

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
30 June 2009

Report of Independent Auditor

To the Shareholders of Thanachart Capital Public Company Limited

I have audited the accompanying consolidated balance sheets of Thanachart Capital Public Company Limited and its subsidiaries as at 30 June 2009 and 31 December 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2009 and 2008, and the separate financial statements of Thanachart Capital Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 30 June 2009 and 31 December 2008, the results of their operations and cash flows for the six-month periods ended 30 June 2009 and 2008, in accordance with generally accepted accounting principles.

I have also reviewed the consolidated and the separate income statements for the three-month periods ended 30 June 2009 and 2008 in accordance with the auditing standard applicable to review engagements which provide less assurance than an audit conducted in accordance with generally accepted auditing standards. Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 25 August 2009

Thanachart Capital Public Company Limited and its subsidiaries

Balance sheets

As at 30 June 2009 and 31 December 2008

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008
Assets					
Cash		2,597,918,805	4,017,994,398	40,000	40,000
Interbank and money market items	6				
Domestic					
Interest bearing		24,848,593,952	40,977,469,318	4,473,569,703	3,366,782,963
Non-interest bearing		2,390,830,780	3,945,117,314	91,990,156	111,212,539
Foreign					
Interest bearing		28,507,410,981	20,372,080,617	-	-
Non-interest bearing		176,128,144	495,714,325	-	-
Total interbank and money market items - net		55,922,963,857	65,790,381,574	4,565,559,859	3,477,995,502
Investments					
Current investments - net	7	12,728,286,009	11,823,115,615	35,304,738	2,999,343,403
Long-term investments - net	7	33,244,098,284	26,157,767,934	10,478,052,117	5,562,867,577
Investments in subsidiaries - net	8	-	-	13,254,778,516	16,903,296,764
Investments in an associated company - net	9	1,311,324,019	1,404,443,616	657,994,072	657,994,072
Total investments - net		47,283,708,312	39,385,327,165	24,426,129,443	26,123,501,816
Receivables from clearing house		690,112,932	50,185,586	-	-
Loans and accrued interest receivables	10				
Loans		279,060,852,950	277,553,638,314	6,650,919,150	8,627,833,429
Securities business receivables		2,392,640,486	1,896,481,321	-	-
Total loans and receivables		281,453,493,436	279,450,119,635	6,650,919,150	8,627,833,429
Accrued interest receivables		309,257,024	323,639,772	146,583	181,348
Total loans and accrued interest receivables		281,762,750,460	279,773,759,407	6,651,065,733	8,628,014,777
Less: Allowance for doubtful accounts	11	(11,745,321,236)	(9,920,939,383)	(1,220,397,090)	(1,302,142,043)
Less: Revaluation allowance for debt restructuring	12	(86,175,936)	(86,795,159)	(211,643)	(272,113)
Total loans and accrued interest receivables - net		269,931,253,288	269,766,024,865	5,430,457,000	7,325,600,621
Property foreclosed - net	14	7,072,192,717	7,554,495,386	2,437,148,947	2,440,979,948
Property, premises and equipment - net	15	2,553,516,645	2,522,254,110	208,731,306	209,231,156
Intangible assets - software - net	16	430,433,226	419,172,975	1,800,303	2,424,444
Leasehold right - net		521,275,285	552,383,624	229,880,179	247,209,909
Goodwill		44,274,108	44,274,108	-	-
Value added tax refundable		246,969,688	398,585,716	530,447	-
Financial derivative assets		1,492,165,912	1,369,064,034	-	-
Other assets - net	17	2,637,253,167	2,265,567,186	103,063,044	97,299,088
Total assets		391,424,037,942	394,135,710,727	37,403,340,528	39,924,282,484

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

Thanachart Capital Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 30 June 2009 and 31 December 2008

(Unit: Baht)

Note	Consolidated		Separate	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Liabilities and shareholders' equity				
Deposits	18			
Deposits in Baht	253,250,130,364	269,660,018,831	-	-
Deposits in foreign currencies	95,847,913	70,367,617	-	-
Total deposits	253,345,978,277	269,730,386,448	-	-
Interbank and money market items	19			
Domestic				
Interest bearing	22,272,546,732	6,679,211,369	2,480,078	4,501,864,428
Non-interest bearing	762,981,426	607,157,923	-	-
Foreign				
Interest bearing	1,701,200,000	-	-	-
Non-interest bearing	6,796,273	6,450,786	-	-
Total interbank and money market items - net	24,743,524,431	7,292,820,078	2,480,078	4,501,864,428
Payable to clearing house	-	294,804,300	-	-
Securities business payable	2,060,649,758	854,589,048	-	-
Liabilities payable on demand	1,362,524,447	1,316,693,276	-	-
Borrowings	20			
Short-term borrowings	39,543,313,670	46,652,604,936	7,349,545,713	2,944,305,375
Long-term borrowings	9,430,000,000	18,810,500,000	1,500,000,000	8,000,000,000
Total borrowings	48,973,313,670	65,463,104,936	8,849,545,713	10,944,305,375
Accrued interest payable	1,056,637,923	1,774,584,759	56,575,342	70,886,986
Life premium reserve	10,118,656,052	7,821,623,453	-	-
Unearned premium reserve	1,333,220,856	1,465,630,973	-	-
Corporate income tax payable	1,512,993,797	301,189,486	980,739,012	70,220,357
Other liabilities	21	5,381,453,245	438,513,284	416,663,548
Total liabilities	349,888,952,456	361,774,542,260	10,327,853,429	16,003,940,694

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

Thanachart Capital Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 30 June 2009 and 31 December 2008

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008
Shareholders' equity					
Share capital	22				
Registered, issued and paid-up					
15,856 preference shares of Baht 10 each		158,560	158,560	158,560	158,560
1,333,138,147 ordinary shares of Baht 10 each		<u>13,331,381,470</u>	<u>13,331,381,470</u>	<u>13,331,381,470</u>	<u>13,331,381,470</u>
		13,331,540,030	13,331,540,030	13,331,540,030	13,331,540,030
Share premium		2,065,644,888	2,065,644,888	2,065,644,888	2,065,644,888
Share premium of a subsidiary company		775,814,226	1,141,663,553	-	-
Amount by which the value of investment in subsidiary is lower than attributable net book value		226,460,173	226,460,173	-	-
Revaluation surplus on investments	23	803,381,978	380,736,772	628,598,403	99,597,575
Revaluation deficit on investments	23	(822,600,360)	(1,699,455,335)	-	(543,784,863)
Retained earnings					
Appropriated - statutory reserve	24	803,178,954	803,178,954	803,178,954	803,178,954
- treasury stock reserve	22	387,500,975	110,260,325	387,500,975	110,260,325
Unappropriated		<u>12,232,750,004</u>	<u>10,342,356,392</u>	<u>10,246,524,824</u>	<u>8,164,165,206</u>
Total shareholders' equity before treasury stock and minority interest		<u>29,803,670,868</u>	<u>26,702,385,752</u>	<u>27,462,988,074</u>	<u>24,030,602,115</u>
Less: Treasury stock	22	<u>(387,500,975)</u>	<u>(110,260,325)</u>	<u>(387,500,975)</u>	<u>(110,260,325)</u>
Equity attributable to the Company's shareholders		<u>29,416,169,893</u>	<u>26,592,125,427</u>	<u>27,075,487,099</u>	<u>23,920,341,790</u>
Minority interest - equity attributable to minority shareholders of subsidiaries		<u>12,118,915,593</u>	<u>5,769,043,040</u>	-	-
Total shareholders' equity		<u>41,535,085,486</u>	<u>32,361,168,467</u>	<u>27,075,487,099</u>	<u>23,920,341,790</u>
Total liabilities and shareholders' equity		<u>391,424,037,942</u>	<u>394,135,710,727</u>	<u>37,403,340,528</u>	<u>39,924,282,484</u>
		-	-	-	-
Off-balance sheet items - commitments					
	35.1				
Avals to bills and guarantees of loans		155,051,247	128,025,575	10,000,000	10,000,000
Obligation under unmatured import bills		104,104,046	442,517,702	-	-
Letter of credit		1,039,387,459	664,174,238	-	-
Other contingencies		101,162,043,992	94,516,146,613	8,000,560,088	8,000,560,088

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

Directors

Thanachart Capital Public Company Limited and its subsidiaries

Income statements

For the three-month periods ended 30 June 2009 and 2008

(Unit: Baht)

Note	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
	(Unaudited/ but reviewed)	(Unaudited/ but reviewed)	(Unaudited/ but reviewed)	(Unaudited/ but reviewed)
Interest and dividend income				
Loans	969,599,911	893,311,237	21,355,616	14,613,440
Interbank and money market items	238,865,163	344,382,847	14,517,544	8,388,691
Hire purchase and financial leases	3,809,036,853	3,666,056,723	72,908,521	264,598,910
Investments	451,042,112	258,572,191	784,885,421	663,052,405
Total interest and dividend income	5,468,544,039	5,162,322,998	893,667,102	950,653,446
Interest expenses				
Deposits	1,212,886,685	1,517,122,625	-	-
Interbank and money market items	17,715,173	55,745,894	-	85,796,712
Short-term borrowings	296,219,152	418,541,722	72,275,744	42,698,040
Long-term borrowings	139,457,973	151,623,148	19,633,562	32,410,959
Total interest expenses	1,666,278,983	2,143,033,389	91,909,306	160,905,711
Net interest and dividend income	3,802,265,056	3,019,289,609	801,757,796	789,747,735
Reversal of bad debt and doubtful accounts				
(Bad debt and doubtful accounts)	(1,345,491,279)	(1,020,940,826)	52,654,710	55,207,625
Loss on debt restructuring	(16,613,037)	-	(81,951)	-
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	2,440,160,740	1,998,348,783	854,330,555	844,955,360
Non-interest income				
Brokerage fees	244,873,612	224,325,779	-	-
Gain on investments	4,878,667	112,305,152	16,046,640	69,209,221
Share of income from investments in an associated company accounted for under equity method	65,249,169	62,237,465	-	-
Fees and service income				
Acceptances, aval and guarantees	9,638,051	8,149,948	49,457	-
Discounted income on insurance premium	81,814,051	156,382,521	-	38,370
Others	420,142,780	427,375,754	37,742,981	55,325,941
Gain on exchange and financial derivatives	14,156,659	11,665,316	-	-
Gain (loss) on property foreclosed and other assets	37,206,481	16,893,269	3,290,978	(130,233,862)
Gain on debt settlements/disposals	185,758,444	84,984,828	2,442,587	7,083,751
Insurance premium/Life insurance premium income	2,775,502,207	1,951,171,867	-	-
Other income	270,096,724	185,822,128	133,916,536	130,183,151
Total non-interest income	4,109,316,845	3,241,314,027	193,489,179	131,606,572

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

Thanachart Capital Public Company Limited and its subsidiaries

Income statements (continued)

For the three-month periods ended 30 June 2009 and 2008

(Unit: Baht)

Note	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
	(Unaudited/ but reviewed)	(Unaudited/ but reviewed)	(Unaudited/ but reviewed)	(Unaudited/ but reviewed)
Non-Interest expenses				
Personnel expenses	1,075,539,923	896,226,677	18,625,020	15,036,728
Premises and equipment expenses	434,236,473	352,075,540	34,741,801	34,752,068
Taxes and duties	69,941,942	51,946,458	997,221	2,074,946
Fees and service expenses	112,553,378	70,379,557	1,459,063	3,198,983
Directors' remuneration	26,906,234	23,780,849	13,536,440	14,028,386
Fund contributed to the Financial Institutions				
Development Fund/Deposits Protection Fund	254,370,238	191,928,247	-	-
Insurance/Life insurance expenses	2,200,955,381	1,513,172,133	-	-
Other expenses	851,494,700	876,220,141	64,513,404	110,320,321
Total non-interest expenses	5,025,998,269	3,975,729,602	133,872,949	179,411,432
Income before corporate income tax	1,523,479,316	1,263,933,208	913,946,785	797,150,500
Corporate income tax	30 (438,390,024)	(293,950,675)	(49,539,798)	(72,561,619)
Net income for the period	1,085,089,292	969,982,533	864,406,987	724,588,881
Net income attributable to				
The Company	743,796,896	761,131,620	864,406,987	724,588,881
Minority interests of the subsidiaries	341,292,396	208,850,913	-	-
	<u>1,085,089,292</u>	<u>969,982,533</u>	<u>864,406,987</u>	<u>724,588,881</u>
Earnings per share				
32				
Basic earnings per share				
Net income attributable to the Company	<u>0.58</u>	<u>0.57</u>	<u>0.68</u>	<u>0.54</u>
Diluted earnings per share				
Net income attributable to the Company	<u>0.58</u>	<u>0.57</u>	<u>0.68</u>	<u>0.54</u>

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

Thanachart Capital Public Company Limited and its subsidiaries

Income statements

For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2009	2008	2009	2008
Interest and dividend income					
Loans		1,922,116,970	1,725,196,912	38,236,132	36,335,577
Interbank and money market items		657,548,604	759,458,123	34,409,377	29,679,246
Hire purchase and financial leases		7,631,701,605	7,247,995,590	178,712,335	602,951,087
Investments		788,608,419	526,538,966	844,800,207	724,006,739
Total interest and dividend income		10,999,975,598	10,259,189,591	1,096,158,051	1,392,972,649
Interest expenses					
Deposits		2,959,255,542	3,079,162,841	-	-
Interbank and money market items		45,236,205	80,208,090	15,438,082	197,572,877
Short-term borrowings		603,035,476	876,872,196	96,053,150	116,121,377
Long-term borrowings		334,080,322	279,437,411	100,030,823	65,613,699
Total interest expenses		3,941,607,545	4,315,680,538	211,522,055	379,307,953
Net interest and dividend income		7,058,368,053	5,943,509,053	884,635,996	1,013,664,696
Reversal of bad debt and doubtful accounts					
(Bad debt and doubtful accounts)	25	(2,602,872,268)	(1,746,978,875)	81,420,501	141,151,656
Loss on debt restructuring	26	(17,625,608)	(2,543)	(198,021)	-
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		4,437,870,177	4,196,527,635	965,858,476	1,154,816,352
Non-interest income					
Brokerage fees		355,312,141	438,131,595	-	-
Gain on investments	27	2,722,847,183	161,586,185	3,036,407,517	87,360,139
Share of income from investments in an associated company accounted for under equity method	9	145,742,940	132,996,644	-	-
Fees and service income					
Acceptances, aval and guarantees		18,940,716	15,654,817	99,143	-
Discounted income on insurance premium		200,673,976	312,551,848	-	183,226
Others		871,567,808	820,481,222	82,888,957	124,229,354
Gain on exchange and financial derivatives		60,796,581	145,795,492	-	-
Gain (loss) on property foreclosed and other assets	28	208,610,911	64,340,565	39,180,796	(103,556,012)
Gain on debt settlements/disposals		200,667,139	165,309,193	2,538,663	9,033,866
Insurance premium/Life insurance premium income		5,056,103,240	3,807,033,247	-	-
Other income		488,063,136	379,075,247	261,221,148	252,758,756
Total non-interest income		10,329,325,771	6,442,956,055	3,422,336,224	370,009,329

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

Thanachart Capital Public Company Limited and its subsidiaries

Income statements (continued)

For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2009	2008	2009	2008
Non-interest expenses					
Personnel expenses		2,118,136,490	1,650,290,272	37,105,242	32,541,363
Premises and equipment expenses		843,204,793	698,285,394	68,276,736	67,822,428
Taxes and duties		132,725,571	97,228,397	9,368,448	2,260,571
Fees and service expenses		172,342,573	132,349,632	3,099,601	6,324,585
Directors' remuneration	29	31,532,034	28,599,849	15,341,440	16,133,386
Fund contributed to the Financial Institutions					
Development Fund/Deposits Protection Fund		508,740,475	383,955,609	-	-
Insurance/Life insurance expenses		4,150,848,952	3,060,435,684	-	-
Other expenses		1,681,209,375	1,602,265,852	145,092,644	219,648,544
Total non-interest expenses		9,638,740,263	7,653,410,689	278,284,111	344,730,877
Income before corporate income tax		5,128,455,685	2,986,073,001	4,109,910,589	1,180,094,804
Corporate income tax	30	(1,641,340,691)	(760,894,243)	(983,708,285)	(183,863,476)
Net income for the period		3,487,114,994	2,225,178,758	3,126,202,304	996,231,328
Net income attributable to					
The Company		2,934,236,298	1,776,709,427	3,126,202,304	996,231,328
Minority interests of the subsidiaries		552,878,696	448,469,331	-	-
		3,487,114,994	2,225,178,758	3,126,202,304	996,231,328
Earnings per share					
32					
Basic earnings per share					
Net income attributable to the Company		<u>2.29</u>	<u>1.33</u>	<u>2.44</u>	<u>0.75</u>
Diluted earnings per share					
Net income attributable to the Company		<u>2.29</u>	<u>1.33</u>	<u>2.44</u>	<u>0.75</u>

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

Thanachart Capital Public Company Limited and its subsidiaries

Cash flows statements

For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Cash flows from operating activities				
Net income before corporate income tax	5,128,455,685	2,986,073,001	4,109,910,589	1,180,094,804
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid from) operating activities				
Share of income from investments accounted for under equity method	(145,742,940)	(132,996,644)	-	-
Depreciation and amortisation	345,481,161	272,270,546	28,051,163	26,686,978
Bad debt and doubtful accounts and loss on debt restructuring (reversal)	2,620,497,876	1,746,981,418	(81,222,480)	(141,151,656)
Increase (decrease) in provision for impairment of property foreclosed	(101,860,132)	188,381,827	(7,178,833)	178,178,466
Increase (decrease) in provision for impairment of equipment/ other assets	33,521,315	6,511,776	(1,991,540)	(4,707,883)
Increase (decrease) in provision for impairment/revaluation of investments	(145,443,375)	(4,825,763)	3,355,971	(8,746,776)
Amortisation of deferred gain on disposal of property foreclosed	(4,365,743)	(131,496,128)	-	(578,798)
Unrealised loss on foreign exchange and financial derivatives	545,503,793	1,663,901,871	-	-
Increase in unearned premium reserve/life insurance premium reserve	2,438,452,125	1,698,696,620	-	-
Gain on sales of/capital return from investments in subsidiary and associated companies	(2,833,251,176)	-	(3,038,370,168)	(27,362,015)
Gain on transfers of assets for debt repayment	(11,242,285)	(8,834,026)	-	(7,081,966)
Loss (gain) on disposal of equipment	(1,634,123)	6,935,455	(4,810)	(2,053,843)
Amortisation of deferred income	(2,026,912)	(13,222,606)	-	-
Decrease (increase) in accrued other income receivable	160,835,558	(92,531,649)	2,514,894	(12,340,521)
	8,027,180,827	8,185,845,698	1,015,064,786	1,180,936,790
Net interest and dividend income	(7,058,368,053)	(5,943,509,053)	(884,635,996)	(1,013,664,696)
Cash received from interest on operating activities	10,343,823,952	9,488,544,057	240,087,971	661,262,550
Cash paid for interest on operating activities	(3,375,415,581)	(3,198,165,486)	(15,438,082)	(197,572,877)
Cash paid for corporate income tax	(385,465,744)	(918,621,448)	(73,189,630)	(628,526,731)
Income from operating activities before changes in operating assets and liabilities				
	7,551,755,401	7,614,093,768	281,889,049	2,435,036
Operating assets (increase) decrease				
Interbank and money market items	9,002,608,115	3,205,524,848	(1,084,614,144)	683,083,083
Securities purchased under resale agreements	-	2,500,000,000	-	-
Investments in trading securities	(1,302,175,564)	(63,630,416)	-	-
Receivables from clearing house	(639,927,346)	234,250,479	-	-
Loans	(6,183,509,808)	(28,095,615,113)	1,922,468,800	9,739,498,846
Property foreclosed	4,009,763,974	3,007,059,515	78,814,999	243,851,686
Other assets	(164,362,372)	(2,718,857,913)	(9,996,464)	11,321,702

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

Thanachart Capital Public Company Limited and its subsidiaries

Cash flows statements (continued)

For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Cash flows from operating activities (continued)				
Operating liabilities increase (decrease)				
Deposits	(16,384,408,171)	22,289,567,498	-	-
Interbank and money market items	17,450,704,352	9,031,855,624	(4,499,384,350)	(7,499,491,655)
Payable to clearing house	(294,804,300)	70,915,407	-	-
Securities business payable	1,206,060,710	361,160,249	-	-
Liability payable on demand	45,831,171	(24,032,171)	-	-
Other liabilities	(340,049,774)	1,257,641,093	468,186	(171,117,586)
Net cash provided from (used in) operating activities	13,957,486,388	18,669,932,868	(3,310,353,924)	3,009,581,112
Cash flows from investing activities				
Increase in long-term investments	(5,183,386,780)	(7,339,808,520)	(889,381,877)	(60,808,210)
Cash received from disposal of investments in subsidiary and associated companies	7,740,066,401	-	7,655,761,426	-
Capital returned from a subsidiary company	-	-	50,029,980	209,750,790
Cash paid for purchase of investment in subsidiary company	-	(1,426,154)	(1,018,902,990)	(1,426,154)
Cash received from interest and dividend	844,646,621	602,931,821	836,096,527	714,788,740
Cash paid for purchase of land and equipment/intangible assets	(445,006,079)	(289,539,410)	(10,650,647)	(8,898,131)
Cash received from disposal of equipment/intangible assets	6,321,367	10,197,747	13,990	2,119,082
Net cash provided from (used in) investing activities	2,962,641,530	(7,017,644,516)	6,622,966,409	855,526,117
Cash flows from financing activities				
Cash received from borrowings	2,980,797,106	6,943,727,776	980,797,105	1,943,727,776
Cash paid for borrowings	(19,515,208,085)	(16,552,392,277)	(3,108,336,627)	(4,824,800,000)
Cash paid for interest expenses on borrowings	(1,233,913,608)	(1,360,937,738)	(172,010,277)	(215,071,354)
Cash received from minority interest for shares capital issuance of a subsidiary company	981,096,810	-	-	-
Dividend payment	(735,822,036)	(768,963,651)	(735,822,036)	(768,963,651)
Cash paid for treasury stocks	(277,240,650)	-	(277,240,650)	-
Dividend paid to minority interest	(539,913,048)	(211,883,074)	-	-
Net cash used in financing activities	(18,340,203,511)	(11,950,448,964)	(3,312,612,485)	(3,865,107,229)
Net decrease in cash	(1,420,075,593)	(298,160,612)	-	-
Cash at beginning of the period	4,017,994,398	3,274,646,674	40,000	40,000
Cash at ending of the period	2,597,918,805	2,976,486,062	40,000	40,000
Supplemental cash flows information				
Non-cash transactions				
Conversion of preference shares to ordinary shares	-	34,800	-	34,800
Property foreclosed transferred from loans, other receivable and investments in receivables purchased	3,414,368,889	3,039,236,136	67,805,165	140,469,532
Leasehold transferred from property foreclosed	-	126,087,811	-	126,087,811
Bad debt written off	829,506,768	376,851,474	13,104,967	12,660,574
Accounts payable for purchase of assets	66,289,246	55,507,385	923,806	4,042,475

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

Consolidated financial statements

Equity attributable to the Company's shareholders

	Amount by which										Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiaries	Total		
	Issued and paid-up share capital		Share premium of a subsidiary company	the value of investment in subsidiary is lower than attributable net book value	Revaluation surplus (deficit) on investments	Retained earnings				Treasury stock					
	Preference shares	Ordinary shares				Share of a subsidiary company	Share premium of a subsidiary company	Statutory reserve	Appropriated					Unappropriated	
									Treasury stock reserve						Treasury stock
Balance as at 1 January 2008	193,360	13,331,346,670	2,065,644,888	1,141,663,553	-	(17,079,904)	734,878,415	-	8,951,655,999	-	26,208,302,981	6,053,965,927	32,262,268,908		
Increase in revaluation deficit on investments	-	-	-	-	-	(268,553,575)	-	-	-	-	(268,553,575)	-	(268,553,575)		
Expenses recognised directly in equity	-	-	-	-	-	(268,553,575)	-	-	-	-	(268,553,575)	-	(268,553,575)		
Net income for the period	-	-	-	-	-	-	-	-	1,776,709,427	-	1,776,709,427	448,469,331	2,225,178,758		
Total income (expenses) for the period	-	-	-	-	-	(268,553,575)	-	-	1,776,709,427	-	1,508,155,852	448,469,331	1,956,625,183		
Conversion of preference shares to ordinary shares	(34,800)	34,800	-	-	-	-	-	-	-	-	-	-	-		
Dividend paid (Note 22)	-	-	-	-	-	-	-	-	(799,892,402)	-	(799,892,402)	-	(799,892,402)		
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	148,751	-	148,751	-	148,751		
Decrease in minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(299,148,069)	(299,148,069)		
Balance as at 30 June 2008	158,560	13,331,381,470	2,065,644,888	1,141,663,553	-	(285,633,479)	734,878,415	-	9,928,621,775	-	26,916,715,182	6,203,287,189	33,120,002,371		
Balance as at 1 January 2009	158,560	13,331,381,470	2,065,644,888	1,141,663,553	226,460,173	(1,318,718,563)	803,178,954	110,260,325	10,342,356,392	(110,260,325)	26,592,125,427	5,769,043,040	32,361,168,467		
Decrease in share premium of a subsidiary company from disposal of investments	-	-	-	(365,849,327)	-	-	-	-	-	-	(365,849,327)	-	(365,849,327)		
Decrease in revaluation deficit on investments	-	-	-	-	-	1,299,500,181	-	-	-	-	1,299,500,181	-	1,299,500,181		
Income (expenses) recognised directly in equity	-	-	-	(365,849,327)	-	1,299,500,181	-	-	-	-	933,650,854	-	933,650,854		
Net income for the period	-	-	-	-	-	-	-	-	2,934,236,298	-	2,934,236,298	552,878,696	3,487,114,994		
Total income (expenses) for the period	-	-	-	(365,849,327)	-	1,299,500,181	-	-	2,934,236,298	-	3,867,887,152	552,878,696	4,420,765,848		
Cash payment for treasury stock (Note 22)	-	-	-	-	-	-	-	-	-	(277,240,650)	(277,240,650)	-	(277,240,650)		
Dividend paid (Note 22)	-	-	-	-	-	-	-	-	(766,697,822)	-	(766,697,822)	-	(766,697,822)		
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	95,786	-	95,786	-	95,786		
Transfer of retained earnings to treasury stock reserve	-	-	-	-	-	-	-	277,240,650	(277,240,650)	-	-	-	-		
Increase in minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	5,796,993,857	5,796,993,857		
Balance as at 30 June 2009	158,560	13,331,381,470	2,065,644,888	775,814,226	226,460,173	(19,218,382)	803,178,954	387,500,975	12,232,750,004	(387,500,975)	29,416,169,893	12,118,915,593	41,535,085,486		

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

	Separate financial statements								
	Issued and paid-up share capital		Revaluation surplus (deficit) on investments	Retained earnings				Total	
	Preference shares	Ordinary shares		Share premium	Appropriated		Unappropriated		Treasury stock
			Statutory reserve		Treasury stock reserve				
Balance as at 1 January 2008	193,360	13,331,346,670	2,065,644,888	300,694,165	734,878,415	-	8,175,864,886	-	24,608,622,384
Decrease in revaluation surplus on investments	-	-	-	(38,427,014)	-	-	-	-	(38,427,014)
Expenses recognised directly in equity	-	-	-	(38,427,014)	-	-	-	-	(38,427,014)
Net income for the period	-	-	-	-	-	-	996,231,328	-	996,231,328
Total income (expenses) for the period	-	-	-	(38,427,014)	-	-	996,231,328	-	957,804,314
Conversion of preference shares to ordinary shares	(34,800)	34,800	-	-	-	-	-	-	-
Dividend paid (Note 22)	-	-	-	-	-	-	(799,892,402)	-	(799,892,402)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	148,751	-	148,751
Balance as at 30 June 2008	<u>158,560</u>	<u>13,331,381,470</u>	<u>2,065,644,888</u>	<u>262,267,151</u>	<u>734,878,415</u>	<u>-</u>	<u>8,372,352,563</u>	<u>-</u>	<u>24,766,683,047</u>
Balance as at 1 January 2009	158,560	13,331,381,470	2,065,644,888	(444,187,288)	803,178,954	110,260,325	8,164,165,206	(110,260,325)	23,920,341,790
Increase in revaluation surplus on investments	-	-	-	1,072,785,691	-	-	-	-	1,072,785,691
Income recognised directly in equity	-	-	-	1,072,785,691	-	-	-	-	1,072,785,691
Net income for the period	-	-	-	-	-	-	3,126,202,304	-	3,126,202,304
Total income for the period	-	-	-	1,072,785,691	-	-	3,126,202,304	-	4,198,987,995
Cash payment for treasury stock (Note 22)	-	-	-	-	-	-	-	(277,240,650)	(277,240,650)
Dividend paid (Note 22)	-	-	-	-	-	-	(766,697,822)	-	(766,697,822)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	95,786	-	95,786
Transfer of retained earnings to treasury stock reserve	-	-	-	-	-	277,240,650	(277,240,650)	-	-
Balance as at 30 June 2009	<u>158,560</u>	<u>13,331,381,470</u>	<u>2,065,644,888</u>	<u>628,598,403</u>	<u>803,178,954</u>	<u>387,500,975</u>	<u>10,246,524,824</u>	<u>(387,500,975)</u>	<u>27,075,487,099</u>

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

Thanachart Capital Public Company Limited and its subsidiaries
Notes to interim financial statements
For the six-month periods ended 30 June 2009 and 2008

1. General information

1.1 The Company's information

Thanachart Capital Public Company Limited ("the Company") was incorporated as a public company limited under Thai laws and operates its business in Thailand. The Company is mainly engaged in investment holding and is the parent company of the Thanachart Group. The Company's registered address is 444 MBK Tower, 10-11 and 15-20 Floors, Phayathai Road, Wangmai, Pathumwan, Bangkok.

All subsidiaries are registered as limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries' business include commercial banking business, securities business, non-performing assets management business, leasing and hire-purchase business, non-life insurance business, life insurance business, fund management business, and others.

1.2 Financial crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by a tight squeeze on credit and failures of large foreign financial institutions. The governments of many countries have made continuous efforts to remedy the liquidity crisis, and financial institutions have increased their share capital in order to resolve the problem and to build confidence. However, the global economy remains uncertain. These financial statements have been prepared on the bases of facts currently known to the Company and its subsidiaries, and on estimates and assumptions currently considered appropriate. However, they could be affected by an array of future events.

2. Basis of preparation of financial statements

2.1 Basis of preparation of the interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2007) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, including accounting practice of Transferring/Transferred of financial assets; and with reference to the guidelines stipulated by the BOT. The presentation of the financial statements has been made in compliance with the Notification of the BOT relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 3 August 2008.

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

The interim financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of preparation of the interim consolidated financial statements

- a) These interim consolidated financial statements include the financial statements of the Company and its subsidiaries (hereinafter referred to as “the subsidiaries”) as follows:

	Percentage of shares held by the Company		Percentage of shares held by the subsidiaries	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
<u>Subsidiaries directly held by the Company</u>				
Thanachart Bank Plc.	50.92	74.93	-	-
NFS Asset Management Co., Ltd.	100.00	100.00	-	-
Max Asset Management Co., Ltd.	83.44	83.44	-	-
NASSET Property Fund 6	99.80	99.80	0.06	0.06
Thiravanit Co., Ltd.	99.90	99.90	-	-
Thanachart SPV 01 Co., Ltd.	100.00	100.00	-	-

Percentage of shares held by the Company		Percentage of shares held by the subsidiaries	
30 June 2009	31 December 2008	30 June 2009	31 December 2008

Subsidiaries indirectly held through

Thanachart Bank

Thanachart Securities Plc.	-	-	100.00	100.00
Thanachart Insurance Co., Ltd.	-	-	100.00	100.00
Thanachart Life Assurance Co., Ltd.	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	-	-	100.00	100.00
Thanachart Management & Services Co., Ltd.	-	-	100.00	100.00
Thanachart Legal and Appraisal Co., Ltd.	-	-	100.00	100.00
T Leasing Co., Ltd.	-	-	100.00	100.00
National Leasing Co., Ltd.	-	-	100.00	100.00
Thanachart Training & Development Co., Ltd.	-	-	100.00	100.00

On 3 February 2009, the Company sold an additional 416,526,737 ordinary shares of Thanachart Bank Plc. (a subsidiary company) (“the Bank”) to The Bank of Nova Scotia (“BNS”) at a price of Baht 18.38 per share or a total of Baht 7,656 million. This accords with the conditions of the Shareholders’ Agreements. As a result of the sale, BNS’s shareholding in the Bank totals 48.998% of the Bank’s total issued capital, and the Company’s shareholding decreased from 74.93% to 50.92%. The Company recorded a gain on the sale of Baht 3,038 million in the separate income statement calculated under the cost method, while a gain of Baht 2,805 million was recorded in the consolidated income statement under the equity method.

In addition, on 29 May 2009, the Bank issued 200 million new ordinary shares, or Baht 2,000 million, for offer to the existing shareholders. The Company exercised its own entitlement and unexercised entitlements of minority shareholders, to purchase Baht 1,018.90 million of such shares at Baht 10 per share (par value). After purchasing such additional shares, the Company’s shareholding in the Bank remains at 50.92%.

On 28 November 2008, the Company purchased shares of Max Asset Management Co., Ltd. from another shareholder for Baht 242 million. As a result, the Company's shareholding in that company increased from 58.45% to 83.44% of its issued shares. The amount by which the purchase price which was lower than the net book value of such subsidiary, amounting to Baht 226 million, was separately presented in shareholders' equity because the additional shares purchased is not treated as a business combination under accounting standards.

- b) Total assets and total income of the subsidiaries that have a significant impact to and are included in the consolidated financial statements as at 30 June 2009 and 31 December 2008 and for the six-month periods ended 30 June 2009 and 2008, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Total income for the six-month	
	30 June	31 December	periods ended 30 June	
	2009	2008	2009	2008
Thanachart Bank Plc.	346,803	351,272	11,200	9,946
Thanachart Life Assurance Co., Ltd.	10,964	7,231	3,727	2,803
NFS Asset Management Co., Ltd.	3,850	5,585	229	252
Thanachart Securities Plc.	3,839	2,869	491	545
Thanachart Insurance Co., Ltd.	2,615	2,499	1,406	1,235
Max Asset Management Co., Ltd.	1,693	1,778	115	134

- c) On 30 April 2008, Thanachart Group Leasing Co., Ltd. sold ordinary shares of T Leasing Co., Ltd. to Thanachart Bank Plc. for a total of Baht 191 million. The gain on disposal in Thanachart Group Leasing's financial statements amounting to Baht 11 million has been eliminated from the consolidated financial statements for the six-month period ended 30 June 2008.
- d) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control.
- e) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent significant accounting policies. In case where there are different in accounting policies, the Company has adjusted the effect of these in the consolidated financial statements.

- f) The outstanding balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated in the consolidated financial statements. The investments in subsidiaries as recorded in the Company's and its subsidiaries' books of accounts have been eliminated against the shareholders' equity of the subsidiaries.
- g) Minority interests represent the portion of net income or loss and net assets value of the subsidiaries that are not held by the Group, and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investments in subsidiaries and associated company under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued
Operations

Accounting Treatment Guidance for Leasehold right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company and its subsidiaries, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for leasehold right do not have any significant impact on the financial statements for the current period.

3.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 is not relevant to the business of the Company and its subsidiaries, while TAS 24 (revised 2007) and TAS 40 will not have significant impact on the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchases and financial lease agreements is recognised under the effective rate method.

The Company and its subsidiaries cease accruing interest income for loans on which principal or interest payments have been defaulted for more than three months past the due date. For the Company and its financial institution subsidiaries, accrued interest formerly recognised for such defaulted loans is reversed from the accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received.

The Company and its subsidiaries recognise interest income on restructured loans on an accrual basis, with reference to interest rate stipulated in the agreements, with the exception of interest on loans that are subject to monitoring for compliance with restructuring conditions, which the Company and its subsidiaries recognise as income on a cash basis until the receivables are able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

The Company and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the period based on multiplication of the effective yield rate of the portfolio by the new book value (acquisition cost) of the outstanding balances of receivables. After the restructuring, interest income is recognised by the effective interest rate method for those receivables from which collection is made during the period.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans or in proportion of debt repayment.

Deferred interest income on hire purchases, represents discounts on interest granted to debtors by dealers, is recognised as income based on the effective interest rate method, in the same manner as interest income recognised on hire purchases receivable.

b) Interest and dividends from investments

Interest income is recognised on an accrual basis based on the effective interest rate. Dividend income is recognised when the right to receive the dividend is established.

c) Brokerage fees income

Brokerage fees charged on securities trading are recognised as income on the transaction date.

d) Interest on loans for purchases of securities

Interest on loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under conditions stipulated by the Securities and Exchange Commission (“SEC”).

e) Gain (loss) on investments and financial derivatives.

Gain (loss) on investments and financial derivatives are recognised as income/ expenses at the transaction dates.

f) Fees and services income

Fees and services income are recognised as income on an accrual basis.

g) Insurance/life insurance premium income

- Insurance premium income is recognised on the date the insurance policy comes into effect, after deducting premium ceded and cancelled for insurance policies with coverage periods of up to 1 year. For long-term insurance policies with coverage periods of longer than 1 year, related revenues and expenses are recorded as unearned and prepaid items, and amortised to income and expenses over the coverage period.

Insurance premium income in the income statement is presented at the net amount from unearned premium reserve.

- Life insurance premium income is recognised on the date the insurance policy comes into effect, after deducting premium ceded and refunded.

- Reinsurance premium income is recognised when the reinsurer places the reinsurance application or statement of accounts.

4.2 Expense recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

- b) Commission and expenses charged on hire purchase/financial lease

For hire purchase/financial lease contracts originating on or after 1 January 2007, initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchases/financial leases is presented net of commission expenses and initial direct costs at the inception of the contracts.

4.3 Unearned premium/life insurance premium reserve

Unearned premium reserve of a subsidiary company is set aside in compliance with the Notification of the Ministry of Commerce regarding the appropriation of unearned premium reserve as follows:

Fire, marine (hull), motors and miscellaneous (except for traveling accident with coverage of not more than 6 months)	- Monthly average basis (the one-twenty fourth basis)
Marine and transportation (cargo)	- Net premium written for the last ninety days
Traveling accident with coverage of not more than 6 months	- Net premium written for the last thirty days

Life insurance premium reserve represents the accumulated total reserve for liability from the effective date up to the balance sheet date, for all life insurance policies in force. The reserve is calculated under the actuarial method prescribed by the Regulation on Life Insurance Policy Reserve as promulgated by the Ministry of Commerce.

- a) Reserve for life insurance policies of over 1 year is determined using the fractional reserve method.
- b) Reserve for life insurance policies of 1 year or less is determined based on the full unearned premium reserve and the period of coverage.

4.4 Investments

Investments in securities held for trading are determined at fair value. The Company and its subsidiaries recognise changes in the value of such securities as income (losses) in the income statements.

Investments in available-for-sale securities, both held for short-term and long-term investments, are determined at fair value. The Company and its subsidiaries recognise changes in the value of the securities as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.

Investments in debt securities, both due within one year and expected to be held to maturity, are stated at amortised cost. Premiums/discounts on debt securities are amortised by the effective rate method, which the amortisation amount is presented as an adjustment to the interest income.

Investments in non-marketable equity securities which are classified as other investments are valued at cost net of allowance for impairment (if any).

The Company and its subsidiaries do not treat the investments in mutual fund as being investments in subsidiary or associated companies because the Company and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund manager in accordance with the details of each fund project and the funds are under the supervision of the Securities and Exchange Commission.

The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private sector debt securities is determined using the formula quoted by the BOT, which is based on the yield rate quoted by the Thai Bond Market Association adjusted by an appropriate risk factor. The fair value of unit trusts is determined based on their net asset value.

The Company and its subsidiaries recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and other investments in the income statement.

The weighted average method is used for computation of the cost of investment.

In the event of the recategorisation of investments, the Company and its subsidiaries value such investments at their fair values prevailing at the transfer date. Differences between the carrying amounts of the investments and their fair values on that date are recorded as gains (losses) in determining income or surplus (deficit) from revaluation of investments, which is presented as a separate item in shareholders' equity and amortised over the remaining period to maturity of the debt securities, depending on the type of investments which is reclassified.

4.5 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased, which are classified as other investments, are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in the income statement.

In case that the receivables purchased enter into troubled debt restructuring agreements, they are transferred to loans and presented at fair value. The fair value is based on the outstanding balance of investments in receivables purchased as at the transfer date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is determined based on the fair value, with reference to the collateral value.

4.6 Investments in subsidiary and associated companies

Investments in subsidiaries, jointly controlled entities and associated companies in the separate financial statements are accounted for under the cost method, net of allowance for impairment (if any). Loss on impairment is recognised as expenses in the income statement.

Investments in an associated company in the consolidated financial statements is accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable share of the income from the operations of associated company in proportion to the investment.

4.7 Securities purchased under resale agreements

A subsidiary company entered into agreements with a private company to purchase securities, whereby there is an agreement to resell the securities at certain dates and at a fixed price. Amounts paid for securities purchased are presented as assets under the caption of “Interbank and money market items” or “Loan”, depending on the counter party and the underlying securities are treated as collateral to such receivables.

4.8 Receivables from/payable to Clearing House

Receivables from/payable to Clearing House comprises the net balance receivable from/payable to Thailand Securities Depository in respect of securities trades settled through the Clearing House of Thailand Securities Depository and the net receivable from/payable to Derivatives Clearing House. These also include amounts pledged with Derivatives Clearing House as security for derivatives trading.

4.9 Loans

Loans are presented at the principal amounts, excluding accrued interest receivables, except for overdrafts which are presented at the principal amount plus accrued interest receivables. Unrecognised deferred income/discounts on loans are deducted from the loan balances.

Hire purchase and finance lease receivables are stated at the contract value of the hire purchase and finance lease receivables net of unearned income, which is presented after netting commission expenses and initial direct costs at the inception of the contracts.

Securities and derivatives business receivables comprise the net securities business receivables and derivatives business receivables. Securities business receivable comprise the net receivable balances of cash accounts and credit balance accounts (for which the securities purchased are used as collateral) as well as other receivables, such as overdue amounts in cash accounts and securities receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments.

4.10 Allowance for doubtful accounts

- a) The Company and its subsidiaries provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as expenses during the period.

The Company and its subsidiaries set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) after net of collateral value, as required by the BOT's guidelines. Collateral values included vehicles under hire purchase/financial lease contracts. For non-performing loans, the Company and the subsidiaries provide provision at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT's guideline.

- b) A securities subsidiary has provided an allowance for doubtful accounts based on a review of the debtors' repayment capability, taking into consideration the risk of recovery and the value of collaterals. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classification and provisions are made in accordance with the Notifications of the SEC.
- c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided without deducting collateral value for receivables overdue more than 3 months.
- d) Allowance for doubtful accounts of other receivables is based on the amount of debts that may not be collectible, determined from a review of the current status of the receivables as at the balance sheet date.

- e) The Company and its subsidiaries write off debtors when the relevant criteria under tax law are met. A subsidiary company engaged in commercial bank business writes off hire purchase receivables when full allowance for doubtful accounts has been made for such receivables.
- f) Amounts written off as bad debts or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

4.11 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms of repayment, the fair value of the receivables after restructuring is based on the net present values of expected future cash flows, discounted by the market minimum loan rate for credit to large customers prevailing at the restructuring date. The differences between the fair value of receivables as of the restructuring date and their previous book value is recorded as "Revaluation allowance for debt restructuring", and recognised as an expense in the income statements in the restructuring period. Such allowance is reviewed based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments against bad debt and doubtful accounts.

In case where the troubled debt restructuring involves the transfer of assets or equity, the Company and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtors (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as a gain from debt restructuring or an interest income, as the case may be. In case of the assets transferred under conditions whereby the debtor must repurchase or has the option to repurchase the assets at prices within a period specified in the agreement, the Company and its subsidiaries record such assets at the lower of their fair value or book value.

Losses arising from debt restructuring through waivers of part of principal or recorded accrued interest receivable are recognised in the income statement when incurred.

4.12 Recognition and amortisation of customers' assets

Assets which customers have placed with a subsidiary company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of a subsidiary company for internal control purpose. As at the balance sheet date, a subsidiary company writes off those amounts which there are no guarantee obligations for both assets and liabilities, and presents only those assets which belong to a subsidiary company.

4.13 Property foreclosed

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value less estimated selling expenses, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses.

In addition, the Company and its subsidiaries provide additional provision for property foreclosed that has been held for longer than the period specified by the BOT, at the rate and within the period stipulated under that guideline.

Gains on disposal of property foreclosed are recognised in the income statement on the disposal date, unless the purchase is made with a loan from the Company or its subsidiaries. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment are recognised as expenses in the income statement.

4.14 Property, premises and equipment and depreciation

- a) Land and assets in progress are stated at cost and depreciation is not provided.
- b) Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated with reference to cost on a straight-line basis over the following estimated useful lives:

Buildings	-	20	years
Building improvements	-	5 - 10	years
Furniture, fixtures and equipment	-	5 - 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

4.15 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

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

The intangible assets with finite useful lives have useful lives of approximately 5 - 10 years.

4.16 Goodwill

Goodwill has been initially measured at cost, which is the excess of the cost of the business combination over the company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the fair value of the net assets, liabilities and contingent liabilities is higher than the acquisition cost, the difference is recognised directly in the income statement. Goodwill is carried at cost less any accumulated impairment losses, and is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

4.17 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company and its subsidiaries are classified as financial lease. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to the income statement over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. The Company and its subsidiaries record advance payments made under operating leases as leasehold rights, and amortise them as expenses in the income statement over the term of the leases on the straight - line basis.

4.18 Premium due and uncollected and allowance for doubtful accounts

Premium due and uncollected is stated at its net realisable value. Subsidiaries provide an allowance for doubtful accounts based on the estimated loss that may be incurred in the collection of the premium due, on the basis of collection experience and a review of current status of the premium due as at the balance sheet date.

4.19 Sales of commercial paper

A subsidiary company records commercial paper with an aval by a subsidiary company, or without an aval or acceptance which is sold with recourse, as a liability under the caption of "Liabilities under commercial paper sold". Commercial paper sold at a discount with recourse, which is avaled by or has acceptance from a commercial bank or other finance company, is recorded by crediting the notes receivable account, and the obligations disclosed as part of "Contingent liabilities".

4.20 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of a subsidiary company in respect of its securities and derivatives business with outside parties.

4.21 Loss reserves and outstanding claims/Benefit payments to life policies

Outstanding claims are recorded upon receipt of the claims advice from the insured, at the value appraised by an independent appraiser or the relevant officers of the subsidiary company, depending on the particular case. The maximum value of claims estimated is not to exceed the sum-insured under the relevant insurance policy.

In addition, a subsidiary company engaged in the non-life insurance business, additionally sets up provision for losses incurred but not yet reported (IBNR) according to the actuarial method or other international approaches, but at not less than 2.5 percent of the net cash inflows from insurance premiums during the previous 12 months. Such reserve is set up in accordance with the Notification of the Ministry of Commerce governing the allocation of the unearned premium reserve and loss reserve by non-life insurance companies.

Benefits paid under life policies are provided for upon receipt of the claims advice from the insured or in accordance with the conditions of the policy.

4.22 Related party transactions

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

They also include associated companies and individuals which have significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company and its subsidiaries' operations.

4.23 Impairment of assets

The Company and its subsidiaries assess at each balance sheet date whether there are indications that an asset may be impaired. If any such indication exists or when annual impairment testing of an asset is required, the Company and its subsidiaries recognise impairment of loss when the asset's recoverable amount is less than the carrying amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An asset's fair value less costs to sell reflects the amount that could be obtained from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company and its subsidiaries recognise impairment loss in the income statement.

At the reporting date, for assets other than goodwill, an assessment is made whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company and its subsidiaries estimate the asset's recoverable amount and impairment loss recognised in prior periods for assets other than goodwill is reversed.

4.24 Employee benefits

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

4.25 Foreign currencies

Transactions in foreign currency occurring during the period are translated into Baht at the exchange rate ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and off-balance sheets transactions, which were outstanding on the balance sheet date, are translated into Baht at the exchange rate ruling at the balance sheet date.

Exchange gains and losses arising from trading or translation of foreign currencies are included in determining income.

4.26 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.27 Income tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

4.28 Financial derivatives

The Company and its subsidiaries have entered into off-balance sheet transactions involving derivative financial instruments in order to manage foreign exchange and interest rate risk and in response to customer needs.

Forward foreign currency contracts which originated for trading purposes are recorded as off-balance sheet items, and presented at fair value. Gains or losses arising from changes in the fair value of the contracts are recognised in the income statement.

Forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts which are originated not for trading purposes are recorded as off-balance sheet items, and presented on an accrual basis. Foreign currency components are translated at the period-end exchange rate, in the same manner as the hedged items, with unrealised gains or losses on translation recognised in the income statement. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets and liabilities, with gains or losses recorded to income and expense over the terms of the contracts. Receivables and payables under forward exchange contracts and interest rate swap contracts are presented at the net amount in the balance sheet.

5. Significant accounting judgments and estimates

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

5.1 Assessment of risk and rewards

In considering the recognition and derecognition of assets or liabilities, the management is required to use judgment in assessing risk and rewards. Although management uses its best knowledge of current events and actions in making such assessments of risk and rewards, actual risks and rewards may ultimately differ.

5.2 Allowance for doubtful accounts for loans and allowance for impairment of investments in receivables purchased

Allowance for doubtful accounts for loans and allowance for impairment of investments in receivables purchased are intended to adjust the value of loans and receivables for probable credit losses. The management uses the Bank of Thailand's regulation regarding the provision of allowance for doubtful accounts, and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful accounts and allowance for impairment, and adjustments to the allowances may therefore be required in the future.

5.3 Fair value of financial instruments

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

5.4 Allowance for impairment of investments

The Company and its subsidiaries review an impairment of investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The management uses judgment to establish reserves for estimated losses on investments based on an evaluation of the current status of each investment transaction.

5.5 Allowance for impairment of property foreclosed

The Company and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses the Bank of Thailand's regulation regarding the allowance for impairment of property foreclosed, and judgments to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets. However, the use of different estimates and assumptions could affect the amounts of the allowance for impairment and adjustments to the allowance may therefore be required in the future.

5.6 Property, premises and equipment and depreciation

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

5.7 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets requires the management to make judgment of the recoverable amount to be generated by the asset using the discounted cash flows method. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions.

5.8 Financial leases/Operating leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased assets have been transferred to the lessee. Leases that transfer substantially all the risks and rewards of ownership to the lessee are classified as financial leases. In the other hand, leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating lease.

5.9 Share of losses arising from the transfer of non-performing loans to TAMC

In estimating the share of losses from the transfer of non-performing loans to the Thai Asset Management Corporation (“TAMC”), the Company and its subsidiaries use the latest information received from TAMC and projections of the amounts expected to be received from the debtors or from collateral. The management use judgment in determining the assumptions as to the percentage on amount expected to be recovered from the receivable under the debt restructuring agreement, or as to collateral value. The management considers these assumptions to appropriate given the currently available information and current situation. However, the use of different estimates and assumptions could affect the losses sharing arising from the transfer of non-performing loans recorded in the accounts.

5.10 Life insurance premium reserve

Life insurance premium reserve is calculated under the actuarial method, based on the current assumptions or on assumptions established at inception of the contract which reflect the best estimate at the time increased with a margin for risk and adverse deviation. The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates.

5.11 Loss reserves and outstanding claims

Part of loss reserves and outstanding claims are estimated from claims advices from insured, based on estimates made by independent appraisers or the relevant officers of the subsidiary company, depending on the particular case. The estimated value of losses is derived from actual losses but not more than the sum insured of the related insurance policies. The other part is for losses incurred but not yet reported (IBNR), estimated based on statistical data and historical experience. The actual results could differ from the estimates.

5.12 Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation cases, and in case where they believe that there will be no losses, they will provide no contingent liabilities at the balance sheet date. However, actual results could differ from the estimates.

6. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institution Development Fund	1,991	13,700	15,691	3,422	35,800	39,222
Commercial banks	581	10,220	10,801	689	4,490	5,179
Other banks	61	50	111	118	50	168
Other financial institutions	490	167	657	18	320	338
Total	3,123	24,137	27,260	4,247	40,660	44,907
Add: Accrued interest receivable	1	6	7	1	40	41
Less: Allowance for doubtful accounts	(2)	(26)	(28)	-	(26)	(26)
Total domestic items	3,122	24,117	27,239	4,248	40,674	44,922
Foreign						
US Dollar	90	28,455	28,545	286	20,236	20,522
Euro	19	-	19	98	-	98
Others	67	-	67	112	-	112
Total	176	28,455	28,631	496	20,236	20,732
Add: Accrued interest receivable	-	53	53	-	136	136
Total foreign items	176	28,508	28,684	496	20,372	20,868
Total - net	3,298	52,625	55,923	4,744	61,046	65,790

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	538	4,000	4,538	201	3,250	3,451
Other banks	4	-	4	6	-	6
Other financial institutions	-	20	20	-	20	20
Total	542	4,020	4,562	207	3,270	3,477
Add: Accrued interest receivable	-	4	4	-	1	1
Total - net	542	4,024	4,566	207	3,271	3,478

As at 30 June 2009, deposits of Baht 147 million of a subsidiary company are deposited with a financial institution which has entered into debt restructuring agreements and are currently in the process of making settlement and converting debt to equity. The subsidiary company has set aside partial allowance for doubtful accounts of Baht 25 million for this amount (31 December 2008: Baht 300 million and Baht 25 million, respectively).

As at 30 June 2009, a subsidiary company has deposit in foreign financial institutions amounting to Baht 28,631 million, of which Baht 24,929 million have been covered by forward exchange contracts, as presented in Note 35.1 to the financial statements (31 December 2008: Baht 20,732 million and Baht 20,098 million, respectively).

Moreover, as at 30 June 2009, the Company has deposits of Baht 2,500 million with Thanachart Bank Plc. (a subsidiary company) in the form of bill of exchange, maturing in July and September 2009 and bearing interest at a rate of 1.20 percent per annum (31 December 2008: Baht 3,250 million).

7. Investments

7.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2009		31 December 2008		30 June 2009		31 December 2008	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Current investments								
Trading securities								
Government and state enterprise securities	1,901	1,900	604	607	-	-	-	-
Domestic marketable equity securities	5	4	-	-	-	-	-	-
	1,906	1,904	604	607	-	-	-	-
Add (less): Allowance for change in value	(2)		3		-		-	
	1,904		607		-		-	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2009		31 December 2008		30 June 2009		31 December 2008	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
Current investments (continued)								
Available-for-sale securities								
Government and state enterprise								
securities	4,017	4,024	4,264	4,290	-	-	-	-
Private debt securities	806	813	463	469	-	-	-	-
Foreign debt securities	341	340	-	-	-	-	-	-
Domestic marketable equity								
securities	129	129	49	49	-	-	-	-
	5,293	5,306	4,776	4,808	-	-	-	-
Add: Allowance for change								
in value	13		32		-		-	
	5,306		4,808		-		-	
Held-to-maturity debt securities								
- due within 1 year								
Government and state enterprise								
securities	1,245		5,783		-		2,999	
Private debt securities	120		101		35		-	
Foreign debt securities	4,153		524		-		-	
	5,518		6,408		35		2,999	
Total current investments - net	12,728		11,823		35		2,999	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2009		31 December 2008		30 June 2009		31 December 2008	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
Long-term investments								
Available-for-sale securities								
Government and state enterprise securities								
	1,263	1,277	618	697	-	-	-	-
Private debt securities	7,254	7,409	4,360	4,540	-	-	-	-
Foreign debt securities	2,620	2,613	-	-	-	-	-	-
Domestic marketable equity securities								
	8,554	8,635	4,492	2,819	5,477	6,106	1,505	1,050
	19,691	19,934	9,470	8,056	5,477	6,106	1,505	1,050
Add (less): Allowance for change in value								
	340		(1,168)		629		(444)	
Less: Allowance for impairment	(97)		(246)		-		(11)	
	19,934		8,056		6,106		1,050	
Held-to-maturity debt securities								
Government and state enterprise securities								
	9,983		10,688		351		418	
Private debt securities	1,242		792		3,000		3,000	
Foreign debt securities	-		4,323		-		-	
	11,225		15,803		3,351		3,418	
Less: Allowance for impairment	(557)		(557)		(183)		(183)	
	10,668		15,246		3,168		3,235	
Other investments								
Investments in receivables purchased								
	2,180		2,318		1,168		1,227	
Investments in property fund	585		658		-		-	
Domestic non-marketable equity securities								
	322		329		230		230	
Foreign non-marketable equity securities								
	3		-		-		-	
	3,090		3,305		1,398		1,457	
Less: Allowance for impairment	(448)		(449)		(194)		(179)	
	2,642		2,856		1,204		1,278	
Total long-term investments - net	33,244		26,158		10,478		5,563	

7.2 Classified by due date of debt securities

(Unit: Million Baht)

Consolidated financial statements								
30 June 2009					31 December 2008			
Maturity					Maturity			
Not over	Over		Total	Not over	Over		Total	
1 year	1-5 years	5 years		1 year	1-5 years	5 years		
Available-for-sale securities								
Government and state								
enterprise securities	4,017	849	414	5,280	4,264	43	575	4,882
Private debt securities	806	7,166	88	8,060	463	4,060	300	4,823
Foreign debt securities	341	2,620	-	2,961	-	-	-	-
Total	5,164	10,635	502	16,301	4,727	4,103	875	9,705
Add : Allowance for change in value	13	140	22	175	32	159	100	291
Total	5,177	10,775	524	16,476	4,759	4,262	975	9,996
Held-to-maturity debt securities								
Government and state								
enterprise securities	1,245	9,498	485	11,228	5,783	10,484	204	16,471
Private debt securities	120	781	461	1,362	101	273	519	893
Foreign debt securities	4,153	-	-	4,153	524	4,323	-	4,847
Total	5,518	10,279	946	16,743	6,408	15,080	723	22,211
Less: Allowance for impairment	-	(557)	-	(557)	-	(557)	-	(557)
Total	5,518	9,722	946	16,186	6,408	14,523	723	21,654
Total debt securities	10,695	20,497	1,470	32,662	11,167	18,785	1,698	31,650

(Unit: Million Baht)

Separate financial statements								
30 June 2009					31 December 2008			
Maturity					Maturity			
Not over	Over		Total	Not over	Over		Total	
1 year	1-5 years	5 years		1 year	1-5 years	5 years		
Held-to-maturity debt securities								
Government and state								
enterprise securities	-	351	-	351	2,999	418	-	3,417
Private debt securities	35	3,000	-	3,035	-	3,000	-	3,000
Total	35	3,351	-	3,386	2,999	3,418	-	6,417
Less: Allowance for impairment	-	(183)	-	(183)	-	(183)	-	(183)
Total debt securities	35	3,168	-	3,203	2,999	3,235	-	6,234

7.3 As at 30 June 2009, a revaluation surplus and a revaluation deficit in the consolidated shareholders' equity amounting to Baht 24 million and Baht 230 million, respectively, are as a result of the recategorisation of debt securities (31 December 2008: outstanding revaluation surplus amounting to Baht 30 million and outstanding revaluation deficit amounting to Baht 331 million in the consolidated financial statements).

7.4 As at 30 June 2009, long-term investments in held-to-maturity debt securities include Baht 1,046 million of non-transferable, 10-year promissory notes received from Thai Asset Management Corporation ("TAMC") as a result of the transfer of non-performing loans to TAMC (separate financial statements: Baht 351 million) (31 December 2008: Baht 1,169 million in the consolidated financial statements and Baht 418 million in the separate financial statements). However, the agreed transfer price received in the form of promissory notes could be revised up or down after TAMC reviews the prices, or assesses the collateral or adjusts the prices.

As at 30 June 2009, the Company and its subsidiaries are still unable to assess the exact amount of such losses. However, the Company and its subsidiaries have estimated their share of losses which may arise from the management of non-performing assets at approximately Baht 557 million. Such losses have been shown as allowance for impairment under the caption of investments in held-to-maturity debt securities, classified by the type of promissory note (separate financial statements: Baht 183 million) (31 December 2008: Baht 557 million in the consolidated financial statements and Baht 183 million in the separate financial statements).

During the six-month period ended 30 June 2009, the Company and its subsidiaries recognised interest on TAMC's promissory notes amounting to Baht 6 million and received payment under promissory notes and interest amounting to Baht 128 million (separate financial statements: Baht 2 million and Baht 67 million, respectively).

Moreover, the Company and its subsidiaries remain jointly liable with TAMC for their share of gains or losses arising from management of non-performing assets, as described in Note 35.2 to the financial statements.

- 7.5** As at 30 June 2009 and 31 December 2008, the Company has investments of Baht 3,000 million in 7-year subordinated debentures issued by Thanachart Bank Plc. (a subsidiary company) maturing on 8 December 2013 and bearing interest at a rate of 6.18 percent per annum.
- 7.6** As at 30 June 2009, investments in government and state enterprise bonds in the consolidated financial statements amounting to Baht 1,641 million, at amortised cost, have been placed as collateral for loans from commercial banks and as security with the Insurance Registrar (31 December 2008: Baht 1,257 million).
- 7.7** As at 30 June 2009, foreign debt securities of a subsidiary company, amounting to Baht 5,854 million, have been hedged through cross currency interest rate swap contracts, and an investments in private debt securities of the subsidiary companies amounting to Baht 800 million and an investments in foreign debt securities of a subsidiary company amounting to Baht 170 million have been hedged through interest rate swap contracts. All of these contracts are presented in Note 35.1 to the financial statements (31 December 2008: all investments in foreign debt securities amounting to Baht 4,847 million of a subsidiary company have been hedged through cross currency interest rate swap contracts, and an investments in private debt securities of the subsidiary companies amounting to Baht 800 million have been hedged through interest rate swap contract).
- 7.8** As at 30 June 2009 and 31 December 2008, investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investees are as follow:

		Consolidated financial statements			
		30 June 2009		31 December 2008	
Name	Nature of business	Net	Percentage	Net	Percentage
		book value	of holding	book value	of holding
		Million Baht	Percent	Million Baht	Percent
<u>Manufacturing and commercial industries</u>					
Patum Rice Mill and Granary Plc.	Production and distribution of packaged rice and rice products	420	19.60	376	19.60
<u>Real estate and construction</u>					
HTR Corporation Limited	Office building for rent and property development	20	19.10	20	19.10
<u>Others</u>					
The Thai Business Fund 3 ⁽¹⁾	Mutual fund invests in property	297	26.67	340	26.67
Sub Thawee Property Fund ⁽¹⁾	Mutual fund invests in property	136	56.00	156	56.00
Thanasarn Open-Ended Fund ⁽¹⁾	Mutual fund invests in debt securities	266	24.22	267	28.99
Tri Ra Sombat Open End Fund ⁽¹⁾	Mutual fund invests in debt securities	150	21.80	40	5.09
The Krung Thai Dividend Fixed-Income Fund	Mutual fund invests in debt securities	48	14.72	-	-
Thanachart Cash Management Open Fund	Mutual fund invests in debt securities	4,012	10.01	-	-
Thanachart Open Fund ⁽¹⁾	Mutual fund invests in debt securities	182	29.23	-	-

(1) The Company and its subsidiaries do not consider the investments in the mutual funds as being investments in subsidiaries or associated company as the Company and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund manager in accordance with the details of each fund project and the funds are under the supervision of the Securities and Exchange Commission. Therefore, the Company and its subsidiaries account for their investment in these mutual funds as long-term available-for-sale or other investments which depend on the investment objectives.

		Separate financial statements			
		30 June 2009		31 December 2008	
Name	Nature of business	Net	Percentage	Net	Percentage
		book value	of holding	book value	of holding
		Million Baht	Percent	Million Baht	Percent
<u>Manufacturing and commercial industries</u>					
Patum Rice Mill and Granary Plc.	Production and distribution of packaged rice and rice products	210	9.79	188	9.79
<u>Real estate and construction</u>					
HTR Corporation Limited	Office building for rent and property development	20	10.00	20	10.00
<u>Others</u>					
Thanachart Cash Management Open Fund	Mutual fund invests in debt securities	4,012	10.01	-	-

7.9 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 30 June 2009 and 31 December 2008 can be summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Investments in receivables	2,180	2,318	1,168	1,227
Less: Allowance for impairment	(328)	(322)	(96)	(81)
Investments in receivables - net	<u>1,852</u>	<u>1,996</u>	<u>1,072</u>	<u>1,146</u>

	30 June 2009				31 December 2008			
	Number of debtors	Balance per agreement	Purchase price	Yield	Number of debtors	Balance per agreement	Purchase price	Yield
		Million Baht	Million Baht	Percent		Million Baht	Million Baht	Percent
<u>Consolidated financial statements</u>								
Total accumulated investments in receivables	1,662	33,559	7,793	6.50 - 18.97	1,662	33,559	7,793	6.50 - 18.97
Outstanding investments in receivables as at the balance sheet date	926	14,759	2,180		933	14,868	2,318	
<u>Separate financial statements</u>								
Total accumulated investments in receivables	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in receivables as at the balance sheet date	492	6,951	1,168		495	6,983	1,227	

During the six-month period ended 30 June 2009 the Company and its subsidiaries have restructured investments in receivable purchased, by means of various types of restructuring, as summarised below.

Type of restructuring	Number of debtors	Outstanding	Outstanding	Type of assets to be transferred	Value of
		loan balance before restructuring	loan balance after restructuring		assets to be transferred per agreements
		Million Baht	Million Baht	Million Baht	
<u>Consolidated financial statements</u>					
Modification of terms	4	21	21		
Transfer of assets and/or equity securities and/or modification of terms	2	7	7	Land and ordinary shares	14
Total	6	28	28		
<u>Separate financial statements</u>					
Modification of terms	2	7	7		
Transfer of assets and/or equity securities and/or modification of terms	1	7	7	Land	10
Total	3	14	14		

The remaining periods to maturity of the restructured debts of the Company and its subsidiaries, counting from the balance sheet date are as follow:

Periods	Consolidated financial statements		Separate financial statements	
	Number of receivables	Outstanding loan balances after restructuring	Number of receivables	Outstanding loan balances after restructuring
		Million Baht		Million Baht
Due within 2009	3	7	2	7
Less than 5 years	3	21	1	7
Total	6	28	3	14

Restructured investments in receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 30 June 2009, there were no outstanding restructured receivables in the investments in receivables account.

7.10 As at 30 June 2009 and 31 December 2008, investments in securities of the Company and its subsidiaries, include investments in securities of companies with weak financial positions and poor operating results, are summarised as below.

Consolidated financial statements								
Number of transactions		Cost		Fair value/collateral value		Allowance for possible loss/impairment provided in the accounts		
30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
<u>Equity securities - common shares</u>								
1. Companies which have loan settlement problems or have defaulted the repayment of debts	2	2	1	1	1	1	-	-
2. Companies which auditors' reports cited going concern issues	12	13	134	134	36	36	98	98
3. Financial institutions that are in the process of debt restructuring	1	1	1	8	1	-	-	8
<u>Investments in receivables purchased</u>								
1. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	1	3	3	-	-	3	3
2. Companies which have loan settlement problems or have defaulted the repayment of debts	348	351	1,591	1,672	2,316	2,481	212	207
Separate financial statements								
Number of transactions		Cost		Fair value/collateral value		Allowance for possible loss/impairment provided in the accounts		
30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
<u>Equity securities - common shares</u>								
1. Companies which have loans settlement problems or have defaulted the repayment of debts	1	1	1	1	1	1	-	-
2. Companies which auditors' reports cited going concern issues	4	5	113	113	35	35	77	77
<u>Investments in receivables purchased</u>								
1. Companies which have loan settlement problems or have defaulted the repayment of debts	159	161	878	907	1,246	1,401	51	36

8. Investments in subsidiaries

8.1 As at 30 June 2009 and 31 December 2008, investments in subsidiaries in the separate financial statements which are recorded under the cost method comprise of investments in ordinary shares of the following subsidiaries:

(Unit: Million Baht)

Company's name	Nature of business	Separate financial statements							
		Paid-up share capital		Percentage of holding (%)		Value of investment under the cost method		Dividend income for the six-month periods ended	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	30 June 2008
Thanachart Bank Plc.	Commercial bank	19,346	17,346	50.92	74.93	10,811	14,409	495	559
NFS Asset Management Co., Ltd.	Non-performing assets management	1,000	1,000	100.00	100.00	1,000	1,000	-	-
Max Asset Management Co., Ltd.	Non-performing assets management	572	572	83.44	83.44	526	576	117	-
NASSET Property Fund 6	Investment in non-performing assets and collection rights	900	900	99.80	99.80	898	898	-	-
Thiravanit Co., Ltd.	Liquidating	6	6	99.90	99.90	34	34	-	-
Thanachart SPV 01 Co., Ltd.	Not yet operation	2	2	100.00	100.00	2	2	-	-
						13,271	16,919	612	559
Less: Allowance for impairment						(16)	(16)		
Investments in subsidiaries - net						13,255	16,903		

During February 2009, the Company sold 416 million ordinary shares of Thanachart Bank Plc. (“the Bank”) to The Bank of Nova Scotia (“BNS”) at a price of Baht 18.38 per share or a total of Baht 7,656 million. As a result, the Company’s shareholding decreased to be 50.92% of the Bank’s shares. And during May 2009, the Bank issued 200 million new ordinary shares for offering to the existing shareholders. The Company exercised its own entitlement and unexercised entitlements of minority shareholders, as a result, the Company still holds 50.92%.

- 8.2** The consolidated balance sheet as at 31 December 2008 and the consolidated income statement for the six-month period ended 30 June 2008 included assets, income and net income of Thanachart Life Assurance Co., Ltd., a subsidiary company of Thanachart Bank Plc.. The auditor of this subsidiary company issued a qualified report on the financial statements for the year ended 31 December 2008 and 2007 with respect to the effect to the financial statements of any adjustments which might be required as a result of a scope limitation imposed on the audit of insurance income and related expenses. Such issue is already corrected and adjusted in the financial statements for the six-month period ended 30 June 2009. However, the results of such adjustments are not material impact to the current period consolidated financial statements.
- 8.3** The consolidated balance sheet as at 30 June 2009 included Baht 6 million of assets, Baht 0.1 million of liabilities and 0.1 million of net loss of Thiravanit Co., Ltd. which registered its dissolution and is currently in the liquidation process. The financial statement of this subsidiary was prepared by its management and was not audited by its auditor.

During the six-month period ended 30 June 2008, the Company received the refund of capital amounting to Baht 210 million from 3 subsidiaries, comprising with Pasara Co., Ltd., Bangkok Home Co., Ltd. and Sinkahakarn Co., Ltd.. The gain on the capital refund, totaling Baht 27 million (after reversing allowance for impairment of Baht 65 million), has been eliminated in the consolidated financial statements.

8.4 Cash flows information of asset management companies which are subsidiaries

Cash flows information of asset management companies which are subsidiaries for the six-month ended 30 June 2009 and 2008 are as follows:

	(Unit: Million Baht)			
	NFS Asset		Max Asset	
	Management Co., Ltd.	Management Co., Ltd.	Management Co., Ltd.	Management Co., Ltd.
	2009	2008	2009	2008
Cash flows from operating activities				
Net income before corporate income tax	190	111	92	121
Adjustments to reconcile net income to net cash provided by (paid for) operating activities				
Gain on assets transferred from receivables	(7)	(4)	(15)	(38)
Loss on impairment of investments in receivables (reversal)	1	1	(9)	-
Loss on impairment of property foreclosed (reversal)	2	1	3	(5)
Bad debts and doubtful accounts (reversal)	(66)	(13)	7	(3)
Others	(5)	(9)	-	(7)
	115	87	78	68
Interest expenses	47	84	-	12
Interest income	(31)	(67)	(16)	(12)
Cash received from interest income	29	63	18	12
Cash paid for corporate income tax	(75)	(48)	(33)	(46)
Income from operating activities before changes in operating assets and liabilities	85	119	47	34
Operating assets (increase) decrease				
Current investments	1,292	(434)	-	-
Investments in receivables	2	3	37	28
Loans	412	68	6	3
Property foreclosed	52	74	63	76
Other assets	(3)	8	(3)	17
Operating liabilities increase (decrease)				
Other liabilities	(168)	169	(10)	(39)
Net cash flows from operating activities	1,672	7	140	119
Cash flows from investing activities				
Proceeds from sales of long-term investments	56	69	-	-
Cash paid for equipments	-	(3)	-	-
Cash received from interest of long-term investments	1	14	-	-
Net cash flows from investing activities	57	80	-	-
Cash flows from financing activities				
Cash received from borrowings	2,011	-	-	-
Cash paid for borrowings	(3,650)	-	-	(125)
Cash paid for interest expenses on borrowings	(47)	(84)	-	(17)
Cash paid for dividend	-	-	(200)	-
Net cash flows used in financing activities	(1,686)	(84)	(200)	(142)
Net increase (decrease) in cash and cash equivalents	43	3	(60)	(23)
Cash and cash equivalents at beginning of the period	31	75	237	322
Cash and cash equivalents at end of the period	74	78	177	299

9. Investments in an associated company

9.1 As at 30 June 2009 and 31 December 2008, the Company and its subsidiaries have investments in ordinary shares of MBK Public Company Limited which is registered under Thai laws and engages in property rental, hotel and services. Information of the associated company is as follow:

(Unit: Million Baht)

Company's name	Percentage of holding				Investment value				Consolidated financial statements			
	Paid-up share capital		(%)		Cost method		Equity method		Dividend income for the six-month periods ended 30 June	Share of income for the six-month periods ended 30 June		
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December			2009	2008
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Consolidated financial statements												
MBK Plc.	1,886	1,886	19.90	20.76	948	992	1,311	1,404	78	78	146	133
Separate financial statements												
In which the cost method is applied												
MBK Plc.	1,886	1,886	10.00	10.00	658	658			38	38		

The Company and its subsidiaries classify investments in ordinary shares of MBK Public Company Limited as investments in associated company because the Company and its subsidiaries have significant influence over that associated company.

Moreover, during for six-month period ended 30 June 2009, a subsidiary company sold investments in associated company amounting to Baht 84 million with gain on the sale, calculated under the equity method, of Baht 29 million in the consolidated income statement.

9.2 Summarised financial information of associated company

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the six-month periods ended		Net income for the six-month periods ended	
	31 March	30 September	31 March	30 September	31 March	30 September	31 March		31 March	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
MBK Plc.	1,886	1,886	19,345	19,164	11,078	10,889	3,286	3,183	702	753

The share of income is determined based on financial statements of that associated company prepared for a different period, as a result of a limitation on the availability of information. The financial information used was that as at 31 March 2009 and 30 September 2008 and for the six-month periods ended 31 March 2009 and 2008, prepared by the Company's management, with reference to the financial statements as reviewed by its auditor and adjusted for the effect of the differences in accounting policies. The Company's management believes that income for the six-month period ended 31 March 2009 is not materially different from that income for the six-month period ended 30 June 2009.

9.3 As at 30 June 2009, the fair values of the investment in MBK Plc. which is a listed in the Stock Exchange of Thailand, on a portion held by the Company and its subsidiaries is Baht 1,980 million (separate financial statements: Baht 995 million).

10. Loans and accrued interest receivable

10.1 Classified by loan types

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
<u>Loans</u>				
Overdrafts	2,505	2,511	-	-
Loans	48,203	43,691	232	235
Notes receivable	14,562	17,636	2,284	394
Hire purchases receivables	211,600	211,828	4,135	7,999
Financial leases receivables	2,191	1,888	-	-
Total loans	279,061	277,554	6,651	8,628
Add: Accrued interest receivable	309	324	-	-
Less: Allowance for doubtful accounts	(11,429)	(9,623)	(1,221)	(1,302)
Less: Revaluation allowance for debt restructuring	(86)	(87)	-	-
Loans and accrued interest receivable - net	267,855	268,168	5,430	7,326
<u>Securities business receivables</u>				
Customers' accounts	1,331	884	-	-
Credit balances in receivables	662	598	-	-
Other receivables	399	414	-	-
Total securities business receivables	2,392	1,896	-	-
Less: Allowance for doubtful accounts	(316)	(298)	-	-
Securities business receivables and accrued interest receivable - net	2,076	1,598	-	-
Loans and accrued interest receivable - net	269,931	269,766	5,430	7,326

10.2 Classified by remaining period of contract

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
At call *	9,631	8,798	3,129	1,139
Not over 1 year	25,625	29,692	3,136	6,099
Over 1 year	246,710	241,493	386	1,390
Total loans and accrued interest receivable	281,966	279,983	6,651	8,628
Less: Intercompany profits from loans transferred	(204)	(209)	-	-
Total loans and accrued interest receivable	281,762	279,774	6,651	8,628

* Includes expired contracts

10.3 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2009			31 December 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	280,247	315	280,562	278,704	256	278,960
US Dollars	1,379	-	1,379	955	-	955
Other currencies	25	-	25	68	-	68
Total Loans and accrued interest receivables	281,651	315	281,966	279,727	256	279,983
Less: Intercompany profits from loans transferred	(204)	-	(204)	(209)	-	(209)
Total Loans and accrued interest receivable	281,447	315	281,762	279,518	256	279,774

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	6,651	-	6,651	8,628	-	8,628
Total Loans and accrued interest receivable	6,651	-	6,651	8,628	-	8,628

10.4 Classified by type of business and loans classification

(Unit: Million Baht)

Consolidated financial statements						
30 June 2009						
	Normal	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	1,332	-	-	8	32	1,372
Manufacturing and commercial	9,574	90	176	292	1,040	11,172
Real estate and construction	13,092	618	206	40	1,042	14,998
Public utilities and services	14,579	45	200	87	276	15,187
Personal consuming						
Housing loans	6,361	311	141	341	311	7,465
Securities	2,075	-	3	314	-	2,392
Hire purchase	183,765	21,168	1,647	1,104	3,916	211,600
Others	6,613	459	226	402	759	8,459
Others	8,124	4	-	1	1,192	9,321
Total loans and accrued interest receivable	<u>245,515</u>	<u>22,695</u>	<u>2,599</u>	<u>2,589</u>	<u>8,568</u>	<u>281,966</u>
Less: Intercompany profits from loans transferred						(204)
Total loans and accrued interest receivable						<u>281,762</u>

(Unit: Million Baht)

Consolidated financial statements						
31 December 2008						
	Normal	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	1,146	-	-	9	32	1,187
Manufacturing and commercial	11,439	653	25	372	915	13,404
Real estate and construction	13,405	429	318	25	1,419	15,596
Public utilities and services	12,020	1,240	312	14	243	13,829
Personal consuming						
Housing loans	6,473	563	92	130	466	7,724
Securities	1,597	-	4	296	-	1,897
Hire purchase	183,872	22,826	1,155	961	3,014	211,828
Others	6,510	718	251	285	792	8,556
Others	4,750	13	1	-	1,198	5,962
Total loans and accrued interest receivable	<u>241,212</u>	<u>26,442</u>	<u>2,158</u>	<u>2,092</u>	<u>8,079</u>	<u>279,983</u>
Less: Intercompany profits from loans transferred						(209)
Total loans and accrued interest receivable						<u>279,774</u>

(Unit: Million Baht)

Separate financial statements						
30 June 2009						
	Normal	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Subsidiaries	2,275	-	-	-	-	2,275
Manufacturing and commercial	-	-	-	-	3	3
Public utilities and services	-	-	-	-	1	1
Personal consuming						
Housing loans	6	1	-	-	30	37
Hire purchase	2,834	383	57	46	815	4,135
Others	12	2	1	2	183	200
Total loans and accrued interest receivable	5,127	386	58	48	1,032	6,651

(Unit: Million Baht)

Separate financial statements						
31 December 2008						
	Normal	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Subsidiaries	386	-	-	-	-	386
Manufacturing and commercial	-	-	-	-	2	2
Public utilities and services	-	-	-	-	2	2
Personal consuming						
Housing loans	3	4	-	14	17	38
Hire purchase	6,107	885	98	66	843	7,999
Others	3	8	2	3	185	201
Total loans and accrued interest receivable	6,499	897	100	83	1,049	8,628

10.5 Non-performing loans

As at 30 June 2009 and 31 December 2008, the Company and its financial institution subsidiaries (banking, asset management and securities business) have non-performing loans, classified in accordance with the BOT's and SEC's regulations (debtors classified as substandard, doubtful, doubtful of loss and loss), as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Non-performing loans (excluding accrued interest receivable)				
The Company	1,138	1,232	1,138	1,232
Banking business	8,862	7,167	-	-
Asset management business	2,761	3,176	-	-
Securities business	317	299	-	-

The above non-performing loans do not include loans which have already restructured and are now qualified for classification as normal debts or special mentioned debts.

Additionally, the Company and its financial institutions subsidiaries (banking and securities business) have the following loans for which income recognition under an accrual basis has been discontinued:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
The Company	1,084	1,198	1,084	1,198
Banking business	8,827	7,251	-	-
Securities business	317	299	-	-

For restructured investments in receivables transferred to the loans account, the Company recognises income from such loans on a cash basis. For subsidiaries engaged in the asset management business, income from loans is also recognised under a cash basis.

10.6 Unearned income

As at 30 June 2009 and 31 December 2008, unearned income is summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Unearned interest income	78	75	-	-
Unearned income from hire purchase/ financial lease	31,300	31,446	164	352

10.7 Hire purchases/Financial leases receivables

As at 30 June 2009, the Company and its subsidiaries have net receivables under hire purchases and financial leases agreements amounting to Baht 206,404 million. Most of the hire purchase/financial leases agreements were made for car and motorcycle and they generally have terms of between 3 and 6 years, with interest charged at a fixed rate (separate financial statements: Baht 3,204 million).

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2009			
	Amount due under lease agreement			
	Less than 1 year *	1 - 5 years	Over 5 years	Total
Gross investment in the lease	85,200	155,323	4,568	245,091
Unearned financial income	(13,908)	(17,240)	(152)	(31,300)
Present value of minimum lease payments receivable	71,292	138,083	4,416	213,791
Allowance for doubtful accounts				7,387
<i>* Includes non-performing loans</i>				

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2008			
	Amount due under lease agreement			
	Less than 1 year *	1 - 5 years	Over 5 years	Total
Gross investment in the lease	83,204	156,810	5,148	245,162
Unearned financial income	(13,754)	(17,513)	(179)	(31,446)
Present value of minimum lease payments receivable	69,450	139,297	4,969	213,716
Allowance for doubtful accounts				5,788
<i>* Includes non-performing loans</i>				

(Unit: Million Baht)

Separate financial statements				
30 June 2009				
Amount due under lease agreement				
	Less than 1 year *	1 - 5 years	Over 5 years	Total
Gross investment in the lease	3,943	356	-	4,299
Unearned financial income	(156)	(8)	-	(164)
Present value of minimum lease payments receivable	3,787	348	-	4,135
Allowance for doubtful accounts				931

* Includes non-performing loans

(Unit: Million Baht)

Separate financial statements				
31 December 2008				
Amount due under lease agreement				
	Less than 1 year *	1 - 5 years	Over 5 years	Total
Gross investment in the lease	6,969	1,382	-	8,351
Unearned financial income	(319)	(33)	-	(352)
Present value of minimum lease payments receivable	6,650	1,349	-	7,999
Allowance for doubtful accounts				1,027

* Includes non-performing loans

10.8 Troubled debt restructuring

During the six-month period ended 30 June 2009, the Company and its subsidiaries entered into debt restructuring agreements with loans. The details are as followed:

Type of restructuring	Number of receivables	Outstanding loan	Outstanding loan	Type of assets to be transferred	Value of
		balance before restructuring ⁽¹⁾	balance after restructuring ⁽¹⁾		assets to be transferred per agreements
		Million Baht	Million Baht	Million Baht	
Consolidated financial statements					
Modification of terms	5,724	1,816	1,816		
Transfer of assets and/or equity securities and/or modification of terms	7	14	14	Land and premises thereon	15
Total	5,731	1,830	1,830		
Separate financial statements					
Modification of terms	37	1	1		
Total	37	1	1		

(1) Outstanding balance includes both principal and interest receivable

The remaining period to maturity of the restructured receivables of the Company and its subsidiaries, counting from the balance sheet date are as follow:

Periods	Consolidated financial statements		Separate financial statements	
	Number of receivables	Outstanding loan	Number of receivables	Outstanding loan
		balances after restructuring		balances after restructuring
		Million Baht		Million Baht
Defaulted after				
debt restructuring	1,566	565	7	-
Due within 2009	220	40	24	1
Less than 5 years	1,414	356	6	-
5 - 10 years	2,520	842	-	-
10 - 15 years	6	13	-	-
More than 15 years	5	14	-	-
Total	<u>5,731</u>	<u>1,830</u>	<u>37</u>	<u>1</u>

Supplemental information for the current period relating to restructured receivables is as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Interest income recognised in income statements	87	2
Gain on debt repayment/disposals recognised in income statements	14	1
Gain on transfers of assets for debt repayment recognised in income statements	7	2
Loss on debt restructuring recognised in income statements	18	-
Cash proceeds from collection of debts	264	8
Assets transferred from debtors	41	10

As at 30 June 2009, the Company and its subsidiaries have the following restructured receivables balances (principal and interest receivable), including restructured receivables who were transferred from investments in receivables:

	Total number of outstanding receivables	Restructured receivables		
		Number of receivables	Outstanding loans balance	Outstanding loans balance, net of collateral
Thanachart Capital Plc.	57,644	75	140	41
Thanachart Bank Plc.	767,613	5,817	4,167	1,469
Thanachart Securities Plc.	2,375	6	118	118
Other subsidiary companies	6,736	363	1,934	520

10.9 As at 30 June 2009 and 31 December 2008, the Company has the following loans to subsidiary companies:

Company	Type of credit	Contract period as at 30 June 2009	Interest rate as at 30 June 2009	Outstanding balance	
				30 June 2009	31 December 2008
				Million Baht	Million Baht
NFS Asset Management Co., Ltd.	Promissory note	At call, but not later than August 2009	Fixed at 2.80% per annum	2,275	264
National Leasing Co., Ltd.	Promissory note			-	112
Thanachart Legal and Appraisal Co., Ltd.	Promissory note			-	10
Total				2,275	386

10.10 Classification of loans under the Bank of Thailand's guidelines

As at 30 June 2009 and 31 December 2008, the Company and its financial institution subsidiaries (banking and asset management business) classified and made allowances against their loans (including loans to financial institutions which are presented as part of interbank and money market items) in accordance with the BOT's guidelines as summarise below.

(Unit: Million Baht)

	Consolidated financial statements ⁽¹⁾						
	Debt balance/ book value		Debt balance after collateral ⁽³⁾		Minimum percentage	Allowance for doubtful accounts	
	30	31	30	31		30	31
	June 2009	December 2008	June 2009	December 2008		June 2009	December 2008
<u>Loans and accrued interest</u>							
<u>receivable (including interbank</u>							
<u>and money market items) ⁽²⁾</u>							
Normal	261,985	274,523	72,627	64,078	1	855	912
Special mention	21,582	25,107	8,420	9,253	2	168	185
Substandard	2,433	2,024	2,016	1,427	100	2,055	1,466
Doubtful	2,184	1,719	1,424	1,230	100	1,424	1,230
Doubtful of loss	8,345	7,897	5,982	5,074	100	6,025	5,127
Total	296,529	311,270	90,469	81,062		10,527	8,920
Additional allowance for possible uncollectible debts	-	-	-	-		369	270
	296,529	311,270	90,469	81,062		10,896	9,190
Less: Revaluation allowance for debt restructuring	(86)	(87)					
Intercompany gain	(204)	(209)					
Total loans and accrued interest receivable	296,239	310,974					

(1) Only the Company and those subsidiaries under control of the BOT.

(2) Debt balance/book value of normal and special mention loans excluding accrued interest receivable.

(3) The debt balance after collateral for substandard, doubtful and doubtful of loss loans is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

(Unit: Million Baht)

	Separate financial statements						
	Debt balance/ book value		Debt balance after collateral ⁽²⁾		Minimum percentage	Allowance for doubtful accounts	
	30	31	30	31		30	31
	June	December	June	December	June	December	
2009	2008	2009	2008	2009	2008		
<u>Loans and accrued interest receivable</u>							
<u>(including interbank and money</u>							
<u>market items) ⁽¹⁾</u>							
Normal	5,147	6,519	3,167	1,740	1	32	17
Special mention	386	897	190	346	2	4	7
Substandard	58	100	58	100	100	58	100
Doubtful	48	83	48	73	100	48	73
Doubtful of loss	1,032	1,049	939	965	100	939	965
Total loans and accrued interest receivable	<u>6,671</u>	<u>8,648</u>	<u>4,402</u>	<u>3,224</u>		1,081	1,162
Additional allowance for possible uncollectible debts						140	140
						<u>1,221</u>	<u>1,302</u>

(1) Debt balance/book value of normal and special mention loans excluding accrued interest receivable.

(2) The debt balance after collateral for substandard, doubtful and doubtful of loss loans remained after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

10.11 Loans to companies which have settlement problems

As at 30 June 2009 and 31 December 2008, the Company and its subsidiaries' loans (including loans to financial institutions) in the consolidated and the separate financial statements included the following debtors with weak financial positions and operating results:

Consolidated financial statements								
	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Closed financial institutions	4	4	-	-	-	-	-	-
2. Listed companies vulnerable to delisting from the SET	5	4	363	294	124	124	275	206
3. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	14	13	851	858	815	809	285	284
4. Companies which have loan settlement problems or have defaulted on the repayment of debts	1,124	980	2,363	2,696	1,951	2,288	1,203	1,124
5. Companies whose auditors' reports cited going concern issues	5	2	51	51	-	-	51	51

Separate financial statements								
	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted on the repayment of debts	276	268	159	173	74	75	92	106

10.12 Classification of securities business receivables in accordance with the Notification of the Securities and Exchange Commission

As at 30 June 2009 and 31 December 2008, a subsidiary company operating in the securities business classifies its securities business receivables and accrued interest receivable and provides related allowance for doubtful accounts in accordance with the Notification of the Securities and Exchange Commission (“SEC”) as follows:

(Unit: Million Baht)

	Receivable and accrued interest receivable		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	Doubtful	314	296	314	296	314
Substandard	3	4	-	-	2	2
Total	317	300	314	296	316	298

The above substandard receivables represent receivable balances with a value equivalent to these of their collaterals.

10.13 Hire purchase receivables/financial lease receivables of subsidiaries separate by aging

As at 30 June 2009 and 31 December 2008, hire purchase and financial lease receivables of three subsidiaries engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after eliminating intercompany transactions) as follows:

(Unit: Million Baht)

	30 June 2009	31 December 2008
Current or overdue less than 90 days	4,502	5,177
Overdue 91 – 365 days	254	207
Overdue more than 1 year	61	45
Debtors under legal actions	160	136
Total	4,977	5,565
Allowance for doubtful accounts	535	433

11. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the six-month period ended 30 June 2009									
The Company and its financial institution subsidiaries (Banking and asset management business)									
	Special	Sub -		Doubtful	General			Other	
	Normal	mention	standard	Doubtful	of loss	reserve	Total	s	Consolidated
Balance - beginning of the period	912	185	1,466	1,230	5,127	270	9,190	731	9,921
Add: Increase (decrease) during the period	(59)	(17)	589	194	1,539	99	2,345	267	2,612
Bad debt recovery	-	-	-	-	36	-	36	6	42
Less: Bad debt written-off	-	-	-	-	(677)	-	(677)	(153)	(830)
Balance - end of the period	853	168	2,055	1,424	6,025	369	10,894	851	11,745

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2008									
The Company and its financial institution subsidiaries (Banking and asset management business)									
	Special	Sub -		Doubtful	General			Other	
	Normal	mention	standard	Doubtful	of loss	reserve	Total	s	Consolidated
Balance - beginning of the year	525	141	1,685	1,085	3,870	523	7,829	543	8,372
Add: Increase (decrease) during the year	387	44	(219)	145	3,066	(253)	3,170	393	3,563
Bad debt recovery	-	-	-	-	54	-	54	1	55
Less: Bad debt written-off	-	-	-	-	(1,634)	-	(1,634)	(206)	(1,840)
Reversal from the disposals	-	-	-	-	(229)	-	(229)	-	(229)
Balance - end of the year	912	185	1,466	1,230	5,127	270	9,190	731	9,921

(Unit: Million Baht)

Separate financial statements							
For the six-month period ended 30 June 2009							
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of the period	17	7	100	73	965	140	1,302
Add: Increase (decrease) during the period	15	(3)	(42)	(25)	(26)	-	(81)
Bad debt recovery	-	-	-	-	13	-	13
Less: Bad debt written-off	-	-	-	-	(13)	-	(13)
Balance - end of the period	32	4	58	48	939	140	1,221

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2008							
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of the year	44	18	188	180	1,082	140	1,652
Add: Decrease during the year	(27)	(11)	(88)	(107)	(4)	-	(237)
Bad debt recovery	-	-	-	-	11	-	11
Less: Bad debt written-off	-	-	-	-	(109)	-	(109)
Reversal from the disposals	-	-	-	-	(15)	-	(15)
Balance - end of the year	17	7	100	73	965	140	1,302

12. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month		For the six-month	
	period ended	For the year ended	period ended	For the year ended
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Balance - beginning of the period	87	84	-	-
Add: Increase during the period	10	8	-	-
Less: Amortised during the period	(11)	(5)	-	-
Balance - end of the period	86	87	-	-

13. Classification of assets

As at 30 June 2009 and 31 December 2008, the quality of assets of the Company and its financial business subsidiaries classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

Consolidated financial statements										
	Loans and accrued interest receivables		Investments		Property foreclosed		Other assets		Total	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Normal	261,985	274,523	-	-	-	-	73	67	262,058	274,590
Special mention	21,582	25,107	-	-	-	-	66	82	21,648	25,189
Substandard	2,433	2,024	-	-	-	-	6	6	2,439	2,030
Doubtful	2,184	1,719	-	-	-	-	7	7	2,191	1,726
Doubtful of loss	8,345	7,897	945	1,547	806	906	261	242	10,357	10,592
Total	296,529	311,270	945	1,547	806	906	413	404	298,693	314,127
Less:										
Revaluation allowance for debt restructuring	(86)	(87)								
Intercompany gain from loans transferred	(204)	(209)								
	296,239	310,974								

(Unit: Million Baht)

Separate financial statements										
	Loans and accrued interest receivables		Investments		Property foreclosed		Other assets		Total	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Normal	5,147	6,519	-	-	-	-	6	10	5,153	6,529
Special mention	386	897	-	-	-	-	8	14	394	911
Substandard	58	100	-	-	-	-	1	2	59	102
Doubtful	48	83	-	-	-	-	2	1	50	84
Doubtful of loss	1,032	1,049	393	933	512	519	124	126	2,061	2,627
Total	6,671	8,648	393	933	512	519	141	153	7,717	10,253

14. Property foreclosed

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	For the six-month period ended 30 June 2009				For the six-month period ended 30 June 2009			
	Balance - beginning of the period			Balance - end of the period	Balance - beginning of the period			Balance - end of the period
	Additions	Disposals/ Transfer			Additions	Disposals/ Transfer		
Assets acquired from settlement of debts								
Immovable assets	5,172	40	(51)	5,161	2,423	24	(10)	2,437
Movable assets	1,341	3,393	(3,913)	821	59	61	(103)	17
Assets acquired from auction bidding on the open market								
Immovable assets	1,958	104	(157)	1,905	478	44	(27)	495
Total property foreclosed	8,471	3,537	(4,121)	7,887	2,960	129	(140)	2,949
Less: Allowance for impairment	(917)	(289)	391	(815)	(519)	(26)	33	(512)
Property foreclosed - net	7,554	3,248	(3,730)	7,072	2,441	103	(107)	2,437

As at 30 June 2009, the Company and its subsidiaries have entered into sales agreements with customers to sell property foreclosed of approximately Baht 198 million (at cost) (separate financial statements: Baht 34 million), but the payment of installments or the transfer of ownership rights is still in progress. The Company and its subsidiaries have not recognised any gains in these cases and the assets are still recorded as property foreclosed.

15. Property, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Motor vehicles	Work in process	Total
<u>Cost</u>						
31 December 2008	461	391	3,079	206	95	4,232
Additions	28	66	119	15	95	323
Transfers	-	52	67	-	(119)	-
Disposals	-	-	(19)	(10)	-	(29)
30 June 2009	489	509	3,246	211	71	4,526
<u>Accumulated depreciation</u>						
31 December 2008	-	66	1,527	117	-	1,710
Disposals	-	-	(15)	(10)	-	(25)
Depreciation during the period	-	12	260	15	-	287
30 June 2009	-	78	1,772	122	-	1,972
<u>Net book value</u>						
31 December 2008	461	325	1,552	89	95	2,522
30 June 2009	489	431	1,474	89	71	2,554
Depreciation charge included in the income statements						
for the six-month periods ended 30 June						
2008						230
2009						287

(Unit: Million Baht)

	Separate financial statements					Total
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Motor vehicles	Work in process	
<u>Cost</u>						
31 December 2008	63	147	99	31	-	340
Additions	-	-	3	7	-	10
Disposal	-	-	(1)	-	-	(1)
30 June 2009	63	147	101	38	-	349
<u>Accumulated depreciation</u>						
31 December 2008	-	39	68	24	-	131
Disposals	-	-	(1)	-	-	(1)
Depreciation during the period	-	3	5	2	-	10
30 June 2009	-	42	72	26	-	140
<u>Net book value</u>						
31 December 2008	63	108	31	7	-	209
30 June 2009	63	105	29	12	-	209
Depreciation charge included in the income statements						
for the six-month periods ended 30 June						
2008						10
2009						10

As at 30 June 2009, the Company and its subsidiaries have motor vehicles acquired under financial leases with net book values amounting to approximately Baht 84 million. In addition, the Company and its subsidiaries have office equipment and motor vehicles which have been fully depreciated but are still in use with original costs, before deducting accumulated depreciation, amounting to approximately Baht 385 million (separate financial statements: Baht 12 million and Baht 69 million, respectively).

16. Intangible assets - software

(Unit: Million Baht)

		Consolidated financial statements			
		For the six-month period ended 30 June 2009			
	Remaining	Balance -			Balance -
	useful life	beginning of	Additions	Disposals	end of
		the period			the period
Computer software	0 – 10 years	547	35	-	582
Less: Amortisation		(128)	(24)	-	(152)
Intangible assets - net		<u>419</u>	<u>11</u>	<u>-</u>	<u>430</u>
Amortised expenses included in the income statement for the period					<u>24</u>

(Unit: Million Baht)

		Separate financial statements			
		For the six-month period ended 30 June 2009			
	Remaining	Balance -			Balance -
	useful life	beginning of	Additions	Disposals	end of
		the period			the period
Computer software	0 – 10 years	8	-	-	8
Less: Amortisation		(6)	-	-	(6)
Intangible assets - net		<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Amortised expenses included in the income statement for the period					<u>-</u>

As at 30 June 2009, the Company and its subsidiaries have computer software which have been fully amortised but are still in use with original costs, before deducting accumulated amortisation, amounting to approximately Baht 30 million (separate financial statements: Baht 1 million).

17. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Premium receivable from direct insurance	837	516	-	-
Accrued interest receivable	287	247	20	25
Accrued income receivable	61	98	14	17
Other receivable - VAT paid in advance for customers	198	201	15	25
Other receivables	753	749	136	121
Deposits	154	152	6	7
Others	655	578	40	32
Total	2,945	2,541	231	227
Less: Allowance for impairment	(308)	(275)	(128)	(130)
Total other assets - net	2,637	2,266	103	97

18. Deposits

18.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
At call	520	563	-	-
Savings	89,641	72,713	-	-
Promissory notes	67	68	-	-
Fixed				
- Less than 6 months	36,797	64,704	-	-
- 6 months and up to 1 year	38,228	82,934	-	-
- Over 1 year	88,093	48,748	-	-
Total deposits	253,346	269,730	-	-

18.2 Classified by the remaining period of contract

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Not over 1 year*	236,788	268,316	-	-
Over 1 year	16,558	1,414	-	-
Total deposits	253,346	269,730	-	-

*Include matured contracts

18.3 Classified by currency and location

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2009			31 December 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	253,250	-	253,250	269,660	-	269,660
US Dollars	49	3	52	64	1	65
Other currencies	43	1	44	5	-	5
Total deposits	253,342	4	253,346	269,729	1	269,730

18.4 As at 30 June 2009, deposits amounting to Baht 6,000 million in the consolidated financial statements are covered by interest rate swap agreements, as disclosed in Note 35.1 to financial statements (31 December 2008: Baht 6,000 million).

19. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	13	6,854	6,867	63	-	63
Other banks	2,500	1,000	3,500	-	-	-
Finance and securities companies	5,633	1,823	7,456	3,921	493	4,414
Other financial institutions	3,816	1,397	5,213	2,005	804	2,809
Total - Domestic	11,962	11,074	23,036	5,989	1,297	7,286
Foreign						
US Dollar	-	1,701	1,701	-	-	-
Baht	7	-	7	7	-	7
Total - Foreign	7	1,701	1,708	7	-	7
Total	11,969	12,775	24,744	5,996	1,297	7,293

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	2	-	2	4,502	-	4,502
Total	2	-	2	4,502	-	4,502

As at 31 December 2008, Baht 4,500 million of interbank and money market items in the separate financial statements are borrowed from Thanachart Bank Plc. (a subsidiary company). As at 30 June 2009, the Company has repaid all of this borrowing.

20. Borrowings

(Unit: Million Baht)

Type of borrowing	Interest rate per annum (As at 30 June 2009)	Maturity year	Consolidated		Separate	
			financial statements		financial statements	
			30 June 2009	31 December 2008	30 June 2009	31 December 2008
<u>Short-term borrowings</u>						
Unsubordinated and unsecured debentures	2.74 - 4.75 percent	2010	6,328	-	6,500	-
Bills of exchange	3.13 - 3.88 percent	At call	7	2	-	-
Bills of exchange	0.65 - 4.80 percent	2009 - 2010	33,208	46,150	850	2,444
Promissory notes		2009	-	500	-	500
Total short-term borrowings			<u>39,543</u>	<u>46,652</u>	<u>7,350</u>	<u>2,944</u>
<u>Long-term borrowings</u>						
Subordinated debentures (TIER II)	5.10 - 5.25 percent	2015 - 2019	7,000	5,000	-	-
Unsubordinated and unsecured debentures	5.25 percent	2011	1,430	7,741	1,500	8,000
Bills of exchange	4.64 - 4.70 percent	2010	1,000	6,070	-	-
Total long-term borrowings			<u>9,430</u>	<u>18,811</u>	<u>1,500</u>	<u>8,000</u>
Total borrowings			<u>48,973</u>	<u>65,463</u>	<u>8,850</u>	<u>10,944</u>

On 31 March 2003, the Company issued 4,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2010 and bear interest at the rate of the average MLR of 4 commercial banks minus a fixed rate per annum, payable semi-annually.

On 18 November 2008, the Company issued 4,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures of Baht 2,500 million and Baht 1,500 million will be mature in 2010 and 2011, respectively, and bear interest at fixed rates of 4.75 and 5.25 percent per annum, respectively, payable semi-annually.

On 9 May 2008, Thanachart Bank issued 5,000,000 units of subordinated, unsecured, unconvertible debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2015 and bear interest at a fixed rate of 5.1 percent per annum for the first three years and 6 percent per annum for the fourth to seventh years, payable quarterly.

Moreover, on 3 April 2009, Thanachart Bank issued 2,000,000 units of subordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rates of 5.25 percent per annum for the first three years, 5.75 percent per annum for the forth to seventh years and 6.50 percent per annum for the eighth to tenth years, payable quarterly.

As at 30 June 2009, borrowings of Baht 7,570 million in the consolidated financial statement are covered by interest rate swap agreements, as disclosed in Note 35.1 to the financial statements (separate financial statements: Baht 4,000 million) (31 December 2008: Baht 9,020 million in the consolidated financial statements and Baht 4,000 million in the separate financial statements).

21. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Financial derivative liabilities	43	296	-	-
Insurance premium payable	241	440	3	5
Value added tax payable	144	141	37	62
Loss reserves and outstanding claims from				
insurance/life assurance	893	786	-	-
Unearned income from hire purchase	234	233	13	21
Accrued personnel expenses	409	390	8	8
Suspense account receivable	977	892	113	125
Payables for property foreclosed	173	156	58	47
Provision for corporate income tax	484	421	-	-
Other expenses payable	542	516	50	20
Others	1,241	1,188	157	129
Total	5,381	5,459	439	417

22. Share capital/treasury stocks/dividends

During the six-month period ended 30 June 2009, there were no preference shareholders converted to the Company's ordinary shares. Therefore, as at 30 June 2009, 15,856 preference shares remained unconverted. Each preference share can convert to 1 ordinary share and the conversion right is unconditional and does not expire.

During the six-month period ended 30 June 2009, the Company purchased 39,034,700 of its own common shares from its shareholders for a total of Baht 277.24 million, at an average price of Baht 7.10 per share. The shares repurchase scheme ended on 14 June 2009. Therefore, as at 30 June 2009, the Company has totaling 55,324,300 shares of treasury stocks or an amount of Baht 387.50 million. Such treasury stocks were not disposed of during the period and are to be disposed of within 3 years counting from end of the repurchasing period. These treasury stock transactions were made in accordance with a resolution of the Board of Directors of the Company, in order to manage the excess liquidity of the Company.

Moreover, during the six-month periods ended 30 June 2009 and 2008, the Company has dividend payment as below.

Dividends	Approved by	Dividend payment	Dividend per share	Payment date
		Million Baht	Baht	
Dividend on earnings for the second half-year of 2008	The Annual General Meeting of shareholders on 29 April 2009	767	0.60	28 May 2009
Dividend on earnings for the second half-year of 2007	The Annual General Meeting of shareholders on 28 April 2008	800	0.60	27 May 2008

23. Revaluation surplus (deficit) on investments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	116	220	-	-
Equity instruments	663	131	629	100
Held-to-maturity debt securities	24	30	-	-
Total	803	381	629	100
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(14)	(1)	-	-
Equity instruments	(458)	(1,329)	-	(544)
Held-to-maturity debt securities	(230)	(331)	-	-
Deficit recognised for an associated company - under equity method	(120)	(39)	-	-
Total	(822)	(1,700)	-	(544)
Revaluation surplus (deficit) on investments	(19)	(1,319)	629	(444)

24. Statutory reserve

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. The statutory reserve can not be used for dividend payment.

25. Bad debt and doubtful accounts

Bad debt and doubtful accounts in the income statements for the six-month periods ended 30 June 2009 and 2008 consists of:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts) from loans and interbank and money market items	2,614	1,744	(81)	(141)
Amortisation of revaluation allowance for debt restructuring during the period	(11)	3	-	-
Total bad debt and doubtful accounts (reversal)	2,603	1,747	(81)	(141)

26. Loss from debt restructuring

Loss from debt restructuring in the income statements for the six-month periods ended 30 June 2009 and 2008 consists of:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Loss from hair-cut	8	-	-	-
Increase in revaluation allowance for debt restructuring	10	-	-	-
Total loss from debt restructuring	18	-	-	-

27. Gain (loss) on investments

Gain (loss) on investments for the six-month periods ended 30 June 2009 and 2008 consists of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Unrealised loss on valuation adjustment	(5)	-	-	-
Reversal of allowance for impairment	149	-	11	-
Reversal of allowance for impairment of investment in receivables (allowance for impairments)	(6)	4	(15)	9
Gain on debt settlement/assets transferred from investments in receivables purchased	49	73	15	29
Realised gain (loss) on sales of investments				
Trading securities	3	2	-	-
Available-for-sale securities	(301)	83	(13)	22
Subsidiaries and associated companies	2,834	-	3,038	27
Total	<u>2,723</u>	<u>162</u>	<u>3,036</u>	<u>87</u>

28. Gain (loss) on property foreclosed and other assets

Gain (loss) on property foreclosed and other assets for the six-month periods ended 30 June 2009 and 2008 consists of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Gains on sales	107	253	32	74
Reversal of allowance for impairment (additional set up allowance for impairment)	102	(189)	7	(178)
Total	<u>209</u>	<u>64</u>	<u>39</u>	<u>(104)</u>

29. Directors' remuneration

Directors' remuneration represents the benefits paid to the Company and a public subsidiary company's directors in accordance with Section 90 of the Public Company Limited Act, including the payment of director's remuneration amounting to approximately Baht 19 million to the directors of the Company and the subsidiary company which were approved by the Annual General Meeting of Shareholders (separate financial statements: Baht 12 million), exclusive of salaries and related benefits payable to directors who hold executive positions.

30. Corporate income tax

Corporate income tax was calculated on net income for the periods, after adding back expenses and allowances which are disallowable for tax computation purposes and deducting income which is exempted for tax computation purposes.

Corporate income tax in the consolidated income statement for the three-month and six-month periods ended 30 June 2008 was presented after netting the Baht 102 million cash refund received from the Revenue Department. This was a result of a subsidiary company changing its accounting method for recognising property foreclosed - movable assets in 2007, from recording the cost of such assets at the book value of the receivables on the transfer date, to recording them at fair value with reference to the appraisal value less estimated selling expenses, but not exceed the book value of such receivables. In this regard, the subsidiary company restated the year 2006 financial statements to reflect these changes, of which the effect was to decrease the corporate income tax of the year 2006. The subsidiary company therefore resubmitted a tax return of 2006 to refund the over paid amount.

31. Provident fund

The Company, certain of its subsidiaries and their employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate of 5 percent of their basic salaries, and by the Company and its subsidiaries at the same rate, and will be paid to employees upon termination in accordance with the rules of the funds. During the six-month period ended 30 June 2009, Baht 56 million has been contributed to the funds by the Company and its subsidiaries (separate financial statements: Baht 1 million).

32. Reconciliation of diluted earnings per share

Earnings per share as presented in the income statement is basic earnings per share, which is calculated by dividing net income attributable to the Company for the period by the weighted average number of ordinary shares outstanding during the period, netting of treasury stock held by the Company.

Diluted earnings per share is calculated by dividing net income attributable to the Company for the period by the total sum of the weighted average number of ordinary shares outstanding during the period, netting of treasury stock held by the Company, plus the weighted average number of ordinary shares that would be required to be issued to convert all potential ordinary shares to ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

Consolidated financial statements						
For the three-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
2009	2008	2009	2008	2009	2008	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income attributable to the Company						
743,797	761,132	1,277,814	1,333,138	0.58	0.57	
Effect of dilutive securities						
Preference shares convertible to ordinary shares						
-	-	16	16			
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive securities						
<u>743,797</u>	<u>761,132</u>	<u>1,277,830</u>	<u>1,333,154</u>	<u>0.58</u>	<u>0.57</u>	

Consolidated financial statements						
For the six-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
2009	2008	2009	2008	2009	2008	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income attributable to the Company						
2,934,236	1,776,709	1,282,022	1,333,138	2.29	1.33	
Effect of dilutive securities						
Preference shares convertible to ordinary shares						
-	-	16	16			
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive						
<u>2,934,236</u>	<u>1,776,709</u>	<u>1,282,038</u>	<u>1,333,154</u>	<u>2.29</u>	<u>1.33</u>	

securities

Separate financial statements					
For the three-month periods ended 30 June					
Net income		Weighted average number of ordinary shares		Earnings per share	
2009	2008	2009	2008	2009	2008
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net income	864,407	724,589	1,277,814	1,333,138	0.68 0.54
Effect of dilutive securities					
Preference shares convertible to ordinary shares	-	-	16	16	
Diluted earnings per share					
Net income of ordinary shareholders assuming conversion of dilutive securities	864,407	724,589	1,277,830	1,333,154	0.68 0.54

Separate financial statements					
For the six-month periods ended 30 June					
Net income		Weighted average number of ordinary shares		Earnings per share	
2009	2008	2009	2008	2009	2008
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net income	3,126,202	996,231	1,282,022	1,333,138	2.44 0.75
Effect of dilutive securities					
Preference shares convertible to ordinary shares	-	-	16	16	
Diluted earnings per share					
Net income of ordinary shareholders assuming conversion of dilutive securities	3,126,202	996,231	1,282,038	1,333,154	2.44 0.75

33. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with their related parties. These transactions, which have been concluded on the commercial terms and bases specified in the agreements between the Company and those companies, are summarised below.

(Unit: Million Baht)

	For the three-month periods ended 30 June				Pricing Policies (For the period 2009)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2009	2008	2009	2008	
Subsidiary companies					
Purchase of investments in debt securities	-	-	486	4,054	At market price
Purchase of investments in subsidiary company	-	-	1,019	-	At par value
Interest income from loans	-	-	19	9	At interest rate of 2.80 percent per annum
Interest income from cash at banks	-	-	9	9	At interest rate of 0.75 percent per annum
Interest income from investments in debt securities	-	-	46	46	At interest rate of 6.18 percent per annum
Dividend income	-	-	612	559	As declared
Rental and other service income	-	-	47	43	At the contracted rate
Interest expenses	-	-	3	86	At interest rate of 2.74 – 5.25 percent per annum
Rental and other service expenses	-	-	16	37	
Insurance expenses	-	-	1	1	As insurance policy
Associated company					
Interest income	-	1	-	-	
Dividend income	-	-	38	38	As declared
Interest expenses	-	2	-	-	
Other expenses	15	13	8	5	
Related companies					
Purchase of investments in debt securities	-	3,784	-	-	
Sales of investments in debt securities (2009: with gain by Baht 4 thousand 2008: with gain by Baht 7 thousand)	185	345	-	-	At market price
Purchases/Sales of forward exchange contracts (2009: with loss by Bath 4 million 2008: with loss by Bath 39 million)	21,230	44,220	-	-	At market price
Interest income	28	50	-	-	At interest rate of 0.05, 1.12 – 3.10 and 4.00 – 8.50 percent per annum
Dividend income	16	10	12	-	As declared
Other income	1	5	1	1	
Dividend payment	476	168	-	-	As declared
Interest expenses	4	24	-	-	At interest rate of 0.23 – 3.75 and 5.10 percent per annum
Project management expenses	17	16	8	7	At the contract price, calculated by reference to estimated usage time
Other expenses	20	31	-	1	

(Unit: Million Baht)

	For the six-month periods ended 30 June				Pricing Policies (For the period 2009)
	Consolidated financial statements		Separate financial statements		
	2009	2008	2009	2008	
Subsidiary companies					
Purchase of investments in debt securities	-	-	11,226	6,452	At market price
Purchase of investments in subsidiary company	-	-	1,019	-	At par value
Interest income from loans	-	-	35	26	At interest rate of 2.80 – 5.25 percent per annum
Interest income from cash at banks	-	-	25	30	At interest rate of 0.75 – 2.10 percent per annum
Interest income from investments in debt securities	-	-	92	92	At interest rate of 6.18 percent per annum
Dividend income	-	-	612	559	As declared
Rental and other service income	-	-	93	78	At the contracted rate
Fees and other income	-	-	-	5	
Interest expenses	-	-	21	199	At interest rate of 2.74 – 5.25 percent per annum
Rental and other service expenses	-	-	50	80	At the contracted rate
Insurance expenses	-	-	1	2	As insurance policy
Associated company					
Interest Income	-	3	-	-	
Dividend income	-	-	38	38	As declared
Other Income	1	1	-	-	
Interest expenses	-	3	-	-	
Other expenses	29	19	15	11	
Related companies					
Purchase of investments in debt securities	10	5,506	-	-	At market price
Sales of investments in debt securities (2009: with gain by Baht 7 thousand 2008: with gain by Baht 13 million)	545	1,141	-	-	At market price
Sales of investments in subsidiary company (2009: with gain on sales of Baht 2,805 million in the consolidated financial statements and gain of Baht 3,038 million in the separate financial statements)	7,656	-	7,656	-	1.6 times of the net book value per share
Purchase/Sales of forward exchange contracts (2009: with loss by Baht 9 million 2008: with loss by Baht 39 million)	70,991	70,837	-	-	At market price
Interest income	67	109	-	-	At interest rate of 0.05, 0.30 – 3.10 and 4.00 – 8.50 percent per annum
Dividend income	16	10	12	-	As declared
Other income	2	8	1	1	
Dividend payment	476	168	-	-	As declared
Interest expenses	10	45	-	-	At interest rate of 0.15 – 3.88 and 5.10 percent per annum
Project management expenses	33	30	15	14	At the contract price, calculated by reference to estimated usage time
Other expenses	44	53	1	3	

The significant outstanding balances of the above transactions during the six-month periods ended 30 June 2009 and 2008 are below shown at the average month end balance.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
<u>Subsidiary companies</u>				
Interbank and money market items (Assets)	-	-	3,084	1,561
Loans	-	-	2,167	837
Interbank and money market items (Liabilities)	-	-	1,154	9,861
Borrowings	-	-	257	98
<u>Associated company</u>				
Loans	238	35	-	-
Deposits	86	37	-	-
Borrowings	-	35	-	-
<u>Related companies</u>				
Interbank and money market items (Assets)	5,700	4,688	20	45
Loans	877	1,164	-	-
Deposits	1,209	1,411	-	-
Interbank and money market items (Liabilities)	1,090	438	-	4
Borrowings	181	667	-	-

The significant outstanding balances with subsidiaries, associated company or related parties as at 30 June 2009 and 31 December 2008 are separately shown as follows:

(Unit: Million Baht)

	Consolidated financial statements									
	30 June 2009									
	Assets				Liabilities					
	Interbank and money market items	Investments in debt securities	Loans and accrued interest receivable	Other assets	Deposits	Interbank and money market items	Borrowings	Accrued interest payable	Other liabilities	Commitments
Associated company										
MBK Plc.	-	-	-	10	29	-	-	-	4	65
Related companies										
Advanced Info										
Service Plc.	-	728	42	13	137	-	-	-	4	-
The Bank of Nova										
Scotia	1,604	-	-	1	-	1,710	-	1	3	952
Others	36	-	337	16	273	84	100	1	8	65
Total	1,640	728	379	40	439	1,794	100	2	19	1,082

(Unit: Million Baht)

Consolidated financial statements										
31 December 2008										
Assets					Liabilities					
Interbank and money market items	Investments in debt securities	Loans and accrued interest receivable	Other assets	Deposits	Interbank and money market items	Borrowings	Accrued interest payable	Other liabilities	Commitments	
Associated company										
MBK Plc.	-	-	-	10	65	-	-	-	6	64
Related companies										
Advanced Info										
Service Plc.	-	714	43	23	32	-	-	-	6	-
The Bank of Nova										
Scotia	7,754	-	-	3	-	8	-	-	4	1,229
Others	20	-	308	16	568	94	212	9	2	68
Total	7,774	714	351	52	665	102	212	9	18	1,361

(Unit: Million Baht)

Separate financial statements										
30 June 2009										
Assets					Liabilities					
Interbank and money market items	Investments in debt securities	Loans and accrued interest receivable	Other assets	Deposits	Interbank and money market items	Borrowings	Accrued interest payable	Other liabilities	Commitment	
Subsidiary companies										
Thanachart Bank Plc.	3,011	3,000	-	20	2	-	-	59	-	
Thanachart Securities Plc.	-	-	-	2	-	-	-	3	-	
National Leasing Co., Ltd.	-	-	-	-	-	-	-	14	-	
NFS Asset Management Co., Ltd.	-	-	2,275	2	-	-	-	1	-	
MAX Asset Management Co., Ltd.	-	-	-	1	-	-	-	-	-	
Thanachart Insurance Co., Ltd.	-	-	-	1	-	105	1	-	-	
Thanachart Life Assurance Co., Ltd.	-	-	-	-	-	137	1	-	-	
Associated company										
MBK Plc.	-	-	-	3	-	-	-	4	-	
Related companies										
Others	20	-	-	-	-	-	-	5	10	
Total	3,031	3,000	2,275	29	2	242	2	86	10	

(Unit: Million Baht)

	Separate financial statements								
	31 December 2008								
	Assets				Liabilities				
	Interbank and money market items	Investments in debt securities	Loans and accrued interest receivable	Other assets	Interbank and money market items	Borrowings	Accrued interest payable	Other liabilities	Commitment
Subsidiary companies									
Thanachart Bank Plc.	3,414	3,000	-	23	4,502	-	-	22	-
Thanachart Securities Plc.	-	-	-	2	-	-	-	9	-
National Leasing Co., Ltd.	-	-	112	-	-	-	-	9	-
NFS Asset Management Co., Ltd.	-	-	264	-	-	-	-	1	-
Thanachart Legal and Appraisal Co., Ltd.	-	-	10	-	-	-	-	-	-
Thanachart Insurance Co., Ltd.	-	-	-	1	-	123	1	-	-
Thanachart Life Assurance Co., Ltd.	-	-	-	-	-	137	1	-	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	5	-
Related companies									
Others	20	-	-	1	-	-	-	1	10
Total	3,434	3,000	386	30	4,502	260	2	47	10

As at 30 June 2009, the Company and its subsidiaries have investments amounting to approximately Baht 484 million (separate financial statements: Baht 242 million) in companies in which they are related by means of members of their management being shareholders and/or directors of those companies (31 December 2008: Baht 439 million in the consolidated financial statements and Baht 219 million in the separate financial statements).

The Company and its subsidiaries have related party transactions with executive employees of the Company and companies in Thanachart Group from department manager level up, including the related persons who together with these employees. The outstanding balances as at 30 June 2009 and 31 December 2008 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Loans	54	69	1	2
Deposits	535	496	-	-

Remunerations to key management personnel

During the six-month period ended 30 June 2009, the Company and its subsidiaries paid salaries, meeting allowance and gratuities to their key management personnel, including directors totaling Baht 140 million (separate financial statements: Baht 32 million) (2008: Baht 142 million in the consolidated financial statements and Baht 32 million in the separate financial statements).

34. Financial information by segment

Financial information presented in the consolidated financial statements as at 30 June 2009 and 31 December 2008 and for the three-month and six-month periods ended 30 June 2009 and 2008, is presented below by segment.

(Unit: Million Baht)

	For the three-month period ended 30 June 2009								
	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	854	2,441	62	38	99	22	41	(1,117)	2,440
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	65	65
Non-interest income	193	641	196	421	2,048	691	132	(278)	4,044
Non-interest expenses	(134)	(2,193)	(46)	(262)	(1,991)	(575)	(97)	272	(5,026)
Corporate income tax	(49)	(176)	(71)	(49)	(38)	(30)	(25)	-	(438)
Net income	864	713	141	148	118	108	51	(1,058)	1,085

(Unit: Million Baht)

	For the three-month period ended 30 June 2008								
	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	845	1,819	10	51	91	28	56	(902)	1,998
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	62	62
Non-interest income	132	582	171	377	1,357	634	156	(229)	3,180
Non-interest expenses	(179)	(1,869)	(30)	(262)	(1,200)	(623)	(96)	283	(3,976)
Corporate income tax	(73)	40	(60)	(46)	(74)	(30)	(51)	-	(294)
Net income	725	572	91	120	174	9	65	(786)	970

(Unit: Million Baht)

For the six-month period ended 30 June 2009

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	966	4,287	62	39	180	39	55	(1,190)	4,438
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	146	146
Non-interest income	3,422	1,374	296	646	3,579	1,392	256	(782)	10,183
Non-interest expenses	(278)	(4,316)	(76)	(486)	(3,517)	(1,313)	(203)	550	(9,639)
Corporate income tax	(984)	(332)	(99)	(59)	(56)	(54)	(57)	-	(1,641)
Net income	3,126	1,013	183	140	186	64	51	(1,276)	3,487

(Unit: Million Baht)

For the six-month period ended 30 June 2008

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	1,155	3,545	9	76	160	46	149	(944)	4,196
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	133	133
Non-interest income	370	1,278	276	716	2,660	1,226	321	(537)	6,310
Non-interest expenses	(345)	(3,469)	(52)	(511)	(2,407)	(1,231)	(230)	592	(7,653)
Corporate income tax	(184)	(144)	(90)	(80)	(124)	(54)	(85)	-	(761)
Net income	996	1,210	143	201	289	(13)	155	(756)	2,225

(Unit: Million Baht)

As at 30 June 2009

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Interbank and money market items - Net	4,566	53,033	252	447	1,765	544	366	(5,050)	55,923
Investments - Net	24,426	30,074	757	733	9,455	2,246	861	(21,268)	47,284
Loans and accrued interest receivable - Net	5,430	262,849	1,647	2,289	3	-	4,580	(6,867)	269,931
Property, premises and equipment - Net	209	2,055	2	85	155	32	15	-	2,553
Other assets	2,772	7,495	3,283	825	836	511	333	(322)	15,733
Total assets	37,403	355,506	5,941	4,379	12,214	3,333	6,155	(33,507)	391,424

(Unit: Million Baht)

As at 31 December 2008

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Interbank and money market items - Net	3,478	63,691	270	626	2,838	477	467	(6,057)	65,790
Investments - Net	26,124	26,586	2,147	701	5,787	2,037	841	(24,838)	39,385
Loans and accrued interest receivable - Net	7,325	266,843	1,993	1,810	2	-	5,269	(13,476)	269,766
Property, premises and equipment - Net	209	2,015	2	107	139	34	16	-	2,522
Other assets	2,788	9,176	3,372	175	285	650	480	(253)	16,673
Total assets	39,924	368,311	7,784	3,419	9,051	3,198	7,073	(44,624)	394,136

35. Commitments and contingent liabilities

As at 30 June 2009 and 31 December 2008, the significant commitments and contingent liabilities consisted of the following:

35.1

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2009			31 December 2008		
	Foreign		Total	Foreign		Total
Baht	currencies	Baht		currencies		
Avals to bills and guarantees of loans	155	-	155	128	-	128
Liabilities under unmatured import bills	1	103	104	69	374	443
Letters of credit	27	1,012	1,039	1	663	664
Other commitments						
Interest rate swap contracts						
Bought contracts	14,370	170	14,540	16,270	-	16,270
Sold contracts	14,370	170	14,540	16,270	-	16,270
Forward foreign exchange contracts						
Bought contracts	-	9,201	9,201	-	8,519	8,519
Sold contracts	-	43,370	43,370	-	36,161	36,161
Cross currency and interest rate swap contracts						
Bought contracts	-	5,035	5,035	-	5,169	5,169
Sold contracts	-	5,854	5,854	-	4,846	4,846
Committed but not drawn down overdraft	4,738	-	4,738	4,164	-	4,164
Others	3,850	34	3,884	3,083	34	3,117
Total	37,511	64,949	102,460	39,985	55,766	95,751

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	Foreign		Total	Foreign		Total
Baht	currencies	Baht		currencies		
Guarantees of loans	10	-	10	10	-	10
Other commitments						
Interest rate swap contracts						
Bough contracts	4,000	-	4,000	4,000	-	4,000
Sold contracts	4,000	-	4,000	4,000	-	4,000
Others	1	-	1	1	-	1
Total	8,011	-	8,011	8,011	-	8,011

35.2 During the years 2001 to 2003, the Company and its subsidiaries entered into agreements to sell loans with transfer prices totaling approximately Baht 3,409 million to the Thai Asset Management Corporation (“TAMC”) (separate financial statements: Baht 584 million). The Company and its subsidiaries are still jointly entitled to/liable for a share of the gains or losses arising from TAMC’s management of these non-performing assets, which is to be calculated at the end of fifth and tenth years, counting from 1 July 2001. In case of losses, the Company and its subsidiaries are liable for all initial losses up to 20 percent of the transfer price, with the next 20 percent of such losses are to be shared equally between the Company or its subsidiaries and TAMC. TAMC is liable for all remaining losses. Such gains or losses will be determined based on the cumulative value of the collections made on the assets as at the date of determination, minus transfer costs and all operating expenses of TAMC, including interest on the debt instruments issued to purchase the receivables. The gain or loss cannot be reliably estimated by the Company and its subsidiaries at this stage. However, as at 30 June 2009, the Company and its subsidiaries have estimated their share of the losses which may arise from the management of non-performing assets at approximately Baht 557 million (separate financial statements: Baht 183 million). This is presented as a part of the allowance for impairment of investment in promissory notes (31 December 2008: Baht 557 million and Baht 183 million, respectively).

35.3 The Company and a subsidiary company have entered into agreements to sell housing loans/transfer rights of claim in housing debts to the Secondary Mortgage Corporation, under which they are committed to compensate the Corporation for losses from uncollected debts up to a maximum of 20 percent of the selling price of the said receivables. As at 30 June 2009, the maximum commitment is approximately Baht 4 million in the consolidated financial statements and Baht 1 million in the separate financial statements.

35.4 As at 30 June 2009, the Company and its subsidiaries have obligations to pay service fees related to property foreclosed and other services including long-term rental and office services agreements, as follows:

(Unit: Million Baht)

Year	Consolidated	Separate financial statements	
	financial statements	Other companies	Subsidiaries
	Other companies		
2009	307	22	2
2010	372	6	4
2011 onward	570	29	10

The Company also has commitments under support service agreement with a subsidiary company which the contract had expired on 31 December 2008. However, subsequent to the present, the Company still to be received such services and in the process of drawing up a new service agreement. Moreover, the Company has an obligation to pay an administrative service fee to another subsidiary company at actual cost plus margin based on the period in the agreement.

35.5 As at 30 June 2009, a subsidiary company has commitments under a research support and distribution services agreement made with an overseas company, whereby it must pay service charges on quarterly basis at the rate specified in the agreement. The agreement will expire on 30 September 2009

35.6 Under the agreements among the Company, the Bank and BNSAL (on 11 January 2008, BNSAL transferred rights and obligations under the agreements to BNS), the Company and the Bank have to disclose information relating to business, business performance, operations and legal compliance of the Bank and the Bank's subsidiaries, and certify the correctness of the disclosed information, to assist in deciding whether to purchase shares in the Bank. In the event that the Bank or its subsidiaries have to pay any damages, compensation or penalties to any other parties as a result of events or information which the Company and the Bank failed to disclose to BNS before it purchases shares, the Company and the Bank will jointly compensate BNS for its losses in accordance with the principles stipulated in the agreements, but not beyond the prescribed period stipulated by Thai laws for each damages claim.

In addition, under the Shareholders' Agreement between the Company and BNS there are mutual agreements whereby the Company and its subsidiaries and BNS have certain stipulated rights and obligations per the conditions therein, with no expiry date on such obligations. However, the management of the Company and the Bank believe that the Company, the Bank and the Bank's subsidiaries operate their businesses under adequate supervision and therefore no material losses will result which would significantly affect the Company, the Bank and its subsidiaries financial positions.

36. Litigation

As at 30 June 2009, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 1,387 million as a result of litigation (separate financial statements: Baht 842 million). The cases are not yet finalised. However, the Company and its subsidiaries' management believe that no losses will result and therefore no liabilities are currently recorded.

37. Bank guarantee

As at 30 June 2009, there are outstanding bank guarantees of approximately Baht 6 million (separate financial statements: Baht 6 million) issued by banks on behalf of the Company and its subsidiaries as guarantees for the use of electricity and the rental of land.

38. Financial instruments

Financial instruments are any contracts which give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

38.1 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 and its subsidiaries. The maximum exposure to credit risk is the carrying amount of financial assets less provision for losses as stated in the balance sheet and off-balance sheet aval, guarantees of loans, other guarantees and derivative contracts.

The Company and its subsidiaries manage credit risk by means of careful consideration during the credit approval process, with analysis of risk factors and of the customers' ability to service debt, and a credit review process which examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future.

38.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company and its subsidiaries' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity position risk.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

The Company and its subsidiaries manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels. Such management is under the supervision of the Asset and Liability Management Committee.

As at 30 June 2009 and 31 December 2008, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Consolidated financial statements								
Outstanding balances of financial instruments								
30 June 2009				31 December 2008				
Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	
Financial assets								
Cash	-	-	2,598	2,598	-	-	4,018	4,018
Interbank and money market items	752	52,572	2,567	55,891	322	60,876	4,441	65,639
Investments	2,180	35,631	10,223	48,034	2,318	33,214	6,238	41,770
Receivables from clearing house	-	-	690	690	-	-	50	50
Loans (include intercompany gain on loan transferred) ⁽¹⁾	44,004	234,823	2,865	281,692	41,831	235,826	2,038	279,695
Financial liabilities								
Deposits	93,516	159,310	520	253,346	76,102	193,065	563	269,730
Interbank and money market items	11,198	12,776	770	24,744	5,332	1,347	614	7,293
Payables from clearing house	-	-	-	-	-	-	295	295
Securities business payable	-	-	2,061	2,061	-	-	855	855
Liabilities payable on demand	-	-	1,363	1,363	-	-	1,317	1,317
Borrowings	-	48,973	-	48,973	-	65,463	-	65,463

⁽¹⁾ The outstanding balances of loans which have floating interest rates or fixed interest rate include loans on which interest recognition has been ceased.

(Unit: Million Baht)

Separate financial statements								
Outstanding balances of financial instruments								
30 June 2009				31 December 2008				
Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	
Financial assets								
Interbank and money market items	470	4,000	92	4,562	116	3,250	111	3,477
Investments	1,168	3,386	19,636	24,190	1,227	6,417	19,312	26,956
Loans ⁽¹⁾	129	6,433	89	6,651	136	8,413	79	8,628
Financial liabilities								
Interbank and money market items	2	-	-	2	2	4,500	-	4,502
Borrowings	-	8,850	-	8,850	-	10,944	-	10,944

⁽¹⁾ The outstanding balances of loans which have floating interest rates or fixed interest rate include loans on which interest recognition has been ceased.

With respect to financial instruments that carry fixed interest rates, the periods from the balance sheet date to the repricing or maturity date (whichever is the earlier) are presented below.

(Unit: Million Baht)

Consolidated financial statements							
30 June 2009							
Transactions	Repricing or maturity date					Total	Weighted average interest rates Percentage
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market							
items	4	32,932	19,636	-	-	52,572	1.14 - 2.40
Investments	-	6,876	9,354	17,882	1,519	35,631	2.31 - 4.16
Loans (include intercompany gain on loan transferred)							
	1,758	4,417	13,466	178,488	36,694	234,823	5.59 - 9.99
Financial liabilities							
Deposits							
	-	56,999	87,597	14,714	-	159,310	1.97
Interbank and money market							
items	-	11,105	1,634	37	-	12,776	1.30
Borrowings	7	17,193	22,343	9,430	-	48,973	2.97 - 3.99

(Unit: Million Baht)

Consolidated financial statements							
31 December 2008							
Transactions	Repricing or maturity date					Total	Weighted average interest rates Percentage
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market							
items	129	60,547	200	-	-	60,876	2.59 - 3.89
Investments	-	8,797	8,932	13,887	1,598	33,214	2.23 - 4.59
Loans (include intercompany gain on loan transferred)							
	1,677	6,667	14,663	170,655	42,164	235,826	6.61 - 9.99
Financial liabilities							
Deposits							
	4	9	85,420	42	-	193,065	3.49
Interbank and money market							
items	50	1,060	237	-	-	1,347	3.56
Borrowings	2	37,456	9,194	18,811	-	65,463	3.71 - 4.03

(Unit: Million Baht)

Separate financial statements							
30 June 2009							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percentage
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	4,000	-	-	-	4,000	1.18
Investments	-	351	35	3,000	-	3,386	5.63
Loans	3,080	156	2,311	886	-	6,433	5.59
Financial liabilities							
Borrowings	-	761	6,589	1,500	-	8,850	3.99

(Unit: Million Baht)

Separate financial statements							
31 December 2008							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percentage
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	3,250	-	-	-	3,250	2.13
Investments	-	3,417	-	3,000	-	6,417	4.08
Loans	1,184	337	2,424	4,468	-	8,413	6.61
Financial liabilities							
Interbank and money market items	4,500	-	-	-	-	4,500	4.06
Borrowings	-	2,426	518	8,000	-	10,944	4.03

In addition, the Company and its subsidiaries have interest bearing financial assets and financial liabilities. The monthly average balance of performing financial assets and liabilities of the Company and its subsidiaries for the six-month periods ended 30 June 2009 and 2008, and the average rate of interest income and expense, can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	For the six-month period ended 30 June 2009			For the six-month period ended 30 June 2008		
	Average balances	Interest and dividend	Average rate	Average balances	Interest and dividend	Average rate
<u>Interest bearings financial assets</u>						
Interbank and money market						
items	64,459	658	2.04	41,458	728	3.51
Securities purchased under						
resale agreements	-	-	-	1,929	31	3.23
Investments	40,468	789	3.90	29,932	527	3.52
Loans/hire purchase and finance						
lease	265,114	9,554	7.21	238,736	8,973	7.52
<u>Interest bearings financial liabilities</u>						
Deposits	270,379	2,959	2.19	212,523	3,079	2.90
Interbank and money market						
items	11,318	45	0.80	6,665	80	2.41
Borrowings	52,477	937	3.57	63,673	1,156	3.63

(Unit: Million Baht)

	Separate financial statements					
	For the six-month period ended 30 June 2009			For the six-month period ended 30 June 2008		
	Average balances	Interest and dividend	Average rate	Average balances	Interest and dividend	Average rate
<u>Interest bearings financial assets</u>						
Interbank and money market						
items	4,202	34	1.64	1,521	30	3.90
Investments	23,846	845	7.09	23,406	724	6.19
Loans/hire purchase and finance						
lease	7,170	217	6.05	18,092	639	7.07
<u>Interest bearings financial liabilities</u>						
Interbank and money market						
items	1,154	16	2.67	9,862	197	4.01
Borrowings	9,970	196	3.93	10,797	182	3.37

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in exchange rate will result in changes in the values of financial instruments or fluctuations in revenues or in the values of financial assets or financial liabilities.

Because the subsidiary company has transactions in foreign currency, it is exposure to foreign exchange risk. However, the subsidiary company has a policy to hedge its foreign currency risk by means of managing net foreign currency under the risk management approved by the Board of Directors of the subsidiary company which strictly comply with the Bank of Thailand's regulation.

The status of the subsidiaries' foreign currency balances in the consolidated financial statements as at 30 June 2009 and 31 December 2008 are as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	Outstanding balances of financial instruments							
	30 June 2009				31 December 2008			
	US dollar	Euro	Yen	Others	US dollar	Euro	Yen	Others
<u>Foreign currency - in balance sheets</u>								
Cash	26	14	4	24	50	98	88	36
Interbank and money market items	28,598	19	7	60	20,658	98	65	47
Investments	3,134	-	-	3,983	699	-	-	4,148
Loans	1,379	25	-	-	955	68	-	-
Other assets	24	-	-	12	8	-	-	12
Total assets	33,161	58	11	4,079	22,370	264	153	4,243
Deposits	52	1	-	43	65	-	-	5
Interbank and money market items	2,042	-	-	-	-	-	-	-
Total Liabilities	2,094	1	-	43	65	-	-	5
Net foreign currency in balance sheets	31,067	57	11	4,036	22,305	264	153	4,238
<u>Foreign currency - off balance sheets</u>								
Liabilities under unmatured import bills	27	-	76	-	291	-	83	-
Letters of credit	758	254	-	-	472	165	-	26
Interest rate swap contract								
- Bought contracts	170	-	-	-	-	-	-	-
- Sold contracts	170	-	-	-	-	-	-	-
Foreign exchange contracts								
- Bought contracts	7,572	1,207	361	61	8,393	10	27	89
- Sold contracts	41,400	1,309	419	242	35,239	398	281	243
Cross currency interest rate swap contracts								
- Bought contracts	5,035	-	-	-	5,169	-	-	-
- Sold contracts	1,871	-	-	3,983	699	-	-	4,147
Others	34	-	-	-	34	-	-	-

c) Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities will result in fluctuations in revenues and in the values of financial assets.

38.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

The Company and its subsidiaries manage liquidity risk by mean of appropriate structuring of short-term and long-term sources of capital. In addition, a subsidiary company engaged in commercial banking business has a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements.

Counting from the balance sheet date, the periods to maturity of financial instruments held as at 30 June 2009 and 31 December 2008 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements									
	30 June 2009					31 December 2008				
	At call	Less than 1 year	Over 1 year	Unspecified	Total	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets										
Cash	2,598	-	-	-	2,598	4,018	-	-	-	4,018
Interbank and money market items	3,303	52,568	20	-	55,891	5,172	60,447	20	-	65,639
Investments	2,180	12,702	22,965	10,187	48,034	2,318	11,778	21,476	6,198	41,770
Receivables to clearing house	-	690	-	-	690	-	50	-	-	50
Loans ⁽¹⁾	14,869	85,996	180,827	-	281,692	15,951	83,090	180,654	-	279,695
Financial liabilities										
Deposits	90,304	146,484	16,558	-	253,346	73,475	194,841	1,414	-	269,730
Interbank and money market items	11,968	12,739	37	-	24,744	5,996	1,297	-	-	7,293
Payables to clearing house	-	-	-	-	-	-	295	-	-	295
Securities business payable	-	2,061	-	-	2,061	-	855	-	-	855
Liabilities payable on demand	1,363	-	-	-	1,363	1,317	-	-	-	1,317
Borrowings	7	39,536	9,430	-	48,973	2	46,650	18,811	-	65,463
Off-balance sheet items										
Avals to bills and guarantee of loans	11	51	93	-	155	10	106	12	-	128
Liability under unmatured import bills	1	27	76	-	104	-	360	83	-	443
Letters of credit	2	1,037	-	-	1,039	48	616	-	-	664
Other commitments	4,906	86,452	7,905	1,899	101,162	4,311	51,611	37,533	1,061	94,516

(1) The outstanding balance of loans includes intercompany gain on loan transferred. Call loans include loans on which interest recognition has been ceased.

Separate financial statements

Transactions	30 June 2009					31 December 2008				
	At call	Less than	Over	Unspecified	Total	At call	Less than	Over	Unspecified	Total
		1 year	1 year				1 year	1 year		
Financial assets										
Interbank and money										
market items	542	4,000	20	-	4,562	207	3,250	20	-	3,477
Investments	1,168	35	3,351	19,636	24,190	1,227	2,999	3,418	19,312	26,956
Loans ⁽¹⁾	3,454	2,837	360	-	6,651	1,693	5,573	1,362	-	8,628
Financial liabilities										
Interbank and money										
market items	2	-	-	-	2	4,502	-	-	-	4,502
Borrowings	-	7,350	1,500	-	8,850	-	2,944	8,000	-	10,944
Off-balance sheet items										
Avals to bills and										
guarantee of loans	10	-	-	-	10	10	-	-	-	10
Other commitments	1	8,000	-	-	8,001	1	-	8,000	-	8,001

(1) Call loans include loans on which interest recognition has been ceased.

38.4 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. The Company and its subsidiaries have estimated the fair value of financial instruments as follows:

a) Financial assets

The method used for determining the fair value depends upon the characteristics of the financial instruments. The fair values of most financial assets, including cash, interbank and money market items, receivables from clearing house, loans and investments in receivables are considered to approximate their respective carrying values since the financial instruments are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions and which are traded on an active and liquid market, such as investments, have their fair values determined based on the quoted market price.

b) Financial liabilities

The fair values of financial liabilities, including deposits, interbank and money market items, payable to clearing house, securities business payable, borrowings and liabilities payable on demand, are considered to approximate their respective carrying values for the same reason as described above.

As at 30 June 2009 and 31 December 2008, there are no material differences between the book values of financial instruments and their fair values.

38.5 Financial derivatives

The Company and its subsidiaries engage in financial derivatives activities as required in the normal course of their business to manage risk. The subsidiaries are engaged in other financial derivatives activities to meet their clients' needs. These financial derivatives include forward foreign currency contracts, cross currency contracts and interest rate swap contracts.

The Company and its subsidiaries have a policy to hedge the risk limits by which they require risk reporting and control procedures for the various types of risk, as a control over financial derivative activities. The Company and its subsidiaries manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process that is used when granting loans to a customer is adopted for financial derivative customers, so that the Company and its subsidiaries are able to maintain risk at acceptable levels.

As at 30 June 2009 and 31 December 2008, financial derivatives to which the Company and its subsidiaries are a party can be classified by period to maturity as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2009			31 December 2008		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought contracts	9,201	-	9,201	8,519	-	8,519
- Sold contracts	43,370	-	43,370	36,161	-	36,161
Cross currency interest rate swap contracts						
- Bought contracts	5,035	-	5,035	-	5,169	5,169
- Sold contracts	4,153	1,701	5,854	524	4,322	4,846
Interest rate swap contracts						
- Fixed interest rate payment	11,570	2,170	13,740	950	13,070	14,020
- Floating interest rate payment	-	800	800	1,450	800	2,250
- Fixed interest rate receipt	-	800	800	1,450	800	2,250
- Floating interest rate receipt	11,570	2,170	13,740	950	13,070	14,020

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Interest rate swap contracts						
- Fixed interest rate payment	4,000	-	4,000	-	4,000	4,000
- Floating interest rate receipt	4,000	-	4,000	-	4,000	4,000

39. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 25 August 2009.