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Financial Ratio

Profitability Ratio	Unit	2010	2009	2008
Gross Profit Margin	%	79.7%	79.0%	80.2%
Net Profit Margin	%	1.8%	(3.2%)	5.1%
Return on Average Shareholders' Equity (ROE)	%	3.5%	(6.1%)	9.8%
Net Interest Margin (including credit usage fees)	%	13.2%	13.7%	13.7%
Non-Interest Income to Total Revenue (including credit usage fees)	%	53.7%	51.2%	50.8%

Efficiency Ratio

Net Interest Revenue to Total Assets	%	12.3%	12.8%	13.4%
Return on Assets (ROA)	%	0.5%	(0.8%)	1.3%
Asset Turnover	times	0.2	0.2	0.2

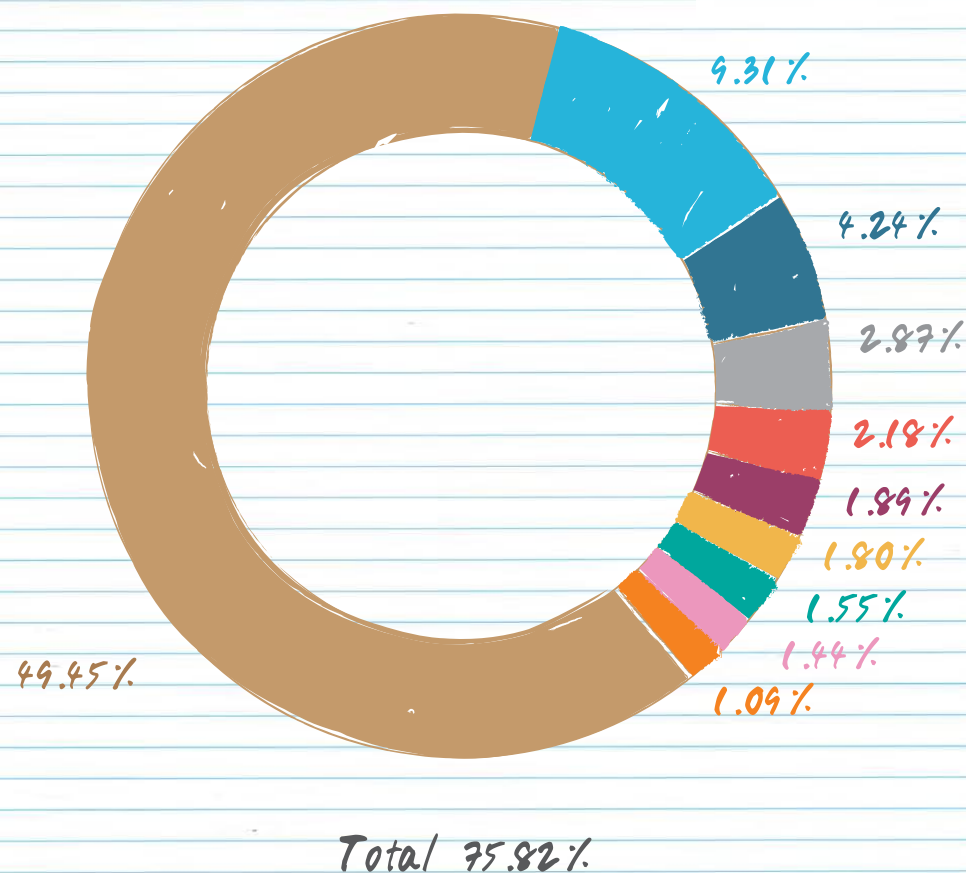
Financial Ratio

Debt to Equity (D/E)	times	6.4	7.0	6.9
Loan to Borrowing	%	122.0%	113.8%	116.7%

Asset Quality Ratio

Doubtful Account to Total A/R	%	6.8%	6.8%	3.8%
Credit loss	%	9.1%	9.3%	6.7%

Shareholders Structure

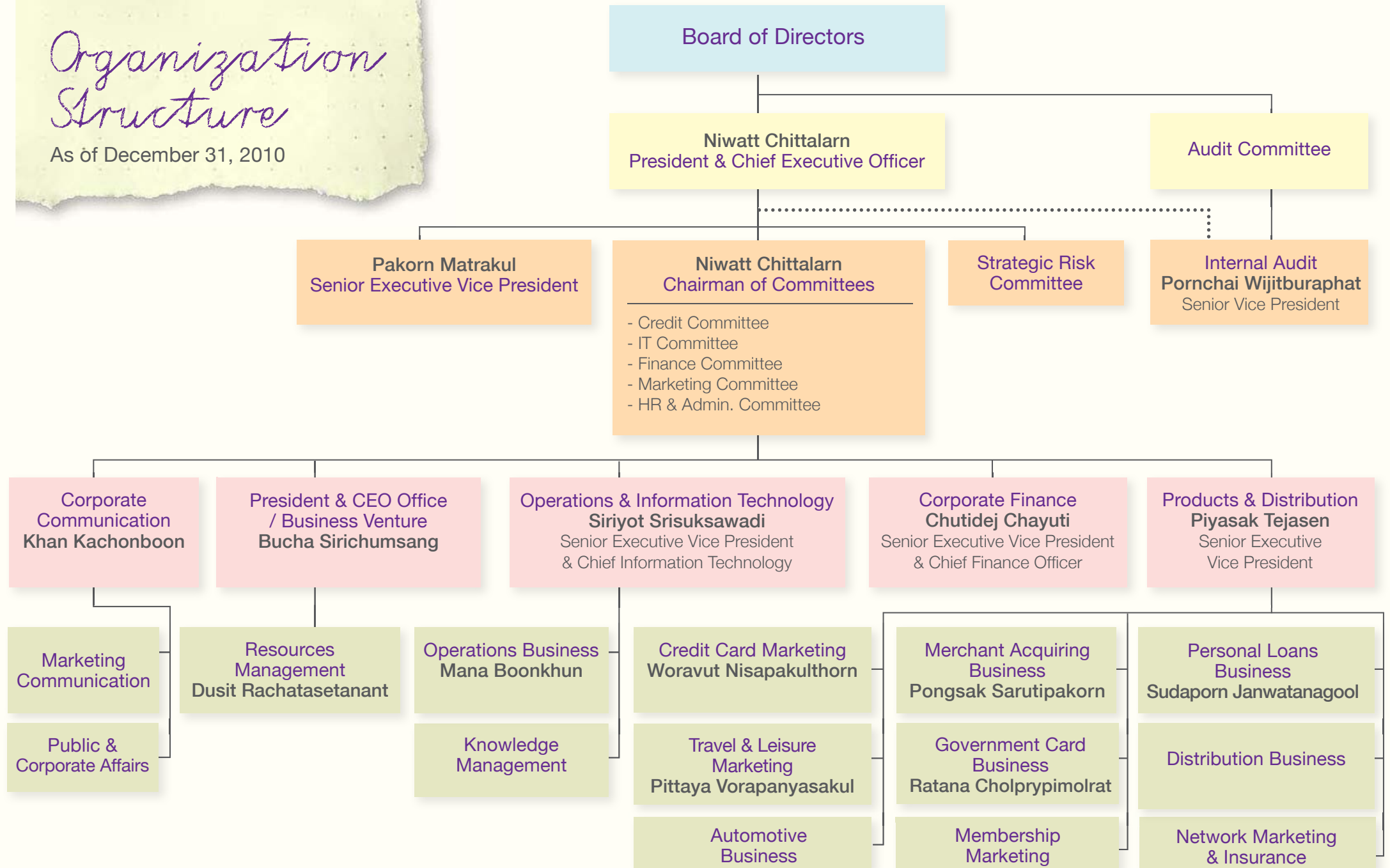


As of December 31, 2010
Total Number of Authorized Capital
and Paid-Up Capital 257,833,407 shares

Krung Thai Bank Public Company Limited	127,500,000
The Bank of New York Mellon	24,000,000
Mr. Sirisak Sonsophon	10,930,050
Ms. Janthana Jindapornburana	7,400,000
Thai NVDR Company Limited	5,628,350
Mr. Jetsada Lertnarntapanya	4,864,900
Mr. Sombat Suwannasingha	4,637,589
HSBC (Singapore) Nominees Pte. Ltd.	4,000,000
Mr. Yue Kwok-Leung	3,712,200
Dr. Thaiyin Srimongkol	2,823,200
Total	195,496,289

Organization Structure

As of December 31, 2010



Message from Chairman



Mr. Pongsathorn Siriyodhin

Chairman

A handwritten signature in black ink, appearing to read 'Pong Siriyodhin'.

Dear Stockholders:

We are pleased to report to you a profitable year of KTC. The profits rose significantly towards the end of the year, as the economic situation steadily recovered bringing back the Thai consumer confidence. We are hence proud to report a 224 Million Baht profit for the year 2010.

The results reflected our ability to manage through an uncertain market situation. For the past years when the global economic condition and the local political situation were highly uncertain, KTC managed its business cautiously to optimize its risk exposure level. We also realigned our loan portfolio, optimizing levels of return, growth and risk. As a result, our net receivables portfolio remained stable at 47.8 Billion Baht but comprised a higher composition of the higher yield personal loans. Thus, last quarter of 2010 alone produced 64.2% total annual profits. This signaled a positive trend of greater performance to be expected in the year 2011.

Looking ahead, we are confident to deliver even a greater performance the coming years for several reasons. The improving economic situation and a higher consumer confidence, which indicates a higher spending level, will fuel the growth for the consumer finance business. More importantly, over the past year we have invested a significant amount time and energy to prepare our infrastructure and to cultivate our team with new methodology to strike the market again forcefully, practically and cost-effectively.

Message from Chairman



Mr. Pongsathorn Siriyodhin

Chairman

A handwritten signature in black ink, appearing to read 'Pong Siriyodhin'.

Besides employing a more advanced credit model and a good cost control mechanism, KTC will substantiate its leadership position through a number of branding and marketing means. While already known as a leading consumer brand, KTC will refresh its brand to accommodate for and to benefit from new trends among consumers, especially the trends around online social media. We will thrive to become an “Open” brand which collaborates closely with consumers, taking multiple intelligence sources to design services while seeking for the new frontier to generate unparallel benefits to our customers. Having innovated several promotion features in the industry in the past several years, we will continue to “write the stories” of more novel products that are liked by our customers.

Besides, we will employ more segmented and targeted marketing programs to ensure benefits delivered to the right customers and profits warranted for the company. With a well-orchestrated execution of several company-wide initiatives, all aim for increasing shareholder value, we are certain to bring about a sustainable business and hence strong returns in an immediate- and longer-term.

On behalf of the Board of Directors and management, we are thankful for your strong and continuing supports. We are fully committed to continuing to operate in full energy to deliver greater results.

Board of Directors



Mr. Pongsathorn Siriyodhin

Chairman

Age 59

Education

- Doctoral Degree, Economics, University of Cincinnati, U.S.A.
- Master's Degree, Economics, California State University, U.S.A.
- Bachelor's Degree, Economics, California State University, U.S.A.
- Certificate, Director Certificate Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, class 7

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1997 - Present

First Senior Executive Vice President

Operation Group / Krung Thai Bank Public Company Limited / Banking

2001 - Present

Chairman

Krungthai Card Public Company Limited / Consumer Finance

2004 - Present

Director

Nok Airlines Company Limited / Airline

2003 - 2009

Director

Trinity Wattana Public Company Limited / Securities

1998 - 2001

Director

Krung Thai Computer Services Company Limited / Information Technology

Board of Directors



Ms. Chanathip Poshyananda

Director / Chairperson of the Audit Committee

Age 71

Education

- Master's Degree, Business Administration (Finance), Central Michigan University, U.S.A.
- Bachelor's Degree, (Accounting), Faculty of Commerce and Accountancy, Chulalongkorn University
- Certificate, Audit Committee Program, Thai Institute of Directors Association
- Certificate, Director Accreditation Program, Thai Institute of Directors Association
- Certificate, Finance for Non-Finance Director, Thai Institute of Directors Association

% of KTC Shares Held

0.004%

Family Relationship

None

Work Experience

2002 - Present

Director / Chairperson of the Audit Committee

Krungthai Card Public Company Limited / Consumer Finance

2007 - Present

Sub-Committee

Office of The National Anti-Corruption Commission

2000 - 2010

Expert and Chairman of the Audit Sub-Committee

The Committee for Student Loans Fund / Government

2000 - 2005

Director

Marble Company Limited / Construction Materials

Board of Directors

Ms. Chanathip Poshyananda

Director / Chairperson of
the Audit Committee

2000 - 2003

1998 - 2000

Director

Asia Credit Public Company Limited / Financials

Deputy Director - General

The Fiscal Policy Office / Ministry of Finance / Government

Board of Directors



Mr. Akarat Na Ranong

Director / Audit Committee / Nominating and
Remuneration Committee

Age 57

Education

- Master's Degree, Business Administration (Management), Marshall University, U.S.A.
- Bachelor's Degree, Economics, Chulalongkorn University
- Certificate, Audit Committee Program, Thai Institute of Directors Association
- Certificate, Director Accreditation Program, Thai Institute of Directors Association
- Certificate, Role of the Compensation Committee, Thai Institute of Directors Association

% of KTC Shares Held

0.0004%

Family Relationship

None

Work Experience

2010 - Present

Associate Dean for Resources Development

College of Music / Mahidol University

2010 - Present

Director / Chairperson of the Audit Committee

Matching Maximize Solution Public Company Limited /
Media & Publishing

2001 - Present

**Director / Audit Committee / Nominating and
Remuneration Committee**

Krungthai Card Public Company Limited / Consumer Finance

Board of Directors

Mr. Akarat Na Ranong

Director / Audit Committee / Nominating
and Remuneration Committee

1996 - 2009

1995 - 1996

1990 - 1995

President

TSFC Securities Limited / Securities

President

Thai Finance and Securities Public Company Limited / Securities

Vice President

Country Treasurer / Citibank N.A. / Banking

Board of Directors



Ms. Pimpen Ladpli

Director / Audit Committee / Nominating and Remuneration Committee

Age 40

Education

- Doctoral Degree, Economics, University of Southampton, U.K.
- Master's Degree, MBA Finance, University of Exeter, U.K.
- Bachelor's Degree, Economics, California State University, Northridge, U.S.A.
- Certificate, Director Accreditation Program, Thai Institute of Directors Association
- Certificate, Finance for Non-Finance Director, Thai Institute of Directors Association
- Certificate, Economic and Financial Management for Mid-Ranking Executives (class 3), King Prajadhipok's Institute
- Certificate, Role of the Compensation Committee, Thai Institute of Directors Association
- Certificate, Audit Committee Program, Thai Institute of Directors Association

% of KTC Shares Held

0.004%

Family Relationship

None

Work Experience

2010 - Present

Director of Government Bond Market Division

Public Debt Management Office / Ministry of Finance / Government

2002 - Present

Director / Nominating and Remuneration Committee

Krungthai Card Public Company Limited / Consumer Finance

Board of Directors

Ms. Pimpen Ladpli

Director / Audit Committee / Nominating
and Remuneration Committee

2009 - Present

2006 - Present

1996 - 2010

2005 - 2006

2004 - 2005

2003 - 2004

2001 - 2002

Audit Committee

Krungthai Card Public Company Limited / Consumer Finance

Guest Professor

Faculty of Economics / Chulalongkorn University

Economist

Public Debt Management Office / Ministry of Finance /
Government

Assistant Advisor to the Minister of Commerce

Ministry of Commerce / Government

Assistant Advisor to the Minister of Finance

Ministry of Finance / Government

Assistant Advisor to the Deputy Prime Minister

Office of the Prime Minister / Government

Assistant Advisor to the Minister of Finance

Ministry of Finance / Government

Board of Directors



Mrs. Kittiya Todhanakasem

Director

Age 52

Education

- Master's Degree, MBA, University of Illinois, Champaign - Urbana, U.S.A.
- Bachelor's Degree, Accounting (Honor), Thammasat University
- Certificate, Director Accreditation Program, Thai Institute of Directors Association
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Diploma, National Defence College, The Joint State-Private Sector Course Class 51/21, Nation Defence College of Thailand

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2005 - Present

Senior Executive Vice President

Financial Management Group / Krung Thai Bank Public Company Limited / Banking

2009 - Present

Chairman

KTB Advisory Company Limited / Financial Advisory

2005 - Present

Director

Krungthai Card Public Company Limited / Consumer Finance

2001 - Present

Director

Krungthai Panich Insurance Company Limited / Insurance

Board of Directors

Mrs. Kittiya Todhanakasem

Director

2003 - 2005

Senior Executive Vice President

Risk Management Group / Krung Thai Bank Public Company Limited / Banking

2002

Executive Vice President

Risk Management Group / Krung Thai Bank Public Company Limited / Banking

2001

Executive Vice President

Credit Risk Management Group / Krung Thai Bank Public Company Limited / Banking

Board of Directors



Mr. Narathorn Wongvises

Director

Age 58

Education

- MS in Industrial and System Engineering, San Jose State University, U.S.A.
- BS in Industrial Engineering and Operation Research, University of California, Berkeley, U.S.A.
- Certificate, Director Accreditation Program, Thai Institute of Director Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2007 - Present

Director

Krungthai Card Public Company Limited / Consumer Finance

2006 - 2010

Managing Director

Krung Thai Computer Services Company Limited /
Information Technology

2004 - 2006

Vice President

Government Saving Bank / Banking

2003 - 2004

President

W Five Company Limited / Technology Advisor

2000 - 2003

Executive Vice President

Thai Military Bank Public Company Limited / Banking

Board of Directors



Mr. Suvit Mapaisansin

Director / Nominating and Remuneration Committee
Age 51

Education

- Master's Degree, MBA, Sasin Graduate Institute of Business Administration
- Bachelor's Degree, BA in Economics, Chulalongkorn University
- Certificate, Director Certification Program (2001), Thai Institute of Directors Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2009 - Present

Director / Executive Director

Phatra Securities Public Company Limited / Securities

2009 - Present

Director / Nominating and Remuneration Committee

Krungthai Card Public Company Limited / Consumer Finance

2003 - 2009

Chief Executive Officer

Phatra Securities Public Company Limited / Securities

2002 - 2003

Vice President

The Stock Exchange of Thailand

2001 - 2002

Governor

The Stock Exchange of Thailand

Board of Directors

Mr. Suvit Mapaisansin

Director / Nominating and Remuneration
Committee

2000 - 2002

1998 - 2000

1997 - 1998

Managing Director

Merrill Lynch Phatra Securities Company Limited /
Securities

Senior Executive Vice President

Merrill Lynch Phatra Securities Company Limited /
Securities

Senior Executive Vice President

Phatra Securities Company Limited / Securities

Board of Directors



Mr. Niwatt Chittalarn

Director / President & Chief Executive Officer

Age 59

Education

- Master's Degree, Education Management, University of Kansas at Emporia, U.S.A.
- Bachelor's Degree, Education, Prince of Songkhla University, Pattani Campus

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1996 - Present

Director / President & Chief Executive Officer

Krungthai Card Public Company Limited / Consumer Finance

2004 - 2005

Chairman

KTC World Company Limited / Travel Management

1992 - 1996

Vice President

Project Administrator / Rajavej Company Limited / Hospital

1991 - 1992

Vice President

Country Human Resources Division / Citibank N.A. / Banking

1981 - 1989

Vice President

Card Marketing / American Express (Thailand) Company Limited / Credit Card

Executives



Mr. Niwatt Chittalarn

Director / President & Chief Executive Officer
Age 59

Education

- Master's Degree, Education Management, University of Kansas at Emporia, U.S.A.
- Bachelor's Degree, Education, Prince of Songkhla University, Pattani Campus

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1996 - Present

Director / President & Chief Executive Officer

Krungthai Card Public Company Limited / Consumer Finance

2004 - 2005

Chairman

KTC World Company Limited / Travel Management

1992 - 1996

Vice President

Project Administrator/ Rajavej Company Limited / Hospital

1991 - 1992

Vice President

Country Human Resources Division / Citibank N.A. / Banking

1981 - 1989

Vice President

Card Marketing / American Express (Thailand) Company Limited / Credit Card

Executives



Mr. Pakorn Matrakul
Senior Executive Vice President
Age 43

Education

- Master's Degree, Law, Harvard Law School, Cambridge, Massachusetts, U.S.A.
- Bachelor's Degree, Law, Thammasat University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2010 - Present	Senior Executive Vice President Krungthai Card Public Company Limited / Consumer Finance
2002 - 2010	Senior Executive Vice President President & CEO's Office / Business Venture / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2006	Chairman Golden Mind Services Company Limited / Services
2004 - 2005	Director KTC World Company Limited / Travel Management

Executives

Mr. Pakorn Matrakul

Senior Executive Vice President

2004 - 2005

Director

Thai Smart Card Company Limited / Card Business

2002 - 2002

Managing Director

VE-RI-TAS Consultants Company Limited / Law Counsel

1999 - 2001

Corporate General Counsel

Bangkok Capital Alliance Company Limited / Financials

Executives



Mr. Chutidej Chayuti

Senior Executive Vice President & Chief Finance Officer
Corporate Finance

Age 48

Education

- Master's Degree, M.S. (Industrial Technology), Indiana State University, U.S.A.
- Master's Degree, MBA, Indiana State University, U.S.A.
- Bachelor's Degree, Commerce and Accountancy (Industrial Management), Thammasat University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2002 - Present

Senior Executive Vice President & Chief Finance Officer

Corporate Finance / Krungthai Card Public Company Limited
/ Consumer Finance

1998 - 2002

Assistant Secretary General

Financial Sector Restructuring Authority / State Enterprise

1995 - 1998

Senior Vice President

Financial Sector Restructuring Authority / State Enterprise

1993 - 1995

Vice President

Planning and Financial Business Development Department
and Office of The President / Wall Street Finance and Securities
Public Company Limited / Financials and Securities

Executives



Mr. Siriyot Srisuksawadi

Senior Executive Vice President &
Chief Information Officer
Operations & Information Technology
Age 52

Education

- Master in Marketing English Language Certificate Program, Joint Education Program Thammasat University and University of Gothenburg, Sweden
- Bachelor's Degree, Electronic Data Processing, Chulalongkorn University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

- | | |
|--------------------|--|
| Nov 2010 - Present | Senior Executive Vice President & Chief Information Officer
Operations & Information Technology / Krungthai Card Public Company Limited / Consumer Finance |
| 2006 - Oct 2010 | Senior Executive Vice President & Chief Information Officer
Information Technology / Krungthai Card Public Company Limited / Consumer Finance |
| 2000 - 2006 | Executive Vice President
Head of Branch Services and Operations Division / Bank Thai Public Company Limited / Banking |

Executives

Mr. Siriyot Srisuksawadi

Senior Executive Vice President &

Chief Information Officer

Operations & Information Technology

1999 - 2000

1996 - 1999

Chief Information Officer (CIO)

GE Capital (Thailand) Limited / Consumer Finance

Executive Vice President

Deputy Managing Director - Operations

TSFC Securities Limited / Securities

Executives



Mr. Piyasak Tejasen

Senior Executive Vice President
Products & Distribution Business
Age 46

Education

- Master's Degree, Political Science, The School of Public Administration, University of Southern California, U.S.A.
- Bachelor's Degree, Political Science, Ramkhamhaeng University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Nov 2010 - Present	Senior Executive Vice President Products & Distribution Business / Krungthai Card Public Company Limited / Consumer Finance
2010 - Oct 2010	Senior Executive Vice President Distribution Business / Krungthai Card Public Company Limited / Consumer Finance
2005 - 2009	Executive Vice President Distribution Business / Krungthai Card Public Company Limited / Consumer Finance

Executives

Mr. Piyasak Tejasen

Senior Executive Vice President
Products & Distribution Business

2002 - 2005

1999 - 2002

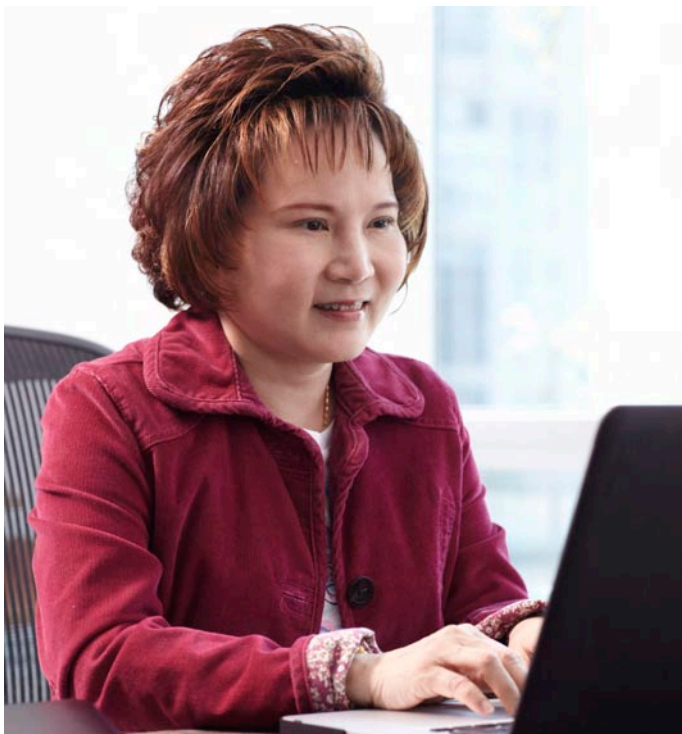
Executive Vice President

Resources Management / Krungthai Card Public Company
Limited / Consumer Finance

Human Resources Director

Human Resources and Administration Department / Bangkok
Capital Alliance Company Limited / Financials

Executives



Ms. Sudaporn Janwatanagool

Executive Vice President
Personal Loans Business
Age 52

Education

- Master's Degree, Finance and Banking, Sripatum University
- Bachelor's Degree, Faculty of Commerce and Accountancy, (Accounting), Chulalongkorn University
- Certificate, Mini MBA, Bank of Ayudhaya Public Company Limited

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1997- Present

Executive Vice President

Personal Loans Business / Krungthai Card Public Company Limited / Consumer Finance

1990 - 1997

Vice President

Accounting Department / Citibank N.A. / Banking

1987 - 1990

Head of Accounting Department

Credit Card Center / Head Office / Bank of Ayudhaya Public Company Limited / Banking

Executives



Mrs. Pittaya Vorapanyasakul

Executive Vice President
Travel & Leisure Marketing
Age 49

Education

- Bachelor's Degree, Travel Industry Management, University of Hawaii, U.S.A.

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

June 2010 - Present

Executive Vice President

Travel & Leisure Marketing / Krungthai Card Public Company Limited / Consumer Finance

2005 - June 2010

Executive Vice President

Membership Marketing / Krungthai Card Public Company Limited / Consumer Finance

2005 - Apr 2010

Director and Member of Audit Committee

Krung Thai Asset Management Public Company Limited / Asset Management

2004 - 2005

Director

KTC World Company Limited / Travel Management

2003 - 2004

Executive Vice President

Card Marketing / Krungthai Card Public Company Limited / Consumer Finance

Executives

Mrs. Pittaya Vorapanyasakul

Executive Vice President
Travel & Leisure Marketing

1996 – 2002

1993 - 1995

Senior Vice President

Card Marketing & Business Development /
Krungthai Card Public Company Limited /
Consumer Finance

Manager

National Key Accounts Department / American Express
(Thailand) Company Limited / Credit Card

Executives



Ms. Ratana Cholpryomrat

Executive Vice President
Government Card Business
Age 56

Education

- Master's Degree, MBA, Sasin Graduate Institute of Business Administration
- Bachelor's Degree, Bachelor of Science in Statistics, Faculty of Commerce and Accountancy, Chulalongkorn University
- Bachelor's Degree, Bachelor of Arts (Chinese Language in Economics and Trade), Beijing Language and Culture University, People's Republic of China

Training Programs

- Core Finance I – Citibank Asia Pacific Banking Institute
- Business Financial Services Advanced Credit course - Standard Chartered Bank
- Proactive Relationship Banking
- Advanced Senior Executive Program - Kellogg School of Management of Northwestern University
- Taking Marketing Digital – Harvard Business School

% of KTC Shares Held

0%

Family Relationship

None

Executives

Ms. Ratana Cholpryapimolrat

Executive Vice President
Government Card Business

Work Experience

2010 - Present

Executive Vice President

Government Card Business / Krungthai Card Public Company Limited / Consumer Finance

2003 - 2010

Executive Vice President

Revolving Loans Business / Krungthai Card Public Company Limited / Consumer Finance

2001 - 2003

Executive Vice President

Business Banking & Wealth Management / Standard Chartered Nakornthon Bank Public Company Limited / Banking

1997 - 2000

Senior Manager

Direct Banking Department / Standard Chartered Bank (Thailand) / Banking

Executives



Mr. Pongsak Sarutipakorn

Executive Vice President
Merchant Acquiring Business
Age 52

Education

- Master's Degree, Business Administration, Kasetsart University
- Bachelor's Degree, Economics, Ramkhamhaeng University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2003 - Present

Executive Vice President

Merchant Acquiring Business / Krungthai Card Public Company Limited / Consumer Finance

1997 - 2003

Senior Vice President

Information Technology / Krungthai Card Public Company Limited / Consumer Finance

1995 - 1997

Unit Head & Assistant Vice President

General Service Unit / Citibank N.A. / Banking

1982 - 1995

Specialist & Assistant Vice President

Credit Card Operation and Control / Bangkok Bank Public Company Limited / Banking

Executives



Mr. Khan Kachonboon

Executive Vice President
Corporate Communication
Age 48

Education

- Master's Degree, MBA, United States International University (USIU), U.S.A.
- Bachelor's Degree, Business Administration (Marketing), Assumption University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Nov 2010 - Present	Executive Vice President Corporate Communication / Krungthai Card Public Company Limited / Consumer Finance
2003 - Oct 2010	Executive Vice President Corporate Marketing / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2005	Director Conquest Advertising (Thailand) Company Limited / Advertising
1995 - 2003	Senior Vice President J Walter Thompson Company Limited / Advertising

Executives



Mr. Mana Boonkhun
Executive Vice President
Operations Business
Age 48

Education

- Master's Degree, Business Administration, University of Missouri, U.S.A.
- Bachelor's Degree, Architecture, Chulalongkorn University

% of KTC Shares Held

0.00001%

Family Relationship

None

Work Experience

2009 - Present

Executive Vice President

Operations Business / Krungthai Card Public Company Limited / Consumer Finance

2005 - 2009

Executive Vice President

Resources Management / Krungthai Card Public Company Limited / Consumer Finance

2003 - 2005

Vice President

Business Development & Business Venture / Krungthai Card Public Company Limited / Consumer Finance

2000 - 2003

General Manager

Alpine Golf and Sports Club Company Limited / Golf

1990 - 2000

Vice President

Tanayong Public Company Limited / Real Estate

Executives



Mr. Bucha Sirichumsang

Executive Vice President
President & CEO's Office/Business Venture
Age 48

Education

- Master's Degree, Business Administration (International Business), Rosary College, River Forest, Illinois, U.S.A.
- Bachelor's Degree, Law, Chulalongkorn University
- Barrister – at – Law, Institution of Legal Education, Thai Bar Association

% of KTC Shares Held

0 %

Family Relationship

None

Work Experience

2007 - Present

Executive Vice President

President & CEO's Office/Business Venture / Krungthai Card Public Company Limited / Consumer Finance

2004 - 2007

Senior Vice President

President & CEO's Office/Business Venture / Krungthai Card Public Company Limited / Consumer Finance

1999 - 2004

Vice President

Legal Consultant Department / Krung Thai Legal Services Company Limited / Law Counsel

Executives

Mr. Bucha Sirichumsang

Executive Vice President

President & CEO's Office/Business Venture

1996 - 1999

Assistant Vice President

Capital Market Services Department / Krung Thai Bank Public Company Limited / Banking

1996

Vice President

Managing Director's Office / Ekachart Finance and Securities Public Company Limited (EFS) / Finance and Securities

1994 - 1996

Manager

Managing Director's Office / Ekachart Finance and Securities Public Company Limited (EFS) / Finance and Securities

Executives



Mr. Woravut Nisapakulthorn

Executive Vice President

Credit Card Business

Age 40

Education

- Master's Degree in Marketing (English Program, MIM), Thammasat University
- Bachelor's Degree Advertising, Chulalongkorn University

% of KTC Shares Held

0 %

Family Relationship

None

Work Experience

2009 - Present

Executive Vice President

Credit Card Business / Krungthai Card Public Company Limited / Consumer Finance

2005 - 2009

Senior Vice President

Partnership Marketing / Krungthai Card Public Company Limited / Consumer Finance

2004 - 2005

Senior Vice President

Payment Product Business / Krungthai Card Public Company Limited / Consumer Finance

2003 - 2004

Vice President

Card Marketing & Corporate Marketing / Krungthai Card Public Company Limited / Consumer Finance

Executives

Mr. Woravut Nisapakulthorn

Executive Vice President
Credit Card Business

2002 - 2003

Senior Manager

Credit Card Marketing / Krungthai Card Public Company Limited / Consumer Finance

2001 - 2002

Marketing Manager

Visa Debit Product / Krungthai Card Public Company Limited / Consumer Finance

1995 - 2000

Marketing Manager

Land & Houses Public Company Limited / Real Estate Business

1992 - 1994

Account Supervisor

McCan Erickson (Thailand) Company Limited
FarEast Advertising Public Company Limited / Advertising

Executives



Mr. Dusit Rachatasetanant

Executive Vice President

Resources Management

Age 45

Education

- Certificate of Micro MBA , Chulalongkorn University
- Bachelor of Education , Chandrakasem Rajabhat University

% of KTC Shares Held

0.00001 %

Family Relationship

None

Work Experience

2009 - Present

Executive Vice President

Resources Management / Krungthai Card Public
Company Limited / Consumer Finance

2007 - 2009

Senior Vice President

Human Resources / Krungthai Card Public Company Limited /
Consumer Finance

2004 - 2007

Vice President

Human Resources / Krungthai Card Public Company Limited /
Consumer Finance

2002 - 2004

Senior Manager

Human Resources / Krungthai Card Public Company Limited /
Consumer Finance

Executives

Mr. Dusit Rachatasetanant

Executive Vice President
Resources Management

1999 - 2002

Manager

Human Resources & Administration / Alpha Capital AMC
Company Limited / Asset Management

1998 - 1999

Officer

Human Resources / Cathay Asset Management Company
Limited / Asset Management

1993 - 1997

Assistant Manager

Human Resources / Securities One Public Company Limited /
Finance

1992 - 1993

Officer

Human Resources / STA Group 1993 Public Company
Limited / Furniture Industry

Business Description

KTC domestically provides unsecured financial products to consumers offering Credit Card and Personal Loan as its core products. Geographically, 55% of KTC existing customers are in Bangkok and vicinity.

Regarding an uptrend in economics, KTC remains prudently expand its business as well as mainly leveraging from its existing customer base. In order to build up its customer base for both Credit Card and Personal Loan, KTC has increased the number of distribution channels to provide more accessibility to customers with an aim of having sustainable growth and ability to maintain its assets quality.

KTC's businesses are as follow:

1. Credit Card Business

Credit card as a core business accounted for 76.06% of total receivables (net) this year. KTC credit card business has unique competitive differentiation such as varied segmentation and unique value-added program offerings. "Forever Rewards" program, for

Business Description

example, is designed to deliver real benefits to KTC's members with a exceptional feature of "no expiration" for KTC reward points which can be redeemed for goods and services at any participated stores. KTC credit card business consists of 3 main products, which are as follow:

- 1.1 **Issuing business:** Main operations involve acquiring members, issuing credit cards, approving credit line, monitoring card usage, receiving outstanding balance payments, and processing collection. The Company mainly acquires its revenue from interest and fee incomes. Fee incomes generally come from interchange fee, credit usage fee, cash advance fee, etc.
- 1.2 **Acquiring Business:** This business engages to stores that receive payment for goods and services by credit card. After selecting merchants, KTC will install an electronic data capture (EDC) or card-reading terminal at the merchants with supervision on sales approval and providing fraud detection. The merchant fee income is calculated by using "Merchant Discount Rate" on amount of payment made by credit card through the EDC machine. Some parts of the fee income will go to other credit card issuers whose card being used on KTC's machine.

Business Description

1.3 Circle Loan Business: Circle loan accounts are normally attached to credit card accounts. This circle loan product was created by Krung Thai Bank (KTB), and it was transferred to KTC. The features of the product are more like bank's overdrafts (OD). However KTC has ceased its expansion in this business since 1996, therefore, the receivables are gradually declined every year. Thus circle loan receivables decreased to Baht 307 million at end of 2010.

2. Personal Loan Business

Personal loan business accounted for 23.67% of total receivables (net). KTC Personal Loan consists of two key products, KTC Cash and KTC Cash Revolve which are provided for individuals without any requirement for collateral and being KTC cardholder.

KTC Cash is a fixed installment product with one-time cash transfer to clients' bank account. KTC Cash clients are able to choose their due date and loan maturity period (normally 12-60 months) to suite their payment behavior. KTC Cash Revolve is a revolving loan. Members will have the first amount transferred to their bank accounts which can be withdrawn at any ATM. The credit line particularly will become available again after customers made their payment.

Business Description

KTC basically selects its personal loan customer based on their fixed income. The minimum income criteria will be different depending on type of personal loan. Approved customers will be given a credit line of 1-5 times their monthly income. KTC also uses credit scoring to set up the interest rate charged to each customer with a maximum interest rate of 28%. The personal loan revenue usually comes from interest and fee income such as credit usage fee, collection fee, duty fee, etc.

Besides the above-mentioned products, KTC has another unsecured loan called "self-employed loan (KTC Million)." KTC Million specifically provides fund for business owners who are in need of business operating capital. Due to the economic slowdown, KTC has had no intention to expand this business since 2006. At the end of 2010, KTC Million receivable was Baht 119 million or accounted for 0.27% of total receivables (net).

Risk Factors

For each separate risk area, the Company recognizes and declares its risk management objectives, policies in terms of strategy, process, scope, and mitigation mechanism clearly as follow:

1. CREDIT RISK

Risk from internal rating process

The Company is aware that the inadequately controlled internal rating process could pose significant credit risk to its business. It thus adopts advanced and practical risk management methods. For credit cards and personal loans, its approval process depends on both statistical scoring model and experienced credit analysts. Moreover, the approval process has to verify by various related staffs and divisions for increasing accuracy while reducing an error.

Risk from credit card fraud

The Company gives priority to credit card fraud. The development of chip card and EMV Technology has applied instead of Electronic Data Capture (EDC) for upgrading safety standard. Moreover, the Company has invested in the new online Fraud Detection system

Risk Factors

for protecting any of fraudulent charges. For E-Commerce transactions, the Company uses 3D-Secure system to assure the security of both cardholders and merchant outlets. In 2010, the Company incurred Baht 9 million or 0.02% of total receivables which declined 25% from Baht 12 million in 2009.

Default risk

The Company is fully aware of negatively default payment according to economic situation. In order to control default risk, the Company has set up each credit line for the clients depending upon his/her payment ability. Moreover, the Company also diversifies its customer base across industry, geography and various occupations. With this policy, the Company also renders lower risk level for consumer finance lending.

Risk Factors

2. MARKET RISK

Interest rate risk

The Company is exposed to interest rate risk that will impact the performance of the company as the interest rate rises, incurring higher funding costs. Therefore, to reduce volatile interest rate effect; the Company manages its portfolio by issuing both short-term and long-term funding including type of fixed and floated interest rate. Moreover, the Company always adjusts its ratio of funding structure to balance with interest rate movement and its liquidity.

Risk from insufficient working capital

The Company has a policy regarding capital budgeting which is adequate for the continuous expansion of loans. However, the Company is aware of the risk which may arise from inadequacy of revolving funds. The world economy affects Thailand's economy and the fluctuation of the money market, fixed income market or capital market, may have an impact on the financial liquidity of the Company. In order to protect the Company from the risk of inadequacy of revolving funds, the Company has developed measures by using the assessment model to evaluate the short-term and long-term liquidity of the Company and allocation of capital to be justifiable with the age of the Company's account receivables.

Risk Factors

Moreover, Krung Thai Bank has also provided the Company with supportive credit lines totaling of Baht 18,000 million and an overdraft loan Baht 30 million. The Company also diversifies its funds raising from capital markets by the way of issuing bonds, promissory notes, and funding from many financial institutions so that the Company does not rely on any particular financial institution. As at 31 December 2010, the Company has credit available of Baht 21,900 million from financial institutions.

3. OPERATIONAL RISK

Risk from data loses

The Company recognizes that its business relies on a set of huge database of customer and transactional information. It is thus exposed to a risk affected from leaking confidential information to public, losing data from accidental or intentional deletion, or system failure. To ensure confidentiality of data, the Company has a solid procedure and delegated authorization rule as to who will have access to certain information. To avoid losing data from

Risk Factors

deletion, the Company requires its core IT system outsourcers (FIS (Former Certegy) and KCS) to maintain back-up database. Also, as part of the outsourcing deals, the outsourcer companies provide a disaster recovery site option.

Risk from government's control

The Ministry of Finance issued a Notification operation of credit card services and personal loans under the Notification of Revolutionary Council No. 58 and authorized the Bank of Thailand (the "BOT") to supervise by announcing the Notifications specifying the requirements and regulations for such business, including stipulating rates of interest and fees chargeable to customers and the qualifications of credit card holders and personal loan clients. The Company granted approval for conducting credit card services and personal loans under supervision, together with approval for electronic payment services providers under the Royal Decree Regulating of Electronic Payment Services B.E. 2551 (2008) and the Electronics Transaction Commission and the BOT as the control and supervision division regarding the requirements and regulations for such business.

Risk Factors

The Company has been complying with all regulations issued. Also, should there be other regulations issued, the Company will also comply with such regulation.

Risk from discontinuation of contracts with KTB

The Company has a 15-year contract with its major shareholder, KTB, in that KTB is committed to support the Company on some back office operations. This agreement allows the Company to leverage some of KTB's functions such as the branch network (for acquisition and payment) and the shared IT applications. In return, the Company has to pay servicing fees which were set at fair market price level. The Company calculates that the risk from contract discontinuation is limited for at least two reasons. First, the Company believes that this discontinuation is very unlikely to happen, since the agreement was officially concurred at the KTB board level. Second, the Company does not solely rely on KTB's operational support. For acquisition, it has multiple channels to attract new members. For payment, the Company already has multiple payment options to provide convenience to its members. Moreover, many payment providers desire to facilitate the Company

Risk Factors

payment, thus the additional alternative means can be easily substitute when KTB stops servicing the Company customer bill payment. For IT applications, the Company only leverages a few sets of applications on KTB's shared platform. Its core system is outsourced to the internationally acclaimed outsourcer FIS (Former Certegy). Thus, the operational disruption, if at all happens, should not be significant. In sum, the Company foresees limited chance that this risk will occur and anticipates slim impact even if it happens.

Risk of a higher competition

The Company is aware that there is a possibility for a fiercer competition that might lead to price-cut and debt-transfer tactics. This situation could pose some risks on the Company's portfolio and profitability. To be able differentiate from its competitor, the Company uses their expertise and long term experience of consumer finance in Thailand to compete against them. Moreover, continually invests in new devices/systems as well as develops more value added new products and services are also competitive strategies. Therefore, the higher competition should not have much effect on the Company in both short-term and long-term.

Management Discussion and Analysis

This discussion is intended to further the reader's understanding of the financial statements, financial condition, and results of operations of Krungthai Card PCL. It should be read in conjunction with the financial statements, notes, and tables included in this report. For the purpose of comparability, certain prior period amounts have been reclassified.

1. Thailand economic overview in 2010 and trends

Thailand's economic grew by 10.6% for the 1st half of 2010 with some support from the rebound of the global economy incorporating with higher consumers and investor confidences. Despite the political unrest during April to May, export, investment, production, and private consumption have continuously raised since it was just a short-term effect on the tourism sector and consumer spending. The number of foreign tourist decreased by 3.6% in the 2Q10. However, if we focus on the 1H10, it grew by 13.7% compare to the same period last year which shows such a potential of Thailand's tourism sector.

The global economic growth remained positive in the 2nd half of 2010 especially for countries in Asia which showed more stable economic growth compare to other parts of the world. Overall Thai economy has positively been influenced despite the fact that there was an

Management Discussion and Analysis

unusual natural disaster. Private consumption also increased due to lower stress in political situation. Fundamental factors of economic were in good condition in term of liquidity, domestic supply and demand, interest rate, and Government policy resulting in quite a growth for Thailand economic. In fact, Bank of Thailand (BOT) reported an economic growth of 8% for the year 2010.

In 2011, Thai economy will continue to grow from last year. The decrease in the surplus on current account has a pressure on factors influenced inflation. Inflation rate, in fact, is expected to be 2% - 3%, while unemployment rate stays low. Domestic demand tends to adequately increase with a help from the escalation of the household income. There will also be a progress in the investment. Financial liquidity in the system is in good shape even if there are some uncertain factors i.e. the fragile recovery of the World economic especially the recovery of the European Union and Japan's economic, an unstable domestic political, the persistence increase in the oil price, and the fluctuation of the exchange rate in which may have an effect on some businesses. These are the threat for an expansion of economics in 2011. Additionally, the BOT estimated that Thailand economic in 2011 will grow at the rate of 3% - 5%.

Management Discussion and Analysis

2. Consumer Finance Business

There has been a slow growth in consumer finance business for the past few years starting in 2007 leading to a negative growth rate of 2% for 2009 and 2010. This is due to the difficulty in the global economy which had an effect on domestic economy adding on the political conflict and unexpected flooding in Thailand. However, the consumer finance business should enter a recovering cycle starting from the year 2011 because farmer's income and employment rate are getting better. The consumption and investment stay on the positive cycle and the government budgeting is increasing. These factors will boost up consumer purchasing power. Regarding to the Nielsen global consumer confidence index report, Thailand consumer confidence has shown the positive growth for employment, financial situation, and purchasing power.

Facing higher competition, some credit card issuers have come up with attractive promotions using pricing strategy in which card issuers offer lower interest rate compare to their competitors. Another promotion is that card issuers may cooperate with their business alliances providing their customers with rewards when customers reach the spending criterions. According to BOT's reports, there were 14 million credit cards in Thailand at

Management Discussion and Analysis

the end of 2010. It grew by 5% compare to the same period last year. Total receivable and spending (excluding foreign cards and cash advance) were Baht 216,427 million and Baht 719,687 million or increased by 10% and 16%, respectively.

According to BOT's new definitions on personal loan, some commercial banks had to deduct loans related to employee benefits such as "loans for employee" and "loans for medical care". Therefore, the number of receivable in 2010 is incomparable to 2009 loan receivable. It resulted in a decrease in personal loan receivable approximately by Baht 40,000 million for Thai commercial bank. At the end of 2010, total personal loan receivable reported an amount of Baht 187,491 million (Baht 214,058 million, last year). New players are entering the personal loan business including state-owned financial institutions and some Thai commercial banks that were not interested in this business before. Regarding higher competition, many players started using price strategy by offering lower interest rate relative to their competitors.

Management Discussion and Analysis

3. Business Strategy

Krungthai Card PCL. (KTC) is a leading consumer finance provider in Thailand. It was incorporated in 1996 as a servicing subsidiary company of Krung Thai Bank PCL., or KTB. On June 30, 2002, KTB sold the credit card portfolio at net book value to KTC, subsequently transforming KTC into a full consumer finance company listed on the Stock Exchange of Thailand (SET) in October 2002. As of 31 December 2010, KTC market capitalization was Baht 3,171 million and KTB held 49.45% of KTC.

KTC's strategy focuses on building membership base to sustain company's profits in which credit card and personal loan are core businesses. Besides, the company has offered other related businesses to satisfy its members. As at December 31, 2010, KTC had a total of 2.26 million accounts consisting of 1,725,789 credit cards and 529,983 personal loan accounts.

Three imperative strategies in 2011 are as follows. First strategy was to maintain financial liquidity along with quality of its portfolio. Another was utilizing point reward campaign as a core marketing strategy with the "One-on-One" marketing to sustain a relationship with customers. Finally, KTC developed information technology related to servicing such as

Management Discussion and Analysis

customer service line, loyalty system, intelligent database management system, and others in order to improve operational efficiency.

4. Overviews of KTC's performance

The financial statement for the period ended December 31, 2010 showed the net profit of Baht 224 million. Despite an increase in total receivable, interest income declined from last year which resulted in a slightly decrease in total revenue. On the other hand, recovery rose from higher write-off compare to the previous year. Declining in finance cost and bad debts and doubtful accounts caused total expense to decrease leading to higher net profit growth.

Management Discussion and Analysis

Table 1 : Operating Result

Operating Result (Unit : MB)	Y2010	(%)	Y2009	(%)	Y2008	(%)
Total Revenue	12,180	100%	12,354	100%	12,029	100%
Operating Expenses	5,734	47%	5,359	43%	5,895	49%
Finance Cost	1,944	16%	2,036	16%	1,850	15%
Bad debts and Doubtful Accounts	4,073	33%	5,604	45%	3,788	27%
Profit before tax	428	4%	(645)	-	996	8%
Income tax – income (expense)	(204)	-	250	2%	(379)	-
Net Profit	224	2%	(395)	-	617	5%

Summary of ratio and operating performance are as follow:

Management Discussion and Analysis

Table 2 : Summary of Financial Ratio

Year Ended December 31,	2010	2009	2008
Profitability Ratio			
Net interest margin (including credit usage fee)	13.2%	13.7%	13.7%
Non-interest income (excluding credit usage fee) to total revenue	34.4%	30.7%	30.1%
Return on average total assets (ROA)	0.5%	(0.8%)	1.3%
Return on average shareholders' equity (ROE)	3.5%	(6.1%)	9.8%
Asset Quality Ratio			
Credit losses to average receivables	9.1%	9.3%	6.7%
Allowance for doubtful accounts to receivables	6.8%	6.8%	3.8%
Efficiency Ratio			
Cost-to-income	47%	43%	49%
Financial Ratio			
Debts to equity (times)	6.4	7.0	6.9

Management Discussion and Analysis

- Total number of accounts summed to 2.26 million accounts in 2010 which consisting of 1,725,789 credit cards and KTC Cash 529,983 accounts.
- Card spending grew by 12% from the same period last year. The growth was higher than an average of non-bank at 8%, but lower than the industry average of 16%. Competing in the market, KTC has launched more of attractive marketing campaigns to motivate its card spending.
- Total account receivable (net) for Y2010 was Baht 44,775 million, arise from Baht 44,007 million at the end of 2009. In fact, KTC Cash receivable grew by 12% while Credit Card receivable slightly decreased by 1%. During the 2nd half of 2010, KTC increased more number of new bookings relative to 1H10 as foreseeing a positive sign in economics.
- The Company's financial statements showed the amount of Baht 12,180 million in total revenues, declined by 1% from 2009. The total revenue came from interest income (including credit usage fee) and fee income of Baht 7,985 million and Baht 3,078 million which accounted for 66% and 25% of total revenues respectively.

Management Discussion and Analysis

- Total expenses (excluding income tax) for Y2010 was Baht 11,752 million declined from Baht 12,999 million as a result of less provision relative to 2009 which KTC put significant provision as well as having new portfolio with better quality. Besides, there was not much increase in the size of portfolio. Finance cost also decreased by 5%. Despite an increase in marketing activities at the end of 2010, total expense lessened by 10% from the previous year.
- Cost to Income Ratio was 47%, rose from 43% at the end of 2009, which is a result of increasing in acquisition cost and marketing expense. KTC started launching more of its marketing activities to stimulate more card spending after being silent for the past 2 years.
- Average cost of fund slightly rose to 4.81% from 4.80% in Y2009 with Baht 21,900 million of available credit line at the end of 2010. Debt to Equity (D/E) downed from 7.0 times to 6.4 times. Throughout the year 2010, KTC did not issue much of the debentures and long-term loans since the portion of long-term was quite high. KTC's funding structure was 15% short-term loans and 85% long-term loans (including long-term bonds and loans that will mature within one year). KTC plans to increase a portion of short-term in 2011.

Management Discussion and Analysis

- Average interest received downed from 18.5% to 18.0% as a result of the decline in both creditcard and personal loans' interest income. As that result, net interest margin downed from 13.7% to 13.2%.
- KTC has adopted the Deferred Tax policy for the financial statements period ended December 31, 2009 in order to have the company's result of operations being consistent with business aspects and the obligation of income tax payable or refundable in the future. The company's financial statements reported income tax – income (expense) and net profit (loss) of Baht (204) million and Baht 224 million, respectively.
- ROA and ROE increased to 0.5% and 3.5% comparing to the corresponding period in Year 2009.

Management Discussion and Analysis

Table 3 : Statement of Balance (Baht Million)

Year Ended December 31,	2010	2009*	2008
Assets:			
Interest earning assets:			
Credit card receivables- net	33,752	33,998	35,223
Circle loan receivables - net	307	357	445
Personal loan receivables - net	10,597	9,424	12,321
Self-employed loan receivables - net	119	228	673
Total receivables - net	<u>44,775</u>	<u>44,007</u>	<u>48,661</u>
Non-interest earning asset:			
Cash and cash equivalents	778	3,059	747
Leasehold improvements and equipment - net	445	443	405
Other current & non-current assets	2,544	2,319	2,584
Total non-interest earning assets	<u>3,766</u>	<u>5,821</u>	<u>3,736</u>
Total assets	<u><u>48,541</u></u>	<u><u>49,828</u></u>	<u><u>52,397</u></u>

Management Discussion and Analysis

Year Ended December 31,	2010	2009*	2008
Liabilities and Shareholders' Equity:			
Liabilities:			
Short-term loans	15,334	11,011	28,560
Bond and Long-term loans	24,020	30,483	14,778
Other current & non-current liabilities	2,648	2,067	2,398
Total liabilities	<u>42,002</u>	<u>43,561</u>	<u>45,736</u>
Shareholders' equity:			
Total shareholders' equity	<u>6,539</u>	<u>6,267</u>	<u>6,661</u>
Total liabilities & shareholders' equity	<u>48,541</u>	<u>49,828</u>	<u>52,397</u>

* Restated

Management Discussion and Analysis

ASSETS

KTC's assets included 92% loan receivables and 8% non-interest earning assets such as deferred tax asset, leasehold improvement and equipments etc. Total assets dropped 3% from Baht 49,828 million in 2009 to Baht 48,541 million in 2010.

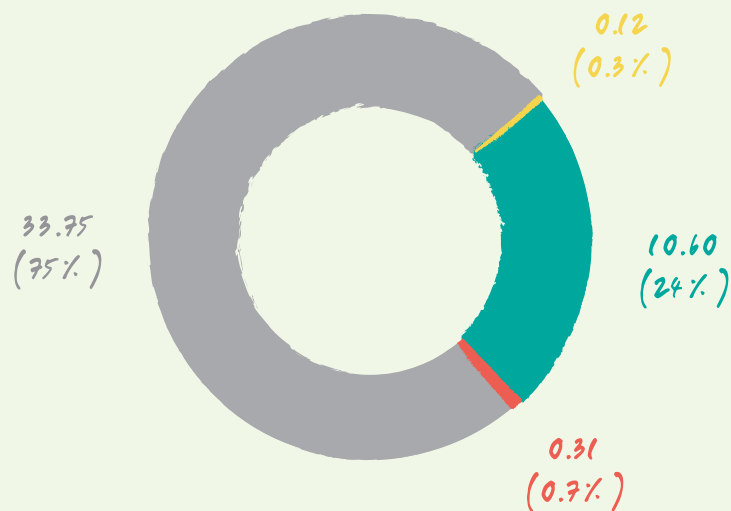
LOAN RECEIVABLES

Net loan receivables increased to Baht 44,775 million from Baht 44,007 million at the end of 2009. The portfolio consisted of 75% credit cards, 0.7% circle loans, 24% personal loans and 0.3% self-employed loans, as compared to 77%, 1%, 21%, and 1% in 2009.

Management Discussion and Analysis

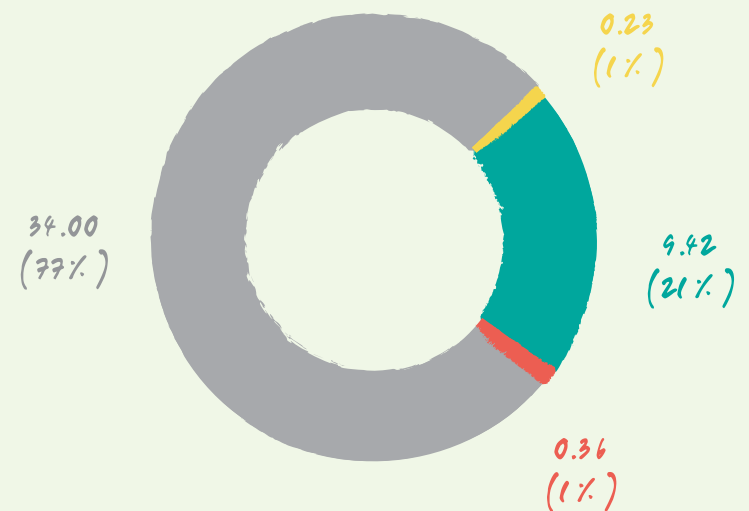
Graph 1 : Loan Receivables Portfolio

As of December 31, 2010
(Net Account Receivables 44.8 MB)



■ Credit Card
■ Self-Employed
■ Personal Loan
■ Circle Loan

As of December 31, 2009
(Net Account Receivables 44.0 MB)



■ Credit Card
■ Self-Employed
■ Personal Loan
■ Circle Loan

Management Discussion and Analysis

Credit Card Receivables

Credit Card receivables slightly decreased by 1% as Baht 33,999 million to Baht 33,752 million in the Year 2010 related to new cardholders acquired in 2010 mostly are transactors who make their payment in full.

Regarding the economic rebound in 2H10, KTC switched its target group of new credit card customer from high income qualification in 1H10 to moderate income applicants who qualify to apply for credit card as regulated by BOT. In order to increase credit card spending, the company motivates its members to use their credit card instead of cash by offering them the forever reward program. Besides, KTC has employed a loyalty program to make KTC credit cards a major card in customer's wallets.

Personal Loan Receivables

Personal loans receivables totaled to Baht 10,597 million in 2010, increased 12% from Baht 9,424 million by adding up to 529,983 accounts from 492,416 accounts in Year 2009.

Management Discussion and Analysis

KTC insistently started acquiring new booking on personal loan in the last quarter of 2010 by targeting good quality customers with minimum income of 10,000 Baht especially for those who work for Government and State-Owned enterprise. These people tend to be a low risk group of member since they have fixed income and have no risk of being unemployed.

Self-Employed Loan Receivables

KTC decided to optimize its risks from economic downturn by retracting its self-employed portfolio since 2006. Thus, the self-employed loan receivables reduced to Baht 119 million in 2010 from Baht 228 million in 2009.

Loan Quality

KTC classified its receivables into three groups based on days past due: not over 89 days, 90-179 days and over 179 days. Each group has differing level of propensity to default. For the year 2010, receivables not over 89 days accounted for the largest proportion 96.0%

Management Discussion and Analysis

of total receivables. Receivables 90 days -179 days were 1.8% of total receivables. Lastly, receivables over 179 days were 2.2% of total receivables. Quickly written-off is able to reflect the portfolio.

Risk management policy has played a big role in controlling portfolio quality. Non-performing loan (NPL) 90 days past due has been used to measure level of the company's loan risk. For the Year 2010, NPL declined to 4.0% comparing to 4.4% as the previous year.

KTC reported total provision for bad debt and doubtful accounts of Baht 3,250 million or 7% of total receivables. Credit card and personal loan had the amount of provision as Baht 1,952 million and Baht 769 million or 5% and 7% of total receivables, respectively. Meanwhile, for non expanding business likes circle loan and self employed loan had Baht 19 million and Baht 511 million.

Management Discussion and Analysis

Liabilities and Shareholder's Equity

KTC's funding structure at the end of 2010 was consisted of 37% of current liabilities (short-term loans, current portion of long-term loans/debentures), 50% of non-current liabilities (long-term loans/debentures) and 13% of shareholders' equity of total asset. This funding structure implicates its debt-to-equity ratio at 6.4 times, well under its governing bond governance which states at 10 times.

Net Profit

KTC's net profit defined as a sum of net interest income (interest income including credit usage fees less financial expense) and non-interest income less administrative expenses, bad debt and doubtful accounts, and taxes.

Net Interest Income (including credit usage fees)

Interest income including credit usage fees for 2010 was Baht 7,985 million, declined 7% from the year 2009. The Credit Card interest income has dropped by 4% to Baht 5,302 million, or 44% of total revenue.

Management Discussion and Analysis

The net interest (including credit usage fees) margin is defined as the difference between the interest (including credit usage fees) yield on average interest-earning assets and the rate paid on average interest-bearing liabilities. KTC's net interest (including credit usage fees) margin lessened to 13.2% from 13.7 in the previous year as more newly booking are transactors. Therefore, average interest received and interest income (including credit usage) also declined too.

INTEREST INCOME (INCLUDING CREDIT USAGE FEES)

KTC's interest income (including usage fee) decreased to Baht 7,985 million in 2010 from Baht 8,561 million in 2009. The interest income (including credit usage fees) structure in 2010 comprised of 66% credit cards, 1% circle loans, 32% personal loans and 1% self-employed loans.

Two core interest income generators were credit cards and personal loans. The two combined contributed 98% of total interest income. The credit card interest income (including credit usage fees) decreased by 4% to Baht 5,302 million in 2010 from Baht 5,515 million in 2009. The personal loan interest income (including credit usage fees) decreased 11% to Baht 2,538 million in 2010 from Baht 2,847 million in the previous year.

Management Discussion and Analysis

Table 4 : Summary of Interest Income and Interest Expenses

Year Ended December 31,	2010		2009		2008	
	Income or Expenses	Proportion	Income or Expenses	Proportion	Income or Expenses	Proportion
Interest Income						
(including credit usage fees)						
Credit Card	5,302	66%	5,514	64%	5,111	64%
Circle Loan	57	1%	67	1%	84	1%
Personal Loan	2,538	32%	2,847	33%	2,956	33%
Self-Employed	88	1%	133	2%	258	2%
Total Interest Income						
(including credit usage fees)	7,985	100%	8,561	100%	8,409	100%
Yield on Interest Income						
(including credit usage fees)	18.0%		18.5%		18.3%	
Total Financial Expenses	1,944		2,036		1,850	
Cost of Fund	4.8%		4.8%		4.6%	
Net Interest Income						
(including credit usage fees)	6,041		6,525		6,559	
Net Interest Margin						
(including credit usage fees)	13.2%		13.7%		13.7%	

Management Discussion and Analysis

NON-INTEREST INCOME (EXCLUDING CREDIT USAGE FEES)

Total non-interest income (excluding credit usage fees) increased to Baht 4,195 million in 2010 from Baht 3,793 million in 2009. In 2010, KTC's non-interest income (excluding credit usage fees) accounted for 34% of total revenue and it was consisted of 73% fees and service income, 25% bad debt recoveries and other income and 2% gain on exchange.

KTC's fees and service income were mainly from cash advance fees (a one-time charge for 3% of withdrawal amounts) and interchange fees. For the Year 2010, KTC's fees and service income slightly moved up to Baht 3,078 million in 2010 as the result of the interchange fees increased.

Management Discussion and Analysis

Table 5: Component of non-interest income

Year Ended December 31,	2010		2009		2008	
	Income	Proportion	Income	Proportion	Income	Proportion
Non-interest Income						
(excluding credit usage fees)						
Fees and Service Income	3,078	73%	3,062	81%	3,013	83%
Bad Debt Recoveries	812	19%	497	13%	287	8%
Management Fees	38	1%	4	0%	-	0%
Net Gain(Loss) on Exchange	76	2%	60	2%	61	2%
Other Income	191	5%	170	4%	259	7%
Total Non-interest Income						
(excluding credit usage fees)	4,195	100%	3,793	100%	3,620	100%
Total Interest Income						
(including credit usage fees)	7,985		8,561		8,409	
Total Revenue	12,180		12,354		12,029	
Non-interest Income						
(excluding credit usage fees)	34%		31%		30%	

Management Discussion and Analysis

Finance Cost

Average cost of fund slightly rose to 4.81% from 4.80% in Y2009. Having not much change in the size of portfolio, total borrowing declined by 5% to Baht 39,355 million from Baht 41,495 million at the end of 2009. Net interest margin downed from 13.7% to 13.2%. Throughout the year 2010, KTC did not issue much of the debentures and long-term loans since the portion of long-term was quite high. KTC's funding structure was 15% short-term loans and 85% long-term loans (including long-term bonds and loans that will mature within one year). KTC plans to increase a portion of short-term in 2011.

Bad Debt and Doubtful Accounts

For Y2010, KTC reported its bad debts and doubtful accounts of Baht 4,073 million, a decrease from Baht 5,604 million the previous year. It was because KTC already put significant provision in 2009 as well as the size of portfolio increased slightly. However, KTC still adds up adjustments for economic factors in order to sustain risks that possibly arise in the future.

Management Discussion and Analysis

Administrative Expenses

Total administrative expenses were Baht 5,734 million in 2010, or 7% growth, as compared to 2009. The major cost items include fees, marketing expenses and personnel expenses which summed up to 76% of total administrative expenses. Marketing cost grew 33% from the previous year as adding more marketing activities to stimulate card spending.

Corporate Management

1) Board of Directors Structure

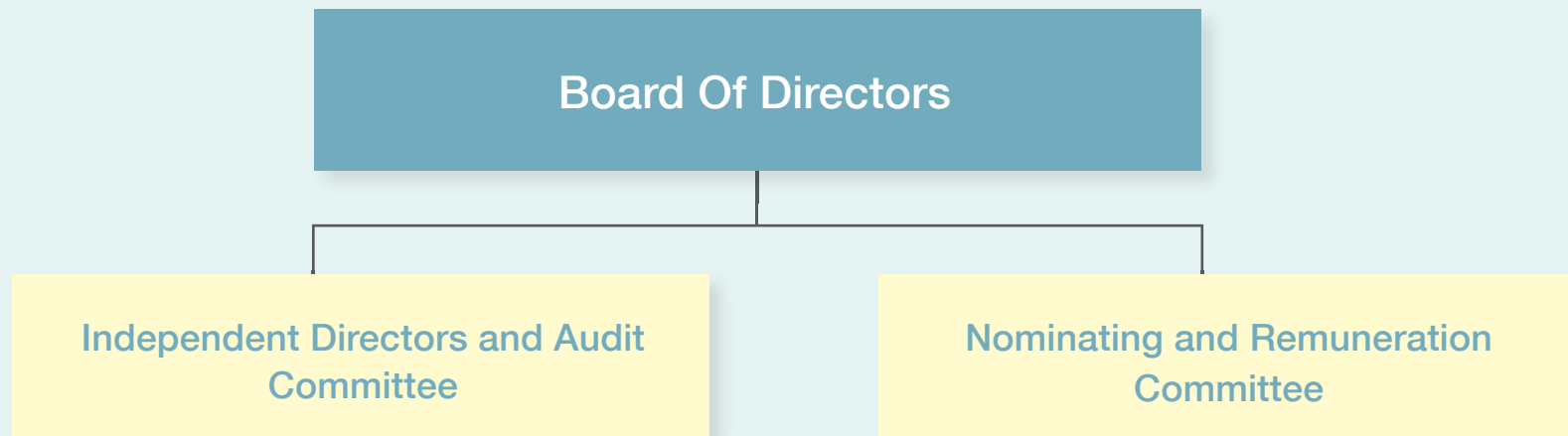
As at 31 December 2010, the Board of Directors of the Company consists of 8 directors i.e. one Executive Director who is the President & CEO, four Non-Executive Directors and three Independent Directors.

The Company nominates directors from various businesses with strong leadership skill vision, work experience, business ethics and the ability to show their independent comments.

For the appropriate balance of power in the operation, the Chairman and the President & CEO are held by different individuals. The Chairman acts as the policy leader while the President & CEO is the executive leader who counterbalances power for the proper conduct of business.

Corporate Management

The Company has three sets of Directors; the Board of Directors, Independent Directors and Audit Committee, and Nominating and Remuneration Committee. The Company prescribed the authorities, duties, including the appointment and the removal of directors in the Articles of Association of the Company which were registered with the registrar of public companies limited, Department of Business Development, Ministry of Commerce.



Corporate Management

Board of Directors

As at 31 December 2010, the Board of Directors of the Company consists of 8 Directors, 1 the Board Secretary and 1 Company Secretary as follows:

Name	Position	Share Holding (%)
1. Mr. Pongsathorn Siriyodhin	Chairman	0.000%
2. Ms. Chanathip Poshyananda	Director / Chairperson of Audit Committee	0.004%
3. Mr. Akarat Na Ranong	Director / Audit Committee / Nominating and Remuneration Committee	0.0004%
4. Ms. Pimpen Ladpli	Director / Audit Committee / Nominating and Remuneration Committee	0.004%
5. Mrs. Kittiya Tothanakasem	Director	0.000%
6. Mr. Narathorn Wongvises	Director	0.000%
7. Mr. Suvit Mapaisansin	Director / Nominating and Remuneration Committee	0.000%
8. Mr. Niwatt Chittalarn	Director / President & CEO	0.000%
9. Mr. Pakorn Matrakul	The Board Secretary	0.000%
10. Mr. Peerapong Ruamjai	Company Secretary	0.000%

Corporate Management

Authorities of the Board of Directors

1. Directors may assign a director or directors to perform any actions on behalf of the Board of Directors.
2. Directors may determine the name of authorized signatory directors of the Company who can sign and affix the seal to bind the Company.
3. The Board of Directors may appoint any person to conduct the Company's operation under the control of the Board of Directors or authorize that person to perform any action, within the certain period which the Board of Directors deems appropriate. The Board of Directors may cancel, revoke, change or amend such authorities as appropriate.
4. Any Director who has a conflict of interest in any transaction shall not be allowed to participate in the consideration and approval of such transaction.

Corporate Management

5. The Board of Directors may approve payment of interim dividends for shareholders from time to time as the Board of Directors may recommend if appropriate considering the profits and retained earnings position of the Company. This payment should be reported to the next Shareholders' Meeting.
6. Any transaction which requires approval from the Company's Shareholders pursuant to the Public Company Limited Act B.E. 2535 (1992), the Board of Directors must obtain prior approval from the Shareholders' Meeting e.g. considering and approving balance sheet and profit and loss statements, allocation of profit and capital reserve, the election of a director to replace a director who retired by rotation and specifying remuneration, appointing all or some of auditors and fixing the auditing fee, the sale or transfer of the whole or important parts of the business of the Company to other persons, the purchase or acceptance of transfer of the business of other companies by the Company, the making, amending or terminating of contracts with respect to the granting of a hire of the whole or important parts of the business of the Company, the entrustment of the management of the business of the Company to any other person or the amalgamation of the business with other persons with the purpose of profit and loss sharing.

Corporate Management

Duties of the Board of Directors

1. The Board of Directors shall manage the Company's operations to ensure compliance with laws as well as the objectives, the Articles of Association of the Company and resolutions of the Shareholders' Meeting with honesty to protect the interests of the Company.
2. The Board of Directors shall notify the Company without delay when there is a direct or an indirect interest in any contract which is made by the Company during the fiscal year, holding shares or debentures of the Company or an affiliated company and shall indicate the total increase or decrease of shares during the fiscal year.
3. The Board of Directors shall hold the meetings at least every three months, at which not less than 50% of the total number of directors must attend the meeting to form a quorum. A majority vote is required for any decision made at such a meeting.

Corporate Management

4. The Board of Directors must arrange the Annual General Meeting within four months as the end of the fiscal year.
5. The Board of Directors shall not operate any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or any other company operating business which has the same nature as the business of the Company.

Corporate Management

Nomination, Appointment and Removal of the Board of Directors

1. The Nomination and Remuneration Committee will find, select and nominate qualified persons who have qualifications as described for the position of directors and independent directors and propose them to the Shareholders' Meeting for further approval.
2. The Shareholders' Meeting shall pass a resolution to appoint directors; each shareholder shall have one vote for one share and vote for each candidate individually. After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until the positions are filled. Where there is an equality of votes cast for candidates in descending order causing the number of directors to be exceeded, the chairman shall make the final decision. The number of the directors of the Company must not be less than 5.

Corporate Management

3. The Board of Directors shall elect one of the directors to be the chairman of the Board. In the case where the Board of Directors deems it expedient, the Board of Directors may elect one or several directors to be vice-chairman.
4. In every Annual General Meeting, at least or the closest number of one-third of total directors shall be resigned from the Board. The resigned directors shall be re-appointed by the Shareholders' Meeting.
5. The meeting of shareholders may pass a resolution removing any director from office prior to vacancy as a result of the termination of the term of office of the director, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote and the total number of shares being not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

Corporate Management

6. In case of a vacancy in the Board of Directors or Independent Director for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has qualifications and is not prohibited by law from acting as such, as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The resolution of the Board of Directors shall be by a vote of not less than three-fourths of the number of directors remaining. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces.

Corporate Management

Assignment of Executive Power to the Managing Director and President & CEO

The Board of Directors' Meeting No.16/2005 held on 16 December 2005 passed a resolution to amend the power of attorney dated 5 July 2002 to be suitable and in accordance with the Company's operations. The power of attorney dated 16 December 2005 is based on the same principle as the previous power of attorney which authorized the Managing Director (currently, the President and Chief Executive Officer) to conduct and manage the Company's operation, to specify the value of transactions which the Company's officer may be authorized to approve and to consider and approve the operations of each department of the Company. However, the President & CEO is not authorized to approve connected transactions, the acquisition or disposition of important assets of the Company, and/or any transaction which the President & CEO or any person has an interest or has a conflict of interest in, the said transactions are required to receive approval from the Audit Committee and/or the Board of Directors, and/or the Shareholders' Meeting as the case may be.

Corporate Management

Board of Directors' Meeting No. 10/2008 held on 31 July 2008 passed a resolution to amend the authorized signatories to be directors comprised of 3 persons as follows:

Name		Position
1.	Mr. Narathorn Wongvises	Director
2.	Ms. Pimpen Ladpli	Director
3.	Mr. Niwatt Chittalarn	Director / President & CEO
Signing Conditions: two of three directors can sign and affix the Company's seal		

The Company prepared the power of attorney dated 1 August 2008 to reflect the amendment of the authorized signatories mentioned above. In every way, the power of attorney contains the same principles, contents and details as the power of attorney dated 16 December 2005.

Corporate Management

2) Sub-Committee

2.1) Independent Directors and Audit Committee

2.1.1 Independent Director

As at 31 December 2010, the Company has 3 Independent Directors i.e. Ms. Chanathip Poshyananda, Mr. Akarat Na Ranong and Mr. Suvit Mapaisansin who was appointed according to the resolution of the Board of Directors No.5/2010 dated 2 March 2010 to replace Mr. Rangsin Suebsaeng, an Independent Director who passed away.

Corporate Management

Independence of the Independent Directors

1. Being capable of performing duties and giving opinions on the Company's operations.
2. Hold totally not more than 1 % of the number of shares with voting rights in the Company (paid-up capital), or any subsidiary, associated company, or any juristic person possibly possessing a conflict of interest including shares held by related persons;
3. Is not and has not been a director participating in management of the Company, or an employee or an officer of the Company, or an advisor of the Company receiving a regular salary from the Company, a person having controlling power over the Company or the Company's parent company, subsidiary, or any associated company, or any juristic person possibly possessing a conflict of interest (if any);

Corporate Management

4. Is not related either through blood or lineage or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any member of management or major shareholder of the Company or the Company's subsidiary, or of any person having power to control the Company or the Company's subsidiary, or of the person nominated to hold a management role or a person having power to control the Company or the Company's subsidiary (if any);
5. Is not and has not had any business relationship with the Company or the Company's parent company, subsidiary, associated company, or any juristic person possibly possessing a conflict of interest in the manner in which his/her independent discretion might be affected, e.g. being a professional service provider or having numerous related party transactions with special conditions different from other clients, receiving financial support from the Company or being a major shareholder or being a person with power to control a professional service provider;

Corporate Management

6. Is not a director appointed as a representative of a director of the Company, a representative of a major shareholder of the Company, or a representative of a shareholder of the Company which is a related person of the major shareholder of the Company;
7. Is not a director appointed by the Board of Directors to make decisions on the operations of the Company, the Company's parent company, subsidiary, associated company, or a subsidiary of another company at the same level as the Company, or any juristic person possibly possessing a conflict of interest;
8. Is not a director of the Company's parent company, subsidiary, or a subsidiary of another company at the same level as the Company which is a public company limited.
9. Does not have any characteristics by which his/her independent comment or opinion on the Company's operation may be affected.

Corporate Management

2.1.2 Audit Committee

As at 31 December 2010, the Audit Committee comprises 3 members as follows:

Name		Position
1.	Ms. Chanathip Poshyananda	Chairperson of Audit Committee
2.	Mr. Akarat Na Ranong	Audit Committee Member
3.	Ms. Pimpen Ladpli	Audit Committee Member

The Audit Committee comprises directors who must be independent. Ms. Chanathip Poshyananda and Mr. Akarat Na Ranong attended the Audit Committee Program held by Thai Institute of Directors Association (IOD). Moreover, Ms. Chanathip Poshyananda as the Chairperson of Audit Committee is qualified with knowledge and experience to review the credibility of the Company's financial statements.

Corporate Management

Duties of Audit Committee

1. Review the Company's financial reporting processes to ensure that they are accurate and adequate;
2. Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient;
3. Review the Company's operation to comply with the Securities and Exchange Act, the Stock Exchange of Thailand's regulation and the law relating to the Company's Business;
4. Consider, select and nominate independent persons to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;

Corporate Management

5. Consider and review Connected Transactions, or the transactions that may lead to conflict of interest, to ensure that they are in compliance with the laws and the Stock Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. Prepare the corporate governance report, signed by the chairperson of the Audit Committee, and disclose in the Company's Annual Report.
7. Perform any other duty as assigned by the Board of Directors

Corporate Management

2.2) Nominating and Remuneration Committee

As at 31 December 2010, the Nominating and Remuneration Committee comprises 3 members as follows:

Name		Position
1.	Mr. Akarat Na Ranong	Nominating and Remuneration Committee
2.	Ms. Pimpen Ladpli	Nominating and Remuneration Committee
3.	Mr. Suvit Mapaisansin	Nominating and Remuneration Committee

Corporate Management

The Board of Directors of the Company approved the Charter of Rules and Procedures for the Nominating and Remuneration Committee which set out the duties of the Nominating and Remuneration Committee as follows:

1. Determine the qualifications of the Directors, Managing Directors and the Chief Executive Officer which depends on structure, size and complements as required by law, directors and/or the resolutions of the Shareholders' Meeting as the case may be;
2. Find, select and nominate qualified persons who have qualifications as described for the position of Directors, Independent Directors, Executive Directors and Chief Executive Officer and propose to the Board of Directors' or the Shareholders' Meeting as the case may be for further approval;
3. Consider criteria for the evaluation of the Board of Directors and the Chief Executive Officer's performances and propose to the Board of Directors' Meeting for further approval;

Corporate Management

4. Propose remuneration policy, the structure for remuneration and other benefits for the Directors, Independent Directors, Executive Directors and Chief Executive Officer which must be appropriate and consistent with duties and responsibilities of such position, and standard used by businesses of the same nature as the Company, the Company's performance and market situation, the Board of Directors' or the Shareholders' Meeting as the case may be for further approval;
5. Ensure that the number and composition of the Directors are appropriate in accordance with the size of the organization including to propose adjustment to reflect the change of environment;
6. Perform any act related to nomination and remuneration as assigned by the Board of Directors of the Company.

Corporate Management

2.3) Company Secretary

The Board of Directors Meeting held on 13 August 2008 resolved to appoint Mr. Peerapong Ruamjai as the Company Secretary.

1. Advise on rules, regulations and laws which the Board of Directors is required to comply with.
2. Prepare and keep the following documents:
 - a register of directors;
 - a notice calling the Board of Directors' Meeting, minutes of the Board of Directors' Meeting and annual report of the Company; and
 - a notice calling the Shareholders' Meeting, minutes of the Shareholders' Meeting;
3. Keep records of strategic shareholders reported by a director or an executive and provide copy of the said report to the Chairman and the Chairperson of Audit Committee within 7 days of the receiving date of the report;

Corporate Management

4. Perform any act as assigned by the Board of Directors of the Company;
5. Perform any act as required by the laws, the Securities and Exchange Commission, Capital Market Commission and /or other supervising organization.

3) Roles and Responsibilities of Board of Directors

The Board are responsible for setting policies and directions of the Company's operation by participating and approving setting the Company's vision, mission, overall strategic goal of the Company and ensure the established policy, goal and financial plan are efficiently and effectively implemented by the Management in order to increase the value of the business and safeguard the interests of the Company and shareholders including following up the Company's operations so as to ensure that the Management has complied with the law and policy.

Corporate Management

The Board has consistently monitored the risk management and internal control of the Company. Sub-Committee has been appointed with authorities and responsibilities separately from those of the Board and the Management.
(See more details in 2) Sub-Committee)

Having the best practices for a Code of Conduct and a Code of Business Conduct is a significant basic for creation of good corporate governance. The best practices on the Code of Conduct and the Code of Business Conduct are the integration of ethical behaviors with an aim to preserve and promote the Company's honor and good reputation. The Company also lays down rules and regulations for staff to perform their activities in compliance with integrity and a Code of Business Conduct.

The Company recognizes an importance of good internal control at both Management and Operation levels. Environment or factors are set up for motivation all staffs to recognize this importance. This helps the Company reach the targeted good internal control system. Internal Control Department, which reports directly to the Audit Committee, has been

Corporate Management

set up to be responsible for this matter. This department is the main driver to promote, review and to ensure that the system is appropriate and effective. The efficiency of the internal control system is reviewed and adjusted on a continual basis to reduce operational risks. At the same time, the recommendations or opinions from external auditor are considered in order to develop the system with more effectiveness. The Company is confident that its internal control system is adequate enough to prevent its properties from any possible damages.

4) Board of Directors' Meeting

The Board organizes the Board of Directors' Meeting with a consistent basis; however, the extra meetings may be held; if needed. Many agenda are included in the meeting such as the reviewing of the quarterly financial statements, the monitoring the progress of any project and the consideration of the Company's policy and the operating results.

Corporate Management

In 2010, the Board organized 17 meetings and the Audit Committee organized 9 meetings with details as follows;

Name		Board of Directors' Meeting Total 17 Meetings	Audit Committee's Meeting Total 9 Meetings
1.	Mr. Pongsathorn Siriyodhin	17	-
2.	Ms. Chanathip Poshyananda	16	9
3.	Mr. Akarat Na Ranong	16	7
4.	Ms. Pimpen Ladpli	13	8
5.	Mrs. Kittiya Tothanakasem	10	-
6.	Mr. Narathorn Wongvises	10	-
7.	Mr. Suvit Mapaisansin	17	-
8.	Mr. Niwatt Chittalarn	16	-

Corporate Management

5) Board of Directors – Remuneration

With the appropriate policy of the remuneration for the Board of Directors, and Sub-Committee, the Nominating and Remuneration Committee is responsible for proposing that appropriate level and asking for the resolution from the Shareholders' Meeting. In the Shareholders' Meeting No.8 on April 28, 2010, the Shareholders have passed the resolution to approve the remuneration for each director.

Remuneration of the Board of Directors

The total remuneration of the seven directors for the year 2010 amount Baht 3,408,500 and Mr. Niwatt Chittalarn as a director amount Baht 290,000 (remuneration and bonus). The total remuneration of the Board of Directors and Executives amount Baht 120,213,568 with details as follows;

Corporate Management

Name	Position	Remuneration Year 2010 (Baht)	Bonus Year 2010 (Baht)
1. Mr. Pongsathorn Siriyodhin	Chairman	362,500	-
2. Ms. Chanathip Poshyananda	Director Chairperson of Audit Committee	590,000	-
3. Mr. Akarat Na Ranong	Director Audit Committee Member Nominating and Remuneration Committee Member	722,000	-
4. Ms. Pimpen Ladpli	Director Audit Committee Member Nominating and Remuneration Committee Member	712,000	-
5. Mrs. Kittiya Todhanakasem	Director	270,000	-
6. Mr. Narathorn Wongvises	Director	270,000	-
7. Mr. Suvit Mapaisansin	Director Nominating and Remuneration Committee Member	482,000	-
8. Mr. Niwatt Chittalarn	Director	290,000	-

Corporate Management

Remuneration of Executive

Year 2010

Remuneration	Persons	Remuneration (Baht) ⁽¹⁾
Salary	14	96,567,642
Bonus	14	14,475,167
Provident Fund	14	5,762,259
TOTAL	14⁽²⁾	116,805,068

⁽¹⁾ The remuneration of executives includes the remuneration of Mr. Niwatt Chittalarn as a Director and Mr. Pakorn Matrakul as the Board Secretary.

⁽²⁾ At the end of December 2010, there were 14 of managements. Regarding to one of management's resignation and one of management's retirement.

Corporate Management

6) Board of Directors - Self Assessment

Even though, all directors are highly qualified persons with knowledge, ability and best understanding in the business, they still continuously monitor its operation such as strategic policy and business plan, risk management and internal control, conflicts of interests, and financial reports and operating result to ensure that the operation has no default.

7) Board of Directors and Managements Training

The Board of Directors consists of persons with various qualifications, who all have skills, experience and expertise that are useful to the company. To generate more efficiency to the Company, the Boards of Directors normally encourage and facilitate trainings for all internal parties related to Corporate Governance, such as the Good Corporate Governance Program and the Audit Committee Program.

Corporate Management

Having high qualified Management, the President & CEO shall authorize one of them to operate the business while he is on duty aboard such as business trip. However, this delegation shall be limited with the appropriate level to the current situation of the Company.

Corporate Governance

Along with the corporate governance policy, which has been classified into 5 categories, and the best practice for directors of listed companies issued by the Stock Exchange of Thailand (“SET”) and the Securities and Exchange Commission (“SEC”), the Company’s Board of Directors (“the Board”) recognizes the significance of the policy and complies with those five categories. Details are as follows;

1. Rights of Shareholders

The Company formulates the corporate governance policy to ensure that the Company operates its business with ethics, transparency and accountability; the main drivers leading the Company to have sustainable growth.

The Company intends to comply with the corporate governance policy set by the government and the official agencies supervising the Company and to comply with other corporate governance standard considered to be applicable to the Company.

Corporate Governance

Regarding to an importance of right of shareholders, the Company treats all shareholders equally by posting the agenda of the Shareholders' Meeting with supported information on the Company's website. Moreover, the Company allows all shareholders to send us their queries with regard to those agenda before the scheduled meeting.

An invitation letter and supported document for the Annual General Shareholders' Meeting are sent out to shareholders in advance. The Company encourages all shareholders to participate the meeting and exercise their rights in inquiring the Board and submitting suggestions, generating the great benefit to the Management and the Company. The Minutes of Meeting is recorded and filed for further inspecting with integrity.

In the Shareholders' Meetings, all directors, including Audit Committee, are required to attend every meeting with the exception of the one who are otherwise engaged. The Chairman of the meeting grants equal opportunities and times to all shareholders to exercise their rights regarding to the verification of operation, submission of inquiries, comments and recommendations, all of which are reported in the Minutes of Meetings

Corporate Governance

2. Equal Treatment to Shareholders

The Company treats all shareholders; Managements, Non-Managements, foreign shareholders and minority shareholders, equally. Furthermore, the Company sets the policy of inside information control that does not allow managements, staffs and related persons to use inside information for their own benefits or to distribute the information to outsiders. However, the Company has not seen the usage of inside information of any management, staffs or related person for their own benefits.

The Company prevents and manages conflicts of interest through equitable information disclosure, maintenance of confidential information, refusal to operate any task or any suitable measure to each circumstance. Along with the policy to prevent using inside information of the Managements for their own benefits, KTC defines the policy and approval process on conflicts of interest transactions and connected transactions. Regarding to Section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Managements are required to submit the report of changes in securities

Corporate Governance

holding to the SEC, which are regularly reported in the Board of Directors' Meetings. Transactions generating interests to Directors and Managements are also reported to the Board of Directors' Meetings.

The Company defines the policy allowing shareholders to raise agenda for the Shareholders' Meeting; however, it would be done under suitable condition, timing and related regulation. For shareholders who are unable to attend the Meetings, they are able to submit the proxy, attached in the invitation package, to delegate others; such as the Audit Committee, to attend the Meetings and exercise their rights to vote on agenda in the Meeting. On the Agenda of Director Nomination, the Company proposes shareholders to consider Directors individually. Voting cards are provided in every meeting.

3. Role of Stakeholders

All stakeholders; internal stakeholders (staffs and managements) and external stakeholders (customers, creditors and society) are significant in different practices to the Company. The Company recognizes the appropriate rights and basic benefits, which

Corporate Governance

stakeholders are entitled to receive such as the rights to conveniently access accurate and complete information. Furthermore, the Company establishes the policy to prevent default and illegal transactions of managements and related persons to the Company with facilitating to the one who informs those transactions to the Company. Along with the supporting from our stakeholders, it leads the Company to have strong competition capability and high earning to the Company, contributing successful story in the long term period.

Social Responsibilities are another important duty of the Company. The Company always submits substantial support to help people, who do not have good opportunity or who encounter with the natural disaster also preserves the religion, through the Company itself or coordination with both government agencies and private agencies.

Corporate Governance

4. Disclosure and Transparency

The Company has established Investor Relations Department to treat and provide equitably information to all investors; retail investors, institutional investors, securities analysts and local and foreign fund managers. The Company organizes many activities; such as reporting quarterly Management Discussion and Analysis along with financial statement, announcing semiannual and annual operating result for both local and foreign investors, analysts and company visits, to inform the progression and the performance of the Company and to give all of them the opportunities to inquire any question or recommendation to the Company. Furthermore, KTC submits continually required information to the SET and also posts that information on the Company's Website at www.ktc.co.th. In 2010, more than 120 investors / analysts visited our company.

The Company's Board of Directors is responsible for preparation of Financial Statements and financial information disclosed in the Company's annual report, complied with the suitable certified account standards in Thailand and disclosure sufficient information in the Notes of Financial Statements. This responsibility is done under prudent caution and best practices.

Corporate Governance

The Board has appointed the Audit Committee to be responsible for monitoring the quality of the Company's Financial Statements and Internal Control System. Regarding to these matters, the comments of the Audit Committee are reported in the Report of Audit Committee disclosed in the Annual Report.

Due to the importance of equitable treatment to all shareholders and related persons, Financial Statements, financial information and operating results of the Company are disclosed with completeness, integrity, transparency and appropriate timing in the Annual Reports and the Company's Website.

5. Responsibilities of the Board of Directors

5.1) Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors are responsible for setting policies and directions of the Company's operation by participating and approving setting the Company's vision, mission, overall strategic goal of the Company and ensure the established policy, goal and financial plan are

Corporate Governance

efficiently and effectively implemented by the Management in order to increase the value of the business and safeguard the interests of the Company and shareholders including following up the Company's operations so as to ensure that the Management has complied with the law and policy.

The Board of Directors has conducted risk management and internal controls by continuously following up the Company's operation. In addition, the Board of Directors has set up the Sub-committees whose powers and duties are clearly separate from the Board of Directors and the Management. *(Please see the details in Corporate Management, 2) Sub-Committees and 3) Roles and Responsibilities of Board of Directors)*

Business ethics have been established as important fundamentals for corporate governance. The Company's business ethics are a code of good behavior which maintain and support the Company's reputation. The Company has established regulations regarding working with honesty and business ethics.

Corporate Governance

5.2) The Board of Directors' Meeting

The Board of Directors shall hold the Company's Board of Directors Meeting and hold the extraordinary meeting when necessary. The important agenda items are; to consider the Company's financial statements quarterly; to follow up with the Company's improvement projects; to consider important policies and to follow up the Company's performance. The Chief Executive Officer's department shall prepare an invitation to the meeting including agendas and supporting documents for the Directors to review at least 7 days prior to the meeting in order to allow the Directors to consider and study the agenda items and supporting documents. Moreover, the Sub-committee's meeting shall be held and the minutes of meetings must be recorded.

Each meeting is recorded and the minutes of meeting are prepared and the draft of the minutes is proposed to the Board of Directors to be adopted at the next meeting. The minutes of the Board of Directors' which have been adopted by the Board of Directors will be kept for further audit by the Board of Directors and relevant organizations. In 2010, there were 17 Board of Directors' Meetings and 9 Audit Committee's Meetings. *(Please see the details in Corporate Management, 4) Board of Directors' Meeting)*

Corporate Governance

5.3) Board of Directors – Remuneration

With the appropriate policy of the remuneration for the Board of Directors, and Sub-Committee, the Nomination and Remuneration Committee is responsible for proposing that appropriate level and asking for the resolution from the Shareholders' Meeting. In the Shareholders' Meeting No.8 on April 28, 2010, the Shareholders have passed the resolution to approve the remuneration and special remuneration and authorized the Nomination and Remuneration Committee to have the power to appropriate a sum of money to each director. *(Please see the details in Corporate Management, 5) Board of Directors – Remuneration)*

5.4) Board of Directors - Self Assessment

Even though, all directors are highly qualified persons with knowledge, ability and best understanding in the business, they still continuously monitor its operation such as strategic policy and business plan, risk management and internal control, conflicts of interests, and financial reports and operating result to ensure that the operation has no default.

Corporate Governance

5.5) Board of Directors and Managements Training


The Board of directors consists of persons with various qualifications, who all have skills, experience and expertise that are useful to the Company. To generate more efficiency to the Company, the Boards of directors normally encourage and facilitate trainings for all internal parties related to Corporate Governance, such as the Good Corporate Governance Program and the Audit Committee Program.

Having high qualified Management, the President & CEO shall authorize one of them to operate the business while he is on duty aboard such as business trip. However, this delegation shall be limited with the appropriate level to the current situation of the Company.

Monitoring of Inside Information Usage

KTC places an importance on dissemination of transparent information to all parties including institutional investors, analysts, and local & foreign investors, who are subject to receiving information on an equality and fair basis. The Company's policy to provide information to outsiders includes the designation of a person who is assigned to acknowledge accurate specific information for investors. The Company also supervises the use of inside information in terms that the material information which significantly has an impact towards the operational performance shall not be revealed to the public. Such information will be disclosed only to the limited and concerned groups of persons.


Besides determining directors, executives and employees to sign in the agreements for keeping a secret issue and/or the inside corporate information, KTC has also set a means to control them not to use the Company's inside information for their own benefits by defining penalty for those who violate the regulations.



Internal Control

Audit Committee has supervised and monitored the operations of Internal Audit Department on a consistency basis. According to the letter of the Audit Committee No. Kor Tor Sor 2/2010 dated March 3, 2010 on a report of supervision by the Audit Committee submitted to the Board of Directors' Meeting no. 6/2010 held on March 18, 2010, an evaluation of sufficiency for the internal control system can be concluded as follows:

1. **Organization and Environment:** The Committee views that KTC has prudently set its operational targets with organization structure appropriate for business undertakings. Moreover, it has also set up rules on actions against the company's interests and penalty procedures for those who violate the rules.
2. **Risk Management:** KTC has considered its problems and risks and sought guidelines, remedial measures to control and reduce risks. KTC has prepared a "Best Practices on Corporate Governance" manual and appointed by preparing a manual concerning best practices on corporate governance. Meanwhile, the Internal Audit Unit Department has been established to carry out the auditing process and submit the audit results to the Audit Committee on a quarterly basis.




Internal Control

3. **Administration Control for Executives:** KTC has apparently formulated the scope of authority for each level of the executives and determined strict measures in considering actions, activities related to major shareholders, directors, executives or any persons related with these persons on ground of maximum benefit of the company. The approval for such activities must obtain discretion from the Audit Committee and/or the Board of Directors as the case may be.
4. **Information system and communication:** KTC provides adequate information for decision making of the Board of Directors and put in place filing system with complete, categorized and reliable documents. KTC also applies the accounting policy in accordance with the accounting principles generally accepted and appropriate with its nature of business
5. **Monitoring system:** KTC always compare between the business targets and the actual performance on a consistency basis and presents the report to the Board of Directors. Moreover, KTC also implements the internal audit process of which the results will be reported directly to the Audit Committee.

Dividend Payment Policy

The Shareholders' meeting no.1/2003 approved the amendment to the dividend payment policy to not less than 40 percent of net profit after deduction of income tax and appropriation for a legal reserve. The Company paid dividend of THB 1.00 per 1 ordinary share (58.5%) for the operation result in 2006 and THB 1.20 per 1 ordinary share (59.4%) for the operation result in 2007.

The Shareholders' meeting no. 7/2009 approved the non-distribution of dividends for 2008's operating results and the Shareholders' meeting no. 8/2010 approved the non-distribution of dividends for 2009's operating results.



Human Resource


Personnel

As of December 31, 2010, KTC recorded the number of 1,110 employees, or a 0.3% growth. Staff remunerations, consisting of salary, bonus (only guarantee bonus), and grant-in-aid (including social security and provident fund), totaled to Baht 890.07 million in 2010 which declined 2.1% from the previous year.

Human Resource Management Policy

- Recruitment and Motivation


KTC places a focus on internal recruitment and then gives additional trainings. Since promotion from within will not only get staff acquainted with the company's operations and help create morale in working, but also attract them to stay longer with the company, which provides them with the comparable compensation with other companies in the same industry. In addition, KTC has provided comfortable working environment that would increase staffs enthusiasm and efficiency.



Human Resource

Human Resource Development

KTC puts high priority on continuous development of the employee's ability, skills and attitude which include core, functional, and managerial/leadership competencies. With respect to functional trainings, various training courses will be arranged by internal lecturers or sending staff to attend outside seminar programs such as those organized consistently by VISA, MasterCard and JCB or Credit Card Business Club. KTC arranges for the staff both on-the-job training and functional training. For on-the-job training, senior staffs give advices and recommendations all through the whole process to junior staffs (Coaching). KTC encourages staffs to share and learn their ideas with management following "Learning Organization" concept and assigns to receive training from highly qualified professional trainers both local and international. Moreover, all KTC's staffs are supported to be self-development by e-learning.



Human Resource

In addition, KTC has initiated Learn & Earn @ KTC, which is a long-term program with an objective to promote and serve university students who need to enhance more experiences from their learning schedules. In this connection, KTC offers the Learn & Earn employee to practice in appropriate position relating to their skills for preparing into first-job worker.

With the purpose of developing staff's skills and improving their operational efficiency, KTC pays attention to creating a network of knowledge within an organization by initiating a program called "KTC Knowledge Sharing". With some help from in-house professional speakers, the topics of the program focus on contents not only related business but also non-related business which can be divided into the following categories: management, marketing, Information Technology, finance and accounting, health and safety, etc.

Legislations Applicable to Business Operations of the Company

The Ministry of Finance issued a Notification operation of credit card services and personal loans under the Notification of Revolutionary Council No. 58 and authorized the Bank of Thailand (the “BOT”) to supervise by announcing the Notifications specifying the requirements and regulations for such business, including stipulating rates of interest and fees chargeable to customers and the qualifications of credit card holders and personal loan clients. The Company granted approval for conducting credit card services and personal loans under supervision, together with approval for electronic payment services providers under the Royal Decree Regulating of Electronic Payment Services B.E. 2551 (2008) and the Electronics Transaction Commission and the BOT as the control and supervision division regarding the requirements and regulations for such business. The Company has strictly complied with the notifications, rules and regulations which have been announced and if there is any new regulation in the future, the Company will comply with it.

Legislations Applicable to Business Operations of the Company

Apart from the notifications of the BOT and of the Electronics Transaction Commission as mentioned earlier, the Company is also required to comply with other regulations relevant to the Company's business e.g. Credit Information Business Act B.E. 2545 (2002), Consumer Protection Act B.E. 2522 (1979), Unfair Contract Terms Act B.E. 2540 (1997), etc. The Company confidentially believes that all the regulations related to the business of the Company have been followed correctly.

Moreover, the Company's business may be controlled and supervised by governmental agencies or other organizations which may announce rules, regulations, conditions, procedures and/or criteria to control and supervise the business of the Company. As a result of that, the Company may be required to adjust the operation of the Company in the future. However, the Company believes that it will be able to follow the said rules, regulations, conditions, procedures and/or criteria.

Legislations Applicable To Business Operations of The Company

The Ministry of Finance issued a Notification operation of credit card services and personal loans under the Notification of Revolutionary Council No. 58 and authorized the Bank of Thailand (the “BOT”) to supervise by announcing the Notifications specifying the requirements and regulations for such business, including stipulating rates of interest and fees chargeable to customers and the qualifications of credit card holders and personal loan clients. The Company granted approval for conducting credit card services and personal loans under supervision, together with approval for electronic payment services providers under the Royal Decree Regulating of Electronic Payment Services B.E. 2551 (2008) and the Electronics Transaction Commission and the BOT as the control and supervision division regarding the requirements and regulations for such business. The Company has strictly complied with the notifications, rules and regulations which have been announced and if there is any new regulation in the future, the Company will comply with it.

Legislations Applicable To Business Operations of The Company

Apart from the notifications of the BOT and of the Electronics Transaction Commission as mentioned earlier, the Company is also required to comply with other regulations relevant to the Company's business e.g. Credit Information Business Act B.E. 2545 (2002), Consumer Protection Act B.E. 2522 (1979), Unfair Contract Terms Act B.E. 2540 (1997), etc. The Company confidentially believes that all the regulations related to the business of the Company have been followed correctly.

Moreover, the Company's business may be controlled and supervised by governmental agencies or other organizations which may announce rules, regulations, conditions, procedures and/or criteria to control and supervise the business of the Company. As a result of that, the Company may be required to adjust the operation of the Company in the future. However, the Company believes that it will be able to follow the said rules, regulations, conditions, procedures and/or criteria.

Report of the Audit Committee

To the Shareholders

The Audit Committee, which was appointed by the Board of Directors, consists of three directors, namely, Ms. Chanathip Poshyananda serves as a Chairperson; Mr. Akarat Na Ranong and Ms. Pimpen Ladpli serve as Committee members. Chairperson does not position in any other subcommittees. In addition, the Senior Vice President of Internal Audit Department serves as a secretary of the Committee.

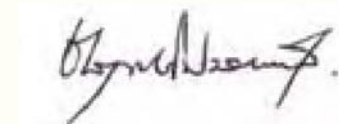
The Committee promotes the Company to disclose appropriate information with completeness and transparency. Nine Audit Committee Meetings were held in 2010. External auditors were invited to attend any meeting concerning financial statements i.e. the quarterly, half year and annual financial statements to give opinions and additional observations in order to ensure that the financial statements were conducted in accordance with the accounting standard reflecting the exact performance and status of the Company. In addition, some of the meetings were particularly held without the present of management, which the auditor and the internal audit are able to contact directly to the Audit Committee.

Report of the Audit Committee

For the most benefit to the Company, the Committee has continually reviewed and evaluated all significant risks independently by reviewing and monitoring the internal control system through the operation of Internal Audit Department and discussion with external auditors and the Company's Managements. As a matter of fact, the evaluation showed that the Company has appropriated and creditable internal control system, risk management system, business operation and financial statements.

Along with good cooperation from Managements and related persons to follow all the recommendations, the Committee is confident that the Company operates the business with good and adequate corporate governance and all staffs perform their duties with efficiency and caution, reflecting the continue improvement of good corporate governance of the Company.

Signed on behalf of the Audit Committee,



(Ms. Chanathip Poshyananda)

Chairperson of the Audit Committee

Report of The Independent Certified Public Accountants

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS KRUNGTHAI CARD PUBLIC COMPANY LIMITED

We have audited the balance sheet of Krungthai Card Public Company Limited as at December 31, 2010, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2009 were audited by another auditor of the same firm, whose report thereon dated February 26, 2010, expressed an unqualified opinion on those statements with emphasis paragraphs that described the first-time adoption of an accounting policy regarding deferred tax and the change in accounting estimate of the allowance for doubtful accounts for the financial statements for the year ended December 31, 2009.

Report of The Independent Certified Public Accountants

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

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Krungthai Card Public Company Limited as at December 31, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.



Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301

BANGKOK

February 21, 2011

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

Balance Sheets

AS AT DECEMBER 31, 2010 AND 2009

UNIT : BAHT

	Notes	2010	2009
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	21	777,815,600	3,059,239,391
Long-term investment with maturity within one year	7	-	20,070,930
Trade accounts receivable - net	5	44,775,258,270	44,007,493,757
Management fee receivable - related financial institution	21	534,178	3,850,000
Accounts receivable on swap contract - net		853,568	-
Revenue Department receivable		182,163,644	175,734,482
Other current assets	6	762,527,402	731,904,279
Total Current Assets		<u>46,499,152,662</u>	<u>47,998,292,839</u>
NON-CURRENT ASSETS			
Long-term investments	7	89,872,740	1
Leasehold improvement and equipment - net	8	444,757,048	442,814,677
Intangible assets - net	9	256,750,857	275,670,409
Deferred tax assets	10	1,115,291,083	949,990,840
Other non-current assets		135,576,972	161,508,441
Total Non-current Assets		<u>2,042,248,700</u>	<u>1,829,984,368</u>
TOTAL ASSETS		<u>48,541,401,362</u>	<u>49,828,277,207</u>

Notes to the financial statements form an integral part of these statements

Balance Sheets (Continued)

AS AT DECEMBER 31, 2010 AND 2009

UNIT : BAHT

	Notes	2010	2009
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term loans - other financial institutions	11	5,870,336,375	1,027,829,522
Trade accounts payable			
- Related financial institution and related parties	21	437,358,166	409,306,338
- Others		190,740,900	215,539,141
Current portion of long-term loans	12	4,784,186,901	3,281,483,310
Current portion of liability under finance lease contracts	13	9,010,856	9,684,957
Current portion of long-term debentures	14	4,680,000,000	6,700,000,000
Accounts payable on swap contract - net		-	1,850,023
Accrued interest expenses		233,389,087	296,277,182
Income tax payable		345,370,928	-
Accrued expenses		783,021,767	600,783,124
Other current liabilities		642,561,082	522,517,945
Total Current Liabilities		17,975,976,062	13,065,271,542

Notes to the financial statements form an integral part of these statements

Balance Sheets (Continued)

AS AT DECEMBER 31, 2010 AND 2009

UNIT : BAHT

	Notes	2010	2009
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)			
NON-CURRENT LIABILITIES			
Long-term loans	12	4,500,000,000	8,281,483,312
Liabilities under finance lease contracts - net	13	6,280,109	13,098,772
Long-term debentures	14	19,520,000,000	22,200,000,000
Long-term accounts payable on swap contract - net		-	1,850,021
Total Non-current Liabilities		24,026,280,109	30,496,432,105
TOTAL LIABILITIES		42,002,256,171	43,561,703,647

Notes to the financial statements form an integral part of these statements

Balance Sheets (Continued)

AS AT DECEMBER 31, 2010 AND 2009

UNIT : BAHT

	Notes	2010	2009
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
257,833,407 ordinary shares of Baht 10.00 each		<u>2,578,334,070</u>	<u>2,578,334,070</u>
Issued and paid-up share capital			
257,833,407 ordinary shares of Baht 10.00 each, fully paid		2,578,334,070	2,578,334,070
ADDITIONAL PAID-IN CAPITAL			
Premium on ordinary shares		1,891,808,721	1,891,808,721
Revaluation surplus on investments		48,411,916	-
RETAINED EARNINGS			
Appropriated			
Legal reserve	16	172,500,000	161,200,000
Unappropriated		<u>1,848,090,484</u>	<u>1,635,230,769</u>
TOTAL SHAREHOLDERS' EQUITY		<u>6,539,145,191</u>	<u>6,266,573,560</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>48,541,401,362</u>	<u>49,828,277,207</u>

Notes to the financial statements form an integral part of these statements

Statements of Income

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

UNIT : BAHT

	Notes	2010	2009
Interest income		5,645,409,221	6,025,069,597
Fee and service income	21	5,456,100,642	5,601,731,997
Bad debt recovered		811,729,371	497,121,657
Gain on exchange rate - net		76,104,550	60,295,760
Other income		190,658,661	169,922,400
Total Revenues		<u>12,180,002,445</u>	<u>12,354,141,411</u>
Administrative expenses	21	5,613,919,079	5,229,284,738
Management remuneration		120,213,568	130,047,793
Bad debts and doubtful accounts	5.3	4,073,286,845	5,603,566,524
Total Expenses		<u>9,807,419,492</u>	<u>10,962,899,055</u>

Notes to the financial statements form an integral part of these statements

Statements of Income (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

UNIT : BAHT

	Notes	2010	2009
PROFIT BEFORE FINANCE COST AND INCOME TAX		2,372,582,953	1,391,242,356
FINANCE COSTS	21	1,944,379,565	2,035,894,971
PROFIT (LOSS) BEFORE INCOME TAX		428,203,388	(644,652,615)
INCOME TAX - INCOME (EXPENSE)	19	(204,043,673)	249,812,814
NET PROFIT (LOSS)		<u>224,159,715</u>	<u>(394,839,801)</u>
BASIC EARNINGS (LOSS) PER SHARE	BAHT	0.87	(1.53)
WEIGHED AVERAGE NUMBER OF ORDINARY SHARES	THOUSAND SHARES	257,833	257,833

Notes to the financial statements form an integral part of these statements

Statements of Changes In Shareholder's Equity

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

UNIT : BAHT						
	Notes	Issued and paid-up share capital	Premium on ordinary shares	Revaluation surplus on investments	Retained earnings Appropriated Legal reserve Unappropriated	Total shareholders' equity
Beginning balance as of January 1, 2009 as previously reported		2,578,334,070	1,891,808,721	-	161,200,000 1,533,870,067	6,165,212,858
Effect of the change in accounting policy		-	-	-	- 496,200,503	496,200,503
Beginning balance as of January 1, 2009 as restated		2,578,334,070	1,891,808,721	-	161,200,000 2,030,070,570	6,661,413,361
Net loss		-	-	-	- (394,839,801)	(394,839,801)
ENDING BALANCE AS AT DECEMBER 31, 2009		<u>2,578,334,070</u>	<u>1,891,808,721</u>	<u>-</u>	<u>161,200,000</u> <u>1,635,230,769</u>	<u>6,266,573,560</u>
Beginning balance as of January 1, 2010		2,578,334,070	1,891,808,721	-	161,200,000 1,635,230,769	6,266,573,560
Revaluation surplus an investments		-	-	48,411,916	- -	48,411,916
Legal reserves	16	-	-	-	11,300,000 (11,300,000)	-
Net loss		-	-	-	- 224,159,715	224,159,715
ENDING BALANCE AS AT DECEMBER 31, 2010		<u>2,578,334,070</u>	<u>1,891,808,721</u>	<u>48,411,916</u>	<u>172,500,000</u> <u>1,848,090,484</u>	<u>6,539,145,191</u>

Notes to the financial statements form an integral part of these statements

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

UNIT : BAHT

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	428,203,388	(644,652,615)
Adjustments for:		
Amortization of premium on debt securities	312,831	264,179
Amortization of deferred interest expense		
from discounted promissory notes	6,527,330	10,639,457
Depreciation and amortization	286,736,238	234,411,142
Reward point expense	198,000,000	60,000,000
Gain from disposal and written-off of fixed assets	(1,071,321)	(2,818,414)
Bad debts and doubtful accounts	4,073,286,845	5,603,566,524
Interest expense	1,892,215,148	1,975,844,713
	6,884,210,459	7,237,254,986

Notes to the financial statements form an integral part of these statements

Statements of Cash Flows (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

UNIT : BAHT

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES (Continued)		
Trade accounts receivable increase	(4,841,051,359)	(949,919,822)
Management fee receivable - related financial institution		
(increase) decrease	3,315,822	(3,594,505)
Other current assets (increase) decrease	(30,623,124)	207,939,383
Other non-current assets increase	(24,250,700)	(35,888,187)
Trade accounts payable - related financial institution		
increase (decrease)	28,051,829	(50,360,401)
Trade accounts payable - others decrease	(9,191,159)	(110,772,192)
Accrued interest expenses increase (decrease)	(3,624,991)	24,627,537
Income tax payable decrease	(136,644)	(92,236)
Accrued expenses decrease	(15,761,358)	(29,310,778)
Other current liabilities increase (decrease)	120,043,137	(61,661,587)
Cash received from operations	2,110,981,912	6,228,222,198
Interest expense paid	(1,951,478,253)	(2,007,328,307)
Income tax paid	(51,013,469)	(598,689,263)
Net cash provided by operating activities	108,490,190	3,622,204,628

Notes to the financial statements form an integral part of these statements

Statements of Cash Flows (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

UNIT : BAHT

	2010	2009
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investment in government bonds	20,000,000	-
Cash paid for purchases of investment in government bonds	(20,954,760)	-
Proceeds from sales of leasehold improvements and equipment	2,580,270	3,479,932
Cash paid for purchases of leasehold improvements and equipment	(171,560,181)	(135,457,808)
Cash paid for purchases of computer software	(65,132,737)	(22,131,906)
Net cash used in investing activities	(235,067,408)	(154,109,782)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans from financial institutions	4,835,979,522	(14,456,208,540)
Proceeds from long-term loans	1,000,000,000	7,500,000,000
Cash paid for repayment of long-term loans	(3,283,333,333)	(9,393,333,333)
Proceeds from issuance of debentures	2,000,000,000	18,200,000,000
Cash payment for redemption of debentures	(6,700,000,000)	(3,000,000,000)
Cash payment for liabilities under financial lease contracts	(7,492,762)	(6,545,018)
Net cash used in financing activities	(2,154,846,573)	(1,156,086,891)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,281,423,791)	2,312,007,955
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	3,059,239,391	747,231,436
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	777,815,600	3,059,239,391

Notes to the financial statements form an integral part of these statements

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. GENERAL

Krungthai Card Public Company Limited (“the Company”) was registered as a Juristic Company on December 4, 1996 and registered the change in its status to a “Public Company” with the Ministry of Commerce on July 2, 2002 to fully engage in credit card, circle loan and other related businesses. The Company registered as a listed company on The Stock Exchange of Thailand on October 28, 2002.

The Company is located at 14th Floor UBC II Building, 591 Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with accounting standards and practices generally accepted in Thailand. The financial statements have been prepared on the historical cost basis except for those described in Accounting Policies (Note 3).

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

The financial statements of the Company are prepared in compliance with the Notification of the Department of Business Development dated January 30, 2009 regarding “The Brief Particulars in the Financial Statements B.E. 2552”.

Currently, the Company’s operations relate to a single business segment, the consumer finance business, and are carried out in a single geographic area which is Thailand.

- 2.2 The Federation of Accounting Professions has issued the Notifications of Federation of Accounting Professions No. 17/2553 dated April 9, 2010, No. 50/2553, No. 51/2553, No. 52/2553, No. 53/2553, No. 54/2553 and No. 55/2553 dated November 24, 2010 regarding the new and revised Thai Accounting Standards (TASs), Thai Financial Reporting Standards (TFRSs) and new Thai Financial Reporting Standards Interpretations (TFRI) that have been announced in the Royal Gazette dated May 26, 2010 and December 15, 2010, respectively. TASs and TFRS which are relevant to the Company are as follows:

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

TASs / TFRSs	Effective date
Accounting Framework (Revised 2009)	Immediately

Thai Accounting Standards (TASs)		Effective date
TAS 1 (Revised 2009)	Presentation of Financial Statements	January 1, 2011
TAS 7 (Revised 2009)	Statement of Cash Flows	January 1, 2011
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2011
TAS 10 (Revised 2009)	Events after the Reporting Period	January 1, 2011
TAS 12	Income Taxes	January 1, 2013
TAS 16 (Revised 2009)	Property, Plant and Equipment	January 1, 2011
TAS 17 (Revised 2009)	Leases	January 1, 2011
TAS 18 (Revised 2009)	Revenue	January 1, 2011
TAS 19	Employee Benefits	January 1, 2011

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Thai Accounting Standards (TASs)		Effective date
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate	January 1, 2013
TAS 24 (Revised 2009)	Related Party Disclosures	January 1, 2011
TAS 33 (Revised 2009)	Earnings Per Share	January 1, 2011
TAS 34 (Revised 2009)	Interim Financial Reporting	January 1, 2011
TAS 36 (Revised 2009)	Impairment of Assets	January 1, 2011
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2011
TAS 38 (Revised 2009)	Intangible Assets	January 1, 2011

Thai Financial Reporting Standards (TFRSs)		Effective date
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2011

The Company's management anticipates that the above accounting standards and financial reporting standards will be adopted in the Company's financial statements when they become effective except for TAS 12 Income Taxes, which the Company early adopted before the effective date since the year ended December 31, 2009.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

In addition, for the initial application of TAS 19 Employee Benefits in the year 2011, the Company chooses to adjust the impact to retained earnings-brought forward of the fiscal year 2011. The Company's management has evaluated the impact that is expended to have on the Company's financial statements as follows:

For the year ended
December 31, 2011
Million Baht

Increase in deferred tax assets	30.9
Increase in non-current liabilities	103.1
Decrease in retained earnings - brought forward	(85.0)
Decrease in net profit for the year	(12.7)
Decrease in earnings per share	(0.05)

Except for the above TASs, the Company's management anticipates that the adoption of those accounting standards will have no material impact on the financial statements of the Company in the period of initial application.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at banks and financial institutions and current investments with original maturities of 3 months or less.

3.2 Trade accounts receivable

Trade accounts receivable are stated at the outstanding amount less the allowance for doubtful accounts.

3.3 Investments

The Company's investments consist of debt securities and equity securities which are classified as available-for-sale securities, held-to-maturity debt securities or general investments. Debt and equity securities with readily determinable market values that are not classified as either trading securities or held-to-maturity securities are classified

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

as available-for-sale securities and are presented as short-term or long-term investments depending on the intent of management and carried at fair value. The unrealized gains or losses related to available-for-sale securities are reported as a component of shareholders' equity until realized. Gain or loss on available-for-sale securities are recognized in the statements of income upon the sale or disposal of such securities.

3.4 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost less accumulated depreciation and amortization.

Gain or loss on disposal or write-off leasehold improvement and equipment is recognized in the statements of income in the period of disposal or write-off.

Depreciation and amortization of leasehold improvement and equipment are calculated by the straight-line method, over the estimated useful lives of the assets, as follows:

Leasehold improvement	Lease period
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3.5 Intangible assets

Intangible assets represent computer software which is stated at cost less accumulated amortization.

Amortization of intangible assets is calculated by the straight-line method based on the estimated useful life of intangible assets over 5 years

3.6 Other non-current assets

Other non-current assets consist of refundable deposits and credit card's embedded chip.

Credit card's embedded chip is stated at cost less accumulated amortization.

Amortization of other asset, which is credit card's embedded chip is calculated by the straight-line method over the privilege period that the cardholder is entitled to use the card of 5 years.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3.7 Long-term leases

Leases of assets where the Company assumes substantially all the risks and rewards are classified as finance leases. Assets acquired by way of finance leases are capitalized at the estimated present value of the minimum lease payments at the inception of the lease. The corresponding lease liability is recorded in the balance sheet. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of income.

Leases of assets where substantially all the risks and rewards are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are recognized as expenses in the statements of income on a straight line basis over the term of the leases.

Where an operating lease is terminated before the lease period has expired, any penalty payment is recognized as an expense in the period in which the lease is terminated.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3.8 Foreign currency transactions

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

The Company uses cross currency swap contracts in asset and liability management activities to control exposure to fluctuation in foreign exchange rates. Such derivatives that have not entered into for trading purposes are recorded on an accrual basis. The swap contracts denominated in foreign currencies at the balance sheet date are translated into Baht at the reference exchange rates announced by the Bank of Thailand at that date. The difference on exchange rate that incurred are recognized as operating income or expenses in the statements of income.

Gains or losses on exchange arising on settlements or translation are recognized as operating income or expenses in the statements of income.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3.9 Income recognition

The Company recognizes interest income on credit card receivables for default payments of installments from the posting date. Interest on cash advances from credit cards is recognized from the date of cash withdrawals. Interest on circle loans, personal loans and self-employed loans are recognized on an accrual basis. The Company recognizes interest income overdue for more than 180 days on a cash basis.

The Company recognizes fee and service income, which consists of fees on cash advances, card issuance fees, interchange fees and other service fees, on the date the service is rendered.

The Company recognizes management fees when services are rendered as stipulated in the credit card management service agreement.

3.10 Bad debt recovery

Bad debt recovery is recognized as income in the statement of income in the period which it is collected.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3.11 Provident fund

The contributions for employee provident fund is recorded as expenses when incurred.

3.12 Income tax

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

3.12.1 Current tax

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

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3.12.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available for utilizing all or part of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realized the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Income tax - income (expense) related to profit or loss from normal activities are presented in the statements of income, except for current and deferred taxes of related items that recognized directly in the shareholders' equity in the same or different period.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3.13 Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net profit (loss) for the year by the weighted average number of ordinary shares issued and held by outside parties during the year.

3.14 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies described above, the management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The significant accounting estimate is as follows:

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Allowance for doubtful accounts and bad debts

The Company provided the allowance for doubtful accounts for credit card, circle loan and personal loan receivables which have aging less than 90 days by using the loss rate net of recovery which the Company believed that such loss rate reflects the current credit risk inherent in the portfolio. Moreover, the Company adjusted the historical loss experience by the information on trend and economic conditions that might have an effect on the ability to repay the debt of the debtor groups including additional economic factors to cope with the potential risks from the future economic fluctuation and the Company fully reserved for receivables which are defaulted for 90 days or more.

A fixed percentage of 1% adjusted by the information on trend and economic conditions that might have an effect on the ability to repay the debt for self-employed loans is applied to receivables aged less than 90 days because self-employed loan products had been launched in the year 2004 but decreased continuously, the Company thus had no adequate statistical historical data to calculate the allowance for doubtful accounts based on the percentage of loss rates net of recovery. Allowance for receivables in default for 90 days or more was fully reserved.

Bad debts are written off when the Company considers such debts to be irrecoverable.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

Non-cash items for the years ended December 31, 2010 and 2009 are as follows:

	2010 Thousand Baht	2009 Thousand Baht
Liabilities under lease contracts brought forward	22,784	27,326
<u>Add</u> Purchase fixed assets under finance lease contract	-	2,003
<u>Less</u> Cash paid for liabilities under lease contracts	(7,493)	(6,545)
Liabilities under lease contracts carried forward	<u>15,291</u>	<u>22,784</u>
Fixed assets payable brought forward	49,169	-
<u>Add</u> Purchase fixed assets	172,250	186,629
<u>Less</u> Purchase fixed assets under finance lease contract	-	(2,003)
<u>Less</u> Cash paid for purchase fixed assets	(171,560)	(135,457)
Fixed assets payable carried forward		
(presented as a part of Trade accounts payable - others)	<u>49,859</u>	<u>49,169</u>

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010 Thousand Baht	2009 Thousand Baht
Computer software payable brought forward	44,651	-
<u>Add</u> Purchase computer software	48,835	66,783
<u>Less</u> Cash paid for purchase computer software	(65,133)	(22,132)
Computer software payable brought forward		
(presented as a part of Trade accounts payable - others)	28,353	44,651
Revaluation surplus on investments	<u>48,412</u>	<u>-</u>

The Company has changed the disclosure of fixed assets payable and computer software payable as at December 31, 2009 (balance brought forward as at January 1, 2010) from Baht 93.4 million and Baht 2.2 million to be Baht 49.2 million and Baht 44.7 million, respectively.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

5. TRADE ACCOUNTS RECEIVABLE - NET

5.1 Outstanding balances of trade accounts receivable classified by type of business and aging

The Company had outstanding balances of trade accounts receivable classified by type of business and aging as follows:

As at December 31, 2010

	Credit card Thousand Baht	Circle loan Thousand Baht	Personal loan Thousand Baht	Self-employed loan Thousand Baht	Total Thousand Baht
Not over 89 days	34,709,715	315,622	10,944,738	123,234	46,093,309
90 - 179 days	547,028	4,315	294,704	7,766	853,813
180 days and over	446,666	5,687	126,625	499,433	1,078,411
Total	35,703,409	325,624	11,366,067	630,433	48,025,533
Less Allowance for doubtful accounts	(1,951,683)	(18,713)	(768,614)	(511,265)	(3,250,275)
Trade accounts receivable - net	<u>33,751,726</u>	<u>306,911</u>	<u>10,597,453</u>	<u>119,168</u>	<u>44,775,258</u>

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

As at December 31, 2010

	Credit card Thousand Baht	Circle loan Thousand Baht	Personal loan Thousand Baht	Self-employed loan Thousand Baht	Total Thousand Baht
Not over 89 days	34,845,273	365,969	9,726,954	235,061	45,173,257
90 - 179 days	802,132	6,210	438,352	16,849	1,263,543
180 days and over	119,148	14,295	209,092	457,384	799,919
Total	35,766,553	386,474	10,374,398	709,294	47,236,719
<u>Less</u> Allowance for doubtful accounts	(1,768,020)	(29,398)	(950,522)	(481,285)	(3,229,225)
Trade accounts receivable - net	<u>33,998,533</u>	<u>357,076</u>	<u>9,423,876</u>	<u>228,009</u>	<u>44,007,494</u>

As at December 31, 2010 and 2009, receivables in default for more than 3 periods which their accrued interest are still recognized are Baht 686.0 million and Baht 934.0 million, respectively. However, such receivables are fully reserved as at December 31, 2010. Accrued interest from such receivables which is recognized as income for the years ended December 31, 2010 and 2009 are Baht 94.3 million and Baht 137.4 million, respectively.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

5.2 Transferred receivables with a net book value of Baht nil

The Company was transferred credit card and circle loan receivables with a total outstanding balance of Baht 1,405.0 million from a related financial institution, at a net book value of Baht nil.

For the years ended December 31, 2010 and 2009, the Company is able to collect from those receivables of Baht 8.9 million and Baht 8.6 million, respectively. The Company records such collection amount as revenue in the statements of income when cash is received.

5.3 Bad debts and doubtful accounts

Bad debts and doubtful accounts for the years ended December 31, 2010 and 2009 are as follows:

	2010 Thousand Baht	2009 Thousand Baht
Bad debts	4,052,237	4,300,300
Doubtful accounts	21,050	1,303,267
Total bad debts and doubtful accounts	<u>4,073,287</u>	<u>5,603,567</u>

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

6. OTHER CURRENT ASSETS

Other current assets as at December 31, 2010 and 2009 are as follows:

	2010 Thousand Baht	2009 Thousand Baht
Other credit card receivables	108,686	91,180
Accrued fees and interest income	517,228	510,942
Prepaid expenses	77,329	66,821
Suspended accounts awaiting verification	16,886	19,315
Others	42,398	43,646
Total other current assets	<u>762,527</u>	<u>731,904</u>

The Company has changed the disclosure of other credit and receivables and accrued fees and interest income as at December 31, 2009 from Baht 249.05 million and Baht 353.07 million to be Baht 91.18 million and Baht 510.94 million, respectively.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

7. INVESTMENTS

Investments as at December 31, 2010 and 2009 consist of the following:

7.1 Current investment

Unit : Thousand Baht

	2010			2009		
	Cost/Amortized Cost	Unrealized Gains	Fair Value	Cost/Amortized Cost	Unrealized Gains	Fair Value
Securities Held-to-Maturity						
Government securities with						
maturity within one year	-	-	-	20,071	337	20,408
Total	-		-	20,071		20,408

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

7.2 Long-term investments

Unit : Thousand Baht

	2010			2009		
	Cost/Amortized Cost	Unrealized Gains	Fair Value	Cost/Amortized Cost	Unrealized Gains	Fair Value
Securities Available-for-Sale						
Foreign marketable equity securities	-	69,160	69,160	-	-	-
Add Revaluation allowance	69,160		-	-		-
Total	69,160		69,160	-		-
Securities Held-to-Maturity						
Government securities	20,713	138	20,851	-	-	-
Total	20,713		20,851	-		-
Total long-term investments	89,873		90,011	-		-

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

During the year ended December 31, 2010, the Company classified a part of general investment in a listed company in USA to be securities available-for-sale because the issuer granted the program to release the restricted period for such securities. The remaining shares are still presented as general investment at cost and could not reasonably determined the fair value because they are still in the restricted period as at December 31, 2010.

As at December 31, 2010, the Company pledged government bonds totally of Baht 1.0 million as collateral for lawsuits with customers pending in the court.

8. LEASEHOLD IMPROVEMENT AND EQUIPMENT - NET

Leasehold improvement and equipment - net as at December 31, 2010 and 2009 are as follows:

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

As at December 31, 2010	Balance as at December 31, 2009 Thousand Baht	Additions Thousand Baht	Disposals Thousand Baht	Transfer in (Transfer out) Thousand Baht	Balance as at December 31, 2010 Thousand Baht
Costs:					
Leasehold improvement	457,119	770	(20,407)	41,071	478,553
Furniture, fixtures and office equipment	676,576	46,982	(4,765)	7,184	725,977
Vehicles	1,246	-	-	-	1,246
Total	1,134,941	47,752	(25,172)	48,255	1,205,776
Accumulated depreciation and amortization:					
Leasehold improvement	(300,845)	(76,520)	19,819	-	(357,546)
Furniture, fixtures and office equipment	(409,797)	(92,228)	4,376	-	(497,649)
Vehicles	(1,246)	-	-	-	(1,246)
Total	(711,888)	(168,748)	24,195	-	(856,441)
Construction in progress	19,762	124,498	(532)	(48,306)	95,422
Leasehold improvement and equipment - net	442,815				444,757

Notes to the Financial Statements

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As at December 31, 2009

	Balance as at December 31, 2009 Thousand Baht	Additions Thousand Baht	Disposals Thousand Baht	Transfer in (Transfer out) Thousand Baht	Balance as at December 31, 2010 Thousand Baht
Costs:					
Leasehold improvement	407,244	16,754	(18,696)	51,817	457,119
Furniture, fixtures and office equipment	552,840	41,196	(15,026)	97,566	676,576
Vehicles	1,246	-	-	-	1,246
Total	961,330	57,950	(33,722)	149,383	1,134,941
Accumulated depreciation and amortization:					
Leasehold improvement	(243,513)	(75,736)	18,404	-	(300,845)
Furniture, fixtures and office equipment	(342,213)	(82,439)	14,855	-	(409,797)
Vehicles	(1,246)	-	-	-	(1,246)
Total	(586,972)	(158,175)	33,259	-	(711,888)
Construction in progress	31,057	128,679	-	(139,974)	19,762
Leasehold improvement and equipment - net	405,415				442,815
Depreciation and amortization for the years ended December 31,					
2010					168,748
2009					158,175

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

As at December 31, 2010 and 2009, the costs of fully depreciated assets still in use are Baht 452.1 million and Baht 238.6 million, respectively.

Leased assets of computer equipment included in furniture, fixtures and office equipment in the above table, which the Company is a lessee under finance leases, are as follows:

	2010 Thousand Baht	2009 Thousand Baht
Cost	35,755	35,755
Less Accumulated depreciation	(21,965)	(14,813)
Net book value	<u>13,790</u>	<u>20,942</u>

Notes to the Financial Statements

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9. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2010 and 2009 are as follows:

As at December 31, 2010	Balance as at December 31, 2009 Thousand Baht	Additions Thousand Baht	Disposals Thousand Baht	Transfer in (Transfer out) Thousand Baht	Balance as at December 31, 2010 Thousand Baht
Computer software	378,832	28,407	-	23,129	430,368
<u>Less Accumulated amortization</u>	<u>(133,508)</u>	<u>(67,805)</u>	<u>-</u>	<u>-</u>	<u>(201,313)</u>
	245,324				229,055
<u>Add Software under installation</u>	<u>30,346</u>	<u>20,428</u>	<u>-</u>	<u>(23,078)</u>	<u>27,696</u>
Intangible assets - net	<u>275,670</u>				<u>256,751</u>

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	Balance as at December 31, 2008 Thousand Baht	Additions Thousand Baht	Disposals Thousand Baht	Transfer in (Transfer out) Thousand Baht	Balance as at December 31, 2009 Thousand Baht
As at December 31, 2010					
Computer software	202,937	66,783	-	109,112	378,832
<u>Less</u> Accumulated amortization	<u>(90,682)</u>	<u>(42,826)</u>	<u>-</u>	<u>-</u>	<u>(133,508)</u>
	112,255				245,324
<u>Add</u> Software under installation	<u>149,064</u>	<u>-</u>	<u>(198)</u>	<u>(118,520)</u>	<u>30,346</u>
Intangible assets - net	<u>261,319</u>				<u>275,670</u>
Amortization for the years ended December 31,					
2010					<u>67,805</u>
2009					<u>42,826</u>

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

10. DEFERRED TAX ASSETS

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

	2010 Thousand Baht	2009 Thousand Baht
Deferred tax assets	<u>1,115,291</u>	<u>949,991</u>

Deferred tax assets as at December 31, 2010 and 2009 consist of tax effects from the following items:

	2009 Thousand Baht	Item as recognized into statements of income Thousand Baht	Item as Recognized in shareholders' equity Thousand Baht	Others Thousand Baht	2010 Thousand Baht
Allowance for doubtful accounts	845,515	106,476	-	-	951,991
Difference from depreciation rate	(9,732)	(17,217)	-	-	(26,949)
Revaluation surplus on investment	-	-	(20,748)	13,535	(7,213)
Others	<u>114,208</u>	<u>96,789</u>	<u>-</u>	<u>(13,535)</u>	<u>197,462</u>
	<u>949,991</u>	<u>186,048</u>	<u>(20,748)</u>	<u>-</u>	<u>1,115,291</u>

Notes to the Financial Statements

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	2009	Item as recognized into statements of income	Item as Recognized in shareholders' equity	Others	2010
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Allowance for doubtful accounts	401,899	443,616	-	-	845,515
Difference from depreciation rate	(1,724)	(8,008)	-	-	(9,732)
Others	96,026	18,182	-	-	114,208
	<u>496,201</u>	<u>453,790</u>	<u>-</u>	<u>-</u>	<u>949,991</u>

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

11. SHORT-TERM LOANS - OTHER FINANCIAL INSTITUTIONS

Short-term loans - other financial institutions as at December 31, 2010 and 2009 are as follows:

	2010 Thousand Baht	2009 Thousand Baht
Promissory notes	1,840,000	130,000
Bills of exchange	2,030,336	897,830
Short-term loans	2,000,000	-
Total short-terms loans	<u>5,870,336</u>	<u>1,027,830</u>

Promissory notes and bills of exchange have interest rates at Money Market Rate (MMR) with maturity on demand to one year and are unsecured.

Short-term loans of Baht 2,000 million were unsecured loan from a financial institution in Thailand. Such loans bears interest rate at 4% per annum, payable on a monthly basis and the maturity date are within one year from withdrawn date.

Notes to the Financial Statements

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12. LONG-TERM LOANS

Long-term loans as at December 31, 2010 and 2009 are as follows:

	Average interest rate %	2010 Due within the year	Amount Thousand Baht	Average interest rate %	2009 Due within the year	Amount Thousand Baht
JPY syndicated loan	5.75	2011	117,520	5.75	2011	229,633
Loans in Baht	4.90	2013	9,166,667	4.70	2013	11,333,333
			9,284,187			11,562,966
Less Current portion of long-term loans			(4,784,187)			(3,281,483)
Total long-term loans			<u>4,500,000</u>			<u>8,281,483</u>

Notes to the Financial Statements

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As at December 31, 2010 and 2009, long-term loans consist of loans from financial institutions which are unsecured.

On November 26, 2008, the Company entered into a 3-year loan agreement with a local financial institution for loan of Yen 942.1 million, which carries interest rate at JPY LIBOR 6 months plus 1.25% payable semi-annually and will make a repayment for the principal equally in 6 installments, which the first principal repayment was made on May 29, 2009. In addition, the Company has also entered into a currency and interest rate swap contract with a local financial institution to convert such loan into Baht 350 million, which the difference is presented as accounts receivable or accounts payable on swap contract, and swap interest rate to be fixed interest rate at 5.75% p.a. The loan agreement and swap contracts will be due on the same date of November 28, 2011.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

THB long-term loans consist of:

Type	Date of Agreement	Amount (Million Baht)	Maturity Date	Interest Rate (% p.a.)	Interest Payable Period	Balance as at	
						December 31, 2010 (Million Baht)	December 31, 2009 (Million Baht)
Syndicated loan	30 Mar. 2007	3,000	21 May 2010	4.70-5.20	Semi-annual	-	3,000
Long-term loan	20 Aug. 2008	500	25 Aug. 2011	5.15	Semi-annual	500	500
Long-term loan	26 Nov. 2008	500	28 Nov. 2011	5.75	Semi-annual	167	333
Long-term loan	10 Mar. 2009	2,000	19 May 2011	MLR – 1.75	Monthly	2,000	2,000
Long-term loan	12 May 2009	1,500	11 May 2012	5.10	Quarterly	1,500	1,500
Long-term loan	27 Oct. 2009	2,000	30 Apr. 2013	FDR	Quarterly	2,000	2,000
				6-month + 3.5			
Long-term loan	16 Nov. 2009	2,000	21 Nov. 2011	5.25	Monthly	2,000	2,000
Long-term loan	16 Mar. 2010	1,000	22 Mar. 2012	4.45	Quarterly	1,000	-
Total THB long-term loans						9,167	11,333

*FDR is Fixed Deposit Rate

Notes to the Financial Statements

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For long-term loan of Baht 500 million, which the Company entered into the agreement on November 26, 2008, the Company has to repay the principal equally in 6 installments, which the first principal repayment was made on May 29, 2009.

As at December 31, 2010 and 2009, the fair value of derivative contracts would be Baht 2.05 million and Baht 12.8 million, respectively, had the Company settled such contracts with its counterparties on such dates.

Notes to the Financial Statements

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13. LIABILITIES UNDER FINANCE LEASE CONTRACTS - NET

Minimum lease payments under finance lease liabilities as at December 31, 2010 and 2009 are as follows:

	2010 Thousand Baht	2009 Thousand Baht
Less than 1 year	10,208	11,960
Over 1 year to 5 years	6,950	14,883
Less Future finance charges on finance leases	(1,867)	(4,059)
Present value of finance lease liabilities	<u>15,291</u>	<u>22,784</u>
Finance lease liabilities:		
- Current	9,011	9,685
- Non-current	<u>6,280</u>	<u>13,099</u>
	<u>15,291</u>	<u>22,784</u>

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As at December 31, 2010 and 2009, liabilities under finance lease contracts related to 3 hard disk lease contracts. The first contract is for the period of 5 years, ending in 2011, the liability is repayable in quarterly installments in the amount of Baht 0.6 million. The second contract is for the period of 5 years, ending in 2013, the liability is repayable in quarterly installments in the amount of Baht 1.36 million. On November 1, 2008, the Company entered into the addition lease agreement to upgrade the asset per the 2nd contract and included as a part of such contract, for the period of 54 months, ending in 2013. The liability is repayable in quarterly installments in the amount of Baht 0.13 million. At the end of the lease term, the Company has the right to exercise a purchase option on the leased equipment at the price specified in the agreement.

14. LONG-TERM DEBENTURES

Long-term debentures as at December 31, 2010 and 2009 are as follows:

	2010 Thousand Baht	2009 Thousand Baht
Debentures	24,200,000	28,900,000
<u>Less</u> Current portion of debentures	<u>(4,680,000)</u>	<u>(6,700,000)</u>
Total long-term debentures	<u>19,520,000</u>	<u>22,200,000</u>

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Details of debentures can be summarized as follows:

Type	Date of Issuance	Amount (Million Baht)	Maturity Date	Interest Rate (% p.a.)	Interest Payable Period	Balance as at	
						December 31, 2010 (Million Baht)	December 31, 2009 (Million Baht)
Senior unsecured debentures	12 Apr. 2007	2,500	12 Apr. 2010	4.60	Semi-annually	-	2,500
Senior unsecured debentures	26 Mar. 2008	4,000	26 Mar. 2011	4.10	Semi-annually	4,000	4,000
Senior unsecured debentures	18 Aug. 2008	3,000	18 Feb. 2010	4.89	Semi-annually	-	3,000
Senior unsecured debentures	9 Dec. 2008	1,200	9 Jun. 2010	5.15	Semi-annually	-	1,200
Senior unsecured debentures	13 May 2009	680	13 May 2011	4.50	Semi-annually	680	680
Senior unsecured debentures	25 Jun. 2009	4,000	25 Jun. 2012	5.50	Quarterly	4,000	4,000
Senior unsecured debentures	6 Aug. 2009	4,500	6 Aug. 2012	5.50	Quarterly	4,500	4,500
Senior unsecured debentures	28 Sep. 2009	300	3 Sep. 2012	5.50	Quarterly	300	300
Senior unsecured debentures	28 Sep. 2009	220	2 Oct. 2012	5.50	Quarterly	220	220
Senior unsecured debentures	5 Nov. 2009	7,500	5 Nov. 2013	5.50	Quarterly	7,500	7,500
Senior unsecured debentures	19 Nov. 2009	1,000	19 May 2013	5.35	Semi-annually	1,000	1,000
Senior unsecured debentures	2 Apr. 2010	1,000	2 May 2013	4.80	Quarterly	1,000	-
Senior unsecured debentures	17 May 2010	1,000	17 May 2013	4.70	Semi-annually	1,000	-
Total debentures						<u>24,200</u>	<u>28,900</u>

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

15. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy of the year 2010 remains unchanged from 2009.

The capital structure of the Company consists of debt, which includes the loans and debentures disclosed in Notes 12 and 14 and shareholders' equity, comprising issued and paid-up capital, legal reserves and retained earnings.

The Company does not apply any specific financial ratios to monitor its capital whilst manages its capital to be sufficient for its working capital by issuing new shares or adjusting the amount of dividends paid to shareholders.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

16. LEGAL RESERVE

Pursuant to the Public Companies Act. B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the registered capital.

The Company appropriated to legal reserve for the year ended December 31, 2010 of Baht 11.30 million. The legal reserve is not available for dividend distribution. The Company did not appropriate to legal reserve for the year ended December 31, 2009.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

17. EXPENSES BY NATURE

Net profit (loss) for the years ended December 31, 2010 and 2009 have been arrived at after charging the following items:

	2010 Thousand Baht	2009 Thousand Baht
Management remuneration	120,214	130,048
Staff costs	769,855	741,661
Depreciation and amortization	286,736	234,411
Consulting and other fees	2,243,089	2,227,615
Marketing fee	1,250,539	938,308
Premises and equipment expenses	391,681	400,321
Communication expenses	167,693	177,031
Special business tax & duty stamp	303,240	317,620
Bad debts and doubtful accounts	4,073,287	5,603,567

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

18. PROVIDENT FUND

The Company set up a registered provident fund in accordance with the Provident Fund Act B.E. 2530. All employees are members of the Provident Fund, which is managed by Krungthai Asset Management Public Company Limited. Under the Fund's regulations, employees contribute to the fund at the rate of 3% to 6% of their basic salary and the Company contributes to the fund at the rate of 6%.

The Company's contributions which were charged to the statements of income for the years ended December 31, 2010 and 2009 amounted to Baht 37.2 million and Baht 36.2 million, respectively.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

19. INCOME TAX - INCOME (EXPENSE)

Income tax - income (expense) for the years ended December 31, 2010 and 2009 are as follows:

	2010 Thousand Baht	2009 Thousand Baht
Income tax expense per income tax return	(390,092)	(203,977)
Deferred tax expense relating to the origination and reversal of temporary differences	186,048	453,790
Income tax - expense per the statements of income	<u>(204,044)</u>	<u>249,813</u>

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

The reconciliation between income tax - income (expense) and accounting income for the years ended December 31, 2010 and 2009 are follows:

	2010 Thousand Baht	2009 Thousand Baht
Accounting profit (loss) before tax	428,203	(644,653)
Income tax - income (expense) at domestic tax rates		
25% tax rate	(75,000)	75,000
30% tax rate	(38,461)	103,396
	(113,461)	178,396
Tax effect of non-deductible expenses	(84,291)	(51,131)
Adjustment Revenue Department receivable	(6,292)	122,548
Income tax - expense per the statements of income	(204,044)	249,813
Deferred tax expense relating to the origination and reversal of temporary differences	(186,048)	(453,790)
Income tax expense per income tax return	(390,092)	(203,977)

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

The Company used a tax rate of 30% for calculation of deferred tax.

The Company adjusted the Revenue Department receivable in the years 2010 and 2009 due to the fact that the Company understated taxable expenses in the income tax calculation in the previous years.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

20. LONG-TERM AGREEMENTS

The Company has long-term agreements as at December 31, 2010 and 2009 as follows:

20.1 The Company has various lease agreements for office premises and other facilities and various EDC machine agreements with total rental and service fees as follows:

	2010 Thousand Baht	2009 Thousand Baht
Within 1 year	152,834	215,872
Over 1 year to 5 years	108,792	153,741
	<u>261,626</u>	<u>369,613</u>

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

20.2 Personal loan and credit card account processing agreements with certain foreign companies (“counterparties”). These agreements consist of a primary agreement, a processing agreement and two supplementary agreements related to the credit card business. Under the conditions of the primary agreement, the counterparties agreed to provide management services with respect to card issuer and merchant acquirer processing, including the data processing and electronic transmission of the processed data via international telecommunications back to the Company for further processing. The Company agreed to gather and transmit data concerning the Company’s credit card applicants, including applicants for personal loans and consumer finance to the counter parties. In consideration of this, the Company has to pay a service fee computed at varying rates based on the type of transactions, volume of transactions processed and numbers of customers. These agreements were effective on September 26, 2003 and continue to be in effect for eight years commencing from June 28, 2004.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

21. TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with related parties. Certain portions of the Company's assets, liabilities, revenues and administrative expenses represent transactions occurred with related parties. These parties are related through common shareholders and/or directorships. Those significant transactions with related parties as included in the financial statements are determined at the prices in line with those occur in the normal course of business based on the market price in general or the price as stipulated in the agreements.

21.1 The significant balances with related parties

The significant balances with related parties as at December 31, 2010 and 2009 are as follows:

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Related companies:	Relationship	2010 Thousand Baht	2009 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Deposits at a financial institution (a part of cash and cash equivalents)		396,554	2,659,714
- Management fees receivable		534	3,850
- Trade accounts payable		434,977	405,981
Krung Thai Computer Services Co., Ltd.	Same Ultimate		
- Trade accounts payable	Holding Company	1,056	1,990
Krung Thai General Services Co., Ltd.	Same Ultimate		
- Trade accounts payable	Holding Company	1,325	1,335

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

21.1.1 Movements of short-term loans

Movements of short-term loans from related financial institution for the years ended December 31, 2010 and 2009 are as follows:

Related companies:	Relationship	2010 Thousand Baht	2009 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
Beginning balance		-	4,970,000
Add Borrowings during the year		4,540,000	231,940,000
Less Repayments during the year		(4,540,000)	(236,910,000)
Ending balance		-	-

Short-term loans from related financial institution are promissory notes and bills of exchange, carrying interest rate at that institution's rate (Money Market Rate).

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

21.2 The significant transactions with related parties

The significant transactions with related parties for the years ended December 31, 2010 and 2009 are as follows:

Related companies:	Relationship	2010 Thousand Baht	2009 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		38,549	9,726
- Back office service expenses (a part of administrative expenses)		104,665	123,985
- Administrative expenses		23,091	20,683
- Finance cost		9,129	282,942
Krung Thai Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		15,715	18,771
Krung Thai General Services Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		7,850	7,875

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

The above revenues and expenses are determined according to the following agreements:

- Credit card management service agreement

The Company entered into a credit card management service agreement with Krung Thai Bank Public Company Limited (KTB) whereby the Company agreed to provide management services to manage other credit cards for this financial institution. Those services included production services for all types of credit cards as well as other credit card services. The term of this agreement was for 15 years commencing July 1, 2002. Subsequently, on May 15, 2006, the Company and KTB entered into credit card management service agreement's amendment. Under the terms of the agreement's amendment, the service fee for the period from July 1, 2008 until the termination date was at various rates depended on transaction volume. Other fees were calculated by using actual cost incurred plus service fee at agreed rate.

On December 1, 2009, the Company entered into the Fleet Card Service Agreement with KTB for 6 months commencing on December 1, 2009 onwards. Both entities agreed to extend such agreement for another 3 months ended August 31, 2010. The

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

service fee was at various rates depending on volume and nature of transactions and this agreement was terminated after the extended period.

- Call center service agreement

The Company entered into a call center service agreement in accordance with the condition under credit card management service agreement with KTB. The term of this agreement was 15 years commencing on December 16, 2004. As stipulated in the agreement, the service fee would be computed at varying rates, based on volume of transactions. This fee was subject to review every year, with any changes to be formally documented. Subsequently, on June 15, 2007, the Board of Directors' meeting passed a resolution to terminate the agreement. Such termination was reported to The Stock Exchange of Thailand on the same date. After the termination, KTB still had to repay for project investment or advance investment as per condition stipulated in the agreement. KTB was to make the repayment to the Company in 60 monthly installments from December 16, 2004 onwards. As at December 31, 2009, KTB made fully repayment of such investment to the Company already.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

- Back office service agreement

The Company entered into a back office service agreement with KTB whereby the counterparty agreed to assist the Company (directly or indirectly through another related company) in computer system support and other services such as services to cardholders, member merchants and other related services. The term of this agreement is 15 years commencing July 1, 2002.

In August, 2008 the Company and KTB reentered into the back office service agreement's amendment. Under the terms of the agreement's amendment, the service fee for system support commencing July 1 to December 31, 2008 was Baht 40.6 million and from January 1, 2009 to June 30, 2011 is Baht 140.8 million per year. On July 2, 2009 the Company and KTB reentered into the back office service agreement's amendment (No. 4), the service fee for July 1, 2009 to June 30, 2010 was Baht 36.7 million per year and as at July 1, 2010 the Company entered into the back office service agreement's amendment (No. 5), the service fee for July 1, 2010 to June 30, 2011 is Baht 4.0 million per year. The fee for other back office support is at various rates depended on volume of transactions.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

The price of service for related transactions between the Company and KTB is based on general market price and in the normal course of business.

22. FINANCIAL INSTRUMENT INFORMATION DISCLOSURES

During 2010 and 2009, the Company did not speculate in or engage in the trading of any off-balance sheet derivatives.

22.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted the policy of only dealing with creditworthy counterparts as a means of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the consolidated balance sheet, net of allowance for doubtful accounts, represents the Company's maximum exposure to credit risk.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

In the case of recognized financial assets, the carrying amount of the assets recorded in the consolidated balance sheet, net of allowance for doubtful accounts, represents the Company's maximum exposure to credit risk.

The Company's major business is the issuing of credit cards and provision of loan financing. The Company has established processes for approving credit lines, as well as consistently applied billing and collection processes.

22.2 Liquidity risk

Liquidity risk arises in the general funding of the Company's activities. It includes both the risk of being unable to obtain source of fund at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Company has access to a diverse funding base. Funds are raised using a broad range of instruments including liabilities evidenced by paper, subordinated liabilities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Company strives to maintain

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Company continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Company strategy. As at December 31, 2010 and 2009, the Company has a credit line with a related financial institution in the sum of Baht 18,030 million in both years.

22.3 Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing principal amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Company's business strategies.

Part of the Company's return on financial instruments is obtained from controlled mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

As at December 31, 2010 and 2009, financial assets and liabilities exposed to interest rate risk are as follows:

	2010							
	Depend on	The earlier of remaining period of contract maturity				Average		
	Market Rate	or repricing date				interest rate		
		With in 1	1-5 years	More than	Independent	Total	Floating	Fixed
	Million	year		5 years	rate			
	Baht	Million	Million	Million	Million	Million	Million	Million
	Baht	Baht	Baht	Baht	Baht	Baht	%	%
Financial assets								
Cash and cash equivalents	287	-	-	-	491	778	0.25	-
Trade accounts receivables	31,726	8,087	5,579	-	2,634	48,026	16.99	20.88
Investments	-	-	20	-	70	90	-	4.25
Financial liabilities								
Short-term loans	200	5,675	-	-	(5)	5,870	2.00	2.78
Long-term loans	2,000	4,725	2,558	-	1	9,284	4.70	5.19
Liabilities under finance								
lease contracts	-	9	6	-	-	15	-	5.43
Long-term debentures	-	4,680	19,520	-	-	24,200	-	5.17

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

2009

	Depend on Market Rate	The earlier of remaining period of contract maturity or repricing date					Average interest rate	
	Million Baht	With in 1 year Million Baht	1-5 years Million Baht	More than 5 years Million Baht	Independent rate Million Baht	Total Million Baht	Floating Million %	Fixed Million %
Financial assets								
Cash and cash equivalents	2,490	-	-	-	569	3,059	0.25	-
Trade accounts receivables	32,314	7,416	5,037	-	2,470	47,237	17.39	21.14
Investments	-	20	-	-	-	20	-	4.80
Financial liabilities								
Short-term loans	130	900	-	-	(2)	1,028	2.21	2.92
Long-term loans	2,000	5,283	4,282	-	(2)	11,563	4.08	5.13
Liabilities under finance								
lease contracts	-	10	13	-	-	23	-	5.58
Long-term debentures	-	6,700	22,200	-	-	28,900	-	5.12

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Fair value

Fair value is the estimated value that the Company could receive from selling its financial assets or the estimated cost for redeeming its financial liabilities based on market values, or estimated values that can be derived from using general market principles of calculation.

Estimated fair value of financial assets and liabilities

As at December 31, 2010 and 2009, financial assets and liabilities have fair values which approximate their carrying values at the reporting date, except for investments in debt securities which their fair values are calculated by the method as described in Note 7.

The fair values of financial assets and liabilities have been estimated by using available market information and appropriate valuation methodologies.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

23. RECLASSIFICATIONS

Certain reclassifications have been made in the financial statements for the year ended December 31, 2009 to conform to the classification used in the financial statements for the year ended December 31, 2010 as follows:


- Deferred tax liabilities of Baht 9.73 million, which was previously separately presented, to be presented as an offset with deferred tax assets in the balance sheet.
- Cash paid for purchase of leasehold improvements and equipment of Baht 42.41 million, which was previously included in cash paid for purchases of computer software, to be presented as cash paid for purchase of leasehold improvements and equipment in the statements of cash flows.
- Trade accounts payable - others of Baht 1.85 million, which was previously offset with cash paid for purchase of leasehold improvements and equipment in investing activities to be presented as trade accounts payable - others in operating activities in the statements of cash flows.

Notes to the Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized directors of the Company on February 21, 2011.



Auditor's Remuneration

1. Audit Fee

The Company paid the audit fee at the end of fiscal year December 31, 2010 for the remuneration of the Auditor amounted to Baht 3,075,000 and for the information systems audit amounted to Baht 160,000 to Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd., totaling of Baht 3,235,000.

2. Non-audit Fee

The Company made further payment for non-audit services, i.e., advisory service for General Accounting Issue (including further payment) amounted to Baht 2,400,000 and Tax advisory amounted to Baht 1,800,000 to Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd., totaling of Baht 4,200,000.

General Information

Company Name	Krungthai Card Public Company Limited
Abbreviate	KTC
Type of Business	Consumer Finance
Company Registration Number	0107545000110
Start Date	December 4, 1996
Address	591 UBC II Building, 14 th Floor, Sukhumvit 33 Road North Klongton, Wattana, Bangkok 10110
Telephone	0-2665-5000
Facsimile	0-2828-5064
Homepage	www.ktc.co.th
Registered Capital	Baht 2,578,334,070
Paid-up Capital	Baht 2,578,334,070
Number of Shares	257,833,407 shares
Par Value	Baht 10

General Information

KTC Touch

KTC has spread out KTC Touch into both department stores and office buildings, particularly to offer services such as receiving payment, providing customer service as well as accepting credit card and personal loan applications. As of December 31, 2010, KTC has a total of 37 KTC Touch consisting of 34 KTC Touch all over Bangkok and metropolitan area and another 3 KTC Touch in Provincial area. Details are as follow:

Bangkok and metropolitan area

- Ground Floor, UBC II Building
- 1st Floor, Krung Thai Bank Public Company Limited, Nana Nua
- Ground Floor, The Mall Department Store Bangkapi
- 2st Floor, The Mall Department Store Bangkae
- 1st Floor, The Mall Department Store Thapra
- 3rd Floor, The Mall Department Store Ngam Wong Wan
- 2nd Floor, Central Department Store Ladprao
- Ground Floor, Central Department Store Pinklao
- 2nd Floor, Central Department Store Rama III

General Information

- 2nd Floor, Central Department Store Bangna
- B1 Floor, Central Department Store Rama II
- 1st Floor, Central Department Store Rattanaibeth
- 4th Floor, Central Department Store Chang-Watana
- 2nd Floor, Paradise Park
- 31st Floor, Thai Summit Tower
- 4th Floor, Silom Complex
- 2nd Floor, Seacon Square
- 2nd Floor, Future Park Rangsit
- 1st Floor, Future Park Rangsit 2 (KTC Future Lounge)
- Basement Floor, ZEER Rungsit
- 1st Floor, Building B, Government Complex Commemorating His Majesty.
The King's 80th Birthday Anniversary
- 3rd Floor, MBK Center
- 2nd Floor, Fortune Tower
- Ground Floor, Wongsawang Town Center
- The Circle Ratchapruk, Phase 1

General Information

- Ground Floor, Lotus Rangsit-Nakornnayok
- 2nd Floor, Carrefour Suwintawong
- 2nd Floor, Carrefour Srinakharin
- 1st Floor, Fashion Island
- 1st Floor, Saving and Credit Cooperatives Building, Electricity Generating Authority of Thailand, Bang Kruai
- Queen Sirikit National Convention Center
- BTS Station, Sala Daeng
- BTS Station, Chit Lom
- MRT Station, Sukhumvit

Provincial area

- 2nd Floor, Central Airport Department Store, Chiang Mai
- 2nd Floor, Central Festival Department Store, Phuket
- Ground Floor, Lotus Nakorn Pathom

General Information

Awards

- 1998: “The Best - In - Country Card Center Operation” from VISA International Asia Pacific
- 2000: “Most Performance Achievement” from VISA International Asia Pacific
- 2001: “The Best VISA Card Operation” from VISA International Asia Pacific
- 2002: “Thailand Performance Awards 2002 – Best Direct Sales/Branch Sales Initiative” from MasterCard International
- 2003: “Best Innovative Card Marketing Award 2003 (First VISA Mini Card Issuer)” from VISA International Asia Pacific
- 2004: Asia Pacific winner of and Southeast Asia tied winner of Excellent Corporate/ Office Spaces Decor from “Antron Design Award Asia Pacific 2003”
- 2004: “VISA Outstanding Performer and Best Marketing Award 2004” from VISA International Asia Pacific
- 2005: Silver Award “Best Program Launch” from MasterCard Asia/Pacific Marketing Leadership Awards 2005
- 2006: “Outstanding Performer and Marketing Excellence” from VISA International Asia Pacific

General Information

- 2008: Excellent Credit Card Program from “MasterCard Asia/Pacific Middle East and Africa Product Award 2008” for KTC Titanium MasterCard credit card
- 2009: “Happy Work Place” award from Private Entity Wellbeing Division, Thai Health Promotion Foundation, at Happy Work Place Forum II 2009: The Road of Happiness in Time of Crisis, for KTC Smart Office
- 2009: Best New Card Launch from Southeast Asia and South Asia marketing excellence program “The 2009 MasterCard Hall of Fame Awards” for KTC Royal Orchid Plus World MasterCard credit card
- 2009: Three major awards from “Lafferty South East Asia Payment Card Awards 2009” by England’s research and consultancy firm Lafferty Group: Best Credit Card Issuer in Thailand, Best Premium Credit Card in Thailand for KTC VISA Platinum credit card and Best Classic Credit Card in Thailand for KTC VISA Classic credit card
- 2010: “KTC MasterCard Viva in the Air 2008” wins grand prize in Thailand creative Event Awards 2009 from Thailand Convention and Exhibition Bureau (TCEB)
- 2010: Most Innovative Card Marketing Program Winner “The MasterCard Hall of Fame Awards 2010” for KTC Thailand Boutique Award 2010

General Information

Overall Corporate Social Responsibility Policy

KTC has been working consistently on the development of new products and services to best satisfy the needs of all clients. In the mean time, we engage in various activities to help better the society as well. Some of these initiatives are as follows:

Youth and Education Activities

- Learn & Earn @ KTC:

Established in 2003, the Learn & Earn @ KTC is now in its seventh consecutive year of operation. The project gives young Thai students the opportunity to undergo traineeship and experience real-world working environment at KTC with compensation paid for their contribution. Participating students stand the chance of multidisciplinary skills development in the form of edutainment as well. More than 24,000 students have applied for the program presently. In 2010, KTC has incorporated the Cool Product contest with the prize being scholarships worth over 84,000 Baht. For the contest, students have to design creative products which can be put to actual production to generate income for the Thanyaporn Girls Shelter. This would allow the young residents of the shelter to work on their skills and to give to the society in a way.

General Information

- Thanyaporn Girls Shelter: The shelter takes care of over one hundred girls aged 5 - 18 who have been through mentally traumatizing incidents. KTC has been running projects for Thanyaporn Girls Shelter since 2007. Our support role has contributed to the rehabilitation and the development of the girls through several means including interior and exterior renovation work of the facility. The objective is in order that they may return to the society as its equal members.

Contribution to other educational institutions

- Scholarships for Alumni Association, Graduate College, Mahidol University
- Sponsorship of KIS Fun Fair of KIS International School
- Scholarships and research funds for Faculty of Engineering, Mahidol University
- Sponsorship of Future Dentists Camp, Students' Club, Faculty of Dentistry, Chulalongkorn University
- Sponsorship of Cleopatra the Musical Stage Performance, College of Music, Mahidol University
- Sponsorship of The 3rd "Core Nung Return" Program, Faculty of Mass Communication, Thammasat University
- Scholarships for Krittanusorn Foundation under Royal Patronage

General Information

Athletic Activities

- The “Sweat for Money with KTC for Veterans” Activity to benefit the Veteran Hospital (Baht 132,000)
- Contribution to the construction of Rajanakarindra Building
- Sales of the 10th Blood Donor Promotion Committee Charity Walk, the Thai Red Cross Society
- Sales of charity walk and run event to benefit National Blood Service Center, the Thai Red Cross Society
- Contribution to the 7th Top Management Charity Golf Program of Capital Market Academy
- Sponsorship of Economic Journalists Association, Bangkok Post Foundation, Krungthai Bank Golf Club, Fiscal Policy Office, Ruam Jai Dhamma Foundation, Than Settakij Foundation, Parents and Teacher Association of Chulalongkorn University Demonstration School, Tippaya Insurance Public Company Limited, Sasin Graduate Institute of BusinessAdministration of Chulalongkorn University, Alumni Association of Satit Patumwan School, and, Alumni Association of Jitralada School

General Information

- Sponsorship of 2010 Family Rally Caravan of Siamrath Newspaper
- Sponsorship of Elderly Tennis Tournament of Elderly Tennis Players Association of Thailand
- Sponsorship of Charity Bowling Tournament of Bangkok Benjasiri Rotary Club

Social Contribution Activities

- Contribution to the “Royal Kindness” Project of 1st Infantry Regiment, 4th Battalion, King’s Own Bodyguard
- Contribution to the Consumers Protection Foundation to provide relief to affected entrepreneurs from the political unrest
- Contribution to the Bone Marrow Transplantation Project to benefit financially challenged patients
- Contribution to the Handicap Quality of Life Promotion Fund
- Contribution to the Wheelchair Project of the Foundation for the Disabled
- Participation in the World’s AIDS Day Papah Ceremony to contribute to the construction of a hospital for HIV-positive children of Artorn Prachanart Foundation
- Contribution to the Wejdusit Foundation

General Information

Religious Activities

KTC helps preserve Buddhism by offering necessary items to the monks and Buddhist temples

- Contribution to the construction of the hall at Wat Nong Sruang (Prommajun)
- Contribution to the publication of books by Wat Poom Pararam
- Contribution to the Mahakusol Papah Ceremony of Ayutthaya
- Contribution to the assistance of HIV patients and orphans at Wat Prabahtnampoo, Kaosamyod Sub-District, Mueang District, Lop Buri
- Contribution to the Royal Katin Ceremony of Wat Tahton, Chiang Mai
- Contribution to the construction of pavilion of Wat Tubklor, Phichit
- Contribution to the Samakkee Katin Ceremony of Wat Tum Prakaikaew, Saraburi

General Information

References

Auditor

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
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Legal Consultant

Siam Premier International Law Office Limited
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Pathumwan, Bangkok 10330

Security Registrar

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Klongtoey, Bangkok 10110

General Information

Debenture Registrar

KTC's Corporate Debenture 1/2008, redeemable in 2011
KTC's Corporate Debenture 1/2009, redeemable in 2011
KTC's Corporate Debenture 2/2009, redeemable in 2012
KTC's Corporate Debenture 3/2009, redeemable in 2012
KTC's Corporate Debenture 5/2009, redeemable in 2013

Thai Military Bank Public Company Limited

3000 Phahonyothin Road, Jom Phol, Chatuchak,
Bangkok 10900

KTC's Corporate Debenture 4/2009 (1), redeemable in 2012
KTC's Corporate Debenture 4/2009 (2), redeemable in 2012

CIMB Thai Bank Public Company Limited

Langsuan Building 44 Langsuan Road, Lumpini,
Patumwan, Bangkok 10330

General Information

KTC's Corporate Debenture 6/2009, redeemable in 2013

KTC's Corporate Debenture 1/2010, redeemable in 2013

KTC's Corporate Debenture 2/2010, redeemable in 2013

Kasikorn Bank Public Company Limited

11th Floor, 400/22 Pahonyothin Road, Sam Sen Nai,
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