

United Overseas Bank (Thai) Public Company Limited
and its subsidiaries
Report and interim financial statements
30 June 2011

Report of Independent Auditor

To the Shareholders of United Overseas Bank (Thai) Public Company Limited

I have audited the accompanying consolidated statement of financial position of United Overseas Bank (Thai) Public Company Limited and its subsidiaries as at 30 June 2011, the consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the six-month period then ended, and the separate financial statements of United Overseas Bank (Thai) Public Company Limited for the same period. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

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 statements 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 of United Overseas Bank (Thai) Public Company Limited and its subsidiaries and of United Overseas Bank (Thai) Public Company Limited as at 30 June 2011, the results of their operations and cash flows for the six-month period then ended in accordance with generally accepted accounting principles.

The consolidated financial statements of United Overseas Bank (Thai) Public Company Limited and its subsidiaries and the separate financial statements of United Overseas Bank (Thai) Public Company Limited for the year ended 31 December 2010 were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 4 March 2011. The consolidated and separate statements of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The consolidated statements of income, changes in shareholders' equity and cash flows for the six-month period ended 30 June 2010 of United Overseas Bank (Thai) Public Company Limited and its subsidiaries and the separate financial statements of United Overseas Bank (Thai) Public Company Limited for the same period, as presented herein for comparative purposes, formed an integral part of the interim financial statements that were audited in accordance with generally accepted audit standards by the aforementioned auditor, who expressed an unqualified opinion on those financial statements under her report dated 24 August 2010.

As described in Note 4 to the financial statements, during the current period, the Bank and its subsidiaries adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in their preparation and presentation of the interim financial statements.

Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited
Bangkok: 19 August 2011

United Overseas Bank (Thai) Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2011 and 31 December 2010

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2011	31 December 2010	30 June 2011	31 December 2010
Assets					
Cash	9	2,427,970	2,808,972	2,427,859	2,808,862
Interbank and money market items - net	10	73,928,924	24,065,011	73,748,687	23,876,781
Derivatives assets	11	2,767,923	3,358,890	2,767,923	3,358,890
Investments - net	12	44,813,097	47,525,952	44,812,472	47,525,327
Investments in subsidiaries and associate - net	13	139,936	136,401	453,754	749,343
Loans to customers and accrued interest receivables - net	14				
Loans to customers		171,860,346	163,135,472	171,859,633	163,134,636
Accrued interest receivables		261,826	312,420	261,826	312,420
Total loans to customers and accrued interest receivables		172,122,172	163,447,892	172,121,459	163,447,056
Less: Deferred revenue		(278,926)	(288,147)	(278,926)	(288,147)
Allowance for doubtful debts	15	(5,164,389)	(6,146,771)	(5,164,389)	(6,146,771)
Total loans to customers and accrued interest receivables - net		166,678,857	157,012,974	166,678,144	157,012,138
Customers' liability under acceptance		81,146	36,516	81,146	36,516
Properties foreclosed - net	16	3,571,057	4,389,325	3,571,057	4,389,325
Premises and equipment - net	17	3,545,073	3,566,720	3,527,095	3,546,197
Other intangible assets - net	18	889,221	915,727	876,896	902,782
Deferred tax assets - net	19	2,517,089	2,323,990	2,509,508	2,318,385
Other assets - net	20	1,540,772	1,750,317	1,501,304	1,588,874
Total assets		302,901,065	247,890,795	302,955,845	248,113,420

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

United Overseas Bank (Thai) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2011 and 31 December 2010

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2011	31 December 2010	30 June 2011	31 December 2010
Liabilities and shareholders' equity					
Liabilities					
Deposits	22	138,414,696	152,040,393	138,441,660	152,139,099
Interbank and money market items	23	88,362,931	39,765,246	88,377,624	39,783,179
Liability payable on demand		2,439,118	2,436,524	2,439,118	2,436,524
Derivatives liabilities	11	3,417,500	4,592,580	3,417,500	4,592,580
Debt issued and borrowings	24	33,355,180	12,238,503	33,602,180	12,894,503
Bank's liability under acceptance		81,146	36,516	81,146	36,516
Provisions for long-term employee benefits	25	1,224,298	812,979	1,209,292	811,241
Provisions for other liabilities	26	232,367	208,040	232,367	208,040
Accrued expenses		1,225,908	1,429,252	1,194,011	1,350,047
Other liabilities	27	2,496,168	2,549,058	2,500,684	2,406,830
Total liabilities		271,249,312	216,109,091	271,495,582	216,658,559
Shareholders' equity					
Share capital					
Registered share capital					
2,485,661,305 ordinary shares at par value					
of Baht 10 each					
		<u>24,856,613</u>	<u>24,856,613</u>	<u>24,856,613</u>	<u>24,856,613</u>
Issued and paid-up share capital					
2,485,661,305 ordinary shares at par value					
of Baht 10 each					
		<u>24,856,613</u>	<u>24,856,613</u>	<u>24,856,613</u>	<u>24,856,613</u>
Other components of equity	28	925,121	915,910	920,190	909,467
Retained earnings					
Appropriated					
Statutory reserve					
	30	190,000	190,000	190,000	190,000
Unappropriated					
		<u>5,647,881</u>	<u>5,792,943</u>	<u>5,493,460</u>	<u>5,498,781</u>
Equity attributable to equity holders of the Bank		<u>31,619,615</u>	<u>31,755,466</u>	<u>31,460,263</u>	<u>31,454,861</u>
Non-controlling interests of the subsidiaries		<u>32,138</u>	<u>26,238</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		31,651,753	31,781,704	31,460,263	31,454,861
Total liabilities and shareholders' equity		302,901,065	247,890,795	302,955,845	248,113,420
		-	-	-	-

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

Wong Kim Choong

President & Chief Executive Officer

Chua Teng Hui

Deputy President & Deputy Chief Executive Officer

United Overseas Bank (Thai) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Interest income	41	5,319,635	4,328,335	5,318,305	4,245,512
Interest expenses	42	1,734,667	1,196,029	1,736,649	1,198,540
Net interest income		3,584,968	3,132,306	3,581,656	3,046,972
Fees and service income		1,107,859	1,015,854	1,012,802	912,755
Fees and service expenses		238,710	139,812	310,505	204,084
Net fees and service income	43	869,149	876,042	702,297	708,671
Net gain (loss) on foreign currency trading and exchange transactions	44	(27,280)	114,387	(27,280)	114,320
Net gain (loss) on investments	45	(52,071)	158,626	83,590	158,626
Shares of profit (loss) from investments accounted for using equity method		(1,378)	6,694	-	-
Dividend income		49,801	43,992	59,719	780,530
Other operating income		9,557	22,073	12,963	13,659
Total operating income		4,432,746	4,354,120	4,412,945	4,822,778
Other operating expenses					
Employee's expenses	46	1,723,131	1,469,455	1,612,227	1,345,621
Directors' remuneration		4,133	4,313	4,050	4,230
Premises and equipment expenses		449,725	450,129	440,302	436,436
Taxes and duties		179,821	160,551	179,758	159,828
Losses on impairment of properties foreclosed and other assets		150,000	249,285	150,000	249,000
Other expenses		715,524	594,369	693,956	571,400
Total other operating expenses		3,222,334	2,928,102	3,080,293	2,766,515
Impairment loss of loans and debt securities	47	415,473	400,876	415,473	401,462
Profit before income tax expenses		794,939	1,025,142	917,179	1,654,801
Income tax expenses	38	275,874	305,626	266,483	272,991
Net profit		519,065	719,516	650,696	1,381,810

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

United Overseas Bank (Thai) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Other comprehensive income					
Gain (loss) on revaluation of available-for-sale investments		18,183	(55,878)	18,183	(55,317)
Share of other comprehensive income of associate		(1,512)	1,696	-	-
Income tax relating to components of other comprehensive income		(5,455)	16,762	(5,455)	16,595
Total other comprehensive income		<u>11,216</u>	<u>(37,420)</u>	<u>12,728</u>	<u>(38,722)</u>
Total comprehensive income		<u>530,281</u>	<u>682,096</u>	<u>663,424</u>	<u>1,343,088</u>
Net profit attributable to:					
Equity holders of the Bank		519,406	720,222	<u>650,696</u>	<u>1,381,810</u>
Non-controlling interests of the subsidiaries		(341)	(706)		
		<u>519,065</u>	<u>719,516</u>		
Total comprehensive income attributable to:					
Equity holders of the Bank		530,622	682,802	<u>663,424</u>	<u>1,343,088</u>
Non-controlling interests of the subsidiaries		(341)	(706)		
		<u>530,281</u>	<u>682,096</u>		
Earnings per share of equity holders of the Bank					
Basic earning per share (Baht)	39	<u>0.21</u>	<u>0.29</u>	<u>0.26</u>	<u>0.56</u>

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

Wong Kim Choong

President & Chief Executive Officer

Chua Teng Hui

Deputy President & Deputy Chief Executive Officer

United Overseas Bank (Thai) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

Consolidated financial statements										
Equity attributable to equity holders of the Bank										
	Other components of equity					Retained earnings		Total equity attributable to equity holders of the Bank	Equity attributable to non-controlling interests of the subsidiaries	Total
	Issued and paid-up share capital	Revaluation surplus on assets	Revaluation surplus (deficit) on investments	Deferred tax relating to components of other comprehensive income	Share of other comprehensive income of associate	Appropriated Statutory reserve	Unappropriated			
Beginning balance as of 1 January 2010	24,856,613	1,031,386	208,731	(372,032)	5,192	100,000	4,759,841	30,589,731	27,614	30,617,345
Amortisation of revaluation surplus on assets	-	(2,864)	-	859	-	-	2,005	-	-	-
Total comprehensive income for the period	-	-	(55,878)	16,762	1,696	-	720,222	682,802	(706)	682,096
Ending balance as of 30 June 2010	<u>24,856,613</u>	<u>1,028,522</u>	<u>152,853</u>	<u>(354,411)</u>	<u>6,888</u>	<u>100,000</u>	<u>5,482,068</u>	<u>31,272,533</u>	<u>26,908</u>	<u>31,299,441</u>
Beginning balance as of 1 January 2011	24,856,613	1,025,610	273,629	(389,772)	6,443	190,000	5,792,943	31,755,466	26,238	31,781,704
Cumulative effect of the change in an accounting policy regarding employee benefits (Note 4)	-	-	-	-	-	-	(419,461)	(419,461)	(9)	(419,470)
Deferred tax recognised in shareholder equity from change in an accounting policy regarding employee benefits	-	-	-	-	-	-	125,837	125,837	-	125,837
Amortisation of revaluation surplus on assets	-	(2,864)	-	859	-	-	2,005	-	-	-
Total comprehensive income for the period	-	-	18,183	(5,455)	(1,512)	-	519,406	530,622	(341)	530,281
Dividend payment (Note 29)	-	-	-	-	-	-	(372,849)	(372,849)	-	(372,849)
Non-controlling interests of the subsidiaries from increase of share capital of the subsidiary	-	-	-	-	-	-	-	-	6,250	6,250
Ending balance as of 30 June 2011	<u>24,856,613</u>	<u>1,022,746</u>	<u>291,812</u>	<u>(394,368)</u>	<u>4,931</u>	<u>190,000</u>	<u>5,647,881</u>	<u>31,619,615</u>	<u>32,138</u>	<u>31,651,753</u>

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

United Overseas Bank (Thai) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

	Separate financial statements						Total
	Other components of equity			Retained earnings			
	Issued and paid-up share capital	Revaluation surplus on assets	Revaluation surplus (deficit) on investments	Deferred tax relating to components of other comprehensive income	Appropriated Statutory reserve	Unappropriated	
Beginning balance as of 1 January 2010	24,856,613	1,031,386	213,142	(373,358)	100,000	3,824,611	29,652,394
Amortisation of revaluation surplus on assets	-	(2,864)	-	859	-	2,005	-
Total comprehensive income for the period	-	-	(55,317)	16,595	-	1,381,810	1,343,088
Ending balance as of 30 June 2010	<u>24,856,613</u>	<u>1,028,522</u>	<u>157,825</u>	<u>(355,904)</u>	<u>100,000</u>	<u>5,208,426</u>	<u>30,995,482</u>
Beginning balance as of 1 January 2011	24,856,613	1,025,610	273,629	(389,772)	190,000	5,498,781	31,454,861
Cumulative effect of the change in an accounting policy regarding employee benefits (Note 4)	-	-	-	-	-	(407,390)	(407,390)
Deferred tax recognised in shareholders' equity from change in an accounting policy regarding employee benefits	-	-	-	-	-	122,217	122,217
Amortisation of revaluation surplus on assets	-	(2,864)	-	859	-	2,005	-
Total comprehensive income for the period	-	-	18,183	(5,455)	-	650,696	663,424
Dividend payment (Note 29)	-	-	-	-	-	(372,849)	(372,849)
Ending balance as of 30 June 2011	<u>24,856,613</u>	<u>1,022,746</u>	<u>291,812</u>	<u>(394,368)</u>	<u>190,000</u>	<u>5,493,460</u>	<u>31,460,263</u>

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

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Wong Kim Choong
President & Chief Executive Officer

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Chua Teng Hui
Deputy President & Deputy Chief Executive Officer

United Overseas Bank (Thai) Public Company Limited and its subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before income tax expenses	794,939	1,025,142	917,179	1,654,801
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Shares of (profit) loss from investments accounted for using equity method	1,378	(6,694)	-	-
Depreciation	151,846	167,861	148,857	162,834
Amortisation and loss on assets written off	72,134	65,615	71,237	64,576
Unrealised (gain) loss on revaluation of investments	11,836	(15,513)	11,836	(15,513)
Impairment loss of loans and debt securities	658,932	601,734	658,932	602,085
Losses on impairment of properties foreclosed and other assets	150,000	249,285	150,000	249,000
(Gain) loss on disposal of investments	52,071	(158,625)	52,071	(158,625)
Premium on return of share capital by subsidiary company	-	-	(135,661)	-
(Gain) loss on disposal of premises and equipment	(941)	7,653	(111)	7,193
(Gain) loss on exchange	(414,192)	870,218	(414,192)	870,218
Increase in accrued other income	(4,439)	(16,956)	(24,798)	(15,043)
Increase in provisions for long-term employee benefits	58,427	39,156	57,228	36,000
Increase (decrease) in provisions	24,327	(4,530)	24,327	(4,530)
Decrease in accrued other expenses	(441,244)	(191,770)	(403,825)	(166,862)
Net interest income	(3,584,968)	(3,132,307)	(3,581,656)	(3,046,972)
Dividend income	(49,801)	(43,992)	(59,719)	(780,530)
Cash received on interest income	5,253,067	4,545,318	5,226,712	3,719,925
Cash received on dividend income	49,801	43,992	49,719	780,530
Cash paid on interest expenses	(1,499,200)	(877,424)	(1,501,427)	(882,763)
Cash paid on income tax	(415,294)	(406,113)	(397,640)	(360,878)
Income from operating activities before changes in operating assets and liabilities	868,679	2,762,050	849,069	2,715,446

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

United Overseas Bank (Thai) Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
(Increase) decrease in operating assets				
Interbank and money market items	(49,812,126)	12,502,501	(49,790,401)	12,556,872
Investment in securities for trading	(17,178,324)	(4,264,491)	(17,178,324)	(4,264,491)
Loans to customers	(10,301,000)	(3,109,561)	(10,301,123)	(3,077,647)
Properties foreclosed	741,677	572,342	741,677	571,993
Other assets	970,096	588,011	866,492	507,568
Increase (decrease) in operating liabilities				
Deposits	(13,650,646)	(5,026,402)	(13,722,388)	(5,162,758)
Interbank and money market items	48,171,097	(3,617,604)	48,078,857	(3,604,076)
Liability payable on demand	2,376	466,037	2,376	466,037
Debt issued and short-term borrowings	21,192,258	(3,108,387)	20,872,258	(2,969,386)
Provisions for long-term employee benefits	(66,567)	(31,780)	(66,568)	(31,780)
Other liabilities	(721,005)	504,691	(582,211)	543,311
Net cash used in operating activities	(19,783,485)	(1,762,593)	(20,230,286)	(1,748,911)
Cash flows from investing activities				
Proceeds from sales of investments	50,790,605	9,268,437	50,765,310	9,253,115
Cash paid for investments	(30,836,774)	(8,686,976)	(30,805,819)	(8,686,976)
Cash paid for investment in subsidiary company	-	-	(18,750)	-
Proceeds from return of share capital by subsidiary company	-	-	450,000	-
Dividend received from subsidiary company	-	-	10,000	-
Proceeds from sales of premises and equipment	4,151	124	2,796	124
Purchases of premises and equipment	(133,409)	(50,872)	(132,440)	(49,235)
Purchases of intangible assets	(45,627)	(53,443)	(45,351)	(53,443)
Net cash provided by investing activities	19,778,946	477,270	20,225,746	463,585
Cash flows from financing activities				
Decrease in long-term borrowings	(3,614)	(3,947)	(3,614)	(3,947)
Cash paid for dividend	(372,849)	-	(372,849)	-
Net cash used in financing activities	(376,463)	(3,947)	(376,463)	(3,947)
Net decrease in cash and cash equivalents	(381,002)	(1,289,270)	(381,003)	(1,289,273)
Cash and cash equivalents as at 1 January	2,808,972	3,558,349	2,808,862	3,558,214
Cash and cash equivalents as at 30 June	2,427,970	2,269,079	2,427,859	2,268,941

Supplemental disclosures of cash flows information

Non-cash item

Properties foreclosed received in settlement of debts from borrowing	73,409	29,439	73,409	29,439
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The accompanying notes are an integral part of the financial statements.

Wong Kim Choong

President & Chief Executive Officer

Chua Teng Hui

Deputy President & Deputy Chief Executive Officer

United Overseas Bank (Thai) Public Company Limited and its subsidiaries
Notes to interim financial statements
For the six-month periods ended 30 June 2011 and 2010

1. General information

1.1 Corporate information

United Overseas Bank (Thai) Public Company Limited (“the Bank”) is a public company incorporated and domiciled in Thailand. The Bank’s main business is commercial banking. The registered office of the Bank is at 191 South Sathon Road, Sathon, Bangkok. As at 30 June 2011, the Bank conducts its business through a network of 149 domestic branches, covering all parts of Thailand (31 December 2010: 146 domestic branches). Its major shareholder is United Overseas Bank Limited, a company registered in Singapore.

All subsidiaries were incorporated as companies under Thai law and operate their businesses in Thailand. Their principal businesses are fund management, derivatives brokerage, and debt collection services.

1.2 The entire business transfer of the subsidiary

At the Annual General Meeting No. 18, held on 16 April 2010, the shareholders approved the transfer to the Bank of the entire business of UOB Leasing (Thai) Co., Ltd., a subsidiary company in which the Bank holds a 99.99 % interest. Such transfer of business includes the transfer of all assets, liabilities, and employees of the subsidiary. On 1 October 2010, the Bank entered into an agreement to transfer an entire business with its subsidiary, under which it was to receive all of its subsidiary’s business, together with its assets, liabilities and obligations, including the employees of its subsidiary. The transfer price was set at the net book value of the subsidiary as at the end of the last working day prior to the effective date per the agreement (1 October 2010).

Asset and liability items of the subsidiary as at 30 September 2010 are as follows:

	(Unit: Baht)
Assets	
Cash and cash equivalents	49,996,016
Hire-purchase receivables	436,507,055
Finance lease receivables	2,401,375,838
Factoring receivables	471,508,596
Other current assets - net	7,451,442
Other long-term investments - net	1
Loans to other companies - net	2,008,687
Leasehold improvement and equipment - net	5,745,847
Other non-current assets - net	1,000,000
Liabilities	
Loans from a parent company	2,517,720,000
Installments received in advance	3,626,310
Current portion of deposits under lease agreements	1,738,318
Amount due to a parent company	300,000,000
Other current liabilities	44,737,531
Deferred tax liabilities	41,973,410
Transfer price - net book value	<u>465,797,913</u>

On 15 October 2010, an extraordinary general meeting of the subsidiary approved its dissolution, and this was registered with the Ministry of Commerce on 15 October 2010.

On 18 March 2011, the Annual General Meeting of the subsidiary approved the return of Baht 450 million of the subsidiary's capital to its shareholders, including the Bank. The Bank received the return of Baht 450 million on 21 March 2011.

2. Basis of interim financial statements preparation

These interim financial statements have been prepared in accordance with Thai Accounting Standards No.34 (revised 2009) “Interim financial Reporting” like an annual financial statements.

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. However, the Bank has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in accordance with the Bank of Thailand (“The BOT”)’s Notification No. Sor Nor Sor. 11/2553 regarding “Preparation and Announcement of the Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 3 December 2010, which is effective for fiscal years beginning on or after 1 January 2011. Hence, the Bank reclassified certain items of the comparative financial statements as described in Note 49 to financial statements.

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

The financial statements have been prepared on a historical cost basis except for those that have been disclosed in the accounting policy.

3. Basis of consolidation

(a) These consolidated financial statements include the financial statements of United Overseas Bank (Thai) Public Company Limited (“the Bank”) and the following subsidiaries (“the subsidiaries”):

Subsidiaries	Business type	Country of registration	Percentage of share holdings		Percentage of total assets included in consolidated assets		Percentage of income included in consolidated income for the six-month periods ended 30 June	
			As at 30 June 2011	As at 31 December 2010	As at 30 June 2011	As at 31 December 2010	2011	2010
UOB Leasing (Thai) Co., Ltd.	Liquidation	Thailand	99.99	99.99	- *	-	- *	2.29
UOB Asset Management (Thai) Co., Ltd.	Fund Management	Thailand	99.99	99.99	0.07	0.10	1.98	2.40
UOB Bullion and Futures (Thai) Co., Ltd.	Derivatives Brokerage	Thailand	75.00	75.00	0.01	0.05	0.19	0.13
UOB Services Co., Ltd.	Debt Collection Business	Thailand	99.99	99.99	0.01	0.01	-	-

* The consolidated financial statements for six-month period ended 30 June 2011 excluded the financial statements of a subsidiary company, UOB Leasing (Thai) Company Limited.

The consolidated financial statements for the six-month period ended 30 June 2011 excluded the financial statements of a subsidiary company, UOB Leasing (Thai) Company Limited, which has registered its dissolution with the Ministry of Commerce and is in the process of being liquidated. The Management believes that the financial statements as prepared by the management of the subsidiary for the six-month period ended 30 June 2011 are immaterial, with the subsidiary presenting total assets of Baht 8 million and shareholders' equity of Baht 8 million and comprehensive income for the six-month period of Baht 3 million.

- (b) Subsidiaries are entities in which the Bank has control over the financial and operating policies of those entities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date when such control ceases. The effects to the consolidated financial statements of all significant transactions between the Bank and its subsidiaries are eliminated in the consolidated financial statements, including investment in subsidiaries and share capital of subsidiaries.
- (c) The financial statements of the subsidiaries are prepared using the same accounting periods and significant accounting policies as the Bank.
- (d) The accompanying financial statements include the accounts of all branches after elimination of significant inter-branch transactions and balances.
- (e) If the Bank receives shares as a result of debt restructuring of a borrower, which causes the Bank to hold more than 20% or 50% of the shares of such company, the Bank will not treat that investee company as an associated or a subsidiary company, but will treat it as general investments since the Bank intends to hold such shares only temporarily.
- (f) The consolidated financial statements do not include the financial statements of unit trusts in which the Bank holds more than 50% of their issued units since the Bank has no control over their financial and operating policies.
- (g) The separate financial statements, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.

- (h) Non-controlling interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Bank and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position.

4. Application of new accounting standards during the period

During the current period, the Bank and its subsidiaries adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting Standards:

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

Financial Reporting Standards:

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

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue - Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements for the current period, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits or liabilities arising from other defined benefit plans using actuarial techniques. Currently, the Bank records employee benefits when they are paid to the employees, and some portions being estimated as provisions through the statements of comprehensive income.

Hence, the Bank and its subsidiaries have changed this accounting policy since the beginning of the current year and recognised the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. This resulted in the decrease in the retained earnings brought forward as at 1 January 2011 in the consolidated financial statement by Baht 293 million (long-term employee benefit obligations of Baht 419 million net of related deferred tax of Baht 126 million) and the separate financial statement by Baht 285 million (long-term employee benefit obligations of Baht 407 million net of related deferred tax of Baht 122 million). The cumulative effect of such change in the accounting policy has already been presented under the heading of “Cumulative effect of change in accounting policy regarding employee benefits” in the statements of changes in shareholders’ equity.

In addition, the change in such accounting policy also has the effect of decreasing the net profit of the Bank and its subsidiaries for the six-month period ended 30 June 2011 by Baht 58 million, or Baht 0.02 per share (The Bank only: decreasing net profit by Baht 57 million, or Baht 0.02 per share).

5. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below list new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

- SIC 10 Government Assistance - No Specific Relation to Operating Activities
- SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

6. Significant accounting policies

Significant accounting policies adopted by the Bank and its subsidiaries are summarised below.

6.1 Revenue recognition

(a) Interest and discount on loans

The Bank recognises interest on loans as income on an accrual basis. In accordance with the BOT's regulation, interest in arrears for more than three months from the due date, regardless of whether the loans are covered by collateral, is not accrued as interest income but is instead recognised as income when received. In addition, interest accrued in arrears for three months is reversed against interest income.

Interest income from loans under litigation is recognised on a cash basis.

(b) Hire purchase and financial lease income recognition

Interest on hire-purchase receivables and financial lease receivables under hire purchase agreements and financial lease agreements with effective dates on or after 1 January 2008 are recognised over the installment period, using the effective interest rate and income is recognised as the installments fall due irrespective of actual collections.

For interest on hire-purchase receivables and financial lease receivables under hire purchase agreements and financial lease agreements with effective dates before 1 January 2008, the Bank and a subsidiary company has chosen to adopt the following methods:

- For short-term lease agreements (3-4 years), the Bank and a subsidiary company applies the existing sum-of-the-years'-digits method until the lease expires.
- For long-term lease agreements, the Bank and a subsidiary company uses the outstanding balances of the pre-existing finance leases as of 1 January 2008 as the beginning balances and apply the effective interest rate method over the remainder of the lease period.

Rental income from operating lease contracts and car rent are recognised based on the term of lease except for receivables overdue more than three months, which are recognised on a cash basis.

- (c) Revenues from factoring are recognised on an accrual basis except for overdue receivables more than three months, which are recognised on a cash basis.
- (d) Interest income from loans under legal/litigation process is recognised on a cash basis.
- (e) Management fees and registrar fees are calculated as a percentage of the net asset value of the funds managed by a subsidiary or fixed amount as mentioned in prospectus and recognised as income on an accrual basis.
- (f) Realised gains or losses resulting from sales of securities and derivatives are recognised as at transaction date.
- (g) Fee income and other service income are recognised on an accrual basis.

6.2 Expenses recognition

The Bank and its subsidiaries recognise expenses on an accrual basis.

6.3 Cash

Cash is that amount included in the statements of financial position under the caption of cash, and consist of cash on hand and cheques in transit.

6.4 Investments

The Bank and its subsidiaries classify investments in all types of debt securities and marketable equity securities as either trading securities, available-for-sale securities, or held-to-maturity securities, and classify non-marketable equity securities as general investment or investments in subsidiaries and associated company.

Investments classified as trading securities are stated at fair value. Change in the fair value of these securities are recorded as gains or losses in the statements of comprehensive income.

Investments classified as available-for-sale securities are stated at fair value. Change in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the statements of comprehensive income when the securities are sold.

Investments in debt securities held-to-maturity are stated at amortised cost net of allowance for impairment. Any loss from impairment is charged to the statements of comprehensive income.

General investments, other than investments in subsidiaries and associated company, are stated at cost net of allowance for impairment (if any). Loss on impairment is charged to the statements of comprehensive income.

Purchases and sales of investments are recognised on settlement date.

Realised gains or losses resulting from the disposal of securities are recognised in the statements of comprehensive income by using the weighted average cost calculation method.

Interest income from debt securities is recognised on an accrual basis. Premiums and discounts arising on the acquisition of securities are amortised or accreted to interest income in the statements of comprehensive income based on effective yield rate over the term of the securities.

Income from equity investments and other non-fixed income investments is recognised as dividend income when the right to receive the dividend is established.

Fair values of securities are calculated on the following bases:

- (i) For government securities and state enterprises securities, fair values are calculated by using the BOT formula, based on the average latest bidding price posted on the Thai Bond Market Association.
- (ii) For listed equity securities, fair value is the last bid price quoted in The Stock Exchange of Thailand on the last business day of the period.
- (iii) For unit trust, fair value is the Net Assets Value (NAV) as at the end of the period.
- (iv) For private enterprises debt securities, the average latest bidding price of the Thai Bond Market Association are used as fair values. In the absence of such prices, fair values are determined by applying the aforementioned the BOT yield curve adjusted for risk in accordance with the criteria established by the BOT.

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

6.5 Investments in subsidiaries and associated company

Separate financial statements

Investments in subsidiaries and associated company are stated at cost net of allowance for impairment (if any). Loss on impairment is charged to the statements of comprehensive income.

Consolidated financial statements

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

6.6 Loans

Loans include overdrafts, term-loans, trade bills, hire-purchase and financial lease receivables and other loans. All items categorised under loans (except for overdrafts) are disclosed at the principal amount outstanding, net of unearned discounts received in advance, with accrued interest presented separately in the statements of financial position, as a single line item for all loans together.

Overdrafts are stated at the drawn amounts together with any accrued interest.

Discounts received in advance in respect of bills purchased and other unearned interest income are recognised on an accrual basis over the period to maturity of the bills.

6.7 Allowance for doubtful accounts

The Bank sets provision based on the loan balance (excluding accrued interest receivable) net of collateral value, at 1% of the balance for normal (including restructured receivables) loans and 2% for special mention loans. This accords with the BOT guidelines.

For non-performing loans and receivables which are classified as sub-standard, doubtful and doubtful of loss, the Bank records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to the BOT's Notifications, in accordance with the BOT's guidelines issued on 3 August 2008. For unsecured consumer loan, the collective approach is applied based on historical loss experience of each customer group.

Bad debts are written off during the period that the Bank considers they are uncollectible as approved by the Executive Committee and are deducted from the allowance for doubtful accounts. All bad debt recovered are recognised as income on cash basis which is presented as an offset to bad debts and doubtful accounts in the statements of comprehensive income.

The Bank writes off unsecured consumer loans that are overdue more than 180 days. Those unsecured consumer loans comprise of credit card receivables and other unsecured personal loans.

6.8 Troubled debt restructuring

The Bank restructures loans by means of transferring assets, transferring equity or modifying the terms of the loan.

Loans which have been restructured through a modification of terms are stated at the present value of estimated future receivable cash flows using discount rates equivalent to the market interest rates applicable at the time of the restructuring. The difference between the fair value of the loan as at the restructuring date and the previous book value is accounted for as revaluation allowance for debt restructuring and amortised to the statements of comprehensive income as interest income based on the amount received over the remaining period of the restructuring agreement.

6.9 Properties foreclosed

Properties foreclosed of the Bank and a subsidiary are stated at the lower of cost and net realisable value. Net realisable value is determined by using the latest appraisal value, considering selling expenses in accordance with the BOT's guidelines. Properties foreclosed which have been received as a result of an asset swap are recorded at the lower of the legally claimable value of the loan or the net realisable value of the foreclosed property.

Losses on impairment are charged to the statements of comprehensive income. Gains or losses on the sale of properties foreclosed are recognised only when such properties are sold.

6.10 Premises and equipment and depreciation

Land is stated at cost or reappraised value. Premises is stated at cost or reappraised value less accumulated depreciation and allowance for impairment (if any). Equipment is stated at cost less accumulated depreciation.

Depreciation is calculated by reference to their cost or reappraised value on a straight-line basis over the following estimated useful lives:

Premises	-	50 years
Equipment	-	5 or 10 years

No depreciation is determined for land and assets under installation.

Premises and equipment are initially recorded at cost. Land and premises are however subsequently revalued by the independent appraisers to their fair value in accordance with the guidelines announced by the BOT. The Bank's policy is to revalue these assets every 5 years in order that the book value of these assets on the statements of financial position dates does not differ materially from their fair value.

Differences arising from revaluation are dealt with in the financial statements as follows:

- When the Bank's carrying amount of asset is increased as a result of a revaluation, the increase is credited directly to equity as "Revaluation surplus on assets" under the heading of other components of shareholders' equity in statements of financial position. However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When the Bank's carrying amount of asset is decreased as a result of a revaluation, the decrease is recognised as an expense in the statements of comprehensive income. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the statements of comprehensive income.

Amortisation of the revaluation surplus on assets is transferred directly to retained earnings (deficit).

The revaluation surplus on assets can neither be offset against deficit nor used for dividend payment.

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

6.11 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation under the heading of "Other assets" in statements of financial position. Leasehold rights are amortised on a straight-line basis over the lease periods and the amortisation amounts are recognised as expenses in statements of comprehensive income.

6.12 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and an accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the statements of comprehensive income.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Application softwares	5 or 10 years
Others	5 years

6.13 Provisions - other liabilities

Provisions are recognised when the Bank and its subsidiaries has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. In the event that no independent market value can be obtained, then an estimate is assessed.

6.14 Related party transactions

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

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

6.15 Impairment of assets

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

An impairment loss is recognised in the statements of comprehensive income. However in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Bank and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statements of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

6.16 Employee benefits

Short-term employment benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Leave entitlements are recognised when they accrue to employees. Provision for leave entitlements is made based on contractual terms, with adjustment for expected attrition.

Post-employment benefits (Defined contribution plans)

The Bank and its employees established the provident funds under the Provident Fund Act B.E. 2530. According to the Fund's regulations, every employee, after the probation period, is entitled to apply for membership. The employees contribute to the fund at the rate of 2% or 5% of basic salary and the Bank contributes to the fund at the rate of 5% of basic salary. The employees are entitled to the benefits upon termination of employment status except when the terminated employee has violated the rules of the Bank.

The Bank's subsidiaries and their employees also established their provident funds under the Provident Fund Act B.E. 2530. The Bank's subsidiaries and their employees contribute to the funds at the same rate of between 2% to 10% of basic salary depending upon the number of years of services of each employee. The funds will be paid to employees upon termination in accordance with the rules of the funds.

The funds set up by the Bank and its subsidiaries are managed independently by UOB Asset Management (Thai) Co., Ltd. except for the fund set up by UOB Asset Management (Thai) Co., Ltd., which is managed by TMB Asset Management Co.,Ltd. Therefore, these funds do not appear in the consolidated or separate statements of financial position of the Bank and the relevant subsidiaries.

The Bank and its subsidiaries's contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Bank and its subsidiaries has obligations in respect of the severance payments it must make to employees upon retirement under labor law and also has long-term employment benefit scheme for employees of Bank of Asia Public Co., Ltd. who joined the Bank prior to 16 May 2005 and have been employed at least 15 years, the benefits being based on the latest month's salary and the years of service. Employees will receive half of this long-term employment benefits when they resign or will receive it in full when they retire. The Bank and its subsidiaries treats these severance payment to be post-employment benefits.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in statements of comprehensive income.

6.17 Share-based payment transactions

The cost of the share-based payment plan of United Overseas Bank Limited ("major shareholder") will be invoiced by the major shareholder, and the Bank will treat the invoiced amounts as a liability in statements of financial position, and recognise them as an expense in the statements of comprehensive income over the vesting period of the shares.

6.18 Contributions to the Deposit Protection Agency

Contributions to the Deposit Protection Agency are recorded as expenses for the period on an accrual basis.

6.19 Income tax

a) Current tax

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

b) Deferred Tax

Deferred tax is calculated based on temporary differences at the statements of financial position date between the tax bases of assets and liabilities and their carrying amounts, by using the enacted tax rate at the statements of financial position date.

The Bank and its subsidiaries recognises deferred tax liabilities for taxable temporary differences and recognises deferred tax assets for deductible temporary differences. The Bank and its subsidiaries recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each statements of financial position date, the Bank and its subsidiaries reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Bank and its subsidiaries records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

6.20 Translation of foreign currency

Transactions in foreign currencies are translated into Baht at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies and commitments, which related to forward exchange contracts and currency swap contracts, outstanding on the statements of financial position date, have been translated into Baht at the exchange rate ruling on the statements of financial position date announced by the BOT.

All foreign exchange gains or losses are recognised in the statements of comprehensive income.

6.21 Financial derivatives

Financial derivative contracts are recorded as commitments and the changes in fair value are recorded in the statements of comprehensive income.

Outstanding financial derivative contracts are valued at fair value. At the statements of financial position date, the unrealised gains or losses on outstanding financial derivative contracts, are presented on a gross basis in the statements of financial position.

6.22 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Bank and its subsidiaries have a legally enforceable right to set off the recognised amount and the transactions are intended to be settled on a net basis.

7. Significant accounting judgments and estimates

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

Allowance for loan losses

Allowances for loan losses are intended to adjust the value of loans and receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions.

Fair value of financial instruments

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

Impairment of equity investments

The Bank treats equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Recognition and derecognition of assets and liabilities

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

Employee benefits

The obligation under the defined benefit plan is calculated using actuarial techniques, with estimation made based on various assumptions. Management had to exercise judgement to determine the appropriateness of these assumptions, which concerned the discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates, based on their best knowledge of current events and arrangements.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Litigation

The Bank has contingent liabilities as a result of litigation. The Bank's management has used judgment to assess of the results of the litigation. The estimated loss has been recorded under contingent liabilities as at the statements of financial position date.

Leases

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

Premises and equipment/Depreciation

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

The Bank and its subsidiaries measure land and buildings at revalued amounts. Fair value from revaluation is determined by independent valuer using market approach for land and depreciated replacement cost approach for buildings. Such valuation is based on certain assumptions and estimates.

Allowance for impairment of property foreclosed

The Bank assesses allowance for impairment of property foreclosed when net realisable value is below book value. The management uses judgment in estimating impairment loss, taking into account changes in the value of asset, appraisal value, the type and quality of asset, how long it is expected to take to dispose of the asset and changes in economic circumstances.

Profit and loss sharing from transfer non-performing loan

In calculating profits or losses arising from the management of non-performing loans transferred to the Thai Asset Management Corporation (TAMC), the Bank uses projections of the amounts expect to be received from the debtors, from collateral value or from guarantors. The management considers these assumptions to be appropriate given the currently available information and current situation.

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

8. Regulatory rule related to capital fund

According to the BOT's notification Sor Nor Sor 25/2552, commercial banks are required to disclose certain additional capital information for position of 30 June 2011. The Bank will disclose this mandatory information at its website (www.uob.co.th) by end-October 2011. The Bank also disclosed capital adequacy and capital risk exposure information as of 31 December 2010 since 11 April 2011.

9. Cash

(Unit: Million Baht)

	Consolidated and separate financial statements	
	As at 30 June 2011	As at 31 December 2010
Cash	2,172	2,712
Cheques in transit	256	97
Total	<u>2,428</u>	<u>2,809</u>

10. Interbank and money market items - net (Assets)

(Unit: Million Baht)

Consolidated financial statements						
As at 30 June 2011			As at 31 December 2010			
On demand	Term	Total	On demand	Term	Total	
Domestic items						
The Bank of Thailand and Financial Institutions						
Development Fund	2,252	59,400	61,652	2,196	10,800	12,996
Commercial banks	74	1,632	1,706	74	5,557	5,631
Specific financial institutions	-	145	145	-	2,225	2,225
Other financial institutions	-	4,193	4,193	-	2,689	2,689
Total	2,326	65,370	67,696	2,270	21,271	23,541
Add: Accrued interest receivables	-	20	20	-	9	9
Less: Deferred revenue	-	(12)	(12)	-	(5)	(5)
Allowance for doubtful accounts	-	(16)	(16)	-	(4)	(4)
Total domestic items	2,326	65,362	67,688	2,270	21,271	23,541
Foreign items						
US Dollar	340	5,227	5,567	91	-	91
Yen	72	-	72	67	-	67
EURO	164	-	164	65	-	65
Other currencies	433	-	433	301	-	301
Total	1,009	5,227	6,236	524	-	524
Add: Accrued interest receivables	-	5	5	-	-	-
Total foreign items	1,009	5,232	6,241	524	-	524
Total Domestic and foreign items	3,335	70,594	73,929	2,794	21,271	24,065

(Unit: Million Baht)

	Separate financial statements					
	As at 30 June 2011			As at 31 December 2010		
	On demand	Term	Total	On demand	Term	Total
Domestic items						
The Bank of Thailand and Financial Institutions						
Development Fund	2,252	59,400	61,652	2,196	10,800	12,996
Commercial banks	70	1,602	1,672	62	5,506	5,568
Specific financial institutions	-	-	-	-	2,100	2,100
Other financial institutions	-	4,193	4,193	-	2,689	2,689
Total	2,322	65,195	67,517	2,258	21,095	23,353
Add: Accrued interest receivables	-	19	19	-	9	9
Less: Deferred revenue	-	(12)	(12)	-	(5)	(5)
Allowance for doubtful accounts	-	(16)	(16)	-	(4)	(4)
Total domestic items	2,322	65,186	67,508	2,258	21,095	23,353
Foreign items						
US Dollar	340	5,227	5,567	91	-	91
Yen	72	-	72	67	-	67
EURO	164	-	164	65	-	65
Other currencies	433	-	433	301	-	301
Total	1,009	5,227	6,236	524	-	524
Add: Accrued interest receivables	-	5	5	-	-	-
Total foreign items	1,009	5,232	6,241	524	-	524
Total Domestic and foreign items	3,331	70,418	73,749	2,782	21,095	23,877

11. Derivatives assets/liabilities

As at 30 June 2011 and 31 December 2010, the Bank has notional amounts and fair value of derivatives held for trading book classified by type of risk is as follows:

(Unit: Million Baht)

Type of risk	Consolidated and separate financial statements					
	As at 30 June 2011			As at 31 December 2010		
	Fair Value		Notional amount	Fair Value		Notional amount
Asset	Liabilities	Asset		Liabilities		
Foreign exchange rates	925	1,416	168,682	1,746	2,726	148,614
Interest rate	1,839	1,998	402,412	1,613	1,867	318,788
Others	4	4	168	-	-	429
Total	2,768	3,418	571,262	3,359	4,593	467,831

As at 30 June 2011 and 31 December 2010, the proportion, determined based on the notional amount, of derivatives transactions divided by type of counterparty is as follows;

(Unit: Percentage)

Counterparty	Consolidated and separate financial statements	
	As at	As at
	30 June 2011	31 December 2010
Financial institutions	96.56	96.67
Others	3.44	3.33
Total	100.00	100.00

12. Investments

12.1 Classified by types of investment

(Unit: Million Baht)

	Consolidated financial statements	
	As at 30 June 2011	As at 31 December 2010
	Fair value	Fair value
Securities for trading		
Government and state enterprises securities	34,248	17,082
Total	34,248	17,082
Available-for-sale securities		
Government and state enterprises securities	8,910	28,462
Marketable domestic equity securities	282	301
Marketable foreign equity security	73	58
Structured notes	-	259
Unit trusts	506	531
Total	9,771	29,611

(Unit: Million Baht)

	Consolidated financial statements	
	As at 30 June 2011	As at 31 December 2010
	Cost/Amortised cost	Cost/Amortised cost
Held-to-maturity debt instruments - due within 1 year		
Thai Asset Management Corporation		
promissory notes	2,864	2,864
Less: Allowance for impairment of securities	(2,227)	(2,211)
Total	637	653
	Cost	Cost
General investments		
Non-marketable domestic equity securities	119	120
Non-marketable foreign equity securities	15	14
Unit trusts	101	123
Total	235	257
Less: Allowance for impairment of securities	(78)	(77)
Total	157	180
Total investments - net	44,813	47,526

(Unit: Million Baht)

	Separate financial statements	
	As at 30 June 2011	As at 31 December 2010
	Fair value	Fair value
Securities for trading		
Government and state enterprises securities	34,248	17,082
Total	34,248	17,082
Available-for-sale securities		
Government and state enterprises securities	8,910	28,462
Marketable domestic equity securities	282	301
Marketable foreign equity security	73	58
Structured notes	-	259
Unit trusts	506	531
Total	9,771	29,611

(Unit: Million Baht)

	Separate financial statements	
	As at 30 June 2011	As at 31 December 2010
	Cost/Amortised cost	Cost/Amortised cost
Held-to-maturity debt instruments - due within 1 year		
Thai Asset Management Corporation		
promissory notes	2,864	2,864
Less: Allowance for impairment of securities	(2,227)	(2,211)
Total	637	653
	Cost	Cost
General investments		
Non-marketable domestic equity securities	118	119
Non-marketable foreign equity securities	15	14
Unit trusts	101	123
Total	234	256
Less: Allowance for impairment of securities	(78)	(77)
Total	156	179
Total investments - net	44,812	47,525

As at 30 June 2011, the Bank has commitments to purchase debt securities of Baht 1,624 million (31 December 2010: Baht 11,711 million) and commitments to sell debt securities of Baht 2,987 million (31 December 2010: Baht 12,812 million).

The Bank has commitments in relation to an investment agreement to purchase investment units denominated in US Dollar currency. As at 30 June 2011, the Bank was committed to pay Baht 10 million, (31 December 2010: Baht 10 million) converted using the exchange rate ruling on the statements of financial position date, for this investment.

12.2 Classified by the remaining period to maturity of the debt securities

Investments in debt instruments, excluding trading debt instruments, classified by remaining maturities are as follows:

(Unit: Million Baht)

Consolidated and separate financial statement				
As at 30 June 2011				
Remaining within				
	1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities				
Government and state enterprises securities	7,724	1,194	-	8,918
Private sector debt securities	25	-	-	25
Total	7,749	1,194	-	8,943
Less: Allowance for revaluation	(4)	(4)	-	(8)
Less: Allowance for impairment of securities	(25)	-	-	(25)
Total	7,720	1,190	-	8,910
Held-to-maturity debt instruments				
Thai Asset Management Corporation				
promissory notes	2,864	-	-	2,864
Less: Allowance for impairment of securities	(2,227)	-	-	(2,227)
Total	637	-	-	637

(Unit: Million Baht)

Consolidated and separate financial statement				
As at 31 December 2010				
Remaining within				
	1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities				
Government and state enterprises securities	25,469	3,048	-	28,517
Private sector debt securities	25	-	-	25
Structured notes	259	-	-	259
Total	25,753	3,048	-	28,801
Less: Allowance for revaluation	(13)	(42)	-	(55)
Less: Allowance for impairment of securities	(25)	-	-	(25)
Total	25,715	3,006	-	28,721
Held-to-maturity debt instruments				
Thai Asset Management Corporation				
promissory notes	2,864	-	-	2,864
Less: Allowance for impairment of securities	(2,211)	-	-	(2,211)
Total	653	-	-	653

12.3 Investments in equity security in which the Bank and its subsidiaries holds over 10% of the paid-up capital, is as follow:

Consolidated and separate financial statements										
Company's name	Nature of business	Type of security	Paid-up share capital		Percentage of investment		Carrying value*		Dividend For the six-month periods ended 30 June	
			As at 30 June 2011 (Million Baht)	As at 31 December 2010 (Million Baht)	As at 30 June 2011 (%)	As at 31 December 2010 (%)	As at 30 June 2011 (Million Baht)	As at 31 December 2010 (Million Baht)	2011 (Million Baht)	2010 (Million Baht)
Related company										
Wing Fat Co., Ltd.	Manufacturing	Common stock	70	70	14.29	14.29	-	-	-	-

* Carrying value represents the cost less the allowance for impairment (if any).

12.4 Investments in unit trusts in which the Bank and its subsidiaries hold more than 10% of total fund, classified by type of fund, are as follows:

		(Unit: Million Baht)	
		Consolidated and separate financial statements	
		As at 30 June 2011	As at 31 December 2010
Investment in equity funds		177	204
Investment in flexible funds		329	327
Total		506	531

13. Investments in subsidiaries and associated company

Company's name	Nature of business	Type of security	Consolidated financial statements											
			Paid-up share capital		Percentage of holding		Cost method		Equity method		Dividend income recognised during the six-month periods ended 30 June		Shares of profit (loss) from investments in associated for the six-month periods ended 30 June	
			As at 30 June 2011	As at 31 December 2010	As at 30 June 2011	As at 31 December 2010	As at 30 June 2011	As at 31 December 2010	As at 30 June 2011	As at 31 December 2010	2011	2010	2011	2010
			(Million Baht)	(Million Baht)	(%)	(%)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Subsidiary - not included in consolidated financial statement														
UOB Leasing (Thai) Co., Ltd.	Liquidation	Common stock	4	320	99.99	99.99	6	-	6*	-	-	670	-	-
Associated company														
AXA Insurance Public Co., Ltd.	Non-life insurance	Common stock	353	353	22.06	22.06	121	121	134	136	-	1	(1)	7
Investments in subsidiaries and associated company - net							127	121	140	136	-	671	(1)	7

* The consolidated financial statements for six-month period ended 30 June 2011 excluded the financial statements of UOB Leasing (Thai) Co., Ltd, which was deregistered under liquidation. Such investment then stated at cost.

Company's name	Nature of business	Type of security	Paid-up share capital		Percentage of holding		Investment (Cost method)		Dividend income recognised during the six-month periods ended 30 June	
			As at	As at	As at	As at	As at	As at		
			30 June	31 December	30 June	31 December	30 June	31 December	2011	2010
			2011	2010	2011	2010	2011	2010	(Million Baht)	(Million Baht)
Subsidiaries										
UOB Leasing (Thai) Co., Ltd.	Liquidation	Common stock	4	320	99.99	99.99	6	800	-	670
UOB Asset Management (Thai) Co., Ltd.	Fund management	Common stock	100	100	99.99	99.99	135	135	-	-
UOB Bullion and Futures (Thai) Co., Ltd.	Derivatives brokerage	Common stock	175	150	75.00	75.00	132	113	-	-
UOB Services Co., Ltd.	Debt Collection Business	Common stock	60	60	99.99	99.99	60	60	10	66
Associated company										
AXA Insurance Public Co., Ltd.	Non-life insurance	Common stock	353	353	22.06	22.06	121	121	-	1
Investments in subsidiaries and associated company							454	1,229	10	737
Less: Allowance for impairment of securities							-	(480)		
Investments in subsidiaries and associated company - net							454	749		

On 18 March 2011, the Annual General Meeting of UOB Leasing (Thai) Co., Ltd. approved the return of Baht 450 million of its capital to its shareholders, including the Bank as detailed in Note 1.2 to financial statements.

On 10 June 2011, the Extraordinary General Meeting of Shareholders No. 1/2011 of UOB Bullion and Futures (Thai) Co., Ltd. authorised UOB Bullion and Futures (Thai) Co., Ltd. to increase its registered and paid-up share capital from Baht 150 million, consisting of 1,500,000 million shares with a par value of Baht 100 each, to Baht 175 million, consisting of 1,750,000 million shares with a par value of Baht 100 each. UOB Bullion and Futures (Thai) Co., Ltd. registered the increase in its share capital with the Department of Business Development of the Ministry of Commerce on 27 June 2011 and the Bank paid the additional capital Baht 19 million to the subsidiary, in proportion to its shareholding of 75%, on 20 June 2011.

Summary financial information of an associated company, AXA Insurance Public Co., Ltd. which was prepared by its management, and before adjustment of the information in proportion to the ownership interest of the Bank, is as follows:

	(Unit: Million Baht)	
	As at 30 June 2011	As at 31 December 2010
Paid-up capital	353	353
Fair values of investments (Net Assets Value)	131	135
Total assets	2,254	2,015
Total liabilities	1,660	1,403
Total revenues for the period/ year	862	1,456
Net income (loss) for the period/year	(15)	8
Dividend received during the period/ year	-	1

A reconciliation of shareholders' equity balance from the separate financial statements to the consolidated financial statements are as follows:

	(Unit: Million Baht)	
	As at 30 June 2011	As at 31 December 2010
Shareholders' equity in the separate financial statements	31,460	31,455
<u>Reconciliation items</u>		
Accumulated share of profit from investments under equity method	235	375
Accumulated dividend received from associated company	(80)	(80)
Non-controlling interests	32	26
Revaluation surplus of associated investment	5	6
Total reconciliation items	192	327
Shareholders' equity in consolidated financial statements	31,652	31,782

14. Loans to customers and accrued interest receivables - net

14.1 Classified by loan type

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Overdrafts	13,879	14,152	13,879	14,152
Loans	105,717	94,912	105,717	94,911
Trade bills	48,664	50,349	48,664	50,349
Hire-purchase receivables	493	487	493	487
Financial lease receivables	2,382	2,513	2,382	2,513
Others	725	722	725	722
Less: Deferred revenue	(279)	(288)	(279)	(288)
Total loans to customers net from deferred revenue	171,581	162,847	171,581	162,846
Add: Accrued interest receivables	262	313	262	313
Total loans to customers and accrued interest receivables	171,843	163,160	171,843	163,159
Less: Allowance for doubtful accounts				
1. The BOT's minimum requirement provision				
- Individual Approach	(4,048)	(5,019)	(4,048)	(5,019)
- Collective Approach	(326)	(383)	(326)	(383)
2. Provision in excess of the BOT's minimum rates required	(790)	(745)	(790)	(745)
Total loans to customers and accrued interest receivables - net	166,679	157,013	166,679	157,012

14.2 Classified by currencies and residential status of debtors

(Unit: Million Baht)

	Consolidated financial statements					
	As at 30 June 2011			As at 31 December 2010		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	163,499	130	163,629	157,784	157	157,941
US Dollar	7,285	-	7,285	4,473	-	4,473
Other currencies	667	-	667	433	-	433
Total loans, net of deferred revenue	171,451	130	171,581	162,690	157	162,847

(Unit: Million Baht)

	Separate financial statements					
	As at 30 June 2011			As at 31 December 2010		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	163,499	130	163,629	157,783	157	157,940
US Dollar	7,285	-	7,285	4,473	-	4,473
Other currencies	667	-	667	433	-	433
Total loans, net of deferred revenue	171,451	130	171,581	162,689	157	162,846

14.3 Classified by types of business and classified loans

(Unit: Million Baht)

	Separate financial statement					
	As at 30 June 2011					
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	831	7	2	-	362	1,202
Manufacturing and commerce	55,141	1,172	612	45	3,539	60,509
Real estate and construction	12,687	138	69	6	319	13,219
Public utilities and services	19,485	650	62	9	161	20,367
Housing loans	51,474	442	272	276	1,104	53,568
Others	21,945	273	261	188	49	22,716
Total loans, net of deferred revenue	161,563	2,682	1,278	524	5,534	171,581

(Unit: Million Baht)

Separate financial statement						
As at 31 December 2010						
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	649	20	4	-	369	1,042
Manufacturing and commerce	56,648	1,192	614	28	4,679	63,161
Real estate and construction	9,426	251	37	2	340	10,056
Public utilities and services	16,460	516	65	-	212	17,253
Housing loans	48,500	441	383	215	1,096	50,635
Others	19,782	341	326	200	50	20,699
Total loans, net of deferred revenue	151,465	2,761	1,429	445	6,746	162,846

14.4 Classified by loan classification in accordance with the Notification of the BOT

(Unit: Million Baht)

Separate financial statement						
As at 30 June 2011						
	Loans to customers and accrued interest receivables	Other claims	Total	Balance net of collateral ⁽¹⁾	Percentage of allowance for doubtful account set up (%)	Allowance for doubtful accounts
The BOT's minimum requirement provision						
Pass	161,814	7	161,821	52,186	1	522
Special mention	2,693	-	2,693	854	2	17
Sub-standard	1,278	5	1,283	774	100	774
Doubtful	524	-	524	225	100	225
Doubtful of loss	5,534	2	5,536	2,844	100	2,844
Provision in excess of the BOT's minimum rates required	-	-	-	-		790
Total	171,843	14	171,857	56,883		5,172

⁽¹⁾ Net balance used in made allowance for doubtful accounts for pass and special mention loans is debt balance excluded accrued interest receivable net of collateral. For sub-standard, doubtful and doubtful of loss loans, that is debt balance and accrued interest receivables, net of deferred revenue, remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals.

(Unit: Million Baht)

Separate financial statement						
As 31 December 2010						
Loans to customers and accrued interest receivables	Other claims	Total	Balance net of collateral ⁽¹⁾	Percentage of	Allowance for doubtful accounts	
				doubtful account set up		
				(%)		
The BOT's minimum requirement provision						
Pass	151,766	5	151,771	48,640	1	486
Special mention	2,773	-	2,773	1,023	2	21
Sub-standard	1,429	4	1,433	798	100	798
Doubtful	445	1	446	216	100	216
Doubtful of loss	6,746	2	6,748	3,888	100	3,888
Provision in excess of the BOT's minimum rates required						
	-	-	-	-		745
Total	163,159	12	163,171	54,565		6,154

⁽¹⁾ Net balance used in made allowance for doubtful accounts for pass and special mention loans is debt balance excluded accrued interest receivable net of collateral. For sub-standard, doubtful and doubtful of loss loans, that is debt balance and accrued interest receivables, net of deferred revenue, remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals.

As at 30 June 2011, loan provisions mentioned above include provision for other claims, amounting to Baht 8 million (31 December 2010: Baht 7 million).

As at 30 June 2011 and 31 December 2010 the Bank has classified unsecured consumer loan in accordance with the Notification of the BOT for non-performing loans (excluding receivables classified as pass and special mention) using a collective approach, as follows:

(Unit: Million Baht)

Separate financial statement			
As at 30 June 2011			
Overdue (Days)	Unsecured	The range of provision	Provision amount
	consumer loans	(%)	
0 - 119	242	73 - 94	182
120 - 179	191	73 - 94	144
Total	433		326

(Unit: Million Baht)

Separate financial statement			
As at 31 December 2010			
Overdue (Days)	Unsecured consumer loans	The range of provision (%)	Provision amount
0 - 119	302	73 - 94	228
120 - 179	205	73 - 94	155
Total	507		383

14.5 Hire purchase/finance lease receivables

As at 30 June 2011, the Bank has net receivables under hire purchase agreements and financial leases amounting to Baht 2,626 million (31 December 2010: Baht 2,734 million), mostly comprising hire purchase agreements and financial leases for vehicles and machines. The terms of the agreements are generally between 3 to 5 years and most interest is charged at a fixed rate.

(Unit: Million Baht)

As at 30 June 2011					
Amounts due under lease agreement					
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Gross investment in hire purchase/ finance leases	243	2,534	-	98	2,875
Less: Deferred revenue*	(8)	(233)	-	(8)	(249)
Present value of minimum lease payments receivable	235	2,301	-	90	2,626
Less: Allowance for doubtful accounts					(116)
Net hire purchase/finance lease receivables					2,510

* After deduction of commission and deferred initial direct costs of hire purchase (if any)

(Unit: Million Baht)

	As at 31 December 2010				
	Amounts due under lease agreement				
	Less than		Over	Non	
	1 year	1 - 5 years	5 years	performing	Total
Gross investment in hire purchase/ finance leases	252	2,656	-	92	3,000
Less: Deferred revenue*	(7)	(251)	-	(8)	(266)
Present value of minimum lease payments receivable	245	2,405	-	84	2,734
Less: Allowance for doubtful accounts					(111)
Net hire purchase/finance lease receivables					2,623

* After deduction of commission and deferred initial direct costs of hire purchase (if any)

14.6 Non-accrual loans

The Bank had non-accrual loans, according to the BOT's criteria (NPLs and restructured NPLs under current period) as follows:

(Unit: Million Baht)

	Separate financial statements	
	As at 30 June 2011	As at 31 December 2010
Non-accrual loans (principal only)	7,336	8,620
Percentage of total loans*	3.10	4.98

* Including interbank and money market loans

14.7 Troubled debt restructuring

During the six-month periods ended 30 June 2011 and 2010 the Bank entered into troubled debt restructuring agreements with debtors. The number of debtors and their debt balances (including recorded accrued interest receivables) before restructuring can be summarised below.

(Unit: Million Baht)

	Separate financial statements	
	For the six-month periods ended 30 June	
	2011	2010
Debt balances before restructuring	1,919	835
Total number of customers	1,956	3,955

Detail of the restructured debtors during the six month periods ended 30 June 2011 and 2010 referred to above can be classified by method of troubled debt restructuring as follows:

(Unit: Million Baht)

Type of restructuring	Separate financial statement				
	For the six-month period ended 30 June 2011				
	Number of customers subject to restructuring	Debt balances before restructuring	Type of assets	Fair value of assets	Debt balances after restructuring
Asset swap for settlement	1	3	Cash	3	-
Modification of terms	1,955	1,916	-	-	1,916
Transfer of assets and modification of terms	-	-	-	-	-
Total	1,956	1,919		3	1,916

(Unit: Million Baht)

Type of restructuring	Separate financial statement				
	For six-month period ended 30 June 2010				
	Number of customers subject to restructuring	Debt balances before restructuring	Type of assets	Fair value of assets	Debt balances after restructuring
Modification of terms	3,955	835	-	-	835
Total	3,955	835		-	835

The Bank recorded losses on restructuring for the period in relation to certain particular customers as utilisation of allowance for doubtful accounts rather than charging to the statements of comprehensive income for the period since the Bank had already fully provided allowance for those loans.

The debts restructured by means of modification of the term of repayment referred to above during the six month periods ended 30 June 2011 and 2010 can be classified by the term of repayment under the restructuring agreement as follows:

	Separate financial statement		
	For the six-month period ended 30 June 2011		
	Number of debtors	Debt balances (Million Baht)	
Before restructuring		After restructuring	
Term of repayment according to the restructuring agreements:			
Not more than 5 years	1,937	1,891	1,891
5 - 10 years	6	5	5
10 - 15 years	2	5	5
More than 15 years	10	15	15
Total	1,955	1,916	1,916

	Separate financial statement		
	For the six-month period ended 30 June 2010		
	Number of debtors	Debt Balances (Million Baht)	
Before restructuring		After restructuring	
Term of repayment according to the restructuring agreements:			
Not more than 5 years	3,909	737	737
5 - 10 years	23	26	26
10 - 15 years	5	17	17
More than 15 years	18	55	55
Total	3,955	835	835

As at 30 June 2011 and 31 December 2010, the troubled debtors restructuring for which the Bank completed the restructuring can be summarised as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	Number of debtors	Debt balances after restructuring
Balance of restructured debtors as at 30 June 2011	16,992	7,438
Balance of restructured debtors as at 31 December 2010	19,219	5,063

As at 30 June 2011, the Bank has committed additional funds to restructured debtors amounting to Baht 116 million (31 December 2010: Baht 98 million).

14.8 Transfer of Assets to the Thai Asset Management Corporation (TAMC)

On 12 October 2001, the Bank entered into an agreement with the Thai Asset Management Corporation (TAMC) to transfer non-performing loans in accordance with the Emergency Decree on the Thai Asset Management Corporation B.E. 2544. Under the agreement, the Bank will receive a ten-year non-transferable promissory note availed by the Financial Institutions Development Fund, which beared interest at a rate based on the quarterly average deposit rate of the 5 major Thai commercial banks payable annually on the last working day of the year. The face value of the promissory note will be determined based on the lower of (a) the collateral value or (b) the net book value of the loans including three months accrued interest receivable as determined by the TAMC.

In accordance with the Emergency Decree on the Thai Asset Management Corporation B.E. 2544, the TAMC and the Bank will jointly be responsible for any profits or losses arising from managing the impaired assets in accordance with the conditions specified in the agreement at the end of the fifth year and at the end of the tenth year commencing 1 July 2001. The calculation of such profits or losses shall take into consideration the cost of transfer and all operating expenses of the TAMC, including interest on the promissory note. In the event that the TAMC incurs losses on the impaired assets transferred to it by the Bank, the Bank will be responsible for the first portion of losses, not exceeding 20% of the transfer price. The second portion of losses, not exceeding 20% of the transfer price, will be equally shared between the TAMC and the Bank. The remaining losses will be absorbed by the TAMC. In the event that the TAMC makes profits on the impaired assets transferred to it by the Bank, the first portion of profits, not exceeding 20% of the transfer price, will be equally shared between the TAMC and the Bank. Should there be any profits remaining, the Bank is entitled to the remaining profits up to an amount not exceeding the sum of the book value of the assets transferred less the transfer price and the Bank's share of the first portion of the profits.

On 20 May 2004, the TAMC issued a letter to the Bank informing that it was reviewing whether to reduce the value of machinery and inventory which had been pledged as collateral relating to a major debtor. The receivable relating to this debtor was one of the assets transferred to the TAMC in October 2001. The letter argues that, as the pledged machinery and inventory was never moved to the location of the pledgee, the pledge agreement had been made with no intention of actual obligation and, as such, was invalid.

Based on legal advice received from independent legal counsel, the Bank's management assessed as remote, the possibility that the Bank will have to accept a reduction in the value of the promissory note from the TAMC because of the TAMC's contention that the above pledge of assets was invalid. As such, the Bank expected no loss, as a result of that mentioned matter.

On 30 June 2006, the Bank received a letter from TAMC informing that TAMC will not give value to such machinery, given that those assets were not valid collateral and asks the Bank to make adjustment to the original list of assets transferred by reducing the value of the pledged collateral and hence the transfer value of such debtor totaling Baht 1,660 million. However, the Bank's Management does not agree with TAMC's position. The Bank has written to the TAMC on 31 July 2006 to confirm that the original transfer value is correct.

In addition, the Bank also received TAMC's letter dated 10 July 2006 and 7 December 2006 requesting the Bank to review the value of collateral of the transferred non-performing loans which are leasehold rights and whether the Bank's right over the leasehold rights are valid. If the Bank's legal right over the leasehold rights are invalid, the Bank is requested to adjust the collateral value and its transferred price amounting to Baht 5.4 million. The Bank's Management has confirmed the Bank's right over such collateral at the transfer date and therefore maintained the transfer price as previously reported as correct.

On 28 November 2006, the Bank received a TAMC loss sharing report for the end of the first 5 - year period, which the Bank was required to inform TAMC if any disputes arose from such report. The Bank has responded to the TAMC on the loss sharing report to TAMC on 15 January 2007, which included the confirmation of original transfer value as mentioned in the two preceding paragraphs.

On 15 October 2007, the Bank filed a law suit against TAMC regarding to the above matter. On 12 March 2009, the Court of First Instance judged in favor of the Bank. Currently, the case is under the Court of Appeal process.

The gross book value (before deduction of allowance for doubtful accounts) of non-performing loans transferred to TAMC was Baht 10,582 million, with the total transfer price based on the lower of collateral value or net book value of loans and accrued interest receivable totaling of Baht 6,399 million, of which included the value of collaterals as detailed above. Against this, as at 30 June 2011 the Bank has provided a provision for contingent loss from the gain/loss sharing from managing the impaired assets totaling of Baht 2,227 million.

As at 30 June 2011 and 31 December 2010, the outstanding of TAMC's promissory note (before the price adjustment as informed according to TAMC's letter as mentioned above) was Baht 2,864 million. During the six-month period ended 30 June 2011, the Bank not yet received a payment from TAMC for a principal and interest. (31 December 2010: principal of Baht 42 million and interest of Baht 11 million, respectively).

15. Allowance for doubtful accounts

(Unit: Million Baht)

	Separate financial statement						
	For the six-month period ended 30 June 2011						
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Additional provision	Total
Beginning balance	486	21	794	215	3,886	745	6,147
Doubtful accounts (reversal)	48	(4)	(25)	10	568	45	642
Transferred to allowance for doubtful debts of loans to interbank and money market	(12)	-	-	-	-	-	(12)
Bad debts written off	-	-	-	-	(1,614)	-	(1,614)
Others	-	-	-	-	1	-	1
Ending balance	<u>522</u>	<u>17</u>	<u>769</u>	<u>225</u>	<u>2,841</u>	<u>790</u>	<u>5,164</u>

(Unit: Million Baht)

	Separate financial statement						
	For the year ended 31 December 2010						
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Additional provision	Total
Beginning balance	440	48	582	263	3,713	895	5,941
Doubtful accounts (reversal)	15	(28)	86	(55)	1,253	(150)	1,121
Increase from entired business transferred of a subsidiary	34	1	25	8	176	-	244
Transferred from (transferred to) allowance for doubtful debts of loans to interbank and money market	(3)	-	100	-	-	-	97
Bad debts written off	-	-	-	-	(1,256)	-	(1,256)
Others	-	-	1	(1)	-	-	-
Ending balance	<u>486</u>	<u>21</u>	<u>794</u>	<u>215</u>	<u>3,886</u>	<u>745</u>	<u>6,147</u>

16. Properties foreclosed - net

Properties foreclosed represent properties obtained from debtors as a result of debt restructuring or properties obtained as a result of a successful bid for the mortgaged assets of debtors at auction.

Under the debt restructuring agreements, in cases where the debtors restructure their debts by means of a debt/asset swap, the Bank grants buyback rights or first refusal rights to certain debtors for a certain period, at prices as agreed in the debt restructuring agreements. The buy-back prices are normally agreed to be the transfer prices of the properties on the restructuring dates or plus interest.

Under the BOT rules, the commercial banks are also required to treat owned closed branch's premises as "Properties foreclosed".

As at 30 June 2011 and 31 December 2010, the details of properties foreclosed are as follows:

(Unit: Million Baht)

Type of properties foreclosed	Consolidated and separate financial statement				Obligations with regard to buyback rights or first refusal rights
	Beginning balance	Addition	Disposal	Ending balance	
For the six-month period ended 30 June 2011					
Assets transferred in settlement of debts and assets from bidding					
Immovable	5,794	74	(734)	5,134	-
Movable	-	-	-	-	-
Total	5,794	74	(734)	5,134	-
Others	8	-	(8)	-	-
Total properties foreclosed	5,802	74	(742)	5,134	-
Less: Allowance for impairment	(1,413)	(150)	-	(1,563)	-
Properties foreclosed - net	4,389	(76)	(742)	3,571	-

(Unit: Million Baht)

Consolidated financial statement					
For the year ended 31 December 2010					
Type of properties foreclosed	Beginning balance	Addition	Disposal	Ending balance	Obligations with regard to buyback rights or first refusal rights
Assets transferred in settlement of debts and assets from bidding					
Immovable	7,985	74	(2,265)	5,794	-
Movable	6	2	(8)	-	-
Total	7,991	76	(2,273)	5,794	-
Others	22	-	(14)	8	-
Total properties foreclosed	8,013	76	(2,287)	5,802	-
Less: Allowance for impairment	(1,733)	(500)	820	(1,413)	-
Properties foreclosed - net	6,280	(424)	(1,467)	4,389	-

(Unit: Million Baht)

Separate financial statement					
For the year ended 31 December 2010					
Type of properties foreclosed	Beginning balance	Addition	Disposal	Ending balance	Obligations with regard to buyback rights or first refusal rights
Assets transferred in settlement of debts and assets from bidding					
Immovable	7,985	74	(2,265)	5,794	-
Movable	-	-	-	-	-
Total	7,985	74	(2,265)	5,794	-
Others	22	-	(14)	8	-
Total properties foreclosed	8,007	74	(2,279)	5,802	-
Less: Allowance for impairment	(1,730)	(500)	817	(1,413)	-
Properties foreclosed - net	6,277	(426)	(1,462)	4,389	-

On 27 January 2010, the Bank signed a Sale and Purchase Agreement to sell properties foreclosed (“NPAs”) of approximately Baht 861 million, which were the carrying value before allowance for impairment to Bangkok Commercial Asset Management Company Limited (“BAM”). There was no additional loss from sales of those properties foreclosed as allowance for impairment already been provided by the Bank. Transfer of the title deeds to these properties was completed in July 2010.

Immovable assets foreclosed classified by external and internal appraisers as at 30 June 2011 and 31 December 2010 consist of the following:

(Unit: Million Baht)

	Consolidated and separate financial statements	
	As at 30 June 2011	As at 31 December 2010
Foreclosed assets - immovable assets		
Appraised by external appraisers	4,011	4,527
Appraised by internal appraisers	1,123	1,267
Total	5,134	5,794

17. Premises and equipment

(Unit: Million Baht)

	Consolidated financial statements				
	Land	Premises	Equipment	Assets under installation	Total
<u>Cost</u>					
31 December 2010	1,384	1,450	3,794	9	6,637
Acquisition	-	-	71	63	134
Transfer in (out)	-	-	41	(41)	-
Disposal and written off	-	-	(17)	-	(17)
30 June 2011	1,384	1,450	3,889	31	6,754
<u>Increase from revaluation</u>					
31 December 2010	882	206	-	-	1,088
30 June 2011	882	206	-	-	1,088
<u>Accumulated depreciation</u>					
31 December 2010	-	(895)	(2,815)	-	(3,710)
Depreciation charged for the period	-	(10)	(142)	-	(152)
Disposal and written off	-	-	13	-	13
30 June 2011	-	(905)	(2,944)	-	(3,849)
<u>Impairment loss</u>					
31 December 2010	(355)	(93)	-	-	(448)
30 June 2011	(355)	(93)	-	-	(448)
<u>Net book value</u>					
31 December 2010	1,911	668	979	9	3,567
30 June 2011	1,911	658	945	31	3,545
Depreciation charge included in the statements of comprehensive income for the six-month periods ended June:					
2010					167
2011					152

(Unit: Million Baht)

Separate financial statements					
	Land	Premises	Equipment	Assets under installation	Total
<u>Cost</u>					
31 December 2010	1,384	1,450	3,737	9	6,580
Acquisition	-	-	70	63	133
Transfer in (out)	-	-	41	(41)	-
Disposal and written off	-	-	(16)	-	(16)
30 June 2011	1,384	1,450	3,832	31	6,697
<u>Increase from revaluation</u>					
31 December 2010	882	206	-	-	1,088
30 June 2011	882	206	-	-	1,088
<u>Accumulated depreciation</u>					
31 December 2010	-	(895)	(2,779)	-	(3,674)
Depreciation charged for the period	-	(10)	(139)	-	(149)
Disposal and written off	-	-	13	-	13
30 June 2011	-	(905)	(2,905)	-	(3,810)
<u>Impairment loss</u>					
31 December 2010	(355)	(93)	-	-	(448)
30 June 2011	(355)	(93)	-	-	(448)
<u>Net book value</u>					
31 December 2010	1,911	668	958	9	3,546
30 June 2011	1,911	658	927	31	3,527
Depreciation charge included in the statements of comprehensive income for the six-month periods ended June:					
2010					163
2011					149

The Bank's land and buildings were last appraised in the year 2007 by independent appraisers. The reappraisal approaches are as follows:

Land	-	Fair market approach
Premises	-	Depreciated replacement cost

Difference arising from revaluation is recorded in the Bank's financial statements in accordance with the accounting policy as detailed in Note 6.10 to the financial statements.

As at 30 June 2011, certain premises and equipment items of the Bank and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 1,800 million (31 December 2010: Baht 1,536 million). The Bank only: Baht 1,787 million (31 December 2010: Baht 1,523 million)

18. Intangible assets

As at 30 June 2011 and 31 December 2010, the intangible assets are as follows:

(Unit: Million Baht)

	Consolidated financial statements			Total
	Application software	Assets under installation	Others	
<u>Cost</u>				
31 December 2010	1,762	42	2	1,806
Acquisition	31	14	-	45
Transfer in (out)	44	(44)	-	-
30 June 2011	1,837	12	2	1,851
<u>Accumulated amortisation</u>				
31 December 2010	(890)	-	-	(890)
Amortisation for the period	(72)	-	-	(72)
30 June 2011	(962)	-	-	(962)
<u>Net book value</u>				
31 December 2010	872	42	2	916
30 June 2011	875	12	2	889
Remaining useful lives (years)	5 - 10	-	-	
Amortisation charge included in the statements of comprehensive income for the six-month periods ended June:				
2010				66
2011				72

(Unit: Million Baht)

	Separate financial statements			Total
	Application software	Assets under installation	Others	
<u>Cost</u>				
31 December 2010	1,735	42	2	1,779
Acquisition	31	14	-	45
Transfer in (out)	44	(44)	-	-
30 June 2011	1,810	12	2	1,824
<u>Accumulated amortisation</u>				
31 December 2010	(876)	-	-	(876)
Amortisation for the period	(71)	-	-	(71)
30 June 2011	(947)	-	-	(947)
<u>Net book value</u>				
31 December 2010	859	42	2	903
30 June 2011	863	12	2	877
Remaining useful lives (years)	5 - 10	-	-	

Amortisation charge included in the statements of comprehensive income for the six-month periods ended June:

2010	64
2011	71

As at 30 June 2011, certain intangible assets of the Bank and its subsidiaries have been fully amortised but are still in use. The gross carrying amount, before deducting accumulated amortisation, of those assets amounted to Baht 182 million (31 December 2010: Baht 163 million). The Bank only: Baht 174 million (31 December 2010: Baht 155 million).

19. Deferred Tax

As at 30 June 2011 and 31 December 2010, deferred tax relates to the following:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Statements of financial position		Statements of comprehensive income		Statements of financial position		Statements of comprehensive income	
	As at		For the six-month periods ended		As at		For the six-month periods ended	
	30 June	31 December	30 June		30 June	31 December	30 June	
2011	2010	2011	2010	2011	2010	2011	2010	
Deferred tax assets on:								
Allowance for doubtful accounts	310	297	(13)	(15)	310	297	(13)	(15)
Allowance for impairment of properties foreclosed	469	424	(45)	116	469	424	(45)	116
Allowance for revaluation, impairment of assets	131	132	1	1	131	132	1	1
Allowance for revaluation, impairment of investments	897	929	32	2	897	929	32	2
Provision for long-term employee benefits	367	244	3	(15)	363	243	2	(14)
Provision for other liabilities	70	62	(8)	2	70	62	(8)	2
Unrealised loss on derivatives	195	370	175	(258)	195	370	175	(258)
Others	591	367	(225)	(13)	588	362	(226)	(10)
	<u>3,030</u>	<u>2,825</u>	<u>(80)</u>	<u>(180)</u>	<u>3,023</u>	<u>2,819</u>	<u>(82)</u>	<u>(176)</u>
Deferred tax liabilities on:								
Revaluation surplus on assets	307	308	(1)	(1)	307	308	(1)	(1)
Revaluation surplus on investments	87	82	-	-	87	82	-	-
Others	119	111	8	3	119	111	8	7
	<u>513</u>	<u>501</u>	<u>7</u>	<u>2</u>	<u>513</u>	<u>501</u>	<u>7</u>	<u>6</u>
Deferred tax - net	<u>2,517</u>	<u>2,324</u>			<u>2,510</u>	<u>2,318</u>		
Deferred tax - income			<u>(73)</u>	<u>(178)</u>			<u>(75)</u>	<u>(170)</u>

Movements in the deferred tax during the six-month periods ended 30 June 2011 and 2010 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2011	2010	2011	2010
Beginning balance	2,324	2,188	2,318	2,052
Charge to comprehensive income	73	178	75	170
Charge to equity	120	17	117	17
Ending balance	2,517	2,383	2,510	2,239

During the six-month periods ended 30 June 2011 and 2010, deferred income tax related to items charged directly to equity are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2011	2010	2011	2010
Revaluation (surplus) deficit on investments	(5)	17	(5)	17
Cumulative effect of the change in an accounting policy regarding employee benefits	125	-	122	-
	120	17	117	17

20. Other assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 June 2011	As at 31 December 2010	As at 30 June 2011	As at 31 December 2010
Accrued income	474	473	455	431
Suspense debtors	95	101	95	101
Prepaid and deferred expenses	176	158	167	148
Deposits	645	843	634	733
Leasehold right - net	122	129	122	129
Others	29	46	28	47
Total	1,541	1,750	1,501	1,589

21. Classified assets

(Unit: Million Baht)

Classifications	Separate financial statement				
	As at 30 June 2011				
	Investments	Loans ⁽¹⁾	Properties foreclosed	Other assets ⁽²⁾	Total
Pass	-	226,746	-	7	226,753
Special mention	-	2,682	-	-	2,682
Sub-standard	-	1,278	-	5	1,283
Doubtful	-	524	-	-	524
Doubtful of loss	2,680	5,534	132	63	8,409
Total	2,680	236,764	132	75	239,651

⁽¹⁾ Including interbank and money market loans.

⁽²⁾ Including accrued interest receivable for non-performing loans.

(Unit: Million Baht)

Classifications	Separate financial statement				
	As at 31 December 2010				
	Investments	Loans ⁽¹⁾	Properties foreclosed	Other assets ⁽²⁾	Total
Pass	-	161,756	-	5	161,761
Special mention	-	2,761	-	-	2,761
Sub-standard	-	1,429	-	4	1,433
Doubtful	-	445	-	1	446
Doubtful of loss	3,167	6,746	159	70	10,142
Total	3,167	173,137	159	80	176,543

⁽¹⁾ Including interbank and money market loans.

⁽²⁾ Including accrued interest receivable for non-performing loans.

22. Deposits

22.1 Classified by types of deposits

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Current accounts	4,640	4,722	4,640	4,728
Savings accounts	63,264	69,910	63,291	70,003
Fixed deposits				
- Less than 6 months	16,628	19,784	16,628	19,784
- 6 months - 1 year	37,347	32,504	37,347	32,504
- Over 1 year	16,536	25,120	16,536	25,120
Total	138,415	152,040	138,442	152,139

22.2 Classified by currencies and residential status of depositors

(Unit: Million Baht)

	Consolidated financial statements					
	As at 30 June 2011			As at 31 December 2010		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	132,047	4,425	136,472	146,643	4,488	151,131
US Dollar	1,341	165	1,506	330	153	483
Others	216	221	437	219	207	426
Total	133,604	4,811	138,415	147,192	4,848	152,040

(Unit: Million Baht)

	Separate financial statements					
	As at 30 June 2011			As at 31 December 2010		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	132,074	4,425	136,499	146,742	4,488	151,230
US Dollar	1,341	165	1,506	330	153	483
Others	216	221	437	219	207	426
Total	133,631	4,811	138,442	147,291	4,848	152,139

23. Interbank and money market items (Liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	As at 30 June 2011			As at 31 December 2010		
	On demand	Term	Total	On demand	Term	Total
Domestic items						
The Bank of Thailand and Financial Institutions Development Fund	-	-	-	-	486	486
Commercial banks	110	12,250	12,360	1,458	-	1,458
Specific financial institutions	3,001	1,826	4,827	-	603	603
Other financial institutions	2,777	429	3,206	869	430	1,299
Total domestic items	5,888	14,505	20,393	2,327	1,519	3,846
Foreign items						
US Dollar	34	66,568	66,602	25	34,312	34,337
Yen	5	134	139	-	259	259
Other currencies	1,229	-	1,229	1,323	-	1,323
Total foreign items	1,268	66,702	67,970	1,348	34,571	35,919
Total domestic and foreign items	7,156	81,207	88,363	3,675	36,090	39,765

(Unit: Million Baht)

	Separate financial statements					
	As at 30 June 2011			As at 31 December 2010		
	On demand	Term	Total	On demand	Term	Total
Domestic items						
The Bank of Thailand and Financial Institutions Development Fund	-	-	-	-	486	486
Commercial banks	110	12,250	12,360	1,458	-	1,458
Specific financial institutions	3,001	1,826	4,827	-	603	603
Other financial institutions	2,787	434	3,221	882	435	1,317
Total domestic items	5,898	14,510	20,408	2,340	1,524	3,864
Foreign items						
US Dollar	34	66,568	66,602	25	34,312	34,337
Yen	5	134	139	-	259	259
Other currencies	1,229	-	1,229	1,323	-	1,323
Total foreign items	1,268	66,702	67,970	1,348	34,571	35,919
Total domestic and foreign items	7,166	81,212	88,378	3,688	36,095	39,783

24. Debt issued and Borrowings

As at 30 June 2011 and 31 December 2010, debt issued and borrowings comprising only domestic borrowings in Baht currency are classified by type of securities, maturity and interest rate as follows:

(Unit: Million Baht)

Consolidated financial statement			
As at 30 June 2011			
Types	Maturity	Interest rate per annum (%)	Amount
Bills of exchange	4 Jul 2011 - 30 Jun 2014	1.50 - 5.00	33,339
Term loan agreement	20 Jan 2013 - 4 Sep 2014	-	16
Total			<u>33,355</u>

(Unit: Million Baht)

Consolidated financial statement			
As at 31 December 2010			
Types	Maturity	Interest rate per annum (%)	Amount
Bills of exchange	4 Jan 2011 - 30 Dec 2011	1.00 - 3.21	12,219
Term loan agreement	20 Jan 2013 - 4 Sep 2014	-	20
Total			<u>12,239</u>

(Unit: Million Baht)

Separate financial statement			
As at 30 June 2011			
Types	Maturity	Interest rate per annum (%)	Amount
Bills of exchange	4 Jul 2011 - 30 Jun 2014	1.50 - 5.00	33,586
Term loan agreement	20 Jan 2013 - 4 Sep 2014	-	16
Total			<u>33,602</u>

(Unit: Million Baht)

Separate financial statement			
As at 31 December 2010			
Types	Maturity	Interest rate per annum (%)	Amount
Bills of exchange	4 Jan 2011 - 30 Dec 2011	1.00 - 3.21	12,875
Term loan agreement	20 Jan 2013 - 4 Sep 2014	-	20
Total			<u>12,895</u>

25. Provisions for long-term employee benefits

Changes in provisions for long-term employee benefits under retirement plans as at 30 June 2011 can be summarised as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Opening balance as at 31 December 2010	813	811
Cumulative effect of change in accounting policy regarding employee benefits	419	407
Current service cost	35	34
Interest cost	23	23
Employee benefits paid during the period	(66)	(66)
Closing balance as at 30 June 2011	<u>1,224</u>	<u>1,209</u>

The amount of employee benefits charged to the statements of comprehensive income during the six-month period ended 30 June 2011 can be summarised as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Current service cost	35	34
Interest cost	23	23
Total employee benefits	<u>58</u>	<u>57</u>

The principal assumptions used in determining employee benefits under retirement plans can be summarised as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	As at 30 June 2011	As at 31 December 2010
Future salary increases	4% - 6%	4% - 6%
Turnover rate	1.5% - 21%	1.5% - 21%
Discount rate	4.1%	4.1%

26. Provisions - other liabilities

Outstanding balance comprise the following:

	(Unit: Million Baht)		
	Consolidated and separate financial statement		
	For the six-month period ended 30 June 2011		
	Beginning balance	Addition (Deduction)	Ending balance
Contingencies	145	(9)	136
Obligation for litigation cases (Note 35)	47	33	80
Others	16	-	16
Total	<u>208</u>	<u>24</u>	<u>232</u>

(Unit: Million Baht)

Consolidated and separate financial statement			
For the year ended 31 December 2010			
	Beginning balance	Addition (Deduction)	Ending balance
Contingencies	150	(5)	145
Obligation for litigation cases (Note 35)	59	(12)	47
Others	16	-	16
Total	225	(17)	208

27. Other liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 June 2011	As at 31 December 2010	As at 30 June 2011	As at 31 December 2010
Accounts payable - others	194	340	207	224
Suspense creditors	268	161	268	161
Deposits	175	53	177	56
Bills collection - branches	15	30	15	30
Deferred income	1,320	1,384	1,320	1,384
Interest payable	399	451	399	452
Others	125	130	115	100
Total	2,496	2,549	2,501	2,407

28. Other components of equity

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Revaluation surplus on assets	1,022	1,026	1,022	1,026
Revaluation surplus (deficit) on investments				
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	-	-	-	-
Equity instruments	319	335	319	335
Total	319	335	319	335
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(8)	(56)	(8)	(56)
Equity instruments	(19)	(5)	(19)	(5)
Total	(27)	(61)	(27)	(61)
Total revaluation surplus on investments	292	274	292	274
Deferred tax relating to components of other comprehensive income	(394)	(390)	(394)	(390)
Share of other comprehensive income of associated	5	6	-	-
Total	925	916	920	910

29. Dividends

On 12 April 2011, the 19th Annual General Meeting of Shareholders approved the resolutions regarding the appropriation of profit for paying dividend of shareholders holding 2,485,661,305 shares at the rate of Baht 0.15 per share, totaling Baht 373 million.

The Bank already paid dividend according to the above mentioned resolution amounting to Baht 373 million on 10 May 2011.

30. Statutory reserve

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

In addition, under the Civil and Commercial Code, the Bank's subsidiaries are required to set aside a statutory reserve at least 5% of their net income each time dividend is declared until the reserve reaches 10% of registered share capital. The statutory reserve cannot be used for dividend payment.

31. Capital funds

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the regulations of the BOT.

As at 30 June 2011 and 31 December 2010, the Bank maintained Capital Funds in compliance with the BOT's Basel II framework and received an approval from the BOT to adopt Foundation Internal Ratings - Based Approach (FIRB) to compute capital requirement for credit risk.

(Unit: Million Baht)

	Separate financial statements	
	As at 30 June 2011	As at 31 December 2010
<u>Tier 1 Capital</u>		
Paid up share capital	24,857	24,857
Statutory reserves	190	190
Retained earnings after appropriation	4,840	3,825
Deduct: Deductions items from Tier 1 Capital		
- Deferred tax assets	(2,872)	(2,426)
Total Tier 1 Capital	<u>27,015</u>	<u>26,446</u>

(Unit: Million Baht)

	Separate financial statements	
	As at 30 June 2011	As at 31 December 2010
Tier 2 Capital		
Unrealised revaluation surplus on land appraisal	617	617
Unrealised revaluation surplus on building appraisal	71	72
Reserve for normal performing loans	419	397
Excess provision which qualifies as Tier 2 Capital		
- IRB Approach	562	517
Net revaluation surplus from equity securities - Available for sale	135	148
Total Tier 2 Capital	1,804	1,751
Total capital funds	28,819	28,197

Capital Adequacy Ratio	Separate financial statements			
	As at 30 June 2011		As at 31 December 2010	
	The BOT Minimum		The BOT Minimum	
	The Bank	Requirement	The Bank	Requirement
	(%)	(%)	(%)	(%)
Tier 1 capital funds to risk weighted assets	16.90	4.25	17.78	4.25
Total capital funds to risk weighted assets	18.03	8.50	18.95	8.50

32. Share-based compensation plans

The Bank's Board of Directors Meeting No. 573 approved a resolution to join the share-based payment plan ("the Plan") under which compensation in the form of restricted shares (RS) and share appreciation rights (SAR) of United Overseas Bank Limited ("major shareholder") is awarded to senior members of management selected by the Nomination and Compensation Committee (NCC) of the Bank, based on criterias such as individual performance, potential, leadership skills, job level, and market competitive practices. All participants in the Plan must have at least 1 year of service as at the selection date.

Details of the plan are below:

- (a) Restricted Shares (RS), represent ordinary shares of United Overseas Bank Limited that participants will be entitled to receive upon fulfillment of certain time and performance conditions. Upon vesting, participants will receive United Overseas Bank Limited's shares represented by the restricted shares

- (b) Share Appreciation Rights (SAR) are the rights to receive a number of United Overseas Bank's Limited shares equivalent in value to the difference between the prevailing market value and the grant value of the shares of the major shareholder, divided by the prevailing market value of the shares of the major shareholder. Upon vesting of the SAR, participants have up to six years from the date of grant to exercise their rights.

For the six-month period ended 30 June 2011, the Bank recorded expenses of Baht 3 million under the above plan and expenses that will be reimbursed from the major shareholder as other liabilities, as disclosed in Note 27 to the financial statements.

33. Commitments and contingencies liabilities

33.1 Commitments

(Unit: Million Baht)

	Consolidated and separate financial statements	
	As at 30 June 2011	As at 31 December 2010
Aval to bills	530	716
Guarantees of loans	2,027	2,023
Liabilities under unmatured import bills	1,903	879
Letters of credit	2,566	2,416
Other commitments		
- Undrawn overdraft amount	21,064	19,835
- Other guarantees	12,908	11,589
- Other	62	-
Total	41,060	37,458

33.2 Operating lease commitments

As at 30 June 2011 and 31 December 2010, the Bank and its subsidiaries had land/building lease agreements for branch offices and vehicles lease agreements, for which the lease terms range from 3 to 30 years and are renewable. The Bank and its subsidiaries also have committed to pay future rental payments which can be summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	Financial statements		Financial statements	
	As at 30 June 2011	As at 31 December 2010	As at 30 June 2011	As at 31 December 2010
Land and building rental commitments	354	341	354	341
Car rental commitments	87	84	86	83
Total	441	425	440	424

33.3 Commitments under Bancassurance Agreement

On 31 January 2010, the UOB Group and the Bank signed a business partner agreement (Bancassurance Agreement) with an Insurance Group. Under the agreement the Bank received a sum of the fees in advance. With the commitment to the agreement for 12 years from the date of the agreement. The Bank amortises such fees income over the term of the agreement and presents the fees received in advance under other liabilities, as disclosed in note 27 to the financial statements.

33.4 Other commitments

The Bank has contractual commitments in respect of the purchase and servicing of information technology systems as well as other services. The outstanding balances of these major contractual commitments as at 30 June 2011, were approximately Baht 366 million (31 December 2010: Baht 294 million).

As at 30 June 2011, the Bank also has commitments in relation to various “to-sell and to-purchase” agreements for its foreclosed properties, the net book value of which was Baht 49 million (31 December 2010: Baht 75 million). The estimated losses under those agreements is Baht 1 million (31 December 2010: gains Baht 9 million), however, there was no additional loss from sales of those properties foreclosed as allowance for impairment already been provided by the Bank.

In addition, the Bank has commitments in respect of the loss sharing under the Non-performing Loan Transfer Agreement made with TAMC, as discussed in Note 14.8 to the financial statements.

34. Assets pledged as collateral

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	Net book value	
	As at 30 June 2011	As at 31 December 2010
Government bonds		
Pledged as collateral for securities sold under repurchase agreement	-	5,288
Pledged as collateral for Intraday Liquidity Facilities to the BOT	2,932	13,126
Pledged as collateral for government departments	-	35
Pledged as collateral for Private Repurchase Agreements (Private Repo)	3,926	-

35. Litigation

In the course of operating its banking business, the Bank has various labor suits and civil suits brought against it, including cases of tort. Under these lawsuits, claims against the Bank as at 30 June 2011 totaled Baht 1,072 million (31 December 2010: Baht 1,069 million). The Bank's management believes that the liability (if any) resulting from the lawsuits will not have a material impact to the Bank's financial position or results of operations.

36. Related party transactions

During the periods, the Bank had significant business transactions with its subsidiaries, associated, related companies (related by ways of shareholding and/or common shareholders and/or common directors) and related persons (Directors and Senior Management who are the level of Executive Director upwards, and their close family members). These transactions, have been concluded on commercial terms and based agreed upon in the ordinary course of business between the Bank and those companies. Interest rates on loans to employees are calculated based on the Bank's employee welfare policy.

As at 30 June 2011, the Bank also has staff welfare loans to executives from level of Executive Director upwards of Baht 16 million (31 December 2010: Baht 6 million) and also has normal loans to Senior Management and their close family members with the outstanding balance of Baht 13 million (31 December 2010: Baht 13 million) and the average balance for the period then ended of Baht 14 million (31 December 2010: Baht 11 million).

In addition, as at 30 June 2011, the Bank also has deposits of those staff and their close family members of Baht 61 million (31 December 2010: Baht 40 million).

Significant transactions, outstanding balances, income and expenses incurred with related parties, apart from those disclosed in the other notes, are summarised below.

(Unit: Million Baht)

Consolidated financial statements								
For the six-month periods ended 30 June								
2011				2010				
	Associated company	Related companies	Group of major shareholder		Associated company	Related companies	Group of major shareholder	
			(UOB)	Total			(UOB)	Total
Interest income	-	-	6	6	-	-	3	3
Interest expenses	-	11	107	118	-	8	43	51
Fees and Service income	7	1	13	21	7	1	5	13
Gain (loss) on foreign currency trading and exchange transaction	-	-	(20)	(20)	-	-	75	75
Other Operating income	-	-	-	-	-	-	1	1
Insurance expenses	-	-	-	-	8	-	-	8
Premises and equipment expenses	-	-	-	-	-	-	-	-
Other expenses	-	-	154	154	-	-	142	142

(Unit: Million Baht)

Separate financial statements										
For the six-month periods ended 30 June										
2011					2010					
	Subsidiaries	Associated company	Related companies	Group of major shareholder		Subsidiaries	Associated company	Related companies	Group of major shareholder	
				(UOB)	Total				(UOB)	Total
Interest income	-	-	-	6	6	30	-	-	3	33
Interest expenses	2	-	11	107	120	2	-	8	43	53
Fees and Service income	41	7	1	5	54	40	7	1	-	48
Fees and Service expenses	84	-	-	-	84	76	-	-	-	76
Gain (loss) on foreign currency trading and exchange transaction	-	-	-	(20)	(20)	1	-	-	75	76
Other Operating income	5	-	-	-	5	8	-	-	1	9
Insurance expenses	-	-	-	-	-	-	7	-	-	7
Premises and equipment expenses	(2)	-	-	-	(2)	(3)	-	-	-	(3)
Other expenses	-	-	-	154	154	-	-	-	142	142

In addition, for the six-month period ended 30 June 2011, the Bank also has paid Baht 8 million (for the six-month period ended 30 June 2010: Baht 19 million) on software development to United Overseas Bank Limited, major shareholder.

Senior management personnel compensation

For the six-month period ended 30 June 2011, the remuneration that the Bank and its subsidiaries paid to their directors and senior management, who are key management personnel with authority and responsibility, whether direct or indirect, for planning, direction and controlling the operations of the Bank and its subsidiaries, consisted of monthly remuneration, meeting allowances, salaries, provident fund contributions and long-term benefits. This was as follows:

(Unit: Million Baht)

For the six-month period ended 30 June 2011

	Consolidated financial statement	Separate financial statement
Short-term employee benefits	207	163
Post-employment benefits	5	5
Share-based payment	3	3
	<u>215</u>	<u>171</u>

The outstanding balances of significant related party transactions as at 30 June 2011 and 31 December 2010 are as follows:

(Unit: Million Baht)

Consolidated financial statements																					
As at 30 June 2011											As at 31 December 2010										
Average	Interbank					Interbank			Average	Interbank					Interbank						
Loans to	Outstanding	and money				and money			Loans to	Outstanding	and money				and money						
customers	loans to	market items	Derivatives	Other		market items	Derivatives	Other	customers	loans to	market items	Derivatives	Other		market items	Derivatives	Other	2011 Pricing policy			
outstanding	customers	(assets)	assets	assets	Commitment	Deposits	(liabilities)	Liabilities	liabilities	outstanding	customers	(assets)	assets	assets	Commitment	Deposits	(liabilities)	Liabilities	liabilities	of loans	
Non-consolidated																					
subsidiary company																					
UOB Leasing (Thai) Co., Ltd.	-	-	-	-	-	5	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
Associated company																					
AXA Insurance Plc.	-	-	-	-	-	15	-	-	-	-	-	-	-	-	-	42	-	-	-	N/A	
Related companies																					
Wing Fat Co., Ltd.	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-	-	-	N/A	
Loxley Plc.	-	-	-	-	18	-	-	-	-	-	-	-	-	-	30	1	-	-	-	N/A	
The Muangthai Life Assurance Co., Ltd.	-	-	-	-	168	-	242	3	-	-	-	-	-	-	169	-	237	-	-	N/A	
Underwaterworld Pattaya Co., Ltd.	-	-	-	-	-	266	-	-	-	-	-	-	-	-	-	236	-	-	-	N/A	
PPHR (Thailand) Limited	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	2	-	-	-	N/A	
Haw Par Tiger Balm (Thailand) Limited	-	-	-	-	-	39	-	-	-	-	-	-	-	-	-	46	-	-	-	N/A	
Loxley Wireless Co., Ltd.	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	2	-	-	-	N/A	
Loxbit Plc.	-	-	-	-	1	1	-	-	-	-	-	-	-	-	2	2	-	-	-	N/A	
TRC Construction Plc.	-	-	-	-	23	10	-	-	-	-	-	-	-	-	-	1	-	-	-	N/A	
Major shareholders																					
United Overseas Bank Limited	-	-	5,271	57	-	6,664	-	66,990	5	178	-	-	90	304	-	26,774	-	34,848	43	53	Money market reference rate
United Overseas Bank Group of Companies	-	-	-	1	42	1,127	-	210	3	88	-	-	-	-	-	13	-	257	-	130	Money market reference rate

(Unit: Million Baht)

Separate financial statements																						
As at 30 June 2011											As at 31 December 2010											
Average	Outstanding	Interbank					Interbank	Debt issued			Average	Outstanding	Interbank				Interbank	Debt issued			2011	
Loans to	loans to	and money	Derivatives	Other		market items	and	and	Other	Loans to	loans to	and money	Derivatives	Other		market items	and	Derivatives	Other	Pricing policy		
customers	customers	(assets)	assets	assets	Commitment	Deposits	(liabilities)	borrowings	Liabilities	liabilities	customers	customers	(assets)	assets	assets	Commitment	Deposits	(liabilities)	borrowings	Liabilities	liabilities	of loans
Subsidiary companies																						
UOB Leasing (Thai)																						
Co., Ltd.	-	-	-	-	-	5	-	-	-	-	1,642	-	-	-	-	-	6	-	460	-	-	N/A
UOB Asset Management																						
(Thai) Co., Ltd.	-	-	-	6	-	-	107	-	-	2	-	-	-	4	-	-	107	-	-	2	-	N/A
UOB Bullion and Futures																						
(Thai) Co., Ltd.	-	-	-	1	-	2	-	110	-	-	-	-	-	-	-	42	-	87	-	-	-	N/A
UOB Services Co., Ltd.																						
	-	-	-	2	-	25	-	45	-	16	-	-	-	2	-	51	-	20	-	16	-	N/A
Associated company																						
AXA Insurance Plc.																						
	-	-	-	-	-	15	-	-	-	-	-	-	-	-	-	42	-	-	-	-	-	N/A
Related companies																						
Wing Fat Co., Ltd.																						
	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	N/A
Loxley Plc.																						
	-	-	-	-	18	-	-	-	-	-	-	-	-	-	30	1	-	-	-	-	-	N/A
The Muangthai Life																						
Assurance Co., Ltd.	-	-	-	-	168	-	242	-	3	-	-	-	-	-	169	-	237	-	-	-	-	N/A
Underwaterworld Pattaya																						
Co., Ltd.	-	-	-	-	-	266	-	-	-	-	-	-	-	-	-	236	-	-	-	-	-	N/A
PPHR (Thailand) Limited																						
	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	N/A
Haw Par Tiger Balm																						
(Thailand) Limited	-	-	-	-	-	39	-	-	-	-	-	-	-	-	-	46	-	-	-	-	-	N/A
Loxley Wireless Co., Ltd.																						
	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	N/A
Loxbit Plc.																						
	-	-	-	-	1	1	-	-	-	-	-	-	-	-	2	2	-	-	-	-	-	N/A
TRC Construction Co., Ltd.																						
	-	-	-	-	23	10	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	N/A
Major shareholders																						
United Overseas Bank																						
Limited	-	-	5,271	57	6,664	-	66,990	-	5	178	-	-	90	304	-	26,774	-	34,848	-	43	53	Money market reference rate
United Overseas Bank																						
Group of Companies	-	-	-	1	41	1,127	-	210	-	3	1	-	-	-	-	13	-	257	-	-	-	Money market reference rate

37. Other benefits paid to the directors and management

As at 30 June 2011 and 31 December 2010, the Bank and its subsidiaries had not paid other benefits to their directors and management except for the benefits that are normally received such as monthly directors' remuneration, meeting allowance, salary and bonus as discussed in Note 32 and Note 36 to financial statements.

38. Income tax

Income tax charge to the statements of comprehensive income for the periods ended 30 June 2011 and 2010 comprises the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2011	2010	2011	2010
On profit of the financial period				
Current tax	349	442	341	404
Deferred tax	(73)	(178)	(75)	(170)
	276	264	266	234
Current tax adjustment	1	40	-	39
Share of tax of an associated company	(1)	2	-	-
Tax expenses included in statements of comprehensive income	<u>276</u>	<u>306</u>	<u>266</u>	<u>273</u>

Income tax charge on profit for the six-month periods ended 30 June 2011 and 2010 differs from the amount computed in accordance with tax legislation as detailed below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2011	2010	2011	2010
Accounting profit	<u>795</u>	<u>1,025</u>	<u>917</u>	<u>1,655</u>
Income tax calculated at tax rate of 30%	239	307	275	496
Effect of:				
Income not subject to tax	(13)	(9)	(13)	(228)
Expenses not deductible for tax	5	5	4	4
Deferred tax adjustment	-	(38)	-	(38)
Other adjustment	45	(1)	-	-
	276	264	266	234
Current tax adjustment	1	40	-	39
Share of tax of associated company	(1)	2	-	-
Tax expenses included in statements of comprehensive income of the period	<u>276</u>	<u>306</u>	<u>266</u>	<u>273</u>

39. Basic Earnings per share

Earning per share as presented in the statements of comprehensive income is basic earning per share, which is calculated by dividing net income attributable to equity holders of the Bank (exclude other comprehensive income) for the periods by the weighted average number of ordinary shares in issue during the period.

The Bank had the basic earnings per share as follows:

	Consolidated financial statements		Separate financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2011	2010	2011	2010
Net income (Million Baht)	519	720	651	1,382
Weighted average number of ordinary shares (shares)	2,485,661,305	2,485,661,305	2,485,661,305	2,485,661,305
Basic earnings per share (Baht)	0.21	0.29	0.26	0.56

40. Distribution of statements of financial position items by geographic locations and results of operations classified by type of businesses

Key statement of financial position items as at 30 June 2011 and 31 December 2010, classified by type of business are as follows:

(Unit: Million Baht)

	Consolidated financial statement					
	As at 30 June 2011					
	Commercial			Total	Eliminated transaction*	Consolidated total
Bank	Leasing	Others				
Total assets	302,956	-	574	303,530	(629)	302,901
Interbank and money market items - net (assets)	73,749	-	469	74,218	(289)	73,929
Investments - net	45,266	-	1	45,267	(314)	44,953
Loans to customers and accrued interest receivables - net	166,678	-	1	166,679	-	166,679
Deposits	138,442	-	-	138,442	(27)	138,415
Interbank and money market items (liabilities)	88,378	-	-	88,378	(15)	88,363
Debt issued and borrowings	33,602	-	-	33,602	(247)	33,355

* Eliminated transaction are transactions between the Bank and its subsidiaries and are eliminated upon consolidation in accordance to accounting standards.

(Unit: Million Baht)

Consolidated financial statement						
As at 31 December 2010						
	Commercial			Total	Eliminated transaction*	Consolidated total
	Bank	Leasing	Others			
Total assets	248,113	467	721	249,301	(1,410)	247,891
Interbank and money market items - net (assets)	23,877	466	495	24,838	(773)	24,065
Investments - net	48,275	-	1	48,276	(614)	47,662
Loans to customers and accrued interest						
receivables - net	157,012	-	1	157,013	-	157,013
Deposits	152,139	-	-	152,139	(99)	152,040
Interbank and money market items (liabilities)	39,783	-	-	39,783	(18)	39,765
Debt issued and borrowings	12,895	-	-	12,895	(656)	12,239

* Eliminated transaction are transactions between the Bank and its subsidiaries and are eliminated upon consolidation in accordance to accounting standards.

Distribution of statements of financial position items by geographic locations of the Bank as at 30 June 2011 and 31 December 2010 are as follows:

(Unit: Million Baht)

Separate financial statements						
	As at 30 June 2011			As at 31 December 2010		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Total assets	302,956	-	302,956	248,113	-	248,113
Interbank and money market items - net (assets)	73,749	-	73,749	23,877	-	23,877
Investments - net	45,266	-	45,266	48,275	-	48,275
Loans to customers and accrued interest						
interest receivables - net	166,679	-	166,679	157,012	-	157,012
Deposits	138,442	-	138,442	152,139	-	152,139
Interbank and money market items (liabilities)	88,378	-	88,378	39,783	-	39,783
Debt issued and borrowings	33,602	-	33,602	12,895	-	12,895

Results of the Bank's operations for the six-month periods ended 30 June 2011 and 2010 classified by type of business are as follows:

(Unit: Million Baht)

Consolidated financial statement						
For the six-month period ended 30 June 2011						
	Commercial				Eliminated transaction*	Consolidated total
	Bank	Leasing	Others	Total		
Interest income	5,318	-	4	5,322	(2)	5,320
Less: Interest expenses	1,737	-	-	1,737	(2)	1,735
Net interest income	3,581	-	4	3,585	-	3,585
Net fees and service income	702	-	177	879	(10)	869
Other operating income	129	-	2	131	(153)	(22)
Less: Other operating expenses	3,080	-	158	3,238	(16)	3,222
Less: Impairment loss of loans and debt securities	415	-	-	415	-	415
Profit before income tax expenses	917	-	25	942	(147)	795

* Eliminated transaction are transactions between the Bank and its subsidiaries and are eliminated upon consolidation in accordance to accounting standards.

(Unit: Million Baht)

Consolidated financial statement						
For the six-month period ended 30 June 2010						
	Commercial				Eliminated transaction*	Consolidated total
	Bank	Leasing	Others	Total		
Interest income	4,245	112	3	4,360	(32)	4,328
Less: Interest expenses	1,198	30	-	1,228	(32)	1,196
Net interest income	3,047	82	3	3,132	-	3,132
Net fees and service income	708	1	179	888	(12)	876
Other operating income	1,067	17	2	1,086	(740)	346
Less: Other operating expenses	2,766	31	152	2,949	(21)	2,928
Less: Impairment loss of loans and debt securities	401	-	-	401	-	401
Profit before income tax expenses	1,655	69	32	1,756	(731)	1,025

* Eliminated transaction are transactions between the Bank and its subsidiaries and are eliminated upon consolidation in accordance to accounting standard.

Results of the Bank's operations for the six-month periods ended 30 June 2011 and 2010 distributed by geographic locations are as follows:

(Unit: Million Baht)

	Separate financial statements					
	For the six-month periods ended 30 June					
	2011			2010		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Interest income	5,318	-	5,318	4,245	-	4,245
Less: Interest expenses	1,737	-	1,737	1,198	-	1,198
Net interest income	3,581	-	3,581	3,047	-	3,047
Net fees and service income	702	-	702	708	-	708
Other operating income	129	-	129	1,067	-	1,067
Less: Other operating expenses	3,080	-	3,080	2,766	-	2,766
Less: Impairment loss of loans and debt securities	415	-	415	401	-	401
Profit before income tax expenses	917	-	917	1,655	-	1,655

41. Interest income

(Unit: Million Baht)

	Consolidated financial statements	
	For the six-month periods ended 30 June	
	2011	2010
Interbank and money market items	404	212
Investments and trading transactions	286	72
Investments in debt securities	205	156
Loans	4,332	3,791
Hire purchase and financial lease income	93	97
Total interest income	5,320	4,328

(Unit: Million Baht)

	Separate financial statements	
	For the six-month periods ended 30 June	
	2011	2010
Interbank and money market items	402	211
Investments and trading transactions	286	71
Investments in debt securities	205	156
Loans	4,332	3,807
Hire purchase and financial lease income	93	-
Total interest income	5,318	4,245

42. Interest expenses

(Unit: Million Baht)

	Consolidated financial statements	
	For the six-month periods ended 30 June	
	2011	2010
Deposits	952	785
Interbank and money market items	210	53
Payments to the Deposit Protection Agency	283	300
Debt issued		
- Bills of exchange	286	47
- Other debt instruments	1	9
Others	3	2
Total interest expenses	1,735	1,196

(Unit: Million Baht)

	Separate financial statements	
	For the six-month periods ended 30 June	
	2011	2010
Deposits	952	786
Interbank and money market items	211	54
Payments to the Deposit Protection Agency	283	300
Debt issued		
- Bills of exchange	287	47
- Other debt instruments	1	9
Others	3	2
Total interest expenses	1,737	1,198

43. Net fees and service income

(Unit: Million Baht)

Consolidated financial statements		
For the six-month periods ended 30 June		
	2011	2010
Fees and service income		
- Acceptances, aval and guarantees	112	99
- Credit cards	286	253
- Insurance fees	260	213
- Others	450	451
Total fees and service income	1,108	1,016
Fees and service expenses		
- Agency referral fees	128	41
- Service expenses	7	3
- Others	104	96
Total fees and service expenses	239	140
Net fees and service income	869	876

(Unit: Million Baht)

Separate financial statements		
For the six-month periods ended 30 June		
	2011	2010
Fees and service income		
- Acceptances, aval and guarantees	112	99
- Credit cards	286	253
- Insurance fees	260	213
- Others	355	347
Total fees and service income	1,013	912
Fees and service expenses		
- Agency referral fees	128	42
- Service expenses	91	80
- Others	92	82
Total fees and service expenses	311	204
Net fees and service income	702	708

44. Net gain (loss) on foreign currency trading and exchange transactions

(Unit: Million Baht)

	Consolidated and separate financial statements	
	For the six-month periods ended 30 June	
	2011	2010
Gain (loss) on foreign currency trading and exchange transactions		
- Foreign currencies and derivatives on foreign exchange	(11)	197
- Derivatives on interest rates	33	(185)
- Debt securities	(49)	102
Net gain (loss) on foreign currency trading and exchange transactions	(27)	114

45. Net gain (loss) on investments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2011	2010	2011	2010
Gain (loss) on disposal of securities				
- Available-for-sale securities	(50)	159	(50)	159
- General investments	(2)	-	(2)	-
- Investments in subsidiaries	-	-	136	-
Net gain (loss) on investments	(52)	159	84	159

46. Employee's expenses

(Unit: Million Baht)

	Consolidated financial statements	
	For the six-month periods ended 30 June	
	2011	2010
Salaries	1,102	950
Pension costs		
- Defined contribution plans	51	46
Pension costs		
- Defined benefit plans (Note 25)	58	-
Provision for employee benefits	-	39
Share-based compensation plan (Note 32)	3	-
Others	509	434
Total employee's expenses	1,723	1,469

(Unit: Million Baht)

	Separate financial statements	
	For the six-month periods ended 30 June	
	2011	2010
Salaries	1,027	870
Pension costs		
- Defined contribution plans	47	41
Pension costs		
- Defined benefit plans (Note 25)	57	-
Provision for employee benefits	-	36
Share-based compensation plan (Note 32)	3	-
Others	478	399
Total employee's expenses	1,612	1,346

47. Impairment loss of loans and debt securities

(Unit: Million Baht)

	Consolidated and separate financial statements	
	For the six-month periods ended 30 June	
	2011	2010
Bad debt and doubtful (reversal) account of interbank and money market items	12	(75)
Loss on impairment of Held-to-maturity debt instruments	16	9
Bad debt and doubtful account to loans to customers	387	467
Total impairment loss of loans and debt securities	415	401

48. Disclosure of financial instruments

The Bank enters into financial instruments which are considered to be commitments arising in the normal course of business, in order to meet the financing needs of its customers and to reduce its own exposure to fluctuations in foreign exchange rates and interest rates. These commitments include commitments to extend credit, standby letters of credit, financial guarantees, forward foreign exchange contracts, among others. Such instruments involve, to varying degrees, elements of credit risk, interest rate risk and foreign exchange risk in excess of the amount already recognised in the financial statements. The contracts or notional amounts of those instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

The Bank enters into derivative contracts as part of its risk management strategy primarily to manage market risks arising from the Bank's underlying assets and liabilities and to reduce customer risks. In entering into financial instruments which are considered to be commitments, the Bank is governed by policies and parameters proposed by the Assets and Liabilities Committee and endorsed by the Corporate Risk Management Committee and Board of Directors.

48.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised in respect of each class of financial assets and financial liabilities, are disclosed in Note 6 to the financial statements.

48.2 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 and its subsidiaries. The Bank and its subsidiaries have adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other securities, where appropriate, as a means of mitigating the risk of financial losses as a result of defaults.

In the case of recognised financial assets, the carrying amount of the assets recorded in the statements of financial position, net of allowance for doubtful accounts, represents the Bank's and its subsidiaries' maximum exposure to credit risk.

Furthermore, the Bank's exposure to credit risk in the event of non-performance by the counterparties to commitments to extend credit, standby letters of credit, and financial guarantees is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and accepting conditional obligations as it does for on-statements of financial position instruments. For derivatives, the contract or notional amounts do not represent the real exposure to credit loss. The Bank controls the credit risk of its derivatives through the credit approval process, credit limits, and monitoring procedures set by its Executive Committee. Credit risks also arise from the possibility that the counterparty to the commitments will not adhere to the terms of the contract with the Bank when settlement becomes due.

The following table shows the credit equivalent of unmatured commitments in accordance with the BOT's ruling.

(Unit: Million Baht)

	Consolidated and separate financial statements	
	As at	As at
	30 June 2011	31 December 2010
Foreign exchange contracts	1,203	1,086
Interest rate swap contracts	926	744
Cross currency interest rate swap contracts	42	52
Options	3	5
Avals to bills	410	484
Guarantees of loans	2,047	2,006
Performance guarantees	4,392	3,589
Bid guarantees	169	135
Liability under unmatured import bills	521	152
Import letters of credit	539	474
Others	30	33
Total	10,282	8,760

48.3 Interest rate risk

Interest rate risk arises when there is the potential for a change in interest rates to have an adverse effect on the net interest income of the Bank and its subsidiaries in the current reporting period, and in the future. Interest rate risk arises from the structure and characteristics of the Bank and its subsidiaries' assets, liabilities, shareholders' equity and interest rate linked derivative contracts, and from maturity mismatch in the repricing dates of their assets and liabilities.

The table below shows the Bank and its subsidiaries' exposure to interest rate risk, the remaining period to the earlier of contractual repricing dates or maturity dates, and the average contractual interest rate, where applicable, for classes of financial assets and financial liabilities subject to interest rate risk.

(Unit: Million Baht)

Consolidated financial statement							
As at 30 June 2011							
	Floating rate/ Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total	Average rate of return per annum (%)
Financial assets							
Cash	-	-	-	-	2,428	2,428	-
Interbank and money market items - net	66,520	4,058	20	-	3,331	73,929	2.70
Derivatives assets	-	-	-	-	2,768	2,768	-
Investments - net	22,182	16,119	5,481	13	1,158	44,953	3.15
Loans to customers*	138,203	20,781	4,941	1	7,934	171,860	6.80
Financial liabilities							
Deposits	98,525	28,629	6,621	-	4,640	138,415	1.62
Interbank and money market items	85,977	673	238	-	1,475	88,363	0.83
Liabilities payable on demand	-	-	-	-	2,439	2,439	-
Derivatives liabilities	-	-	-	-	3,418	3,418	-
Debt issued and borrowings	25,396	6,496	1,463	-	-	33,355	2.85
Derivatives							
Derivatives on foreign exchange and interest rates							
- floating rate payer	844	997	-	-	-	1,841	2.46
- fixed rate payer	-	256	2,304	-	-	2,560	6.13
- floating rate payee	930	3,472	-	-	-	4,402	1.24
- fixed rate payee	-	-	-	-	-	-	-
Derivatives on interest rates							
- floating rate payer	113,005	73,612	-	-	-	186,617	2.23
- fixed rate payer	24,650	63,466	119,059	7,360	-	214,535	2.79
- floating rate payee	129,415	85,120	-	-	-	214,535	2.27
- fixed rate payee	12,100	52,946	114,396	7,175	-	186,617	2.77

* Under the Bank's interest rate risk management policy, non-accrual loans and loans to customers are overdue with contract had matured are reported in the non-interest bearing bucket.

(Unit: Million Baht)

Consolidated financial statement

As at 31 December 2010

	Floating rate/ Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non- interest bearing	Total	Average rate of return per annum (%)
Financial assets							
Cash	-	-	-	-	2,809	2,809	-
Interbank and money market items - net	20,937	322	20	-	2,786	24,065	1.53
Derivatives assets	-	-	-	-	3,359	3,359	-
Investments - net	28,300	11,728	6,310	118	1,206	47,662	2.06
Loans to customers*	130,448	14,126	9,406	10	9,145	163,135	5.94
Financial liabilities							
Deposits	112,097	32,390	2,831	-	4,722	152,040	1.20
Interbank and money market items	35,463	2,500	233	-	1,569	39,765	0.47
Liabilities payable on demand	-	-	-	-	2,437	2,437	-
Derivatives liabilities	-	-	-	-	4,593	4,593	-
Debt issued and borrowings	7,431	4,788	20	-	-	12,239	1.82
Derivatives							
Derivatives on foreign exchange and interest rates							
- floating rate payer	844	1,332	-	-	-	2,176	1.15
- fixed rate payer	-	3,203	2,370	-	-	5,573	3.40
- floating rate payee	844	4,007	-	-	-	4,851	1.29
- fixed rate payee	-	2,898	-	-	-	2,898	0.50
Derivatives on interest rates							
- floating rate payer	85,167	70,255	-	-	-	155,422	1.23
- fixed rate payer	6,950	47,417	101,989	7,010	-	163,366	2.57
- floating rate payee	100,129	63,237	-	-	-	163,366	1.22
- fixed rate payee	9,730	35,123	103,563	7,006	-	155,422	2.58

* Under the Bank's interest rate risk management policy, non-accrual loans and loans to customers are overdue with contract had matured are reported in the non-interest bearing bucket.

(Unit: Million Baht)

Separate financial statement							
As at 30 June 2011							
	Floating rate/ Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non- interest bearing	Total	Average rate of return per annum (%)
Financial assets							
Cash	-	-	-	-	2,428	2,428	-
Interbank and money market items - net	66,456	3,962	-	-	3,331	73,749	2.70
Derivatives assets	-	-	-	-	2,768	2,768	-
Investments - net	22,182	16,119	5,481	13	1,471	45,266	3.15
Loans to customers*	138,203	20,781	4,941	1	7,934	171,860	6.80
Financial liabilities							
Deposits	98,552	28,629	6,621	-	4,640	138,442	1.62
Interbank and money market items	85,992	673	238	-	1,475	88,378	0.83
Liabilities payable on demand	-	-	-	-	2,439	2,439	-
Derivatives liabilities	-	-	-	-	3,418	3,418	-
Debt issued and borrowings	25,568	6,571	1,463	-	-	33,602	2.85
Derivatives							
Derivatives on foreign exchange and interest rates							
- floating rate payer	844	997	-	-	-	1,841	2.46
- fixed rate payer	-	256	2,304	-	-	2,560	6.13
- floating rate payee	930	3,472	-	-	-	4,402	1.24
- fixed rate payee	-	-	-	-	-	-	-
Derivatives on interest rates							
- floating rate payer	113,005	73,612	-	-	-	186,617	2.23
- fixed rate payer	24,650	63,466	119,059	7,360	-	214,535	2.79
- floating rate payee	129,415	85,120	-	-	-	214,535	2.27
- fixed rate payee	12,100	52,946	114,396	7,175	-	186,617	2.77

* Under the Bank's interest rate risk management policy, non-accrual loans and loans to customers are overdue with contract had matured are reported in the non-interest bearing bucket.

(Unit: Million Baht)

Separate financial statement							
As at 31 December 2010							
	Floating rate/ Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non- interest bearing	Total	Average rate of return per annum (%)
Financial assets							
Cash	-	-	-	-	2,809	2,809	-
Interbank and money market items - net	20,859	236	-	-	2,782	23,877	1.53
Derivatives assets	-	-	-	-	3,359	3,359	-
Investments - net	28,300	11,728	6,310	118	1,819	48,275	2.06
Loans to customers*	130,448	14,126	9,405	10	9,145	163,134	5.94
Financial liabilities							
Deposits	112,190	32,390	2,831	-	4,728	152,139	1.20
Interbank and money market items	35,481	2,500	233	-	1,569	39,783	0.47
Liabilities payable on demand	-	-	-	-	2,437	2,437	-
Derivatives liabilities	-	-	-	-	4,593	4,593	-
Debt issued and borrowings	7,957	4,918	20	-	-	12,895	1.80
Derivatives							
Derivatives on foreign exchange and interest rates							
- floating rate payer	844	1,332	-	-	-	2,176	1.15
- fixed rate payer	-	3,203	2,370	-	-	5,573	3.40
- floating rate payee	844	4,007	-	-	-	4,851	1.29
- fixed rate payee	-	2,898	-	-	-	2,898	0.50
Derivatives on interest rates							
- floating rate payer	85,167	70,255	-	-	-	155,422	1.23
- fixed rate payer	6,950	47,417	101,989	7,010	-	163,366	2.57
- floating rate payee	100,129	63,237	-	-	-	163,366	1.22
- fixed rate payee	9,730	35,123	103,563	7,006	-	155,422	2.58

* Under the Bank's interest rate risk management policy, non-accrual loans and loans to customers are overdue with contract had matured are reported in the non-interest bearing bucket.

48.4 Exchange rate risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities, and financial derivatives caused by fluctuations in foreign exchange rates.

The Bank's foreign exchange exposures comprise of trading and non-trading. Non-trading foreign exchange exposures are principally derived from customer businesses. The bank utilises mainly spot foreign exchange, foreign currency forwards, and swaps to hedge its foreign exchange exposures.

Foreign exchange risk is managed through policies and risk limits approved by the Executive Committee (EXCO). The limits, such as exposure by currency are independently monitored by Market Risk Management and Market Risk Control.

48.5 Liquidity risk

Liquidity risk is the risk that the Bank and its subsidiaries may not be able to meet their obligations as they fall due as a result of inability to release their assets or to cover funding requirements at an appropriate price, resulting in losses to the Bank and its subsidiaries.

The Bank maintains sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals and loan disbursements, and repay borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs.

The Bank manages liquidity at a centralised level. Liquidity risk is managed in accordance with a framework of policies, controls and limits established by the Bank's Assets and Liabilities Committee (ALCO). These policies, controls and limits enable the Bank to monitor and manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. These include minimising excessive funding concentrations by diversifying the sources and terms of funding as well as maintaining a portfolio of high quality and marketable debt securities.

The Bank takes a conservative stance in its liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet cash shortfall.

The distribution of deposits is managed actively to ensure a balance between cost effectiveness, continued accessibility to funds, and diversification of funding sources. Important factors in ensuring liquidity are competitive pricing, proactive management of the Bank's core deposits and the maintenance of customer confidence. Core deposits are generally stable non-bank deposits, such as current accounts, savings accounts and fixed deposits. The Bank monitors the stability of its core deposits by analysing their volatility over time.

The Bank uses the funds to lend to customers and invests excess funds in government securities.

The Bank's liquidity risk management is aligned with the regulatory liquidity risk management framework, and is measured and managed on a projected cash flow basis. The Bank is monitored under 'business as usual', and 3 crisis scenarios which are 'bank-specific crisis', 'general market crisis', and 'combination crisis'.

Liquidity Gap Analysis or Cash Flow Mismatch Analysis under the 'Business as Usual' scenario is measured and monitored against Net Cumulative Outflow (NCO) Limits which are set for overnight, 7 days, and 30 days. In the event that a limit is breached, an investigation will be conducted and the related documents reported to relevant parties, in accordance with the escalation process.

For stress testing (bank-specific crisis, general market crisis and combined scenarios), additional assumptions are taken into account such as sudden increase in deposit withdrawals, reduction in loan repayments, potential trading losses, or liquidation of securities with haircuts. These assumptions are agreed by Business Units and approved by Board of Directors or delegated committee.

The frequency of liquidity risk assessment is conducted on daily and monthly basis. Liquidity gap or maturity mismatch analysis report is produced by Balance Sheet Risk Management unit and monitored by Market Risk Control against approved Net Cumulative Outflow Limits. Other reports such as early warning indicators as well as sources and utilisation of funds are produced on a monthly basis. These reports are deliberated in ALCO meeting.

Behavioural modeling is carried out and reviewed regularly to ensure that the cash flow requirements for the 'business as usual' and crisis scenarios are realistic. Loans and deposits which do not have maturity dates, and fixed deposits which are rolled over frequently, are generally estimated based on their past statistics or trends. Cash flow mismatch limits are established to limit the Bank's liquidity exposure. The Bank also employs liquidity early warning indicators and trigger points to signal possible contingency situations.

Contingency funding plans are in place to identify liquidity crisis using a series of warning indicators. Crisis escalation processes and various strategies including funding and communication have been developed to minimise the impact of any liquidity crunch.

The Bank uses liquidity ratios as early warning indicators such as Loans to Deposits Ratio, Single Depositor Ratio and Top 20 Depositors Ratio, Undrawn Facilities Ratio, Deposit Withdrawal Ratio, Net Cumulative Outflow.

The maturity analysis of financial assets, financial liabilities and commitments computed from the remaining maturity to repayment date is as follows:

(Unit: Million Baht)

Consolidated financial statement							
As at 30 June 2011							
	Call	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	No specific maturity	Total
Financial assets							
Cash	2,428	-	-	-	-	-	2,428
Interbank and money market items - net	3,335	66,514	4,060	20	-	-	73,929
Derivatives assets	-	-	-	-	-	2,768	2,768
Investments - net	-	12,981	11,998	18,718	98	1,158	44,953
Loans to customers*	15,296	44,141	25,153	35,339	45,806	6,125	171,860
Financial liabilities							
Deposits	67,904	35,261	28,629	6,621	-	-	138,415
Interbank and money market items	7,156	80,296	673	238	-	-	88,363
Liabilities payable on demand	2,439	-	-	-	-	-	2,439
Derivatives liabilities	-	-	-	-	-	3,418	3,418
Debt issued and borrowings	984	24,412	6,496	1,463	-	-	33,355
Commitments							
Avals to bills	-	454	76	-	-	-	530
Guarantee of loans	468	166	316	117	960	-	2,027
Liabilities under unmatured import bills	-	1,624	279	-	-	-	1,903
Letters of credit	132	2,016	418	-	-	-	2,566
Other commitments							
Undrawn overdraft amount	21,064	-	-	-	-	-	21,064
Other guarantees	7,388	1,429	3,628	451	12	-	12,908
Others	-	62	-	-	-	-	62
Derivatives							
Derivatives on foreign exchange	297	114,021	49,745	4,619	-	-	168,682
Derivatives on interest rates	500	36,513	116,908	233,556	14,935	-	402,412
Others derivatives	-	-	-	168	-	-	168

* Under the Bank's liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in the no specific maturity bucket.

(Unit: Million Baht)

Consolidated financial statement							
As at 31 December 2010							
	Call	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	No specific maturity	Total
Financial assets							
Cash	2,809	-	-	-	-	-	2,809
Interbank and money market items - net	2,794	20,928	323	20	-	-	24,065
Derivatives assets	-	-	-	-	-	3,359	3,359
Investments - net	-	24,808	11,944	9,586	118	1,206	47,662
Loans to customers*	15,055	46,278	22,192	33,467	37,241	8,902	163,135
Financial liabilities							
Deposits	74,632	42,187	32,390	2,831	-	-	152,040
Interbank and money market items	3,675	33,357	2,500	233	-	-	39,765
Liabilities payable on demand	2,437	-	-	-	-	-	2,437
Derivatives liabilities	-	-	-	-	-	4,593	4,593
Debt issued and borrowings	10	7,421	4,788	20	-	-	12,239
Commitments							
Avals to bills	-	685	31	-	-	-	716
Guarantee of loans	15	873	99	112	924	-	2,023
Liabilities under unmatured import bills	-	701	176	2	-	-	879
Letters of credit	110	2,236	70	-	-	-	2,416
Other commitments							
Undrawn overdraft amount	19,835	-	-	-	-	-	19,835
Other guarantees	6,170	1,669	3,342	398	10	-	11,589
Derivatives							
Derivatives on foreign exchange	-	82,774	61,699	4,141	-	-	148,614
Derivatives on interest rates	-	16,680	82,539	205,552	14,017	-	318,788
Others derivatives	-	260	-	169	-	-	429

* Under the Bank's liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in the no specific maturity bucket.

(Unit: Million Baht)

Separate financial statement							
As at 30 June 2011							
	Call	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	No specific maturity	Total
Financial assets							
Cash	2,428	-	-	-	-	-	2,428
Interbank and money market items - net	3,331	66,454	3,964	-	-	-	73,749
Derivatives assets	-	-	-	-	-	2,768	2,768
Investments - net	-	12,981	11,998	18,718	98	1,471	45,266
Loans to customers*	15,296	44,141	25,153	35,339	45,806	6,125	171,860
Financial liabilities							
Deposits	67,931	35,261	28,629	6,621	-	-	138,442
Interbank and money market items	7,166	80,301	673	238	-	-	88,378
Liabilities payable on demand	2,439	-	-	-	-	-	2,439
Derivatives liabilities	-	-	-	-	-	3,418	3,418
Debt issued and borrowings	984	24,584	6,571	1,463	-	-	33,602
Commitments							
Avals to bills	-	454	76	-	-	-	530
Guarantee of loans	468	166	316	117	960	-	2,027
Liabilities under unmatured import bills	-	1,624	279	-	-	-	1,903
Letters of credit	132	2,016	418	-	-	-	2,566
Other commitments							
Undrawn overdraft amount	21,064	-	-	-	-	-	21,064
Other guarantees	7,388	1,429	3,628	451	12	-	12,908
Others	-	62	-	-	-	-	62
Derivatives							
Derivatives on foreign exchange	297	114,021	49,745	4,619	-	-	168,682
Derivatives on interest rates	500	36,513	116,908	233,556	14,935	-	402,412
Others derivatives	-	-	-	168	-	-	168

* Under the Bank's liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in the no specific maturity bucket.

(Unit: Million Baht)

Separate financial statement						
As at 31 December 2010						
Call	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	No specific maturity	Total
Financial assets						
Cash	2,809	-	-	-	-	2,809
Interbank and money market items - net	2,782	20,858	237	-	-	23,877
Derivatives assets	-	-	-	-	3,359	3,359
Investments - net	-	24,808	11,944	9,586	1,819	48,275
Loans to customers*	15,055	46,278	22,192	33,466	37,241	163,134
Financial liabilities						
Deposits	74,731	42,187	32,390	2,831	-	152,139
Interbank and money market items	3,688	33,362	2,500	233	-	39,783
Liabilities payable on demand	2,437	-	-	-	-	2,437
Derivatives liabilities	-	-	-	-	4,593	4,593
Debt issued and borrowings	10	7,947	4,918	20	-	12,895
Commitments						
Avals to bills	-	685	31	-	-	716
Guarantee of loans	15	873	99	112	924	2,023
Liabilities under unmatured import bills	-	701	176	2	-	879
Letters of credit	110	2,236	70	-	-	2,416
Other commitments						
Undrawn overdraft amount	19,835	-	-	-	-	19,835
Other guarantees	6,170	1,669	3,342	398	10	11,589
Derivatives						
Derivatives on foreign exchange	-	82,774	61,699	4,141	-	148,614
Derivatives on interest rates	-	16,680	82,539	205,552	14,017	318,788
Others derivatives	-	260	-	169	-	429

* Under the Bank's liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in the no specific maturity bucket.

48.6 Estimated fair value of financial instruments

The fair values of financial instruments have been estimated by the Bank and its subsidiaries using available market information and appropriate valuation methodologies.

48.7 Fair Value of financial instruments

As at 30 June 2011 and 31 December 2010, the fair value of financial instruments included in the statements of financial position of the Bank and its subsidiaries are as follows:

(Unit: Million Baht)

Type of financial instruments	Consolidated financial statement			
	As at 30 June 2011		As at 31 December 2010	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets				
Cash	2,428	2,428	2,809	2,809
Interbank and money market items - net	73,929	73,929	24,065	24,065
Derivatives assets	2,768	2,768	3,359	3,359
Investments - net	44,953	44,996	47,662	47,694
Loans to customers and accrued interest receivables - net	166,679	166,679	157,013	157,013
Financial liabilities				
Deposits	138,415	138,415	152,040	152,040
Interbank and money market items	88,363	88,363	39,765	39,765
Liabilities payable on demand	2,439	2,439	2,437	2,437
Derivatives liabilities	3,418	3,418	4,593	4,593
Debt issued and borrowings	33,355	33,355	12,239	12,239

(Unit: Million Baht)

Type of financial instruments	Separate financial statement			
	As at 30 June 2011		As at 31 December 2010	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets				
Cash	2,428	2,428	2,809	2,809
Interbank and money market items - net	73,749	73,749	23,877	23,877
Derivatives assets	2,768	2,768	3,359	3,359
Investments - net	45,266	45,468	48,275	48,607
Loans to customers and accrued interest receivables - net	166,678	166,678	157,012	157,012
Financial liabilities				
Deposits	138,442	138,442	152,139	152,139
Interbank and money market items	88,378	88,378	39,783	39,783
Liabilities payable on demand	2,439	2,439	2,437	2,437
Derivatives liabilities	3,418	3,418	4,593	4,593
Debt issued and borrowings	33,602	33,602	12,895	12,895

48.8 Methods and assumptions in estimating fair value of financial instruments

The following methods and assumptions were used by the Bank and its subsidiaries in estimating fair value of financial instruments as disclosed herein.

(a) Cash and interbank and money market items

The carrying amounts of cash and interbank and money market items which have remaining maturities of less than 1 year or bear floating rates of interest approximate their fair value. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying average interest rates currently being offered on similar instruments.

(b) Investments

Fair value for securities is based on quoted market prices, where available. If quoted market prices are not available, fair value is based on quoted market prices of comparable instruments after adjusting for risk involved or the net asset values of such securities.

(c) Loans to customers

For floating rate loans that reprice frequently and have no significant change in credit risk, fair value is based on carrying values. The fair value of fixed rate loans that reprice within 1 year from the statements of financial position date is based on the carrying value at the statements of financial position date. Fair value for other fixed interest rate loans is estimated using discounted cash flow analysis and using average interest rates currently being offered for loans with similar terms to borrowers of similar credit quality except in case of immaterial, carrying value will be used.

Fair value of hire-purchase and financial lease receivables is estimated by using discounted cash flow analysis and using interest rates currently being offered with average remaining years to maturity.

(d) Accrued interest receivables

Fair value of accrued interest receivable is based on carrying values.

(e) Deposit liabilities

The fair value of deposits which is payable on demand by the depositor, is equal to the carrying value of such deposits. The fair value of floating rate, certificates of deposit (CDs) and fixed rate deposits repricable within 1 year approximate their carrying value at the reporting date. Fair value for other fixed rate deposits is estimated using a discounted cash flow calculation that applies the current average deposit rates of the four major commercial banks to a schedule of aggregate expected monthly maturities on time deposits except in case of immaterial, carrying value will be used.

(f) Interbank and money market items (liabilities)

The carrying amount of interbank and money market items which have remaining maturities of less than 1 year and/or bear floating rates of interest approximates their fair value at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying average interest rates currently being offered on similar instruments.

(g) Debt issued and borrowings

The fair value of borrowings with remaining maturities less than 1 year approximates their carrying value at the reporting date. Fair value of borrowings with remaining maturities greater than 1 year is estimated using discounted cash flow analysis based on the average current borrowing rates for similar types of borrowing arrangements.

(h) Fair value of commitments

Commitments to aval, guarantee, and letters of credit

These financial instruments are generally not intended to be sold or traded such that estimated fair values are not readily ascertainable. Fair value of these items were not calculated for the following reasons:

- very few of the commitments extending beyond 1 year would commit the Bank to a predetermined rate of interest;
- the fees attaching to these commitments are the same as those currently charged to enter into similar arrangements; and
- the quantum of fees collected under these arrangements, upon which fair value would be determined, is not material.

Other commitments

The fair values of foreign exchange contracts were obtained from quoted market prices of similar foreign exchange contracts. For the other derivative contracts, the fair value is estimated using discounted cash flow.

49. Reclassification

Certain items in the financial statements as at 31 December 2010 and for the six-month period ended 30 June 2010 have been reclassified to conform to the current period's classification, in accordance with the BOT's notification NO. Sor Nor Sor.11/2553 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", dated 3 December 2010 which is effective for fiscal years beginning on or after 1 January 2011, but no effect to previously reported net profit or shareholders' equity. The reclassifications are as follows:

(Unit: Million Baht)

	31 December 2010			
	Consolidated financial statements		Separate financial statements	
	After reclassification	As previously reported	After reclassification	As previously reported
Statements of financial position				
Investments - net	47,526	47,662	47,526	48,275
Investments in subsidiaries and associate - net	136	-	749	-
Interbank and money market items - (Liabilities)	39,765	39,838	39,783	39,945
Debt issued and borrowings	12,239	12,166	12,895	12,733
Provisions for long-term employee benefits	813	-	811	-
Provision - other liabilities	208	1,113	208	1,111
Interest payable	-	451	-	452
Other liabilities	2,459	2,006	2,407	1,863

(Unit: Million Baht)

For the six-month period ended 30 June 2010

	Consolidated financial statements		Separate financial statements	
	After reclassification	As previously reported	After reclassification	As previously reported
Statements of comprehensive income				
Interest income	4,328	-	4,246	-
Dividend income	44	-	780	-
Interest and dividend income	-	4,372	-	5,026
Interest expenses	1,196	896	1,199	898
Payments to the Deposit Protection Agency	-	300	-	300
Fees and service income	1,016	1,020	913	913
Fees and service expenses	140	329	204	390
Net gain on foreign currency trading and exchange transactions	114	-	114	-
Net gain on investments	158	252	158	252
Gain on exchange	-	12	-	12
Other operating income	22	18	14	14
Premises and equipment expenses	450	563	436	546
Losses on impairment of properties foreclosed and other assets	249	254	249	254
Other operating expenses	594	288	571	272
Impairment loss of loans and debt securities	401	-	401	-
Bad debts and doubtful accounts	-	392	-	392

50. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 19 August 2011.