

Capital Requirement Disclosures

Basel II _ Pillar III

For the year ended 31 December 2010

Scope of Information Disclosure

According to the Bank of Thailand's guideline in the supervision of capital for commercial banks based on Basel II enforced at full consolidation, the first disclosure of the financial group was for the year ended December 31, 2010. The disclosure of the Bank was comparing data between the years ended December 31, 2010 and 2009. The financial group is required to maintain the minimum capital requirement corresponding to more complicated risk assessment methods leading to better measure the risks and embrace other relevant aspects of the financial group's encountered risks by disclosing both quantitative and qualitative data.

Besides the regulation mentioned above, the Bank of Thailand further requires the financial group to disclose other key relevant information regarding the capital to be easily accessible and to engender the transparency of the financial group's risks and capital information as follows.

Capital structure

The Financial Group and the Bank's capital as of December 31, 2010 and as of June 30, 2010 are composed of the followings.

(Unit : Baht)	
The Financial Group	
	31 December 2010
<u>Tier-1 Capital</u>	
Paid-up share capital	15,904,529,450
Investments in instruments already counted as other financial institutions' capital funds	(462,749,544)
Deficit	(2,605,551,250)
Total	12,836,228,656
<u>Tier-2 Capital</u>	
Reserve for assets classified as "Pass"	396,777,904
Revaluation surplus on investments in available-for-sale securities	9,334,457
Investments in instruments already counted as other financial institutions' capital funds	(406,112,361)
Total	-
Total Capital Funds of the Financial Group	12,836,228,656

The Bank		
	31 December 2010	30 June 2010
Tier-1 Capital		
Paid-up share capital	15,904,529,450	15,904,529,450
Investments in instruments already counted as other financial institutions' capital funds	(289,282,879)	(351,976,446)
Deficit	(2,687,632,793)	(2,884,495,844)
Total	12,927,613,778	12,668,057,160
Tier-2 Capital		
Reserve for assets classified as "Pass"	378,868,827	289,116,594
Revaluation surplus on investments in available-for-sale securities	9,334,457	5,596,990
Investments in instruments already counted as other financial institutions' capital funds	(289,282,879)	(294,713,584)
Total	98,920,405	-
Total Capital Funds of the Bank	13,026,534,183	12,668,057,160

Capital Adequacy

According to the Bank of Thailand's guideline in supervision of capital requiring commercial banks maintain the capital in proportion to the credit, market and operational risk weighted assets of at least 8.5%, the financial group has established the policy to maintain the regulatory capital in compliance with the methodologies and conditions as specified by the Bank of Thailand. To assess the capital adequacy for different types of risk, the financial group utilizes the approaches corresponding to complexity of transactions and size of the financial group as follows.

- Credit Risk Standardized Approach
- Market Risk Standardized Approach
- Operational Risk Basic Indicator Approach

Besides, the financial group has the capital adequacy assessment so as to comply with the Bank of Thailand's guideline in supervision of capital for the financial group.

The minimum capital requirement

According to the Basel II guideline in supervision of capital, the financial group and the Bank have to maintain the capital corresponding to each type of risk as follows.

1. Credit risk capital requirement

Based on the Standardized Approach, the minimum capital requirements classified by type of assets with the data as of December 31, 2010 and as of June 30, 2010 were as follows.

		(Unit: Baht)	
The Financial Group			
		31 December 2010	
Minimum Credit Risk Capital Requirement			
Performing Loans			
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank			
		177,429	
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions			
		214,337,970	
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates			
		2,966,072,747	
Claims in the Regulatory Retails Portfolio			
		1,101,547,000	
Residential Mortgage Loans			
		2,690,782	
Other assets			
		227,786,285	
Non-performing Loans			
		293,307,720	
Total Credit Risk Capital Requirement of The Financial Group		4,805,919,933	

		(Unit: Baht)	
The Bank			
		31 December 2010	30 June 2010
Minimum Credit Risk Capital Requirement			
Performing Loans			
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank			
		177,429	117,648
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions			
		213,241,749	104,883,084
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates			
		4,158,157,112	3,659,038,212
Claims in the Regulatory Retails Portfolio			
		5,015,195	8,478,307
Residential Mortgage Loans			
		2,690,782	4,507,106
Other assets			
		446,066,603	301,545,335
Non-performing Loans			
		281,083,974	231,871,836
Total Credit Risk Capital Requirement of The Bank		5,106,432,844	4,310,441,528

2. Market Risk Capital Requirement

For the Trading Book, the financial group and the Bank use the Standardized Approach for capital calculation. The market risk capital requirement for the financial group as of December 31, 2010 amounted to 35,421,390 baht. The market risk capital requirement for the bank as of December 31, 2010 amounted to 35,421,390 baht and as of June 30, 2010 amounted to 66,958,731 baht, respectively.

3. Operational Risk Capital Requirement

The Financial group and the Bank use the Basic Indicator Approach for capital requirement calculation. The financial group capital required for operational risk as of December 31, 2010 amounted to 306,877,801 baht. The Bank capital required for operational risk as of December 31, 2010 and as of June 30, 2010 amounted to 243,245,501 baht and 237,889,002 baht, respectively.

Based on the Basel II guideline on capital calculation for all 3 types of risk, the financial group and the Bank maintained the Capital Adequacy Ratio as follows.

Capital Adequacy Ratio	(Unit: Percent)	
	The Financial Group	
	31 December 2010	
	The Financial Group	Regulatory requirement
Tier 1 capital to risk assets	21.19	4.25
Total capital to risk assets	21.19	8.50

Capital Adequacy Ratio	(Unit: Percent)			
	The Bank			
	31 December 2010		30 June 2010	
	The Bank	Regulatory requirement	The Bank	Regulatory requirement
Tier 1 capital to risk assets	20.40	4.25	23.33	4.25
Total capital to risk assets	20.55	8.50	23.33	8.50

Credit Risk Policies

The financial group has established the credit risk policies and credit policies as the guidelines for credit approvals consideration to be within the portfolio risk tolerance of the financial group and the bank. The credit risk management policies comprise the lending to related parties policy, individual and group facility limits, the list of prohibited businesses lending, specific businesses lending, sectorial lending limits, other relevant policies to credit approval processes in line with the Bank of Thailand's regulations in order that the financial group has appropriate control of credit risk and sufficient credit and portfolio risk management. The policy also incorporates the processes of credit risk assessment and monitoring and controlling capital adequacy assessment process.

Definition of default and impairment of assets

The financial group has established the policy to define the default for the impairment of loan consideration whereby the incurrance of default corresponds to the overdue of either notional principal or interest of over 90 days or any loans qualitatively classified as non-performing.

Guideline for setting general and specific provision

The financial group sets the provision for the doubtful loans in full in line with the minimum requirement set by the Bank of Thailand's guideline in Classification and Provisioning of the Financial Institution. For Non-performing loans, The Financial group and The Bank have set provision of 100% for the difference between the loan outstanding and the present value of the expected cash flow from the collateral liquidation.

Moreover, the financial group sets additional provision for individual loans as follows.

1. In case that the financial group has considered the credit approval, extension of facility or restructuring and found that it is possible that the loans cannot be repaid in both principal and interest according to the contract, the Risk Management Division will recommend additional specific provision for each individual loan.
2. The financial group may set the additional provision in case of the recommendations from the management, internal audit, auditors or the Bank of Thailand.

For General Provision, the management shall consider general provisioning to prevent potential loan loss and such provisions are not related to any specific loan account by consideration of expected loss, e.g. the shared loss from Thai Asset Management Corporation (TAMC), the loss from asset for sales.

The Financial Group and the Bank have the outstanding on-balance sheet and off-balance sheet asset before adjusting with the credit risk mitigation as of December 31, 2010 and 2009 as follows.

(Unit: Baht)

Items	The Financial group	
	31 December 2010	
On-balance sheet assets		
Total Net loans ^{1/}	58,179,205,215	
Net investment in debt securities ^{2/}	10,293,667,426	
Deposits (including accrued interest receivables)	586,518,969	
Off-balance sheet assets ^{3/}		
Avals, Guarantee to loans and Letters of Credit	1,557,310,112	
OTC derivatives	49,036,813,819	
Undrawn committed lines	-	

(Unit: Baht)

Items	The Bank	
	31 December 2010	31 December 2009
On-balance sheet assets		
Total Net loans ^{1/}	54,798,779,281	51,418,189,944
Net investment in debt securities ^{2/}	10,293,667,426	9,112,508,850
Deposits (including accrued interest receivables)	522,182,274	285,629,364
Off-balance sheet assets ^{3/}		
Avals, Guarantee to loans and Letters of Credit	1,557,310,112	244,859,467
OTC derivatives	49,036,813,819	50,624,059,620
Undrawn committed lines	-	-

^{1/} Including accrued interest receivables and net amortization, allowances for doubtful debts, allowances for restructuring and net loans to interbank and money market

^{2/} Excluding accrued interest receivables and net the allowances for amortization and impairment of assets

^{3/} Before multiplying by the credit conversion factors (CCF)

The Financial group and the Bank have the outstanding on-balance and off-balance assets before adjusting with the credit risk mitigation classified by country as of December 31, 2010 and 2009 as follows.

(Unit: Baht)

Customer's country of residence	The Financial Group							
	31 December 2010							
	Net Loans ^{1/}	Net investment in debt securities ^{2/}	Deposits (including interest receivables)	Total	Avals, Guarantees to loans and Letter of Credit	Over-the-counter derivatives	Undrawn Committed Line	Total
Thailand	58,067,033,338	10,293,667,426	502,200,464	68,862,901,228	1,557,310,112	38,370,639,506	-	39,927,949,618
Pacific Rim excluding Thailand	93,786,826	-	76,032,061	169,818,887	-	32,051,689	-	32,051,689
North America and Latin America	6,507,260	-	6,761,919	13,269,179	-	-	-	-
Africa and Middle East	6,729,705	-	-	6,729,705	-	-	-	-
Europe	5,148,086	-	1,524,525	6,672,611	-	10,634,122,624	-	10,634,122,624
Total	58,179,205,215	10,293,667,426	586,518,969	69,059,391,610	1,557,310,112	49,036,813,819	-	50,594,123,931

(Unit: Baht)

The Bank								
31 December 2010								
Customer's country of residence	Net Loans ^{1/}	Net investment in debt securities ^{2/}	Deposits (including interest receivables)	Total	Avals, Guarantees to loans and Letter of Credit	Over-the-counter derivatives	Undrawn Committed Line	Total
Thailand	54,732,752,875	10,293,667,426	437,863,769	65,464,284,070	1,557,310,112	38,370,639,506	-	39,927,949,618
Pacific Rim excluding Thailand	66,026,406	-	76,032,061	142,058,467	-	32,051,689	-	32,051,689
North America and Latin America	-	-	6,761,919	6,761,919	-	-	-	-
Africa and Middle East	-	-	-	-	-	-	-	-
Europe	-	-	1,524,525	1,524,525	-	10,634,122,624	-	10,634,122,624
Total	54,798,779,281	10,293,667,426	522,182,274	65,614,628,981	1,557,310,112	49,036,813,819	-	50,594,123,931

(Unit: Baht)

The Bank								
31 December 2009								
Customer's country of residence	Net Loans ^{1/}	Net investment in debt securities ^{2/}	Deposits (including interest receivables)	Total	Avals, Guarantees to loans and Letter of Credit	Over-the-counter derivatives	Undrawn Committed Line	Total
Thailand	51,402,296,473	9,112,508,850	268,525,977	60,783,331,300	244,859,467	40,992,701,676	-	41,237,561,143
Pacific Rim excluding Thailand	15,893,471	-	2,835,249	18,728,720	-	-	-	-
North America and Latin America	-	-	13,714,200	13,714,200	-	-	-	-
Africa and Middle East	-	-	-	-	-	-	-	-
Europe	-	-	553,938	553,938	-	9,631,357,944	-	9,631,357,944
Total	51,418,189,944	9,112,508,850	285,629,364	60,816,328,158	244,859,467	50,624,059,620	-	50,868,919,087

^{1/} Including accrued interest receivables and net amortization, allowances for doubtful debts, allowances for restructuring and net loans to interbank and money market^{2/} Excluding accrued interest receivables and net the allowances for amortization and impairment of assets^{3/} Before multiplying by the credit conversion factors (CCF)

The Financial group and the Bank have the outstanding on-balance and off-balance assets before adjusting with the credit risk mitigation classified by time to maturities as of December 31, 2009 and 2009 as follows. (Unit: Baht)

Items	The Financial Group		
	31 December 2010		
	Up to 1 year	Over 1 year	Total
On-balance sheet assets			
Total Net loans ^{1/}	27,287,631,940	30,891,573,275	58,179,205,215
Net investment in debt securities ^{2/}	5,498,130,074	4,795,537,352	10,293,667,426
Deposit (including accrued interest receivables)	586,518,969	-	586,518,969
Off-balance sheet items ^{3/}			
Avals, Guarantees to loans and Letters of Credit	1,557,310,112	-	1,557,310,112
Over-the-counter derivatives	38,278,214,789	10,758,599,030	49,036,813,819
Undrawn committed line	-	-	-

(Unit: Baht)

Items	The Bank		
	31 December 2010		
	Up to 1 year	Over 1 year	Total
On-balance sheet assets			
Total Net loans ^{1/}	40,157,763,248	14,641,016,033	54,798,779,281
Net investment in debt securities ^{2/}	5,498,130,074	4,795,537,352	10,293,667,426
Deposit (including accrued interest receivables)	522,182,274	-	522,182,274
Off-balance sheet items ^{3/}			
Avals, Guarantees to loans and Letters of Credit	1,557,310,112	-	1,557,310,112
Over-the-counter derivatives	38,278,214,789	10,758,599,030	49,036,813,819
Undrawn committed line	-	-	-

(Unit: Baht)

Items	The Bank		
	31 December 2009		
	Up to 1 year	Over 1 year	Total
On-balance sheet assets			
Total Net loans ^{1/}	32,865,085,767	18,553,104,177	51,418,189,944
Net investment in debt securities ^{2/}	3,217,152,118	5,895,356,732	9,112,508,850
Deposit (including accrued interest receivables)	285,629,364	-	285,629,364
Off-balance sheet items ^{3/}			
Avals, Guarantees to loans and Letters of Credit	244,859,467	-	244,859,467
Over-the-counter derivatives	41,114,206,540	9,509,853,080	50,624,059,620
Undrawn committed line	-	-	-

^{1/} Including the interest receivables and net amortization, allowances for doubtful debts, allowances for restructuring and net loans to interbank and money market^{2/} Excluding the interest receivables and net the allowances for amortization and impairment of assets^{3/} Before multiplying by the credit conversion factors (CCF)

The Financial group and the Bank have the outstanding loans including the accrued interest receivable and investment in debt instruments before adjusting with the credit risk mitigation classified by country of borrowers according to the Bank of Thailand's guideline as of December 31, 2010 and 2009 as follows. (Unit: Baht)

Customer's country of residence	The Financial group						Investment in doubtful loss debt securities
	31 December 2010						
	Loans and accrued interest receivables ^{1/}					Total	
Normal	Special Mentioned	Sub-standard	Doubtful	Doubtful Loss	Total		
Thailand	57,111,601,034	1,708,195,874	1,272,355,514	368,479,613	1,344,979,944	61,805,611,979	86,829,153
Pacific Rim excluding Thailand	98,162,411	1,520,973	-	698,710	-	100,382,094	-
North America and Latin America	10,287,489	802,538	-	-	-	11,090,027	-
Africa and Middle East	7,490,410	-	-	-	-	7,490,410	-
Europe	6,076,914	-	-	108,365	-	6,185,279	-
Total	57,233,618,258	1,710,519,385	1,272,355,514	369,286,688	1,344,979,944	61,930,759,789	86,829,153

^{1/} Including net loans to interbank and money market

(Unit: Baht)

The Bank							
31 December 2010							
Customer's country of residence	Loans and accrued interest receivables ^{1/}						Investment in doubtful loss debt securities
	Normal	Special Mentioned	Sub-standard	Doubtful	Doubtful Loss	Total	
Thailand	52,461,902,800	70,710,250	1,061,708,758	268,516,021	1,226,580,584	55,089,418,413	86,829,153
Pacific Rim excluding Thailand	66,026,406	-	-	-	-	66,026,406	-
North America and Latin America	-	-	-	-	-	-	-
Africa and Middle East	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-
Total	52,527,929,206	70,710,250	1,061,708,758	268,516,021	1,226,580,584	55,155,444,819	86,829,153

(Unit: Baht)

The Bank							
31 December 2009							
Customer's country of residence	Loans and accrued interest receivables ^{1/}						Investment in doubtful loss debt securities
	Normal	Special Mentioned	Sub-standard	Doubtful	Doubtful Loss	Total	
Thailand	49,169,974,955	687,245,875	723,699,862	896,857,632	922,872,695	52,400,651,019	86,829,153
Pacific Rim excluding Thailand	15,893,471	-	-	-	-	15,893,471	-
North America and Latin America	-	-	-	-	-	-	-
Africa and Middle East	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-
Total	49,185,868,426	687,245,875	723,699,862	896,857,632	922,872,695	52,416,544,490	86,829,153

^{1/} Including net loans to interbank and money market

The Financial group and the Bank have set both general provision and specific provision and during the period write-off for the non-performing loans including the interest receivable and the investments in debt instruments as of December 31, 2010 and 2009 classified by country of borrowers as follows.

(Unit: Baht)

The Financial Group				
31 December 2010				
Customer's country of residence	Loans and accrued interest receivables ^{1/}			Specific provision for investment in debt securities
	General provision	Specific provision	Bad debt written-off	
Thailand		636,905,505	977,983,836	332,334,794
Pacific Rim excluding Thailand		-	-	-
North America and Latin America		-	-	-
Africa and Middle East		-	-	-
Europe		34,879	-	-
Total	396,777,904	636,940,384	977,983,836	332,334,794

(Unit : Baht)

The Bank				
31 December 2010				
Customer's country of residence	Loans and accrued interest receivables ^{1/}			Specific provision for
	General provision	Specific provision	Bad debt written-off	investment in debt securities
Thailand		355,559,832	966,442,482	332,334,794
Pacific Rim excluding Thailand		-	-	-
North America and Latin America		-	-	-
Africa and Middle East		-	-	-
Europe		-	-	-
Total	378,868,827	355,559,832	966,442,482	332,334,794

(Unit : Baht)

The Bank				
31 December 2009				
Customer's country of residence	Loans and accrued interest receivables ^{1/}			Specific provision for
	General provision	Specific provision	Bad debt written-off	investment in debt securities
Thailand		997,762,935	722,769,426	363,156,607
Pacific Rim excluding Thailand		-	-	-
North America and Latin America		-	-	-
Africa and Middle East		-	-	-
Europe		-	-	-
Total	293,747,838	997,762,935	722,769,426	363,156,607

^{1/} Total provision and during the period write-off for loans and accrued interest receivable to interbank and money market

The Financial group and the Bank have the total outstanding loans including interest receivable before credit risk mitigation classified by type of businesses of borrowers and by the Bank of Thailand's guideline for loan classification as of December 31, 2010 and 2009 as follows.

(Unit: Baht)

The Financial Group						
31 December 2010						
Type of business	Normal	Special Mentioned	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	534,411,070	4,405,660	-	778,342	5,107,536	544,702,608
Manufacturing and commerce	17,368,404,510	72,383,601	432,986,734	66,619,437	816,343,708	18,756,737,990
Real estate and construction	4,048,770,195	71,580,447	277,754,017	209,579,470	331,841,917	4,939,526,046
Public utility and services	8,715,153,459	64,164,402	385,051,551	7,479,552	75,296,387	9,247,145,351
Housing loans	74,183,953	15,296,250	8,206,608	3,776,730	16,296,750	117,760,291
Others	26,493,808,937	1,481,886,488	168,356,605	81,053,158	100,093,644	28,325,198,832
Total	57,234,732,124	1,709,716,848	1,272,355,515	369,286,689	1,344,979,944	61,930,759,789

(Unit: Baht)

The Bank						
31 December 2010						
Type of business	Normal	Special Mentioned	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	424,182,532	-	-	778,342	5,107,536	430,068,410
Manufacturing and commerce	15,336,163,485	36,375,576	419,489,138	63,823,070	806,881,689	16,662,732,958
Real estate and construction	3,469,426,378	18,419,739	264,929,895	193,730,872	317,389,990	4,263,896,874
Public utility and services	5,590,563,420	341,350	369,083,118	6,407,007	56,095,218	6,022,490,113
Housing loans	74,281,161	15,296,250	8,206,607	3,776,729	18,930,937	120,491,684
Others	27,633,312,229	277,335	-	-	22,175,216	27,655,764,780
Total	52,527,929,205	70,710,250	1,061,708,758	268,516,020	1,226,580,586	55,155,444,819

(Unit: Baht)

The Bank						
31 December 2009						
Type of business	Normal	Special Mentioned	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	396,506,442	-	2,681,774	942,822	2,636,275	402,767,313
Manufacturing and commerce	18,690,043,928	538,530,969	383,114,685	535,367,895	483,649,290	20,630,706,767
Real estate and construction	4,060,118,443	117,677,198	11,366,754	292,335,804	327,025,381	4,808,523,580
Public utility and services	5,171,975,378	11,997,921	320,900,803	61,642,451	51,913,287	5,618,429,840
Housing loans	124,938,526	18,733,170	5,635,846	6,568,660	35,912,129	191,788,331
Others	20,742,285,709	306,617	-	-	21,736,333	20,764,328,659
Total	49,185,868,426	687,245,875	723,699,862	896,857,632	922,872,695	52,416,544,490

The Financial group and the Bank have set both general provision and specific provision and during the period write-off for the non-performing loans including the accrued interest receivable and the investments in debt instruments classified by the type of businesses of the borrowers as of December 31, 2010 and 2009 as follows.

(Unit: Baht)

The Financial Group			
31 December 2010			
Type of business	General provision	Specific provision	Bad debt written –off
Agriculture and mining		5,264,604	-
Manufacturing and commercial		329,249,685	920,891,855
Real estate and construction		98,374,907	6,624,291
Public utility and services		22,578,032	27,449,503
Housing loans		445,667	12,679,947
Others		181,027,489	10,338,240
Total	396,777,904	636,940,384	977,983,836

(Unit: Baht)

Type of business	The Bank					
	31 December 2010			31 December 2009		
	General provision	Specific provision	Bad debt written –off	General provision	Specific provision	Bad debt written –off
Agriculture and mining		1,420,487	-		-	-
Manufacturing and commercial		287,354,322	919,771,144		896,289,257	445,390,615
Real estate and construction		66,339,356	6,624,291		56,255,721	240,240,717
Public utility and services		-	27,367,100		44,680,311	2,819,884
Housing loans		445,667	12,679,947		537,646	17,925,093
Others		-	-		-	16,393,117
Total	378,868,827	355,559,832	966,442,482	293,747,838	997,762,935	722,769,426

Changes in the general provision and specific provision for the loans including the accrued interest receivable ^{1/} as of December 31, 2010 and 2009 were as follows. (Unit: Baht)

Items	The Financial Group		
	General provision	Specific provision	Total
Beginning balance of year	301,551,135	1,130,273,871	1,431,825,006
Bad debt written off	-	(977,983,836)	(977,983,836)
Increase (decrease) in provision during the period	95,226,769	484,650,349	579,877,118
Ending balance of year	396,777,904	636,940,384	1,033,718,288

(Unit: Baht)

Items	The Bank		
	General provision	Specific provision	Total
Beginning balance of year	293,747,838	995,187,864	1,288,935,702
Bad debt written off	-	(966,442,482)	(966,442,482)
Increase (decrease) in provision during the period	85,120,989	326,814,450	411,935,439
Ending balance of year	378,868,827	355,559,832	734,428,659

(Unit: Baht)

Items	The Bank		
	General provision	Specific provision	Total
Beginning balance of year	243,885,824	732,746,785	976,632,609
Bad debt written off	-	(722,769,426)	(722,769,426)
Increase (decrease) in provision during the period	49,862,014	987,785,576	1,037,647,590
Ending balance of year	293,747,838	997,762,935	1,291,510,773

^{1/} Including loans and accrued interest receivables to interbank and money market

The outstanding on-balance sheet assets and on-balance sheet equivalence items classified by the type of assets by Standardized Approach as of December 31, 2010 and 2009 were as follows.

(Unit: Baht)

Type of assets	The Financial Group		
	31 December 2010		
	On-balance sheet assets	Off-balance sheet item ^{1/}	Total
Performing loans			
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank	7,164,906,324	-	7,164,906,324
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	4,930,928,670	994,571,800	5,925,500,470
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	37,166,538,856	361,123,021	37,527,661,877
Claims in the Regulatory Retails Portfolio	17,368,150,530	57,369,644	17,425,520,174
Residential Mortgage Loans	90,446,451	-	90,446,451
Other assets	4,649,112,111	-	4,649,112,111
Non-performing loans	2,408,553,108	23,683,382	2,432,236,490
Total	73,778,636,050	1,436,747,847	75,215,383,897

(Unit: Baht)

Type of assets	The Bank		
	31 December 2010		
	On-balance sheet assets	Off-balance sheet item ^{1/}	Total
Performing loans			
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank	7,164,922,763	-	7,164,922,763
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	4,866,591,975	994,571,800	5,861,163,775
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	51,203,469,787	418,492,665	51,621,962,452
Claims in the Regulatory Retails Portfolio	101,315,499	-	101,315,499
Residential Mortgage Loans	90,446,451	-	90,446,451
Other assets	6,915,173,458	-	6,915,173,458
Non-performing loans	2,258,014,837	23,683,382	2,281,698,219
Total	72,599,934,770	1,436,747,847	74,036,682,617

^{1/} After multiplying by the credit conversion factor (CCF) and deducting specific provision

(Unit: Baht)

Type of assets	The Bank		
	31 December 2009		
	On-balance sheet assets	Off-balance sheet item ^{1/}	Total
Performing loans			
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank	5,518,955,366	-	5,518,955,366
Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	6,978,199,159	355,992,746	7,334,191,905
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	46,106,030,059	597,056,305	46,703,086,364
Claims in the Regulatory Retail Portfolio	192,840,217	-	192,840,217
Residential Mortgage Loans	144,796,453	-	144,796,453
Other assets	4,453,091,334	-	4,453,091,334
Non-performing loans	1,954,220,633	6,165,382	1,960,386,015
Total	65,348,133,221	959,214,433	66,307,347,654

^{1/} After multiplying by the credit conversion factor (CCF) and deducting specific provision

Credit Risk Exposures Classified by Credit Risk Weighted Asset Calculation Methods

- The list of the External Credit Rating Institutions (ECAI) that the financial group chooses to determine the risk weight for the borrowers in each type of the assets is as follows.
 - Sovereigns, provincial organizations, governmental entities, state enterprises, securities companies which the Bank of Thailand assigns the rating equal to loans to financial institutions.

The financial group bases the rating determination on 3 ECAIs including Fitch Ratings, Moody's Investor Services and Standard and Poor's Rating Services.
 - Corporate borrowers

The financial group assigns the risk weight of 100% for every corporate borrower without considering its credit rating from the ECAI since the number of the Bank's current customers rated by the ECAI is very small and most of them have the risk weight of 100%, therefore, assigning all corporate borrowers at the risk weight of 100% would not lead to a significant impact on the credit risk capital calculation of the financial group.
- The process of assigning the ECAI credit rating to the borrowers. For sovereigns, provincial organizations, governmental entities, state enterprises, securities companies that the Bank of Thailand treats their risk weight as the financial institutions, the financial group designates the risk weights in compliance with the Bank of Thailand's guidelines in designation of the risk weights corresponding to the type of borrowers.

The financial group and the bank have the outstanding on-balance sheet assets and the net off-balance sheet equivalence items^{1/} after considering the credit risk mitigation for each type of asset categorized by the risk weight through Standardized Approach as of December 31, 2010 and 2009 as follows. (Unit: Baht)

Type of Assets	The Financial Group									
	31 December 2010									
	Rating				No Rating					
Risk weight (%)	0 %	20 %	50 %	100 %	0 %	35 %	50 %	75 %	100 %	150 %
Performing loans										
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank	9,571,821,838		4,174,806							
Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	3,089,042,296	1,002,908,626	2,583,533,067	1,029,274,916						
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates									34,894,973,496	
Claims in the Regulatory Retails Portfolio									17,269,165,613	
Residential Mortgage Loans						90,446,451		-	-	
Other assets					1,824,990,833				2,679,838,644	
Non-performing loans							51,553,359		260,654,953	2,109,498,285

(Unit: Baht)

Type of Assets	The Bank									
	31 December 2010									
	Rating				No Rating					
Risk weight (%)	0 %	20 %	50 %	100 %	0 %	35 %	50 %	75 %	100 %	150 %
Performing loans										
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank	9,571,838,277		4,174,806							
Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	3,089,042,296	938,425,042	2,583,533,067	1,029,274,916						
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates									48,919,495,438	
Claims in the Regulatory Retails Portfolio									59,002,295	
Residential Mortgage Loans						90,446,451		-	-	
Other assets					1,474,265,821				5,247,842,385	
Non-performing loans							34,693,379		143,937,330	2,097,057,510

^{1/} After multiplying by the credit conversion factor (CCF)

Type of Assets	The Bank									
	31 December 2009									
	Rating				No Rating					
Risk weight (%)	0 %	20 %	50 %	100 %	0 %	35 %	50 %	75 %	100 %	150 %
Performing loans										
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank	11,718,397,891		10,505,380							
Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	2,950,363,106	290,113,084	208,631,173	670,218,912						
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates									44,407,312,994	
Claims in the Regulatory Retail Portfolio									175,356,578	
Residential Mortgage Loans						126,230,320		18,521,133	45,000	
Other assets					851,885,144				3,439,490,828	
Non-performing loans							308,904,421		45,028,235	1,606,453,361

^{1/} After multiplying by the credit conversion factor (CCF)

Credit Risk Mitigation by Standardized Approach

The financial group has established the policy in mitigating the credit risk of assets and off-balance sheet items for the purposes of capital maintenance and credit risk reduction in accordance with the Bank of Thailand's guidelines in the credit risk mitigation by Standardized Approach where the financial group has formulated the guidelines and working process regarding the document, contracts, or legal terms relating to the credit risk mitigation as follows.

- Shall maintain the document or contract relating to such credit risk mitigation obligating to and enforceable to all relevant parties.
- Shall have the processes and systems in considering the legal terms.
- Shall revise all relevant document and contracts to be continuously enforceable
- Shall have the processes in controlling other potential risks that are caused by employing the credit risk mitigation.
- Shall comply with the Bank of Thailand's guideline in information disclosure according to Pillar III
- Shall consider the contractual maturities and remaining maturities in the credit risk mitigation process to ensure that there would be no maturity mismatch between the exposures and the credit risk mitigation tools.

The credit risk mitigation by Simple Approach consists of

- Risk mitigation by the eligible financial collaterals
- Risk mitigation by the on-balance sheet netting
- Risk mitigation by guarantee and credit derivatives

The financial group has formulated the policy for the credit risk mitigation by means of on-balance sheet netting as follows.

- Shall have legal consideration regarding the enforceable on-balance netting contract in specifying which assets and liabilities are eligible in netting at any time.
- Shall be capable of monitoring and controlling the risks from maturity mismatch between the assets and liabilities for netting or roll-off risk.
- Shall be capable of monitoring and controlling the exposures on the netting basis.

2. Policy and processes for collateral management and assessment

Under the credit risk mitigation policy, the eligible financial collateral including those traded in the exchange and over-the-counter markets are subject to valuation at least semi-annually.

3. Major types of collaterals of the financial group

The main eligible financial collateral is deposit at bank; however, other eligible financial collaterals for credit risk mitigation before risk weighted assets and credit risk capital calculation include:

1. Cash, deposits at bank or deposit receipts issued by banks
2. Gold bullions
3. Debt instrument issued by the issuers rated by the ECAIs as follows:
 - Short-term debt instruments with the rating better or equal to A-3/P-3, sovereigns, central banks, provincial organizations, governmental entities, and state enterprises which the supervisory authority treats the risk weight as that of sovereigns and the rating of equivalent to BB- or higher.
 - Other issuers, e.g. financial institutions, securities companies, corporate, provincial organizations, governmental entities, and state enterprises which the supervisory authority treats the risk weight as that of financial institutions and the rating of equivalent to BBB- or higher.
 - Short-term debt instrument with rating better or equivalent to A-3/P-3
4. Non-rated by ECAIs debt instruments with the characteristics as follows:
 - Issuers are financial institutions and
 - Listed in acceptable exchange bond market and
 - Senior debt and other debt instruments issued by the financial group with rating better or equivalent to BBB- or A-3/P-3 and the same seniority as that with no rating
 - No objective evidence for the financial group to revise the rating to below BBB- or A-3/P-3
5. Equity instruments including the convertible bonds listed in the Stock Exchange of Thailand
6. Unit trust invested in the eligible financial collaterals and marked to market on a daily basis

4. Main types of guarantors and protection sellers of credit derivative

The major current guarantors of the financial group are the Ministry of Finance mainly guaranteeing the state enterprise bond. Other guarantors and the protection sellers can be reckoned in the credit risk mitigation before risk weighted assets and credit risk capital calculations under the Credit Risk Mitigation Policy are:

- Sovereign, Multilateral Development Banks (MDBs), provincial organizations, and governmental entities
- State enterprises, financial institutions, and securities companies with the risk weight below that of the guaranteed counterparties

Corporate including the parent and subsidiary companies and the joint guarantee of credit risk must be rated higher or assigned with the risk weight lower than the guaranteed counterparties. The credit guarantors must be rated higher or equal to A- or A3.

5. Concentration of credit and market risk in each type of collaterals, guarantors, protection sellers of the credit derivative for the credit risk mitigation

Most credit risk mitigation by the eligible financial collaterals method is in forms of deposits at bank for reducing the credit risk in general loans, while the credit risk mitigation by guarantee of loan method is in forms of guarantee by the Ministry of Finance on the investment in debt instruments.

The financial group and the bank have the outstanding collateralized exposures in each type of asset by Standardized Approach classified by the types of collaterals as of December 31, 2010 and 2009 as follows.

Type of Assets	(Unit: Baht)	
	The Financial Group	
	31 December 2010	
	Eligible financial collaterals	Guarantees and Credit derivatives
Performing loans		
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank	-	-
Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	2,200,235,397	-
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	2,690,367,959	15,715,295
Claims in the Regulatory Retails Portfolio	91,095,823	-
Residential Mortgage Loans	-	-
Other assets	193,065,252	-
Non-performing loans	6,010,000	-
Total	5,180,774,431	15,715,295

(Unit: Baht)

		The Bank	
		31 December 21010	
Type of Assets		Eligible financial collaterals	Guarantees and Credit derivatives
Performing loans			
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank		-	-
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions		2,200,235,397	-
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates		2,690,367,959	15,715,295
Claims in the Regulatory Retails Portfolio		42,313,205	-
Residential Mortgage Loans		-	-
Other assets		193,065,252	-
Non-performing loans		6,010,000	-
Total		5,131,991,813	15,715,295

(Unit : Baht)

		The Bank	
		31 December 2009	
Type of Assets		Eligible financial collaterals	Guarantees and Credit derivatives
Performing loans			
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank		-	-
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions		6,023,331,691	-
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates		2,292,907,836	3,943,281
Claims in the Regulatory Retails Portfolio		17,483,639	-
Residential Mortgage Loans		-	-
Other assets		161,715,363	-
Non-performing loans		-	-
Total		8,495,438,529	3,943,281

Market risk in Trading Book

Market risk means the risks potentially from the changes in market prices or values caused by interest rates, exchange rates, equity and commodity price movements impacting net interest income and capital of financial institutions. Such changes have an impact through both general market risk and specific risk. The transactions with the market risk can be categorized as:

1. **Transactions in the Trading Book** include the positions of financial instruments and commodities with the intents of trading or hedging of other positions in the trading book and all types of financial derivatives with non-hedging intents for Banking Book positions. The transactions must be non-obligated in buying, selling or hedging with the holding period of no longer than 2 years.
2. **Transactions in the Banking Book** include the positions of financial instruments or other types of transactions with the intents of not for trading or the financial instrument with the initial intention to hold for long period of time or hold to maturity. The holding period must be at least 1 month.

The financial group has the Market Risk Management Policy to identify, measure, control and monitor the market risk both in Trading Book and the interest rate in Banking Book so as to efficiently manage the risk and comply with the Bank of Thailand's guideline in market risk management. The relevant market risks include:

1. Interest Rate Risk is the risk stemming from changes in interest rates resulting in the changes of values of assets, liabilities and off-balance sheet items especially in the medium- to long-term.
2. FX Risk is the risk stemming from negative impact caused by the changes of FX aggregate positions which may incur from the FX transactions for trading, partly hedging for Trade Finance customers, partly hedging for investment in FCY debentures, etc.
3. Price Risk is the risk stemming from the change in prices of equity or equity derivatives in the Proprietary Portfolio.

In managing market risk, the Portfolio Risk Management Department under Risk Management Division is responsible for monitoring and controlling any potential market risk incurred by the operation of Treasury Division where the Asset and Liability Committee (ALCO) determines most of the market risk limits which are approved by the Board of Executive Directors (EXCOM). ALCO meeting is organized at least once a month to review the market risk and formulate the risk management strategies under changes in financial market environment. For the Market Risk Management Policy, the Portfolio Risk Management Department shall propose through the Group Risk Committee and EXCOM while the policy shall be approved by the Board of Directors (BoD). Regarding investment in Proprietary Portfolio, the Investment Committee meets at least once a month to consider the portfolio performance, strategy, policy, list of the equity to be invested, liquidation of the portfolio as well as the investment proposal before further submitting to the EXCOM for approval.

The measurement of market risk in the Trading Book embraces all types of market risk including interest rate risk, FX risk, and price risk. Besides, the financial group assesses the risk and capital adequacy on a regular basis both in normal and crisis situations by means of assessing the Trading Book position at least on a daily basis based on marking to market, marking to model or other appropriate prices. The gain/loss from each transaction in the Trading Book is subject to the stop loss limits. Moreover, the financial group conducts the stress test on the Trading book for all relevant risks while stress test assumptions shall be revised

to be in line with economic and financial market condition and to encompass the possibility of negative impacts on the net interest income and the financial group's capital on a regular basis.

The risk management tools include control limits, which curb the maximum amounts that the Treasury Division can invest, and stop loss limits, restraining the maximum loss acceptable to the financial group in consistent with the Business plan, strategies of the financial group and economic, political, financial market conditions domestically and internationally.

Since the trading volume in the Trading Book has reached the criteria to calculate the market risk capital, the financial group has utilized the Standardized Approach which is appropriate to the characteristics of investment portfolio of the financial group. Even though the volumes in the Trading Book of the financial group tend to rise, the transactions are not complicated and most of them are to serve the customers while the financial group's own positions are not composed at large proportion. The market risk capital requirements as of December 31, 2010 and 2009 were as follows.

(Unit: Baht)

Market Risk Capital Requirement	The Financial Group	
	31 December 2010	
Interest Rate Risk	23,024,799	
Equity Price Risk	1,082,050	
Foreign Exchange Risk	11,314,541	
Commodity Price Risk	-	
Total market risk capital requirement	<u>35,421,390</u>	

(Unit: Baht)

Market Risk Capital Requirement	The Bank	
	31 December 2010	30 June 2010
Interest Rate Risk	23,024,799	57,218,263
Equity Price Risk	1,082,050	7,051,671
Foreign Exchange Risk	11,314,541	2,688,797
Commodity Price Risk	-	-
Total market risk capital requirement	<u>35,421,390</u>	<u>66,958,731</u>

Operational Risk

Operational risk is the risks from damages caused by the short of good corporate governance in the organization and lack of the appropriate controls. It may relate to the internal processes, human being, working systems, or external events and have the negative impact on the interest income and the financial group's capital.

The policy of the financial group specifies the guideline to prevent and manage the relevant risks and includes the definitions, objectives, sources of risk, operational risk management principles and operational risk working procedures which encompasses risk identification, assessment, analysis, designation of risk control processes, application of risk controlling and monitoring.

At present, the financial group and the bank use Basic Indicator Approach (BIA) corresponding to the characteristics and complexity of the financial group's business operation.

Equity related exposures

Most of the equity in the Banking Book were obtained from debt restructuring and can be classified into two categories; namely, Marketable Securities – the equity exposures of which the market prices are available and are free from selling limitation, therefore, they can be classified as Available-for-Sale securities and must be marked to market at least once a month where the gain/loss shall be recorded in the equity while the recognized realized gain/loss when selling is recorded in the income statement, and General Investment Securities – the equity obtained from debt restructuring or with inability to sell condition, therefore, the exposures are recognized at the historical cost on the balance sheet and deducted by provision and subject to the impairment test at the occurrence of objective evidence of impairment according to the Accounting Standard.

Since the equity in the Trading Book is for the purpose of taking the profit from the difference between purchasing and selling prices and classified as Held-for-Trading, its fair values must be marked to market while the gain/loss shall be recognized in the income statement of the financial group. This results in the fluctuation of the financial group's profit/loss. Furthermore, the Proprietary Portfolio has a short holding period, not longer than 2 years in accordance with the Trading Book Policy. To control such a risk, the financial group has formulated the control limit and stop loss limit for both the portfolio and individual levels to ensure that the market risk management in the Proprietary Portfolio is efficient and in line with the policies of the financial group and the Bank of Thailand.

The investments in equity for other purposes which can be classified as either Marketable Securities portfolio, subject to marking to market regularly, or General Investment portfolio, recorded on the balance sheet at historical cost and subject to impairment test, are in Banking Book of which the holding period shall be at least 1 month, according to the financial group's policy in Banking Book.

Profit/loss is not strongly affected as they are recorded only when selling exists. Thus, equity risk management in Banking Book has no need to set the investment limit and stop loss limit.

Nonetheless, apart from the investment limit and stop loss limit, the financial group also conducts the stress test on the equity prices in both Trading and Banking Books but the severity of the assumptions are different depending on the liquidity of the equity in each book and the impact of the prices from buying/selling in a large amount.

The valuation according to the Accounting Standard shall be carried out based on the book type of the equity aforementioned. Firstly, the latest bid price shall be considered. If it is not available, the price estimated from the model used widespread among major players in the market, academically legitimate and employed the market inputs as much as possible while using the inputs internally from the financial group the least shall be used. Moreover, such models shall be tested mathematically and validated by the unit independent from the one developing the model. Nonetheless, if the price cannot be obtained from the market or model, the historical cost could possibly be used as the last preference.

The financial group and the Bank have the outstanding equity related exposures in the Banking Book as of December 31, 2010 and 2009 as follows.

(Unit: Baht)

Equity position	The Financial Group	
	31 December 2010	
1. Equity related position		
1.1 Equity listed in the Stock Exchange of Thailand:-		
• Historical Cost	38,625,313	
• Market Values	59,368,550	
1.2 Other equity values	383,094,003	
2. Gain (Loss) from selling of the equity in this period	11,749,865	
3. Gain (Loss) from marking to market of the Available-for-Sale equity	20,743,237	
4. Minimum Risk Standardized Approach	37,609,317	

(Unit: Baht)

Equity position	The Bank	
	31 December 2010	31 December 2009
1. Equity related position		
1.1 Equity listed in the Stock Exchange of Thailand:-		
• Historical Cost	38,625,313	45,318,691
• Market Values	59,368,550	43,521,114
1.2 Other equity values	2,847,967,785	1,356,994,400
2. Gain (Loss) from selling of the equity in this period	11,749,865	38,883,344
3. Gain (Loss) from marking to market of the Available-for-Sale equity	20,743,237	(1,797,577)
4. Minimum Risk Standardized Approach	247,123,588	119,043,819

Interest rate risk in the Banking Book

The interest rate risk on the financial group's balance sheet items from the mismatch of the repricing periods of assets and liabilities both on- and off-balance sheet. Such a difference indicates the level of risk or the magnitude of impact of the change in an interest rate that the financial group encounters.

Owing to no trading position in debt instrument, the interest rate risk of the financial group mainly comes from the Banking Book where the financial group assesses the impact of the interest rates of assets and liabilities through both Net Interest Income (NII), measuring the impact of a change in interest rate on the net interest income in the next 12 months, and Economic Value of Equity (EVE), measuring the impact of a change in interest rate on all assets and liabilities to perceive the impact on the overall portfolio of the financial group.

However, the financial group has engaged in the interest rate swaps, comprising the swap transactions that receive floating rate and pay fixed and some of the swap transactions that receive fixed and pay floating rates in order to partly hedge the interest rate risk.

The financial group employs Repricing Gap Report in measuring and managing the interest rate in the Banking Book in which the control limit has been set at the acceptable level. The Portfolio Risk Management Department is responsible in arranging the gap report and reporting to the relevant sub-committees/committees as well as the Bank of Thailand on a regular basis.

In addition, the financial group conducts the stress test on the interest rate risk in the Banking Book based on the assumptions in line with the principle of extreme but plausible scenarios and divided into individual currencies in quarterly basis in order to report to the Group Risk Committee and EXCOM for consideration and revision of risk management strategy and the action plans to handle any adverse outcomes of the stress tests.

At present, the financial group does not have the behavioral adjustments on both assets and liabilities, e.g. behavioral adjustment on repayment schedule and the rollover of the deposit.

The Repricing Gap report in Banking Book in Baht in consolidated financial statement on a quarterly basis and separate financial statement on a monthly basis is reported to the Asset and Liabilities Committee, and a report on interest rate risk is generated by currency in order to be reported to the Bank of Thailand on a quarterly basis.

The impacts of a change in interest rate on earnings of the financial group and the bank for the years ended 31 December 2010 and 2009 were as follows.

The Financial Group

Currency	Year 2010	
	+1.00%	-1.00%
Thai Baht	14.278	-14.278
US Dollar	-9.550	9.550
Euro	0.006	-0.006
Total impact of the change in interest rate	4.734	-4.734
Expected net interest income in the next 12 month	2,335.24	
% of the expected net interest income in the next 12 months	0.203%	-0.203%
% of current capital funds	0.037%	-0.037%

Remark: The numbers in parentheses are negative.

The Bank

Currency	Year end 2010		Year end 2009	
	+1.00%	-1.00%	+1.00%	-1.00%
Thai Baht	27.699	-27.699	61.668	-61.668
US Dollar	-9.479	9.479	-7.407	7.407
Euro	0.006	-0.006	-0.002	0.002
Total impact of the change in interest rate	18.226	-18.226	54.260	-54.260
Expected net interest income in the next 12 month	1,581.39		1,721.52	
% of the expected net interest income in the next 12 months	1.15%	-1.15%	3.152%	-3.152%
% of current capital funds	0.14%	-0.14%	0.438%	-0.438%

Remark: The numbers in parentheses are negative.