

Thanachart Bank Public Company Limited
and its subsidiaries
Report and interim financial statements
30 June 2012

Independent Auditor's Report

To the Shareholders of Thanachart Bank Public Company Limited

Report on Audit of Financial Statements.

I have audited the accompanying consolidated financial statements of Thanachart Bank Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at 30 June 2012 and 31 December 2011, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six-month periods ended 30 June 2012 and 2011, and a summary of significant accounting policies and other explanatory information. I have also audited the separate financial statements of Thanachart Bank Public Company Limited for the same periods.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Bank Public Company Limited and its subsidiaries and of Thanachart Bank Public Company Limited as at 30 June 2012 and 31 December 2011, and their financial performance and cash flows for the six-month periods ended 30 June 2012 and 2011 in accordance with Thai Financial Reporting Standards.

Review report of Interim Financial Information

I have reviewed the accompanying consolidated statements of comprehensive income for the three-month periods ended 30 June 2012 and 2011 of Thanachart Bank Public Company Limited and its subsidiaries, and of Thanachart Bank Public Company Limited for the same periods. Management is responsible for the preparation and presentation of these interim statements of comprehensive income in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on these interim statements of comprehensive income based on my reviews.

Scope of review

I conducted my reviews in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that those interim statements of comprehensive income are not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Phuphun Charoensuk
Certified Public Accountant (Thailand) No.4950

Ernst & Young Office Limited
Bangkok: 23 August 2012

Thanachart Bank Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2012 and 31 December 2011

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011
Assets					
Cash		11,818,566	16,005,678	11,817,501	16,004,051
Interbank and money market items - net	6	64,788,640	63,201,206	59,441,579	62,963,184
Derivatives assets	7	1,635,832	1,536,490	1,635,832	1,532,331
Investments - net	8	142,134,918	148,344,800	107,797,028	114,540,693
Investments in subsidiary and associated companies - net	9	1,518,837	1,423,339	10,165,667	40,841,867
Loans to customers and accrued interest receivables	10				
Loans to customers		719,008,012	675,021,253	691,935,537	654,451,435
Accrued interest receivables		977,927	962,799	936,515	924,925
Total loans to customers and accrued interest receivables		719,985,939	675,984,052	692,872,052	655,376,360
Less: Deferred revenue		(46,789,944)	(39,801,128)	(44,282,857)	(37,738,871)
Allowance for doubtful accounts	11	(23,215,944)	(25,897,903)	(14,147,697)	(12,485,712)
Revaluation allowance for debt restructuring	12	(350,763)	(381,719)	(350,763)	(381,719)
Net loans to customers and accrued interest receivables		649,629,288	609,903,302	634,090,735	604,770,058
Customers' liability under acceptances		81,746	90,531	81,746	90,531
Property foreclosed - net	14	6,629,858	6,761,904	3,659,938	3,653,106
Land, premises and equipment - net	15	8,500,988	8,758,841	8,127,861	8,365,341
Intangible assets - net	16	4,473,547	4,709,082	4,410,252	4,650,449
Goodwill	17	15,749,643	15,749,643	15,739,527	15,739,527
Receivables from purchase and sale of securities		2,604,398	858,326	1,685,760	64,929
Prepaid corporate income tax		1,041,304	1,019,680	1,012,539	1,011,958
Reinsurance assets		1,585,131	2,573,393	-	-
Other assets - net	18	6,944,706	5,123,388	4,796,950	3,825,298
Total assets		919,137,402	886,059,603	864,462,915	878,053,323

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

Thanachart Bank Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2012 and 31 December 2011

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011
Liabilities and equity					
Deposits	19	570,612,420	436,039,579	573,826,369	471,617,573
Interbank and money market items	20	68,200,118	60,150,845	65,420,696	59,282,708
Liability payable on demand		3,939,621	2,130,716	3,939,621	2,130,716
Derivatives liabilities	7	2,051,701	2,885,848	2,050,229	2,876,790
Debt issued and borrowings	21	140,997,318	254,296,521	133,726,332	257,503,221
Banks' liability under acceptances		81,746	90,531	81,746	90,531
Provisions	22	2,972,237	2,823,534	2,751,847	2,620,953
Payable from purchase and sale of securities		2,959,819	851,388	1,441,571	267,638
Insurance contract liabilities	23	36,105,049	36,154,060	-	-
Other liabilities	24	13,451,566	15,103,017	10,577,989	10,778,836
Total liabilities		841,371,595	810,526,039	793,816,400	807,168,966
Equity					
Share capital					
Registered					
5,934,619,272 ordinary shares of Baht 10 each		59,346,193	59,346,193	59,346,193	59,346,193
Issued and paid-up share capital					
5,513,664,903 ordinary shares of Baht 10 each		55,136,649	55,136,649	55,136,649	55,136,649
Share premium		2,100,694	2,100,694	2,100,694	2,100,694
Other components of equity	25	906,466	612,902	491,098	211,106
Retained earnings					
Appropriated - statutory reserve	26	989,326	989,326	989,326	989,326
Unappropriated		17,934,456	16,008,739	11,928,748	12,446,582
Equity attributable to owner of the company		77,067,591	74,848,310	70,646,515	70,884,357
Non-controlling interests of the subsidiaries		698,216	685,254	-	-
Total equity		77,765,807	75,533,564	70,646,515	70,884,357
Total liabilities and equity		919,137,402	886,059,603	864,462,915	878,053,323
		-	-	-	-

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

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month periods ended 30 June 2012 and 2011**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit or loss					
Interest income	29	12,079,749	10,701,536	11,307,798	5,996,985
Interest expenses	30	(6,100,040)	(4,351,841)	(6,028,567)	(2,752,409)
Net interest income		5,979,709	6,349,695	5,279,231	3,244,576
Fees and service income		1,376,133	1,247,286	1,211,170	633,209
Fees and service expenses		(359,230)	(322,242)	(316,710)	(193,338)
Net fees and service income	31	1,016,903	925,044	894,460	439,871
Gains on trading and foreign exchange transactions	32	368,296	209,883	183,569	93,938
Gains (loss) on investments	33	138,530	(3,023)	(9,111)	463
Share of profit from investments accounted for under equity method		57,045	40,267	-	-
Insurance/Life insurance income		3,382,574	3,354,627	-	-
Dividend income		21,036	180,429	613,303	3,985,121
Income on supporting service		1,680	11,039	75,892	105,443
Other operating income		355,051	362,971	317,416	278,171
Total operating income		11,320,824	11,430,932	7,354,760	8,147,583
Insurance expenses		(2,574,235)	(2,668,048)	-	-
Net operating income		8,746,589	8,762,884	7,354,760	8,147,583
Other operating expenses					
Employee's expenses		2,681,505	2,604,752	2,289,015	1,105,929
Directors' remuneration	34	19,321	24,701	17,643	19,808
Premises and equipment expenses		827,140	817,063	735,986	391,638
Taxes and duties		223,484	206,392	205,520	54,021
Other expenses		1,716,456	1,373,883	1,612,175	777,706
Total other operating expenses		5,467,906	5,026,791	4,860,339	2,349,102
Impairment losses of loans and debt securities	35	504,772	1,061,469	925,293	391,836
Profit before income tax		2,773,911	2,674,624	1,569,128	5,406,645
Income tax	36	(656,374)	(337,983)	(198,629)	(429,466)
Profit for the period		2,117,537	2,336,641	1,370,499	4,977,179
Other comprehensive income	37				
Gains (losses) on changes in value of available-for-sale investments		474,463	(210,984)	378,869	(84,605)
Share of other comprehensive income (loss) of associates		89,310	(45,478)	-	-
Total other comprehensive income (loss)		563,773	(256,462)	378,869	(84,605)
Total comprehensive income		2,681,310	2,080,179	1,749,368	4,892,574

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

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the three-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht except earnings per share expressed in Baht)

Note	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit attributable to:				
The Bank	2,083,315	2,328,125	1,370,499	4,977,179
Non-controlling interests	34,222	8,516		
	<u>2,117,537</u>	<u>2,336,641</u>		
Total comprehensive income attributable to:				
The Bank	2,647,088	2,072,003	1,749,368	4,892,574
Non-controlling interests	34,222	8,176		
	<u>2,681,310</u>	<u>2,080,179</u>		
Earnings per share of the Bank				
	38			
Basic earnings per share				
Profit attributable to the Bank (Baht per share)	<u>0.38</u>	<u>0.42</u>	<u>0.25</u>	<u>0.90</u>

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

Thanachart Bank Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht except earnings per share expressed in Baht)

Note	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	
Profit or loss					
Interest income	29	23,766,389	20,863,382	22,364,596	11,616,838
Interest expenses	30	(12,156,545)	(8,159,178)	(12,215,474)	(5,011,180)
Net interest income		11,609,844	12,704,204	10,149,122	6,605,658
Fees and service income		2,713,435	2,563,738	2,414,057	1,246,812
Fees and service expenses		(729,511)	(657,549)	(652,349)	(382,758)
Net fees and service income	31	1,983,924	1,906,189	1,761,708	864,054
Gains on trading and foreign exchange transactions	32	279,489	450,236	378,274	220,278
Gains on investments	33	285,534	12,934	99,897	29,226
Share of profit from investments accounted for under equity method		63,594	98,284	-	-
Insurance/Life insurance income		6,470,721	6,255,058	-	-
Dividend income		129,327	423,005	675,590	4,003,198
Income on supporting service		14,554	22,366	157,779	182,135
Other operating income		704,112	625,019	640,832	528,074
Total operating income		21,541,099	22,497,295	13,863,202	12,432,623
Insurance expenses		(4,366,018)	(4,894,894)	-	-
Net operating income		17,175,081	17,602,401	13,863,202	12,432,623
Other operating expenses					
Employee's expenses		5,545,727	5,338,130	4,784,045	2,207,448
Directors' remuneration	34	23,745	32,982	19,913	22,629
Premises and equipment expenses		1,608,651	1,702,831	1,425,950	772,796
Taxes and duties		453,191	410,601	416,188	102,201
Other expenses		3,337,542	2,375,909	3,121,383	1,521,451
Total other operating expenses		10,968,856	9,860,453	9,767,479	4,626,525
Impairment losses of loans and debt securities					
	35	961,307	1,799,154	2,476,093	654,208
Profit before income tax		5,244,918	5,942,794	1,619,630	7,151,890
Income tax	36	(1,310,247)	(1,390,168)	(207,681)	(910,195)
Profit for the period		3,934,671	4,552,626	1,411,949	6,241,695
Other comprehensive income					
Gains (losses) on changes in value of available-for-sale investments		206,150	(399,557)	279,992	(98,377)
Share of other comprehensive income (loss) of associates		87,414	(106,833)	-	-
Total other comprehensive income (loss)		293,564	(506,390)	279,992	(98,377)
Total comprehensive income		4,228,235	4,046,236	1,691,941	6,143,318

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

Thanachart Bank Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit attributable to:					
The Bank		3,855,500	4,535,901	1,411,949	6,241,695
Non-controlling interests		79,171	16,725		
		<u>3,934,671</u>	<u>4,552,626</u>		
Total comprehensive income attributable to:					
The Bank		4,149,064	4,030,190	1,691,941	6,143,318
Non-controlling interests		79,171	16,046		
		<u>4,228,235</u>	<u>4,046,236</u>		
Earnings per share of the Bank					
	38				
Basic earnings per share					
Profit attributable to the Bank (Baht per share)		<u>0.70</u>	<u>0.82</u>	<u>0.26</u>	<u>1.13</u>

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

Thanachart Bank Public Company Limited and its subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before income tax	5,244,918	5,942,794	1,619,630	7,151,890
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities:				
Share of profit from investments accounted				
for under equity method	(63,594)	(98,284)	-	-
Depreciation and amortisation	795,960	847,754	731,145	270,229
Impairment losses of loans and debt securities	961,307	1,799,154	2,476,093	654,208
Increase (decrease) in provisions	148,703	(66,141)	130,894	11,920
Amortisation of premiums (discounts) on investment in debt securities	(26,929)	441,395	(58,170)	(9,354)
Gain from disposal of investments in subsidiary companies	-	(21,980)	-	-
Increase in allowance for impairment of investments	12,251	40,334	53,946	7,995
Increase (decrease) in allowance for change in value of investments	57,516	(6,885)	(8,949)	518
Increase (decrease) in allowance for impairment of property foreclosed	(34,191)	100,150	20,456	500
Increase (decrease) in allowance for impairment of land, premises and equipment	10,317	(1,158)	10,800	-
Increase in allowance for impairment of intangible asset	-	2,027	-	-
Interest income and other income from the assets transferred for debt repayment	(2,580)	(323)	(2,580)	(323)
Loss (gain) on disposal of equipment	(14,614)	437	(14,651)	345
Unrealised (gain) loss on exchange	(118,111)	440,679	(118,111)	(130,110)
Decrease in allowance for impairment of other assets	15,005	12,639	11,586	1,310
Decrease (increase) in other income receivable	(196,552)	(69,371)	9,010	(173,319)
Decrease in fees and rental received in advance	(16,037)	(23,502)	(16,037)	(23,502)
Decrease in deferred income	(18,961)	(2,401)	(18,961)	(2,401)
Increase (decrease) in accrued expenses	(404,616)	(73,354)	(286,582)	104,637
Amortisation of discounts on debt issued and borrowings	13,972	590	13,972	-
	6,363,764	9,264,554	4,553,491	7,864,543
Net interest income	(11,596,887)	(13,146,189)	(10,104,924)	(6,596,304)
Dividend income	(129,327)	(423,005)	(675,590)	(4,003,198)
Cash received from interest income	21,755,958	18,987,627	20,458,272	10,929,429
Cash payment for interest expenses	(7,200,456)	(5,188,990)	(7,375,633)	(2,776,851)
Cash paid for corporate income tax	(2,492,978)	(2,401,083)	(67,835)	(1,000,338)
Income from operating activities before changes in operating assets and liabilities	6,700,074	7,092,914	6,787,781	4,417,281

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

Thanachart Bank Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Decrease (increase) in operating assets				
Interbank and money market items	(1,169,740)	34,161,007	3,920,864	13,642,174
Investments in trading securities	661,694	1,300,040	(131,045)	(810,554)
Derivatives assets	552,396	109,023	548,237	108,552
Loans and receivables	(43,069,888)	(25,363,779)	(33,463,658)	(30,260,119)
Property foreclosed	2,413,803	1,695,069	2,124,506	1,517,113
Receivables from purchase and sale of securities	(1,746,072)	(1,228,364)	(1,620,831)	226,874
Reinsurance assets	988,262	216,908	-	-
Other assets	(1,660,954)	142,755	(1,039,192)	(71,263)
Increase (decrease) in operating liabilities				
Deposits	134,579,035	(87,600,528)	102,214,991	(56,817,761)
Interbank and money market items	7,881,279	7,905,561	5,969,995	25,255,063
Liability payable on demand	1,808,905	(92,569)	1,808,905	(363,235)
Derivatives liabilities	(1,900,501)	(90,265)	(1,892,916)	(89,794)
Payable from purchase and sale of securities	2,108,431	368,161	1,173,933	(465,436)
Liabilities under insurance/ life insurance	(49,011)	1,388,098	-	-
Other liabilities	(485,416)	(701,318)	(273,429)	(158,579)
Net cash flows from (used in) operating activities	107,612,297	(60,697,287)	86,128,141	(43,869,684)
Cash flows from investing activities				
Decrease (increase) in investments in securities held for investment	5,723,458	4,455,818	7,217,778	(3,064,629)
Cash paid for acquire investment in subsidiaries	-	-	-	(2,000,000)
Cash received from disposal of investments in subsidiary companies	-	197,990	-	-
Capital returned from a subsidiary	-	-	30,629,449	-
Cash received from interest on investments	2,417,290	2,482,968	1,685,481	755,800
Cash received from dividend	176,789	358,950	675,350	4,003,427
Cash paid for purchase of equipment	(302,734)	(270,150)	(228,197)	(83,261)
Cash received from disposal of equipment	18,229	3,706	17,201	230
Cash paid for dividend to non-controlling interests	(59,898)	(34,094)	-	-
Net cash flows from (used in) investing activities	7,973,134	7,195,188	39,997,062	(388,433)

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

Thanachart Bank Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Cash flows from financing activities				
Cash received from borrowings	525,407,840	646,716,153	518,969,154	523,152,079
Cash paid for borrowings	(638,727,208)	(591,117,009)	(642,766,208)	(474,565,217)
Cash paid for interest from borrowings	(4,517,081)	(2,712,615)	(4,584,916)	(2,057,644)
Cash paid for dividend	(1,929,783)	(2,205,466)	(1,929,783)	(2,205,466)
Cash paid to non-controlling interests for capital refund	(6,311)	(2,323)	-	-
Net cash flows from (used in) financing activities	(119,772,543)	50,678,740	(130,311,753)	44,323,752
Net increase (decrease) in cash	(4,187,112)	(2,823,359)	(4,186,550)	65,635
Cash at beginning of the period	16,005,678	15,298,105	16,004,051	3,733,489
Cash at end of the period	11,818,566	12,474,746	11,817,501	3,799,124
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Transfer of properties foreclosed from receivables for				
debt settlement	2,133,361	1,485,128	2,037,589	1,468,852
Accounts payable for purchase of fixed assets	127,512	60,069	117,733	44,919
Bad debt written-off	3,502,814	563,434	665,431	166,497

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

Thanachart Bank Public Company Limited and its subsidiaries

Statements of changes in equity

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

Consolidated financial statements									
	Issued and fully paid-up share capital	Share premium	Other components of equity			Retained earnings		Non-controlling interests	Total
			Surplus from business combination under common control	Surplus on changes in value of investments	Share of other comprehensive income (loss) of associates	Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2011	55,136,649	2,100,694	(123,379)	947,895	323,267	655,945	10,876,161	204,064	70,121,296
Dividend paid (Note 28)	-	-	-	-	-	-	(2,205,466)	-	(2,205,466)
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	(154,551)	(154,551)
Total comprehensive income for the period	-	-	-	(398,878)	(106,833)	-	4,535,901	16,046	4,046,236
Balance as at 30 June 2011	<u>55,136,649</u>	<u>2,100,694</u>	<u>(123,379)</u>	<u>549,017</u>	<u>216,434</u>	<u>655,945</u>	<u>13,206,596</u>	<u>65,559</u>	<u>71,807,515</u>
Balance as at 1 January 2012	55,136,649	2,100,694	(123,379)	593,384	142,897	989,326	16,008,739	685,254	75,533,564
Dividend paid (Note 28)	-	-	-	-	-	-	(1,929,783)	-	(1,929,783)
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	(66,209)	(66,209)
Total comprehensive income for the period	-	-	-	206,150	87,414	-	3,855,500	79,171	4,228,235
Balance as at 30 June 2012	<u>55,136,649</u>	<u>2,100,694</u>	<u>(123,379)</u>	<u>799,534</u>	<u>230,311</u>	<u>989,326</u>	<u>17,934,456</u>	<u>698,216</u>	<u>77,765,807</u>

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

Thanachart Bank Public Company Limited and its subsidiaries
Statements of changes in equity (continued)
For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

	Separate financial statements						Total
	Issued and fully paid-up share capital	Share premium	Other components of equity		Retained earnings		
			Surplus from business combination under common control	Share of other comprehensive income (loss) of associates	Appropriated -		
					statutory reserve	Unappropriated	
Balance as at 1 January 2011	55,136,649	2,100,694	-	169,512	655,945	8,317,819	66,380,619
Dividend paid (Note 28)	-	-	-	-	-	(2,205,466)	(2,205,466)
Total comprehensive income for the period	-	-	(96,878)	(98,377)	-	6,241,695	6,046,440
Balance as at 30 June 2011	<u>55,136,649</u>	<u>2,100,694</u>	<u>(96,878)</u>	<u>71,135</u>	<u>655,945</u>	<u>12,354,048</u>	<u>70,221,593</u>
Balance as at 1 January 2012	55,136,649	2,100,694	-	211,106	989,326	12,446,582	70,884,357
Dividend paid (Note 28)	-	-	-	-	-	(1,929,783)	(1,929,783)
Total comprehensive income for the period	-	-	-	279,992	-	1,411,949	1,691,941
Balance as at 30 June 2012	<u>55,136,649</u>	<u>2,100,694</u>	<u>-</u>	<u>491,098</u>	<u>989,326</u>	<u>11,928,748</u>	<u>70,646,515</u>

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

Thanachart Bank Public Company Limited and its subsidiaries
Notes to interim financial statements
For the six-month periods ended 30 June 2012 and 2011

1. General information

1.1 The Bank's information

Thanachart Bank Public Company Limited ("Thanachart Bank" or "the Bank") was incorporated as a public limited company under Thai laws and its parent company is Thanachart Capital Public Company Limited (herein after referred to as "the Parent company"), a public limited company also existing under Thai laws. The Parent company holds 50.96 percent of the Bank issued shares and Scotia Netherlands Holding BV, a company registered in Netherland, holds 49.00 percent of the Bank issued shares. The Bank's registered address is 900, Tonson Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok. The Bank has 648 operational branches (31 December 2011: 676 operational branches).

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

1.2 Entire Business Transfer from Siam City Bank Plc. ("SCIB")

The Bank acquired SCIB's shares to make it a subsidiary of the Bank in April 2010, and included it in the consolidated financial statements since then. On 30 September 2011, Thanachart Bank entered into the Entire Business Transfer Agreement, legally effective on 1 October 2011, to transfer SCIB's business to Thanachart Bank. The transferred business consisted of the assets, liabilities and commitments of SCIB as of 1 October 2011 and/or contingent liabilities that may arise in the future. After the transfer, SCIB discontinued its operations and then returned its banking license and banking authorisations to the Ministry of Finance, and registered the change in its name to be "SCIB Plc.". SCIB registered its dissolution in December 2011.

2. Basis of preparation of the financial statements

2.1 These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", whereby the Bank chooses to present the interim financial statements in the same full format as the annual financial statements.

These interim financial statements have been prepared in accordance with accounting standard enunciated under the Accounting Professions Act B.E. 2547 with reference to accounting practice of "Transferring/Transferred of financial assets" and the principles stipulated by the Bank of Thailand ("BOT"). The presentation of the financial statements has been made in compliance with the BOT's Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 3 December 2010.

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

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

2.2 Basis of preparation of the consolidated interim financial statements

a) The consolidated interim financial statements included the financial statements of the Bank and the following subsidiary companies ("the subsidiaries").

	Percentage of holding	
	30 June 2012	31 December 2011
<u>Subsidiaries directly held by the Bank</u>		
SCIB Plc.	99.98	99.98
Thanachart Securities Plc.	100.00	100.00
Thanachart Insurance Co., Ltd.	100.00	100.00
Thanachart Life Assurance Co., Ltd.	100.00	100.00
Thanachart Fund Management Co., Ltd.	75.00	75.00
Thanachart Broker Co., Ltd.	100.00	100.00
Thanachart Group Leasing Co., Ltd.	100.00	100.00
Thanachart Management and Services Co., Ltd.	100.00	100.00
Thanachart Legal and Appraisal Co., Ltd.	100.00	100.00
Thanachart Training and Development Co., Ltd.	100.00	100.00
TS Asset Management Co., Ltd.	100.00	100.00
Siam City Life Assurance Co., Ltd.	100.00	100.00
SCIB Service Co., Ltd.	100.00	100.00
Ratchthani Leasing Plc.	65.18	65.18
<u>Subsidiary indirectly held by the Bank</u>		
National Leasing Co., Ltd.	100.00	100.00

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 30 June 2012 and 31 December 2011 and for the six-month periods ended 30 June 2012 and 2011, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the six-month period ended 30 June	
	30 June	31 December	2012	2011
	2012	2011	2012	2011
SCIB Plc.	5	-	3	6,456
Thanachart Life Assurance Co., Ltd.	23,743	20,402	1,471	873
Siam City Life Assurance Co., Ltd.	12,527	11,195	417	183
Thanachart Insurance Co., Ltd.	7,707	7,176	1,099	932
Thanachart Securities Plc.	5,084	3,877	702	622
TS Asset Management Co., Ltd.	10,406	11,361	276	49
Ratchthani Leasing Plc.	14,798	12,033	558	-

- c) The consolidated statements of comprehensive income for the six-month period ended 30 June 2011 do not include the operating results of Ratchthani Leasing Plc. because the Bank's shareholding increased from 48.35 to 65.18 percent, making the investment as investment in subsidiary in November 2011. Therefore those consolidated statements of comprehensive income included only share of profit from investment in this company accounted for under the equity method, amounting to Baht 64 million.
- d) The consolidated statements of comprehensive income for the six-month period ended 30 June 2011 included the operating results of Siam City Asset Management Co., Ltd. from 1 January 2011 until 30 May 2011 (the date of disposal of the investment). Such subsidiary had total income of Baht 31 million and net income of Baht 3 million. The gain on disposal of Baht 26 million was recognised in the consolidated financial statements.
- e) The consolidated statements of comprehensive income for the six-month period ended 30 June 2011 included the operating results of SCIB Securities Co., Ltd. This subsidiary had total income of Baht 114 million and net income of Baht 87 million. The Bank disposed of its investments in the common shares of the subsidiary in August 2011. The gain on disposal of Baht 40 million was recognised in the consolidated financial statements.

- f) All subsidiaries are fully consolidated as from the acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date when such control ceases.
- g) The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using the same significant accounting policies. In case where there are different accounting policies the Bank has adjusted the effect of these in the consolidated financial statements.
- h) The outstanding balances and significant intercompany transactions between the Bank and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Bank's and subsidiaries' books of accounts have been eliminated against equity of the subsidiaries.
- i) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Bank, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

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

3. New accounting standard issued during the period but not yet effective

During the period 2012, the Federation of Accounting Professions issued Thai Financial Reporting Standard 8 "Operating segment" that is effective for fiscal year beginning on or after 1 January 2013.

The management of the Bank is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

a) Interest and discounts on loans

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchase and financial lease is recognised on the effective interest rate.

For loans on which principal or interest payments have been defaulted for more than three months past the due date, the Bank and its subsidiaries cease accrual of interest income, and accrued interest already recorded is reversed from the Bank and its subsidiaries' accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received from the debtors.

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

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

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

Interest income received in advance on hire purchase represents discounted on interest given to debtors by dealers, is recognised based on the effective interest method, in the same manner as interest income on hire purchase receivables.

b) Interest and dividends on investments

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

c) Brokerage fee income

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

d) Interest on margin loans for purchase of securities

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

e) Gains (losses) on investments and derivatives

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

f) Fees and service income

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

g) Insurance/life insurance premium income

Non-life insurance contract

Premium income consists of direct premium and reinsurance premium less premium of cancelled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium are recorded as unearned items, and recognised as income over the coverage period.

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

Life insurance contract

Premium income is recognised as income on the date the insurance policy comes into effect, after deducting premium ceded and refunded. For renewal policy, premium income is recognised as income when the premium is due, only if the policy is still in force at the period-end date.

4.2 Expenses recognition

a) Interest expenses

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

b) Commission and expenses charged on hire purchase/financial leases

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

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

c) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

4.3 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of the securities are recorded in profit or loss in the statements of comprehensive income.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income in the statements of comprehensive income, and will be recognised in profit or loss when the securities are sold.

Investments in held-to-maturity debt securities are recorded at amortised cost. Premiums/discounts on debt securities are amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

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

The Bank and its subsidiaries do not treat investments in mutual funds, in which they hold not less than 20 percent of the units issued, as investments in subsidiary or associated companies because the Bank and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund manager in accordance with the details of each fund project and are under the supervision of the Securities and Exchange Commission.

The fair value of marketable securities is based on the latest bid price of the last working day of the period. The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association, other markets, or yield rate of government bond adjusted by an appropriate risk factor. The fair value of unit trusts is determined from their net asset value.

The fair value of embedded derivatives investments which no active market or no available market value was determined using an internal model. The gains/losses arising from revaluation are recognised in profit or loss. This method of measurement is in compliance with the principles stipulated by the BOT.

The Bank and its subsidiaries recognised loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and other investments in part of profit or loss in the statements of comprehensive income.

In the event of the Bank and its subsidiaries' transfer investments to another category, the investments are valued at their fair value prevailing on the transfer date. Differences between the carrying amount of the investments and their fair value on that date are recorded as profit or loss in the statements of comprehensive income or surplus (deficit) from revaluation of investments, which is presented as a separate item in equity and amortised over the remaining period to maturity of the debt securities, depending on the type of investment which is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in part of profit or loss in the statement of comprehensive income. In case of disposal partial of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

4.4 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in part of profit or loss in the statements of comprehensive income.

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

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

4.5 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expenses in part of profit or loss in the statements of comprehensive income.

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

4.6 Loans

Loans are stated at the principal balances, excluding accrued interest receivable, except for overdrafts which are presented at the principal balances plus accrued interest receivable. Unrecognised deferred income and discounts on loans are deducted from the loan balances.

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

Securities and derivatives business receivables comprise the net balances of securities business receivable and derivatives business receivables. Securities business receivable comprises receivable balances of credit balance accounts (for which the securities purchased are used as collateral), securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for borrowers of securities or Thailand Securities Depository) as well as other receivables, such as overdue amounts in cash accounts and securities receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balance of cash accounts is presented as "Receivable from purchase and sale of securities".

4.7 Allowances for doubtful accounts

a) Allowance for doubtful accounts for loans

The Bank and its subsidiary companies that operate in asset management business provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the period.

For loans, excluding hire purchase receivable - personal consuming of the Banks, the Bank and its subsidiary companies set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value. Collateral values include values of vehicles under hire purchase and finance lease contracts. For non-performing loans, provision is set at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or the present value of expected cash flows from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT's guideline. However, non-performing hire purchase receivables and financial lease receivables are treated as uncollateralised.

Effective 1 January 2012, for hire purchase receivable - personal consuming of the Bank, the Bank sets provision using the collective approach method, which classifies groups of receivable having similar credit risk characteristics and considers historical loss experience of loans which is calculated based on the probability of default and a percentage of the loss given default. Furthermore, the Bank has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact the ability to pay of certain borrowers. This methodology, its parameters and assumptions have been reviewed in detailed and will be monitored on an ongoing basis for continued applicability (2011: The Bank set aside provision for hire purchase receivables - personal consuming that were classified as normal loans and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances net of collateral value. For non-performing loans, provision was set at a rate of 100% of the debt balance without deducting the collateral value).

- b) Subsidiaries engaged in securities business have provided an allowance for doubtful accounts based on a review of debtors' repayment capability, taking into consideration the risk of recovery and the value of collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notifications of the SEC.
- c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided based on the loans balance without deducting collateral value for receivables overdue more than 3 months.
- d) Allowance for doubtful accounts of other receivables is based on the amount of debt that may not be collectible, determined from a review of the current status of the receivables as at the financial reporting date.
- e) The Bank writes off hire purchase receivables when full allowance for doubtful accounts has been made for such receivables. For other loans, the Bank and its subsidiaries will be written off when the relevant criteria under tax law are met. Amounts written off as bad debts, or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

4.8 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms, the fair value of the receivables after restructuring is based on the net present value of expected future cash flows, discounted by the market's minimum interest rate for credit to large customers as at the date of the debt restructuring. The differences between the fair values of receivables as of the restructuring date and their previous book values is recorded in "Revaluation allowance for debt restructuring", and recognised as an expense in part of profit or loss in the statements of comprehensive income in the restructuring period. The Bank and its subsidiaries review such revaluation allowance based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments against impairment of loans accounts.

In cases where the troubled debt restructuring involves the transfer of assets or equity, the Bank and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtor (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as interest income in part of profit or loss in the statement of comprehensive income.

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

4.9 Recognition and amortisation of customers' assets

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

4.10 Property foreclosed

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets.

Gains on disposal of property foreclosed are recognised as income in part of profit or loss in the statements of comprehensive income on the disposal date, unless the purchase is made with a loan from the Bank. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment losses are recognised as expenses in part of profit or loss in the statements of comprehensive income.

4.11 Land, premises and equipment and depreciation

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

Buildings	-	20 - 30	years
Buildings improvement	-	5 - 10	years
Furniture, fixtures and equipment	-	3 - 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

- c) Land, premises and equipment are derecognised upon disposal or when no future economic benefits are expected from their use. Any gain or loss arising on disposal of these assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the statements of comprehensive income.

4.12 Intangible assets and amortisation

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

The Bank and its subsidiaries amortised intangible assets with finite lives on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense and loss on impairment are recognised as expenses in part of profit or loss in the statements of comprehensive income.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

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 the amortisation amounts are recognised as expenses in part of profit or loss in the statements of comprehensive income.

4.14 Business combination and goodwill

Business combination accounted for under purchase method.

Goodwill is initially recorded at cost, which equals the excess of the cost of business combination over the fair value of the net assets acquired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

4.15 Receivables from/payable to Clearing House

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

4.16 Securities purchased under resale agreements/securities sold under repurchased agreements

The Bank and its subsidiaries enter into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased are presented as assets under the caption of interbank and money market items or loans, depending on the counter party, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of interbank and money market items and the underlying securities are treated as collateral.

4.17 Premium receivable and allowance for doubtful accounts

Premium receivable from both direct and reinsurance is stated at its net realisable value. Subsidiary companies provide an allowance for doubtful accounts based on the estimated loss that may be incurred in collection of the premium due, on the basis of collection experiences and a review of current status of the premium receivables as at the end of reporting period.

4.18 Reinsurance assets and liabilities

- a) Reinsurance assets represent amounts due from reinsurers (consisting of claims receivable and various other items receivable for reinsurers excluding reinsurance premium receivable less allowance for doubtful accounts), amounts deposited on reinsurance and insurance reserve refundable from reinsurers. Insurance reserve refundable from reinsurers is estimated based on the proportion of premium reserve and loss reserve made in accordance with the law regarding insurance reserve calculation that has been reinsured.
- b) Amounts due to reinsurers are stated at the outstanding balances payable from reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers.

4.19 Premium reserve/life insurance premium reserve

Non-life insurance contract

Premium insurance reserve comprise with unearned premium reserve and unexpired risks reserve.

a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Marine and transportation (cargo)	- Net premium written for the last ninety days
Traveling accident with coverage of not more than 6 months	- Net premium written for the last thirty days
Others	- Monthly average basis (the one-twenty fourth basis)

b) Unexpired risks reserve

Unexpired risks reserve is the reserve for the future claims that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

As at the end of the reporting period, the subsidiary compares the amounts of unexpired risks reserve with the unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

Life insurance contract

Life assurance policy reserve represents the accumulated total liabilities for estimated future claims under all policies in force as at the financial statement date.

Subsidiaries determine life assurance policy reserve under long-term policies by using the higher of the net level premium valuation method (NPV) and the gross premium valuation method (GPV).

Life assurance policy reserve under NPV method is a type of actuarial method with the main assumptions used relating to mortality rate, morbidity rate, longevity and discount rates.

Calculation of life assurance policy reserve under GPV method is another type of actuarial method with main assumptions used relating to lapse rate or surrender rate, selling and administrative expenses, mortality and morbidity rate, discount rates and non-guaranteed dividend rate. This calculation method is in compliance with the bases stipulated in the OIC's notification regarding valuation of assets and liabilities of life insurance company.

4.20 Loss reserve and outstanding claims/Benefits payment to life policy

Non-life insurance contract

Outstanding claims are recorded at the actual amount to be paid. Loss reserve is recorded upon the receipt of the claims advice from the insured based on the number of claims notified by the insured and estimates made by a subsidiary's management. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, the subsidiaries set up additional reserve for incurred but not reported (IBNR) claims using an actuarial method based on a best estimate of claims which are expected to be paid in the future for losses occurring before or as at the reporting date, including both reported and unreported claims, and net of recorded claims.

Life insurance contract

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

4.21 Long-term leases

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

Lease not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Advance payments made under operating leases is recorded as leasehold rights, and then amortise as expenses over the term of the leases on the straight - line basis. Moreover, payments made under operating leases are recognised as expenses over the term of the leases on the straight-line basis.

4.22 Sales of commercial paper

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

4.23 Financial derivatives

The Bank and its subsidiaries have entered into derivative financial instruments in order to manage risk of the Bank and its subsidiaries and in response to customer needs.

Financial derivative contracts which were originated for trading purposes are recorded as off-balance items. Gains or losses arising from changes in the fair value of the contracts are recognised as part of profit or loss in the statement of comprehensive income. The fair values of the contracts are based on the quoted market prices or the prices bid by brokers. If the fair value of financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models, in which the variables used are derived from observable markets factors.

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

4.24 Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Bank and its subsidiaries that give 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.

4.25 Impairment of assets

The Bank and its subsidiaries assess at each financial 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. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell reflects the amount that the Bank and its subsidiaries could obtain at the financial reporting date from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Bank and its subsidiaries recognise impairment losses as expenses in part of profit or loss in the statement of comprehensive income.

In assessing impairment of asset other than goodwill, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Bank and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss for assets other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in part of profit or loss in the statement of comprehensive income.

4.26 Employee benefits

a) Short-term employee benefits

The Bank and its subsidiaries recognised short-term employee benefits, such as salary, wages, bonuses, contributions to the social security fund, and vacation, as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

The Bank, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank and its subsidiaries. The fund's assets are held in a separate trust fund, and the Bank and its subsidiaries's contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Bank and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Bank and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

Actuarial gains and losses arising from post employment benefits are recognised immediately in profit or loss.

4.27 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the rates ruling at the reporting date.

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

4.28 Income tax

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

4.29 Provisions

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards 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 from these estimates. Significant judgments and estimates are as follows:

5.1 Recognition and derecognition of assets and liabilities

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

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

Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables are intended to adjust the value of loans for probable credit losses. The management uses the BOT's and SEC's regulations regarding the provision of allowance for doubtful accounts and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions.

5.3 Allowance for impairment of investments in securities

The Bank and its subsidiaries review an impairment of investments in securities when indication of impairment exists. The determination of what is indication of impairment requires the management's judgment.

5.4 Fair value of financial instruments

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

5.5 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 the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

5.6 Land, premises and equipment/Depreciation

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

In addition, the management is required to review impairment of land, premises and equipment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amounts are lower than the carrying amounts. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.7 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to exercise judgment as to the recoverable amount to be generated by the asset, using the discounted cash flows method, and including the selection of a suitable discount rate in order to determine the present value of that cash flow. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions. In addition, the management estimates the useful life of those assets which have finite useful lives and revises such useful lives if there are any changes.

5.8 Finance lease/Operating lease

When entering into lease agreement, the management is required to access and consider the scope of significant risk and rewards of ownership of the leased assets. Leases that transfer substantially all the risks and rewards of ownership to the lessee are classified as financial leases. In the other hand, leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases.

5.9 Loss sharing from transfer of non-performing loans to TAMC

In estimating losses arising from the transfer of non-performing loans to the Thai Asset Management Corporation (“TAMC”), the Bank uses the latest information received from TAMC and projections of the amounts expected to be received from the debtors or from debtors’ collateral value. The management uses judgment in determining the assumptions as to the percentage on the amount expected to be recovered from the debt restructuring agreement, or as to collateral value. The management considers these assumptions to be appropriate given the current available information and current situation.

5.10 Unearned premium/Life insurance premium reserve

Unexpired risk reserve is calculated under an actuarial method, which reflects the best estimate of losses expected to be incurred over the remaining period of the insurance.

Life assurance policy reserve is calculated under an actuarial method, based on the best estimate at that time, which reflects current assumptions or assumption established at inception of the contract. The main assumptions used related to mortality rate, morbidity rate, longevity and discount rates. Such reserve requires the management to exercise judgment in order to reflect the best estimates at that time.

5.11 Loss reserve and outstanding claims

At each reporting date, subsidiaries estimate loss reserves and outstanding claims in two parts; loss incurred for which the claims advice has been received from the insured, and loss incurred but not yet reported (IBNR). The IBNR reserve is calculated using an international standard actuarial method. The main assumptions underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred losses, average costs per claim, and claim numbers. Such estimates require the management to exercise judgment in order to reflect the best estimates available at that time.

5.12 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates, based on their best knowledge of current situation.

5.13 Litigation and contingent liabilities

The Bank and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgment to assess of the results of the litigation, and in case where they believe that there will be no losses, they will provide no provisions and contingent liabilities.

6. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	7,867	-	7,867	5,492	2,000	7,492
Commercial banks	2,042	14,220	16,262	549	8,518	9,067
Specialised financial institutions	57	7	64	39	8,238	8,277
Other financial institutions	114	24,074	24,188	197	22,618	22,815
Total	10,080	38,301	48,381	6,277	41,374	47,651
Add: Accrued interest receivables	3	20	23	-	11	11
Less: Allowance for doubtful accounts	-	(215)	(215)	-	(193)	(193)
Total domestic items	10,083	38,106	48,189	6,277	41,192	47,469
Foreign						
US Dollar	219	15,890	16,109	1,449	13,470	14,919
Euro	72	-	72	119	-	119
Others	205	106	311	523	103	626
Total	496	15,996	16,492	2,091	13,573	15,664
Add: Accrued interest receivables	-	108	108	-	68	68
Total foreign items	496	16,104	16,600	2,091	13,641	15,732
Total	10,579	54,210	64,789	8,368	54,833	63,201

(Unit: Million Baht)

	Separate financial statements					
	30 June 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	7,867	-	7,867	5,492	2,000	7,492
Commercial banks	404	10,000	10,404	393	8,340	8,733
Specialised financial institutions	44	-	44	27	8,200	8,227
Other financial institutions	114	24,624	24,738	196	22,769	22,965
Total	8,429	34,624	43,053	6,108	41,309	47,417
Add: Accrued interest receivables	-	10	10	-	9	9
Less: Allowance for doubtful accounts	-	(221)	(221)	-	(195)	(195)
Total domestic items	8,429	34,413	42,842	6,108	41,123	47,231
Foreign						
US Dollar	219	15,890	16,109	1,449	13,470	14,919
Euro	72	-	72	119	-	119
Others	205	106	311	523	103	626
Total	496	15,996	16,492	2,091	13,573	15,664
Add: Accrued interest receivables	-	108	108	-	68	68
Total foreign items	496	16,104	16,600	2,091	13,641	15,732
Total	8,925	50,517	59,442	8,199	54,764	62,963

As at 30 June 2012, the Bank had loan to a subsidiary company, which was a financial institution, of Baht 550 million in the separate financial statements (31 December 2011: Baht 150 million).

7. Derivatives

As at 30 June 2012 and 31 December 2011, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for banking book derivatives, were classified by type of risk as follow.

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2012			31 December 2011		
	Fair value/Adjustment on an accrual basis		Notional amount*	Fair value/Adjustment on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Type of risk						
Foreign exchange rate						
Derivatives for trading	661	550	112,001	858	820	63,491
Derivatives for banking book	18	927	32,966	-	1,706	31,788
Interest rate						
Derivatives for trading	437	426	66,748	64	60	5,957
Derivatives for banking book	-	-	26,750	-	-	3,967
Foreign exchange rate and interest rate						
Derivatives for trading	23	8	1,658	29	9	2,212
Derivatives for banking book	497	141	11,016	585	291	15,445
Others						
Derivatives for trading	-	-	209	-	-	641
Total	1,636	2,052	251,348	1,536	2,886	123,501

* Disclosed only in case that the Bank and its subsidiaries have an obligation to pay

(Unit: Million Baht)

	Separate financial statements					
	30 June 2012			31 December 2011		
	Fair value/Adjustment on an accrual basis		Notional amount*	Fair value/Adjustment on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Type of risk						
Foreign exchange rate						
Derivatives for trading	661	548	112,002	854	811	63,491
Derivatives for banking book	18	927	32,966	-	1,706	31,788
Interest rate						
Derivatives for trading	437	426	66,748	64	60	5,957
Derivatives for banking book	-	-	26,450	-	-	3,667
Foreign exchange rate and interest rate						
Derivatives for trading	23	8	1,658	29	9	2,212
Derivatives for banking book	497	141	11,016	585	291	15,445
Total	1,636	2,050	250,840	1,532	2,877	122,560

* Disclosed only in case that the Bank has an obligation to pay

Derivatives for banking book are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange at the end of the period is presented under derivatives assets/derivatives liabilities. Accrued interest receivables (payables) per the contracts are recorded as receivables and payables in other assets/liabilities.

Below are the proportions of trading derivatives transactions classified by counterparty, determined based on the notional amount, as at 30 June 2012 and 31 December 2011.

Counterparties	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
	Percent	Percent	Percent	Percent
Financial institutions	92.33	80.01	92.35	79.83
Companies within Thanachart Group	-	-	0.08	0.89
Third parties	7.67	19.99	7.57	19.28
Total	100.00	100.00	100.00	100.00

8. Investments

8.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2012		31 December 2011		30 June 2012		31 December 2011	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities								
Government and state enterprises securities								
	9,120	9,007	10,508	10,479	4,960	4,965	3,174	3,179
Private debt securities								
	5,522	5,533	4,770	4,758	3	3	1,661	1,660
Foreign debt securities								
	645	648	642	637	645	648	642	637
Domestic marketable equity securities								
	5	5	34	38	-	-	-	-
	15,292	15,193	15,954	15,912	5,608	5,616	5,477	5,476
Add (less): Allowance for change in value								
	(99)		(42)		8		(1)	
Net								
	15,193		15,912		5,616		5,476	
Available-for-sale securities								
Government and state enterprises securities								
	40,456	40,544	40,877	41,003	39,214	39,295	38,431	38,554
Private debt securities								
	25,590	25,768	18,389	18,533	17,032	17,121	13,529	13,600
Foreign debt securities								
	15,952	16,062	25,516	25,425	15,952	16,062	25,516	25,425
Domestic marketable equity securities								
	7,392	7,886	7,483	7,983	5,933	6,160	6,099	6,241
	89,390	90,260	92,265	92,944	78,131	78,638	83,575	83,820
Add: Allowance for change in value								
	870		683		507		245	
Less: Allowance for impairment								
	-		(4)		-		-	
Net								
	90,260		92,944		78,638		83,820	
Held-to-maturity debt securities								
Government and state enterprises securities								
	25,423	26,037	26,876	27,771	16,124	16,434	17,642	18,096
Private debt securities								
	5,423	5,498	6,592	6,689	1,600	1,635	1,600	1,647
Foreign debt securities								
	1,505	1,503	1,500	1,488	1,505	1,503	1,500	1,488
Investment in receivables purchased								
	8	6	12	12	8	6	12	12
	32,359	33,044	34,980	35,960	19,237	19,578	20,754	21,243
Less: Allowance for impairment								
	(1)		-		(1)		-	
Net								
	32,358		34,980		19,236		20,754	
General investment								
Investment in property fund								
	493		671		493		671	
Domestic non-marketable equity securities								
	3,802		3,794		3,823		3,776	
Foreign non-marketable equity securities								
	85		84		85		84	
	4,380		4,549		4,401		4,531	
Less: Allowance for impairment								
	(56)		(40)		(94)		(40)	
Net								
	4,324		4,509		4,307		4,491	
Total investment - net								
	142,135		148,345		107,797		114,541	

8.2 Classified by due date of debt securities

(Unit: Million Baht)

	Consolidated financial statements							
	30 June 2012				31 December 2011			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities								
Government and state enterprises securities	12,993	26,971	492	40,456	20,031	20,828	18	40,877
Private debt securities	1,176	18,051	6,363	25,590	1,557	14,836	1,996	18,389
Foreign debt securities	8,807	5,877	1,268	15,952	19,021	6,495	-	25,516
Total	22,976	50,899	8,123	81,998	40,609	42,159	2,014	84,782
Add (less) : Allowance for change in value	(11)	282	105	376	35	103	41	179
Net	22,965	51,181	8,228	82,374	40,644	42,262	2,055	84,961
Held-to-maturity debt securities								
Government and state enterprises securities	6,330	13,491	5,602	25,423	5,157	15,659	6,060	26,876
Private debt securities	3,840	1,268	315	5,423	3,990	2,288	314	6,592
Foreign debt securities	1,505	-	-	1,505	1,500	-	-	1,500
Investment in receivables	3	5	-	8	8	4	-	12
Total	11,678	14,764	5,917	32,359	10,655	17,951	6,374	34,980
Less: Allowance for impairment	(1)	-	-	(1)	-	-	-	-
Net	11,677	14,764	5,917	32,358	10,655	17,951	6,374	34,980
Total debt securities	34,642	65,945	14,145	114,732	51,299	60,213	8,429	119,941

(Unit: Million Baht)

	Separate financial statements							
	30 June 2012				31 December 2011			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities								
Government and state enterprises securities	12,569	26,153	492	39,214	18,399	20,014	18	38,431
Private debt securities	487	16,045	500	17,032	975	12,554	-	13,529
Foreign debt securities	8,807	5,877	1,268	15,952	19,021	6,495	-	25,516
Total	21,863	48,075	2,260	72,198	38,395	39,063	18	77,476
Add: Allowance for change in value	(10)	261	29	280	32	71	-	103
Net	21,853	48,336	2,289	72,478	38,427	39,134	18	77,579
Held-to-maturity debt securities								
Government and state enterprises securities	5,173	10,951	-	16,124	4,938	12,704	-	17,642
Private debt securities	1,300	150	150	1,600	800	650	150	1,600
Foreign debt securities	1,505	-	-	1,505	1,500	-	-	1,500
Investment in receivables	3	5	-	8	8	4	-	12
Total	7,981	11,106	150	19,237	7,246	13,358	150	20,754
Less: Allowance for impairment	(1)	-	-	(1)	-	-	-	-
Net	7,980	11,106	150	19,236	7,246	13,358	150	20,754
Total debt securities	29,833	59,442	2,439	91,714	45,673	52,492	168	98,333

8.3 As at 30 June 2012 and 31 December 2011, the Bank and its subsidiaries have a revaluation deficit arising from transfers of investments in debt securities, of which the current balances of Baht 3 million in the consolidated financial statements and Baht 16 million in the separate financial statements. These are presented in equity caption. (31 December 2011: Revaluation deficit of Baht 3 million in the consolidated financial statements, and revaluation deficit of Baht 34 million in the separate financial statements).

8.4 Investments in securities in which the Bank and its subsidiaries hold not less than 10 percent of the equity of the investee

As at 30 June 2012 and 31 December 2011, investments in companies which the Bank and its subsidiaries hold not less than 10 percent of the equity of the investee, but which are not treated as subsidiaries or associated companies, separated by industry as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Banking and finance sector	1,350	761	475	600

The investments mentioned above include investments in unit trusts in which the Bank and its subsidiaries hold not less than 20 percent of the units issued. The Bank and its subsidiaries do not treat these investments as investments in subsidiaries or associates because the Bank and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by fund managers in accordance with the details of each fund project, and are under the supervision of the SEC. The Bank and its subsidiaries therefore record them as available-for-sale or other investments, based on their investment objectives.

Securities	Consolidated financial statements				Separate financial statements			
	30 June 2012		31 December 2011		30 June 2012		31 December 2011	
	Net book value	Percentage of holding	Net book value	Percentage of holding	Net book value	Percentage of holding	Net book value	Percentage of holding
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
The Thai Business Fund 3	46	60.00	144	60.00	46	60.00	144	60.00
Sub Thawee Property Fund	-	-	36	56.00	-	-	36	56.00
Business Strategic Fund	278	67.33	278	67.33	278	67.33	278	67.33
Thanachart Long Term Fixed Income Fund	61	27.79	62	27.79	-	-	-	-
Thanachart Fixed Income FIF 51	-	-	50	22.63	-	-	-	-
SCB Foreign Fix Income Fund 1Y22	814	23.53	-	-	-	-	-	-

9. Investments in subsidiary and associated companies

9.1 Separate financial statements

As at 30 June 2012 and 31 December 2011, investments in subsidiary companies and an associated company in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Nature of business	Separate financial statements							
		Paid-up share capital		Percentage of holding (Percent)		Value of investment under the cost method		Dividend income for the six-month periods ended 30 June	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	2012	2011
Subsidiary companies									
SCIB Plc.	Dissolution	21,128	21,128	99.98	99.98	1,913	32,542	-	-
TS Asset Management Co., Ltd.	Asset management	2,000	2,000	100	100	2,000	2,000	-	-
Thanachart Securities Plc.	Securities business	1,500	1,500	100	100	1,858	1,858	270	345
Ratchthani Leasing Plc.	Hire-purchase and leasing business	1,342	1,342	65.18	65.18	1,201	1,201	70	-
Thanachart Insurance Co., Ltd.	Non-life insurance	740	740	100	100	867	867	-	300
Siam City Life Assurance Co., Ltd.	Life - insurance	700	700	100	100	761	761	-	-
Thanachart Life Assurance Co., Ltd.	Life - insurance	500	500	100	100	936	936	-	-
Thanachart Group Leasing Co., Ltd.	Hire purchase	360	360	100	100	400	400	94	203
Thanachart Broker Co., Ltd.	Non-life insurance broker	100	100	100	100	104	104	75	65
Thanachart Fund Management Co., Ltd.	Fund management	100	100	75	75	97	97	67	97
Thanachart Legal and Appraisal Co., Ltd.	Dissolution	10	10	100	100	13	13	-	-
SCIB Service Co., Ltd.	Services	10	10	100	100	5	5	1	-
Thanachart Management and Services Co., Ltd.	Services	6	6	100	100	6	6	-	-
Thanachart Training and Development Co., Ltd.	Training services	5	5	100	100	5	5	15	12
Total investments in subsidiary companies						10,166	40,795	592	1,022
Associated company									
Siam Samsung Life Insurance Co., Ltd.	Life - insurance	-	500	-	25	-	47	-	-
Total investments in an associated company						-	47	-	-
Total investments in subsidiary and associated companies						10,166	40,842	592	1,022

In March 2012, SCIB Plc. returned capital to its shareholders at Baht 14.50 per share. The Bank therefore recognised Baht 30,629 million of this amounts by deducting it against the value of its investments.

9.2 Consolidated financial statements

As at 30 June 2012 and 31 December 2011, investments in associated companies in the consolidated financial statements consist of investments in ordinary shares of the following companies which operate in Thailand:

Company's name	Paid-up share		Percentage		Value of investment				Dividend		Share of income	
	capital		of holding		Cost method		Equity method		income		(loss) for the	
	30	31	30	31	30	31	30	31	for the		six-month	
	June	December	June	December	June	December	June	December	six-month		six-month	
	2012	2011	2012	2011	2012	2011	2012	2011	ended 30 June		periods ended	
MBK Plc. (operating in property rental, hotel and services business)	1,886	1,886	9.90	9.90	984	984	1,519	1,389	47	47	89	70
Siam Samsung Life Insurance Co., Ltd. (operating in life insurance business)	-	500	-	25.00	-	104	-	34	-	-	(25)	(27)
Siam City Insurance Co., Ltd. (disposed during the year 2011)	-	-	-	-	-	-	-	-	-	10	-	(9)
Ratchthani Leasing Plc. (transfer to investment in subsidiary during the year 2011)	-	-	-	-	-	-	-	-	-	12	-	64
Total investments in associated companies					984	1,088	1,519	1,423	47	69	64	98

The Bank and its subsidiaries classified investment in MBK Plc. as investments in an associated company, since the Parent company, the Bank and its subsidiaries had significant influence in that company.

In March 2012, Siam Sumsung Life Insurance Co., Ltd. issued additional share capital but the Bank did not exercise its right to purchase the new shares. As a result, the Bank's shareholding decreased from 25 percent to 19.23 percent of the total shares in issue and the investment therefore changed from investment in an associated company to general investment. The value of the investment on the date of the change is treated as the new cost of investment.

In August 2011, SCIB disposed of all of investments in ordinary shares of Siam City Insurance Co., Ltd., and in October 2011, the Bank received the transfer of shares in Ratchthani Leasing Plc. from SCIB, treating it as investment in an associated company. In November 2011, the Bank also purchased additional new shares from THANI, and the Bank's shareholding therefore increased from 48.35 percent to 65.18 percent, with the status of Ratchthani Leasing Plc. thus changing from an associated company to a subsidiary company.

9.3 Cash flow information of an asset management company that is a subsidiary

Cash flow information of TS Asset Management Company Limited, a subsidiary, for the six-month periods ended 30 June 2012 and 2011 is as follows:

	(Unit: Million Baht)	
	2012	2011
Cash flows from operating activities		
Profit before income tax	1,631	41
Adjustments to reconcile profit before income tax		
to net cash provided by (paid for) operating activities		
Reversal of bad debt and doubtful account	(1,622)	-
Increase in allowance for impairment of property foreclosed	4	-
Interest income - net	(116)	(52)
Cash received from interest income	259	52
Cash paid for corporate income tax	(138)	-
Income from operating activities before changes in operating assets and liabilities	18	41
Decrease (increase) in operating assets		
Loans	2,448	(5,847)
Property foreclosed	126	(2,383)
Other assets	35	(103)
Increase (decrease) in operating liabilities		
Interbank and money market items	(2,650)	-
Provision	2	44
Other liabilities	(30)	7,363
Net cash flows used in operating activities	(51)	(885)
Cash flows from financing activities		
Paid-up share capital	-	2,000
Cash paid for interest expense	(144)	-
Net cash flows from (used in) financing activities	(144)	2,000
Net increase (decrease) in cash and cash equivalents	(195)	1,115
Cash and cash equivalents at beginning of the period	872	-
Cash and cash equivalents at end of the period	677	1,115

9.4 Summarised financial information of associated companies

- a) Summarised financial information of MBK Plc. as at 31 March 2012 and 30 September 2011 and for the six-month periods ended 31 March 2012 and 2011 are as follows:

Paid-up share capital		Total assets		Total liabilities		Total income for the six-month periods ended		Income for the six-month periods ended	
31 March 2012	30 September 2011	31 March 2012	30 September 2011	31 March 2012	30 September 2011	31 March		31 March	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
1,886	1,886	27,839	27,409	12,641	13,916	4,571	4,455	895	707

(Unit: Million Baht)

The share of income of MBK Plc. recognised in the current period is determined based on financial statements of MBK Plc. prepared for a different period, as a result of limitations on the availability of information. The financial information used was based on the statements of financial position as at 31 March 2012 and 30 September 2011 and the income statements for the six-month periods ended 31 March 2012 and 2011 prepared by the Bank's management, with reference to the financial statements as reviewed by its auditor and adjusted for the effect of the differences in accounting policies. The Bank's management believes that the net income for the six-month period ended 31 March 2012 is not material different from that income for the period ended 30 June 2012.

- b) Summarised financial information of Siam Samsung Life Insurance Co., Ltd., Siam City Insurance Co., Ltd. and Ratchthani Leasing Plc. as at 30 June 2012 and 31 December 2011 and for the six-month periods ended 30 June 2012 and 2011 are as follows:

Company's name	Paid-up share capital		Total assets		Total liabilities		Total income for the six-month periods ended		Income (loss) for the six-month periods ended	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June		30 June	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Siam Samsung Life Insurance Co., Ltd.	-	500	-	1,989	-	1,854	270	668	(100)	(103)
Siam City Insurance Co., Ltd.	-	-	-	-	-	-	-	384	-	(5)
Ratchthani Leasing Plc.	-	-	-	-	-	-	-	525	-	134

(Unit: Million Baht)

Income, profit or loss and shares of profit (loss) from investments in associated companies were determined based on the financial statements of those companies for the period starting from the date that the Bank and/or the subsidiaries invested in such companies, in proportion to the shareholding interest, and until the Bank disposed of such investment or its status was changed.

9.5 As at 30 June 2012, the fair value of investment in an associated company (MBK Plc.) which is listed in the Stock Exchange of Thailand amounting to Baht 1,793 million (31 December 2011 : Baht 1,649 million)

10. Loans to customers and accrued interest receivables

10.1 Classified by loan type

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
<u>Loans to customers</u>				
Overdrafts	21,438	23,358	21,438	23,358
Loans	264,209	271,129	248,598	250,290
Notes receivable	53,680	49,984	63,353	68,048
Hire purchase receivables	374,816	325,976	356,509	310,595
Financial lease receivables	1,994	2,104	1,773	1,926
Others	265	234	265	234
Less: Deferred revenues	(46,790)	(39,801)	(44,283)	(37,739)
Total loans to customers net of deferred revenues	669,612	632,984	647,653	616,712
Add: Accrued interest receivables	978	963	936	925
Total loans to customers net of deferred revenues and accrued interest receivables	670,590	633,947	648,589	617,637
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual Approach	(17,194)	(25,197)	(8,443)	(12,102)
- Collective Approach	(5,273)	-	(5,273)	-
2) Excess provision	(444)	(396)	(431)	(383)
Less: Revaluation allowance for debt restructuring	(351)	(382)	(351)	(382)
Loans to customers and accrued interest receivables - net	647,328	607,972	634,091	604,770
<u>Securities business receivables</u>				
Credit balances receivables	2,296	1,926	-	-
Receivables under securities borrowing and lending business	2	-	-	-
Other receivables	308	310	-	-
Total securities business receivables	2,606	2,236	-	-
Less: Allowance for doubtful accounts	(305)	(305)	-	-
Securities business receivables - net	2,301	1,931	-	-
Loans to customers and accrued interest receivables - net	649,629	609,903	634,091	604,770

10.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	652,857	462	653,319	620,816	450	621,266
US Dollar	12,419	5,715	18,134	7,282	5,853	13,135
Other currencies	348	417	765	395	424	819
Total*	665,624	6,594	672,218	628,493	6,727	635,220

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	628,292	462	628,754	602,308	450	602,758
US Dollar	12,419	5,715	18,134	7,282	5,853	13,135
Other currencies	348	417	765	395	424	819
Total*	641,059	6,594	647,653	609,985	6,727	616,712

* Total loans net of deferred revenues

10.3 Classified by type of business and loan classification

(Unit: Million Baht)

	Consolidated financial statements							
	30 June 2012							
	The Bank and a subsidiary company which are financial institutions							
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total	Subsidiary companies	Consolidated
Agricultural and mining	12,494	26	89	21	265	12,895	3	12,898
Manufacturing and commerce	75,368	2,845	427	2,395	8,449	89,484	76	89,560
Real estate and construction	46,712	1,076	513	630	3,286	52,217	9	52,226
Public utilities and services	57,906	2,703	566	1,192	3,119	65,486	84	65,570
Personal consuming								
Housing loans	56,305	772	302	889	2,676	60,944	-	60,944
Securities business	-	-	-	-	-	-	2,606	2,606
Hire purchase	289,301	17,962	1,486	969	2,686	312,404	15,829	328,233
Others	37,587	917	641	467	1,976	41,588	154	41,742
Others	17,833	11	175	2	398	18,419	20	18,439
Total*	593,506	26,312	4,199	6,565	22,855	653,437	18,781	672,218

* Total loans net of deferred revenues

(Unit: Million Baht)

Consolidated financial statements

31 December 2011

The Bank and a subsidiary company which are financial institutions

	Normal	Special	Sub-	Doubtful	Doubtful	Total	Subsidiary	
		mention	standard				of loss	companies
Agricultural and mining	10,452	27	95	104	148	10,826	4	10,830
Manufacturing and commerce	60,956	4,364	3,363	6,741	6,484	81,908	59	81,967
Real estate and construction	42,730	1,463	577	736	2,454	47,960	12	47,972
Public utilities and services	49,553	3,317	921	1,529	3,060	58,380	61	58,441
Personal consuming								
Housing loans	68,632	1,503	552	1,221	1,728	73,636	-	73,636
Securities business	-	-	-	-	-	-	2,236	2,236
Hire purchase	242,023	27,443	664	648	2,241	273,019	13,342	286,361
Others	48,357	2,076	673	763	2,095	53,964	116	54,080
Others	18,927	177	178	14	382	19,678	19	19,697
Total*	541,630	40,370	7,023	11,756	18,592	619,371	15,849	635,220

* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements

30 June 2012

	Normal	Special	Substandard	Doubtful	Doubtful	Total
		mention				
Agricultural and mining	12,475	26	88	21	48	12,658
Manufacturing and commerce	74,937	2,844	346	721	3,089	81,937
Real estate and construction	46,677	1,055	499	565	1,678	50,474
Public utilities and services	56,569	2,703	473	934	1,616	62,295
Personal consuming						
Housing loans	56,255	764	291	854	1,230	59,394
Hire purchase	289,301	17,962	1,486	969	2,686	312,404
Others	37,577	914	632	461	1,353	40,937
Others	27,506	10	3	2	33	27,554
Total*	601,297	26,278	3,818	4,527	11,733	647,653

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					Total
	31 December 2011					
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	
Agricultural and mining	10,452	27	69	15	25	10,588
Manufacturing and commerce	60,956	4,364	583	672	2,725	69,300
Real estate and construction	42,730	1,463	295	333	1,323	46,144
Public utilities and services	48,218	3,317	545	1,255	1,773	55,108
Personal consuming						
Housing loans	68,627	1,503	493	738	692	72,053
Hire purchase	242,023	27,443	664	648	2,241	273,019
Others	48,356	2,076	654	616	1,596	53,298
Others	36,991	177	5	2	27	37,202
Total*	558,353	40,370	3,308	4,279	10,402	616,712

* Total loans net of deferred revenues

10.4 Non-performing loans

As at 30 June 2012 and 31 December 2011, the Bank and its subsidiaries (securities and asset management business) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Non-performing loans (excluding accrued interest receivables)				
Banking business	20,078	17,989	20,078	17,989
Securities business	306	306	-	-
Asset management business	13,541	19,382	-	-

The above definition of non-performing loans does not include overdue loans which have been already restructured and are now qualified for classification as Normal or Special mention debt.

Additionally, the Bank and its subsidiaries operating in the securities business had loans for which income recognition under an accrual basis has been discontinued, as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Banking business	18,808	16,558	18,808	16,558
Securities business	306	306	-	-

The subsidiary company engaged in the asset management business recognises income from loan on a cash basis.

10.5 Debt restructuring

During the six-month periods ended 30 June 2012 and 2011, the Bank and its subsidiaries have entered into debt restructuring agreements as follows:

Type of restructuring	Consolidated financial statements				
	For the six-month periods ended 30 June				
	Number of debtors	Outstanding loans balance before restructuring ⁽¹⁾	Outstanding loans balance after restructuring ⁽¹⁾	Type of assets to be transferred	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		
2012					
Modification of repayment conditions	13,809	13,098	10,287		
Total	13,809	13,098	10,287		
2011					
Modification of repayment conditions	2,607	2,828	2,828		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	2	291	291	Land 38	
Total	2,609	3,119	3,119		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable).

Separate financial statements					
For the six-month periods ended 30 June					
Type of restructuring	Number of debtors	Outstanding loans balance before restructuring ⁽¹⁾	Outstanding loans balance after restructuring ⁽¹⁾	Type of assets to be transferred	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		Million Baht
2012					
Modification of repayment conditions	13,689	5,466	5,466		
Total	13,689	5,466	5,466		
2011					
Modification of repayment conditions	2,366	960	960		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	1	5	5	Land	6
Total	2,367	965	965		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable).

Counting from the end of the period, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the six-month periods ended 30 June 2012 and 2011, are summarised below.

Consolidated financial statements				
For the six-month periods ended 30 June				
Periods	2012		2011	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	3,957	3,472	197	106
Due within the year	1,106	1,382	329	37
Less than 5 years	7,443	3,794	1,298	855
5 - 10 years	1,226	1,454	729	1,936
10 - 15 years	34	92	18	123
Over 15 years	43	93	38	62
Total	13,809	10,287	2,609	3,119

Periods	Separate financial statements			
	For the six-month periods ended 30 June			
	2012		2011	
	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	3,956	1,929	187	91
Due within the year	1,093	191	326	31
Less than 5 years	7,419	2,443	1,271	355
5 - 10 years	1,170	806	576	475
10 - 15 years	20	32	4	9
Over 15 years	31	65	3	4
Total	13,689	5,466	2,367	965

Supplemental information for the six-month periods ended 30 June 2012 and 2011 relating to restructured loan is as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Interest incomes recognised in the statements of comprehensive income	1,044	755	888	207
Cash repayment from receivables	6,649	2,365	4,062	737
Properties foreclosed received for debts settlement	217	33	217	33
Loss on debt restructuring (net from allowance for doubtful accounts as previously recorded)	2	21	2	21

As at 30 June 2012 and 31 December 2011, the Bank and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables							
	Total number of outstanding receivables		Number of receivables		Outstanding balances		Outstanding balances, net of collateral	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
					Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Bank Plc.	1,533,825	1,378,861	59,580	52,289	26,853	25,803	17,389	9,350
Thanachart Securities Plc.	436	886	3	3	35	35	35	35
TS Asset Management Co., Ltd.	2,367	2,459	1,598	1,630	10,485	12,978	6,225	5,173

10.6 Hire purchase/Financial lease receivables

As at 30 June 2012 and 31 December 2011, hire purchase/financial lease receivables of the Bank and its subsidiaries mostly comprise hire purchase agreements or financial lease agreements for cars and motorcycles. The terms of the agreements are generally between 3 and 7 years and they carry interest at fixed rates.

(Unit: Million Baht)

Consolidated financial statement as at 30 June 2012				
Amounts due under lease agreements				
	Less than			Total
	1 year*	1 - 5 years	Over 5 years	
Gross investment in the lease	109,415	238,079	29,316	376,810
Less: Unearned finance income	(17,783)	(26,193)	(2,770)	(46,746)
Present value of minimum lease payments receivables	91,632	211,886	26,546	330,064
Allowance for doubtful accounts				(6,456)
Hire purchase/Financial lease receivables - net				323,608

* Included non-performing receivables

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2011				
Amounts due under lease agreements				
	Less than			Total
	1 year*	1 - 5 years	Over 5 years	
Gross investment in the lease	98,530	218,233	11,317	328,080
Less: Unearned finance income	(15,589)	(23,687)	(515)	(39,791)
Present value of minimum lease payments receivables	82,941	194,546	10,802	288,289
Allowance for doubtful accounts				(5,251)
Hire purchase/Financial lease receivables - net				283,038

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 30 June 2012

	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	108,252	235,205	14,825	358,282
Less: Unearned finance income	(17,689)	(25,949)	(601)	(44,239)
Present value of minimum lease payments receivables	90,563	209,256	14,224	314,043
Allowance for doubtful accounts				(5,650)
Hire purchase/Financial lease receivables - net				308,393

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2011

	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	96,982	204,671	10,868	312,521
Less: Unearned finance income	(15,423)	(21,881)	(425)	(37,729)
Present value of minimum lease payments receivables	81,559	182,790	10,443	274,792
Allowance for doubtful accounts				(4,777)
Hire purchase/Financial lease receivables - net				270,015

* Included non-performing receivables

10.7 Classified by classification

As at 30 June 2012 and 31 December 2011, the Bank and its financial institution subsidiary (asset management business) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

	Consolidated financial statements ⁽¹⁾					
	Loans and accrued interest		Net balance used in made		Allowance for doubtful	
	receivables		allowance for doubtful		accounts	
	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011
Normal	594,362	542,456	410,245	201,301	3,930	3,970
Special mention	26,372	40,447	20,586	18,289	1,863	722
Substandard	4,200	7,031	2,359	3,870	2,123	3,870
Doubtful	6,572	11,763	3,389	7,507	3,235	7,507
Doubtful of loss	22,902	18,631	10,941	8,208	10,523	8,348
Total	<u>654,408</u>	<u>620,328</u>	<u>447,520</u>	<u>239,175</u>	21,674	24,417
Additional allowance for possible uncollectability debts					431	383
Total					<u>22,105</u>	<u>24,800</u>

(1) Only the Bank and subsidiary company subject to BOT's regulations; and after deducting intragroup transactions.

(Unit: Million Baht)

	Separate financial statements					
	Loans and accrued interest		Net balance used in made		Allowance for doubtful	
	receivables		allowance for doubtful		accounts	
	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011
Normal	602,157	559,184	418,400	218,024	2,507	2,812
Special mention	26,337	40,447	20,573	18,289	1,850	721
Substandard	3,819	3,309	2,197	1,500	1,961	1,500
Doubtful	4,527	4,279	1,802	1,791	1,648	1,791
Doubtful of loss	11,749	10,418	6,168	5,138	5,750	5,278
Total	<u>648,589</u>	<u>617,637</u>	<u>449,140</u>	<u>244,742</u>	13,716	12,102
Additional allowance for possible uncollectability debts					431	383
Total					<u>14,147</u>	<u>12,485</u>

	Percentage of allowance for doubtful account			
	Hire purchase receivables-			
	personal consuming		Other loans	
	30 June 2012 ⁽²⁾	31 December 2011	30 June 2012	31 December 2011
Normal	0.2	1	1	1
Special mention	3.5	2	2	2
Substandard	84	100	100	100
Doubtful	84	100	100	100
Doubtful of loss	84	100	100	100

(2) These percentages are average rates used in setting up allowance for doubtful accounts

Starting from 1 January 2012, the Bank changed its method of estimating allowance for doubtful debts for hire purchase receivable-personal consuming, from setting allowance aside in accordance with BOT guidelines with reference to the length of overdue period and fixed provisioning rates to using a collective approach, as mentioned in Note 4.7 to the financial statements. This change in accounting estimate resulted in a Baht 1,018 million decrease in doubtful accounts in the statement of comprehensive income for the six-month period ended 30 June 2012.

For other loans, the net balance used in setting allowance for doubtful accounts for loans classified as Normal and Special mention is the principal balance net of deferred revenues, excluding accrued interest receivables, and after deducting collaterals values, while for loans classified as Substandard, Doubtful and Doubtful of loss, it is the principal balance net of deferred revenues plus accrued interest receivables, and after deducting the present value of expected future cash flows from debt collection or from disposal of collaterals.

In addition, there was widespread flooding in Thailand during July to December 2011. The floods may affect the business of certain debtors. The Bank has provided support to its customers in accordance with the policy of the BOT by relaxing principal and/or interest payments, extending the repayment schedule, maintaining the status of each debtor as it was before such floods occurred, and not treating the related receivables as non-performing loans. However, the Bank's management believes that no further significant damage will be incurred as from such receivables.

10.8 Loan to companies which have settlement problems

As at 30 June 2012 and 31 December 2011, loans of the Bank and its subsidiaries in the consolidated financial statements and the separate financial statements included debts due from companies with weak financial positions and poor operating results, as follows:

		Consolidated financial statements							
		Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1.	Listed companies possible to delisting from the SET	6	6	847	857	66	67	781	790
2.	Non - listed companies with similar operating results and financial positions to listed companies possible to delisting from the SET	10	9	587	585	332	334	238	236
3.	Companies which have loan settlement problems or have defaulted on the repayment	1,256	1,130	18,308	24,337	11,030	11,760	8,477	13,213

		Separate financial statements							
		Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1.	Listed companies possible to delisting from the SET	3	3	168	169	29	31	139	138
2.	Non - listed companies with similar operating results and financial positions to listed companies possible to delisting from the SET	10	9	587	585	332	334	238	236
3.	Companies which have loan settlement problems or have defaulted on the repayment	873	737	7,222	8,042	4,822	5,323	2,410	2,726

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

As at 30 June 2012 and 31 December 2011, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables, and provided related allowance for doubtful accounts, in accordance with the Notification of the Securities and Exchange Commission (SEC), as follows:

(Unit: Million Baht)

	Receivable balances		Allowance for doubtful accounts		Debt balance net of allowance for doubtful accounts	
	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011
Normal	2,300	1,930	-	-	2,300	1,930
Substandard	3	3	2	2	1	1
Doubtful	303	303	303	303	-	-
Total	2,606	2,236	305	305	2,301	1,931

Allowance for doubtful accounts for substandard loans set aside by the subsidiary is higher than the minimum amount required by the SEC, and takes into account uncertainties as to collateral value and the risk from collection of such receivables.

10.10 Hire purchase/financial lease receivables of subsidiaries classified by aging

As at 30 June 2012 and 31 December 2011, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

(Unit: Million Baht)

	30 June 2012	31 December 2011
Current or overdue not over 90 days	15,395	12,863
Overdue 91 - 365 days	324	363
Overdue more than 1 year	58	66
Debtors under legal actions	244	205
Total	16,021	13,497
Allowance for doubtful accounts provided in the accounts	806	792

10.11 As at 30 June 2012 and 31 December 2011, the Bank has loans to subsidiary companies as follows:

Company's name	Type of credit	Contract period as at 30 June 2012	Interest rate as at 30 June 2012	Outstanding balances	
				30 June 2012	31 December 2011
				Million Baht	Million Baht
Thanachart Group Leasing Co., Ltd.	Promissory note	At call	The Bank's cost of fund plus a fixed interest rate per annum	185	353
National Leasing Co., Ltd.	Promissory note	At call	The Bank's cost of fund plus a fixed interest rate per annum	8	22
Ratchthani Leasing Plc.	Promissory note	At call	The Bank's cost of fund plus a fixed interest rate per annum	2,307	7,867
TS Asset Management Co., Ltd.	Promissory note	At call	The Bank's cost of fund plus a fixed interest rate per annum	7,172	9,822
Total				9,672	18,064

11. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the six-month period ended 30 June 2012									
The Bank and a subsidiary company which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the period	3,970	722	3,870	7,507	8,348	383	24,800	1,098	25,898
Increase (decrease) during the period	(40)	1,141	(1,745)	(1,827)	3,359	48	936	29	965
Bad debts recovery	-	-	-	-	204	-	204	4	208
Bad debts written-off	-	-	(2)	(2,445)	(1,036)	-	(3,483)	(20)	(3,503)
Reversal from disposal of loans	-	-	-	-	(352)	-	(352)	-	(352)
Balance - end of the period	3,930	1,863	2,123	3,235	10,523	431	22,105	1,111	23,216

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2011									
The Bank and a subsidiary company which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the year	2,082	2,249	2,898	8,277	8,199	534	24,239	1,550	25,789
Beginning balance of the subsidiaries acquired during the year	-	-	-	-	-	-	-	542	542
Balance of a subsidiary company disposed during the year	-	-	-	-	-	-	-	(1,023)	(1,023)
Increase (decrease) during the year	1,888	(1,527)	992	(571)	1,826	(151)	2,457	91	2,548
Bad debts recovery	-	-	-	253	156	-	409	11	420
Bad debts written-off	-	-	(20)	(452)	(933)	-	(1,405)	(73)	(1,478)
Reversal from disposal of loans	-	-	-	-	(900)	-	(900)	-	(900)
Balance - end of the year	3,970	722	3,870	7,507	8,348	383	24,800	1,098	25,898

(Unit: Million Baht)

Separate financial statements							
For the six-month period ended 30 June 2012							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning							
of the period	2,812	721	1,500	1,791	5,278	383	12,485
Increase (decrease) during							
the period	(305)	1,129	461	(143)	1,286	48	2,476
Bad debts recovery	-	-	-	-	204	-	204
Bad debts written-off	-	-	-	-	(666)	-	(666)
Reversal from disposal of loans	-	-	-	-	(352)	-	(352)
Balance - end of the period	<u>2,507</u>	<u>1,850</u>	<u>1,961</u>	<u>1,648</u>	<u>5,750</u>	<u>431</u>	<u>14,147</u>

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2011							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning							
of the year	1,155	168	1,070	775	3,888	375	7,431
Increase (decrease) during							
the year	10	138	(775)	729	1,278	8	1,388
Increase for receivables							
received during the year	1,647	415	1,205	287	1,474	-	5,028
Bad debts recovery	-	-	-	-	156	-	156
Bad debts written-off	-	-	-	-	(618)	-	(618)
Reversal from disposal of loans	-	-	-	-	(900)	-	(900)
Balance - end of the year	<u>2,812</u>	<u>721</u>	<u>1,500</u>	<u>1,791</u>	<u>5,278</u>	<u>383</u>	<u>12,485</u>

12. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month period ended 30 June 2012	For the year ended 31 December 2011	For the six-month period ended 30 June 2012	For the year ended 31 December 2011
Balance - beginning of the period	382	460	382	38
Additional allowance for receivables				
received during the period	-	-	-	369
Increase (decrease) during the period	(2)	(35)	(2)	15
Amortised during the period	(29)	(43)	(29)	(40)
Balance - end of the period	<u>351</u>	<u>382</u>	<u>351</u>	<u>382</u>

13. Classification of assets

As at 30 June 2012 and 31 December 2011, the quality of assets of the Bank and its financial institution subsidiary (asset management business) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

Consolidated financial statements						
30 June 2012						
	Loans to customers and		Investments	Property		Total
	Interbank and money market items	accrued interest receivables		foreclosed	Other assets	
Normal	34,283	594,362	-	-	160	628,805
Special mention	-	26,372	-	-	83	26,455
Substandard	-	4,200	-	-	9	4,209
Doubtful	-	6,572	-	-	6	6,578
Doubtful of loss	-	22,902	109	162	242	23,415
Total	34,283	654,408	109	162	500	689,462

(Unit: Million Baht)

Consolidated financial statements						
31 December 2011						
	Loans to customers and		Investments	Property		Total
	Interbank and money market items	accrued interest receivables		foreclosed	Other assets	
Normal	39,364	542,456	-	-	162	581,982
Special mention	-	40,447	-	-	108	40,555
Substandard	-	7,031	-	-	4	7,035
Doubtful	-	11,763	-	-	4	11,767
Doubtful of loss	-	18,631	238	197	237	19,303
Total	39,364	620,328	238	197	515	660,642

(Unit: Million Baht)

Separate financial statements

30 June 2012

	Loans to customers and		Investments	Property		Total
	Interbank and money market items	accrued interest receivables		foreclosed	Other assets	
Normal	34,834	602,157	-	-	160	637,151
Special mention	-	26,337	-	-	83	26,420
Substandard	-	3,819	-	-	9	3,828
Doubtful	-	4,527	-	-	6	4,533
Doubtful of loss	-	11,749	147	169	242	12,307
Total	34,834	648,589	147	169	500	684,239

(Unit: Million Baht)

Separate financial statements

31 December 2011

	Loans to customers and		Investments	Property		Total
	Interbank and money market items	accrued interest receivables		foreclosed	Other assets	
Normal	39,514	559,184	-	-	162	598,860
Special mention	-	40,447	-	-	108	40,555
Substandard	-	3,309	-	-	4	3,313
Doubtful	-	4,279	-	-	4	4,283
Doubtful of loss	-	10,418	238	148	237	11,041
Total	39,514	617,637	238	148	515	658,052

14. Property foreclosed

(Unit: Million Baht)

Consolidated financial statements					
For the six-month period ended 30 June 2012					
Balance - beginning of the period	Additions	Disposals	Change appraiser	Balance - end of the period	
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	5,615	26	(244)	34	5,431
Internal appraiser	97	1	(4)	(34)	60
Movable assets	365	2,107	(1,974)	-	498
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	707	17	(149)	22	597
Internal appraiser	64	-	(3)	(22)	39
Non-used branches					
External appraiser	116	105	(48)	-	173
Total property foreclosed	6,964	2,256	(2,422)	-	6,798
Less: Allowance for impairment	(202)	(166)	200	-	(168)
Property foreclosed - Net	6,762	2,090	(2,222)	-	6,630

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2011						
Balance - beginning of the year	Increased from purchase of subsidiary company	Additions	Disposals	Change appraiser	Balance - end of the year	
Assets transferred in settlement of debts						
Immovable assets						
External appraiser	6,472	-	108	(1,079)	114	5,615
Internal appraiser	233	-	16	(38)	(114)	97
Movable assets	289	4	3,184	(3,112)	-	365
Assets foreclosed from purchase by bid on the open market						
Immovable assets						
External appraiser	673	-	93	(63)	4	707
Internal appraiser	72	-	7	(11)	(4)	64
Non-used branches						
External appraiser	168	-	(52)	-	-	116
Total property foreclosed	7,907	4	3,356	(4,303)	-	6,964
Less: Allowance for impairment	(56)	-	(528)	382	-	(202)
Property foreclosed - Net	7,851	4	2,828	(3,921)	-	6,762

(Unit: Million Baht)

Separate financial statements					
For the six-month period ended 30 June 2012					
Balance - beginning of the period	Additions	Disposals	Change appraiser	Balance - end of the period	
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	2,564	26	(162)	41	2,469
Internal appraiser	89	1	(4)	(41)	45
Movable assets	345	2,012	(1,881)	-	476
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	624	10	(28)	22	628
Internal appraiser	63	-	(3)	(22)	38
Non-used branches					
External appraiser	116	105	(48)	-	173
Total property foreclosed	3,801	2,154	(2,126)	-	3,829
Less: Allowance for impairment	(148)	(142)	121	-	(169)
Property foreclosed - Net	3,653	2,012	(2,005)	-	3,660

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2011					
Balance - beginning of the year	Increased from purchase of subsidiary company	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	111	2,367	-	(33)	2,564
Internal appraiser	230	-	16	(38)	89
Movable assets	283	4	3,122	(3,064)	345
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	1	636	-	(17)	624
Internal appraiser	71	-	7	(11)	63
Non-used branches					
External appraiser	-	116	-	-	116
Total property foreclosed	696	3,123	3,145	(3,163)	3,801
Less: Allowance for impairment	(56)	(63)	(165)	136	(148)
Property foreclosed - Net	640	3,060	2,980	(3,027)	3,653

14.1 As at 30 June 2012 and 31 December 2011, property foreclosed received in settlement of receivables that are subject to restrictions can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Immovable assets subject to buyback				
options or first refusal rights	593	739	593	739

14.2 As at 30 June 2012 and 31 December 2011, the Bank and its subsidiaries have agreements with clients to purchase or sell property foreclosed amounting to approximately Baht 927 million (at cost) in the consolidated financial statements and Baht 924 million in the separate financial statements that are currently being settled in installments or through transfer of ownership. The Bank and its subsidiaries have therefore not recognised gains on the sales, and the assets continue to be recorded as property foreclosed of the Bank and its subsidiaries.

15. Land, premises and equipment

(Unit: Million Baht)

	Consolidated financial statements					
	For the six-month period ended 30 June 2012					
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2011	4,704	2,466	4,233	76	146	11,625
Additions	-	-	153	-	134	287
Transfers/disposals	(82)	(29)	(32)	(18)	(39)	(200)
30 June 2012	4,622	2,437	4,354	58	241	11,712
<u>Accumulated depreciation</u>						
31 December 2011	-	147	2,609	15	-	2,771
Transfer/disposals	-	(4)	(68)	(18)	-	(90)
Depreciation for the period	-	69	341	15	-	425
30 June 2012	-	212	2,882	12	-	3,106
<u>Allowance for impairment</u>						
31 December 2011	68	26	1	-	-	95
Increase during the period	-	-	10	-	-	10
30 June 2012	68	26	11	-	-	105
<u>Net book value</u>						
30 June 2012	4,554	2,199	1,461	46	241	8,501
Depreciation charge for the six-month periods ended 30 June						
2011						529
2012						425
						55

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2011						
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2010	4,649	2,652	3,916	155	134	11,506
Increase from purchase of subsidiary company	12	37	6	7	-	62
Decrease from disposal of a subsidiary company	-	-	(107)	(13)	-	(120)
Additions	43	54	428	11	327	863
Transfers/disposals	-	(277)	(10)	(84)	(315)	(686)
31 December 2011	4,704	2,466	4,233	76	146	11,625
<u>Accumulated depreciation</u>						
31 December 2010	-	201	2,258	60	-	2,519
Decrease from disposal of a subsidiary company	-	-	(95)	(13)	-	(108)
Transfer/disposals	-	(270)	(310)	(74)	-	(654)
Depreciation for the year	-	216	756	42	-	1,014
31 December 2011	-	147	2,609	15	-	2,771
<u>Allowance for impairment</u>						
31 December 2010	-	-	1	-	-	1
Increase during the year	68	26	1	-	-	95
Decrease from disposal of a subsidiary company	-	-	(1)	-	-	(1)
31 December 2011	68	26	1	-	-	95
<u>Net book value</u>						
31 December 2011	4,636	2,293	1,623	61	146	8,759

(Unit: Million Baht)

Separate financial statements						
For the six-month period ended 30 June 2012						
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2011	4,618	2,314	3,540	110	144	10,726
Additions	-	-	124	-	126	250
Transfers/disposals	(81)	(26)	8	(15)	(30)	(144)
30 June 2012	4,537	2,288	3,672	95	240	10,832
<u>Accumulated depreciation</u>						
31 December 2011	-	100	2,189	72	-	2,361
Transfers/disposals	-	(2)	(20)	(14)	-	(36)
Depreciation for the period	-	66	293	9	-	368
30 June 2012	-	164	2,462	67	-	2,693
<u>Allowance for impairment</u>						
31 December 2011	-	-	-	-	-	-
Increase during the period	-	-	11	-	-	11
30 June 2012	-	-	11	-	-	11
<u>Net book value</u>						
30 June 2012	4,537	2,124	1,199	28	240	8,128
Depreciation charge for the six-month periods ended 30 June						
2011						228
2012						368

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2011						
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2010	475	371	2,572	105	13	3,536
Received from Entire Business Transfer	4,100	1,921	756	8	114	6,899
Additions	43	22	197	5	50	317
Transfers/disposals	-	-	15	(8)	(33)	(26)
31 December 2011	4,618	2,314	3,540	110	144	10,726
<u>Accumulated depreciation</u>						
31 December 2010	-	48	1,736	62	-	1,846
Transfers/disposals	-	-	(17)	(8)	-	(25)
Depreciation for the year	-	52	470	18	-	540
31 December 2011	-	100	2,189	72	-	2,361
<u>Net book value</u>						
31 December 2011	4,618	2,214	1,351	38	144	8,365

As at 30 June 2012, the Bank and its subsidiaries have vehicles acquired under financial leases with net book values amounting to approximately Baht 30 million. In addition, the Bank and its subsidiaries have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss amounting to approximately Baht 1,585 million (separate financial statements: Baht 24 million and Baht 1,293 million, respectively).

16. Intangible assets

(Unit: Million Baht)

Consolidated financial statements					
For the six-month period ended 30 June 2012					
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total
<u>Cost</u>					
31 December 2011	4,100	1,190	7	180	5,477
Additions	-	35	-	71	106
Transfers/disposals	-	98	-	(98)	-
30 June 2012	4,100	1,323	7	153	5,583
<u>Accumulated amortisation</u>					
31 December 2011	602	134	7	-	743
Amortisation for the period	269	73	-	-	342
30 June 2012	871	207	7	-	1,085
<u>Allowance for impairment</u>					
31 December 2011	-	25	-	-	25
Increase during the period	-	-	-	-	-
30 June 2012	-	25	-	-	25
<u>Net book value</u>					
30 June 2012	3,229	1,091	-	153	4,473
Amortisation expenses for the six-month periods ended 30 June					
2011					285
2012					342
Remaining amortisation period					
(years)	7.9 years	0 – 9.9 years	-	-	

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2011					
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total
<u>Cost</u>					
31 December 2010	4,100	905	4	163	5,172
Increase from purchase of a subsidiary company	-	2	-	6	8
Decrease from disposal of a subsidiary company	-	(22)	-	-	(22)
Additions	-	341	-	233	574
Transfers/disposals	-	(36)	3	(222)	(255)
31 December 2011	4,100	1,190	7	180	5,477
<u>Accumulated amortisation</u>					
31 December 2010	137	227	3	-	367
Decrease from disposal of a subsidiary company	-	(4)	-	-	(4)
Disposals	-	(258)	3	-	(255)
Amortisation for the year	465	169	1	-	635
31 December 2011	602	134	7	-	743
<u>Allowance for impairment</u>					
31 December 2010	-	-	-	-	-
Increase during the year	-	27	-	-	27
Decrease from disposal of a subsidiary company	-	(2)	-	-	(2)
31 December 2011	-	25	-	-	25
<u>Net book value</u>					
31 December 2011	3,498	1,031	-	180	4,709

(Unit: Million Baht)

	Separate financial statements			
	For the six-month period ended 30 June 2012			
	Intangible assets from business combination	Computer software	Computer software under development	Total
<u>Cost</u>				
31 December 2011	3,613	1,199	164	4,976
Additions	-	28	66	94
Transfers	-	87	(87)	-
30 June 2012	3,613	1,314	143	5,070
<u>Accumulated amortisation</u>				
31 December 2011	115	186	-	301
Amortisation for the period	269	65	-	334
30 June 2012	384	251	-	635
<u>Allowance for impairment</u>				
31 December 2011	-	25	-	25
Increase during the period	-	-	-	-
30 June 2012	-	25	-	25
<u>Net book value</u>				
30 June 2012	3,229	1,038	143	4,410
Amortisation expenses for the six-month periods ended 30 June				
2011				25
2012				334
Remaining amortisation period (years)	7.9 years	2.4 - 9.7 years	-	

(Unit: Million Baht)

	Separate financial statements			
	For the year ended 31 December 2011			
	Intangible assets from business combination	Computer software	Computer software under development	Total
<u>Cost</u>				
31 December 2010	-	501	99	600
Increase from Entire Business Transfer	3,613	238	-	3,851
Additions	-	300	225	525
Transfers	-	160	(160)	-
31 December 2011	3,613	1,199	164	4,976
<u>Accumulated amortisation</u>				
31 December 2010	-	115	-	115
Amortisation for the year	115	71	-	186
31 December 2011	115	186	-	301
<u>Allowance for impairment</u>				
31 December 2010	-	-	-	-
Increase during the year	-	25	-	25
31 December 2011	-	25	-	25
<u>Net book value</u>				
31 December 2011	3,498	988	164	4,650

As at 30 June 2012, the Bank and its subsidiaries have computer software which have been fully amortised but are still in use with original costs, before deducting accumulated amortisation, amounting to approximately Baht 43 million (separate financial statement: Baht 7 million).

17. Goodwill

As at 30 June 2012 and 31 December 2011, goodwill as stated in the financial statements are as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Goodwill - beginning of the period	15,750	15,750	15,740	-
Increase during the period	-	-	-	15,740
Goodwill - ending of the period	<u>15,750</u>	<u>15,750</u>	<u>15,740</u>	<u>15,740</u>

18. Other assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Accrued premium insurance income	327	440	-	-
Other receivables	1,427	1,478	1,369	1,472
Accrued interest and dividend income receivables	1,146	1,052	788	725
VAT refundable	1,264	57	1,263	48
Prepaid leasehold rights	364	392	359	388
Other receivables - VAT paid in advance for customers	201	197	188	184
Deposit	289	276	265	255
Estimated insurance claims recoveries	326	264	-	-
Receivable from clearing house	679	25	-	-
Deposit from derivative contracts	148	357	148	357
Prepaid expense	406	244	142	101
Others	690	648	543	552
Total	<u>7,267</u>	<u>5,430</u>	<u>5,065</u>	<u>4,082</u>
Less: Allowance for impairment	<u>(322)</u>	<u>(307)</u>	<u>(268)</u>	<u>(257)</u>
Other assets - Net	<u>6,945</u>	<u>5,123</u>	<u>4,797</u>	<u>3,825</u>

19. Deposits

19.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Current	7,954	7,129	8,032	7,227
Saving	208,628	169,196	209,752	170,386
Promissory notes	-	61	-	61
Certificates of deposit	2	2	2	2
Fixed deposits				
- Less than 6 months	167,940	52,172	167,940	86,450
- 6 months and up to 1 year	110,388	133,560	112,388	133,560
- Over 1 year	75,700	73,920	75,712	73,932
Total deposits	570,612	436,040	573,826	471,618

19.2 Classified by currency and countries

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	570,326	1	570,327	435,796	1	435,797
US Dollar	119	19	138	84	20	104
Other currencies	19	128	147	22	117	139
Total	570,464	148	570,612	435,902	138	436,040

(Unit: Million Baht)

	Separate financial statements					
	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	573,540	1	573,541	471,374	1	471,375
US Dollar	119	19	138	84	20	104
Other currencies	19	128	147	22	117	139
Total	573,678	148	573,826	471,480	138	471,618

20. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and the FIDF	1	3,040	3,041	-	3,065	3,065
Commercial banks	2,055	18,272	20,327	700	10,032	10,732
Specialised financial institutions	3,150	8,432	11,582	3,100	7,234	10,334
Other financial institutions	8,629	9,076	17,705	17,015	9,705	26,720
Total domestic items	13,835	38,820	52,655	20,815	30,036	50,851
Foreign						
US Dollar	19	14,332	14,351	3	8,599	8,602
Baht currency	296	898	1,194	241	457	698
Total foreign items	315	15,230	15,545	244	9,056	9,300
Total	14,150	54,050	68,200	21,059	39,092	60,151

(Unit: Million Baht)

	Separate financial statements					
	30 June 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and the FIDF	1	3,040	3,041	-	3,064	3,064
Commercial banks	1,807	15,409	17,216	681	8,779	9,460
Specialised financial institutions	3,150	8,432	11,582	3,100	7,234	10,334
Other financial institutions	8,961	9,076	18,037	17,420	9,705	27,125
Total domestic items	13,919	35,957	49,876	21,201	28,782	49,983
Foreign						
US Dollar	19	14,332	14,351	3	8,599	8,602
Baht currency	296	898	1,194	241	457	698
Total foreign items	315	15,230	15,545	244	9,056	9,300
Total	14,234	51,187	65,421	21,445	37,838	59,283

As at 30 June 2012, interbank and money market items included long-term loans of a subsidiary company amounting Baht 1,024 million, consisting of a loan of Baht 224 million that is repayable in 36 monthly installments from the date of loan drawdown, and another loan of Baht 800 million, repayable within 3 years from the date of loan drawdown. These loans bear interest at fixed interest rate per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio (31 December 2011: including loans of a subsidiary company amounting Baht 1,054 million).

21. Debt issued and borrowings

As at 30 June 2012 and 31 December 2011, the balance of debt issued and domestic borrowings, which stated in Baht, are as follows:

Type of borrowings	Interest rate per annum (as at 30 June 2012)	Maturity date	(Unit: Million Baht)			
			Consolidated financial statements		Separate financial statements	
			30 June 2012	31 December 2011	30 June 2012	31 December 2011
Perpetual subordinated hybrid bonds issued under Tier I (a)	8.50 percent	Dissolution	7,130	7,130	7,130	7,130
Subordinated hybrid bonds issued under Tier II (b)	5.25 percent	2019 and 2024	5,000	5,000	5,000	5,000
Subordinated debentures issued under Tier II (c - f)	5.00 - 6.00 percent	2015 - 2020	23,000	23,000	23,000	23,000
Unsubordinated debentures (g - h)	3.45 - 5.50 percent	2013 - 2016	8,072	-	2,072	-
Bills of exchange	0 - 3.00 percent	At call	88	57	88	56
Bills of exchange	1.00 - 4.60, 7.20 percent	2012 - 2013	96,047	217,999	96,297	222,148
Promissory note	0.50 - 4.75, 10, 13.25 percent	At call	1,527	942	6	-
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2012 - 2017	133	169	133	169
Total debt issued and borrowings			140,997	254,297	133,726	257,503

- (a) On 22 April 2010, the Bank issued 7,130,000 name registered of perpetual, non-cumulative, subordinated, hybrid Tier 1 bonds, with a face value of Baht 1,000 each, and sold them to two major shareholders of the Bank. The bonds mature upon dissolution or liquidation of the Bank. The bonds are unsecured and non-convertible and bear interest at a rate equal to the highest interest rate for a six-month fixed deposit plus 6 percent per annum, payable semi-annually. The Bank has a call option to early redeem the bonds at par if the condition specified are met.
- (b) On 24 July 2009, the Bank issued 5,000,000 name registered subordinated hybrid bonds, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. Of these, 3.5 million units mature in 2019 and bear interest at rate of 5.25 percent per annum for the first five years, and 5.5 percent per annum for the sixth to tenth years, while 1.5 million units mature in 2024 and bear interest at rate of 5.25 percent per annum for the first five years, 6.0 percent per annum for the sixth to tenth years and 6.5 percent per annum for the eleventh to fifteenth years, payable quarterly. The Bank has a call option to early redeem these debentures at par and has option to postpone principal and/or interest payment date if the conditions as specified are met.
- (c) On 9 May 2008, the Bank issued 5,000,000 name registered subordinated, unsecured, unconvertible debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2015 and bear interests at rate of 5.1 percent per annum for the first three years, and 6 percent per annum for the fourth to seventh years, payable quarterly.
- (d) On 3 April 2009, the Bank issued 2,000,000 name registered subordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2019 and bear interest at fixed interest rates of 5.25 percent per annum for the first three years, 5.75 percent per annum for the fourth to seventh years, and 6.5 percent per annum for the eighth to tenth years, payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (e) On 2 April 2010, the Bank issued 6,000,000 name registered subordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2020 and bear interests at fixed interest rate of 5 percent per annum for the first five years and 5.5 percent per annum for the sixth to tenth years, payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met.

- (f) On 20 June 2011, the Bank issued 10,000,000 unsecured subordinated debentures with a face value of Baht 1,000 each. The debentures mature in 2019 and bear interest at fixed interest rates of 6.00 percent per annum until June 2016, and 6.50 percent per annum for the remaining years. Interest is payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met. This debenture was issued to replace SCIB's debentures which were early redeemed in accordance with the BOT stipulations regarding the transfer of the entire business of SCIB.
- (g) On 27 March 2012, the Bank issued 2,072,100 name registered unsubordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2013 and bear interests at fixed interest rate of 3.45 percent per annum, payable quarterly.
- (h) On 27 April 2012, a subsidiary company issued 6,000,000 name registered unsubordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. Of these, 2 million units bear interests at fixed interest rate of 4.90 percent per annum and mature in 2014, and 1.5 million units bear interests at fixed interest rate of 5.20 percent per annum and mature in 2015, and another 2.5 million units bear interest at rate of 5.50 percent per annum mature in 2016. All debentures pay interest quarterly.

22. Provisions

(Unit: Million Baht)

	Consolidated financial statements				
	For the six-month period ended 30 June 2012				
	Loss from litigation	Employee benefits	Obligations for off-balance items		Total
Others					
Balance as at 1 January 2012	85	1,953	270	516	2,824
Increase during the period	83	159	-	5	247
Utilised	-	(15)	-	(4)	(19)
Reversal of provisions	-	-	(80)	-	(80)
Balance as at 30 June 2012	168	2,097	190	517	2,972

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2011					
	Obligations for				
	Loss from litigation	Employee benefits	off-balance items	Others	Total
Balance as at 1 January 2011	89	2,315	285	483	3,172
Increase from purchase of subsidiary company	-	3	-	-	3
Increase during the year	2	360	39	90	491
Decrease from disposal of a subsidiary company	(1)	(3)	-	-	(4)
Utilised	(1)	(387)	-	(57)	(445)
Reversal of provisions	(4)	(335)	(54)	-	(393)
Balance as at 31 December 2011	<u>85</u>	<u>1,953</u>	<u>270</u>	<u>516</u>	<u>2,824</u>

(Unit: Million Baht)

Separate financial statements					
For the six-month period ended 30 June 2012					
	Obligations for				
	Loss from litigation	Employee benefits	off-balance items	Others	Total
Balance as at 1 January 2012	84	1,755	270	512	2,621
Increase during the period	83	137	-	5	225
Utilised	-	(14)	-	-	(14)
Reversal of provisions	-	-	(80)	-	(80)
Balance as at 30 June 2012	<u>167</u>	<u>1,878</u>	<u>190</u>	<u>517</u>	<u>2,752</u>

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2011					
	Obligations for				
	Loss from litigation	Employee benefits	off-balance items	Others	Total
Balance as at 1 January 2011	19	358	-	92	469
Employee benefits for staff transferred from SCIB	-	1,395	-	-	1,395
Increase from Entire Business Transfer	64	259	231	402	956
Increase during the year	1	50	39	18	108
Utilised	-	(54)	-	-	(54)
Reversal of provisions	-	(253)	-	-	(253)
Balance as at 31 December 2011	<u>84</u>	<u>1,755</u>	<u>270</u>	<u>512</u>	<u>2,621</u>

Employee Benefits

Employee benefits, which is the compensation payable to employees on retirement, which is recognised in profit or loss in the statements of comprehensive income for the six-month periods ended 30 June 2012 and 2011, can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service cost	87	57	72	35
Interest cost	68	42	60	6
Loss on curtailment	-	(50)	-	-
Total employee benefits	<u>155</u>	<u>49</u>	<u>132</u>	<u>41</u>

The principal actuarial assumptions used to calculate the defined benefit obligations are as follows:

	(Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Discount rate	3.50 - 4.09	4.07 - 4.70	4.09	4.09
Future salary increase rate	3.00 - 7.35	6.00 - 6.50	6.00	6.00
Average staff turnover rate (depending on age)	0.00 - 42.11	0.00 - 42.11	0.85 - 21.51	0.85 - 21.51

23. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Life policy reserve	30,605	29,831	-	-
Loss reserve and outstanding claims	2,325	3,441	-	-
Unearned premium reserve	2,942	2,659	-	-
Other liabilities under insurance policies	233	223	-	-
Total insurance contract liabilities	36,105	36,154	-	-

From July to December 2011, there was widespread flooding in Thailand. The floods have an effect to the parties insured by the subsidiary. The subsidiary has assessed and recorded the impact of this situation in their financial statements. However, there are inherent uncertainties in the assumptions used by management in preparing the loss reserves, which could affect the amount of claim reserve and claim reserve refundable from reinsurers. The management believes that no further significant losses will be incurred.

24. Other liabilities

(Unit: Million Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Other payables	1,018	1,546	996	1,330
Suspense cash received from account receivables	424	415	373	415
Insurance premium payable	160	69	285	208
Unearned income	289	300	286	322
Provision for income tax	495	330	495	330
Accrued interest payable	3,063	3,267	3,018	3,413
Corporate income tax payable	1,218	2,431	141	-
Accrued expense	4,094	3,855	3,434	3,078
Payable from clearing house	-	306	-	-
Others	2,691	2,584	1,550	1,683
Total other liabilities	13,452	15,103	10,578	10,779

25. Other components of equity

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Surplus from business combination				
under common control	(123)	(123)	-	-
Revaluation surplus on investments				
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	434	364	332	287
Equity instruments	475	488	227	143
Total	909	852	559	430
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(107)	(252)	(52)	(184)
Equity instruments	-	(4)	-	(1)
Held-to-maturity investments (transfer from available-for-sale investments)	(3)	(3)	(16)	(34)
Total	(110)	(259)	(68)	(219)
Total revaluation surplus on investments	799	593	491	211
Share of other comprehensive income of associates	230	143	-	-
Total	906	613	491	211

26. Statutory reserve

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

27. 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.

As at 30 June 2012 and 31 December 2011, capital funds of the Bank consist of the following:

	(Unit: Million Baht)	
	30 June 2012	31 December 2011
<u>Tier I</u>		
Issued and fully paid up share capital	55,137	55,137
Share premium	2,101	2,101
Perpetual subordinated hybrid bonds (Hybrid Tier I)	7,130	7,130
Statutory reserve	989	968
Retained earnings - unappropriated	10,517	12,042
Total	75,874	77,378
Less: goodwill	(15,740)	(15,740)
Total	60,134	61,638
<u>Tier II</u>		
Subordinated debentures	25,000	26,000
Reserve for assets classified as normal	3,160	3,391
Total	28,160	29,391
Total Tier I and Tier II	88,294	91,029
Add: Net revaluation surplus on investment in equity securities	102	64
Total capital funds	88,396	91,093

As at 30 June 2012 and 31 December 2011, the Bank's capital ratios, calculated based on the BOT's regulation relating to the calculation of capital funds announced by the BOT are as follows:

	30 June 2012		31 December 2011	
	Capital ratio of the Bank	Minimum requirement by BOT	Capital ratio of the Bank	Minimum requirement by BOT
Total capital to risk assets (percent)	13.32	8.50	13.72	8.50
Total Tier I to risk assets (percent)	9.06	4.25	9.28	4.25

The Bank will disclose qualitative and quantitative information regarding capital maintenance as at 30 June 2012 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its website at www.thanachartbank.co.th, within October 2012. In addition, the Bank had disclosed the latest capital maintenance information as at 31 December 2011 on its website since April 2012.

28. Dividends

Dividends	Approved by	Total dividends	Dividend per share
		Million Baht	Baht
Dividends on net income for the year 2011	Annual General Meeting of the Shareholders on 5 April 2012	1,930	0.35
Dividends on net income for the year 2010	Annual General Meeting of the Shareholders on 7 April 2011	2,205	0.40

29. Interest income

Interest income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Interbank and money market items	515	387	503	129
Investments and trading transactions	119	31	9	5
Investments in debt securities	1,165	1,008	879	417
Loans	5,200	5,088	5,170	1,289
Hire purchase and financial lease	5,081	4,188	4,747	4,157
Total interest income	12,080	10,702	11,308	5,997

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Interbank and money market items	1,046	759	1,037	234
Investments and trading transactions	241	49	33	7
Investments in debt securities	2,320	1,951	1,795	783
Loans	10,434	9,917	10,426	2,473
Hire purchase and financial lease	9,725	8,187	9,074	8,120
Total interest income	23,766	20,863	22,365	11,617

30. Interest expenses

Interest expenses for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Deposits	3,179	1,920	3,195	897
Interbank and money market items	430	207	412	281
Contribution fee to the Deposit Protection Agency	21	474	21	206
Contribution fee to FIDF	701	-	701	-
Issues debt instruments and borrowings				
- Subordinated debentures	551	529	551	408
- Unsubordinated debentures	74	-	18	-
- Others	1,141	1,221	1,131	949
Borrowing cost	3	1	-	11
Total interest expenses	6,100	4,352	6,029	2,752

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Deposits	5,825	3,832	5,959	1,831
Interbank and money market items	801	393	778	480
Contribution fee to the Deposit Protection Agency	169	1,004	169	446
Contribution fee to FIDF	1,160	-	1,160	-
Issues debt instruments and borrowings				
- Subordinated debentures	1,102	1,039	1,102	782
- Unsubordinated debentures	74	-	19	-
- Others	3,020	1,890	3,029	1,461
Borrowing cost	5	1	-	11
Total interest expenses	<u>12,156</u>	<u>8,159</u>	<u>12,216</u>	<u>5,011</u>

31. Fees and service income

Fees and service income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Fees and service income				
Acceptance, aval and guarantees	71	59	71	12
Brokerage fee from securities /derivatives	269	284	-	-
ATM and electronic banking services	174	190	174	34
Hire purchase fee income	269	228	268	223
Insurance brokerage fee income	58	42	346	233
Management fees	97	133	-	-
Credit card fee	171	142	170	32
Others	267	169	182	99
Total fees and service income	<u>1,376</u>	<u>1,247</u>	<u>1,211</u>	<u>633</u>
Fees and service expenses	<u>(359)</u>	<u>(322)</u>	<u>(316)</u>	<u>(193)</u>
Net fees and service income	<u>1,017</u>	<u>925</u>	<u>895</u>	<u>440</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Fees and service income				
Acceptance, aval and guarantees	161	125	161	24
Brokerage fee from securities/derivatives	563	579	-	-
ATM and electronic banking services	361	405	361	68
Hire purchase fee income	541	457	526	448
Insurance brokerage fee income	121	113	669	485
Management fees	208	263	-	-
Credit card fee	346	276	349	57
Others	412	346	348	165
Total fees and service income	2,713	2,564	2,414	1,247
Fees and service expenses	(729)	(658)	(652)	(383)
Net fees and service income	1,984	1,906	1,762	864

32. Gains on trading and foreign exchange transactions

Gains on trading and foreign exchange transactions for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Foreign exchange and derivatives relating to foreign exchange	147	196	137	91
Foreign exchange and derivatives relating to interest rate	-	1	-	-
Debt securities	224	13	46	3
Equity securities	1	2	-	-
Others	(4)	(2)	-	-
Total	368	210	183	94

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Foreign exchange and derivatives relating to foreign to exchange	310	423	309	215
Foreign exchange and derivatives relating to interest rate	-	1	-	-
Debt securities	(33)	31	69	5
Equity securities	(1)	(4)	-	-
Others	3	(1)	-	-
Total	279	450	378	220

33. Gains (losses) on investments

Gains (loss) on investments for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Gains (losses) on disposal				
Available-for-sale securities	165	7	59	-
General investments	(13)	2	(13)	2
Investments in subsidiary companies	-	22	-	-
Reversal of impairment on investments (losses)				
Available-for-sale securities	4	-	-	-
General investments	(17)	(34)	(55)	(2)
Total	139	(3)	(9)	-

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Gains (losses) on disposal				
Available-for-sale securities	311	33	167	35
General investments	(13)	(2)	(13)	2
Investments in subsidiary companies	-	22	-	-
Reversal of impairment on investments (losses)				
Available-for-sale securities	4	-	-	-
General investments	(16)	(40)	(54)	(8)
Total	286	13	100	29

34. Directors' remuneration

Directors' remuneration represents the benefits paid to the directors of the Bank and public subsidiary companies in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions but including the payment of remuneration amounting to Baht 15 million to the Bank's and its subsidiaries' directors, which was approved by the Annual General Meeting of Shareholders of the Bank and its subsidiaries.

35. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Bad debts and doubtful accounts				
Loans to customers	498	1,106	914	372
Interbank and money market items	4	10	8	1
Amortisation of revaluation allowance for debts restructured during the period	3	(1)	3	(1)
Loss from debt restructuring (reversal)	(1)	(54)	(1)	20
Impairment loss of debt securities	1	-	1	-
Total	505	1,061	925	392

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Bad debts and doubtful accounts				
Loans to customers	965	1,859	2,476	632
Interbank and money market items (reversal)	22	(3)	26	4
Amortisation of revaluation allowance for debts restructured during the period	(29)	(3)	(29)	(3)
Loss from debt restructuring (reversal)	2	(54)	2	21
Impairment loss of debt securities	1	-	1	-
Total	961	1,799	2,476	654

36. Income tax expense

Corporate income tax was calculated on profit for the period multiplied by average tax rate for the year, which was determined based on tax payable on estimated income for the year, after adding back and deducting expenses and provisions which are disallowable for tax computation purposes and deducting income which is exempted for tax computation purposes.

37. Components of other comprehensive income

Components of other comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Other comprehensive income				
Available-for-sale investments:				
Unrealised gain (loss) during the period	640	(204)	438	(84)
Less: Reclassification of adjustment for the realised gain that included in profit or loss	(165)	(7)	(59)	-
	475	(211)	379	(84)
Share of other comprehensive income (loss) in associated companies	89	(45)	-	-
Other comprehensive income for the period (loss)	564	(256)	379	(84)

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Other comprehensive income				
Available-for-sale investments:				
Unrealised gain (loss) during the period	517	(366)	447	(63)
Less: Reclassification of adjustment for the realised gain that included in profit or loss	(311)	(33)	(167)	(35)
	206	(399)	280	(98)
Share of other comprehensive income (loss) in associated companies	87	(107)	-	-
Other comprehensive income for the period (loss)	293	(506)	280	(98)

38. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Bank (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the period (Million Baht)	2,083	2,328	1,370	4,977
Weighted average number of shares (Million shares)	5,514	5,514	5,514	5,514
Earnings per share (Baht/share)	0.38	0.42	0.25	0.90

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the period (Million Baht)	3,856	4,536	1,412	6,242
Weighted average number of shares (Million shares)	5,514	5,514	5,514	5,514
Earnings per share (Baht/share)	0.70	0.82	0.26	1.13

39. Provident fund

The Bank, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 3 -10 percent of their basic salaries, and the Bank and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the six-month period ended 30 June 2012, the Bank and its subsidiaries contributed Baht 211 million to the fund (separate financial statements: Baht 186 million).

40. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy (For the period 2012)
	Consolidated		Separate		
	financial statements		financial statements		
	2012	2011	2012	2011	
<u>Transactions occurred during the periods</u>					
Parent company					
Purchase of debt securities	-	99	-	99	
Sales of debt securities	9,788	3,564	9,788	3,564	At market price
Interest income	-	1	-	-	
Income on supporting service	-	7	-	7	
Interest expenses	78	76	78	76	At interest rate of 0.75, 1.20 and 5.00 - 8.60 percent per annum
Rental expenses	28	28	23	23	At the rate agreed under the rental contracts
Other expenses	13	14	13	12	
Dividend payment	983	1,124	983	1,124	As declared

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy (For the period 2012)
	Consolidated		Separate		
	financial statements		financial statements		
	2012	2011	2012	2011	
Transactions occurred during the periods (continued)					
Subsidiary companies					
Purchase of debt securities	-	-	6,221	-	At market price
Sales of debt securities	-	-	5,423	7,181	At market price
(Related gain (loss))	-	-	3	1	
Purchase/sales of forward exchange contracts	-	-	145	1,874	At market price
(Related gain (loss))	-	-	10	(1)	
Interest income	-	-	126	7	At interest rate of 3.39 - 7.78 percent per annum
Dividend income	-	-	592	1,022	As declared
Fee and service income	-	-	370	251	At the rate agreed under the service contract
Income on supporting service	-	-	74	94	At the rate agreed under the service contract
Other income	-	-	1	-	
Interest expenses	-	-	39	178	At interest rate of 0.75 - 4.40, 5.00 percent per annum
Fee and service expenses	-	-	-	3	
Rental expenses	-	-	7	2	At the rate agreed under the rental contracts
Other expenses	-	-	62	24	
Associated companies					
Interest income	-	106	-	2	
Fee and service income	-	2	-	-	
Interest expenses	18	23	18	24	At interest rate of 0.75 - 5.25 percent per annum
Rental expenses	4	3	4	3	At the rate agreed under the rental contracts
Insurance premium/life insurance premium expenses	-	1	-	-	
Other expenses	2	2	1	2	

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy (For the period 2012)
	Consolidated		Separate		
	financial statements		financial statements		
	2012	2011	2012	2011	
<u>Transactions occurred during the periods (continued)</u>					
Related companies					
Purchase of debt securities	-	-	40	-	
Sales of debt securities	5,545	4,460	5,511	4,460	At market price
Purchase/sales of forward exchange contracts	116,998	66,516	116,133	65,054	At market price
(Related gain (loss))	(37)	36	(20)	49	
Sales of property foreclosed	-	-	34	-	
(Related gain)	-	-	7	-	
Interest income	69	162	69	34	At interest rate of 2.47 - 7.76 percent per annum
Dividend income	-	12	-	2	
Fee and service income	-	3	-	-	At the rate agreed under the service contract
Income on supporting service	2	4	2	4	At the rate agreed under the service contract
Other income	1	4	1	1	
Interest expenses	106	123	104	121	At interest rate of 0.34 - 8.60 percent per annum
Rental expenses	36	29	18	21	At the rate agreed under the rental contracts
Insurance premium/life insurance premium expenses (income)	(34)	2	-	-	
Other expenses	4	(1)	4	2	
Dividend payment	851	1,080	851	1,080	As declared

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy (For the period 2012)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2012	2011	2012	2011	
Transactions occurred during the periods					
Parent company					
Purchase of debt securities	-	109	50	109	At market price
Sales of debt securities	11,355	7,875	11,355	7,875	At market price
(Related gain)	1	-	1	-	
Purchase of other assets	-	5	-	5	
Interest income	-	2	-	-	
Income on supporting service	7	13	7	13	
Interest expenses	156	143	156	143	At interest rate 0.75, 1.20 and 5.00 - 8.60 percent per annum
Rental expenses	56	57	45	46	At the rate agreed under the rental contracts
Other expenses	25	27	25	23	
Dividend payment	983	1,124	983	1,124	As declared
Subsidiary companies					
Purchase of debt securities	-	-	11,089	982	At market price
Sales of debt securities	-	-	13,255	17,856	At market price
(Related gain (loss))	-	-	8	38	
Purchase of equity instruments	-	-	-	143	
Purchase/sales of forward exchange contracts	-	-	899	1,966	At market price
(Related gain (loss))	-	-	1	(1)	
Interest income	-	-	330	13	At interest rate of 3.39 - 4.50, 6.00 - 7.90 percent per annum
Dividend income	-	-	592	1,022	As declared
Fee and service income	-	-	707	489	At the rate agreed under the service contract
Income on supporting service	-	-	145	160	At the rate agreed under the service contract
Other income	-	-	1	-	
Interest expenses	-	-	205	262	At interest rate of 0.75 - 4.40, 5.00 percent per annum
Fee and service expenses	-	-	3	6	At the rate agreed under the service contracts
Rental expenses	-	-	10	3	At the rate agreed under the rental contracts
Other expenses	-	-	163	59	

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy (For the period 2012)
	Consolidated		Separate		
	financial statements		financial statements		
	2012	2011	2012	2011	
<u>Transactions occurred during the periods (continued)</u>					
Associated companies					
Purchase of debt securities	-	80	-	-	
Sales of debt securities	270	300	270	300	At market price
Interest income	-	168	-	2	
Fee and service income	-	6	-	-	
Interest expenses	38	42	38	42	At interest rate of 0.75 – 5.25 percent per annum
Rental expenses	7	7	7	6	At the rate agreed under the rental contracts
Insurance/Life insurance expenses	-	1	-	-	
Other expenses	5	6	3	4	
Related companies					
Purchase of debt securities	-	903	40	903	At market price
Sales of debt securities	13,573	6,209	13,539	6,209	At market price
(Related gain)	7	1	-	1	
Purchase/sales of forward exchange contracts	255,491	245,528	253,198	243,552	At market price
(Related loss)	(2)	(25)	(19)	(31)	
Sales of property foreclosed	-	-	34	-	
(Related gain)	-	-	7	-	
Interest income	171	333	171	70	At interest rate of 2.45 – 7.76 percent per annum
Dividend income	13	12	-	2	As declared
Fee and service income	-	5	-	-	
Income on supporting service	6	8	6	9	At the rate agreed under the service contract
Other income	8	11	2	2	
Interest expenses	207	210	205	204	At interest rate of 0.34 – 8.60 percent per annum
Rental expenses	64	56	37	42	At the rate agreed under the rental contracts
Insurance premium/life insurance premium expenses	24	10	-	-	At the rate agreed under the service contract
Fees and service expenses	-	1	-	-	
Other expenses	10	8	8	4	
Dividend payment	851	1,113	851	1,080	As declared

In addition to the transactions mentioned above, during the six-month period ended 30 June 2011, SCIB transferred non-performing loans amounting to Baht 9,062 million and properties foreclosed amounting to Baht 3,083 million to TS Asset Management Co., Ltd., a subsidiary company. The transfer prices were mutually agreed with reference to financial advisors have opinion that they were fair values.

The outstanding balances of the above transactions during the six-month periods ended 30 June 2012 and 2011 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<u>Parent company</u>				
Loans	18	20	-	-
Deposits	137	119	137	118
Debt issued and borrowings	3,639	3,964	3,639	3,964
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	396	243
Loans	-	-	14,205	804
Deposits	-	-	17,489	1,291
Interbank and money market items (liabilities)	-	-	388	15,713
Debt issued and borrowings	-	-	1,947	1,419
<u>Associated companies</u>				
Loans	-	7,116	-	300
Deposits	99	380	99	203
Debt issued and borrowings	1,583	2,750	1,583	2,307
<u>Related companies</u>				
Interbank and money market items (assets)	454	2,381	454	310
Loans	9,795	19,210	8,259	6,041
Deposits	1,191	1,465	1,191	1,280
Interbank and money market items (liabilities)	9,955	7,742	9,955	6,780
Debt issued and borrowings	4,319	7,698	4,319	7,241

As at 30 June 2012 and 31 December 2011, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

Consolidated financial statements									
30 June 2012									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Parent company									
Thanachart Capital Plc.	-	-	18	624	250	-	3,644	83	-
Associated companies									
MBK Plc.	-	-	-	7	123	-	1,590	11	-
Related companies									
Seacon Development Plc.	-	-	738	1	-	-	-	-	-
Thai Hua Rubber Plc.	-	-	2,057	-	358	-	-	1	-
Synphaet Co., Ltd.	-	-	781	-	11	-	-	-	-
Sriithai Superware Plc.	-	-	838	-	34	-	-	-	-
The Bank of Nova Scotia	207	-	-	26	-	12,096	3,494	92	7,018
Krungthai Card Plc.	-	-	3,000	-	7	-	-	-	-
Other related companies	-	-	1,156	183	903	48	553	76	149
	207	-	8,588	841	1,686	12,144	9,281	263	7,167

(Unit: Million Baht)

Consolidated financial statements									
31 December 2011									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Parent company									
Thanachart Capital Plc.	-	-	17	24	71	-	3,644	87	-
Associated companies									
MBK Plc.	-	-	-	8	93	-	1,500	-	-
Siam Samsung Life Insurance Co., Ltd.	-	-	-	-	26	-	100	-	-
Related companies									
Seacon Development Plc.	-	-	591	1	-	-	-	-	-
Thai Hua Rubber Plc.	-	-	1,993	-	195	-	150	1	10
Synphaet Co., Ltd.	-	-	796	-	9	-	-	-	-
The Bank of Nova Scotia	1,122	-	-	26	-	7,933	3,494	102	2,580
Sriithai Superware Plc.	-	-	577	-	15	-	-	-	76
Krungthai Card Plc.	-	582	3,533	-	7	-	-	-	-
Chaimongkol Refinery Co., Ltd.	-	-	2,471	-	-	-	-	-	3
Other related companies	-	-	1,324	194	851	35	932	317	305
	1,122	582	11,302	253	1,267	7,968	9,820	507	2,974

Separate financial statements

30 June 2012

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Parent company									
Thanachart Capital Plc.	-	-	-	619	250	-	3,644	82	-
Subsidiary companies									
SCIB Plc.	-	-	-	-	2,043	-	-	6	-
Thanachart Group Leasing Co., Ltd.	-	-	185	-	6	-	-	-	-
Thanachart Securities Plc.	550	-	-	5	-	55	-	8	250
Thanachart Insurance Co., Ltd.	-	-	-	102	320	-	100	197	10
Thanachart Life Assurance Co., Ltd.	-	-	-	81	-	171	150	54	1
Thanachart Broker Co., Ltd.	-	-	-	-	82	-	-	-	-
Ratchthani Leasing Plc.	-	-	2,309	-	61	-	-	-	30
TS Asset Management Co., Ltd.	-	-	7,173	2	677	-	-	-	-
Siam City Life Assurance Co., Ltd.	-	-	-	12	-	118	-	23	-
Other subsidiary companies	-	-	8	31	52	7	-	57	-
Associated company									
MBK Plc.	-	-	-	7	123	-	1,590	11	-
Related companies									
Krungthai Card Plc.	-	-	3,000	-	7	-	-	-	-
Thai Hua Rubber Plc.	-	-	2,057	-	358	-	-	1	-
Synphaet Co., Ltd.	-	-	781	-	11	-	-	-	-
SriThai Superware Plc.	-	-	838	-	34	-	-	-	-
Seacon Development Plc.	-	-	738	1	-	-	-	-	-
The Bank of Nova Scotia	207	-	-	26	-	12,096	3,494	92	7,018
Other related companies	-	-	673	159	875	48	553	113	-
	<u>757</u>	<u>-</u>	<u>17,762</u>	<u>1,045</u>	<u>4,899</u>	<u>12,495</u>	<u>9,531</u>	<u>644</u>	<u>7,309</u>

(Unit: Million Baht)

Separate financial statements									
31 December 2011									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Parent company									
Thanachart Capital Plc.	-	-	-	19	71	-	3,643	86	-
Subsidiary companies									
SCIB Plc.	-	-	-	-	34,298	-	-	85	-
Thanachart Group Leasing Co., Ltd.									
	-	-	353	-	6	-	-	-	-
Thanachart Securities Plc.	150	-	-	3	-	55	-	7	737
Thanachart Insurance Co., Ltd.									
	-	-	-	95	241	-	1,124	170	10
Thanachart Life Assurance Co., Ltd.									
	-	-	-	57	-	215	2,000	62	-
Thanachart Broker Co., Ltd.									
	-	-	-	-	114	-	140	-	-
TS Asset Management Co., Ltd.									
	-	-	9,824	12	872	-	-	46	-
Siam City Life Assurance Co., Ltd.									
	-	-	-	2	-	131	885	20	-
Ratchthani Leasing Plc.	-	-	7,870	-	24	-	-	-	17
Other subsidiary companies									
	-	-	22	22	56	5	-	67	-
Associated company									
MBK Plc.	-	-	-	8	93	-	1,500	11	-
Siam Samsung Life Insurance Co., Ltd.									
	-	-	-	-	26	-	100	-	-
Related companies									
Seacon Development Plc.	-	-	591	1	-	-	-	-	-
Thai Hua Rubber Plc.	-	-	1,993	-	195	-	150	1	10
Synphaet Co., Ltd.	-	-	796	-	9	-	-	-	-
Krungthai Card Plc.	-	582	3,533	-	7	-	-	-	-
Srihai Superware Plc.	-	-	577	-	15	-	-	-	76
The Bank of Nova Scotia	1,122	-	-	21	-	7,933	3,494	89	2,580
Other related companies	-	-	751	157	851	34	932	115	84
	1,272	582	26,310	397	36,878	8,373	13,968	759	3,514

As at 30 June 2012 and 31 December 2011, the Bank has loans to subsidiary companies as mentioned in Note 10.11 to the financial statements.

As at 30 June 2012, the Bank and its subsidiaries have investments amounting to approximately Baht 665 million (Baht 252 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (31 December 2011: Baht 672 million in the consolidated financial statements and Baht 252 million in the separate financial statements).

As at 30 June 2012 and 31 December 2011, the Bank and its subsidiaries have the following related parties transactions with executive employees of the Bank and companies within Thanachart Group, including related persons who together with these employees:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Loans	45	49	41	45
Deposits	778	535	778	535

Directors and management's remuneration

During the periods ended 30 June 2012 and 2011, the Bank and its subsidiaries paid the following benefits to their key management personnel, including directors, totaled 129 persons and 138 persons respectively (the separate financial statements: 48 persons and 45 persons respectively):

(Unit: Million Baht)

For the three-month period ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Short-term employee benefits	149	127	92	57
Post-employment benefits	4	24	1	2
	<u>153</u>	<u>151</u>	<u>93</u>	<u>59</u>

(Unit: Million Baht)

For the six-month period ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Short-term employee benefits	255	261	146	106
Post-employment benefits	7	24	3	2
	<u>262</u>	<u>285</u>	<u>149</u>	<u>108</u>

41. Financial information by segment

41.1 Financial position and results of operations classified by business activity

The financial position as at 30 June 2012 and 31 December 2011, and the results of operations for the three-month and six-month periods ended 30 June 2012 and 2011, classified by domestic and foreign operations, are as follow:

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2012			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	944,377	16,858	(42,098)	919,137
Interbank and money market items (assets)	72,100	13,634	(20,945)	64,789
Investments	139,179	3,205	(249)	142,135
Investments in subsidiary and associated companies	12,021	-	(10,502)	1,519
Loans to customers and accrued interest receivables	659,575	-	(9,946)	649,629
Deposits	573,826	-	(3,214)	570,612
Interbank and money market items (liabilities)	78,754	16,844	(27,398)	68,200
Debt issued and borrowings	141,247	-	(250)	140,997

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2011			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	986,181	15,245	(115,366)	886,060
Interbank and money market items (assets)	106,642	8,066	(51,507)	63,201
Investments	145,222	7,132	(4,009)	148,345
Investments in subsidiary and associated companies	42,552	-	(41,129)	1,423
Loans to customers and accrued interest receivables	628,174	-	(18,271)	609,903
Deposits	471,618	-	(35,578)	436,040
Interbank and money market items (liabilities)	78,910	15,010	(33,769)	60,151
Debt issued and borrowings	258,446	-	(4,149)	254,297

(Unit: Million Baht)

	Consolidated financial statements			
	For the three-month period ended 30 June 2012			
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	12,208	39	(167)	12,080
Interest expenses	(6,265)	(23)	188	(6,100)
Net interest income	5,943	16	21	5,980
Net fee and service income	1,407	-	(390)	1,017
Net insurance/Life insurance income	711	-	97	808
Other operating income	1,582	-	(640)	942
Other operating expenses	(5,604)	-	136	(5,468)
Impairment loss of loans and debt securities	(417)	-	(88)	(505)
Income tax	(582)	-	(74)	(656)
Income before non-controlling interests	3,040	16	(938)	2,118

(Unit: Million Baht)

	Consolidated financial statements			
	For the three-month period ended 30 June 2011			
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	10,886	58	(242)	10,702
Interest expenses	(4,541)	(9)	198	(4,352)
Net interest income	6,345	49	(44)	6,350
Net fee and service income	1,253	(1)	(327)	925
Net insurance/Life insurance income	388	-	299	687
Other operating income	5,055	10	(4,264)	801
Other operating expenses	(5,103)	-	76	(5,027)
Impairment loss of loans and debt securities	(1,025)	-	(36)	(1,061)
Income tax	(338)	-	-	(338)
Income before non-controlling interests	6,575	58	(4,296)	2,337

(Unit: Million Baht)

	Consolidated financial statements			
	For the six-month period ended 30 June 2012			
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	24,239	83	(556)	23,766
Interest expenses	(12,691)	(41)	576	(12,156)
Net interest income	11,548	42	20	11,610
Net fee and service income	2,717	-	(733)	1,984
Net insurance/Life insurance income	1,685	-	420	2,105
Other operating income	2,286	8	(818)	1,476
Other operating expenses	(11,249)	-	280	(10,969)
Impairment loss of loans and debt securities	(887)	-	(74)	(961)
Income tax	(1,236)	-	(74)	(1,310)
Income before non-controlling interests	4,864	50	(979)	3,935

(Unit: Million Baht)

	Consolidated financial statements			
	For the six-month period ended 30 June 2011			
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	21,165	125	(427)	20,863
Interest expenses	(8,441)	(19)	301	(8,159)
Net interest income	12,724	106	(126)	12,704
Net fee and service income	2,524	(2)	(616)	1,906
Net insurance/Life insurance income	796	-	564	1,360
Other operating income	6,137	46	(4,551)	1,632
Other operating expenses	(9,978)	-	118	(9,860)
Impairment loss of loans and debt securities	(1,860)	-	61	(1,799)
Income tax	(1,390)	-	-	(1,390)
Income before non-controlling interests	8,953	150	(4,550)	4,553

(Unit: Million Baht)

	Separate financial statements			
	30 June 2012			
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Total assets	864,449	16,858	(16,844)	864,463
Interbank and money market items (assets)	62,652	13,634	(16,844)	59,442
Investments	104,592	3,205	-	107,797
Investments in subsidiary and associated companies	10,166	-	-	10,166
Loans to customers and accrued interest receivables	634,091	-	-	634,091
Deposits	573,826	-	-	573,826
Interbank and money market items (liabilities)	65,421	16,844	(16,844)	65,421
Debt issued and borrowings	133,726	-	-	133,726

(Unit: Million Baht)

	Separate financial statements			
	31 December 2011			
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Total assets	877,959	15,245	(15,151)	878,053
Interbank and money market items (assets)	70,048	8,066	(15,151)	62,963
Investments	107,409	7,132	-	114,541
Investments in subsidiary and associated companies	40,842	-	-	40,842
Loans to customers and accrued interest receivables	604,770	-	-	604,770
Deposits	471,618	-	-	471,618
Interbank and money market items (liabilities)	59,424	15,010	(15,151)	59,283
Debt issued and borrowings	257,503	-	-	257,503

(Unit: Million Baht)

	Separate financial statements			
	For the three-month period ended 30 June 2012			
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	11,292	39	(23)	11,308
Interest expenses	(6,029)	(23)	23	(6,029)
Net interest income	5,263	16	-	5,279
Net fee and service income	895	-	-	895
Other operating income	1,181	-	-	1,181
Other operating expenses	(4,860)	-	-	(4,860)
Impairment loss of loans and debt securities	(925)	-	-	(925)
Income tax	(199)	-	-	(199)
Net income	1,355	16	-	1,371

(Unit: Million Baht)

	Separate financial statements			
	For the six-month period ended 30 June 2012			
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	22,323	83	(41)	22,365
Interest expenses	(12,216)	(41)	41	(12,216)
Net interest income	10,107	42	-	10,149
Net fee and service income	1,762	-	-	1,762
Other operating income	1,944	8	-	1,952
Other operating expenses	(9,767)	-	-	(9,767)
Impairment loss of loans and debt securities	(2,476)	-	-	(2,476)
Income tax	(208)	-	-	(208)
Net income	1,362	50	-	1,412

The results of operations for the three-month and six-month period ended 30 June 2011, per separate financial statements are the result of domestic operations only.

41.2 Financial positions and results of operations classified by business type

The Bank and its subsidiaries' business operations involve 6 principal segments: (1) Banking business; (2) Securities business; (3) Life insurance business; (4) Non-life insurance business; (5) Asset management business; and (6) Hire purchase and finance lease business. Below is the consolidated financial information of the Bank and its subsidiaries by segment.

(Unit: Million Baht)

For the three-month period ended 30 June 2012									
	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Hire purchase/finance lease business	Other business	Eliminations	Consolidated
Interest income	11,308	50	352	43	121	336	14	(144)	12,080
Interest expenses	(6,029)	(5)	-	-	(62)	(169)	-	165	(6,100)
Net interest income	5,279	45	352	43	59	167	14	21	5,980
Net fee and service income (losses)	895	440	(3)	(1)	2	25	49	(390)	1,017
Net insurance income	-	-	439	272	-	-	-	97	808
Other operating income	1,174	8	284	28	6	32	50	(640)	942
Other operating expenses	(4,853)	(288)	(111)	(166)	(62)	(44)	(80)	136	(5,468)
Impairment loss of loans and debt securities	(925)	-	-	-	544	(36)	-	(88)	(505)
Income tax	(199)	(47)	(85)	(61)	(152)	(31)	(7)	(74)	(656)
Income before non-controlling interest	1,371	158	876	115	397	113	26	(938)	2,118

(Unit: Million Baht)

For the three-month period ended 30 June 2011									
	Banking business ⁽¹⁾	Securities business	Life insurance business	Non-life insurance business	Asset management business	Hire purchase/finance lease business	Other business	Eliminations	Consolidated
Interest income	10,498	50	276	28	50	32	2	(234)	10,702
Interest expenses	(4,534)	(3)	-	-	-	(5)	-	190	(4,352)
Net interest income	5,964	47	276	28	50	27	2	(44)	6,350
Net fee and service income (losses)	825	390	(5)	(1)	-	1	42	(327)	925
Net insurance income	-	-	100	288	-	-	-	299	687
Other operating income	4,835	116	25	5	5	13	66	(4,264)	801
Other operating expenses	(4,442)	(298)	(107)	(152)	(15)	(5)	(84)	76	(5,027)
Impairment loss of loans and debt securities	(1,026)	-	-	-	-	1	-	(36)	(1,061)
Income tax	(104)	(45)	(85)	(72)	(13)	(11)	(8)	-	(338)
Income before non-controlling interest	6,052	210	204	96	27	26	18	(4,296)	2,337

(1) In 2011, banking business included operating results of the Bank and SCIB.

(Unit: Million Baht)

For the six-month period ended 30 June 2012

	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Hire purchase/ finance	Other business	Eliminations	Consolidated
						lease business			
Interest income	22,365	107	679	85	258	654	133	(515)	23,766
Interest expenses	(12,216)	(11)	-	-	(143)	(321)	-	535	(12,156)
Net interest income	10,149	96	679	85	115	333	133	20	11,610
Net fee and service income (losses)	1,762	801	(7)	(3)	5	46	113	(733)	1,984
Net insurance income	-	-	1,138	547	-	-	-	420	2,105
Other operating income	1,938	32	92	49	14	55	114	(818)	1,476
Other operating expenses	(9,753)	(574)	(222)	(315)	(126)	(95)	(164)	280	(10,969)
Impairment loss of loans and debt securities	(2,476)	-	-	-	1,622	(33)	-	(74)	(961)
Income tax	(208)	(81)	(270)	(128)	(440)	(66)	(43)	(74)	(1,310)
Income before non-controlling interest	1,412	274	1,410	235	1,190	240	153	(979)	3,935

(Unit: Million Baht)

For the six-month period ended 30 June 2011

	Banking business ⁽¹⁾	Securities business	Life insurance business	Non-life insurance business	Asset management business	Hire purchase/ finance	Other business	Eliminations	Consolidated
						lease business			
Interest income	20,485	86	528	49	52	69	2	(408)	20,863
Interest expenses	(8,427)	(4)	-	-	-	(10)	-	282	(8,159)
Net interest income	12,058	82	528	49	52	59	2	(126)	12,704
Net fee and service income (losses)	1,655	785	(10)	(3)	-	2	93	(616)	1,906
Net insurance income	-	-	248	548	-	-	-	564	1,360
Other operating income	5,798	141	60	20	5	25	134	(4,551)	1,632
Other operating expenses	(8,659)	(622)	(211)	(292)	(15)	(12)	(167)	118	(9,860)
Impairment loss of loans and debt securities	(1,867)	-	-	-	-	7	-	61	(1,799)
Income tax	(903)	(89)	(201)	(143)	(13)	(24)	(17)	-	(1,390)
Income before non-controlling interest	8,082	297	414	179	29	57	45	(4,550)	4,553

(1) In 2011, banking business included operating results of the Bank and SCIB.

(Unit: Million Baht)

As at 30 June 2012

	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Hire purchase/ finance lease business	Other business	Eliminations	Consolidated
Interbank and money market items	59,442	338	4,283	1,855	677	108	2,187	(4,101)	64,789
Investments	107,797	211	30,626	3,630	-	-	120	(249)	142,135
Investments in subsidiary and associated companies	10,166	726	738	330	-	61	-	(10,502)	1,519
Loans to customers and accrued interest receivable - net	634,091	2,327	135	-	7,441	15,581	-	(9,946)	649,629
Land, premises and equipment - net	8,128	49	144	105	-	43	16	16	8,501
Other assets	44,839	1,760	848	2,385	2,963	128	114	(473)	52,564
Total assets	864,463	5,411	36,774	8,305	11,081	15,921	2,437	(25,255)	919,137

(Unit: Million Baht)

As at 31 December 2011

	Banking business ⁽¹⁾	Securities business	Life insurance business	Non-life insurance business	Asset management business	Hire purchase/ finance lease business	Other business	Eliminations	Consolidated
Interbank and money market items	97,346	376	359	233	872	50	321	(36,356)	63,201
Investments	114,541	223	32,814	4,776	-	-	-	(4,009)	148,345
Investments in subsidiary and associated companies	40,842	667	678	303	-	-	62	(41,129)	1,423
Loans to customers and accrued interest receivable - net	604,770	1,953	99	-	8,267	12,176	909	(18,271)	609,903
Land, premises and equipment - net	8,365	54	155	106	-	45	17	17	8,759
Other assets	46,572	966	798	3,290	3,128	77	65	(467)	54,429
Total assets	912,436	4,239	34,903	8,708	12,267	12,348	1,374	(100,215)	886,060

(1) In 2011, banking business included operating results of the Bank and SCIB.

42. Encumbrance of assets

As at 30 June 2012 and 31 December 2011, the Bank and its subsidiaries have the following assets, presented at book value, which are subject to restriction.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Investment in securities				
Guarantee placed with the registrar	8,306	7,448	-	-
Placed with court for stay of execution	22	20	22	20
Property foreclosed				
Immovable assets subject to buyback options or first refusal rights	593	739	593	739
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	924	963	921	923
	<u>9,845</u>	<u>9,170</u>	<u>1,536</u>	<u>1,682</u>

43. Commitments and contingent liabilities

As at 30 June 2012 and 31 December 2011, significant commitments and contingent liabilities consisted of:

43.1 Commitments

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Aval to bills	539	386	539	386
Liability under unmatured import bills	739	1,105	739	1,105
Letter of credits	3,048	3,856	3,048	3,856
Other obligations				
Committed (but not draw) overdraft	29,506	28,548	29,506	28,548
Others	23,124	21,405	23,094	21,385
Total	<u>56,956</u>	<u>55,300</u>	<u>56,926</u>	<u>55,280</u>

In addition, the Bank and its subsidiaries have commitments in respect of foreign exchange contracts, interest rate swap contracts, cross currency and interest rate swap contracts and gold futures contracts, as mentioned in Note 7 to the financial statements.

43.2 During the years 2001 and 2002, the Bank entered into agreements to transfer non-performing loans and receivables of approximately Baht 296 million to TAMC. The Bank is still jointly liable for a share of the gains and losses arising from TAMC's management of these non-performing assets to be calculated at the end of the fifth year and tenth year, counting from 1 July 2001. If there are losses, the Bank is liable for all initial losses up to 20 percent of the transfer price, while further losses of up to another 20 percent of the transfer price are to be shared equally between the Bank and TAMC, and TAMC is liable for all remaining losses. Such gains and losses will be determined based on the accumulated value of collections made on the assets at the date of determination, minus transfer costs and all operating expenses of TAMC, including interest on the debt instruments issued to purchase the loans and receivables. The gain or loss cannot be estimated at this stage, but as at 30 June 2012, the Bank has estimated its share of the losses which may arise from the management of the non-performing assets at approximately Baht 89 million. This amount has been presented as a part of provisions in the statements of financial position.

43.3 As at 30 June 2012, the Bank and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental contracts, as follow:

(Unit: Million Baht)

Year	Consolidated		Separate		
	financial statements		financial statements		
	Other parties	Parent company	Other parties	Parent company	Subsidiary companies
2012	977	37	911	34	55
2013	1,621	18	1,495	17	-
2014 onward	4,804	7	4,077	6	-

In addition, the Bank has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.

43.4 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Public Company Limited and transfer of non-performing assets to Sukhumvit Asset Management Company Limited

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of FIDF to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 30 June 2012, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 93 million, as a result of the transfer of assets to SAM. This comprised receivables awaiting collection and the difference is presented under the caption of “Differences as a result of assets transferred to SAM” in the statements of financial position. Such amounts mainly relate to transfers of guarantee claims, for which there are pending issues with regard to proof the rights of claim or the qualification of the assets transferred in accordance with the conditions set out in the transfer agreements. Such differences are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.

As at 30 June 2012, such differences consist of (i) Baht 10 million of transactions incurred directly by SCIB, for which full allowance for doubtful debts has been set aside, and (ii) Baht 83 million of transactions incurred by BMB. If losses arise on the latter and collection cannot be made from SAM, the FIDF will consider compensating for all losses. Thanachart Bank’s management believes that no significant further losses will arise.

- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 30 June 2012, the transferred assets which SAM is re-examining totaling Baht 292 million consist of (i) Baht 7 million of transactions incurred directly by SCIB, for which full allowance for doubtful loss has set aside under the caption of "Provision for liabilities" in the statements of financial position, and (ii) Baht 285 million of transactions incurred by BMB. If losses arise from (ii), Thanachart Bank will receive compensation for loss from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 199 million. In addition, SAM is now negotiating with Thanachart Bank to request interest payment on the assets transferred back, or a price adjustment.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to approximately Baht 11,280 million, as disclosed under contingent liabilities in Note 44 to the financial statements.
- d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in the FIDF's account. Such deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if such losses are actually incurred due to the outstanding issues described in a), b), c) and d) above. As at 30 June 2012, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 727 million. In addition, there is a memorandum of agreement concerning conditions for additional loss compensation if Thanachart Bank incurs losses in relation to the two lawsuits discussed in c), with claims totaling Baht 9,965 million.

However, Thanachart Bank and SAM had a meeting and mutually agreed a resolution to such pending issues. Thanachart Bank believes that no significant further losses will be incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will compensate by FIDF.

43.5 Commitments arising from sale of ordinary shares of Siam City Securities

As a result of the sale of all ordinary shares of Siam City Securities in August 2011, SCIB is obligated to pay compensation to indemnify the buyer from pending lawsuits including litigation in which Siam City Securities is pursuing collection of debt amounts and/or future litigation which made claims against its debtor that arose before the disposal date of such shares. Moreover, SCIB undertakes to compensate the buyer for any expenses incurred whenever the buyer or Siam City Securities provide SCIB with written notification of reasons for such compensation, together with evidence, for up to 3 years from the share transfer date. Such commitment of SCIB has transferred to Thanachart Bank at the date of the entire business transfer. However, Thanachart Bank's management believes that no further losses will be incurred.

44. Litigation

As at 30 June 2012, the Bank and its subsidiaries have contingent liabilities amounting to approximately Baht 24,179 million (separate financial statements: Baht 23,127 million) in respect of litigation. However, the Bank and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no losses will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities for litigation mentioned above, amounting to Baht 11,280 million, relates to lawsuits involving the Bank as a result of the transfer of business from BMB to SCIB, and the Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF (Baht 9,586 million of this amount relates to a single case brought by a debtor that BMB had already transferred to SAM before SCIB received the transfer of business from BMB, and the Bank believes that the lawsuit has been brought against the wrong party, and is not SCIB's or the Bank's responsibility). The litigation also include Baht 8,594 million relating to a tort case in which the actual loss is only Baht 202 million. The Court of First Instance has already ordered the case dismissed and it is in the process of being reviewed by the Supreme Court.

In addition, SCIB was requested to make restitution as a result of a person forging SCIB's documents and using such counterfeit documents. However, SCIB has already filed a complaint against the person who produced and used the counterfeit documents so as to proceed with a legal action. SCIB believes that no liability will arise from such restitution claim.

45. Letter of guarantees

As at 30 June 2012, the Bank and its subsidiaries had letter of guarantees issued by the Bank and its subsidiaries, amounting approximately Baht 39 million, placed for electricity usage of the branches (separate financial statements: Baht 39 million).

46. Financial instruments

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

46.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation, causing the Bank and its subsidiaries to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position and the risk of commitments from avals, guarantees of loans, other guarantees and derivative contracts.

In addition, the Bank and its subsidiaries manage credit risk by the means of careful consideration of credit approval process, analysis of risk factors and, the ability to service debt of customers, and a credit review process, which examines and reviews the quality of the loan portfolio so as to prevent and provide a remedy for problem loans in the future.

46.2 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 and its subsidiaries' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity position risk.

a) Interest rate risk

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

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

As at 30 June 2012 and 31 December 2011, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements			
	30 June 2012			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	11,819	11,819
Interbank and money market items	25,825	30,160	8,888	64,873
Derivatives assets	-	-	1,636	1,636
Investments	8	129,683	11,730	141,421
Investments in associated companies	-	-	1,519	1,519
Loans to customers ⁽¹⁾	311,677	360,221	320	672,218
Receivable from purchase and sale securities	-	-	2,604	2,604
Other assets - receivable from clearing house	-	-	679	679
<u>Financial liabilities</u>				
Deposits	214,144	350,131	6,337	570,612
Interbank and money market items	6,584	60,125	1,491	68,200
Liabilities payable on demand	-	-	3,940	3,940
Derivatives liabilities	-	-	2,052	2,052
Debt issued and borrowings	5	140,992	-	140,997
Payable from purchase and sale securities	-	-	2,960	2,960

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued

(Unit: Million Baht)

Transactions	Consolidated financial statements			
	31 December 2011			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	16,006	16,006
Interbank and money market items	23,000	32,178	8,137	63,315
Derivatives assets	-	-	1,536	1,536
Investments	12	135,851	11,885	147,748
Investments in associated companies	-	-	1,423	1,423
Loans to customers ⁽¹⁾	313,265	321,747	208	635,220
Receivable from purchase and sale securities	-	-	858	858
Other assets - receivable from clearing house	-	-	25	25
<u>Financial liabilities</u>				
Deposits	174,519	255,821	5,700	436,040
Interbank and money market items	7,419	51,274	1,458	60,151
Liabilities payable on demand	-	-	2,131	2,131
Derivatives liabilities	-	-	2,886	2,886
Debt issued and borrowings	-	254,297	-	254,297
Payable from purchase and sale securities	-	-	851	851
Other liabilities - payable from clearing house	-	-	306	306

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued

(Unit: Million Baht)

Separate financial statements				
30 June 2012				
Transactions	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	11,818	11,818
Interbank and money market items	24,801	25,933	8,811	59,545
Derivatives assets	-	-	1,636	1,636
Investments	8	97,082	10,287	107,377
Investments in subsidiary and associated companies	-	-	10,166	10,166
Loans to customers ⁽¹⁾	303,261	344,154	238	647,653
Receivable from purchase and sale securities	-	-	1,686	1,686
<u>Financial liabilities</u>				
Deposits	215,267	352,144	6,415	573,826
Interbank and money market items	6,610	57,263	1,548	65,421
Liabilities payable on demand	-	-	3,940	3,940
Derivatives liabilities	-	-	2,050	2,050
Debt issued and borrowings	5	133,721	-	133,726
Payable from purchase and sale securities	-	-	1,442	1,442

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued

(Unit: Million Baht)

Transactions	Separate financial statements			Total
	31 December 2011			
	Floating interest rate	Fixed interest rate	Non- interest bearing	
<u>Financial assets</u>				
Cash	-	-	16,004	16,004
Interbank and money market items	22,966	32,113	8,002	63,081
Derivatives assets	-	-	1,532	1,532
Investments	12	103,875	10,450	114,337
Investments in subsidiary and associated companies	-	-	40,842	40,842
Loans to customers ⁽¹⁾	308,348	308,229	135	616,712
Receivable from purchase and sale securities	-	-	65	65
<u>Financial liabilities</u>				
Deposits	175,709	290,112	5,797	471,618
Interbank and money market items	6,496	51,274	1,513	59,283
Liabilities payable on demand	-	-	2,131	2,131
Derivatives liabilities	-	-	2,877	2,877
Debt issued and borrowings	-	257,503	-	257,503
Payable from purchase and sale securities	-	-	268	268

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued

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

(Unit: Million Baht)

Consolidated financial statements							
30 June 2012							
Transactions	Repricing or maturity date					Total	Weighted average interest rates Percent
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	14,362	12,238	3,560	-	30,160	2.37 - 3.91
Investments	-	17,205	28,030	62,247	22,201	129,683	3.32 - 4.67
Loans to customers	4,421	23,461	14,613	219,050	98,676	360,221	7.90 - 8.86
Financial liabilities							
Deposits	371	175,982	166,995	6,783	-	350,131	3.24
Interbank and money market items	6,105	46,305	5,088	2,627	-	60,125	3.45
Debt issued and borrowings	1,610	72,591	32,176	34,615	-	140,992	3.48 - 5.13

(Unit: Million Baht)

Consolidated financial statements							
31 December 2011							
Transactions	Repricing or maturity date					Total	Weighted average interest rates Percent
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	29,523	2,655	-	-	32,178	1.27 - 2.49
Investments	-	14,772	46,447	57,851	16,781	135,851	3.19 - 4.47
Loans to customers	3,626	22,243	15,445	212,320	68,113	321,747	8.10 - 9.82
Financial liabilities							
Deposits	89	169,399	77,929	8,404	-	255,821	3.12
Interbank and money market items	13,458	32,220	5,379	217	-	51,274	2.29
Debt issued and borrowings	999	133,517	103,060	16,700	21	254,297	4.06 - 4.75

(Unit: Million Baht)

Separate financial statements							
30 June 2012							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	14,325	11,608	-	-	25,933	2.37
Investments	-	16,375	24,050	54,247	2,410	97,082	3.32
Loans to customers	4,238	23,454	14,020	216,088	86,354	344,154	7.90
Financial liabilities							
Deposits	371	175,982	169,007	6,784	-	352,144	3.24
Interbank and money market items	6,105	45,855	3,700	1,603	-	57,263	3.49
Debt issued and borrowings	89	72,641	32,376	28,615	-	133,721	3.19

(Unit: Million Baht)

Separate financial statements							
31 December 2011							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	29,546	2,567	-	-	32,113	2.50
Investments	-	13,136	42,218	47,283	1,238	103,875	3.19
Loans to customers	3,473	22,197	14,921	199,900	67,738	308,229	8.10
Financial liabilities							
Deposits	89	203,677	77,942	8,404	-	290,112	3.01
Interbank and money market items	13,458	32,220	5,379	217	-	51,274	2.20
Debt issued and borrowings	56	135,642	105,084	16,700	21	257,503	4.05

In addition, the average balances of the financial assets and liabilities of the Bank and its subsidiaries generating revenues and expenses, calculated based on the average balances outstanding during the period, and the average interest rate for the six-month periods ended 30 June 2012 and 2011 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	For the six-month periods ended 30 June					
	2012			2011		
	Average balances	Interest	Average rate (%)	Average balances	Interest	Average rate (%)
<u>Interest bearings financial assets</u>						
Interbank and money market items	55,630	1,046	3.76	64,119	759	2.37
Investments and trading operations	16,008	241	3.02	3,938	49	2.52
Investment in debt securities	119,014	2,320	3.90	119,617	1,951	3.26
Loans/hire purchase and finance leases	629,968	20,159	6.40	590,333	18,104	6.13
<u>Interest bearings financial liabilities</u>						
Deposits	475,556	7,154	3.01	489,246	4,836	1.98
Interbank and money market items	64,969	801	2.46	42,056	393	1.87
Debt issued and borrowings	202,492	4,201	4.15	195,615	2,930	3.01

(Unit: Million Baht)

	Separate financial statements					
	For the six-month periods ended 30 June					
	2012			2011		
	Average balances	Interest	Average rate (%)	Average balances	Interest	Average rate (%)
<u>Interest bearings financial assets</u>						
Interbank and money market items	52,505	1,037	3.95	22,931	234	2.04
Investments and trading operations	6,311	33	1.05	650	7	2.07
Investment in debt securities	95,338	1,795	3.77	48,521	783	3.22
Loans/hire purchase and finance leases	609,503	19,500	6.40	332,456	10,593	6.37
<u>Interest bearings financial liabilities</u>						
Deposits	493,002	7,288	2.96	215,608	2,277	2.11
Interbank and money market items	63,623	778	2.44	46,299	480	2.08
Debt issued and borrowings	200,565	4,150	4.14	146,971	2,254	3.07

b) Foreign exchange 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 or the values of financial assets and liabilities.

Since the Bank and its subsidiaries have foreign exchange transactions, it may be exposed to foreign exchange risk. However, the Bank and its subsidiaries have a policy to mitigate this foreign exchange exposure through management of its net exchange position and operation in accordance with a risk management policy which has been approved by their Board of Directors and is in strict accordance with BOT guidelines.

The status of the Bank and its subsidiaries' foreign currency balances as at 30 June 2012 and 31 December 2011 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2012					
	US Dollar	Euro	Yen	Won	Yuan	Others
<u>Foreign currency in the statements of financial position</u>						
Cash	382	150	187	1	2	359
Interbank and money market items	16,217	72	76	-	6	229
Investments	9,566	590	1,781	550	5,662	38
Loans to customers	18,218	196	478	-	-	93
Other assets	254	1	7	3	63	-
Total assets	44,637	1,009	2,529	554	5,733	719
Deposits	138	32	-	-	-	115
Interbank and money market items	14,780	-	-	-	-	-
Other liabilities	22	-	-	-	-	5
Total liabilities	14,940	32	-	-	-	120
Net	29,697	977	2,529	554	5,733	599
<u>Foreign currency commitments</u>						
Liability under unmatured import bills	506	16	168	-	-	5
Letter of credits	2,414	136	390	-	-	32
Others	897	46	1	-	-	16

(Unit: Million Baht)

Consolidated financial statements

31 December 2011

	US Dollar	Euro	Yen	Won	Yuan	Others
<u>Foreign currency in the statements of financial position</u>						
Cash	618	395	292	-	1	381
Interbank and money market items	14,987	119	128	-	6	492
Investments	11,192	599	3,035	549	12,327	38
Loans to customers	13,186	234	486	-	-	101
Other assets	463	1	17	-	49	-
Total assets	40,446	1,348	3,958	549	12,383	1,012
Deposits	104	21	1	-	-	117
Interbank and money market items	8,602	-	-	-	-	-
Other liabilities	14	-	-	-	-	-
Total liabilities	8,720	21	1	-	-	117
Net	31,726	1,327	3,957	549	12,383	895
<u>Foreign currency commitments</u>						
Liability under unmatured import bills	368	34	118	-	-	5
Letter of credits	3,296	100	402	-	-	22
Others	984	48	1	-	-	27

(Unit: Million Baht)

Separate financial statements

30 June 2012

	US Dollar	Euro	Yen	Won	Yuan	Others
<u>Foreign currency in the statements of financial position</u>						
Cash	382	150	187	1	2	359
Interbank and money market items	16,217	72	76	-	6	229
Investments	9,566	590	1,781	550	5,662	38
Loans to customers	18,218	196	478	-	-	93
Other assets	237	1	7	3	63	-
Total assets	44,620	1,009	2,529	554	5,733	719
Deposits	138	32	-	-	-	115
Interbank and money market items	14,780	-	-	-	-	-
Total liabilities	14,918	32	-	-	-	115
Net	29,702	977	2,529	554	5,733	604
<u>Foreign currency commitments</u>						
Liability under unmatured import bills	506	16	168	-	-	5
Letter of credits	2,414	136	390	-	-	32
Others	897	46	1	-	-	16

(Unit: Million Baht)

	Separate financial statements					
	31 December 2011					
	US Dollar	Euro	Yen	Won	Yuan	Others
<u>Foreign currency in the statements of financial position</u>						
Cash	619	395	292	-	1	381
Interbank and money market items	14,987	119	128	-	6	492
Investments	11,192	599	3,035	549	12,327	38
Loans to customers	13,183	234	486	-	-	101
Other assets	458	1	17	-	49	-
Total assets	40,439	1,348	3,958	549	12,383	1,012
Deposits	104	21	1	-	-	117
Interbank and money market items	8,602	-	-	-	-	-
Total liabilities	8,706	21	1	-	-	117
Net	31,733	1,327	3,957	549	12,383	895
<u>Foreign currency commitments</u>						
Liability under unmatured import bills	368	34	118	-	-	5
Letter of credits	3,296	100	402	-	-	22
Others	984	48	1	-	-	27

In addition, the Bank and its subsidiaries have commitments from foreign currency exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts and other derivative contracts which have to pay or received repayment in foreign currency that the Bank and its subsidiaries made for trading transactions or hedging transactions (banking book) as follow:

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2012					
	US Dollar	Euro	Yen	Won	Yuan	Others
Foreign exchange contracts						
- Bought	59,230	10,240	494	-	-	6,459
- Sold	79,963	10,666	1,448	-	5,738	7,110
Cross currency and interest rate swap contracts						
- Bought	1,101	-	-	-	-	-
- Sold	9,439	598	1,581	550	-	-
Interest rate swap contracts						
- Bought	3,280	-	-	-	-	-
- Sold	3,280	-	-	-	-	-

(Unit: Million Baht)

Consolidated financial statements						
31 December 2011						
US Dollar	Euro	Yen	Won	Yuan	Others	
Foreign exchange contracts						
- Bought	32,441	1,002	386	-	-	552
- Sold	52,246	1,757	1,509	-	10,828	1,467
Cross currency and interest rate swap contracts						
- Bought	1,347	-	-	-	-	-
- Sold	11,235	615	2,834	548	1,611	-
Interest rate swap contracts						
- Bought	1,453	-	-	-	-	-
- Sold	1,453	-	-	-	-	-

(Unit: Million Baht)

Separate financial statements						
30 June 2012						
US Dollar	Euro	Yen	Won	Yuan	Others	
Foreign exchange contracts						
- Bought	59,081	10,240	494	-	-	6,459
- Sold	80,114	10,666	1,448	-	5,738	7,110
Cross currency and interest rate swap contracts						
- Bought	1,101	-	-	-	-	-
- Sold	9,439	598	1,581	550	-	-
Interest rate swap contracts						
- Bought	3,280	-	-	-	-	-
- Sold	3,280	-	-	-	-	-

(Unit: Million Baht)

Separate financial statements						
31 December 2011						
US Dollar	Euro	Yen	Won	Yuan	Others	
Foreign exchange contracts						
- Bought	31,805	1,002	386	-	-	552
- Sold	52,883	1,757	1,509	-	10,828	1,467
Cross currency and interest rate swap contracts						
- Bought	1,347	-	-	-	-	-
- Sold	11,235	615	2,834	548	1,611	-
Interest rate swap contracts						
- Bought	1,453	-	-	-	-	-
- Sold	1,453	-	-	-	-	-

c) Equity position risk/commodity risk

Equity position risk/commodity risk is the risk that changes in the market prices of equity securities/commodity which will result in fluctuations in revenue and the value of financial assets.

The Bank and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the Board of Directors, related business unit and related management, in order to facilitate responsive risk management, under the supervision of the Investment Portfolio Committee.

46.3 Liquidity risk

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

The Bank and its subsidiaries manage liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Bank and its subsidiaries have a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Asset and Liability Management Committee.

Counting from the financial position date, the periods to maturity of financial instruments held as at 30 June 2012 and 31 December 2011 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	30 June 2012				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	11,819	-	-	-	11,819
Interbank and money market items ⁽¹⁾	10,576	50,737	3,560	-	64,873
Derivatives assets	-	878	758	-	1,636
Investments	2	50,383	80,102	10,934	141,421
Investments in associated companies	-	-	-	1,519	1,519
Loans to customers ⁽²⁾	61,542	194,648	416,028	-	672,218
Receivable from purchase and sale securities	-	2,604	-	-	2,604
Other assets - receivable from clearing house	-	679	-	-	679
<u>Financial liabilities</u>					
Deposits	217,089	333,462	20,061	-	570,612
Interbank and money market items	14,179	51,438	2,583	-	68,200
Liability payable on demand	3,940	-	-	-	3,940
Derivatives liabilities	-	1,514	538	-	2,052
Debt issued and borrowings	1,615	97,637	34,615	7,130	140,997
Payable from purchase and sale securities	-	2,960	-	-	2,960
<u>Commitments</u>					
Aval to bill	-	411	128	-	539
Liability under unmatured import bills	147	592	-	-	739
Letter of credits	204	2,844	-	-	3,048
Other commitments	44,121	7,582	925	2	52,630

(1) The outstanding balances of interbank and money market items at call included the item which have defaulted on the repayment.

(2) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Consolidated financial statements					
31 December 2011					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	16,006	-	-	-	16,006
Interbank and money market items ⁽¹⁾	8,368	54,827	120	-	63,315
Derivatives assets	-	1,536	-	-	1,536
Investments	1	67,445	68,908	11,394	147,748
Investments in associated companies	-	-	-	1,423	1,423
Loans to customers ⁽²⁾	47,672	193,205	394,343	-	635,220
Receivable from purchase and sale securities	-	858	-	-	858
Other assets - receivable from clearing house	-	25	-	-	25
<u>Financial liabilities</u>					
Deposits	176,616	249,835	9,589	-	436,040
Interbank and money market items	21,081	35,306	3,764	-	60,151
Liability payable on demand	2,131	-	-	-	2,131
Derivatives liabilities	-	2,886	-	-	2,886
Debt issued and borrowings	999	217,447	28,721	7,130	254,297
Payable from purchase and sale securities	-	851	-	-	851
Other liabilities - payable from clearing house	-	306	-	-	306
<u>Commitments</u>					
Aval to bill	1	342	43	-	386
Liability under unmatured import bills	624	481	-	-	1,105
Letter of credits	86	3,770	-	-	3,856
Other commitments	41,732	6,138	2,081	2	49,953

(1) The outstanding balances of interbank and money market items at call included the item which have defaulted on the repayment.

(2) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
30 June 2012					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	11,818	-	-	-	11,818
Interbank and money market items	8,925	50,620	-	-	59,545
Derivatives assets	-	878	758	-	1,636
Investments	2	35,544	61,990	9,841	107,377
Investments in subsidiary and associated companies	-	-	-	10,166	10,166
Loans to customers ⁽¹⁾	44,736	202,573	400,344	-	647,653
Receivable from purchase and sale securities	-	1,686	-	-	1,686
<u>Financial liabilities</u>					
Deposits	218,291	335,474	20,061	-	573,826
Interbank and money market items	14,263	49,498	1,660	-	65,421
Liability payable on demand	3,940	-	-	-	3,940
Derivatives liabilities	-	1,512	538	-	2,050
Debt issued and borrowings	94	97,887	28,615	7,130	133,726
Payable from purchase and sale securities	-	1,442	-	-	1,442
<u>Commitments</u>					
Aval to bill	-	411	128	-	539
Liability under unmatured import bills	147	592	-	-	739
Letter of credits	204	2,844	-	-	3,048
Other commitments	44,121	7,582	895	2	52,600

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
31 December 2011					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	16,004	-	-	-	16,004
Interbank and money market items	8,199	54,762	120	-	63,081
Derivatives assets	-	1,532	-	-	1,532
Investments	1	51,378	52,999	9,959	114,337
Investments in subsidiary and associated companies	-	-	-	40,842	40,842
Loans to customers ⁽¹⁾	43,701	192,374	380,637	-	616,712
Receivable from purchase and sale securities	-	65	-	-	65
<u>Financial liabilities</u>					
Deposits	177,903	284,126	9,589	-	471,618
Interbank and money market items	21,466	34,600	3,217	-	59,283
Liability payable on demand	2,131	-	-	-	2,131
Derivatives liabilities	-	2,877	-	-	2,877
Debt issued and borrowings	57	221,595	28,721	7,130	257,503
Payable from purchase and sale securities	-	268	-	-	268
<u>Commitments</u>					
Aval to bill	1	342	43	-	386
Liability under unmatured import bills	624	481	-	-	1,105
Letter of credits	86	3,770	-	-	3,856
Other commitments	41,732	6,138	2,061	2	49,933

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

46.4 Fair value

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

a) Financial assets

The method used for determining the fair value depends upon the characteristics of the financial instruments. The fair values of most financial assets are presented at the amount stated in the statement of financial position, including cash, interbank and money market items, derivatives assets, receivable from purchase and sale securities and derivatives, receivables from clearing house and loans. These financial assets have their fair value approximate to their respective carrying value since the values of these 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 values determined by the quoted market price. Investment in subsidiary and associated companies are stated at the book value.

b) Financial liabilities

The fair values of financial liabilities, including deposits, interbank and money market items, liabilities payable on demand, derivatives liabilities, debt issued and borrowings, payable from purchase and sale securities and derivatives, and payable to clearing house, are considered to approximate their respective carrying values for the same reasons as described above.

As at 30 June 2012 and 31 December 2011, the book value and fair value of financial instruments of the Bank and its subsidiaries are as follow.

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2012		31 December 2011	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	11,819	11,819	16,006	16,006
Interbank and money market items	64,789	64,789	63,201	63,201
Derivatives assets	1,636	1,636	1,536	1,536
Investments	142,135	142,821	148,345	149,325
Investments in associated companies	1,519	1,519	1,423	1,423
Loans to customers	649,629	649,629	609,903	609,903
Receivables from purchase and sale securities	2,604	2,604	858	858
Other assets - receivable from clearing house	679	679	25	25
<u>Financial liabilities</u>				
Deposits	570,612	570,612	436,040	436,040
Interbank and money market items	68,200	68,200	60,151	60,151
Liabilities payable on demand	3,940	3,940	2,131	2,131
Derivatives liabilities	2,052	2,052	2,886	2,886
Debt issued and borrowings	140,997	140,997	254,297	254,297
Payable from purchase and sale securities	2,960	2,960	851	851
Other liabilities - payable from clearing house	-	-	306	306

(Unit: Million Baht)

	Separate financial statements			
	30 June 2012		31 December 2011	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	11,818	11,818	16,004	16,004
Interbank and money market items	59,442	59,442	62,963	62,963
Derivatives assets	1,636	1,636	1,532	1,532
Investments	107,797	108,139	114,541	115,030
Investments in subsidiary and associated companies	10,166	10,166	40,842	40,842
Loans to customers	634,091	634,091	604,770	604,770
Receivables from purchase and sale securities	1,686	1,686	65	65
<u>Financial liabilities</u>				
Deposits	573,826	573,826	471,618	471,618
Interbank and money market items	65,421	65,421	59,283	59,283
Liabilities payable on demand	3,940	3,940	2,131	2,131
Derivatives liabilities	2,050	2,050	2,877	2,877
Debt issued and borrowings	133,726	133,726	257,503	257,503
Payable from purchase and sale securities	1,442	1,442	268	268

46.5 Financial derivatives

The Bank and its subsidiaries engage in financial derivatives activities as required in the normal course of their business to manage risk and to meet their clients' needs. These financial derivatives include foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and commodity futures contracts.

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

As at 30 June 2012 and 31 December 2011, the Bank and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2012			31 December 2011		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	76,424	-	76,424	34,381	-	34,381
- Sold	104,925	-	104,925	67,807	-	67,807
Cross currency and interest rate swap contracts						
- Bought	585	516	1,101	824	523	1,347
- Sold	4,279	7,889	12,168	9,598	7,245	16,843
Interest rate swap contracts						
- Paid fixed interest rate	1,350	58,483	59,833	2,692	3,954	6,646
- Paid floating interest rate	1,300	32,365	33,665	325	2,954	3,279
- Received fixed interest rate	1,300	32,365	33,665	325	2,954	3,279
- Received floating interest rate	1,350	58,483	59,833	2,692	3,954	6,646
Future contracts						
- Bought	30	-	30	-	-	-
- Sold	179	-	179	641	-	641

(Unit: Million Baht)

	Separate financial statements					
	30 June 2012			31 December 2011		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	76,274	-	76,274	33,745	-	33,745
- Sold	105,076	-	105,076	68,444	-	68,444
Cross currency and interest rate swap contracts						
- Bought	585	516	1,101	824	523	1,347
- Sold	4,279	7,889	12,168	9,598	7,245	16,843
Interest rate swap contracts						
- Paid fixed interest rate	1,350	58,483	59,833	2,692	3,954	6,646
- Paid floating interest rate	1,000	32,365	33,365	25	2,954	2,979
- Received fixed interest rate	1,000	32,365	33,365	25	2,954	2,979
- Received floating interest rate	1,350	58,483	59,833	2,692	3,954	6,646

47. Reclassification

The Bank and its subsidiaries have reclassified certain amounts in the financial statements for the three-month and six-month periods ended 30 June 2011 to conform to the current period's classifications with no effect to previously reported profit or equity.

(Unit: Million Baht)

For the three-month period ended 30 June 2011

	Consolidated		Separate	
	financial statements		financial statements	
	As		As	
	As	previously	As	previously
	reclassified	reported	reclassified	reported
Interest income	10,702	10,716	5,997	6,011
Interest expenses	4,352	4,366	2,752	2,766
Fee and service income	1,247	965	633	634
Fee and service expenses	322	128	193	23
Income on supporting service	11	-	106	-
Insurance brokerage fee income	-	284	-	-
Other operating income	363	374	278	384
Premises and equipment expenses	817	884	391	398
Other expenses	1,374	1,503	778	942

(Unit: Million Baht)

For the six-month period ended 30 June 2011

	Consolidated		Separate	
	financial statements		financial statements	
	As		As	
	As	previously	As	previously
	reclassified	reported	reclassified	reported
Interest income	20,863	20,879	11,617	11,632
Interest expenses	8,159	8,175	5,011	5,026
Fee and service income	2,564	1,988	1,247	1,249
Fee and service expenses	658	270	383	47
Income on supporting service	22	-	182	-
Insurance brokerage fee income	-	578	-	-
Other operating income	625	647	528	710
Premises and equipment expenses	1,703	1,766	773	788
Other expenses	2,376	2,703	1,522	1,845

48. Approval of interim financial statements

These interim financial statements were authorised for issue by the Bank's Board of Directors on 23 August 2012.