book value	8,081,477	15,642,215	4,829,661	1	1,864,222	30,417,576
Additions	7,918,995	775,332	93,850	-	2,101,512	10,889,689
Transfer to leasehold Improvement	-	-	-	-	(1,864,222)	(1,864,222)
Disposals - cost	(3,040,704)	(1,171,713)	(167,670)	-	-	(4,380,087)
Disposals - Accumulated depreciation	3,016,160	1,171,704	161,565	-	-	4,349,429
Depreciation charge	(4,456,775)	(6,705,555)	(686,699)	-	-	(11,849,029)
Closing net book value	11,519,153	9,711,983	4,230,707	1	2,101,512	27,563,356
As at 31 December 2010						
Cost	54,562,153	39,548,174	38,205,930	48,000	2,101,512	134,465,769
Less Accumulated depreciation	(43,043,000)	(29,836,191)	(33,975,223)	(47,999)	-	(106,902,413)
Net book value	11,519,153	9,711,983	4,230,707	1	2,101,512	27,563,356

Initial cost of asset, which has already fully depreciated as at 31 December 2010, but the Bank still uses such assets is Baht 75 million (2009: Baht 78 million).

9 Other assets, net

Other assets as at 31 December comprise of the followings:

	2010 Baht	2009 Baht
Leasehold right and leasehold improvement, net	90,689,838	89,607,688
Accrued interest receivables	77,100,955	145,055,313
Other receivables	2,024,107	1,468,234
Prepaid expenses	2,616,172	2,645,212
Total other assets	172,431,072	238,776,447
The amortisation cost of leasehold right and depreciation of leasehold improvement for the year	9,605,435	8,103,107

10 Deposits

10.1 Grouped by type of deposits:

	2010 Baht	2009 Baht
Demand	476,783,104	333,481,365
Savings	9,767,018,953	8,146,956,343
Total	10,243,802,057	8,480,437,708

10.2 Grouped by remaining maturity periods:

	2010 Baht	2009 Baht
Less than 1 year	10,243,802,057	8,480,437,708
Total	10,243,802,057	8,480,437,708

10 Deposits (Cont'd)

10.3 Grouped by currencies and residencies of depositors:

	2010		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	9,479,904,661	2,026,291	9,481,930,952
US Dollar	761,871,105	-	761,871,105
Total	10,241,775,766	2,026,291	10,243,802,057

	2009		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	7,931,414,441	115,647	7,931,530,088
US Dollar	548,907,620	-	548,907,620
Total	8,480,322,061	115,647	8,480,437,708

11 Interbank and money market items

Interbank and money market items consist of deposits, borrowings and borrowings with embedded derivatives:

	2010		
	Demand Baht	Time Baht	Total Baht
Domestic items			
Local banks	-	260,000,000	260,000,000
Life insurance companies	-	7,250,000,000	7,250,000,000
Securities company	6,397,864	2,000,000,000	2,006,397,864
Total domestic items	6,397,864	9,510,000,000	9,516,397,864
Foreign items			
Thai Baht	48,320	-	48,320
Total foreign items	48,320	-	48,320
Total interbank and money market items	6,446,184	9,510,000,000	9,516,446,184