

THANACHART BANK PUBLIC COMPANY LIMITED
REPORT AND INTERIM FINANCIAL STATEMENTS
31 MARCH 2006

Review Report of Independent Auditor

To The Board of Directors and Shareholders of
Thanachart Bank Public Company Limited

I have reviewed the accompanying balance sheet of Thanachart Bank Public Company Limited as at 31 March 2006, the related statements of earnings, changes in shareholders' equity and cash flows for the three-month period then ended. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to report on these financial statements based on my review.

I conducted my review in accordance with auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The financial statements of Thanachart Bank Public Company Limited for the year ended 31 December 2005 were audited in accordance with generally accepted auditing standards by another auditor in the same office who, under his report date 22 February 2006, expressed an unqualified opinion on the financial statements. The balance sheet as at 31 December 2005 as presented herein for comparative purposes, formed an integral part of the financial statements which such auditor audited and reported on.

The statements of earnings, changes in shareholders' equity and cash flows of Thanachart Bank Public Company Limited for the three-month period ended 31 March 2005, as presented herein for comparative purposes, formed an integral part of the interim financial statement, were reviewed by another auditor in the same office who, under his report date 26 April 2005, stated that nothing has come to his attention that causes him to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles, but drew attention to the plan for a financial business restructuring within Thanachart Group.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok : 11 May 2006

THANACHART BANK PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT 31 MARCH 2006 AND 31 DECEMBER 2005

(Unit : Thousand Baht)

	<u>Note</u>	<u>31 March 2006</u> (Unaudited but reviewed)	<u>31 December 2005</u> (Audited)
ASSETS			
CASH		976,747	800,361
INTERBANK AND MONEY MARKET ITEMS	2		
Domestic			
Interest bearing		61,974,284	74,745,000
Non-interest bearing		1,839,317	3,609,741
		63,813,601	78,354,741
Foreign - Non-interest bearing		61,707	57,632
Total interbank and money market items - Net		63,875,308	78,412,373
SECURITIES PURCHASED UNDER RESALE AGREEMENTS		34,500,000	12,500,000
INVESTMENTS	3		
Current investments - Net		2,594,704	974,552
Long-term investments - Net		14,868,116	16,440,535
Net investments		17,462,820	17,415,087
LOANS AND ACCRUED INTEREST RECEIVABLES	4		
Loans		105,790,054	83,196,713
Accrued interest receivables		179,206	165,782
Total loans and accrued interest receivables		105,969,260	83,362,495
Less : Allowance for doubtful accounts	5	(1,457,228)	(1,105,885)
Revaluation allowance for debt restructuring	6	(42,123)	(47,235)
Net loans and accrued interest receivables		104,469,909	82,209,375
PROPERTY FORECLOSED - Net	9	813,432	768,206
LAND, PREMISES AND EQUIPMENT - Net		622,522	493,973
INTANGIBLE ASSETS - LEASEHOLD RIGHTS AND SOFTWARE		137,313	99,594
RECEIVABLE FROM THE TRANSFER OF NON-PERFORMING LOANS TO A RELATED COMPANY		421,712	-
ACCRUED INTEREST AND DIVIDEND INCOME RECEIVABLES		230,743	138,723
VALUE ADDED TAX RECEIVABLES		3,494,346	2,264,444
OTHER ASSETS		587,793	376,533
TOTAL ASSETS		<u>227,592,645</u>	<u>195,478,669</u>

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

THANACHART BANK PUBLIC COMPANY LIMITED
BALANCE SHEETS (Continued)
AS AT 31 MARCH 2006 AND 31 DECEMBER 2005

	<u>Note</u>	<u>31 March 2006</u> (Unaudited but reviewed)	<u>31 December 2005</u> (Audited)
(Unit : Thousand Baht)			
LIABILITIES AND SHAREHOLDERS' EQUITY			
DEPOSITS			
Deposits in Baht		180,291,556	149,010,554
Deposits in foreign currencies		1,294	4,372
Total deposits		180,292,850	149,014,926
INTERBANK AND MONEY MARKET ITEMS			
Domestic items			
Interest bearing		2,669,446	2,451,713
Non-interest bearing		357,021	196,103
		3,026,467	2,647,816
Foreign items - Non-interest bearing		24,442	-
Total interbank and money market items		3,050,909	2,647,816
LIABILITY PAYABLE ON DEMAND		760,593	997,155
BORROWINGS			
Short-term borrowings	10	285,760	285,760
Long-term borrowings		24,713,677	24,706,680
Total borrowings		24,999,437	24,992,440
ACCRUED INTEREST PAYABLE		1,404,319	1,155,022
INSURANCE PREMIUM PAYABLE		524,778	472,978
CORPORATE INCOME TAX PAYABLE		22,345	-
ACCRUED EXPENSES		350,279	160,069
OTHER LIABILITIES		847,477	737,942
TOTAL LIABILITIES		212,252,987	180,178,348

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

THANACHART BANK PUBLIC COMPANY LIMITED
BALANCE SHEETS (Continued)
AS AT 31 MARCH 2006 AND 31 DECEMBER 2005

	<u>Note</u>	<u>31 March 2006</u> (Unaudited but reviewed)	<u>31 December 2005</u> (Audited)
(Unit : Thousand Baht)			
SHAREHOLDERS' EQUITY			
Share capital			
Registered			
1,500,000,000 ordinary shares of Baht 10 each		15,000,000	15,000,000
Issued and paid-up share capital			
1,458,356,092 ordinary shares of Baht 10 each		14,583,561	14,583,561
Share premium		340,898	340,898
Revaluation surplus on investments	<i>11</i>	72,519	91,899
Revaluation deficit on investments	<i>11</i>	(635,567)	(643,915)
Retained earnings			
Appropriated - statutory reserve		66,649	66,649
Unappropriated		911,598	861,229
TOTAL SHAREHOLDERS' EQUITY		15,339,658	15,300,321
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		227,592,645	195,478,669
		-	-
<u>OFF-BALANCE SHEET ITEMS - CONTINGENCIES</u>	<i>16.1</i>		
Aval to bills		64,385	239,200
Liability under unmatured import bills		2,635	3,717
Letter of credits		534,892	635,370
Other contingencies		32,504,585	30,798,347

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

DIRECTORS

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

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

	Note	2006	2005
INTEREST AND DIVIDEND INCOME			
Loans		645,361	343,806
Interbank and money market items		1,187,386	212,534
Hire purchase and financial lease income		850,691	-
Investments		197,435	176,084
Total interest and dividend income		2,880,873	732,424
INTEREST EXPENSES			
Deposits		1,264,437	224,115
Interbank and money market items		15,491	7,924
Short-term borrowings		1,864	1,801
Long-term borrowings		260,016	150,874
Total interest expenses		1,541,808	384,714
Net interest and dividend income		1,339,065	347,710
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS			
(BAD DEBT AND DOUBTFUL ACCOUNTS)	7	(217,476)	18,697
LOSS ON DEBT RESTRUCTURING			
		(4,624)	(40,150)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		1,116,965	326,257
NON-INTEREST INCOME			
Gain on investments		18,603	54,573
Fees and service income			
Acceptances, aval and guarantees		3,448	2,846
Discounted income on insurance premium		170,847	865
Others		31,518	4,952
Gains on exchange		4,677	693
Income on supporting service		45,755	-
Other income		18,803	1,623
Total non-interest income		293,651	65,552

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED

STATEMENTS OF EARNINGS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

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

	<u>Note</u>	<u>2006</u>	<u>2005</u>
NON-INTEREST EXPENSES			
Personnel expenses		269,185	91,520
Premises and equipment expenses		89,176	31,400
Taxes and duties		112,646	24,845
Fees and service expenses		8,903	2,938
Directors' remuneration	13	1,684	1,486
Loss (gain) on disposal of property foreclosed and other assets		17,825	(8,746)
Contribution fee to the Financial Institutions Development Fund		148,924	46,039
Commission and expense charged on hire purchase		436,776	-
Other expenses		245,128	44,500
Total non-interest expenses		1,330,247	233,982
EARNINGS BEFORE CORPORATE INCOME TAX		80,369	157,827
CORPORATE INCOME TAX	14	30,000	-
NET EARNINGS FOR THE PERIODS		50,369	157,827
BASIC EARNINGS PER SHARE (BAHT)			
Earnings per share (Baht)		0.03	0.19
Weighted average number of ordinary shares (shares)		1,458,356,092	810,199,062

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	2006	2005
Cash flows from operating activities		
Net earnings	50,369	157,827
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-		
Depreciation and amortization	33,093	11,602
Bad debt and doubtful accounts and loss from debt restructuring	222,100	21,453
Amortisation of premiums on investment in debt securities	13,379	21,644
Amortisation of discounts on long-term borrowings	6,997	7,232
Decrease in allowance for impairment of investments in securities	(3,047)	(10,597)
Increase in allowance for impairment of property foreclosed	18,859	1,522
Gain on disposal of equipment	(1,173)	(17)
Unrealised gains on exchange	(2,714)	-
Increase in allowance for impairment of other assets	12,092	1,077
Increase in accrued interest and dividend income receivable	(100,798)	(49,635)
Increase in other income receivable	(22,657)	(148)
Increase (decrease) in fees and rental income received in advance	(15,202)	1,685
Amortisation of deferred hire-purchase and deferred income	(885,537)	(3,157)
Increase in accrued interest payable	249,297	1,428
Increase in insurance premium payable/accrued expenses	182,259	69,985
Earnings (loss) from operating activities before changes in operating assets and liabilities	(242,683)	231,901
Decrease (increase) in operating assets		
Interbank and money market items	14,666,348	(5,034,420)
Securities purchased under resale agreements	(22,000,000)	(5,800,000)
Loans	(22,252,824)	226,720
Property foreclosed	54,494	41,196
Other assets	(1,380,960)	(11,498)
Increase (decrease) in operating liabilities		
Deposits	31,277,924	4,179,339
Interbank and money market items	403,093	53,517
Liability payable on demand	(236,562)	47,331
Other liabilities	201,765	88,650
Net cash flows from (used in) operating activities	490,595	(5,977,264)

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	2006	2005
Cash flows from investing activities		
Decrease (increase) in investment in securities held for investment	(159,713)	1,622,851
Cash paid to purchase equipment	(156,119)	(18,881)
Cash received from disposal of equipment	1,623	129
Net cash flows from (used in) investing activities	<u>(314,209)</u>	<u>1,604,099</u>
Cash flows from financing activities		
Cash received from long-term borrowings	-	4,380,760
Net cash flows from financing activities	<u>-</u>	<u>4,380,760</u>
Net increase in cash	176,386	7,595
Cash at beginning of the period	800,361	215,639
Cash at end of the period	<u><u>976,747</u></u>	<u><u>223,234</u></u>
Supplemental cash flows information :-		
Cash paid during the period for		
Interest	1,285,513	376,053
Income tax deducted at source	7,655	2,069
Non-cash transactions		
Assets transferred for debt repayment	113,511	-

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	Issued and		Revaluation	Revaluation	Retained earnings		Total
	paid-up share capital	Share premium	surplus on investments	deficit on investments	Appropriated - statutory reserve Unappropriated		
Balance - as at 1 January 2005	8,101,991	340,898	295,020	(605,966)	48,565	720,186	8,900,694
Increase in revaluation surplus on investments	-	-	342	-	-	-	342
Decrease in revaluation deficit on investments	-	-	-	22,794	-	-	22,794
Net earnings for the period	-	-	-	-	-	157,827	157,827
Balance - as at 31 March 2005	<u>8,101,991</u>	<u>340,898</u>	<u>295,362</u>	<u>(583,172)</u>	<u>48,565</u>	<u>878,013</u>	<u>9,081,657</u>
Balance - as at 1 January 2006	14,583,561	340,898	91,899	(643,915)	66,649	861,229	15,300,321
Decrease in revaluation surplus on investments	-	-	(19,380)	-	-	-	(19,380)
Decrease in revaluation deficit on investments	-	-	-	8,348	-	-	8,348
Net earnings for the period	-	-	-	-	-	50,369	50,369
Balance - as at 31 March 2006	<u>14,583,561</u>	<u>340,898</u>	<u>72,519</u>	<u>(635,567)</u>	<u>66,649</u>	<u>911,598</u>	<u>15,339,658</u>

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Restructuring plans for financial operation

On 22 April 2005, the Ministry of Finance approved the proposed plan for the restructuring of the financial business operations of the Thanachart Group. During the year 2005, the proposed plan was implemented, with the significant steps taken being that the Bank has conducted hire purchase transactions in place of the Parent company (National Finance Public Company Limited) since 9 May 2005, the Parent company transferred deposits in the form of promissory notes and loans to the Bank. In December 2005, the Bank registered additional share capital of Baht 6,482 million.

In addition, during the year 2006, additional loans amounting to Baht 888 million, which was contract rate that determined with reference to basis approved by financial advisor, were transferred from the Parent company to the Bank.

1.2 Basis for the preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standard No. 41 “Interim financial statements”, with the Bank choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of earnings, changes in shareholders’ equity and cash flows, as in the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

(UNAUDITED BUT REVIEWED)

1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods for computation as were used for the financial statements for the year ended 31 December 2005.

2. INTERBANK AND MONEY MARKET ITEMS (ASSETS)

(Unit : Million Baht)

	31 March 2006			31 December 2005		
	At call	Time	Total	At call	Time	Total
Domestic :-						
Bank of Thailand and Financial Institutions Development Fund	1,703	-	1,703	3,515	-	3,515
Commercial banks	136	-	136	95	-	95
Other financial institutions	62,500	100	62,600	75,500	-	75,500
Total	64,339	100	64,439	79,110	-	79,110
Less : Allowance for doubtful accounts	(625)	(1)	(626)	(755)	-	(755)
Total domestic items	63,714	99	63,813	78,355	-	78,355
Foreign :-						
USD	32	-	32	33	-	33
EURO	14	-	14	8	-	8
Others	16	-	16	16	-	16
Total foreign items	62	-	62	57	-	57
Total	63,776	99	63,875	78,412	-	78,412

As at 31 March 2006, loan to financial institutions amounting Baht 62,500 million is loan to the Parent company, which matures at call but not later than May 2007, and is subject to interest at the money market rate, but not less than the one-year fixed deposit rate plus a fixed interest rate per annum (31 December 2005 : Baht 75,500 million).

(UNAUDITED BUT REVIEWED)

3. INVESTMENTS

3.1 Classified by type of investments

(Unit : Million Baht)

	31 March 2006		31 December 2005	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<u>Current investments :</u>				
Available-for-sale securities				
Private debt securities	448	447	34	34
Less : Allowance for change in value	(1)		-	
Total	447		34	
Held-to-maturity debt securities - due within one year				
Government and state enterprises securities	1,211		941	
Foreign debt securities	937		-	
Total	2,148		941	
Total current investments – net	2,595		975	
<u>Long-term investments :</u>				
Available-for-sale securities				
Private debt securities	143	138	269	262
Domestic marketable equity securities				
Listed securities	513	375	539	428
Unit trusts	1,224	1,285	2,642	2,707
	1,880	1,798	3,450	3,397
Less : Allowance for change in value	(82)		(53)	
Total	1,798		3,397	

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	31 March 2006		31 December 2005	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities				
Government and state enterprises securities	11,539		11,070	
Private debt securities	31		35	
Foreign debt securities	194		578	
	<u>11,764</u>		<u>11,683</u>	
Less : Allowance for impairment	(44)		(44)	
Total	<u>11,720</u>		<u>11,639</u>	
Other investments				
Investments in property fund	1,211		1,253	
Non-marketable equity securities				
- Domestic	159		174	
	<u>1,370</u>		<u>1,427</u>	
Less : Allowance for impairment	(20)		(23)	
Total	<u>1,350</u>		<u>1,404</u>	
Total long-term investments – net	<u><u>14,868</u></u>		<u><u>16,440</u></u>	

3.2 As at 31 March 2006, the revaluation surplus and deficit arising from the transfer of investments in debt securities, of which the current balances of Baht 12 million and Baht 492 million, respectively, have been presented in shareholders' equity (31 December 2005 : revaluation surplus and deficit from the transfer of investments were Baht 13 million and Baht 512 million, respectively).

- 3.3** As at 31 March 2006 and 31 December 2005, the Bank has investments amounting to Baht 105 million in government bonds under the conditions of the Ministry of Finance's Tier II capital support scheme. These government bonds are for 10 years and bear interest at rates of 2.75 - 4.00 percent per annum.
- 3.4** As at 31 March 2006, long-term investments in held-to-maturity debt securities include non-transferable, 10-year promissory notes amounting to Baht 296 million received as a result of the transfer of non-performing loans to Thai Asset Management Corporation ("TAMC") (31 December 2005 : Baht 296 million). However, the amount of the agreed transfer price, which has already been received in the form of promissory notes, could still be revised up or down after TAMC reviews the price or has the collateral assessed or the price adjusted. The Bank has estimated its share of loss which may arise from the management of non-performing assets at approximately Baht 44 million. This amount has been presented as a part of the allowance for impairment of held-to-maturity debt securities (31 December 2005 : Baht 44 million). Moreover, the Bank shares joint responsibility with TAMC for future profits and losses from TAMC's management of the non-performing assets, as discussed in Note 16.2 to the financial statements.
- 3.5** As at 31 March 2006, other investments amounting to approximately Baht 9 million (at cost) were investments in securities received as a result of debt restructuring. The Bank is prohibited from selling these investments in accordance with the periods stipulated in the debt restructuring agreements. (31 December 2005 : the balance of Baht 9 million were investments in securities which the Bank is prohibited from selling in accordance with the agreements. For the remaining balance of Baht 14 million the debtor has first option to purchase the investments.)

(UNAUDITED BUT REVIEWED)

3.6 As at 31 March 2006 and 31 December 2005, the Bank's investments in securities included investments in the securities of companies with weak financial position and poor operating results as summarised below :-

	Number of investment		Cost		Fair value		Allowance for changes in value/impairment provided in the accounts	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Equity securities - common shares								
1. Listed companies vulnerable to delisting from the SET	1	1	-	-	-	-	-	-
2. Companies whose auditors' reports cited issues with regard to the going concern of the business	2	2	21	21	2	2	19	19
Investments in receivables								
1. Listed companies vulnerable to delisting from the SET	1	1	-	-	-	-	-	-

4. LOANS AND ACCRUED INTEREST RECEIVABLES

4.1 Classified by loan type

	(Unit : Million Baht)	
	31 March 2006	31 December 2005
Overdrafts	504	372
Loans	28,367	27,042
Notes receivable	14,517	15,668
Hire purchases receivable	62,246	40,048
Finance leases receivable	156	66
Total	105,790	83,196
Add : Accrued interest receivables	179	166
Less : Allowance for doubtful accounts	(1,457)	(1,106)
Revaluation allowance for debt restructuring	(42)	(47)
Loans and accrued interest receivables - net	104,470	82,209

(UNAUDITED BUT REVIEWED)

During the three-month period ended 31 March 2006, loans amounting to Baht 888 million, which was contract rate that determined with reference to basis approved by financial advisor, were transferred from the Parent company to the Bank. In addition, non-performing loans amounting to Baht 422 million were transferred from the Bank to a related company.

As at 31 March 2006 and 31 December 2005, the Bank has unearned interest income, and interest income received in advance as follows :-

	(Unit : Million Baht)	
	31 March 2006	31 December 2005
Unearned interest income	199	199
Unearned income from hire purchase / finance leases	10,529	6,527
Interest income received in advance	3	4

4.2 Non-performing loans

As at 31 March 2006 and 31 December 2005, the Bank had non-performing loans (debtors classified as substandard, doubtful, doubtful of loss, and loss) classified in accordance with the Notification of the Bank of Thailand as follows :-

	(Unit : Million Baht)	
	31 March 2006	31 December 2005
Non-performing loans (excluding accrued interest receivables)	3,150	3,582

The above definition of non-performing loans does not include overdue loans which have been restructured and meet the conditions for classification as Normal or Special Mention debt under BOT regulations.

As at 31 March 2006 and 31 December 2005, the Bank had loans for which income recognition under an accrual basis has been discontinued amounting to approximately Baht 1,845 million and Baht 1,750 million, respectively.

4.3 Troubled debt restructuring

During the three-month period ended 31 March 2006, the Bank has entered into debt restructuring agreements with 22 debtors. The total outstanding book balances of these debtors before restructuring amounted to approximately Baht 68 million (of which 9 debtors, representing a total of approximately Baht 42 million, had already entered into debt restructuring agreements but were unable to make repayment, and therefore entered into new debt restructuring agreements) which type of restructuring is modification of repayment conditions. Losses on debt restructuring conducted during the period was approximately Baht 4 million.

Counting from the balance sheet date, the remaining periods to maturing of receivables which entered into debt restructuring agreements during the period are summarised below :-

(Unit : Million Baht)

Periods	Number of debtors	Outstanding loan balances after restructuring
Past due after restructuring	11	15
Due within 2006	2	5
Less than 5 years	1	28
5 - 10 years	3	4
11 - 15 years	4	10
More than 15 years	1	2
Total	<u>22</u>	<u>64</u>

Supplemental information for the three-month period ended 31 March 2006 relating to restructured loans is as follows :-

(Unit : Million Baht)

Interest income recognised in statement of earnings	58
Loss on debt restructuring recognised in statement of earnings	4
Cash repayment by receivables/disposals	169

(UNAUDITED BUT REVIEWED)

Additionally, as at 31 March 2006, the Bank has outstanding balance of assets which are to be transferred under debt restructuring agreements totalling Baht 156 million.

As at 31 March 2006, the Bank has restructured receivables from 298 debtors (out of the Bank's total of 184,673 receivables). The outstanding balances (including principal and accrued interest) of these restructured loans amount to approximately Baht 3,294 million (including Baht 59 million of loans restructured during the period). If the balance is calculated net of collateral, the total value is approximately Baht 657 million.

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

As at 31 March 2006 and 31 December 2005, the Bank classified its loans (including loans to finance institutions which presented as part of interbank and money market items in the balance sheets) and related allowance in accordance with the BOT's guidelines as summarised below :-

(Unit : Million Baht)

	Debt balance/ book value		Debt balance net of collateral		Minimum percentage required by BOT ⁽¹⁾ (Percent)	Allowance for doubtful accounts			
						Minimum amount to be provided under BOT's guidelines		Amount provided in the accounts	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	
<u>Loans and accrued interest receivables</u> ⁽²⁾									
Normal	161,617	153,777	140,589	133,538	1	1,406	1,335	1,406	1,335
Special mention	3,626	1,341	2,534	1,005	2	51	20	80	20
Substandard	1,048	1,086	187	121	20	37	24	37	24
Doubtful	724	744	99	59	50	50	30	58	30
Doubtful of loss	1,421	1,797	379	426	100	379	426	379	426
Total	168,436	158,745	143,788	135,149		1,923	1,835	1,960	1,835
Additional allowance for possible uncollectible debts								123	26
Total	168,436	158,745						2,083	1,861

(1) The minimum provisioning rates required by the BOT's guidelines for loan balances net of collateral value.

(2) Debt balance/book value for normal and special mention loans are excluded accrued interest receivable.

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The allowance for doubtful accounts has been determined after taking into account the value of collateral, in accordance with the BOT's guidelines (most collateral is land, buildings and premises which are appraised by external independent appraisers or internal appraisers as per the BOT's guidelines).

4.5 Loan in companies which have settlement problems

As at 31 March 2006 and 31 December 2005, one part of loans included debts due from companies with weak financial position and poor operating results :-

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Non - listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	13	14	944	736	1,124	830	34	61
2. Companies which have loan settlement problems or have defaulted on the repayment to debts	34	28	1,896	2,366	2,635	3,149	309	312
3. Companies whose auditors' reports cited issues with regard to the going concern of the business	-	1	-	45	-	-	-	1

(UNAUDITED BUT REVIEWED)

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

(Unit : Million Baht)

For the three-month period ended 31 March 2006

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the period	580	20	24	30	426	26	1,106
Increase (decrease) during the period	200	60	13	28	(47)	97	351
Balance - end of the period	780	80	37	58	379	123	1,457

(Unit : Million Baht)

For the year ended 31 December 2005

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the year	76	-	10	165	203	670	1,124
Increase (decrease) during the year	504	20	14	(135)	223	(644)	(18)
Balance - end of the year	580	20	24	30	426	26	1,106

6. REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

(Unit : Million Baht)

	For the three-month period ended 31 March 2006	For the year ended 31 December 2005
Balance - beginning of the period	47	88
Add : Increase during the period	-	8
Less : Amortised during the period	(5)	(49)
Balance - end of the period	42	47

(UNAUDITED BUT REVIEWED)

7. BAD DEBTS AND DOUBTFUL ACCOUNTS

Bad debts and doubtful accounts in the statements of earnings for the three-month periods ended 31 March 2006 and 2005 consisted of the following :-

	(Unit : Million Baht)	
	2006	2005
Bad debts and doubtful accounts	222	29
Amortisation of revaluation allowance for restructured debts	(5)	(48)
Total bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	217	(19)

8. CLASSIFICATION OF ASSETS

As at 31 March 2006 and 31 December 2005, the quality of assets is classified in accordance with the announcements of the Bank of Thailand as follows :-

	(Unit : Million Baht)									
	Loan to financial institution, loans and accrued interest receivables		Investments		Property foreclosed		Other assets		Total	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005
Normal	161,617	153,777	-	-	-	-	11	8	161,628	153,785
Special mention	3,626	1,341	-	-	-	-	7	3	3,633	1,344
Substandard	1,048	1,086	-	-	-	-	1	-	1,049	1,086
Doubtful	724	744	-	-	-	-	-	-	724	744
Doubtful of loss	1,421	1,797	208	200	59	40	16	4	1,704	2,041
Total	168,436	158,745	208	200	59	40	35	15	168,738	159,000

9. PROPERTY FORECLOSED

	(Unit : Million Baht)	
	31 March 2006	31 December 2005
Cost	872	808
Less : Allowance for impairment	(59)	(40)
	813	768

As at 31 March 2006, for approximately Baht 65 million (at cost) of the property foreclosed of the Bank, for which sales agreements have been made with customers, but the payment of installments or the transfer of ownership rights is still in progress. The Bank has therefore not recognised any income and these assets are still recorded as property foreclosed of the Bank.

(UNAUDITED BUT REVIEWED)

10. BORROWINGS

As at 31 March 2006 and 31 December 2005, the Bank has domestic borrowings as follows :-

	(Unit : Million Baht)	
	31 March 2006	31 December 2005
<u>Short-term borrowing</u>		
Liabilities under commercial papers sold availed by the Bank	286	286
<u>Long-term borrowings</u>		
Subordinated debentures		
Subordinated debentures issued in accordance with the plan to establish the Restricted Bank (Due in 2008 with interest semi-annually payable at the rate of 9 percent per annum)	1,943	1,943
Subordinated debentures issued under Tier II support scheme (Due in 2009 with interest annually payable at a rate equal to the Tier II's government bond plus 1 percent per annum or 4.75 - 5.00 percent per annum)	51	51
Subordinated debentures issued under Tier II support scheme (Due in 2010 with interest annually payable at a rate equal to the Tier II's government bond plus 1 percent per annum or 3.75 percent per annum)	54	54
Total subordinated debentures	2,048	2,048
Bill of exchange (maturing in 2007, with interest payable at a fixed rate of 3.75 - 4.08 percent per annum)	5,530	5,523
Promissory note (maturing in 2007, with interest payable at a rate of three-month fixed deposit rate plus 1.25 percent per annum)	5,000	5,000
Bill of exchange (maturing in 2008 with interest payable semi-annually at a floating rate of the average MLR of 4 commercial banks minus 3.60 percent per annum, which will be changed every 6 months)	1,000	1,000
Bill of exchange (maturing in 2008 with interest payable semi - annually at a fixed rate of 4.10 - 4.20 percent per annum)	4,245	4,245
Bill of exchange (maturing in 2009, with interest payable at a fixed rate of 4.25 percent per annum)	1,200	1,200
Bill of exchange (maturing in 2009, with interest payable semi-annually at a floating rate of the average MLR of 4 commercial banks minus 3.55 percent per annum, which will be changed every 6 months)	1,650	1,650
Bill of exchange (maturing in 2010 with interest payable semi - annually at a floating rate of THB-THBFIX-REUTERS plus 0.45 - 0.47 percent per annum)	750	750
Bill of exchange (maturing in 2010 with interest payable semi-annually at a fixed rate of 4.64 - 4.80 percent per annum)	3,290	3,290
	22,665	22,658
	24,713	24,706
Total borrowings	24,999	24,992

(UNAUDITED BUT REVIEWED)

11. REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS

	(Unit : Million Baht)	
	31 March 2006	31 December 2005
Revaluation surplus on investments :-		
Available -for-sale investments		
Equity instruments	61	79
Held-to-maturity investments (transfer from available-for-sale investments)	12	13
Total	<u>73</u>	<u>92</u>
Revaluation deficit on investments :-		
Available -for-sale investments		
Debt instruments	(6)	(7)
Equity instruments	(138)	(125)
Held-to-maturity investments (transfer from available-for-sale investments)	(492)	(512)
Total	<u>(636)</u>	<u>(644)</u>
Revaluation surplus (deficit) on investments	<u><u>(563)</u></u>	<u><u>(552)</u></u>

(UNAUDITED BUT REVIEWED)

12. CAPITAL FUNDS

As at 31 March 2006 and 31 December 2005, the capital funds maintained by the Bank in accordance with Section 4 of the Act on Undertaking of Banking business B.E. 2505 were as follows :-

	(Unit : Million Baht)	
	31 March 2006	31 December 2005
<u>Tier I</u>		
Issued and paid up share capital	14,584	14,584
Share premium	341	341
Retained earnings	518	518
Statutory reserve	66	48
Total	<u>15,509</u>	<u>15,491</u>
<u>Tier II</u>		
Subordinated debentures	777	777
Reserve for loans classified as normal	1,406	1,260
Total	<u>2,183</u>	<u>2,037</u>
Total Tier I and Tier II	17,692	17,528
Less : Net revaluation deficit on equity instruments	(46)	(46)
Investment in Tier II of other financial institution	-	(81)
Total capital funds	<u>17,646</u>	<u>17,401</u>

As at 31 March 2006 and 31 December 2005, the Bank's capital ratio which calculated based on the BOT's regulation is as follows :-

	31 March 2006		31 December 2005	
	Capital ratio of the Bank	Minimum requirement by BOT	Capital ratio of the Bank	Minimum requirement by BOT
Total capital to risk assets (percent)	14.61	8.50	17.26	8.50
Total Tier I to risk assets (percent)	12.84	4.25	15.37	4.25

13. DIRECTORS' REMUNERATION

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

14. CORPORATE INCOME TAX

The Bank records corporate income tax as an expense, calculating it using net earnings for the period after adding back disallowed expenses and provisions and deducting tax-exempted income and tax loss brought forward from prior years.

15. RELATED PARTY TRANSACTIONS

During the periods 2006 and 2005, the Bank had significant business transactions with its parent, and related companies (related by way of common shareholders and/or common directors). Such transactions which have been concluded on the terms and basis as determined by the Bank and those companies, are summarised below :-

	For the three-month periods		(Unit : Million Baht)
	ended 31 March		Pricing policy
	<u>2006</u>	<u>2005</u>	(For the period 2006)
<u>Transactions occurred during the periods ended</u>			
Parent company :-			
Interest income	1,017	166	At interest rate of 5.5 - 6.5 percent per annum
Income on supporting service	42	-	At the rate agreed between related parties
Rental and other service expenses	27	14	At the rate agreed under the contract between related parties
Receipt of loans	888	-	Contract rate, determined with reference to basis approved by financial advisor

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(Unit : Million Baht)

	For the three-month periods		Pricing policy (For the period 2006)
	ended 31 March		
	<u>2006</u>	<u>2005</u>	
Related companies :-			
Sales of debt instruments			
(2006 : gain on sales of Baht 0.1 million)	1,944	31	At market price
(2005 : gain on sales of Baht 1 million)			
Sales of receivables	422	-	Contract rate, determined with
(2006 : No gain on sales)			reference to basis approved by
			financial advisor
Interest and dividend income	202	28	At interest rate of 3.15 – 7.5
			percent per annum and dividend
			as declared
Income on supporting service	4	-	At the rate agreed between related
			parties
Other income	2	2	
Interest expenses	13	7	At interest rate of 2 – 4.75 percent
			per annum
Interest expenses - long-term borrowings	6	2	At interest rate of 4.69 - 9 percent
			per annum
Rental and other service expenses	46	11	At the rate agreed under the
			contract between related parties

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The outstanding balances of the above transactions during the three-month periods ended 31 March 2006 and 2005 have been shown at the average balance at the end of each month as follows :-

	(Unit : Million Baht)	
	<u>2006</u>	<u>2005</u>
<u>Parent company :-</u>		
Interbank and money market items (assets)	69,875	18,250
Interbank and money market items (liabilities)	175	281
<u>Related companies :-</u>		
Loans	12,646	3,582
Other receivables	433	58
Deposits	1,566	197
Interbank and money market items (liabilities)	599	11
Long-term borrowings	402	112

The outstanding balances of the above transactions are as follows :-

	(Unit : Million Baht)	
	<u>31 March 2006</u>	<u>31 December 2005</u>
<u>Interbank and money market items (assets)</u>		
<u>Parent company :-</u>		
National Finance Plc.	<u>62,500</u>	<u>75,500</u>
<u>Loans</u>		
<u>Related companies :-</u>		
N.F.S. Asset Management Co., Ltd.	10,000	11,000
Thanachart Group Leasing Co., Ltd.	953	698
Other related companies	1,174	1,104
Total	<u>12,127</u>	<u>12,802</u>
<u>Accrued interest receivables</u>		
<u>Related companies :-</u>		
Other related companies	<u>16</u>	<u>12</u>
Total	<u>16</u>	<u>12</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	31 March 2006	31 December 2005
<u>Other assets - other receivables</u>		
Parent company :-		
National Finance Plc.	35	10
Related companies :-		
N.F.S. Asset Management Co., Ltd.	422	-
Other related companies	19	6
	441	6
Total	476	16
<u>Deposits</u>		
Related companies :-		
Royal Orchid Hotel (Thailand) Plc.	542	462
Other related companies	907	1,362
Total	1,449	1,824
<u>Interbank and money market items (liabilities)</u>		
Parent company :-		
National Finance Plc.	361	140
Related companies :-		
Other related companies	356	172
Total	717	312
<u>Long-term borrowings</u>		
Related companies :-		
Other related companies	402	402
Total	402	402
<u>Accrued interest payable</u>		
Related companies :-		
Other related companies	20	3
Total	20	3

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	31 March 2006	31 December 2005
Other liabilities		
Parent company :-		
National Finance Plc.	19	4
Related companies :-		
Other related companies	46	34
Total	65	38

As at 31 March 2006 and 31 December 2005, included in the Bank's loans are the following loans to parent company and related companies within Thanachart Group :-

Company	Type of credit	Contract period	Interest rate	Outstanding balance	
				31 March 2006 Million Baht	31 December 2005 Million Baht
Parent company :-					
National Finance Plc.	Promissory note	Call but not over May 2007	Money market interest rate but not less than one- year fixed deposit rate plus a fixed interest rate per annum	62,500	75,500
Related companies within Thanachart Group :-					
N.F.S. Asset Management Co., Ltd.	Promissory note	Call but not over May 2007	Money market interest rate but not less than one- year fixed deposit rate plus a fixed interest rate per annum	10,000	11,000
Thanachart Group Leasing Co., Ltd.	Promissory note	Call but not over May 2007	Money market interest rate but not less than one- year fixed deposit rate plus a fixed interest rate per annum	953	698
Total				73,453	87,198

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As at 31 March 2006, the Bank has investments amounting to approximately Baht 379 million (31 December 2005 : Baht 187 million) in related companies to which it is related by means of members of its management being shareholders and/or directors of those companies.

As at 31 March 2006, employees of the Bank and Companies in Thanachart Group from department manager level up, including related persons who together with these employees, have deposits with and loans from the Bank amounting to Baht 406 million and Baht 36 million, respectively (31 December 2005 : Baht 401 million and Baht 35 million, respectively).

16. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2006 and 31 December 2005, the Bank's significant commitments and contingent liabilities consisted of :-

16.1

(Unit : Million Baht)

	31 March 2006			31 December 2005		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Aval to bills	64	-	64	239	-	239
Liability under unmatured import bills	-	3	3	-	4	4
Letter of credits	3	532	535	-	635	635
Other obligations :-						
Foreign currency forward contracts						
- Bought	-	543	543	-	549	549
- Sold	-	1,049	1,049	-	625	625
Obligations under cross currency and interest rate swap contracts						
- Sold	-	2,277	2,277	-	1,389	1,389
Obligations under interest rate swap contracts	26,650	-	26,650	26,650	-	26,650
Committed (but not draw) overdraft	956	-	956	628	-	628
Others	1,029	-	1,029	957	-	957
Total	28,702	4,404	33,106	28,474	3,202	31,676

- 16.2** During the years 2001 and 2002, the Bank has entered into agreement 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 the non-performing assets to be calculated, at the ended of the fifth year and tenth year, counting from 1 July 2001. In case of losses, the Bank is liable for all initial losses up to 20 percent of the transfer price. Further losses of up to another 20 percent of the transfer price are to be shared equally between the Bank and TAMC. TAMC is liable for all remaining losses. Such gains and losses will be determined from the accumulated value of the collection 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. However, as at 31 March 2006, the Bank has estimated its share of the losses which may arise from the management of the non-performing assets at approximately Baht 44 million (31 December 2005 : Baht 44 million). This amount has been presented as a part of allowance for impairment of investments in debt securities.
- 16.3** The Bank has entered into agreements to sell housing loans/transfer rights to the Secondary Mortgage Corporation, under which it is committed to compensate the Corporation for losses from uncollected housing loans up to a maximum of 20 percent of the valuation of the said receivables. As at 31 March 2006, its maximum obligation was Baht 5 million.
- 16.4** During the period 2006, the Bank has entered into an agreement with Asset Management Company (AMC) in the Thanachart Group to transfer loans and receivables. Under the agreement, AMC has the right to return the loans and receivables to the Bank, or to claim damages from the Bank in certain cases in which it is unable to exercise its right as creditor under the agreement or its rights over collateral, or because the compensation paid for the transfer did not accord with the amount determined under the method stipulated in the agreement. As at 31 March 2006, a total of Baht 422 million of loans and receivables transferred by the Bank are still subject on such obligations. However, the Bank's management believe that any exercise of such rights would not significantly affect the financial statements.

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16.5 The Bank is obliged to make contributions to the Financial Institutions Development Fund, at a rate of 0.2 percent of the total outstanding balance of the Bank's deposits plus accrued interest as of the last day of the six-month period before the contributions are made, every 30 June and 31 December of the year.

16.6 As at 31 March 2006, the Bank has commitments to pay the following service fees in relation to properties foreclosed, computer system services and for other services, including commitments in respect of office rental and related service fees under long-term rental and service contracts :-

(Unit : Million Baht)

Year	Other parties	Parent company	Related companies	Total
2006	87.2	46.1	8.0	141.3
2007	90.4	37.4	0.7	128.5
2008 onward	105.3	18.9	4.6	128.8

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

17. LITIGATION

As at 31 March 2006, the Bank has contingent liabilities amounting to approximately Baht 484 million as a result of litigation. However, the Bank's management expect that no losses will result and therefore no liabilities are currently recorded, except in one case in which Appeals Court found for the plaintiff and the Bank was ordered to pay the plaintiff amounting Baht 10 million plus interest at a rate of 7.5 percent calculated from 8 October 1998. The Bank has already appealed this case, but has recorded the liability as at the balance sheet date for conservative purpose.

18. FINANCIAL INSTRUMENTS**18.1 Credit risk**

Credit risk is the risk that the party to a financial instrument will fail to fulfill the obligation, causing the Bank 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 balance sheet and the off-balance sheet transactions of guarantees of loans and other guarantees.

18.2 Market risk**18.2.1 Interest rate risk**

As at 31 March 2006, financial assets and liabilities classified by types of interest rate are as follows :-

Transactions	(Unit: Million Baht)			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
<u>Financial assets</u>				
Cash	-	-	977	977
Interbank and money market items	62,500	100	1,901	64,501
Securities purchased under resale agreements	-	34,500	-	34,500
Investments	-	15,701	1,909	17,610
Loans	26,896	77,840	1,054	105,790
<u>Financial liabilities</u>				
Deposits	14,562	165,545	186	180,293
Interbank and money market items	546	2,148	357	3,051
Liabilities payable on demand	-	-	761	761
Borrowings	5,000	19,999	-	24,999

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

(UNAUDITED BUT REVIEWED)

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

Transactions	Repricing or maturity date					Total	(Unit : Million Baht)
	At call	0-3	3-12	1 - 5	Over 5		Weighted average interest rates
		months	months	years	years		
Financial assets							
Interbank and money market items	-	-	100	-	-	100	4.50
Securities purchased under resale agreements	-	34,500	-	-	-	34,500	4.48
Investments	-	2,850	1,176	5,255	6,420	15,701	4.17
Loans	169	2,099	9,500	57,280	8,792	77,840	6.84
Financial liabilities							
Deposits	169	111,211	36,575	17,590	-	165,545	3.82
Interbank and money market items	1	932	205	1,010	-	2,148	4.17
Borrowings	-	4,350	3,131	12,518	-	19,999	4.28

In addition, the average balances of the financial assets and liabilities of the Bank generating revenues and expenses. The monthly average balances of performing assets and liabilities for the three-month period ended 31 March 2006, and the average interest and dividend income can be summarised as follows :-

	(Unit: Million Baht)		
	Average	Interest	Average
	balances	and dividend	Rate (%)
Interest bearings financial assets			
Interbank and money market items	69,900	1,018	5.82
Securities purchased under resale agreements	16,107	170	4.22
Investments	17,227	197	4.57
Loans/hire purchase and finance leases	92,396	1,497	6.48
Interest bearings financial liabilities			
Deposits	160,314	1,264	3.15
Interbank and money market items	1,760	16	3.52
Borrowings	24,996	262	4.19

18.2.2 Foreign exchange risk

The status of the Bank's foreign currency balances as at 31 March 2006 can be summarised as follows :-

(Unit : Million Baht)

	Outstanding balance of financial instruments		
	US Dollar	Euro	Others
<u>Financial assets</u>			
Cash	6	1	2
Interbank and money market items	32	14	16
Investments	2,416	-	267
Loans	57	-	-
Other assets – accrued interest receivable	13	-	-
<u>Financial liabilities</u>			
Deposits	1	-	-
Interbank and money market items	25	-	-
Net foreign currency on balance sheet	<u>2,498</u>	<u>15</u>	<u>285</u>
Net - foreign currency off balance sheet (Forward contracts/cross currency and interest rate swap contracts)	<u>2,628</u>	<u>960</u>	<u>281</u>

The Bank has entered into forward exchange contracts to fully hedge the foreign exchange risk associated with foreign investments.

18.3 Liquidity risk

Counting from the balance sheet date, the periods to maturity of financial instruments held as at 31 March 2006 are as follows :-

(Unit : Million Baht)

Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	977	-	-	-	977
Interbank and money market items	64,401	100	-	-	64,501
Securities purchased under resale agreements	-	34,500	-	-	34,500
Investments	-	2,650	13,138	1,822	17,610
Loans ⁽¹⁾	14,693	3,815	87,282	-	105,790
<u>Financial liabilities</u>					
Deposits	14,578	147,960	17,755	-	180,293
Interbank and money market items	904	1,087	1,060	-	3,051
Liability payable on demand	761	-	-	-	761
Borrowings	-	286	24,713	-	24,999
<u>Off-balance sheet items</u>					
Aval to bills	-	64	-	-	64
Liability under unmatured import bills	-	3	-	-	3
Letter of credits	-	535	-	-	535
Other contingencies	63	3,937	28,191	313	32,504

⁽¹⁾ The outstanding balances of loans and receivables at call include loans and receivables for which revenue recognition has been discontinued.

(UNAUDITED BUT REVIEWED)

18.4 Fair value

As at 31 March 2006, there are no material differences between the book value of financial instruments and their fair value, except for held-to-maturity debt securities with a fair value Baht 328 million lower than their book value.

18.5 Financial derivatives

As at 31 March 2006, financial derivatives as classified by their maturities are as follows :-

	(Unit : Million Baht)		
	Less than 1 year	Over 1 year	Total
Foreign currency forward and spot contracts			
- Bought	543	-	543
- Sold	1,049	-	1,049
Cross currency and interest rate swap contracts			
- Sold	801	1,476	2,277
Interest rate swap contracts			
- Paid fixed interest rate	-	6,500	6,500
- Paid floating interest rate	-	6,825	6,825
- Received fixed interest rate	-	7,275	7,275
- Received floating interest rate	-	6,050	6,050

19. SUBSEQUENT EVENT

On 22 March 2006, the Bank's Board of Directors Meeting proposed that the Annual General Meeting of the Bank's shareholders consider the payment of the dividend of Baht 0.25 per share to the ordinary shareholders, or a total of Baht 364.6 million. The payment of the dividend was approved by the Annual General Meeting of the Bank's shareholders on 26 April 2006.

(UNAUDITED BUT REVIEWED)

20. RECLASSIFICATION

The Bank has reclassified certain amounts in the financial statement for three-month period ended 31 March 2005 to conform the current period's classifications, with no effect on previously reported net earnings.

21. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Bank's Board of Directors on 11 May 2006.