

CIMB THAI Bank Public Company Limited and
its subsidiaries
(Formerly known as “BankThai Public Company Limited”)
Report and interim financial statements
30 June 2009

Report of Independent Auditor

To the Shareholders of CIMB THAI Bank Public Company Limited
(Formerly known as “BankThai Public Company Limited”)

I have audited the accompanying consolidated balance sheet of CIMB THAI Bank Public Company Limited and its subsidiaries as at 30 June 2009, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the six-month period then ended, and the separate financial statements of CIMB THAI Bank Public Company Limited for the same period. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

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

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

Without qualifying my opinion on the aforementioned financial statements, I draw attention to matter as discussed in Note 35 to the financial statements. The Bank has obligations in respect of the gain/loss sharing which may occur in the future as a result of the transfer of non-performing loans to TAMC and the outstanding issues, with respect to the requisition of original ownership documents among others, that may result in adjustments to the transfer price and related interest, and which are being examined and concluded by the Bank and TAMC.

I have also reviewed the consolidated and the separate income statement for the three-month period ended 30 June 2009. I conducted my review in accordance with the auditing standard applicable to review engagements which provides less assurance than an audit conducted in accordance with generally accepted audit standards. Based on my review, 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, and I draw attention to the matters described in the preceding paragraphs.

I have previously audited the consolidated financial statements of CIMB THAI Bank Public Company Limited and its subsidiaries and the separate financial statements of CIMB THAI Bank Public Company Limited for the year ended 31 December 2008 in accordance with generally accepted auditing standards. Under my report dated 20 February 2009, I expressed a qualified audit opinion on those statements in respect of the possible effect to the financial statements of the non-compliance with capital funds maintenance provisions (however, on 23 March 2009, the Bank received payment of additional capital funds, which brought the Bank's capital funds to risk asset ratio above the minimum level required by law). In addition, I drew attention to (1) the uncertainty of the outcome of the credit crisis in the United States which could effect the financial statements (2) CDO sales during the year (3) the gain/loss sharing which may occur in the future as a result of the transfer of non-performing loans to TAMC and the outstanding issues with respect to the requisition of original ownership documents, among others which may effect the transfer price and related interest. The consolidated and separate balance sheet as at 31 December 2008, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on.

The consolidated statements of income, changes in shareholders' equity and cash flows for the six-month period ended 30 June 2008 of CIMB THAI Bank Public Company Limited and its subsidiaries and the separate financial statements of CIMB THAI Bank Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which I audited. Under my report dated 28 August 2008, I expressed a qualified audit opinion on those statements in respect of the possible effect to the financial statements of the non-compliance with capital fund maintenance provisions (however, on 23 March 2009, the Bank received payment of additional capital funds, which brought the Bank's capital funds to risk asset ratio above the minimum level required by law). In addition, I drew attention to (1) CDO sales, (2) the gain/loss sharing which may occur in the future as a result of the transfer of non-performing loans to TAMC and outstanding issues.

The consolidated statements of income of CIMB THAI Bank Public Company Limited and its subsidiaries, and the separate statements of income of CIMB THAI Bank Public Company Limited for the three-month period ended 30 June 2008, as presented herein for comparative purposes, formed an integral part of the interim financial statements which I reviewed. Under my review report dated 28 August 2008, I issued a qualified review report on those statements in respect to the possible effect to the financial statements of the non-compliance with capital fund maintenance provisions (however, on 23 March 2009, the Bank received payment of additional capital funds, which brought the Bank's capital funds to risk asset ratio above the minimum level required by law). In addition, I drew attention to the matters discussed in the preceding paragraph.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 27 August 2009

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Balance sheets

As at 30 June 2009 and 31 December 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008
Assets					
Cash		2,539,411,662	4,631,710,995	2,537,847,222	4,630,351,485
Interbank and money market items	6				
Domestic items					
Interest bearing		24,588,286,270	33,653,566,976	24,196,418,597	33,327,564,051
Non-interest bearing		1,767,564,934	8,919,265,398	1,680,797,088	8,879,088,442
Foreign items					
Interest bearing		463,522,277	21,561,883	463,522,277	21,561,883
Non-interest bearing		33,196,010	772,752,340	33,196,010	772,752,340
Interbank and money market items - net		26,852,569,491	43,367,146,597	26,373,933,972	43,000,966,716
Investments	7				
Short-term investments - net		10,350,153,966	4,761,189,435	10,186,274,656	4,633,261,003
Long-term investments - net		15,032,155,200	40,660,166,639	14,871,213,962	40,251,593,231
Investments in subsidiaries and associates - net		205,453,938	98,832,738	1,438,637,903	1,343,637,904
Investments - net		25,587,763,104	45,520,188,812	26,496,126,521	46,228,492,138
Loans and accrued interest receivables	8				
Loans		84,119,542,595	92,260,538,869	79,589,067,631	87,553,426,943
Accrued interest receivables		344,620,238	388,790,254	282,313,167	325,979,415
Total loans and accrued interest receivables		84,464,162,833	92,649,329,123	79,871,380,798	87,879,406,358
Less: Allowance for doubtful debts	9	(8,910,539,780)	(8,972,756,197)	(5,191,376,001)	(5,249,480,640)
Revaluation allowance for debt restructuring	10	(21,200,198)	(19,682,248)	(21,200,198)	(19,682,248)
Loans and accrued interest receivables - net		75,532,422,855	83,656,890,678	74,658,804,599	82,610,243,470
Properties foreclosed - net	11	2,435,193,761	2,482,628,787	2,244,879,174	2,277,162,845
Customers' liability under acceptance		116,372,074	162,591,674	116,372,074	162,591,674
Premises and equipment - net	12	3,773,564,569	3,863,325,540	3,707,005,728	3,787,788,276
Accounts receivable from sale of investments	7.1 (d)	10,461,681,340	24,144,587,004	10,461,681,340	24,144,587,004
Intangible assets	13	566,469,489	550,713,110	547,486,574	531,837,400
Other assets	14	2,851,428,243	3,996,850,889	2,572,617,375	3,671,326,759
Total assets		150,716,876,588	212,376,634,086	149,716,754,579	211,045,347,767

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

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Balance sheets (continued)

As at 30 June 2009 and 31 December 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008
Liabilities and shareholders' equity					
Deposits	15				
Deposits in Baht		116,693,023,876	159,528,185,999	117,025,721,053	159,805,073,275
Deposits in foreign currencies		369,516,358	200,501,977	369,516,358	200,501,977
Total deposits		117,062,540,234	159,728,687,976	117,395,237,411	160,005,575,252
Interbank and money market items	16				
Domestic items					
Interest bearing		3,389,169,151	8,349,284,983	3,334,329,199	8,082,691,757
Non-interest bearing		59,028,974	73,170,159	61,364,634	75,696,021
Foreign items					
Interest bearing		1,319,713,661	1,819,758,649	1,319,713,661	1,819,758,649
Non-interest bearing		78,079,316	7,535,838	78,079,316	7,535,838
Total interbank and money market items		4,845,991,102	10,249,749,629	4,793,486,810	9,985,682,265
Liability payable on demand		371,474,266	188,351,817	371,474,266	188,351,817
Borrowings	17				
Short-term borrowings		544,502,520	3,924,193,417	544,502,520	3,453,201,520
Long-term borrowings		5,562,637,000	3,144,937,500	5,562,637,000	3,144,937,500
Total borrowings		6,107,139,520	7,069,130,917	6,107,139,520	6,598,139,020
Bank's liability under acceptance		116,372,074	162,591,674	116,372,074	162,591,674
Accrued interest expenses		462,797,259	679,008,006	465,062,978	666,990,379
Accounts payable for purchases of investments	7.1 (d)	10,382,026,405	24,191,832,049	10,382,026,405	24,191,832,049
Provisions - Pension benefits to employees		519,185,068	493,076,822	519,185,068	493,076,822
Other liabilities	18	3,477,400,258	4,478,970,458	2,614,332,490	3,718,235,837
Total liabilities		143,344,926,186	207,241,399,348	142,764,317,022	206,010,475,115

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

CIMB THAI BANK Public Company Limited and its subsidiaries
(Formerly known as "BankThai Public Company Limited")

Balance sheets (continued)

As at 30 June 2009 and 31 December 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital 19					
Registered					
13,349,401,164 ordinary shares of Baht 0.50 each		<u>6,674,700,582</u>		<u>6,674,700,582</u>	
13,349,401,164 ordinary shares of Baht 3.75 each			<u>50,060,254,365</u>		<u>50,060,254,365</u>
Issued and paid-up share capital					
13,349,401,164 ordinary shares of Baht 0.50 each (31 December 2008 : 6,674,700,582 ordinary shares of Baht 3.75 each)		6,674,700,582	25,030,127,183	6,674,700,582	25,030,127,183
Share discount		-	(10,606,987,712)	-	(10,606,987,712)
Unrealised gain (loss)					
Revaluation surplus on assets	21	739,150,958	748,814,825	739,150,958	748,814,825
Revaluation surplus (deficit) on change in value of investments	22	(1,031,564)	54,637,646	(7,534,806)	55,777,090
Retained earnings (deficit)					
Appropriated - statutory reserve	23	-	6,053,484	-	6,053,484
Deficit		(104,981,451)	(9,704,736,373)	(453,879,177)	(10,198,912,218)
Treasury stocks 20					
124,589,637 shares held by subsidiaries		-	(460,381,158)	-	-
Equity attributable to the Bank's shareholders		7,307,838,525	5,067,527,895	6,952,437,557	5,034,872,652
Minority interest - equity attributable to minority shareholders of subsidiaries		<u>64,111,877</u>	<u>67,706,843</u>	-	-
Total shareholders' equity		<u>7,371,950,402</u>	<u>5,135,234,738</u>	<u>6,952,437,557</u>	<u>5,034,872,652</u>
Total liabilities and shareholders' equity		<u>150,716,876,588</u>	<u>212,376,634,086</u>	<u>149,716,754,579</u>	<u>211,045,347,767</u>
Off-balance sheet items - commitments 31					
Aval to bills and guarantees of loans		667,814,510	656,553,773	867,814,510	966,893,876
Liability under unmatured import bills		236,178,159	438,400,602	236,178,159	438,400,602
Letter of credits		1,449,497,077	1,335,783,769	1,449,497,077	1,335,783,769
Other commitments		146,899,483,289	216,412,132,718	146,899,547,289	216,412,196,718

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

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Directors
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CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Income statements

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

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(Unit: Baht)			
Interest and dividend income					
Loans		1,345,175,220	1,721,767,225	1,369,263,764	1,756,408,722
Interbank and money market items		124,318,847	189,172,643	119,448,072	182,993,670
Hire purchase and finance lease income		148,802,672	157,924,075	-	-
Investments		359,339,277	724,666,080	356,388,331	897,733,149
Total interest and dividend income		1,977,636,016	2,793,530,023	1,845,100,167	2,837,135,541
Interest expenses					
Deposits		678,906,696	1,141,055,736	679,787,012	1,141,790,579
Interbank and money market items		46,899,936	51,077,925	44,305,856	42,473,059
Short-term borrowings		336,049	39,683,994	242,759	29,763,411
Long-term borrowings		87,263,949	108,507,425	87,263,949	108,507,425
Total interest expenses		813,406,630	1,340,325,080	811,599,576	1,322,534,474
Net interest and dividend income		1,164,229,386	1,453,204,943	1,033,500,591	1,514,601,067
Bad debt and doubtful accounts		(652,938,975)	(709,184,332)	(650,000,000)	(617,000,000)
Net interest and dividend income after bad debt and doubtful accounts		511,290,411	744,020,611	383,500,591	897,601,067
Non-interest income					
Gains (losses) on investments	25	285,395,436	386,697,649	256,623,915	(613,662,092)
Gains on sales of non-performing loans		950,940	142,471,437	-	-
Fees and charges					
Acceptances, aval and guarantees		17,003,822	28,667,034	17,003,822	28,667,034
Others		193,144,610	224,566,842	128,270,867	162,059,152
Gains on exchange/derivatives		28,525,948	46,384,103	28,470,214	46,384,103
Gains on properties foreclosed		-	-	1,412,305	10,884,212
Premium written		64,842,304	64,084,372	-	-
Other income		41,903,469	6,314,730	18,323,091	14,767,172
Total non-interest income (losses)		631,766,529	899,186,167	450,104,214	(350,900,419)

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

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Income statements (continued)

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

		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
Non-interest expenses					
Personnel expenses		546,145,807	561,838,902	444,473,200	461,777,825
Contribution fee to the Deposit Protection Agency/ the Financial Institutions Development Fund		156,541,890	171,443,498	156,541,890	171,443,498
Losses on properties foreclosed		32,182,069	16,878,033	-	-
Premises and equipment expenses		334,818,314	353,776,222	295,852,034	335,190,650
Taxes and duties		63,393,742	32,386,157	62,065,110	29,115,801
Share of losses from investments in associated companies		-	3,643,958	-	-
Fees and charges		118,339,808	138,301,457	89,445,221	109,889,408
Directors' remuneration		3,683,000	6,939,000	2,456,000	5,508,000
Reserve for off-balance sheet items		71,000,000	65,000,000	71,000,000	65,000,000
Other expenses		46,404,132	135,251,145	(876,995)	80,015,490
Total non-interest expenses		1,372,508,762	1,485,458,372	1,120,956,460	1,257,940,672
Income (loss) before corporate income tax		(229,451,822)	157,748,406	(287,351,655)	(711,240,024)
Corporate income tax	26	(17,130,640)	(52,284,145)	-	-
Net income (loss) for the period		(246,582,462)	105,464,261	(287,351,655)	(711,240,024)
Net income (loss) attributable to:					
Equity holders of the Bank		(245,530,779)	104,108,372	(287,351,655)	(711,240,024)
Minority interests of the subsidiaries		(1,051,683)	1,355,889		
		<u>(246,582,462)</u>	<u>105,464,261</u>		
Earnings (loss) per share					
29					
Basic earnings (loss) per share (Baht per share)					
Net income (loss) attributable to equity holders of the Bank		(0.02)	0.02	(0.02)	(0.11)
Weighted average number of ordinary shares (shares)		<u>13,349,401,164</u>	<u>6,550,110,945</u>	<u>13,349,401,164</u>	<u>6,674,700,582</u>

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

Directors

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Income statements

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

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Interest and dividend income					
Loans		2,855,163,130	3,471,594,840	2,904,271,915	3,556,774,932
Interbank and money market items		336,408,100	313,309,623	326,358,802	301,567,016
Hire purchase and finance lease income		301,490,188	314,205,218	-	-
Investments		818,887,642	1,848,897,884	809,095,094	1,989,233,157
Total interest and dividend income		4,311,949,060	5,948,007,565	4,039,725,811	5,847,575,105
Interest expenses					
Deposits		1,808,557,807	2,340,356,583	1,809,483,978	2,341,220,804
Interbank and money market items		98,419,743	96,416,693	90,213,620	78,511,250
Short-term borrowings		5,993,940	64,197,123	5,364,701	47,488,560
Long-term borrowings		148,245,585	145,335,961	148,245,585	145,335,961
Total interest expenses		2,061,217,075	2,646,306,360	2,053,307,884	2,612,556,575
Net interest and dividend income		2,250,731,985	3,301,701,205	1,986,417,927	3,235,018,530
Bad debt and doubtful accounts		(944,550,712)	(1,282,838,418)	(938,000,000)	(1,188,000,000)
Net interest and dividend income after bad debt and doubtful accounts		1,306,181,273	2,018,862,787	1,048,417,927	2,047,018,530
Non-interest income					
Gains (losses) on investments	25	528,378,114	(1,666,178,543)	461,769,596	(2,811,670,070)
Gains on sales of non-performing loans		950,940	142,471,436	-	-
Fees and charges					
Acceptances, aval and guarantees		37,960,253	63,394,118	37,960,253	63,394,118
Others		341,680,170	430,245,008	239,424,012	360,067,154
Gains on exchange/derivatives		58,956,050	50,011,987	61,242,303	50,013,087
Gains on properties foreclosed		-	-	14,430,296	16,396,536
Premium written		130,369,477	125,360,639	-	-
Other income		64,581,783	21,222,455	44,981,754	22,057,824
Total non-interest income (losses)		1,162,876,787	(833,472,900)	859,808,214	(2,299,741,351)

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

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Income statements (continued)

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

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Non-interest expenses					
Personnel expenses		1,095,374,642	1,161,789,745	903,846,988	960,681,477
Contribution fee to the Deposit Protection Agency/ the Financial Institutions Development Fund		315,541,890	342,887,498	315,541,890	342,887,498
Losses on properties foreclosed		61,299,771	32,638,623	-	-
Premises and equipment expenses		648,605,196	705,947,451	603,743,597	663,246,786
Taxes and duties		124,731,583	131,858,959	121,037,082	121,552,750
Share of losses from investments in associated companies		-	8,118,718	-	-
Fees and charges		237,596,949	254,955,245	183,287,276	201,994,323
Directors' remuneration		9,480,200	13,233,000	6,996,000	10,272,000
Impairment losses on intangible assets		-	130,000,000	-	130,000,000
Reserve for off-balance sheet items		165,500,000	65,000,000	165,500,000	65,000,000
Other expenses		283,992,434	263,638,230	163,782,728	149,365,072
Total non-interest expenses		2,942,122,665	3,110,067,469	2,463,735,561	2,644,999,906
Losses before corporate income tax		(473,064,605)	(1,924,677,582)	(555,509,420)	(2,897,722,727)
Corporate income tax	26	(32,564,248)	(55,388,339)	-	-
Net losses for the period		(505,628,853)	(1,980,065,921)	(555,509,420)	(2,897,722,727)
Net losses attributable to:					
Equity holders of the Bank		(502,044,619)	(1,984,163,577)	(555,509,420)	(2,897,722,727)
Minority interests of the subsidiaries		(3,584,234)	4,097,656		
		<u>(505,628,853)</u>	<u>(1,980,065,921)</u>		
Loss per share					
29					
Basic loss per share (Baht per share)					
Net loss attributable to equity holders of the Bank		<u>(0.05)</u>	<u>(0.32)</u>	<u>(0.05)</u>	<u>(0.46)</u>
Weighted average number of ordinary shares (shares)		<u>10,358,938,759</u>	<u>6,176,026,224</u>	<u>10,362,380,462</u>	<u>6,300,615,861</u>

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

Directors

CIMB THAI BANK Public Company Limited and its subsidiaries
(Formerly known as "BankThai Public Company Limited")
Statements of changes in shareholders' equity
For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

Consolidated financial statements											
Shareholders' equity of the Bank											
	Note	Issued and paid-up share capital	Share discounts	Revaluation surplus on assets	Revaluation surplus (deficit) on investments	Legal reserve	Deficit	Treasury stocks held by the subsidiaries	Total equity attributable to the Bank's shareholders	Minority interest	Total
Balance as at 31 December 2007		8,343,375,728	-	767,698,441	(273,497,403)	6,053,484	(7,726,983,112)	(467,211,139)	649,435,999	61,580,716	711,016,715
Income (expenses) recognised directly in equity:											
Amortise revaluation surplus on assets		-	-	(9,390,214)	-	-	9,390,214	-	-	-	-
Increase in fair value of investments		-	-	-	(370,815,963)	-	-	-	(370,815,963)	-	(370,815,963)
Net income (expenses) recognised directly in equity		-	-	(9,390,214)	(370,815,963)	-	9,390,214	-	(370,815,963)	-	(370,815,963)
Net losses for the period		-	-	-	-	-	(1,984,163,577)	-	(1,984,163,577)	4,097,656	(1,980,065,921)
Total income (expenses) for the period		-	-	(9,390,214)	(370,815,963)	-	(1,974,773,363)	-	(2,354,979,540)	4,097,656	(2,350,881,884)
Increase in ordinary shares	19	16,686,751,455	(10,606,987,712)	-	-	-	-	-	6,079,763,743	-	6,079,763,743
Decrease in treasury stocks held by subsidiaries	20	-	-	-	-	-	(6,839,587)	6,829,981	(9,606)	-	(9,606)
Minority interests - equity attributable to minority shareholders of subsidiaries		-	-	-	-	-	-	-	-	(48,662)	(48,662)
Balance as at 30 June 2008		<u>25,030,127,183</u>	<u>(10,606,987,712)</u>	<u>758,308,227</u>	<u>(644,313,366)</u>	<u>6,053,484</u>	<u>(9,708,596,062)</u>	<u>(460,381,158)</u>	<u>4,374,210,596</u>	<u>65,629,710</u>	<u>4,439,840,306</u>
Balance as at 31 December 2008		25,030,127,183	(10,606,987,712)	748,814,825	54,637,646	6,053,484	(9,704,736,373)	(460,381,158)	5,067,527,895	67,706,843	5,135,234,738
Income (expenses) recognised directly in equity:											
Amortise revaluation surplus on assets		-	-	(9,663,867)	-	-	9,663,867	-	-	-	-
Decrease in fair value of investments		-	-	-	(55,669,210)	-	-	-	(55,669,210)	-	(55,669,210)
Net income (expenses) recognised directly in equity		-	-	(9,663,867)	(55,669,210)	-	9,663,867	-	(55,669,210)	-	(55,669,210)
Net losses for the period		-	-	-	-	-	(502,044,619)	-	(502,044,619)	(3,584,234)	(505,628,853)
Total income (expenses) for the period		-	-	(9,663,867)	(55,669,210)	-	(492,380,752)	-	(557,713,829)	(3,584,234)	(561,298,063)
Increase in ordinary shares	19	25,030,127,182	(22,493,740,961)	-	-	-	-	-	2,536,386,221	-	2,536,386,221
Decrease in ordinary shares	19	(43,385,553,783)	33,100,728,673	-	-	(6,053,484)	10,290,878,594	-	-	-	-
Decrease in treasury stocks held by subsidiaries	20	-	-	-	-	-	(198,742,920)	460,381,158	261,638,238	-	261,638,238
Minority interests - equity attributable to minority shareholders of subsidiaries		-	-	-	-	-	-	-	-	(10,732)	(10,732)
Balance as at 30 June 2009		<u>6,674,700,582</u>	<u>-</u>	<u>739,150,958</u>	<u>(1,031,564)</u>	<u>-</u>	<u>(104,981,451)</u>	<u>-</u>	<u>7,307,838,525</u>	<u>64,111,877</u>	<u>7,371,950,402</u>

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

CIMB THAI BANK Public Company Limited and its subsidiaries
(Formerly known as "BankThai Public Company Limited")
Statements of changes in shareholders' equity (continued)
For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

Note	Separate financial statements						
	Issued and paid-up share capital	Share discounts	Revaluation surplus on assets	Revaluation surplus (deficit) on investments	Legal reserve	Deficit	Total
Balance as at 31 December 2007	8,343,375,728	-	767,698,441	(272,436,765)	6,053,484	(7,430,653,761)	1,414,037,127
Income (expenses) recognised directly in equity:							
Amortise revaluation surplus on assets	-	-	(9,390,214)	-	-	9,390,214	-
Increase in fair value of investments	-	-	-	(347,790,128)	-	-	(347,790,128)
Net income (expenses) recognised directly in equity	-	-	(9,390,214)	(347,790,128)	-	9,390,214	(347,790,128)
Net losses for the period	-	-	-	-	-	(2,897,722,727)	(2,897,722,727)
Total income (expenses) for the period	-	-	(9,390,214)	(347,790,128)	-	(2,888,332,513)	(3,245,512,855)
Increase in ordinary shares	19 16,686,751,455	(10,606,987,712)	-	-	-	-	6,079,763,743
Balance as at 30 June 2008	<u>25,030,127,183</u>	<u>(10,606,987,712)</u>	<u>758,308,227</u>	<u>(620,226,893)</u>	<u>6,053,484</u>	<u>(10,318,986,274)</u>	<u>4,248,288,015</u>
Balance as at 31 December 2008	25,030,127,183	(10,606,987,712)	748,814,825	55,777,090	6,053,484	(10,198,912,218)	5,034,872,652
Income (expenses) recognised directly in equity:							
Amortise revaluation surplus on assets	-	-	(9,663,867)	-	-	9,663,867	-
Decrease in fair value of investments	-	-	-	(63,311,896)	-	-	(63,311,896)
Net income (expenses) recognised directly in equity	-	-	(9,663,867)	(63,311,896)	-	9,663,867	(63,311,896)
Net losses for the period	-	-	-	-	-	(555,509,420)	(555,509,420)
Total income (expenses) for the period	-	-	(9,663,867)	(63,311,896)	-	(545,845,553)	(618,821,316)
Increase in ordinary shares	19 25,030,127,182	(22,493,740,961)	-	-	-	-	2,536,386,221
Decrease in ordinary shares	19 (43,385,553,783)	33,100,728,673	-	-	(6,053,484)	10,290,878,594	-
Balance as at 30 June 2009	<u>6,674,700,582</u>	<u>-</u>	<u>739,150,958</u>	<u>(7,534,806)</u>	<u>-</u>	<u>(453,879,177)</u>	<u>6,952,437,557</u>

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

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Cash flow statements

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash flows from operating activities				
Net losses before tax	(473,064,605)	(1,924,677,582)	(555,509,420)	(2,897,722,727)
Adjustments to reconcile net losses for the periods to net cash flows from (used in) operating activities:				
Share of losses from investments in associated company	-	8,118,718	-	-
Depreciation and amortisation	254,904,006	253,011,497	233,213,843	235,679,146
Bad debts and doubtful accounts	944,550,712	1,282,838,418	938,000,000	1,188,000,000
Impairment losses on intangible assets	-	130,000,000	-	130,000,000
Reserve for off-balance sheet items	165,500,000	65,000,000	165,500,000	65,000,000
Accrual of provisions	26,108,246	-	26,108,246	-
Reserve for contingent liabilities	62,200,000	-	62,200,000	-
Impairment losses on investments	40,529,501	65,986,306	40,529,501	68,421,789
Reversal of impairment losses on investments in non-performing loans	(4,495,239)	-	-	-
Unrealised losses on exchange and derivatives	278,801,341	1,588,694,772	278,801,341	1,588,694,772
Losses (gains) on property foreclosed	61,299,771	32,638,623	(14,430,296)	(16,396,536)
Unrealised (gains) losses on revaluation of investments	(20,025,828)	2,953,007,218	(3,413,812)	2,952,081,353
Gains on sale of investments	(476,746,500)	(174,096,544)	(475,052,343)	(175,551,859)
Gains on sale of non-performing loans	(950,940)	(142,471,437)	-	-
Gains on investment in non-performing loans	(79,536,517)	(1,160,247,370)	(25,208,813)	(18,874,185)
Gains on disposal of equipment	(4,720,301)	(5,256,808)	(4,654,701)	(4,786,463)
Interest and dividend income	(4,311,949,060)	(5,948,007,565)	(4,039,725,811)	(5,847,575,105)
Interest expenses	2,061,217,075	2,646,306,360	2,053,307,884	2,612,556,575
Decrease in accrued expenses	(132,010,034)	(659,853,153)	(111,972,496)	(52,009,269)
Losses from operations before changes in operating assets and liabilities	(1,608,388,372)	(989,008,547)	(1,432,306,877)	(172,482,509)
(Increase) decrease in operating assets				
Interbank and money market items	16,500,316,894	(16,679,856,985)	16,614,740,647	(16,698,171,794)
Securities purchased under resale agreements	-	2,250,000,000	-	2,250,000,000
Investments held for trading	792,711,307	3,746,377,234	788,733,446	3,710,551,721
Loans	6,847,675,303	1,102,639,648	6,916,396,188	3,402,275,779
Properties foreclosed	230,554,045	202,476,890	56,437,400	39,810,835
Other assets	95,900,177	1,574,708,394	50,735,684	1,885,441,299

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

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Cash flow statements (continued)

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Increase (decrease) in operating liabilities				
Deposits	(42,666,147,742)	(9,763,904,424)	(42,610,337,841)	(9,093,663,471)
Interbank and money market items	(5,405,462,470)	(2,780,118,194)	(5,192,195,455)	(2,744,873,389)
Liability payable on demand	183,122,449	217,494,929	183,122,449	217,494,929
Other liabilities awaiting accounts transfer	(828,628,362)	125,672,005	(830,193,744)	126,936,644
Other liabilities	138,951,949	439,805,540	44,574,828	(51,497,217)
Cash flows used in operating activities	(25,719,394,822)	(20,553,713,510)	(25,410,293,275)	(17,128,177,173)
Cash received from interest income	3,551,491,647	4,415,288,250	3,286,589,064	3,936,449,800
Cash paid for interest expenses	(1,740,280,712)	(2,826,038,460)	(1,725,143,840)	(2,812,423,913)
Cash paid for corporate income tax	(5,767,227)	(48,345,707)	-	-
Net cash flows used in operating activities	(23,913,951,114)	(19,012,809,427)	(23,848,848,051)	(16,004,151,286)
Cash flows from investing activities				
Decrease in securities held for investments	19,359,351,731	9,268,196,409	19,065,924,795	6,285,875,684
Increase in investments in subsidiary companies	-	-	(95,000,000)	-
Cash paid for purchases of premises and equipment	(55,197,332)	(140,018,040)	(51,067,562)	(133,785,233)
Proceeds from disposals of equipment	8,942,932	9,501,865	8,849,313	8,361,483
Cash paid for purchases of intangible assets	(111,741,844)	(42,496,906)	(103,576,236)	(41,306,356)
Dividend received	70,145,500	166,767,261	69,334,751	165,089,861
Interest received	869,206,014	1,860,623,487	859,607,366	1,827,032,359
Net cash flows from investing activities	20,140,707,001	11,122,574,076	19,754,072,427	8,111,267,798
Cash flows from financing activities				
(Decrease) increase in short-term borrowings	(3,379,690,897)	4,629,073,479	(2,908,699,000)	4,615,094,129
Increase (decrease) in long-term borrowings	2,500,000,000	(2,759,660,000)	2,500,000,000	(2,759,660,000)
Cash received from capital increase	2,536,386,221	6,079,763,743	2,536,386,221	6,079,763,743
Proceeds from treasury stocks held by subsidiary	155,017,038	-	-	-
Interest expenses	(130,767,582)	(205,683,521)	(125,415,860)	(189,225,126)
Net cash flows from financing activities	1,680,944,780	7,743,493,701	2,002,271,361	7,745,972,746
Net decrease in cash and cash equivalents	(2,092,299,333)	(146,741,650)	(2,092,504,263)	(146,910,742)
Cash and cash equivalents at beginning of the period	4,631,710,995	3,875,056,754	4,630,351,485	3,872,919,168
Cash and cash equivalents at the end of the period	2,539,411,662	3,728,315,104	2,537,847,222	3,726,008,426

Supplemental disclosure of cash flows informations:

Non-cash transaction:

Bad debts written-off	1,084,345,515	95,296,547	1,053,674,400	26,322,383
Properties foreclosed received in settlement of debts	234,695,357	194,594,471	12,870,000	-

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

CIMB THAI Bank Public Company Limited and its subsidiaries
(Formerly known as “BankThai Public Company Limited”)
Notes to interim financial statements
For the six-month period ended 30 June 2009

1. General information

1.1 The Bank’s information

CIMB THAI Bank Public Company Limited (“the Bank”) is a public company incorporated and domiciled in Thailand. Its parent company is CIMB Bank Berhad, which is a public company incorporated in Malaysia. The parent company of the Group is Bumiputra-Commerce Holdings Berhad. The Bank has been licensed by the Ministry of Finance to operate banking business. It’s registered address is 44 North Sathorn Road, Bangrak, Bangkok. As at 30 June 2009, the Bank has 147 branches in Thailand.

All subsidiaries were incorporated as a limited company or a public limited company under Thai laws. All operate in Thailand, engaging mainly in securities business, fund management, insurance business, consultancy service, asset management, hire purchase and leasing.

On 20 April 2009, the Bank obtained approval from the Ministry of Finance to change the Bank’s name from “BankThai Public Company Limited” to “CIMB THAI Bank Public Company Limited”. The name was registered with the Ministry of Commerce on 1 May 2009.

1.2 Capital Funds Maintenance Provisions

As at 31 December 2008, the Bank’s capital funds to risk-weighted assets ratio (BIS ratio) was less than the level required by law. The Bank has requested a waiver from the Bank of Thailand (BOT) and proposed a plan to increase its capital funds to resolve this issues. The BOT has ordered the Bank to report to it on progress towards resolution of the issues of maintenance of capital funds and the increases in capital at regular intervals until the capital increase is completed.

On 20 February 2009, the Extraordinary General Meeting of Shareholders No. 1/2009, has the resolution as follows:

- a) Amending agenda items 2 and 4 of the resolutions of the Extraordinary General Meeting of Shareholders No. 2/2008 to change the previous offering price of not lower than Baht 0.66 to an offering price of Baht 0.38, which will enable the Bank to increase its capital funds to Baht 2,536,386,221 as a result of the rights offering.

- b) The issue and offering for sale of hybrid instruments that would be regarded by the Bank of Thailand as Tier 2 Capital ("Hybrid Tier 2"), up to an amount of Baht 2,500 million. The issuance of Hybrid Tier 2 has been structured to be in line with the maximum Hybrid Tier 2 Capital that can be raised by the Bank pursuant to the Bank of Thailand's Notification Re: Elements of Capital of the Commercial Banks registered in Thailand, in order to ensure a more efficient capital structure of the Bank, subject to the recognition of the issued instruments as Hybrid Tier 2 by the Bank of Thailand.

On 23 March 2009, the Bank received payment of capital and registered the capital increase with the Ministry of Commerce, which brought the Bank's capital adequacy ratio, or BIS ratio, above the minimum level required by law.

On 27 March 2009, the Bank issued hybrid instruments amounting to Baht 2,500 million and sold them to CIMB Bank (L) Ltd., in which CIMB Bank Berhad (the Bank's parent company) is a major shareholder (as detailed in Note 17 (d) to the financial statements). The Bank had issued a letter dated 30 March 2009 to the BOT requesting recognition of the proceeds from the issue as Hybrid Tier 2 capital. The BOT issued a letter dated 28 April 2009 granting permission for the Bank to recognise the hybrid instruments as Tier 2 capital, although the Bank must comply with the following:

1. Amend the "Terms and Conditions Governing Rights and obligations of the issuer and the securities holders" by cancelling the conditions regarding the repurchase of the hybrid instruments, and submit an amended copy to the BOT prior to recognition of the increase in the Tier-2 Capital.
2. During the final five years, the Bank must reduce the amount of these instruments recognised as capital by 20% per year.
3. If the Bank wishes to redeem the instruments prior to maturity, the Bank must comply with the BOT announcement No. SorNorSor 88/2551 Re: Capital Fund Criteria for Commercial Banks Registered in Thailand, dated 3 August 2008.

Further to this, on 28 April 2009 and 12 May 2009 the Bank issued letters announcing amendments of the Terms and Conditions Governing Rights and Obligations of the Issuer and the Securities Holders, which canceled the stipulations relating to the buy back of the hybrid instruments. The Bank also sent a copy of CIMB Bank (L) Ltd's acknowledgement of the amendments to the BOT and the BOT subsequently issued a letter dated 20 May 2009, acknowledging the amendments and permitting them to take effect from 27 March 2009.

1.3 Economic crisis

The financial crisis experienced by the United States over the past year has had a far reaching effect on the global economy as evidenced by falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The governments of many countries made efforts to remedy the liquidity crisis and build confidence. However, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts known to the Bank, and on estimates and assumptions currently considered appropriate as of the financial statement reporting date. However, they could be affected by an array of future events.

2. Basis of preparation

2.1 Basis for preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standards No. 34 (revised 2007) "Interim Financial Reporting" like an annual financial statements, a full presentation has been selected for an interim financial statements, with reference to the principles stipulated by the Bank of Thailand ("BOT") and the Office of the Securities and Exchange Commission.

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Bank of Thailand dated 3 August 2008 "Preparation and presentation of a commercial bank and a holding company which is the parent company of the financial business group".

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

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

2.2 Basis of preparation of the consolidated financial statements

- a) These consolidated financial statements include the financial statements of CIMB THAI Bank Public Company Limited (“the Bank”) and the following subsidiary companies (“the subsidiaries”):

Nature of business	Percentage of shares held by the Bank and subsidiary		Assets as a percentage to the consolidated total assets		Revenue as a percentage to the consolidated total revenues		
	As at		As at		for the six-month period ended 30 June		
	30 June	31 December	30 June	31 December	2009	2008	
	2009	2008	2009	2008	2009	2008	
Subsidiaries directly held by the Bank							
BT Insurance Co., Ltd.	Non-life insurance	100	100	0.37	0.25	2.35	2.27
BT Leasing Co., Ltd.	Leasing and hire purchase	100	100	1.67	1.22	2.72	3.50
BT Business Consulting Co., Ltd.	Consultancy services	100	100	-	-	0.01	0.01
BT Securities Co., Ltd.	Securities	100	100	0.43	0.42	1.30	2.01
BT Asset Management Co., Ltd.	Fund manager	100	100	0.03	0.03	0.82	1.08
Sathom Asset Management Co., Ltd.	Asset management	100	100	0.20	0.14	1.94	25.78
BT Worldlease Co., Ltd.	Hire purchase - motorcycle	75	75	0.67	0.50	3.45	3.36
Subsidiaries held by subsidiary							
(BT Worldlease Co., Ltd.)							
Siam Wall N.E. Leasing Co., Ltd.	Liquidation during for 2008	-	-	-	-	-	0.01
Asset Liability Management Co., Ltd.	Liquidation during for 2009	-	100	-	-	-	0.10

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent significant accounting policies.
- d) Material balances and transactions between the Bank and its subsidiaries have been eliminated in the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Bank and are presented separately in the consolidated income statements and within equity in the consolidated balance sheet.

- f) BT World Lease Company Limited, which is a subsidiary of the Bank, has two subsidiary companies. These are Siam Wall N.E. Leasing Company Limited, which is principally engaged in the provision of hire purchase loans to motorcycle buyers, and Asset Liability Management Company Limited, which is principally engaged in the sale of used motorcycles. Siam Wall N.E. Leasing Company Limited and Asset Liability Management Company Limited registered their dissolutions with the Business Promotion Department, Ministry of Commerce on 22 September 2008 and 7 November 2008, respectively. Siam Wall N.E. Leasing Company Limited and Asset Liability Management Company Limited registered their liquidations on 26 December 2008 and 9 June 2009, respectively. The consolidated financial statements excluded the financial statements of Siam Wall N.E. Leasing Company Limited for the six-month period ended 30 June 2009 and for the year ended 31 December 2008 and the financial statements of Asset Liability Management Company Limited for the six-month period ended 30 June 2009.
- g) As at 30 June 2009 and 31 December 2008, the consolidated financial statements excluded the financial statements of another subsidiary, Krung Thai Thanakit Finance Public Company Limited, in which the bank holds 99 percent of shares, because the amounting is immaterial for the overall financial statement and such subsidiary registered its dissolution with the Ministry of Commerce on 6 June 2003, has already returned its financial business license, and is currently in the process of liquidation. The condensed balance sheets of such subsidiary as at 30 June 2009 and 31 December 2008 (unaudited/unreviewed by auditor) are presented below.

	(Unit: Million Baht)	
	30 June 2009	31 December 2008
Assets		
Cash and deposits at financial institutions	264	149
Investments in government and state enterprise securities	8	8
Investments in the Bank's ordinary shares - cost	-	515
Less: Allowance for diminution in value of investments	-	(418)
Investments in the Bank's ordinary share - net	-	97
Loans and interest receivables - net	-	6
Others	2	3
Total assets	<u>274</u>	<u>263</u>
Liabilities and shareholders' equity		
Liabilities - other creditors and liabilities	2	2
Shareholders' equity		
Ordinary share capital	388	388
Deficit	(116)	(127)
Total shareholders' equity	<u>272</u>	<u>261</u>
Total liabilities and shareholders' equity	<u>274</u>	<u>263</u>

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

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 Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Bank, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TFRS 5 (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for leasehold right will 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 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 allows early adoption by the entity before the effective date.

The management of the Bank has assessed that TAS 20 does not relevant to the business of the Bank and its subsidiaries, while TAS 24 (revised 2007) and TAS 40 are in the process of evaluating the effect of such standards and has not been able to reach a conclusion as to their effect to the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

(a) Interest and discount on loans

The Bank recognises interest and discounts on loans as income on an accrual basis, based on the amount of principal outstanding. For loans on which principal or interest payments have been defaulted for more than three months from the due date, the Bank ceases accrual of interest income, recognises interest income on a cash basis and reverses the interest previously accrued as income for such defaulted loans from their accounts, in accordance with the Notification of the Bank of Thailand.

Interest income on restructured loans is recognised on the same accrual basis as used for loans discussed above, with the exception of loans that are subject to monitoring for compliance with restructuring conditions, on which the Bank recognises interest income on a cash basis until the borrower has been able to comply with the restructuring conditions for a period of not less than three consecutive months or three consecutive installments, whichever is longer.

(b) Interest on margin loans

Interest is recognised over the term of the loans based on the amount of principal outstanding. For delinquent margin loans on which interest is overdue for more than three months, it is the subsidiary's policy to stop recognising income on an accrual basis and adopt a cash basis in recognising income for such delinquent margin loans.

(c) Interest and dividends on investments

Interest on investments is recognised on an accrual basis based on the effective rate. Dividends from securities are recognised when the right to receive the dividends is established.

Interest income on investments in receivables, for which loan repayment is received during the year based on multiplication of the effective yield rate, by the acquisition cost of the outstanding loans.

(d) Gains (losses) on sale of investments

Gains (losses) on sale of investments are recognised as income/expenses on the transaction date.

(e) Gains (losses) on sale of property foreclosed

Gains or losses on sale of property foreclosed are recognised as income/expenses in income statement when the significant risks and rewards of ownership of property foreclosed have passed to the buyer.

(f) Fees and services income

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

(g) Brokerage fees

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

(h) Insurance premium

For insurance policies with the coverage periods of less than 1 year, premium income is recognised on the date the insurance policy comes into effect, after deducting premium ceded and cancelled. 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 gradually recognised as income and expenses on an annual basis over the coverage periods.

(i) Reinsurance premium

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

(j) Hire purchase income

The hire-charges under hire purchase contracts are recognised over the installment period, using the effective rate method, when installments fall due.

However, recognition of income on hire purchase receivables ceases when payment is overdue from the third installment onwards. Income will be reinstated on an accrual basis when the overdue installments are received.

4.2 Expense recognition

(a) Interest expenses

Interest expenses are charged to income statements 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) Unearned premium reserve

Unearned premium reserve is set aside in compliance with the Notification of the Ministry of Commerce governing the allocation of the unearned premium reserve and loss reserve by the non-life insurance company as follows:

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

(c) Loss reserve and outstanding claims

Outstanding claims have been provided upon receipt of claim advices from the insured. Loss reserve has been provided based on estimates made by the management. In addition, the subsidiary company has set up a provision for losses incurred but not yet reported (IBNR), which is estimated by an actuary based on experience and historical data but is not to be less than 2.5% of net premium written for the last twelve months in compliance with the Notification of the Ministry of Commerce governing the allocation of the unearned premium reserve and loss reserve by the non-life insurance company. However, since 1 January 2009, the Company shall allocate according to the past experience by chain ladder approach or other international approaches but not less than 2.5% of the total net written premium on all types of risk twelve months backwards from the allocate date. The reserve calculation report has to be endorsed by an actuary of the subsidiary company.

- (d) Commission fee under hire purchase agreements

The commission fee under hire purchase agreements is recognised over the installment period, using the effective rate method, when installment fall due.

4.3 Investments

- a) Investments in securities held for trading are determined at fair value. Gains or losses arising from changes in the value of such securities are included in determining income.
- b) Investments in available-for-sales securities, both held for short-term and long-term investment, are determined at fair value. Changes in the value of such securities are shown as a separate item in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- c) Investments in debt securities expected to be held to maturity are determined at amortised cost. Premiums/discounts on debt securities are amortised based on a straight-line basis over the remaining period to maturity for other debt securities. The amortised amount is presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities which are classified as general investments are valued at cost less provision for impairment.

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

Losses on impairment (if any) of investments are included in determining income.

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

In the event the Bank and its subsidiaries reclassify investment in securities, such investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as revaluation surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

4.4 Investments in receivables

Investments in receivables purchased, which are valued at acquisition cost net of allowance for impairment (if any). Loss on impairment of investments is included in determining income.

Investments in receivables purchased which enter into trouble-debt restructuring are transferred to loans and presented at fair value. The fair value net of allowance for doubtful is based on the outstanding balance of investments in receivables purchased as at transferred date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is set up based on estimated fair value, determined from the present value of expected future cash flows from collateral disposal or debt collection in accordance with the BOT's provisioning guidelines.

4.5 Promissory notes received in connection with transfer of non-performing loans to TAMC

Promissory notes received in connection with the transfer of non-performing loans to Thai Asset Management Corporation ("TAMC"), which are avaled by the Financial Institutions Development Fund ("the FIDF"), are regarded as investments in debt securities expected to be held to maturity and therefore stated at cost. Interest income on the promissory notes is recognised on an accrual basis using the weighted average interest rate announced by 5 commercial banks for the previous quarter. The Bank will recognise income or expenses with respect to gain or loss sharing from the management of non-performing loans at the end of the agreement, when the Bank receives allocation from the TAMC, or when the gain or loss can be accurately estimated.

4.6 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies, are accounted for in the separate financial statements using the cost method net of allowance for impairment of investments in subsidiary and associated companies. Losses on impairment (if any) are included in determining income.

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

If the Bank receives shares as a result of debt restructuring of a borrower and as a result of such acquisition holds more than 50 percent or 20 percent of the shares of such company, the Bank will not treat the investee company as a subsidiary company or a associated company, respectively, as it intends to hold such investments on a temporary basis and must dispose of them in accordance with BOT's guidelines.

If the Bank has no commitments or guarantee obligations to its subsidiary and associated companies, losses are recognised only to the extent that they do not exceed the outstanding balance of investments.

4.7 Loans/securities business receivables/hire purchase receivables

The Bank and its subsidiaries present loans at the principal balances excluding accrued interest receivable, with the exception of bank overdrafts, which are presented inclusive of accrued interest receivable. Unrealised deferred income and discounts on loans are deducted from the loan balances.

Securities business receivables comprise the net receivable balance of cash accounts and credit balance accounts secured by the purchased securities, as well as other receivables, which consist of overdue debtors and securities business receivables currently subject to legal proceedings, which are undergoing restructuring or settling in installments.

Hire purchase receivables are stated at net realisable value, deducting unearned hire purchase income.

4.8 Allowance for doubtful accounts

(a) For loans of banking business

The Bank provides allowances for doubtful accounts in accordance with the Notifications of the Bank of Thailand (“BOT”) and adjusts 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.

The Bank set provision for normal loans (including restructured receivables) and special mention loans at minimum rate of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value, as required by the BOT’s guidelines. For non-performing loans, the provision has to set up 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 the discount rate and the time needed to dispose of collateral, in accordance with the BOT’s guideline.

Amounts written off as bad debts, or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

(b) For securities business receivables

A subsidiary provides allowance for doubtful debts based on a review of debtor's ability to make repayment, taking into consideration recovery risk and the value of the collateral. Allowance is set aside for doubtful debts not fully covered by collateral and/or those expected not to be fully recoverable. Debt classifications and provisions are made in accordance with the guidelines of the Office of the Securities and Exchange Commission.

- (c) For hire purchase receivables

Allowance for doubtful accounts for hire purchase receivables of the subsidiaries has been provided at a percentage 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 set for normal and special mention loans at minimum rates of 1% and 2%, respectively, of the receivable balances after deducting collateral, and at 100% of the balance of non-performing receivables, without deducting collateral value.

4.9 Troubled debt restructuring and losses from troubled debt restructuring

The Bank and its subsidiaries record troubled debt restructuring transactions and related losses with reference to the notifications of the Bank of Thailand.

- (a) For loans of banking business

In cases where the troubled debt restructuring involves modifications of the terms or relaxation of the repayment conditions, the fair value of loans after restructuring is determined based on the net present value of expected future cash flows, discounted by the Minimum Loan Rate (MLR) being quoted to the debtors at the restructuring date. The difference between the fair value of loans and outstanding balance of receivables at the restructuring date is accounted for as revaluation allowance for debt restructuring and included as expenses in the income statements.

The Bank adjusts the revaluation allowance for debt restructuring at the end of every period by re-calculating the net present value of expected cash flows, discounted by the Minimum Loan Rate (MLR) being quoted to the debtor at the end of the period.

Losses arising from debt restructuring through waiver of part of the principal or recorded accrued interest receivable after deduction the provided allowance (if any) will be charged against the income statements when debt restructuring agreement executed.

(b) For margin loans of securities business

Under the subsidiary's accounting policy for troubled debt restructuring, if payment of debt is received through the transfer of property, financial instruments, or through share capital received from debtor on a debt to equity swap, the subsidiary records the assets received at their fair value. Losses arising from differences between the book value of the debt and the fair value of the assets and debt collection expenses are recorded as losses from debt restructuring and expense in the income statements.

In case where the troubled debt restructuring involves modifications of the terms or relaxation of the repayment conditions to the debtor, the subsidiary records the losses arising from the revaluation of the book value of the debtor, determined on the basis of the present value of the future cash flows to be received under the new conditions, and using the Minimum Loan Rate (MLR) in discounting, or the fair value of the collateral. Any amount by which the newly determined book value is lower than the previous book value, including interest receivables, is recorded as revaluation allowance for debt restructuring and reducing allowance for doubtful accounts except that the allowance for doubtful accounts is inadequate, then shortage will be recognised as expenses for such year.

4.10 Properties/assets foreclosed

The Bank and its subsidiary which is asset management company, have presented properties foreclosed at the lower of cost or net realisable value with reference to the latest available appraised value according to the notifications of the Bank of Thailand less estimated selling expenses.

For other subsidiaries assets foreclosed are presented at the lower of cost or net realisable value less estimated selling expenses.

4.11 Premises and equipment and depreciation

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

The Bank carries out an asset appraisal on land and buildings within every 5 years in accordance with the guidelines announced by the Bank of Thailand, with revaluation surplus on land and buildings presented in shareholders' equity. The Bank carried out the latest revaluation for its land and buildings in December 2005 and January 2006 and treated the appraised values (market value for the land and replacement cost less accumulated depreciation for the building) as fair values in presenting the assets on a revaluation basis.

Depreciation of building and equipment is calculated by reference to their costs or reappraised value in cases where the assets have been revalued, on a straight-line basis over the following estimated useful lives.

Buildings	-	20 - 40 years
Equipment	-	5 years and 10 years

Depreciation is included in determining income.

No depreciation is determined for land and assets under construction.

4.12 Intangible assets

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

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

	<u>Useful lives</u>
Patents	5 years
Computer software	5 years or 10 years

4.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease periods and are included as expenses in the income statements.

4.14 Related party transactions

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

In addition, related parties include associated companies and individuals which directly or indirectly own a voting interest in the Bank and its subsidiaries that gives them significant influence over the Bank and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiaries' operations.

4.15 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities in foreign currencies outstanding on the balance sheet date are translated into Baht at the exchange rates announced by the Bank of Thailand ruling on the balance sheet date.

Exchange gains and losses are included in determining income.

4.16 Financial derivatives

Obligations under financial derivatives contracts are regarded as off-balance sheet items. The accounting treatments for financial derivatives transactions depends on the purpose of the transaction as follows:

(a) Trading transactions

Obligations under financial derivatives contracts originated for trading purposes are stated at fair value. Gains/Losses arising from changes in value are included in determining income.

(b) Non-trading transactions

Derivatives classified as non-trading transactions are measured on basis equivalent to that used for the underlying asset and liability, as follows:

- (1) Foreign currency elements are translated into Baht at the rates ruling on the balance sheet date announced by the Bank of Thailand.
- (2) Interest elements are recorded on an accrual basis.

4.17 Embedded derivatives

The Bank records embedded derivatives in investments in Structured Note and Structured Deposit in compliance with the Bank of Thailand's Notification as follows:

- (a) If the economic characteristics and risks of an embedded derivative are not closely related to the host contract, the Bank will account for the embedded derivative separately from the host contract and measure the embedded derivative at fair value through profit or loss. The host contract will be accounted for under the related accounting standards. In case of the Bank is unable to measure the embedded derivative separately, the Bank will designate the entire hybrid contract as at fair value (based on arranger's price) through profit or loss.
- (b) If the economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract, the Bank will not account for the embedded derivative separately from the host contract and classify the host contract under the related accounting standards.

4.18 Impairment of assets

The Bank and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank and its subsidiaries realise loss on impairment when the asset's recoverable amount is less than the book value.

The Bank and its subsidiaries recognise impairment losses in the income statements.

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

4.19 Pension fund

The Bank has a policy to pay pension benefits to employees with more than 10 years of service and who resign in accordance with the rules and conditions stipulated by the Bank. Pension funds are reserved and charged to expenses in the income statements based on the number of years of service by each employee. In the event that any employee resigns and is not entitled to receive pension benefits, the Bank will reverse the pension fund contributions already reserved for such employee and charge the amount against the income statements for the year in which he/she resigns.

Such pension benefit only provides to employees who are former employees of the Union Bank of Bangkok Public Company Limited.

4.20 Provident fund

The Bank and its employees have jointly established a provident fund scheme under the Provident Fund Act B.E. 2530, and the fund was registered with and approved by the Ministry of Finance on 29 December 1999. The employees contribute to the fund at rates of between 3 - 5 percent of their basic salaries and the Bank contributes at the rate of 5 percent, according to the following conditions:

1. Employees who had officially joined the Bank and applied for membership of the fund before 31 December 1999 will receive one hundred percent of the contributions and all benefits upon termination of this membership.

2. For employees who officially joined the Bank and applied for membership of the fund since 1 January 2000, the Bank will make contributions and pay benefits from the fund according to the following conditions:

<u>Years of service</u>	<u>Percentage of contributions and benefits thereof</u> (Percent)
Less than 5 years	0
5 years or more	100

Some subsidiaries and their employees have jointly established a provident fund scheme under the Provident Fund Act B.E. 2530. The employees contribute to the fund at rates of 3-5 percent of their basic salaries and the subsidiaries contribute at the rate of 5 percent. The fund will be paid to the employees upon termination in accordance with the rules of the fund.

4.21 Treasury stock

Treasury stock, which is the Bank's ordinary shares purchased by the subsidiary companies is carried at cost and is deducted in shareholders' equity in the consolidated balance sheets. Gains and losses on disposal of treasury stock are taken to "Premium on treasury stock" or "Retained earnings".

4.22 Provisions

Provisions are recognised when the Bank and its subsidiaries has 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.

4.23 Income tax

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

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 Allowance for doubtful accounts for loans

Allowance for doubtful accounts for loans is intended to adjust the value of loans for probable credit losses. The management uses the Bank of Thailand's regulation regarding the provision of an allowance for doubtful accounts and judgment to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, period of default, statistical modeling and estimates, value of collateral and current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

5.2 Fair value of financial instruments

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

5.3 Allowance for impairment of investments

The Bank and its subsidiaries treat available-for-sale equity investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

The Bank and its subsidiaries treat other investments as impaired when the management judges that the recoverable amount is less than the carrying amount. The management is required to make judgment to make estimates of expected return from such investment.

5.4 Allowance for impairment of property foreclosed

The Bank and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses judgment to estimate impairment losses, taking into consideration the latest appraised value of assets, the type and nature of the assets. However, the use of different estimates and assumptions could affect the amounts of the allowance for impairment. Therefore, allowance for impairment may be adjusted in the future.

5.5 Property, premise and equipment/Depreciation

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

5.6 Finance lease/Operating lease

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 leasee. Leases that transfer substantially all the risks and rewards of ownership to the leasee are classified as financial leases. In the other hand, leases not transferring a significant portion of the risks and rewards of ownership to the leasee are classified as operating lease.

5.7 Assessment of risk and rewards

When 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, actual risks and rewards may ultimately differ.

5.8 Loss reserve and outstanding claims

Part of loss reserve claims is 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) and is estimated based on statistic at data and historical experience. However, actual results could differ from the estimates.

5.9 Litigation

The Bank and its subsidiaries have contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation case, 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 the Financial Institutions Development Fund	926	24,100	25,026	5,428	32,627	38,055
Commercial banks	324	344	668	206	262	468
Other banks	8	53	61	5	53	58
Finance, finance and securities, securities, and credit foncier companies	544	54	598	-	3,373	3,373
Other financial institutions	-	3	3	20	585	605
Total domestic items	1,802	24,554	26,356	5,659	36,900	42,559
Add: Accrued interest receivables	-	2	2	-	16	16
Less: Allowance for doubtful debts	-	(2)	(2)	-	(2)	(2)
Domestic items - net	1,802	24,554	26,356	5,659	36,914	42,573
Foreign:						
US dollar	444	-	444	729	-	729
Yen	18	-	18	22	-	22
EURO	23	-	23	19	-	19
Other currencies	12	-	12	24	-	24
Foreign items - net	497	-	497	794	-	794
Domestic and foreign items - net	2,299	24,554	26,853	6,453	36,914	43,367

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	924	24,100	25,024	5,425	32,627	38,052
Commercial banks	212	95	307	150	-	150
Other banks	1	-	1	-	-	-
Finance, finance and securities, securities, and credit foncier companies	544	-	544	30	3,359	3,389
Other financial institutions	-	2	2	20	585	605
Total domestic items	1,681	24,197	25,878	5,625	36,571	42,196
Add: Accrued interest receivables	-	1	1	-	13	13
Less: Allowance for doubtful debts	-	(2)	(2)	-	(2)	(2)
Domestic items - net	1,681	24,196	25,877	5,625	36,582	42,207
Foreign:						
US dollar	444	-	444	729	-	729
Yen	18	-	18	22	-	22
EURO	23	-	23	19	-	19
Other currencies	12	-	12	24	-	24
Foreign items - net	497	-	497	794	-	794
Domestic and foreign items - net	2,178	24,196	26,374	6,419	36,582	43,001

As at 30 June 2009, the Bank has promissory notes of Baht 548 million, that had been issued by finance companies ordered closed, and are avaled by the Financial Institution Development Fund (“the FIDF”). A promissory note amounting to Baht 544 million was recalled to cancel the aval since the FIDF is of the opinion that the Bank has no obligations in respect of the related liabilities. However, the Bank has yet to return the promissory note to the FIDF in order to retain its right to claim compensation from the FIDF should the Bank need to undertake responsibility for any obligations in the future.

As of the balance sheet date such promissory note avaled by FIDF has been presented as assets and the related obligation has been presented as liabilities at the same amount to Baht 544 million.

7. Investments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Value at cost method/equity method	26,349	46,825	28,677	48,930
Add (less): Allowance for revaluation	(11)	17	(8)	42
Allowance for impairment	(750)	(1,322)	(2,173)	(2,743)
Net book value	25,588	45,520	26,496	46,229

7.1 Classified by types of investment

(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
Short-term investments:								
Securities held for trading								
Government and state enterprises securities	248	248	1,018	1,015	194	194	983	979
Private sector debt securities	23	23	3	3	-	-	-	-
Domestic marketable equity securities	17	19	60	47	-	-	-	-
Total	288	290	1,081	1,065	194	194	983	979
Add (less): Allowance for revaluation	2	-	(16)	-	-	-	(4)	-
Securities held for trading - net	290	290	1,065	1,065	194	194	979	979
Available-for-sales securities								
Government and state enterprises securities	9,766	9,810	2,896	2,907	9,720	9,764	2,884	2,895
Private sector debt securities	240	241	768	769	227	228	758	759
Domestic marketable equity securities	27	9	30	5	-	-	-	-
Total	10,033	10,060	3,694	3,681	9,947	9,992	3,642	3,654
Add: Allowance for revaluation	53	-	13	-	46	-	13	-
Less: Allowance for impairment	(26)	-	(26)	-	(1)	-	(1)	-
Available-for-sales securities - net	10,060	10,060	3,681	3,681	9,992	9,992	3,654	3,654
Held-to-maturity debt securities								
Government and state enterprises securities	-	-	15	-	-	-	-	-
	-	-	15	-	-	-	-	-
Short-term investments - net	10,350	10,350	4,761	4,761	10,186	10,186	4,633	4,633

(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
Long-term investments:								
Available-for-sales securities								
Government and state enterprises securities	364	362	18,681	18,887	333	331	18,669	18,874
Private sector debt securities	30	30	378	383	-	-	50	52
Domestic marketable equity securities	2,597	2,526	3,297	2,697	2,514	2,456	3,235	2,652
Total	2,991	2,918	22,356	21,967	2,847	2,787	21,954	21,578
Add (less): Allowance for revaluation	(67)	-	20	-	(54)	-	33	-
Less: Allowance for impairment	(6)	-	(409)	-	(6)	-	(409)	-
Available-for-sales securities - net	2,918	2,918	21,967	21,967	2,787	2,787	21,578	21,578
Held-to-maturity debt securities								
Promissory notes issued by TAMC	1,234		2,705		1,234		2,705	
Government and state enterprises securities	155		155		155		155	
Overseas debt securities	9,010		13,951		9,010		13,951	
Total	10,399		16,811		10,399		16,811	
Less: Allowance for impairment	(54)		(54)		(54)		(54)	
Held-to-maturity debt securities - net	10,345		16,757		10,345		16,757	
General investments								
Private sector debt securities	1		11		1		11	
Domestic non-marketable equity securities	1,090		1,349		1,089		1,348	
Overseas non-marketable equity securities	14		14		14		14	
Investments in receivables (Note 7.6)	1,318		1,385		1,184		1,260	
Total	2,423		2,759		2,288		2,633	
Less: Allowance for impairment	(653)		(823)		(549)		(716)	
General investments - net	1,770		1,936		1,739		1,917	
Long-term investments - net	15,033		40,660		14,871		40,252	

(a) As of 30 June 2009 and 31 December 2008, the Bank had foreign currency denominated debt investments in structured notes totalling USD 210 million (Baht 7,146 million) and USD 360 million (Baht 12,580 million), respectively, which have been classified as the held-to-maturity investments and are recorded under the cost method. Such notes were issued by foreign financial institutions and banks whose ratings were A or better. The notes have remaining lives of 2-8 years and contain conditions related to interest to be received by the bank and/or early repayment rights of the note issuers. As at 30 June 2009 and 31 December 2008, the average price of the notes quoted by arrangers is approximately 98 percent and 99 percent of cost, respectively. The Bank has not set aside allowance for impairment on such investment because the Bank's management are confident that all notes will be recovered in full on the maturity date or when the issuer early redeems the notes. However, in view of the current financial turmoil and related uncertainties, the values of the notes may be affected by future impact of the economic and financial crisis.

- (b) As at 30 June 2009, held-to-maturity debt securities classified as long-term investments included promissory notes of Baht 1,234 million (31 December 2008: Baht 2,705 million) which were received from TAMC in settlement for non-performing loans transferred to TAMC (as already discussed in Note 35 to the financial statements). Such promissory notes are non-transferable and avaled by the Financial Institutions Development Fund.
- (c) As at 30 June 2009, the Bank has an investment in the Vayupak Fund 1, which is a marketable security. The cost of such investment is Baht 2,500 million and it is presented at its fair value of Baht 2,445 million, with the loss from revaluation amounting to Baht 55 million presented in shareholders' equity. The presentation of fair value is in accordance with Thai Accounting Standard No. 40 (previous version) "Accounting for Investment in Debt and Equity Securities". The investee was established in accordance with a Cabinet resolution passed on 1 July 2003, with a registered capital of Baht 100,000 million. It is a 10-year fund with a policy to guarantee principal and a minimum return. The fund units cannot be redeemed prior to maturity and the Bank presents the investment as long-term investment in available-for-sale securities.
- (d) As at 30 June 2009, the Bank has accounts receivable from sales of investments of Baht 10,462 million and accounts payable from purchases of investments of Baht 10,382 million, which arose for sales and purchases of investments made during the last one to four working days before the period date. Settlement of such transactions was completed after the period date.
- (e) As at 30 June 2009 and 31 December 2008, the Bank has investments which are pledged as collateral, as mentioned in Note 30.1 to the financial statements.

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

(Unit: Million Baht)

	Consolidated financial statements							
	30 June 2009				31 December 2008			
	Periods remaining				Periods remaining			
	1 year	1 - 5 years	Over 5 years	Total	1 year	1 - 5 years	Over 5 years	Total
Available-for-sales securities								
Government and state enterprises securities	9,766	361	3	10,130	2,896	18,672	9	21,577
Private sector debt securities	240	27	3	270	768	373	5	1,146
Total	10,006	388	6	10,400	3,664	19,045	14	22,723
Add (less): Allowance for revaluation	47	(2)	-	45	13	209	2	224
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	10,052	386	6	10,444	3,676	19,254	16	22,946
Held-to-maturity securities								
Promissory notes issued by TAMC	-	1,226	8	1,234	-	2,697	8	2,705
Government and state enterprises securities	-	-	155	155	15	-	155	170
Overseas debt securities	-	3,565	5,445	9,010	-	3,118	10,833	13,951
Total	-	4,791	5,608	10,399	15	5,815	10,996	16,826
Less: Allowance for impairment	-	(54)	-	(54)	-	(54)	-	(54)
Total	-	4,737	5,608	10,345	15	5,761	10,996	16,772
General investments								
Private sector debt securities	-	-	1	1	11	-	-	11
Less: Allowance for impairment	-	-	(1)	(1)	(11)	-	-	(11)
Total	-	-	-	-	-	-	-	-
Total debt securities	10,052	5,123	5,614	20,789	3,691	25,015	11,012	39,718

(Unit: Million Baht)

	Separate financial statements							
	30 June 2009				31 December 2008			
	Periods remaining				Periods remaining			
	1 year	1 – 5 years	Over 5 years	Total	1 year	1 – 5 years	Over 5 years	Total
Available-for-sales securities								
Government and state enterprises securities	9,720	333	-	10,053	2,884	18,669	-	21,553
Private sector debt securities	227	-	-	227	758	50	-	808
Total	9,947	333	-	10,280	3,642	18,719	-	22,361
Add (less): Allowance for revaluation	46	(2)	-	44	13	206	-	219
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	9,992	331	-	10,323	3,654	18,925	-	22,579
Held-to-maturity securities								
Promissory notes issued by TAMC	-	1,226	8	1,234	-	2,697	8	2,705
Government and state enterprises securities	-	-	155	155	-	-	155	155
Overseas debt securities	-	3,565	5,445	9,010	-	3,118	10,833	13,951
Total	-	4,791	5,608	10,399	-	5,815	10,996	16,811
Less: Allowance for impairment	-	(54)	-	(54)	-	(54)	-	(54)
Total	-	4,737	5,608	10,345	-	5,761	10,996	16,757
General investments								
Private sector debt securities	-	-	1	1	11	-	-	11
Less: Allowance for impairment	-	-	(1)	(1)	(11)	-	-	(11)
Total	-	-	-	-	-	-	-	-
Total debt securities	9,992	5,068	5,608	20,668	3,654	24,686	10,996	39,336

7.3 Investments representing shareholdings in which the Bank and its subsidiaries hold more than 10%

The following are equity securities, classified by types of business, in which the Bank and its subsidiaries hold more than 10% of the paid-up share capital of the investee companies but those companies were not classified as subsidiaries and associated companies:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	30 June 2009	31 December 2008
Commercial business	2	2
Property development	1	167
Public utilities and services	17	17
Bank and Finance	4	10
Insurance businesses	234	234
Total	258	430
Less: Allowance for impairment	(173)	(344)
Net	85	86

7.4 Investments in investment units in which the Bank and its subsidiaries hold more than 10%

Investments in investment units in which the Bank and its subsidiaries hold more than 10% of the paid-up fund, which are not treated as their subsidiaries and associated companies, classified by type of fund, are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	30 June 2009		31 December 2008	
	Cost	Fair value	Cost	Fair value
General investments				
Investment in property funds	439	433	476	470
Investment in fixed income funds	-	-	20	22
Total	439	433	496	492
Less: Allowance for impairment	(3)		(3)	
Book value	436		493	

7.5 Investments in companies having problems relating to financial position and operating results

As at 30 June 2009 and 31 December 2008, the Bank and its subsidiaries have the following investments in companies, which have problems relating to financial positions and operating results, can be summarised as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements							
	30 June 2009				31 December 2008			
	Number of companies	Cost	Allowance for revaluation and impairment	Book value	Number of companies	Cost	Allowance for revaluation and impairment	Book value
Listed companies under delisting conditions	4	-	-	-	4	-	-	-
Companies with problems regarding to business continuity and/or weak financial status and operating performance	57	50	(40)	10	63	216	(206)	10
Defaulted debt securities	17	1	(1)	-	18	11	(11)	-

7.6 Investments in receivables

	Consolidated financial statements		Separate financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Investments in receivables	1,318	1,385	1,184	1,260
Less: Allowance for impairment	(259)	(261)	(154)	(154)
Investments in receivables - net	1,059	1,124	1,030	1,106

The outstanding balances of loan receivables as at 30 June 2009 and 31 December 2008, can be summarised as follows:

	30 June 2009				31 December 2008			
	Number of debtors	Principal	Purchase price	Estimated	Number of debtors	Principal	Purchase price	Estimated
				rate of return (Yield) *				rate of return (Yield)*
	Million Baht	Million Baht	Percent	Million Baht	Million Baht	Percent		
Consolidated financial statements								
Total accumulated investments in receivables	14,729	24,914	7,073	19	6,053	24,912	7,066	19
Outstanding investments in receivables as at the balance sheet date	12,468	10,402	1,318		3,874	10,683	1,385	
Separate financial statements								
Outstanding investments in receivables as at the balance sheet date	271	2,801	1,184		300	2,896	1,260	

* Excluded yield of investment in receivable of a subsidiary, the outstanding amount of which is Baht 49 million as at 30 June 2009 and 31 December 2008.

7.7 Investments in subsidiary and associated companies

Company name	Nature of business	Paid-up share capital		Percentage of holding		Investment value				Dividend received for the six-month periods ended 30 June	
		30 June	31 December	30 June	31 December	Cost	Equity method	Equity method	Equity method	2009	2008
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
		Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiary - not included in consolidated financial statements											
Krung Thai Thanakit Finance Plc.	In process of liquidation	388	388	99	99	562	562	154	238	-	-
Associated company											
Worldclass Rent a Car Co., Ltd.	Car rental	380	380	20	20	61	61	61	61	-	-
Total						623	623	215	299	-	-
Less: Allowance for impairment						(314)	(314)	(10)	(10)		
Investments in subsidiary and associated companies						309	309	205	289		
Less: Ordinary shares of the Bank held by its subsidiary which are not included in consolidated financial statements (cost method)								-	(190)		
Investments in subsidiary and associated companies – net								205	99		

Company name	Nature of business	Separate financial statements							
		Paid-up share capital		Percentage of holding		Investment value		Dividend received	
		30	31	30	31	Cost	method	for the six-month	
		June	December	June	December	June	December	periods ended	
		2009	2008	2009	2008	2009	2008	30 June	
						2009	2008		
		Million	Million	%	%	Million	Million	Million	Million
		Baht	Baht			Baht	Baht	Baht	Baht
Subsidiaries - included in consolidated financial statements									
BT Insurance Co., Ltd	Non-life insurance	300	300	100	100	236	236	-	-
BT Securities Co., Ltd.	Securities	1,200	1,200	100	100	1,175	1,175	-	-
BT Business Consulting Co., Ltd.	Consultancy services	33	33	100	100	32	32	-	-
BT Leasing Co., Ltd.	Leasing/ hire purchase	275	200	100	100	453	378	-	-
BT Asset Management Co., Ltd.	Fund manager	210	190	100	100	210	190	-	-
Sathom Asset Management Co., Ltd.	Asset management	25	25	100	100	25	25	-	175
BT Worldlease Co., Ltd.	Hire purchase - motorcycles, motorcycle trading	240	240	75	75	248	248	-	-
Subsidiary - not included in consolidated financial statements									
Krung Thai Thanakit Finance Plc.	In process of liquidation	388	388	99	99	562	562	-	-
Associated company									
Worldclass Rent a Car Co., Ltd.	Car rental	380	380	20	20	61	61	-	-
Total						3,002	2,907	-	175
Less: Allowance for impairment						(1,563)	(1,563)		
Investments in subsidiary and associated companies - net						1,439	1,344		

Share of losses from investment in an associated company for the six-month period ended 30 June 2008, amounting to Baht 8.1 million, were calculated based on the associated company's financial statements, which were prepared by its management and have not been audited or reviewed by its auditor.

BT World Lease Company Limited, which is a subsidiary of the Bank, has two subsidiary companies. These are Siam Wall N.E. Leasing Company Limited, which is principally engaged in the provision of hire purchase loans to motorcycle buyers, and Asset Liability Management Company Limited, which is principally engaged in the sale of used motorcycles. Siam Wall N.E. Leasing Company Limited and Asset Liability Management Company Limited passed resolutions to dissolve those companies, and registered their dissolutions with the Business Promotion Department, Ministry of Commerce on 22 September 2008 and 7 November 2008, respectively. Siam Wall N.E. Leasing Company Limited registered its liquidation on 26 December 2008 and BT Worldlease Co., Ltd. has received a refund of capital of Baht 29 million as a result of the liquidation. On 9 June 2009 Asset Liability Management Company Limited registered its liquidation but BT Worldlease Co., Ltd. received no return of capital.

8. Loans and accrued interest receivables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Loans	84,119	92,261	79,589	87,553
Accrued interest receivables	345	389	282	326
Total loans and accrued interest receivables	84,464	92,650	79,871	87,879
Less: Allowance for doubtful debts	(8,911)	(8,973)	(5,191)	(5,249)
Revaluation allowance for debt restructuring	(21)	(20)	(21)	(20)
Net book value	75,532	83,657	74,659	82,610

8.1 Classified by loan type

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Bank overdrafts	5,634	5,995	5,495	5,927
Loans	57,584	61,117	54,923	58,449
Bills*	16,961	21,040	19,130	23,164
Hire purchase receivables*	3,473	3,645	-	-
Financial lease receivables*	257	261	-	-
Securities business receivables	168	189	-	-
Others	42	14	41	13
Total loans	84,119	92,261	79,589	87,553
Add: Accrued interest receivables	345	389	282	326
Total loans and accrued interest receivables	84,464	92,650	79,871	87,879
Less: Allowance for doubtful debts	(8,911)	(8,973)	(5,191)	(5,249)
Revaluation allowance for debt restructuring	(21)	(20)	(21)	(20)
Loans and accrued interest receivables – net	75,532	83,657	74,659	82,610

* As at 30 June 2009 and 31 December 2008, those amount have been presented net from unearned interest income with total of Baht 931 million and Baht 996 million, respectively (separate financial statements: Baht 6 million and Baht 14 million, respectively).

8.2 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
Not over 1 year*	35,226	40,648	31,734	37,233
Over 1 year	49,238	52,002	48,137	50,646
Total loans and accrued interest receivables	84,464	92,650	79,871	87,879

* Includes loans for which the debtors have been unable to comply with the agreement and of which the Bank has the right to demand payment at call.

8.3 Classified by currency and residency of debtors

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2009			31 December 2008		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	82,976	-	82,976	91,016	-	91,016
US dollar	1,393	-	1,393	1,473	-	1,473
Other currencies	95	-	95	161	-	161
Total loans and accrued interest receivables	84,464	-	84,464	92,650	-	92,650

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	78,383	-	78,383	86,245	-	86,245
US dollar	1,393	-	1,393	1,473	-	1,473
Other currencies	95	-	95	161	-	161
Total loans and accrued interest receivables	79,871	-	79,871	87,879	-	87,879

8.4 Classified by types of business and loan classification

(Unit: Million Baht)

	Consolidated financial statements						
	30 June 2009						
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Securities and hire purchase receivables	Total
Agricultural and mining	216	24	-	4	221	-	465
Manufacturing and commerce	19,773	5,516	1,230	890	6,218	-	33,627
Real estate and construction	3,851	3,376	715	195	921	-	9,058
Public utilities and services	9,981	2,559	253	559	557	-	13,909
Personal cash	7,951	495	481	-	529	-	9,456
Housing loans	9,138	226	113	157	255	-	9,889
Hire purchase receivable and financial lease receivable	-	-	-	-	-	3,757	3,757
Others	3,621	81	72	33	203	293	4,303
Total loans and accrued interest receivables	54,531	12,277	2,864	1,838	8,904	4,050	84,464

(Unit: Million Baht)

Consolidated financial statements

31 December 2008

	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Securities and	Total
						hire purchase receivables	
Agricultural and mining	225	24	7	79	147	-	482
Manufacturing and commerce	24,689	3,918	1,863	1,425	5,167	-	37,062
Real estate and construction	4,277	3,857	798	133	840	-	9,905
Public utilities and services	13,673	2,362	194	37	674	-	16,940
Personal cash	9,421	559	475	-	929	-	11,384
Housing loans	8,812	245	88	75	212	-	9,432
Hire purchase receivable and financial lease receivable	-	-	-	-	-	3,936	3,936
Others	3,031	72	37	19	120	230	3,509
Total loans and accrued interest receivables	<u>64,128</u>	<u>11,037</u>	<u>3,462</u>	<u>1,768</u>	<u>8,089</u>	<u>4,166</u>	<u>92,650</u>

(Unit: Million Baht)

Separate financial statements

30 June 2009

	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	216	24	-	4	134	378
Manufacturing and commerce	19,773	5,516	1,230	890	3,315	30,724
Real estate and construction	3,851	3,376	715	195	755	8,892
Public utilities and services	9,987	2,559	253	559	544	13,902
Personal cash	7,951	495	481	-	529	9,456
Housing loans	9,137	226	113	157	187	9,820
Others	6,444	81	72	33	69	6,699
Total loans and accrued interest receivables	<u>57,359</u>	<u>12,277</u>	<u>2,864</u>	<u>1,838</u>	<u>5,533</u>	<u>79,871</u>

(Unit: Million Baht)

Separate financial statements

31 December 2008

	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	225	24	7	79	60	395
Manufacturing and commerce	24,689	3,918	1,863	1,425	2,256	34,151
Real estate and construction	4,277	3,857	798	133	680	9,745
Public utilities and services	13,678	2,362	194	37	648	16,919
Personal cash	9,421	559	475	-	929	11,384
Housing loans	8,812	245	88	75	141	9,361
Others	5,779	72	37	19	17	5,924
Total loans and accrued interest receivables	<u>66,881</u>	<u>11,037</u>	<u>3,462</u>	<u>1,768</u>	<u>4,731</u>	<u>87,879</u>

8.5 Classification of loans

The Bank and its subsidiaries classified loans by loan classification and/or based on the over due date as summarised below:

a) Loans of the Bank and its subsidiaries

	Consolidated financial statements							
	30 June 2009				31 December 2008			
	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts
	Million Baht	Million Baht	%	Million Baht	Million Baht	Million Baht	%	Million Baht
Pass	54,531	18,588	1	247	64,128	19,801	1	261
Special mention	12,277	2,748	2	122	11,037	2,177	2	112
Sub-standard	2,864	1,401	100	1,431	3,462	1,243	100	1,273
Doubtful	1,838	449	100	600	1,768	762	100	886
Doubtful of loss	8,904	5,809	100	5,892	8,089	5,698	100	5,803
Total	80,414	28,995		8,292	88,484	29,681		8,335
General provision for further losses				166				166
Total				8,458				8,501

⁽¹⁾ For provision for sub-standard, doubtful and doubtful of loss loans, which is set up in accordance with new BOT guidelines, the debt balance after collateral 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.

	Separate financial statements							
	30 June 2009				31 December 2008			
	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts
	Million Baht	Million Baht	%	Million Baht	Million Baht	Million Baht	%	Million Baht
Pass	57,359	21,417	1	235	66,881	22,553	1	249
Special mention	12,277	2,748	2	122	11,037	2,177	2	112
Sub-standard	2,864	1,401	100	1,401	3,462	1,243	100	1,243
Doubtful	1,838	449	100	516	1,768	762	100	802
Doubtful of loss	5,533	2,614	100	2,822	4,731	2,463	100	2,693
Total	79,871	28,629		5,096	87,879	29,198		5,099
General provision for further losses				95				150
Total				5,191				5,249

⁽¹⁾ For provision for sub-standard, doubtful and doubtful of loss loans, which is set up in accordance with new BOT guidelines, the debt balance after collateral 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.

As at 30 June 2009, there were defaulted loans amounting to Baht 8,602 million, for which the Bank has ceased accrual of interest income on accrual basis (31 December 2008: Baht 7,615 million).

b) Securities business receivables of the subsidiary

(Unit: Million Baht)

	Securities business receivables and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts	
	30 June	31 December	30 June	31 December	30 June	31 December
	2009	2008	2009	2008	2009	2008
Pass	215	129	-	-	-	-
Sub-standard debt	18	24	-	-	-	-
Doubtful debt	60	77	60	77	79	99
Total	293	230	60	77	79	99

c) Hire purchase receivables and financial lease receivables of the subsidiaries

As at 30 June 2009 and 31 December 2008, hire-purchase receivables and financial lease receivables of the subsidiaries are classified based on the over due date as follows:

(Unit: Million Baht)

	Debt balance - net from unearned income		Allowance for doubtful accounts	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Current or overdue less than				
1 installment	2,865	3,013	28	30
Overdue 2 - 3 installments	529	557	10	11
Overdue 4 - 6 installments	61	79	35	45
Overdue 7 - 12 installments	28	14	27	14
Overdue more than 12 installments	269	268	269	268
Debtors under litigation	5	5	5	5
Total	3,757	3,936	374	373

8.6 Non-performing loans

As at 30 June 2009 and 31 December 2008, the Bank and its subsidiaries had the following non-performing loans, according to the criteria set up by the BOT and the Office of the Securities and Exchange Commission:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Non-performing loans (principal only)	13,526	13,242	10,163	9,888

As at 30 June 2009 and 31 December 2008, the above non-performing loans under the BOT's criteria were presented in accordance with the notification of the BOT, defining non-performing loans to be the debts classified as sub-standard, doubtful and doubtful of loss and excluding outstanding loans for which debt restructuring agreements have been made and conditions to upgrade to pass class or special mention class in accordance with the BOT's criteria have already been fulfilled.

8.7 Hire purchase and financial lease receivables

Net receivables of the Bank's subsidiaries under hire purchase agreements and financial leases amount to Baht 3,383 million and comprise hire purchase agreements and financial leases for cars and motorcycles. The term of the agreements are generally between 3 and 6 years and interest is charged at a fixed rate.

(Unit: Million Baht)

	Consolidated financial statements as at 30 June 2009				
	Amounts due under lease agreement				
	Less than 1 year	1-5 years	Over 5 years	Non - performing loans	Total
Gross investment in the lease	1,871	2,389	9	412	4,681
Unearned finance income	(504)	(371)	-	(49)	(924)
Present value of minimum lease payments receivable	1,367	2,018	9	363	3,757
Allowance for doubtful accounts					(374)
Net receivables under hire purchase agreements and financial leases					<u>3,383</u>

8.8 Troubled debt restructuring

During for the six-month period ended 30 June 2009 and for year ended 31 December 2008, the Bank entered into troubled debt restructuring agreements with debtors. The number of debtors and their debt balances (including recorded accrued interest receivables) before restructuring can be summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Number of debtors	2,287	4,593	2,285	4,590
Debt balances	630	2,115	629	2,114

The restructured debtors referred to above can be classified by method of troubled debt restructuring as described below:

(Unit: Million Baht)

Consolidated financial statements						
For the six-month period ended 30 June 2009						
	Number of debtors	Debt balances		Type of assets transferred	Fair value	Loss on troubled debt restructuring
		Before restructuring	After restructuring			
Transfer of assets	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Modification of terms of payments	2,287	630	630			-
Combination of methods	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Total	2,287	630	630		-	-
Loans and accrued interest receivables as at 30 June 2009	<u>233,126</u>		<u>84,464</u>			

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2008						
	Number of debtors	Debt balances		Type of assets transferred	Fair value	Loss on troubled debt restructuring
		Before restructuring	After restructuring			
Transfer of assets	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Modification of terms of payments	4,593	2,115	2,106			9
Combination of methods	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Total	4,593	2,115	2,106		-	9
Loans and accrued interest receivables as at 31 December 2008	<u>264,847</u>		<u>92,650</u>			

(Unit: Million Baht)

Separate financial statements						
For the six-month period ended 30 June 2009						
	Number of debtors	Debt balances		Type of assets transferred	Fair value	Loss on troubled debt restructuring
		Before restructuring	After restructuring			
Transfer of assets	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Modification of terms of payments	2,285	629	629			-
Combination of methods	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Total	2,285	629	629		-	-
Loans and accrued interest receivables as at 30 June 2009	179,189		79,871			

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2008						
	Number of debtors	Debt balances		Type of assets transferred	Fair value	Loss on troubled debt restructuring
		Before restructuring	After restructuring			
Transfer of assets	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Modification of terms of payments	4,590	2,114	2,105			9
Combination of methods	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Total	4,590	2,114	2,105		-	9
Loans and accrued interest receivables as at 31 December 2008	208,964		87,879			

The debts restructured by means of modification of the term of repayment and combination of methods referred to above can be classified by the term of repayment under the restructuring agreements as follows:

(Unit: Million Baht)

Consolidated financial statements						
For the six-month period ended						
30 June 2009			For the year ended 31 December 2008			
Term of repayment according to the restructuring agreements	Number	Debt balances		Number	Debt balances	
	of debtors	Before restructuring	After restructuring	of debtors	Before restructuring	After restructuring
Not more than 5 years	879	132	132	1,496	1,066	1,057
5 – 10 years	1,395	455	455	3,088	1,034	1,034
10 – 15 years	6	17	17	8	13	13
More than 15 years	7	26	26	1	2	2
Total	2,287	630	630	4,593	2,115	2,106

(Unit: Million Baht)

Separate financial statements						
For the six-month period ended						
30 June 2009			For the year ended 31 December 2008			
Term of repayment according to the restructuring agreements	Number	Debt balances		Number	Debt balances	
	of debtors	Before restructuring	After restructuring	of debtors	Before restructuring	After restructuring
Not more than 5 years	878	132	132	1,493	1,065	1,056
5 – 10 years	1,395	455	455	3,088	1,034	1,034
10 – 15 years	6	17	17	8	13	13
More than 15 years	6	25	25	1	2	2
Total	2,285	629	629	4,590	2,114	2,105

Supplemental information for the six-month period ended 30 June 2009 and for the year ended 31 December 2008 relating to the restructured debts is as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month period ended 30 June 2009	For the year ended 31 December 2008	For the six-month period ended 30 June 2009	For the year ended 31 December 2008
Losses on debt restructuring due to debtors being able to comply with debt restructuring conditions during the years (Hair cut loss)	15	306	-	248
Cash settlement by debtors				
Principal	237	1,153	230	1,133
Interest	98	332	96	329

As at 30 June 2009 and 31 December 2008, the troubled debtors for which the Bank and its subsidiaries completed their debt restructuring can be summarised as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Number of debtors	6,278	6,113	6,274	6,109
Debt balances after restructuring	2,745	3,251	2,719	3,221

In cases where the troubled debt restructuring involves modifications of the terms and the repayment conditions, the fair value of the loans after restructuring is determined based on the net present value of expected future cashflows, discounted by the market interest rate. As at 30 June 2009 and 31 December 2008, the Bank have losses from the revaluation of restructured debts (PV Loss) of Baht 21 million and Baht 20 million, respectively, for which the Bank had provided allowance for revaluation as a result of debt restructuring.

In addition, as at 30 June 2009 the Bank may have to utilize additional losses from debt restructuring through waiver of part of the principal or interest receivables if the restructured debtors are able to comply with the conditions as stipulated in the debt restructuring agreements approximately Baht 40 million (31 December 2008: Baht 43 million). The Bank had already provided a provision for such losses, which is presented as part of the allowance for doubtful debts in the balance sheet.

9. Allowance for doubtful debts

(Unit: Million Baht)

Consolidated financial statements									
30 June 2009									
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Securities and hire purchase receivables	Grand total
Balance as at 31 December 2008	261	112	1,273	886	5,803	166	8,501	472	8,973
Add: Addition	-	-	-	-	-	938	938	18	956
Reversal of bad debts	-	-	-	-	-	46	46	-	46
Transferred from revaluation allowance for debt restructuring	-	-	-	-	-	1	1	-	1
Less: Bad debts written off	-	-	(5)	-	(1,047)	(2)	(1,054)	(31)	(1,085)
Reversal of allowance made for settled debts	-	-	-	-	(5)	-	(5)	(6)	(11)
Reversal of allowance made for sold NPLs	-	-	-	-	33	-	33	-	33
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(2)	(2)	-	(2)
Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	(14)	10	163	(286)	1,108	(981)	-	-	-
Balance as at 30 June 2009	<u>247</u>	<u>122</u>	<u>1,431</u>	<u>600</u>	<u>5,892</u>	<u>166</u>	<u>8,458</u>	<u>453</u>	<u>8,911</u>

(Unit: Million Baht)

Consolidated financial statements									
31 December 2008									
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Securities and hire purchase receivables	Grand total
Balance as at 31 December 2007	476	16	1,509	309	7,772	428	10,510	551	11,061
Add: Addition	-	-	-	-	-	2,291	2,291	52	2,343
Reversal of bad debts	-	-	-	-	-	8	8	-	8
Transferred from revaluation allowance for debt restructuring	-	-	-	-	-	7	7	-	7
Less: Bad debts written off	(10)	(7)	(6)	(3)	(1,817)	(9)	(1,852)	(113)	(1,965)
Reversal of allowance made for settled debts	-	-	-	-	(10)	-	(10)	(18)	(28)
Reversal of allowance made for sold NPLs	(55)	-	-	-	(2,398)	-	(2,453)	-	(2,453)
Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	(150)	103	(230)	580	2,256	(2,559)	-	-	-
Balance as at 31 December 2008	<u>261</u>	<u>112</u>	<u>1,273</u>	<u>886</u>	<u>5,803</u>	<u>166</u>	<u>8,501</u>	<u>472</u>	<u>8,973</u>

(Unit: Million Baht)

	Separate financial statements						
	30 June 2009						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total
Balance as at 31 December 2008	249	112	1,243	802	2,693	150	5,249
Add: Addition	-	-	-	-	-	938	938
Reversal of bad debts	-	-	-	-	-	46	46
Transferred from revaluation allowance for debt restructuring	-	-	-	-	-	1	1
Transferred from revaluation allowance for subsidiary	-	-	-	-	13	-	13
Less: Bad debts written off	-	-	(5)	-	(1,047)	(2)	(1,054)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(2)	(2)
Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	(14)	10	163	(286)	1,163	(1,036)	-
Balance as at 30 June 2009	<u>235</u>	<u>122</u>	<u>1,401</u>	<u>516</u>	<u>2,822</u>	<u>95</u>	<u>5,191</u>

(Unit: Million Baht)

	Separate financial statements						
	31 December 2008						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total
Balance as at 31 December 2007	475	16	1,509	309	4,694	330	7,333
Add: Addition	-	-	-	-	-	2,196	2,196
Reversal of bad debts	-	-	-	-	-	8	8
Transferred from revaluation allowance for debt restructuring	-	-	-	-	-	7	7
Less: Bad debts written off	(10)	(7)	(6)	(3)	(1,817)	(9)	(1,852)
Transferred from revaluation allowance for subsidiary	(12)	-	(30)	(84)	(2,317)	-	(2,443)
Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	(204)	103	(230)	580	2,133	(2,382)	-
Balance as at 31 December 2008	<u>249</u>	<u>112</u>	<u>1,243</u>	<u>802</u>	<u>2,693</u>	<u>150</u>	<u>5,249</u>

10. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Balance – beginning of the period	20	51	20	51
Add: Revaluation allowance transferred from allowance for doubtful debts	2	-	2	-
Less: Amounts written off during the periods	-	(24)	-	(24)
Revaluation allowance transferred to allowance for doubtful debts	(1)	(7)	(1)	(7)
Balance – end of the period	<u>21</u>	<u>20</u>	<u>21</u>	<u>20</u>

The write-off transactions and/or the adjustments of revaluation allowance for debt restructuring are transferred to allowance for doubtful debts.

11. Properties foreclosed

Properties foreclosed represent properties foreclosed from debtors as a result of debt restructuring, or properties obtained as a result of a successful bid for the mortgaged assets of debtors at auction, or unused assets transferred as a result of merger and awaiting disposal.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Cost	3,169	3,245	2,960	3,017
Less: Allowance for impairment	(734)	(762)	(715)	(740)
Book value	<u>2,435</u>	<u>2,483</u>	<u>2,245</u>	<u>2,277</u>

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

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2009		31 December 2008	
	Balances	Obligations with regard to buyback options or first refusal rights	Balances	Obligations with regard to buyback options or first refusal rights
Immovable	3,140	-	3,204	-
Movable	29	-	41	-
Total	<u>3,169</u>	<u>-</u>	<u>3,245</u>	<u>-</u>
Less: Allowance for impairment	(734)		(762)	
Properties foreclosed – net	<u>2,435</u>		<u>2,483</u>	

(Unit: Million Baht)

	Separate financial statements			
	30 June 2009		31 December 2008	
	Balances	Obligations with regard to buyback options or first refusal rights	Balances	Obligations with regard to buyback options or first refusal rights
Immovable	2,960	-	3,017	-
Less: Allowance for impairment	(715)		(740)	
Properties foreclosed – net	<u>2,245</u>		<u>2,277</u>	

The Bank provides allowance for impairment of properties foreclosed by reference to appraised value. The Bank appraisals or review the fair value of properties foreclosed annually in accordance with the Notification of the Bank of Thailand. However, the actual selling price may differ from the appraised value. In addition, the Bank is subject to restrictions on the allowed periods it may hold such properties, as stipulated by the Bank of Thailand. If the Bank is unable to dispose of the properties within allowed periods, the Bank has to set aside additional provision in accordance with the Bank of Thailand guidelines. The Bank's management believes that the carrying value of such properties is suitable to the current situation and the current disposal plan of its properties foreclosed.

12. Premises and equipment

(Unit: Million Baht)

	Consolidated financial statements				
	Revaluation basis		Cost basis		
	Land	Buildings	Equipment	Assets under installation and under construction	Total
Cost/Revaluations:					
31 December 2008	1,273	3,621	2,255	7	7,156
Additions	-	-	77	8	85
Disposals/written off	-	-	(9)	(1)	(10)
30 June 2009	1,273	3,621	2,323	14	7,231
Accumulated depreciation:					
31 December 2008	-	(1,289)	(1,626)	-	(2,915)
Depreciation for the period	-	(69)	(120)	-	(189)
Depreciation on disposals/written off	-	-	4	-	4
30 June 2009	-	(1,358)	(1,742)	-	(3,100)
Allowance for impairment:					
31 December 2008	(87)	(262)	(28)	-	(377)
Decrease during the period	-	-	19	-	19
30 June 2009	(87)	(262)	(9)	-	(358)
Net book value:					
31 December 2008	1,186	2,070	601	7	3,864
30 June 2009	1,186	2,001	572	14	3,773
Depreciation for the six-month periods ended 30 June:					
2008					196
2009					189

(Unit: Million Baht)

	Separate financial statements				
	Revaluation basis		Cost basis		
	Land	Buildings	Equipment	Assets under installation and under construction	Total
Cost/Revaluations:					
31 December 2008	1,273	3,565	2,004	6	6,848
Additions	-	-	73	8	81
Disposals/written off	-	-	(6)	(1)	(7)
30 June 2009	1,273	3,565	2,071	13	6,922
Accumulated depreciation:					
31 December 2008	-	(1,252)	(1,430)	-	(2,682)
Depreciation for the period	-	(68)	(108)	-	(176)
Depreciation on disposals/written off	-	-	1	-	1
30 June 2009	-	(1,320)	(1,537)	-	(2,857)
Allowance for impairment:					
31 December 2008	(87)	(262)	(28)	-	(377)
Decrease during the period	-	-	19	-	19
30 June 2009	(87)	(262)	(9)	-	(358)
Net book value:					
31 December 2008	1,186	2,050	546	6	3,788
30 June 2009	1,186	1,983	525	13	3,707
Depreciation for the six-month periods ended 30 June:					
2008					183
2009					175

Certain equipment items of the Bank and its Subsidiaries have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets as at 30 June 2009 and 31 December 2008, amounted to approximately Baht 1,062 million and Baht 1,004 million, respectively (separate financial statements: Baht 928 million and Baht 869 million, respectively).

13. Intangible assets

(Unit: Million Baht)

Consolidated financial statements					
Amortising period	Balance as at 31 December 2008	Increase	Transfer in/(out)	Written off/ Amortisation	Balance as at 30 June 2009
Expenditures in connection with development and improvement of computer systems – under development	479	95	(17)	(31)	526
Computer software	314	17	17	(45)	303
License Fee	9	-	-	(1)	8
Total	802				837
Allowance for impairment	(251)				(270)
Net intangible assets	551				567

(Unit: Million Baht)

Separate financial statements					
Amortising period	Balance as at 31 December 2008	Increase	Transfer in/(out)	Written off/ Amortisation	Balance as at 30 June 2009
Expenditures in connection with development and improvement of computer systems – under development	479	95	(17)	(31)	526
Computer software	298	9	17	(37)	287
License Fee	6	-	-	(1)	5
Total	783				818
Allowance for impairment	(251)				(270)
Net intangible assets	532				548

As of 30 June 2009, the Bank recorded development costs of a core banking business system amounting to Baht 374 million. The Bank is in the process of reviewing its system requirements and looking for an appropriate system. However, such development costs mainly comprise costs of conceptual design, which can be used in future implementations since they cover actual operational requirements, and management believe the Bank will derive benefit from this design in the future. As at the end of period, the Bank has recognized impairment loss on those assets about which there is uncertainty as to future utilization, totaling Baht 251 million. However, on 21 January 2008 the Bank claimed the developer for compensation of Baht 128 million through the International Court of Arbitration, International Chamber of Commerce.

14. Other assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Unrealised gains on derivative revaluation	1,132	1,638	1,132	1,638
Accrued interest receivables	574	703	573	701
Prepaid interest on deposits	79	475	79	475
Withholding tax receivables	112	94	104	81
Credit support assets on derivative	126	52	126	52
Leasehold right	238	254	230	245
Advances	138	118	125	112
Others	596	807	348	511
Total	2,995	4,141	2,717	3,815
Less: Allowance for impairment	(144)	(144)	(144)	(144)
Other assets – net	2,851	3,997	2,573	3,671

15. Deposits

Classified by type of deposits

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
At call	1,224	1,349	1,234	1,351
Savings	26,054	20,876	26,350	21,123
Fixed				
- Less than 6 months	26,874	61,450	26,876	61,452
- 6 months and up to 1 year	24,694	41,981	24,694	41,981
- Over 1 year	37,987	33,935	38,012	33,961
Negotiable certificate of deposit	229	138	229	138
Total deposits	117,062	159,729	117,395	160,006

Classified by the remaining period of contracts

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Not over 1 year*	108,494	154,575	108,802	154,827
Over 1 year	8,568	5,154	8,593	5,179
Total	117,062	159,729	117,395	160,006

* Included expired contracts

15.3 Classified by currency and residency of depositors

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2009			31 December 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	115,990	702	116,692	158,835	693	159,528
US dollar	370	-	370	197	-	197
Other currencies	-	-	-	4	-	4
Total	116,360	702	117,062	159,036	693	159,729

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	116,323	702	117,025	159,112	693	159,805
US dollar	370	-	370	197	-	197
Other currencies	-	-	-	4	-	4
Total	116,693	702	117,395	159,313	693	160,006

As at 30 June 2009 for the Bank had Baht 1,418 million of 5 – year callable range accrual structured deposit and these have conditions concerning the interest to be paid and early repayment rights of the Bank. The Bank has not accounted for the embedded derivatives separately from the host contracts since the economic characteristics and risks of the embedded derivatives are closely related to the host contracts. Such deposits are recorded under the cost method. As at 30 June 2009, the fair value of structured deposits calculated by valuation technique was approximately 92.6 percent of the face amount.

16. 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:						
Bank of Thailand and the FIDF	-	192	192	-	396	396
Commercial banks	(136)	700	564	19	320	339
Other banks	1	-	1	3	-	3
Finance, finance and securities, securities, credit foncier companies	393	370	763	197	480	677
Other financial institutions	502	1,426	1,928	427	6,580	7,007
Total domestic items	760	2,688	3,448	646	7,776	8,422
Foreign:						
US dollar	130	-	130	89	-	89
Other currencies	328	940	1,268	773	965	1,738
Total foreign items	458	940	1,398	862	965	1,827
Total domestic and foreign items	1,218	3,628	4,846	1,508	8,741	10,249

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand and the FIDF	-	192	192	-	396	396
Commercial banks	11	500	511	16	-	16
Other banks	1	-	1	3	-	3
Finance, finance and securities, securities, credit foncier companies	393	370	763	248	480	728
Other financial institutions	502	1,426	1,928	435	6,580	7,015
Total domestic items	907	2,488	3,395	702	7,456	8,158
Foreign:						
US dollar	130	-	130	89	-	89
Other currencies	328	940	1,268	773	965	1,738
Total foreign items	458	940	1,398	862	965	1,827
Total domestic and foreign items	1,365	3,428	4,793	1,564	8,421	9,985

17. Borrowings

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2009			31 December 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Hybrid instrument						
Hybrid securities of Baht 2,500 million maturing in 2019	2,500	-	2,500	-	-	-
Subordinated notes						
Subordinated debentures of USD 50 million, maturing in 2016	-	1,702	1,702	-	1,747	1,747
Subordinated debentures of USD 40 million, maturing in 2017	-	1,361	1,361	-	1,398	1,398
Subordinated debentures maturing in 2003	544	-	544	544	-	544
Non-interest bearing subordinated debentures of Baht 2,760 million, maturing in 2009	-	-	-	2,760	-	2,760
	<u>3,044</u>	<u>3,063</u>	<u>6,107</u>	<u>3,304</u>	<u>3,145</u>	<u>6,449</u>
Securities sold under repurchase agreement						
Securities sold under repurchase agreements maturing in 2009, coupon rate of 3.85% per annum	-	-	-	316	-	316
	<u>-</u>	<u>-</u>	<u>-</u>	<u>316</u>	<u>-</u>	<u>316</u>
Fixed rate notes						
Bills of exchange maturing in 2009, coupon rate of 3.00 – 4.00% per annum	-	-	-	149	-	149
Promissory note maturing in 2009, coupon rate of 3.80 – 5.25% per annum	-	-	-	155	-	155
	<u>-</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>-</u>	<u>304</u>
Total	3,044	3,063	6,107	3,924	3,145	7,069
Less: Current portion of long-term borrowings	(544)	-	(544)	(3,924)	-	(3,924)
Long-term borrowings – net	<u>2,500</u>	<u>3,063</u>	<u>5,563</u>	<u>-</u>	<u>3,145</u>	<u>3,145</u>

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Hybrid instrument						
Hybrid securities of Baht 2,500 million						
maturing in 2019	2,500	-	2,500	-	-	-
Subordinated notes						
Subordinated debentures of USD 50 million,						
maturing in 2016	-	1,702	1,702	-	1,747	1,747
Subordinated debentures of USD 40 million,						
maturing in 2017	-	1,361	1,361	-	1,398	1,398
Subordinated debentures maturing in 2003	544	-	544	544	-	544
Non-interest bearing subordinated						
debentures of Baht 2,760 million, maturing						
in 2009	-	-	-	2,760	-	2,760
	<u>3,044</u>	<u>3,063</u>	<u>6,107</u>	<u>3,304</u>	<u>3,145</u>	<u>6,449</u>
Fixed rate notes						
Bills of exchange maturing in 2009, coupon						
rate of 3.00 – 4.00% per annum	-	-	-	149	-	149
	<u>-</u>	<u>-</u>	<u>-</u>	<u>149</u>	<u>-</u>	<u>149</u>
Total	<u>3,044</u>	<u>3,063</u>	<u>6,107</u>	<u>3,453</u>	<u>3,145</u>	<u>6,598</u>
Less: Current portion of long-term borrowings	(544)	-	(544)	(3,453)	-	(3,453)
Long-term borrowings – net	<u>2,500</u>	<u>3,063</u>	<u>5,563</u>	<u>-</u>	<u>3,145</u>	<u>3,145</u>

- a) As at 30 June 2009 and 31 December 2008, the Bank has domestic subordinated debentures of 544 Million and Baht 3,304 million which transferred to the Bank since merger date.
- b) On 16 February 2007, the Bank issued unsecured 400 units of a subordinated debenture with a face value of USD 100,000 each to overseas investors, at a price of USD 100,000 per unit, or for a total of USD 40 million. The notes have a tenor of 10 years, maturing on 20 February 2017, with an early redemption call option in the year 2012. They bear interest at the 6-month LIBOR US dollar deposit rate plus 350 basis points from years 1 – 5 and, at the 6-month LIBOR US dollar deposit rate plus 525 basis points from year 6 onwards. Interest is due on 20 February and 20 August every year (under the specified conditions).

There is a call option in the following three cases:

1. If there are significant changes in tax laws that increase the tax liabilities of the issuer.
2. If the issuer wishes to redeem the debentures early on the optional redemption date.
3. If the debentures cannot be counted as Lower Tier II Subordinated Debt of the issuer.

In all three cases, early redemption must be pre-approved by the Bank of Thailand.

Certain covenants are stipulated in the debenture agreements, including prohibitions on borrowing, providing guarantees, or creating any other obligations which are or purport to be subordinated debt of the Bank, within 120 days after the issue date.

The related expenses of Baht 23 million were recorded as a deferred expense and are amortised to expenses over the term of the debenture.

- c) On 17 July 2006, the Bank issued 50 unsecured and subordinated debentures with a face value of USD 1 million each to overseas investors, at a price of USD 1 million per unit, or for a total of USD 50 million. The notes have a tenor of 10 years, maturing on 17 July 2016, with an early redemption call option in the year 2011. They bear interest at the 6-month LIBOR US dollar deposits rate plus 350 basis points for the first 5 years, and at the 6-month LIBOR US dollar deposits rate plus 525 basis points after the optional redemption date in 2011. Interest is due every 17 July and 17 January (under the specified conditions).

There is a call option in the following three cases:

1. If there are significant changes in tax laws that increase the tax liabilities of the issuer.
2. If the issuer wishes to redeem the debentures early on the optional redemption date.
3. If the debentures cannot be counted as Lower Tier II Subordinated Debt of the issuer.

In all three cases, early redemption must be pre-approved by the Bank of Thailand.

Certain covenants are stipulated in the debenture agreements, including prohibitions on borrowing, providing guarantees, or creating any other obligations which are or purport to be subordinated debt of the Bank unless such obligations rank junior to or pari passu with the debentures.

The related expenses of Baht 38 million were recorded as a deferred expense and are amortised to expenses over the term of the debenture.

- d) On 27 March 2009, the Bank issued 2,500,000 Cumulative hybrid instruments with a face value of Baht 1,000 each, or a total of Baht 2,500 million. The debentures have a tenor of 10 years, maturing on 27 March 2019, with an early redemption call option 5 years after the issue date. They bear interest at 5.25% p.a. for the first 5 years, and 6.75% p.a. for years 6-10. Interest is due every 27 March and 27 September (under the specified conditions).

There is a call option in the following two cases:

1. If there are significant changes in tax laws that increase the tax liabilities of the issuer.
2. If the debentures cannot be counted as Hybrid Tier II Debt of the Bank.

In both cases, early redemption must be pre-approved by the Bank of Thailand.

18. Other liabilities

	(Unit: Million Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Unrealised losses on derivatives	669	1,006	669	1,006
Credit support liabilities on derivative	82	517	82	517
Amount due to Department of Alternative Energy				
Development and Efficiency	402	484	402	484
Other liabilities awaiting accounts transfer	700	1,040	694	1,038
Unearned premium reserves	136	132	-	-
Reserve for off-balance sheet items	308	263	308	263
A/P Customer account	294	192	-	-
Accrued Expense	167	300	128	239
Others	719	545	331	171
Total	3,477	4,479	2,614	3,718

19. Share capital

Capital Increase

On 3 September 2008, the Extraordinary General Meeting of Shareholders No.2/2008 approved an increase in the registered capital, from Baht 25,030,127,182.50 to Baht 50,060,254,365 by issuing 6,674,700,582 new ordinary shares with a par value of Baht 3.75 each.

On 20 February 2009, the Extraordinary General Meeting of Shareholders No. 1/2009 approved amendments of the resolutions of the Extraordinary General Meeting of Shareholders No. 2/2008 to change the previously stipulated offering price of not lower than Baht 0.66 to an offering price of Baht 0.38. The tendered share accepted by the offeror at completion of the offer period totaled 6,674,700,582 shares of Million Baht 2,536.38. As the result, on 18 March 2009 CIMB holds 12,435,069,760 shares, or equivalent to 93.15 percent of total issued and outstanding shares of the Bank.

The Bank registered an increased capital on 23 March 2009, after the registration of the capital increase, the registered capital and paid up capital is Baht 50,060,254,365 and share discount is Baht 33,100,728,672.96 (13,349,401,164 ordinary shares at 3.75 per share).

Capital Reduction

On 20 February 2009, the Extraordinary General Meeting of Shareholders No. 1/2009 approved the transfer of Baht 6,053,483.70 from the Bank's legal reserve to offset its deficit and a decrease of the registered capital by way of lowering the par value from Baht 3.75 per share to Baht 0.50 per share. The premium arising from the capital reduction exercise was to be used to credit the share discount account in order to offset the share discount, and then retained earnings account, in order to offset the deficit. After such capital reduction, the registered share capital of the Bank will be reduced from Baht 50,060,254,365 to Baht 6,674,700,582.

On 12 March 2009, the Bank obtained approval from the BOT for the reduction of its capital from Baht 50,060,254,365 to Baht 6,674,700,582.

On 30 March 2009, the Bank transferred Baht 6,053,483.70 from the legal reserve to offset deficit and registered a capital reduction by means of reducing the par value of shares from of Baht 3.75 to Baht 0.50. The premium arising from the capital reduction exercise and the transfer of legal reserve being credited against the share discount of baht 33,100,728,672.96 and the deficit of Baht 10,290,878,593.74.

The registered, issued and paid up capital is as follows:

	<u>Baht</u>
Registered share capital	
13,349,401,164 ordinary shares at baht 0.50	6,674,700,582
Issued and paid up capital	
13,349,401,164 ordinary shares at baht 0.50	6,674,700,582

20. Treasury stock – Bank’s ordinary shares held by its subsidiaries

As at 31 December 2008, BT Securities Company Limited and Krung Thai Thanakit Finance Public Company Limited, subsidiary companies of the Bank, hold 124,589,637 of the Bank’s ordinary shares. Investment in the Bank’s ordinary shares is presented as treasury stock in the consolidated financial statements, and amounts to approximately Baht 460 million. The investments are recorded under the cost method, as a deduction item in shareholders’ equity.

In January 2009, BT Securities Company Limited and KrungThai Thanakit Finance Public Company Limited, subsidiary companies of the Bank, sold ordinary shares of such treasury stock to CIMB Bank Berhad under the tender offer scheme at a price of Baht 2.10 per share, for a total of Baht 262 million. The loss on sale of such ordinary shares Baht 199 million are recorded directly against the Bank’s deficit.

21. Revaluation surplus

This represents surplus arising from revaluation of land and premises. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

	(Unit: Million Baht)	
	<u>Consolidated and separate financial statements</u>	
	<u>30 June 2009</u>	<u>31 December 2008</u>
Balance – beginning of period	749	768
Less: Amortisation	(10)	(19)
Balance – end of period	<u>739</u>	<u>749</u>

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

22. Revaluation surplus (deficit) on investments

(Unit: Million Baht)

	Separate financial statements	
	30 June 2009	31 December 2008
Revaluation surplus on investments:		
Debt securities	49	221
Equity securities	2	11
Total	51	232
Revaluation deficit on investments:		
Debt securities	(4)	(1)
Equity securities	(55)	(175)
Total	(59)	(176)
Revaluation surplus (deficit) on investments – net	(8)	56

23. Statutory reserve

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net profit for the year, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital.

24. Capital funds

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551 were as follows:

	30 June 2009 (Million Baht)	Total capital to risk assets (%)	31 December 2008 (Million Baht)	Total capital to risk assets (%)
<u>Tier I</u>				
Issued and paid up share capital	6,675		25,030	
Share discount	-		(10,607)	
Statutory reserve	-		6	
Deficit unappropriated	(454)		(10,310)	
Total	6,221	6.09	4,119	3.57
<u>Tier II</u>				
Revaluation surplus on assets	464		468	
Reserve for loan classified as pass	215		226	
Long-term subordinated debentures	3,042		2,060	
Hybrid securities	2,500		-	
Total	6,221		2,754	
Total Tier I and Tier II capital funds	12,442		6,873	
Less: Revaluation deficit on capital securities available-for-sale	(53)		(174)	
Total capital funds	12,389	12.12	6,699	5.80

25. Gains (losses) on investments

Gains (losses) on investments as presented in the income statements for the six-month periods ended 30 June 2009 and 2008 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2009	2008	2009	2008
Unrealised gains (losses) on revaluation of investments	20	(2,953)	3	(2,952)
Increase in allowance for impairment of investments	(40)	(66)	(40)	(68)
Reverse allowance for impairment of investment in non-performing loans	4	-	-	-
Realised gains (losses) on securities trading				
Trading securities	(12)	18	(1)	14
Available-for-sale securities	357	63	355	64
Held-to-maturity debt securities	-	4	-	4
General investments	120	108	120	108
Realised gains on investment in non-performing loans	79	1,160	25	19
Gains (losses) on investments	528	(1,666)	462	(2,811)

26. Corporate income tax

No corporate income tax was payable for the period, after adding back certain non-deductible expenses and provisions for tax computation purposes and deducting tax exempted income to the profit/loss for the period, since the tax losses brought forward by the Bank exceeded net income for the period.

The corporate income tax presented in the consolidated financial statements is the corporate income tax of the Bank's subsidiaries.

27. Pension fund

The Bank has a policy to pay pension benefits to employees with more than 10 years of service and who resign in accordance with the rules and conditions stipulated by the Bank. Pension funds are reserved and charged to expenses in the statement of income based on number of years of service of each employee. In the event that any employee resigns and is not entitled to receive pension benefits, the Bank will reverse the pension fund contributions already reserved for such employee and charge the amount against the statements of income for the year in which he/she resigns. Such pension benefits are only provided to employees who are former employees of the Union Bank of Bangkok Public Company Limited. As at 30 June 2009, there were 684 employees to whom the Bank had such obligations, and the accrued benefits to these employees amounted to Baht 519 million.

28. Provident fund

The Bank, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The employees contribute to the fund at rate of 3 – 5 percent of their basic salaries and the Bank and its subsidiaries contribute at rate of 5 percent and pay to staff when resign under the terms and conditions as specify in the term and condition of provident funds. The fund, which is managed by Krung Thai Asset Management Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules. For six-month period ended 30 June 2009 amounts of Baht 40 million was contributed to the fund by the Bank and its subsidiaries (The Bank only: Baht 33 million).

29. Earnings (losses) per share

Earnings (losses) per share as presented in the separate income statements is the basic earnings (losses) per share which is calculated by dividing the net income (losses) for the year by weighted average number of ordinary shares held by outside shareholders in issue during the period.

Earnings (losses) per share as presented in the consolidated income statements is basic earnings (losses) per share which is calculated by dividing net income (losses) for the year by the weighted average number of ordinary shares held by outside shareholders in issue during the period (net from treasury stocks held by subsidiaries in consolidated financial statements).

30. Encumbrance of assets

Assets used as collateral

The Bank and its subsidiaries placed assets such as cash at banks, government and state enterprises bonds as collateral against the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Securities sold under repurchase agreements	-	312	-	-
Utilities usage	9	9	9	9
Guarantees on loans	45	45	-	-
Others	14	14	-	-
Total	<u>68</u>	<u>380</u>	<u>9</u>	<u>9</u>

Assets subject to obligation

The Bank and its subsidiaries have long-term investments in certain equity securities obtained as a result of debt restructuring, under the debt restructuring agreements, it is obligated to dispose of after agreed periods, which range from 1 year to 20 years commencing from the date of the debt restructuring agreements. As at 30 June 2009 and 31 December 2008, the investments subject to such obligation are as follows:

(Unit: Million Baht)

Year of maturity	Consolidated and separate financial statements			
	30 June 2009		31 December 2008	
	Number of company	Cost	Number of company	Cost
2010	1	8	1	8
2011 onwards	2	-	2	-
Total	3	8	3	8

31. Commitments and contingent liabilities

Commitments

As at 30 June 2009 and 31 December 2008, significant commitments of the Bank consist of:

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bills ⁽¹⁾	397	-	397	496	-	496
Guarantees on loans	455	16	471	455	16	471
Liability under unmatured import bills	-	236	236	-	438	438
Letters of credits	99	1,350	1,449	23	1,313	1,336
Other commitments:						
Other guarantees ⁽¹⁾	5,226	129	5,355	5,642	219	5,861
Forward and spot contracts						
- Bought				-	16,050	16,050
- Sold	-	9,432	9,432	-	22,019	22,019
Cross currency and interest rate	-	9,860	9,860			
- Bought	7,965	2,816	10,781	8,265	2,892	11,157
- Sold	1,205	9,082	10,287	1,205	9,353	10,558
Interest rate swap contracts						
- Fixed rate payer	13,502	8,112	21,614	23,351	11,022	34,373
- Floating rate payer	17,038	8,112	25,150	26,020	11,022	37,042
- Fixed rate payee	12,780	8,112	20,892	23,180	11,022	34,202
- Floating rate payee	17,760	8,112	25,872	26,191	11,022	37,213
Credit Default Swap						
- Sold	-	-	-	382	-	382
Undrawn bank overdrafts	7,657	-	7,657	7,555	-	7,555
Total	84,084	65,369	149,453	122,765	96,388	219,153

⁽¹⁾ As at 30 June 2009, the Bank has issued bank guarantees amounting to Baht 3 million (31 December 2008: Baht 4 million) for an affiliate and avaled notes payable of a subsidiary amounting to Baht 200 million (31 December 2008: Baht 310 million). The aval of the subsidiary has been eliminated from the consolidated financial statements.

31.2 Contingent liabilities

- (a) As at 30 June 2009 and 31 December 2008, the Bank and its subsidiaries had the following contingent liabilities in connection with court cases in which the Bank or its subsidiaries have been sued as defendants in the Court. The lawsuits were mainly lodged to claim compensation and the management believes that they will have no significant impact on the Bank and its subsidiaries once they are finalised:

(Unit: Million Baht)

	<u>Consolidated and separate financial statements</u>	
	<u>30 June 2009</u>	<u>31 December 2008</u>
Sum claimed in cases where the Bank and its subsidiaries are direct defendants	771	311
Sum claimed in cases where the Bank and its subsidiaries are co-defendants with others		
- Sum of claims that can be specifically attributed to the Bank and its subsidiaries	10	10
- Sum of claims that cannot be specifically attributed to the Bank and its subsidiaries and for which the total sum claimed is therefore presented.	24,647	24,620
Total	25,428	24,941

In the above court cases, a sum of Baht 24,500 million relates to claims against the Bank in cases where it is co-defendants with TAMC and other banks. The plaintiffs lodged the claims in respect of transfers of non-performing loans from various banks to TAMC. However, the Bank believes that the outcomes of these cases will not materialise because the transfers were made in accordance with the result in the Emergency Decree Establishing the Thai Asset Management Corporation B.E. 2544. In addition, transfers of loans from the Bank to TAMC amounting to approximately Baht 959 million, occurred before the merger of the Bank.

As at 30 June 2009, included in the above-mentioned amounts are cases in which the court was judged in favor of the plaintiffs, with sums claimed totaling Baht 9 million in cases where the Bank is the direct defendant and Baht 37 million in cases where the Bank is the co-defendant with others. However, the Bank is in the process of appealing the decisions.

Aside from the above discussed court cases, as mentioned in Note 13 to the financial statements, on 21 January 2008 the Bank submitted a claim to the International Court of Arbitration, International Chamber of Commerce, claiming damages totaling Baht 128 million from an IT developer who had been unable to deliver an IT system in accordance with the contract. The IT developer has counter claimed the Bank for payment of the remaining contract price for the IT system, amounting to USD 9 million. The Bank believes that the outcome of this case will not result in a material loss.

As at 30 June 2009 and 31 December 2008, the Bank and its subsidiaries recognized provisions for contingent loss from legal cases of approximately Baht 112 million and Baht 50 million, respectively. The management concluded and believed that such provisions were adequate to cover any possible loss from these legal cases.

- (b) The Bank has commitments in respect of the loss sharing (if any) under the agreement to transfer non-performing to TAMC, as discussed under Note 35 to the financial statements.

31.3 Commitments under long-term leases

As at 30 June 2009 and 31 December 2008, the Bank and its subsidiaries had entered into a number of agreements to lease land, buildings and vehicles for periods of longer than 6 months, under which future rental fees can be summarised as follows:

(Unit: Million Baht)

Lease periods	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
1 – 3 years	360	469	294	393
4 – 5 years	23	27	23	27
6 – 10 years	21	26	21	26
11 – 30 years	13	14	13	14

31.4 Other commitments

As at 30 June 2009, the Bank has other commitments as follows:

- The Bank entered into various agreements relating to computer system development consultancy services and computer system and software development. As at 30 June 2009, the Bank is obligated to pay a further Baht 298 million and USD 0.2 million, respectively under such agreements.
- The Bank has capital commitments of approximately Baht 15 million in respect of the purchase and installation of equipment.

32. Related party transactions

During the periods, the Bank and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Bank and those companies. Below is a summary of those transactions.

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy (For the period 2009)
	Consolidated financial statements		Separate financial statements		
	2009	2008	2009	2008	
Parent company					
Upfront fee income – derivatives contract	117	-	117	-	At the rate agreed under contracts
Subsidiary companies					
Interest income	-	-	29	45	At interest rate 2.00 – 3.75 percent and 5.00 – 6.50 percent per annum
Fees and services income	-	-	12	19	At the rate agreed under contracts
Other income	-	-	9	3	
Premises and equipments expenses	-	-	10	10	At the rate agreed under contracts
Fees expenses	-	-	1	-	At the rate agreed under contracts
Other expenses	-	-	-	1	
Associated company					
Fees income	-	7	-	7	At the rate agreed under contracts
Related companies					
Interest income	2	2	7	2	At interest rate 3.70 percent and 5.00 – 6.50 percent per annum
Fees income	16	-	16	-	At the rate agreed under contracts
Interest expenses	52	14	52	14	At interest rate 0.25 – 3.75 percent per annum

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy (For the period 2009)
	Consolidated financial statements		Separate financial statements		
	2009	2008	2009	2008	
Parent company					
Upfront fee income – derivatives contract	117	-	117	-	At the rate agreed under contracts
Subsidiary companies					
Interest income	-	-	61	99	At interest rate 2.00 – 3.75 percent and 5.00 – 6.50 percent per annum
Dividend income	-	-	-	175	As declared
Fees and services income	-	-	27	89	At the rate agreed under contracts
Other income	-	-	12	6	
Interest expenses	-	-	1	1	At interest rate 0.25 – 3.75 percent per annum
Premises and equipments expenses	-	-	13	15	At the rate agreed under contracts
Fees expenses	-	-	1	-	At the rate agreed under contracts
Other expenses	-	-	3	1	
Associated company					
Fees income	-	10	-	10	At the rate agreed under contracts
Related companies					
Interest income	8	4	8	4	At interest rate 3.70 percent and 5.00 – 6.50 percent per annum
Dividend income	-	1	-	1	As declared
Fees income	25	-	25	-	At the rate agreed under contracts
Interest expenses	52	35	52	35	At interest rate 0.25 – 3.75 percent per annum

During the current year, the Bank has charged asset management fees to Sathorn Asset Management Company Limited (a subsidiary) under the amendment of the Collection Agency Agreement dated 22 April 2009. The fee between 1 January 2009 to 31 December 2009 will be at a rate of 20% of the total debt collected and the amount received from the disposal of properties foreclosed, before any charges and related expenses (2008: 30 %). The fee for the six-month period ended 30 June 2009 of Baht 15 million (2008: Baht 73 million) are recorded as other fees and charges in the income statement and the outstanding amounts were presented under the caption of other assets in the balance sheet. This transaction was eliminated from the consolidated financial statements. As at 30 June 2009, the Bank has receivable fee from such subsidiary to Baht 5 million.

In addition, the Bank and a subsidiary conducted securities trading through another subsidiary engaged in the securities business. The volumes of such trades for the six-month period ended 30 June 2009 and 31 December 2008, were Baht 449 million and Baht 36 million, respectively, while related commission fees for the same period amounted to Baht 1.12 million and Baht 0.09 million, respectively.

The outstanding balances of significant related party transactions as at 30 June 2009 and 31 December 2008 are as follows:

(Unit: Million Baht)

Consolidated financial statements					
30 June 2009					
	Average	Outstanding			
	loans	Loans/ Investments	Obligations	Deposits	Borrowings
	outstanding	in receivables			
<u>Subsidiary company</u>					
Krung Thai Tanakit Finance Plc.	-	-	-	254	-
		-	-	254	-
<u>Associated company</u>					
Worldclass Rent a Car Co., Ltd.	-	-	3	-	-
		-	3	-	-
<u>Related companies</u>					
CIMB Bank (L) Ltd.	-	-	-	-	2,500
Millea Life Insurance Thailand Plc.	-	-	-	50	-
Maxwin Builders Co., Ltd.	126	124	-	-	-
Union Petro Chemical Plc.	17	-	-	-	-
Thai Asset Management Corporation	-	-	-	488	-
Wongpaitoon Group Plc.	89	-	-	-	-
Energy Complex Co., Ltd.	-	-	-	35	-
Global Leasing Co., Ltd.	25	26	-	-	-
Siam Ethanol Exports Co., Ltd.	215	215	1	25	-
		365	1	598	2,500
<u>Related persons</u>					
	-	-	-	118	-
		-	-	118	-

(Unit: Million Baht)

Consolidated financial statements

31 December 2008

	Average loans outstanding	Outstanding			Borrowings
		Loans/ Investments in receivables	Obligations	Deposits	
<u>Subsidiary company</u>					
Krung Thai Tanakit Finance Plc.	-	-	-	147	-
		-	-	147	-
<u>Associated company</u>					
Worldclass Rent a Car Co., Ltd.	1	-	4	-	-
		-	4	-	-
<u>Related companies</u>					
Millea Life Insurance Thailand Plc.	-	-	-	59	-
Sunshine Plc.	610	-	-	-	-
Suetrong Construction Co., Ltd.	461	-	-	-	-
Maxwin Builders Co., Ltd.	131	128	-	-	-
Thai Baroda Industry Co., Ltd.	237	-	-	-	-
Union Petro Chemical Plc.	36	10	2	3	-
Cenmetal (Thailand) Co., Ltd.	-	-	-	12	-
Wongpaitoon Group Plc.	89	89	-	-	-
Energy Complex Co., Ltd.	-	-	-	6	-
Global Leasing Co., Ltd.	24	25	-	-	-
		252	2	80	-
<u>Related persons</u>					
	1	1	-	120	-
		1	-	120	-

(Unit: Million Baht)

Separate financial statements

30 June 2009

	Average loans outstanding	Outstanding Loans/ Investments in receivables	Obligations	Other assets	Deposits	Borrowings	Other liabilities
<u>Subsidiary companies</u>							
BT Securities Co., Ltd.	86	-	-	2	133	-	2
BT Leasing Co., Ltd.	2,260	2,260	-	-	39	-	-
BT Asset Management Co., Ltd.	-	-	-	1	15	-	1
BT Business Consulting Co., Ltd.	6	6	-	-	2	-	-
BT Insurance Co., Ltd.	-	-	-	24	58	-	23
Sathorn Asset Management Co., Ltd.	-	-	-	10	194	-	10
Krung Thai Tanakit Finance Plc.	-	-	-	-	254	-	-
BT Worldlease Co., Ltd.	622	563	200	-	41	-	1
		2,829	200	37	736	-	37
<u>Associated company</u>							
Worldclass Rent a Car Co., Ltd.	-	-	3	-	-	-	-
		-	3	-	-	-	-
<u>Related companies</u>							
CIMB Bank (L) Ltd.	-	-	-	-	-	2,500	-
Millea Life Insurance Thailand Plc.	-	-	-	-	50	-	-
Maxwin Builders Co., Ltd.	126	124	-	-	-	-	-
Union Petro Chemical Plc.	17	-	-	-	-	-	-
Thai Asset Management Corporation	-	-	-	-	488	-	-
Wongpaitoon Group Plc.	89	-	-	-	-	-	-
Energy Complex Co., Ltd.	-	-	-	-	35	-	-
Siam Ethanol Exports Co., Ltd.	215	215	1	-	25	-	-
		339	1	-	598	2,500	-
<u>Related persons</u>							
	-	-	-	-	118	-	-
		-	-	-	118	-	-

(Unit: Million Baht)

Separate financial statements

31 December 2008

	Average loans outstanding	Outstanding Loans/ Investments in receivables	Obligations	Other assets	Deposits	Borrowings	Other liabilities
<u>Subsidiary companies</u>							
BT Securities Co., Ltd.	86	86	-	1	51	-	1
BT Leasing Co., Ltd.	2,258	2,259	-	-	11	-	-
BT Asset Management Co., Ltd.	-	-	-	1	7	-	1
BT Business Consulting Co., Ltd.	6	6	-	-	2	-	-
BT Insurance Co., Ltd.	-	-	-	20	51	-	15
Sathorn Asset Management Co., Ltd.	1,224	-	-	8	153	-	8
Krung Thai Tanakit Finance Plc.	-	-	-	-	147	-	-
BT Worldlease Co., Ltd.	189	488	310	-	46	-	1
<u>Subsidiary held by the Bank's subsidiary (BT Worldlease Co., Ltd.)</u>							
Asset Liability Management Co., Ltd.	-	-	-	-	1	-	-
		2,839	310	30	469	-	26
<u>Associated company</u>							
Worldclass Rent a Car Co., Ltd.	1	-	4	-	-	-	-
		-	4	-	-	-	-
<u>Related companies</u>							
Millea Life Insurance Thailand Plc.	-	-	-	-	59	-	-
Suetrong Construction Co., Ltd.	461	-	-	-	-	-	-
Maxwin Builders Co., Ltd.	131	128	-	-	-	-	-
Thai Baroda Industry Co., Ltd.	237	-	-	-	-	-	-
Union Petro Chemical Plc.	36	10	2	-	3	-	-
Cenmetal (Thailand) Co., Ltd.	-	-	-	-	12	-	-
Wongpaitoon Group Plc.	89	89	-	-	-	-	-
Energy Complex Co., Ltd.	-	-	-	-	6	-	-
		227	2	-	80	-	-
<u>Related persons</u>							
	1	1	-	-	120	-	-
		1	-	-	120	-	-

The Bank pays interest on deposits made by related parties at the normal rates granted to general depositors.

As at 30 June 2009, the Bank has liabilities amounting to Baht 2,500 million as a result of the issue of hybrid instruments, which were offered to an affiliated company, as already discussed in Notes 1.2 and 17 d) to the financial statements.

As at 30 June 2009, the Bank has commitments in financial derivatives with a parent company as follows:

	(Unit: Million Baht)		
	30 June 2009		
	Baht	Foreign currency	Total
<u>Parent company</u>			
Forward and spot contracts			
- Bought	-	71	71
- Sold	-	142	142
Interest rate swap contracts			
- Floating rate payer	1,418	-	1,418
- Floating rate payee	1,418	-	1,418
<u>Related company</u>			
Cross currency and interest rate			
- Bought	2,500	-	2,500
- Sold	-	2,410	2,410

Directors' remuneration represents the benefits paid to the Bank's and its subsidiaries' directors in accordance with Section 90 of the Public Company Limited Act, excluding salary and related benefits payable to directors who hold executive positions.

33. Financial information by segment

The Bank operates financial and banking business, and its subsidiaries' business involve securities business, fund manager business, non-life insurance business, consultancy service business, asset management business, hire purchase and leasing business which are not the same business segment as the Bank's.

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 period ended 30 June 2009 are as follows:

(Unit: Million Baht)
(Unaudited but reviewed)

For the three-month period ended 30 June 2009

	Bank business	Hire purchase business	Asset management business	Other business	Eliminations	Consolidated
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	383	111	7	12	(2)	511
Non-interest income	450	23	43	138	(21)	633
Non-interest expenses	(1,120)	(125)	(17)	(135)	23	(1,374)
Corporate income tax	-	-	(10)	(7)	-	(17)
Net income (losses)	<u>(287)</u>	<u>9</u>	<u>23</u>	<u>8</u>	<u>-</u>	<u>(247)</u>

(Unit: Million Baht)

For the six-month period ended 30 June 2009

	Bank business	Hire purchase business	Asset management business	Other business	Eliminations	Consolidated
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	1,048	222	21	19	(4)	1,306
Non-interest income	860	45	91	243	(76)	1,163
Non-interest expenses	(2,464)	(257)	(37)	(264)	80	(2,942)
Corporate income tax	-	-	(22)	(11)	-	(33)
Net income (losses)	<u>(556)</u>	<u>10</u>	<u>53</u>	<u>(13)</u>	<u>-</u>	<u>(506)</u>

(Unit: Million Baht)

	Bank business		Hire purchase business		Asset management business		Other business		Eliminations		Consolidated	
	As at											
	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	30 June 2009	31 December 2008
Investments - Net	26,496	46,228	40	-	18	6	267	800	(1,233)	(1,514)	25,588	45,520
Loans and accrued interest receivable - Net (including interbank and money market items)	101,033	125,611	3,487	3,645	299	259	877	683	(3,312)	(3,174)	102,384	127,024
Land, premises and equipments - Net	3,707	3,788	25	26	-	-	42	49	-	-	3,774	3,863
Accounts receivable from sale of investments	10,462	24,145	-	-	-	-	-	-	-	-	10,462	24,145
Other assets	8,019	11,273	65	65	175	183	286	334	(36)	(30)	8,509	11,825
Total assets	149,717	211,045	3,617	3,736	492	448	1,472	1,866	(4,581)	(4,718)	150,717	212,377

34. Financial instruments

The Bank's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentation", principally comprise cash, interbank and money market items, loans, investments, deposit, liability payable on demand and borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

34.1 Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers, clients on counter parties failed to discharge their contractual obligations.

The Bank credit risk management processes are implemented under a credit risk management policy, and have been structured in order to maintain checks and balances and clear segregation of responsibilities between the marketing, credit approval, inspection and risk management functions. The Bank manages credit risk at the customer standalone risk level and the portfolio level, developing different and appropriate credit risk rating tools to measure the risk at each level. For corporate customers and small-medium enterprise customers, risk grading tools and an SME Filter, respectively, have been developed to grade customer credit risk levels. For individual retail customers, with multi-purpose credit, whether uncollateralised (personal cash) or collateralised (mortgage power), including for home loans, the Bank has developed a credit scoring system for use in risk evaluation.

In respect of the credit review and approval process, the Bank has appointed a Credit Committee to consider the granting of credit facilities at different levels, based on the credit limit, focusing on borrowers' ability to make repayment, the type of credit, the financial status of the borrower, the economic situation and the status of the borrowers' industry. Furthermore, the Bank has established a Credit Review Unit, which is an independent unit, to ensure that the credit approval process is transparent and effective.

The maximum credit risk exposure is the carrying value of the financial assets after deducting by allowance for losses as stated in the balance sheet, and the risk of off-balance sheet commitments e.g. loan guarantees and other guarantees, derivative contracts.

As at 30 June 2009 and 31 December 2008, the Bank had the following off-balance sheet commitments as summarised by the period to maturity, counting from the balance sheet dates, of the contracts:

(Unit: Million Baht)

	Separate financial statements					
	Counting from 30 June 2009			Counting from 31 December 2008		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Aval to bills	397	-	397	496	-	496
Guarantees of loans	471	-	471	471	-	471
Liabilities under unmatured import bills	195	41	236	438	-	438
Letters of credit	1,331	118	1,449	1,336	-	1,336
Other guarantees	5,170	185	5,355	5,780	81	5,861

34.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Bank's foreign currency position and investment status, and consequently causes the Bank to incur a financial loss. As such, market risk consists of interest rate risk, foreign exchange risk and equity position risk.

The Bank has a Market Risk Management Unit and Asset and Liability Management Unit, which are responsible for assessment of the risk resulting from fluctuations in foreign exchange rates and interest rates. The Bank has implemented a market risk management process which covers both the measurement and control of such risks. The Bank has adopted the Value at Risk (VaR) model together with other factors sensitivity, such as DVO1, for risk measurement, to determine and report on the acceptable and pre-warning levels of market risk for its trading portfolio, enabling the Bank to take action to adjust its market risk to an appropriate level in a timely manner.

a) Structured interest risk

Interest rate risk is the risk that changes in market interest rates may lead to changes in the value of financial instruments, and fluctuations in revenue and the value of financial assets and liabilities. Interest rate risk is incurred as a result of interest rate structure and the characteristics and structure of the Bank's assets, liabilities and capital. The Bank has set risk limits for interest rate risk under banking accounts (Net Interest Income Charge) under the consent of the Assets and Liabilities Committee (ALCO) to control under the appropriate level. Where the risk limits for structured interest rate risk for trading accounts (Interest rate VaR) are approved by the Risk Management Committee.

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

(Unit: Million Baht)

Descriptions	Separate financial statements			Total
	30 June 2009			
	Floating interest rate	Fixed interest rate	Non-interest bearing	
<u>Financial Assets</u>				
Cash	-	-	2,538	2,538
Interbank and money market items	466	24,195	1,714	26,375
Investments ⁽¹⁾	10,714 ⁽¹⁾	8,525	9,438	28,677
Loans	54,800	24,596	193	79,589
<u>Financial Liabilities</u>				
Deposits	27,767	88,394	1,234	117,395
Interbank and money market items	1,225	3,428	140	4,793
Liabilities payable on demand	-	-	371	371
Borrowings	3,063	2,500	544	6,107

⁽¹⁾ Certain of this amount comprises investment in receivable of Baht 1,184 million based on the original contract rate. Interest on investment in receivable is recognised on a cash basis.

(Unit: Million Baht)

Descriptions	Separate financial statements			
	31 December 2008			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial Assets				
Cash	-	-	4,630	4,630
Interbank and money market items	86	33,252	9,652	42,990
Investments ⁽¹⁾	17,695 ⁽¹⁾	19,736	11,499	48,930
Loans	59,566	27,777	210	87,553
Financial Liabilities				
Deposits	21,115	137,532	1,359	160,006
Interbank and money market items	1,475	8,421	89	9,985
Liabilities payable on demand	-	-	188	188
Borrowings	3,145	149	3,304	6,598

⁽¹⁾ Certain of this amount comprises investment in receivable of Baht 1,260 million based on the original contract rate. Interest on investment in receivable is recognised on a cash basis.

The outstanding balances of loans which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued (presented before deducting allowance for doubtful account losses).

In addition, the average balances of the financial assets and liabilities of the Bank generating revenues and expenses, calculated based on the average balances outstanding during the period, and the average interest and dividend rate for six-month period ended 30 June 2009 and for the year ended 31 December 2008, can be summarised as follows:

	Separate financial statements					
	30 June 2009			31 December 2008		
	Average balances	Interest and dividend	Average rate (%)	Average balances	Interest and dividend	Average rate (%)
Performing financial assets						
Interbank and money market items	38,971	326	1.69	22,223	767	3.45
Securities purchased under resale agreements	-	-	-	1,847	7	3.32
Investments	34,170	809	4.78	62,429	3,210	5.14
Loans	81,182	2,904	7.21	91,468	6,991	7.64
Performing financial liabilities						
Deposits	136,922	1,809	2.66	156,829	4,888	3.12
Interbank and money market items	7,020	93	2.69	6,640	141	2.13
Borrowings	5,165	153,610	6.00	5,078	379	7.45

b) Structured FX risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues and the value of financial assets and liabilities.

The Bank's Treasury and Trading Division is responsible for managing foreign currency positions within risk limits set by Risk Management Committee. These are the FX VaR limit and FX exposure limit.

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements as at 30 June 2009 and 31 December 2008, the Bank has the following net foreign currency positions categorised by major foreign currencies:

(Unit: Equivalent to million USD)

	Separate financial statements							
	30 June 2009				31 December 2008			
	USD	KRW*	EURO*	Other Currencies*	USD	KRW*	EURO*	Other Currencies*
Spot	163.85	38.63	2.93	1.71	312.98	39.23	3.12	5.23
Forward								
- Forward contract	(153.47)	(38.32)	(2.38)	(2.85)	(310.80)	(38.81)	(2.60)	(6.14)
Total	10.38	0.31	0.55	(1.14)	2.18	0.42	0.52	(0.91)

* EURO, KRW and other currencies are stated in USD equivalents.

c) Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities may result in changes in the value of investments, and fluctuations in revenues and the value of financial assets.

34.3 Liquidity risk

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

The Treasury and Trading Division of the Bank is responsible for liquidity management, including procurement of both short-term and long-term sources of funds, and debt security investment management. The overall liquidity risk management is monitored by the Asset and Liability Management Committee according to the liquidity risk limits set for the Liquid Asset Ratio, and Liquidity Cumulative Gap.

The period to maturity, counting from the balance sheet date, of financial instruments outstanding as at 30 June 2009 and 31 December 2008 are as follows:

(Unit: Million Baht)

Descriptions	Separate financial statements				
	Counting from 30 June 2009				
	At call	Less than 1 year	More than 1 year	No maturity	Total
Financial Assets					
Cash	2,538	-	-	-	2,538
Interbank and money market items	2,178	24,197	-	-	26,375
Investments	-	10,141	13,233	5,303	28,677
Loans ⁽¹⁾	11,502 ⁽¹⁾	25,311	42,776	-	79,589
Financial Liabilities					
Deposits	27,584	81,218	8,593	-	117,395
Interbank and money market items	1,364	3,425	4	-	4,793
Liabilities payable on demand	371	-	-	-	371
Borrowings	544	-	5,563	-	6,107

⁽¹⁾ A part of loans classified as maturity at call of Baht 10,163 million are outstanding balances of defaulted loans classified in sub-standard category and upward. However, repayment schedules of these loans are dependent upon new restructuring conditions.

(Unit: Million Baht)

Descriptions	Separate financial statements				
	Counting from 31 December 2008				
	At call	Less than 1 year	More than 1 year	No maturity	Total
Financial Assets					
Cash	4,630	-	-	-	4,630
Interbank and money market items	6,419	36,571	-	-	42,990
Investments ⁽¹⁾	11 ⁽¹⁾	4,625	38,030	6,264	48,930
Loans ⁽²⁾	10,650 ⁽²⁾	32,330	44,573	-	87,553
Financial Liabilities					
Deposits	22,474	132,353	5,179	-	160,006
Interbank and money market items	1,564	8,414	7	-	9,985
Liabilities payable on demand	188	-	-	-	188
Borrowings	544	2,909	3,145	-	6,598

⁽¹⁾ Investments classified as maturity at call of Baht 11 million are investment in defaulted debt securities.

⁽²⁾ A part of loans classified as maturity at call of Baht 9,888 million are outstanding balances of defaulted loans classified in sub-standard category and upward. However, repayment schedules of these loans are dependent upon new restructuring conditions.

34.4 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 Bank has estimated the fair value of financial instruments as follows:

(a) Financial assets

Determination of the fair value is dependent upon the characteristics of the financial instrument. The fair values of most financial assets, including cash, interbank and money market items, securities purchased under resale agreements, and loans, are presented at the amount stated in the balance sheets. The fair value of these financial assets is approximated at their respective carrying values since the values of such financial instruments are predominantly subject to market interest rates. Financial instruments with standard terms and conditions which are traded on an active and liquid market, such as investments, have their fair value determined by the quoted market prices.

(b) Financial liabilities

The fair values of financial liabilities, including borrowings and deposits, interbank and money market items, liabilities payable on demand, and borrowings, are considered to approximate their respective carrying values for the same reasons as detailed for financial assets above.

Differences between the book values and the fair values of financial instruments of the Bank are estimated to be immaterial. Further to this, book values and fair values of structured note and structured deposit are mentioned in Note 7.1 (a) to the financial statements and Note 15 to the financial statements, respectively.

34.5 Financial derivatives

The Bank engages in financial derivatives activities as required in the normal course of business of the Bank to meet its clients' needs and to manage the risks of the Bank arising from fluctuations in foreign exchange rates and interest rates.

As at 30 June 2009 and 31 December 2008, financial derivatives as classified by their maturities are as follows:

(Unit: Million Baht)

	Separate financial statements					
	30 June 2009			31 December 2008		
	Less than	Over	Total	Less than	Over	Total
	1 year	1 year		1 year	1 year	
Forward and spot contracts						
- Bought	9,432	-	9,432	15,695	355	16,050
- Sold	9,860	-	9,860	21,775	244	22,019
Foreign currency swap contracts						
- Bought	842	9,939	10,781	3,642	7,515	11,157
- Sold	851	9,436	10,287	3,358	7,200	10,558
Interest rate swap contracts						
- Fixed rate payer	2,845	18,769	21,614	13,561	20,812	34,373
- Floating rate payer	5,040	20,110	25,150	13,759	23,283	37,042
- Fixed rate payee	2,600	18,292	20,892	13,759	20,443	34,202
- Floating rate payee	5,285	20,587	25,872	13,561	23,652	37,213
Credit Default Swap						
- Sold	-	-	-	382	-	382

The Bank sets up policies and relevant risk limits by which it requires risk reporting and control procedures for the various types of risk, as a control over financial derivative activities. The Bank realises that financial derivatives involve credit risk and considers credit limits for its customers in general. The same credit approval process used when granting loans to a customer is adopted for financial derivative customers, so that the Bank is able to maintain risk at acceptable levels. However, financial derivatives may cause the Bank to incur gains or losses as they are sensitive to foreign exchange rates or interest rates, which can fluctuate materially as the market situation changes.

35. Agreement to transfer non-performing loans to TAMC

On 12 October 2001, the Bank entered into an agreement to transfer non-performing loans to Thai Asset Management Corporation (“TAMC”) in accordance with the Emergency Decree establishing TAMC.

As at 30 June 2009 and 31 December 2008, loans transferred to TAMC are as follows:

(Unit: Million Baht)

Loans transferred to TAMC	Consolidated and separate financial statements			
	30 June 2009		31 December 2008	
	Book value	Transfer price	Book value	Transfer price
CAP	82,344	21,933	82,345	21,934
NON CAP	15,774	3,465	15,774	3,465
Total	<u>98,118</u>	<u>25,398</u>	<u>98,119</u>	<u>25,399</u>
Less: TAMC notes which have been redeemed by TAMC		<u>(24,164)</u>		<u>(22,694)</u>
Outstanding TAMC notes (included in long-term investments; classified as held-to-maturity debt securities) (Note 7.1)		<u>1,234</u>		<u>2,705</u>

The Bank is to receive payment in the form of non-transferable, 10-year promissory notes, availed by the FIDF and bearing interest at the average deposit rate of the 5 major banks. As at 30 June 2009 and 31 December 2008, the Bank recognised interest receivable under these promissory notes amounting to Baht 264 million and Baht 282 million, respectively.

Share of the unrealised gain and losses arising from management of the non-performing loans

Under the agreement to transfer non-performing loans to TAMC, the Bank also has joint responsibility with TAMC for a share of the gains and losses arising from TAMC’s management of the non-performing loans, which is to be allocated at the end of the agreement, counting from 1 July 2001. In case of losses, the Bank is liable for all initial losses up to 20 percent of the transfer price. Further losses of up to another 20 percent of the transfer price are to be shared equally between the Bank and TAMC, while TAMC is liable for all remaining losses. According to the agreement, expenses of TAMC and the interest expenses of promissory notes issued by TAMC will be included in the calculation of the gain/loss sharing. In case of gains, initial profits of up to 20 percent of the transfer price are to be shared equally between the Bank and TAMC. Further gains which, when combined with the initial portion, do not exceed the difference between the book value of the transferred non-performing assets and their transfer price, belong to the Bank. All remaining gains will belong to TAMC. For loan debtors transferred at no cost, collections received after deducting debt management expenses will belong to the Bank.

However, on 17 November 2006, the Bank transferred rights over future gain sharing under the agreement to transfer CAP loans to TAMC to FIDF, although the Bank is still obligated to share losses with TAMC.

As at 30 June 2009, the amount of such gains/losses cannot be reasonably estimated, and the Bank has therefore not recognised any gains/losses that may occur as a result of the above obligations in its accounts. However, the Bank's management believes that no significant future losses will be incurred.

Outstanding issues with TAMC

As of 30 June 2009, the Bank and TAMC had outstanding issues regarding the follow up of outstanding requisitions of original ownership documents and appraisal reports for collateral, and regarding the valuation of leasehold rights collateral of 92 debtors with transfer prices totalling Baht 686 million. The Bank believes that these issues will not have a material impact on the transfer price of the loans and interest on TAMC note, since some of the original ownership documents and appraisal reports for the collateral have already been handed over to TAMC while, collateral for receivables that have a number of creditors, TAMC needs to contact the major creditors itself in order to move the issue forward. With respect to the outstanding issue of the valuation of leasehold rights, the Bank believes that the transferable leaseholds can be appraised or revalued.

The above issues are still being investigated and finalised between the Bank and TAMC. The Bank's management believes that there will not be a material impact to the transfer price and relevant interest. However, for conservative reasons, the Bank has recorded allowance for impairment of the TAMC Promissory Notes amounting to Baht 54 million in the financial statements.

36. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 27 August 2009.