THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

REPORT AND INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2007

Review Report of Independent Auditor

To The Shareholders of Thanachart Bank Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Thanachart Bank Public Company Limited and its subsidiaries as at 30 September 2007, the related consolidated statement of income for the three-month and nine-month periods ended 30 September 2007, the related consolidated statements of changes in shareholders' equity, and cash flows for the nine-month period then ended. I have also reviewed the separate balance sheet of Thanachart Bank Public Company Limited as at 30 September 2007, the related separate statement of income for the three-month and nine-month periods ended 30 September 2007 and 2006, the separate statements of changes in shareholders' equity and cash flows for the nine-month periods then ended. These financial statements are the responsibility of the management of the Bank as to their correctness and the completeness of the presentation. My responsibility is to report on these financial statements based on my reviews.

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

I have previously audited the separate financial statements of Thanachart Bank Public Company Limited for the year ended 31 December 2006 in accordance with generally accepted auditing standards and, under my report dated 28 February 2007, expressed an unqualified opinion on those financial statements. The balance sheet as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok : 12 November 2007

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

(Unit : Thousand Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		30 September 2007 (Unaudited but reviewed)	30 September 2007 (Unaudited but reviewed)	31 December 2006 (Audited - restated)
ASSETS				
CASH		2,537,022	2,536,254	2,465,681
INTERBANK AND MONEY MARKET ITEMS	*2*			
Domestic				
Interest bearing		1,684,951	18,901	1
Non-interest bearing		3,156,229	2,902,548	2,356,178
Foreign				
Interest bearing		27,170,534	27,170,534	21,420,642
Non-interest bearing		155,208	155,208	104,083
Total interbank and money market items - Net		32,166,922	30,247,191	23,880,904
SECURITIES PURCHASED UNDER RESALE AGREEMENTS		-	-	6,300,000
INVESTMENTS				
Current investments - Net	*3*	12,947,759	10,432,168	2,460,534
Long-term investments - Net	*3*	17,346,850	14,678,358	19,433,838
Investments in subsidiary companies	*4*	-	4,294,857	-
Investments in an associated company	*5*	1,125,369	-	-
Net investments		31,419,978	29,405,383	21,894,372
RECEIVABLES FROM CLEARING HOUSE		696,285	-	-
LOANS AND ACCRUED INTEREST RECEIVABLES	*6*			
Loans		212,933,215	211,665,120	200,651,530
Securities business receivables		3,489,330	-	-
Total loans and receivables		216,422,545	211,665,120	200,651,530
Accrued interest receivables		210,095	221,775	233,867
Total loans and accrued interest receivables		216,632,640	211,886,895	200,885,397
Less : Allowance for doubtful accounts	*7*	(4,523,181)	(4,060,788)	(3,061,437)
Revaluation allowance for debt restructuring	*8*	(12,672)	(12,672)	(71,237)
Net loans and accrued interest receivables		212,096,787	207,813,435	197,752,723
PROPERTY FORECLOSED - Net	*11*	1,428,207	1,416,385	1,028,610
LAND, PREMISES AND EQUIPMENT - Net		1,876,902	1,589,018	1,198,302
INTANGIBLE ASSETS - SOFTWARE - Net		209,280	172,664	24,575
VALUE ADDED TAX RECEIVABLES		1,266,860	1,254,169	1,470,695
OTHER ASSETS - Net		2,217,448	1,483,462	1,419,799
TOTAL ASSETS		285,915,691	275,917,961	257,435,661

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

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

(Unit : Thousand Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		30 September 2007 (Unaudited but reviewed)	30 September 2007 (Unaudited but reviewed)	31 December 2006 (Audited - restated)
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS				
Deposits in Baht		203,576,642	204,063,954	198,981,231
Deposits in foreign currencies		706,846	706,846	76
Total deposits		204,283,488	204,770,800	198,981,307
INTERBANK AND MONEY MARKET ITEMS				
Domestic				
Interest bearing		4,202,769	4,254,217	4,340,513
Non-interest bearing		521,389	668,893	248,354
Foreign				
Non-interest bearing		7,101	7,101	-
Total interbank and money market items		4,731,259	4,930,211	4,588,867
PAYABLE TO CLEARING HOUSE		534,313	-	-
SECURITIES BUSINESS PAYABLE		2,701,015	-	-
LIABILITY PAYABLE ON DEMAND		1,131,793	1,131,793	1,461,623
BORROWINGS	*12*			
Short-term borrowings		28,932,350	28,267,350	15,524,806
Long-term borrowings		11,543,520	11,833,520	17,078,520
Total borrowings		40,475,870	40,100,870	32,603,326
ACCRUED INTEREST PAYABLE		1,793,867	1,805,975	1,777,325
UNEARNED PREMIUM RESERVE		1,102,034	-	-
LIFE PREMIUM RESERVE		4,553,182	-	-
ACCRUED EXPENSES/CORPORATE INCOME TAX PAYABLE		1,208,907	690,379	392,826
OTHER LIABILITIES		2,805,253	2,065,798	2,431,860
TOTAL LIABILITIES		265,320,981	255,495,826	242,237,134

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

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

(Unit : Thousand Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		30 September 2007 (Unaudited but reviewed)	30 September 2007 (Unaudited but reviewed)	31 December 2006 (Audited - restated)
SHAREHOLDERS' EQUITY				
Share capital	*13*			
Registered				
2,134,619,292 ordinary shares of Baht 10 each (31 December 2006 : 1,500,000,000 ordinary shares of Baht 10 each)		21,346,193	21,346,193	15,000,000
Issued and paid-up share capital				
1,734,619,292 ordinary shares of Baht 10 each (31 December 2006 : 1,458,356,092 ordinary shares of Baht 10 each)		17,346,193	17,346,193	14,583,561
Share premium		2,100,694	2,100,694	340,898
Revaluation surplus on investments	*14*	99,646	65,088	18,777
Revaluation deficit on investments	*14*	(371,370)	(375,185)	(533,077)
Surplus from business combination under common control	*1.4*	(123,379)	-	-
Retained earnings				
Appropriated - statutory reserve		77,903	77,903	77,903
Unappropriated		1,416,706	1,207,442	710,465
Equity attributable to the Bank's shareholders		20,546,393	20,422,135	15,198,527
Minority interest - equity attributable to minority shareholders of subsidiaries		48,317	-	-
TOTAL SHAREHOLDERS' EQUITY		20,594,710	20,422,135	15,198,527
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		285,915,691	275,917,961	257,435,661
		-	-	-
OFF-BALANCE SHEET ITEMS - CONTINGENCIES	*20.1*			
Aval to bills		43,092	43,092	53,669
Liability under unmatured import bills		39,833	39,833	18,911
Letter of credits		346,315	346,315	94,147
Other commitments		74,230,692	74,205,942	53,567,232

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

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

	Note	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		2007	2007	2006
				(Restated)
INTEREST AND DIVIDEND INCOME				
Loans		1,012,409	1,031,125	1,697,773
Interbank and money market items		364,682	343,181	581,946
Hire purchase and financial lease		2,834,524	2,716,856	1,666,874
Investments		305,655	267,075	231,999
Total interest and dividend income		4,517,270	4,358,237	4,178,592
INTEREST EXPENSES				
Deposits		1,711,320	1,714,416	2,281,141
Interbank and money market items		41,365	41,008	27,172
Short-term borrowings		330,086	318,579	27,682
Long-term borrowings		184,698	184,274	274,398
Total interest expenses		2,267,469	2,258,277	2,610,393
Net interest and dividend income		2,249,801	2,099,960	1,568,199
BAD DEBTS AND DOUBTFUL ACCOUNTS		(680,948)	(672,564)	(452,324)
Net interest and dividend income after bad debts and doubtful accounts		1,568,853	1,427,396	1,115,875
NON-INTEREST INCOME				
Brokerage fees		238,291	-	-
Gain on investments		18,989	7,384	91,939
Share of income from investment in an associated company accounted for under equity method		49,916	-	-
Fees and service income				
Acceptances, aval and guarantees		5,868	5,868	4,724
Discounted income on insurance premium		156,498	178,742	151,341
Others		289,786	165,639	66,659
Gain on exchanges and financial derivatives contracts		19,240	19,242	11,760
Insurance premium/Life insurance premium income		1,394,146	-	-
Income on supporting service		48,327	82,208	46,749
Other income		59,091	47,292	13,003
Total non-interest income		2,280,152	506,375	386,175

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

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

	Note	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		2007	2007	2006 (Restated)
NON-INTEREST EXPENSES				
Personnel expenses		695,001	451,312	337,570
Premises and equipment expenses		281,233	211,732	134,078
Taxes and duties	*1.6*	82,529	79,650	121,337
Fees and charges		74,857	13,690	9,281
Directors' remuneration		2,104	1,200	1,526
Loss on disposal of property foreclosed and other assets		25,492	22,905	286
Contribution fee to the Financial Institutions				
Development Fund		207,208	207,208	210,252
Commission on hire-purchase	*1.6*	-	-	324,915
Insurance/Life insurance expenses		1,121,671	-	-
Other expenses		697,927	623,466	297,805
Total non-interest expenses		3,188,022	1,611,163	1,437,050
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		660,983	322,608	65,000
CORPORATE INCOME TAX		(22,448)	99,944	(7,680)
INCOME BEFORE MINORITY INTEREST		638,535	422,552	57,320
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST IN SUBSIDIARIES		(10,913)	-	-
NET INCOME FOR THE PERIOD		627,622	422,552	57,320
EARNINGS PER SHARE				
Basic earnings per share (Baht per share)		0.37	0.25	0.04
Weighted average number of ordinary shares (shares)		1,680,567,796	1,680,567,796	1,458,356,092

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

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

	Note	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		2007	2007	2006
				(Restated)
INTEREST AND DIVIDEND INCOME				
Loans		3,530,984	3,549,699	5,063,557
Interbank and money market items		1,001,619	980,118	1,430,475
Hire purchase and financial lease		7,639,779	7,522,111	3,833,206
Investments		904,799	866,219	632,402
Total interest and dividend income		13,077,181	12,918,147	10,959,640
INTEREST EXPENSES				
Deposits		5,854,329	5,857,445	5,655,619
Interbank and money market items		124,896	124,539	70,955
Short-term borrowings		902,607	891,101	31,429
Long-term borrowings		586,213	585,790	820,906
Total interest expenses		7,468,045	7,458,875	6,578,909
Net interest and dividend income		5,609,136	5,459,272	4,380,731
BAD DEBTS AND DOUBTFUL ACCOUNTS	*9*	(1,717,483)	(1,709,099)	(967,382)
LOSS ON DEBT RESTRUCTURING		(335)	(335)	(4,667)
Net interest and dividend income after bad debts and doubtful accounts and loss on debt restructuring		3,891,318	3,749,838	3,408,682
NON-INTEREST INCOME				
Brokerage fees		238,291	-	-
Gain on investments		74,182	62,577	95,971
Share of income from investment in an associated company accounted for under equity method		49,916	-	-
Fees and service income				
Acceptances, aval and guarantees		15,702	15,702	12,006
Discounted income on insurance premium		552,386	574,629	477,536
Others		514,487	390,341	142,814
Gain on exchanges and financial derivatives contracts		15,758	15,760	24,183
Insurance premium/Life insurance premium income		1,394,146	-	-
Income on supporting service		205,544	239,425	137,182
Other income		136,890	125,090	39,153
Total non-interest income		3,197,302	1,423,524	928,845

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

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

	Note	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
		2007	2007	2006 (Restated)
NON-INTEREST EXPENSES				
Personnel expenses		1,540,293	1,304,145	901,733
Premises and equipment expenses		645,401	575,884	329,682
Taxes and duties	*1.6*	251,701	248,822	362,927
Fees and charges		94,197	33,029	33,901
Directors' remuneration	*16*	7,156	6,250	8,348
Loss (gain) on disposal of property foreclosed and other assets		68,745	66,159	(19,070)
Contribution fee to the Financial Institutions Development Fund		607,383	607,383	508,101
Commission on hire-purchase	*1.6*	-	-	1,042,119
Insurance/Life insurance expenses		1,121,671	-	-
Other expenses		1,608,004	1,531,988	867,299
Total non-interest expenses		5,944,551	4,373,660	4,035,040
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		1,144,069	799,702	302,487
CORPORATE INCOME TAX	*17*	(208,162)	(83,972)	(51,680)
INCOME BEFORE MINORITY INTEREST		935,907	715,730	250,807
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST IN SUBSIDIARIES		(10,913)	-	-
NET INCOME FOR THE PERIOD		924,994	715,730	250,807
EARNINGS PER SHARE				
Basic earnings per share (Baht per share)		0.60	0.47	0.17
Weighted average number of ordinary shares (shares)		1,533,240,622	1,533,240,622	1,458,356,092

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS								
	Issued and paid-up share capital	Share premium	Revaluation surplus on investments	Revaluation deficit on investments	Surplus from business combination under common control	Retained earnings: Appropriated - statutory reserve	Retained earnings: Unappropriated	Minority interest	Total
Balance - as at 1 January 2007	14,583,561	340,898	18,777	(533,077)	-	77,903	710,465	-	15,198,527
Increase from share capital issuance	2,762,632	1,759,796	-	-	-	-	-	-	4,522,428
Increase in revaluation surplus on investments	-	-	80,869	-	-	-	-	-	80,869
Decrease in revaluation deficit on investments	-	-	-	161,707	-	-	-	-	161,707
Surplus from business combination under common control	-	-	-	-	(123,379)	-	-	-	(123,379)
Increase in minority interest in subsidiaries	-	-	-	-	-	-	-	37,404	37,404
Net income for the period	-	-	-	-	-	-	924,994	10,913	935,907
Dividend paid (Note 13)	-	-	-	-	-	-	(218,753)	-	(218,753)
Balance - as at 30 September 2007	17,346,193	2,100,694	99,646	(371,370)	(123,379)	77,903	1,416,706	48,317	20,594,710

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

	SEPARATE FINANCIAL STATEMENTS						
	Issued and paid-up share capital	Share premium	Revaluation surplus on investments	Revaluation deficit on investments	Retained earnings: Appropriated - statutory reserve	Retained earnings: Unappropriated	Total
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	-	-	(62,484)	-	-	-	(62,484)
Decrease in revaluation deficit on investments	-	-	-	137,103	-	-	137,103
Net income for the period	-	-	-	-	-	250,807	250,807
Dividend paid	-	-	-	-	-	(364,589)	(364,589)
Balance - as at 30 September 2006	14,583,561	340,898	29,415	(506,812)	66,649	747,447	15,261,158
Balance - as at 1 January 2007	14,583,561	340,898	18,777	(533,077)	77,903	710,465	15,198,527
Increase from share capital issuance	2,762,632	1,759,796	-	-	-	-	4,522,428
Increase in revaluation surplus on investments	-	-	46,311	-	-	-	46,311
Decrease in revaluation deficit on investments	-	-	-	157,892	-	-	157,892
Net income for the period	-	-	-	-	-	715,730	715,730
Dividend paid (Note 13)	-	-	-	-	-	(218,753)	(218,753)
Balance - as at 30 September 2007	17,346,193	2,100,694	65,088	(375,185)	77,903	1,207,442	20,422,135

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
	2007	2007	2006 (Restated)
Cash flows from operating activities			
Net income	924,994	715,730	250,807
Adjustments to reconcile net income to			
net cash provided by (used in) operating activities :-			
Net income attributable to minority interest	10,913	-	-
Share of income from investments accounted for under equity method	(49,916)	-	-
Depreciation and amortisation	238,633	216,461	122,449
Bad debt and doubtful accounts and loss from debt restructuring	1,717,818	1,709,434	972,049
Amortisation of discounts on investment in debt securities	(232,496)	(227,124)	(26,335)
Amortisation of discounts on borrowings	22,318	22,318	21,440
Increase (decrease) in allowance for impairment of investments	34,000	34,000	(3,047)
Increase (decrease) in allowance for impairment of property foreclosed	72,858	71,553	(77)
Interest income and other income from the assets transferred for debt repayment	(225)	(225)	(810)
Loss (gain) from disposal of equipment	715	(704)	(2,393)
Unrealised gain on exchange	(80,039)	(80,039)	(22,510)
Gain from sales of investment in associated company	(6,914)	-	-
Increase in unearned premium reserve/life insurance premium reserve	509,511	-	-
Increase in allowance for impairment of other assets	28,004	25,099	5,206
Gain from redemption of subordinated debenture before maturity date	-	-	(7,485)
Decrease (increase) in accrued interest and dividend income receivable	83,873	76,453	(160,024)
Decrease (increase) in other income receivable	(8,669)	(42,484)	7,854
Decrease in fees and rental received in advance	(15,310)	(15,310)	(11,696)
Amortisation of deferred hire purchase income/deferred income	(2,936)	(109,288)	(64,645)
Increase in accrued interest payable	11,182	28,650	609,979
Increase in accrued expenses	405,575	302,964	299,684
Income from operating activities before changes in operating assets and liabilities	3,663,889	2,727,488	1,990,446

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
	2007	2007	2006 (Restated)
Decrease (increase) in operating assets			
Interbank and money market items	(5,131,432)	(6,408,625)	(9,616,885)
Securities purchased under resale agreements	6,300,000	6,300,000	(35,400,000)
Receivable from clearing house	(467,029)	-	-
Loans and receivables	(13,815,441)	(15,170,636)	(26,560,816)
Property foreclosed	3,002,941	2,971,893	758,612
Other assets	43,941	(21,302)	481,198
Increase (decrease) in operating liabilities			
Deposits	5,302,181	5,789,493	71,691,082
Interbank and money market items	(1,332,608)	341,344	1,024,221
Payable to clearing house	246,571	-	-
Securities business payable	1,615,494	-	-
Liability payable on demand	(329,830)	(329,830)	(332,924)
Other liabilities	(580,651)	(329,886)	46,851
Net cash flows from (used in) operating activities	(1,481,974)	(4,130,061)	4,081,785
Cash flows from investing activities			
Increase in investments in securities held for investment	(4,195,614)	(2,801,207)	(1,679,758)
Cash paid for acquisition of subsidiary's business	(4,236,049)	(4,241,357)	-
Cash received for sales of investment in an associated company	345,970	-	-
Cash paid for purchase of equipment	(588,889)	(541,752)	(539,590)
Cash received from disposal of equipment	6,496	6,049	4,657
Net cash flows used in investing activities	(8,668,086)	(7,578,267)	(2,214,691)
Cash flows from financing activities			
Cash received from issued additional share capital	4,522,428	4,522,428	-
Cash received from borrowings	10,364,426	10,364,426	-
Cash payment for borrowings	(4,446,700)	(2,889,200)	(149,844)
Cash paid for dividend	(218,753)	(218,753)	(364,589)
Net cash flows from (used in) financing activities	10,221,401	11,778,901	(514,433)
Net increase in cash	71,341	70,573	1,352,661
Cash at beginning of the period	2,465,681	2,465,681	800,361
Cash at end of the period	2,537,022	2,536,254	2,153,022

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS	
	2007	2007	2006
			(Restated)
Supplemental cash flows information :-			
Cash paid during the period for			
Interest	7,411,361	7,407,908	5,949,819
Income tax deducted at source	178,690	86,980	40,136
Non-cash transactions			
Transfer of properties foreclosed from receivables for debt settlement	3,457,383	3,426,120	903,206
Accounts payable for purchase of fixed assets	49,336	49,336	28,473
Bad debt written-off	761,642	761,642	-

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

(UNAUDITED BUT REVIEWED)

THANACHART BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

1. GENERAL INFORMATION

1.1 The Bank's information

Thanachart Bank Public Company Limited ("the Bank") was incorporated as a public limited company under Thai laws and commenced operation as a commercial bank on 22 April 2002. The Bank's registered address is 900, Tonson Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok. Its parent company is Thanachart Capital Public Company Limited ("the Parent Company"), a public limited company also existing under Thai laws. As at 30 September 2007, the Parent Company holds 74.48 percent of its shares (31 December 2006 : holds 99.36 percent of its shares), and the Bank had 157 operational branches.

1.2 Restructure of business performance in financial institution

a) On 5 July 2007, the Bank of Thailand ("the BOT") approved a proposal for the Bank and the Parent Company to change the structure of the financial business group in accordance with the principle of consolidated supervision. In this regard, in accordance with a resolution of the Annual General Meeting of the Shareholders of the Parent Company and the Bank held on 30 April 2007, the Bank purchased investments in 8 subsidiaries from the Parent Company. These subsidiaries are Thanachart Securities Public Company Limited, Thanachart Insurance Company Limited, Thanachart Life Assurance Company Limited, Thanachart Fund Management Company Limited, Thanachart Broker Company Limited, Thanachart Group Leasing Company Limited, Thanachart Management and Services Company Limited and Thanachart Legal and Appraisal Company Limited.

Moreover, the BOT granted permission for the Parent Company to be shareholder of the three companies in the financial business group, comprising the Bank and two asset management companies together with one of the companies outside the financial business group that carries on financial business (in this respect, the existing conditions of permission are to be complied with and the investment in this company does not need to be deducted from the capital fund of the financial group). In this permission, the Parent Company can invest in others four companies outside the financial business group that do not operate financial business and another three companies acquired as a result of debt restructuring, but shareholding is to be reduced to not more than 10% within 20 December 2009. In calculating capital funds under the consolidated supervision level, the Parent Company must apply full consolidation, such that investments where direct and indirect shareholdings in companies in the financial business group amount to less than 50% of the issued and paid-up capital, investments in companies in which the Parent Company is not permitted to hold more than 10% of paid-up share capital and investment in insurance company and life-assurance company are to be deducted from the capital funds of the financial business group. The Bank is also to prepare financial statements on a solo consolidation basis, consolidating the financial information of the Bank and Thanachart Group Leasing Company Limited, with the Bank's direct and indirect shareholdings being deducted in the same way as those of the Parent Company.

On 12 July 2007, the Bank purchased the above 8 subsidiaries from the Parent Company for a total of Baht 4,158 million, with the price being referenced to the book value of the subsidiaries as of the end of June 2007.

b) On 11 July 2007, the BOT announced that the minister of the Ministry of Finance had agreed to a relaxation of the rule whereby the Bank of Nova Scotia Asia Limited ("BNSAL") can hold the Bank's shares but not to exceed 24.99% of the total paid-up capital, permitting the Bank to have non-Thai shareholding of up to 49% of its total issued capital and to have non-Thai nationals directors more than one fourth, but no more than one half and no more than the proportion of non-Thai shareholding, of the total number of directorships.

On 19 July 2007, the Bank proposed the sale of 276,263,200 additionally issued shares to BNSAL at a price of Baht 16.37 per share, and BNSAL's purchase of 157,130,216 existing ordinary shares of the Bank from the Parent Company at a price of Baht 16.37 per share. As a result, BNSAL's shareholding in the Bank would total 433,393,416 shares, or 24.98% of its total issued capital, and the Parent Company would hold 1,291,912,593 of the Bank's shares, or 74.48%.

Under the Shareholders' Agreement made between the Parent Company and BNSAL on 29 April 2007, BNSAL had indicated its intention to purchase up to 49% of the issued and outstanding ordinary shares of the Bank as a strategic partner, in terms of both investment and management, with all additional shares to be purchased from the Parent Company, under conditions whereby the shares are to be purchased in 2 periods. However, the purchase of additional shares of the Bank depends on the receipt of regulatory approval.

In addition, the Parent Company, the Bank and BNSAL agreed on other matters under the agreements, whereby each company had rights and performance obligations as per the conditions outlined in the agreements, such as stipulations on dividend payment, the sale of the Bank's shares, the issuance of additional securities or convertible securities by the Bank, the right of first refusal to purchase the Bank's share, obligation to purchase the Bank's share, call and put right to purchase the Bank's share, the appointment of directors of the Bank and its subsidiaries, and the assignment of experts to work at the Bank.

Furthermore, under the conditions of the agreements among the Parent Company, the Bank and BNSAL, the Parent Company and the Bank must disclose information relating to the business performance, operations, and legal compliance of the Bank and its subsidiaries and certify the disclosed information, to assist BNSAL in deciding whether to purchase shares in the Bank. In the event that the Bank or its subsidiaries have to pay any damages, compensation or penalties to any other party, as a result of events or information that the Parent Company and the Bank failed to disclose to BNSAL before BNSAL purchased the shares of the Bank, the Parent Company and the Bank will compensate BNSAL for any losses, in accordance with the conditions and timeframe stipulated in the agreements.

c) On 19 July 2007, the Bank accepted the transfer of assets and liabilities of the Bank of Nova Scotia Limited - Bangkok Branch in accordance with the One Presence Policy in line with the Financial Sector Master Plan. Under this policy, when BNSAL became a shareholder of the Bank, it had to return the commercial bank operation license of the Bank of Nova Scotia - Bangkok Branch to the Ministry of Finance and transfer its assets, liabilities and commitments denominated in Thai Baht and foreign currencies to the Bank, at their net book values, which are summarized in Thai Baht below :-

(Unit : million)

Transactions			Amount
Assets	-	Loans	824
		- Equipment	4
Liabilities	-	Deposits	53
Net amount paid			775
Letter of guarantee and letters of credit			1,754
Other commitment - foreign exchange contracts			10

d) During 2007, the Parent Company transferred 520 employees of the Parent Company to the Bank for support the operations of the Bank and its subsidiaries, effective from 1 February 2007. All transferred staff will receive identical compensation and benefits. Moreover, the Parent Company transferred assets totaling Baht 221 million used by those staffs in carrying out their duties, including intellectual property, which comprising all related rights, obligations and benefits in IT-related intellectual property relevant to the business of the Bank and its subsidiaries.

1.3 Basis of preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standards No. 41 “Interim financial statements”, with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the balance sheets, and the statements of income, changes in shareholders’ equity and cash flows in the same form as that used for the annual financial statements.

The 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.

1.4 Basis of preparation of the interim consolidated financial statements

These interim consolidated financial statements include the financial statements of the Bank and the following subsidiary companies, in which the Bank invested during the current period. Therefore, the consolidated balance sheet as at 30 September 2007 include the subsidiary companies' balance sheet and the consolidated income statement include the subsidiary companies' results from the date of investment (1 July 2007 : Under the agreement made between the Bank and the Parent Company on 12 July 2007, the Parent Company agreed to transfer all of their benefits in those subsidiaries to the Bank since 1 July 2007).

The outstanding balances and significant intercompany transactions between the Bank and its subsidiaries have been eliminated in the consolidated financial statements. The investments in subsidiaries as recorded in the Bank's books of accounts have been eliminated against shareholders' equity of the subsidiaries.

	Percentage of holding 30 September 2007
Subsidiary companies directly held by the Bank	
Thanachart Securities Plc.	100.00
Thanachart Insurance Co., Ltd.	100.00
Thanachart Life Assurance Co., Ltd.	100.00
Thanachart Fund Management Co., Ltd.	75.00
Thanachart Broker Co., Ltd.	100.00
Thanachart Group Leasing Co., Ltd.	100.00
Thanachart Management and Services Co., Ltd.	100.00
Thanachart Legal and Appraisal Co., Ltd.	100.00
Thanachart Training and Development Co., Ltd.	100.00
Subsidiary companies indirectly held by the Bank	
Thanachart Leasing 2000 Co., Ltd.	100.00
National Leasing Co., Ltd.	100.00

a) On 12 July 2007, the Bank purchased eight subsidiaries (Thanachart Securities Plc., Thanachart Insurance Co., Ltd., Thanachart Life Assurance Co., Ltd., Thanachart Fund Management Co., Ltd., Thanachart Broker Co., Ltd., Thanachart Group Leasing Co., Ltd., Thanachart Management and Services Co., Ltd. and Thanachart Legal and Appraisal Co., Ltd.,) from its parent company for a total of Baht 4,158 million. The purchase price was based on the net book value of each subsidiary company as at the end of June 2007. The BOT approved the parent company's sale of ordinary shares in the said eight subsidiaries to the Bank on 5 July 2007.

This purchase of subsidiaries was treated as a business combination under common control since the Bank and the eight subsidiaries were all subsidiaries of and controlled by Thanachart Capital Public Company Limited. Therefore, the Bank recorded the investments based on a pooling-of-interests method, which means that the Bank records both assets and liabilities of all companies at book value at the date of combination under common control. The difference between the business combination cost and the interest of the Bank in the book value of the subsidiaries, amounting to Baht 123 million, was recognised in "Surplus from business combination under common control" and presented separately in shareholders' equity.

To provide additional information on the Bank's financial position and its operation for comparison purposes, the pro forma condensed consolidated balance sheet and consolidated income statement have been prepared and presented as though the merger between the Bank and its subsidiaries took place since prior years (without elimination) as follows :

(UNAUDITED BUT REVIEWED)

Condensed balance sheets (Under business combination)

(Unit : Million Baht)

	30 September 2007	31 December 2006
Assets		
Cash	2,537	2,466
Interbank and money market items – net	32,167	26,947
Securities purchased under resale agreements	-	6,300
Investments – net	31,078	26,138
Loans and accrued interest receivables – net	212,112	202,912
Property foreclosed – net	1,428	1,041
Land, premises and equipment – net	1,877	1,412
Other assets	4,389	3,713
Total assets	285,588	270,929
Liabilities		
Deposits	204,283	198,981
Interbank and money market items	4,731	6,589
Securities business payable	2,701	667
Liability payable on demand	1,132	1,462
Borrowings	40,476	33,697
Accrued interest payable	1,794	1,777
Life premium reserve	4,553	3,550
Other liabilities	5,651	9,775
Total liabilities	265,321	256,498
Shareholders' equity of the Bank	20,219	14,341
Minority interest - equity attributable to minority shareholders of subsidiaries	48	90
Total liabilities and shareholders' equity	285,588	270,929

Condensed income statements (Under business combination)

(Unit : Million Baht)

	Consolidated financial statements			
	For three-month periods ended 30 September		For nine-month periods ended 30 September	
	2007	2006	2007	2006
Interest and dividend income	4,517	4,322	13,380	11,376
Interest expenses	(2,267)	(2,650)	(7,497)	(6,681)
Bad debt and doubtful accounts	(681)	(464)	(1,770)	(1,017)
Non-interest income	2,377	1,569	5,841	4,117
Non-interest expenses	(3,188)	(2,510)	(8,321)	(6,995)
Corporate income tax	(22)	(27)	(372)	(189)
Net income attributable to minority interest	(11)	(13)	(19)	(15)
Net income for the periods	725	227	1,242	596
Earnings per share, under business combination (Baht)	0.43	0.16	0.81	0.41
Weighted average number of ordinary shares as at the end of the period (Million shares)	1,681	1,458	1,533	1,458

b) On 28 September 2007, the Bank purchased additional 6,000,000 ordinary shares of Thanachart Insurance Co., Ltd. from a third party, representing 12 percent of the paid-up share capital, for a total of Baht 78.12 million. The purchase price is based on its book value as at the end of July 2007. As a result of this additional purchase, the Bank holds a 100% interest in such company.

c) On 27 April 2007, the Bank invested in Thanachart Training and Development Company Limited, in which the Bank holds a 100% interest.

Total assets and total income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 30 September 2007 and for the nine-month period ended 30 September 2007 (after eliminating significant intercompany transactions) are as follows :-

(Unit : Million Baht)

	Total assets as at 30 September 2007	Total income for the nine-month period ended 30 September 2007
Thanachart Life Assurance Co., Ltd.	5,207	907
Thanachart Securities Plc.	5,334	441
Thanachart Group Leasing Co., Ltd.	4,749	134
Thanachart Insurance Co., Ltd.	2,278	542

1.5 Adoption of new accounting standards during the period

The Federation of Accounting Professions has issued Notifications No. 9/2550 and 38/2550 regarding Thai Accounting Standards (TAS), and these have been published in the Royal Gazette. The Notifications mandate the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

a) Thai Accounting Standards (revised version) which are effective for the current year

TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures

These three accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the current period, the Bank invested in subsidiary and associated companies and has recorded such investments in its separate financial statements in accordance with the revised Accounting Standards No. 44 and 45. However, Accounting Standard No. 46 is not relevant to the business of the Bank.

b) Thai Accounting Standards (revised version) which are not effective for the current year

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 35	Presentation of Financial Statements
TAS 39	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41	Interim Financial Reporting
TAS 49	Construction Contracts

These six accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The Bank's management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

1.6 Significant accounting policies

These interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2006, except for :-

a) Interest on hire purchases

From 1 January 2007, the Bank changed its revenue recognition method for interest on hire purchases from the sum-of-the-year-digits method to the effective interest method, whereby income from hire purchases which originated on or after 1 January 2007 is recognised based on the effective interest method and income from hire purchases which originated before 1 January 2007 is recognised based on the effective interest method, using the brought forward balances of hire purchase receivables as of 1 January 2007 as the beginning balances and recognising interest under the effective interest method over the remaining periods of the contracts.

b) Commission and expenses charged on hire-purchase business

The Bank changed its method of recognition of commissions and direct expenses charged on hire purchase contracts (initial direct costs on the inception of the contracts, such as commission expenses and stamp duty expenses) for hire purchase contracts originating on or after 1 January 2007 from fully recognising them as expenses at the transaction date to amortising them under the effective interest method, in the same manner as interest income, and deducting the amortisation from interest income throughout the contract period.

Unearned income on hire purchase is presented after netting commission expenses and initial direct cost on the inception of the contracts.

c) Property foreclosed - movable assets

From 1 January 2007, the Bank changed its method of recording property foreclosed – movable assets from recording the cost of such assets at the book value of the receivables on the transfer date, to recording them at the fair value (with reference to appraisal value less estimated selling expenses), providing this does not exceed the book balance of such receivables.

In this regard, the Bank has restated the previous period's separate financial statements as though property foreclosed had originally been recorded at fair value on the transfer date. This change together with the allowance for doubtful accounts may not have the effect of the income statement and statement of changes in shareholders' equity for period 2006 and 2007 but may have the effect of the decreasing corporate income tax of the Bank of 2006 by Baht 102 million. On 19 September 2007, the Bank has requested the refund of this corporate income tax from the Revenue Department but there is uncertainty as to the amount that would be refunded, the Bank has therefore not recorded the tax effect in the financial statements.

d) Investments in subsidiary and associated companies

Investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method net of allowance for impairment (if any).

Investments in associated companies in 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 share of the income from the operations of each associated company, in proportion to the investment.

Goodwill, presented as an asset in the consolidated financial statements of the Bank, is the excess of the purchase price over the net assets value of investment in subsidiaries as of the acquisition date and is stated at cost less allowance for impairment (if any).

Accounting policies of subsidiaries purchased during the period.

e) Revenue recognition

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

- Interest on loans for purchase of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Office of the Securities Exchange Commission ("SEC").

f) Insurance/life insurance premium income

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

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

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

g) Unearned premium/life insurance premium reserve

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

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

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

(a) Reserve for life insurance policies of over 1 year is determined using the fractional reserve method.

(b) Reserve for life insurance policies of 1 year or less is determined based on the full unearned premium reserve and the period of coverage.

h) Receivables from/payable to Clearing House

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

i) Loans - securities business receivables

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

j) Allowance for doubtful accounts - securities business receivables

A securities subsidiary has provided allowance for doubtful accounts based on a review of the debtor's ability to make payment, taking into consideration recovery risk and the value of the collateral, in accordance with the Notifications of the Office of the Stock Exchange of Thailand.

k) Premium due and uncollected and allowance for doubtful accounts

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

l) Loss reserve and outstanding claims/Benefits payment

Outstanding claims have been provided for upon the receipt of claims advices from the insured/life insured. Loss reserve has been provided based on estimates made by independent appraiser or the relevant officers of the subsidiaries on a case by case basis. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, a subsidiary company engaged in the non-life insurance business, additionally set up provision for losses incurred but not yet reported (IBNR) at the rate of 2.5 percent of net cash inflows from insurance premiums during the previous 12 months. Such reserve is set up in accordance with the Notification of the Ministry of Commerce governing the appropriation of loss reserves of non-life insurance companies.

2. INTERBANK AND MONEY MARKET ITEMS (ASSETS)

(Unit : Million Baht)

	Consolidated financial statements		
	30 September 2007		
	At call	Term	Total
Domestic :-			
Bank of Thailand and Financial Institutions Development Fund	2,742	-	2,742
Commercial banks	801	919	1,720
Other banks	36	220	256
Other financial institutions	42	108	150
Total	3,621	1,247	4,868
Add : Accrued interest receivables	-	15	15
Less : Allowance for doubtful accounts	(42)	-	(42)
Total domestic items	3,579	1,262	4,841
Foreign :-			
US Dollar	9	27,109	27,118
Euro	39	-	39
Others	107	-	107
Total	155	27,109	27,264
Add : Accrued interest receivables	-	71	71
Less : Allowance for doubtful accounts	-	(9)	(9)
Total foreign items	155	27,171	27,326
Total	3,734	28,433	32,167

(Unit : Million Baht)

	Separate financial statements					
	30 September 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
Domestic :-						
Bank of Thailand and Financial						
Institutions Development Fund	2,742	-	2,742	2,180	-	2,180
Commercial banks	127	19	146	154	-	154
Other banks	33	-	33	22	-	22
Total domestic items	2,902	19	2,921	2,356	-	2,356
Foreign :-						
US Dollar	9	27,109	27,118	101	21,230	21,331
Euro	39	-	39	25	-	25
Others	107	-	107	32	-	32
Total	155	27,109	27,264	158	21,230	21,388
Add : Accrued interest receivables	-	71	71	-	137	137
Less : Allowance for doubtful accounts	-	(9)	(9)	-	-	-
Total foreign items	155	27,171	27,326	158	21,367	21,525
Total	3,057	27,190	30,247	2,514	21,367	23,881

3. INVESTMENTS

3.1 Classified by type of investment

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements			
	30 September 2007		30 September 2007		31 December 2006	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Current investment :						
Available-for-sale securities						
Government and state enterprises securities	2,865	2,874	764	772	1,656	1,656
Private debt securities	225	226	54	54	342	342
Domestic marketable equity securities	10	10	-	-	-	-
Total	3,100	3,110	818	826	1,998	1,998
Add : Allowance for change in value	10		8		-	
Net	3,110		826		1,998	
Held-to-maturity debt securities						
- dued within one year						
Government and state enterprises securities	208		208		16	
Private debt securities	236		4		17	
Foreign debt securities	9,394		9,394		429	
Total	9,838		9,606		462	
Total current investment – net	12,948		10,432		2,460	

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements			
	30 September 2007		30 September 2007		31 December 2006	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Long-term investment :						
Available-for-sale securities						
Government and state enterprises securities	1,035	1,037	888	891	4,577	4,568
Private debt securities	2,050	2,063	1,300	1,312	660	655
Domestic marketable equity securities						
Listed securities	271	300	81	76	530	447
Unit trusts	1,227	1,275	696	730	944	948
Total	4,583	4,675	2,965	3,009	6,711	6,618
Add (less) : Allowance for change in value	92		44		(93)	
Net	4,675		3,009		6,618	
Held-to-maturity debt securities						
Government and state enterprises securities	10,845		9,984		10,165	
Private debt securities	128		-		-	
Foreign debt securities	685		685		1,442	
Total	11,658		10,669		11,607	
Less : Allowance for impairment	(89)		(89)		(55)	
Net	11,569		10,580		11,552	
Other investment						
Investments in property fund	984		980		1,101	
Domestic non-marketable equity securities						
Investment in equity securities	139		109		163	
Unit trusts	-		20		20	
Total	1,123		1,109		1,284	
Less : Allowance for impairment	(20)		(20)		(20)	
Net	1,103		1,089		1,264	
Total long-term investment – net	17,347		14,678		19,434	

3.2 As at 30 September 2007, the Bank have a revaluation surplus and deficit arising from the transfer of investments in debt securities, of which the current balances of Baht 6 million and Baht 368 million, respectively, in the consolidated financial statements and the separate financial statements have been presented in shareholders' equity (31 December 2006 : Baht 9 million and Baht 430 million, respectively, in the separate financial statements).

3.3 As at 30 September 2007, long-term investments in held-to-maturity debt securities include non-transferable, 10 years promissory notes, which were received as a result of the transfer of non-performing loans of totaled Baht 296 million to Thai Asset Management Corporation ("TAMC") (31 December 2006 : Baht 296 million). However, the agreed transfer price 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 contingent losses arising from the management of non-performing assets at approximately Baht 89 million (31 December 2006 : Baht 55 million). Such amount has been presented as allowance for impairment under the caption of investments in held-to-maturity debt securities, classified based on the type of promissory note.

In addition, the Bank also share joint responsibility with TAMC for future profits or losses arising from TAMC's management of the non-performing assets as mentioned in Note 20.2 to the financial statements.

3.4 As at 30 September 2007, investments in government and state enterprise bonds in the consolidated financial statements (at amortised cost) of Baht 950 million have been placed as collateral for loans from commercial banks and as security with the Insurance Registrar.

3.5 As at 30 September 2007, approximately Baht 9 million of other investments (at cost) comprised investments in securities received as a result of debt restructuring. The Bank is prohibited from selling these investments for periods stipulated in the debt restructuring agreements (31 December 2006 : Baht 9 million).

3.6 As at 30 September 2007 and 31 December 2006, investments in securities of the Bank 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	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
			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 going concern issues	2	2	21	21	2	2	19	19

4. INVESTMENTS IN SUBSIDIARY COMPANIES

4.1 As at 30 September 2007, investments in subsidiary companies in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following subsidiary companies :-

		Separate financial statement		
		As at 30 September 2007		
Company's name	Nature of business	Paid-up share capital	Percentage of holding	Value of investment under the cost method
		(Million Baht)	(%)	(Million Baht)
Thanachart Securities Plc.	Securities business	1,500	100	2,028
Thanachart Insurance Co., Ltd.	Non-life insurance	500	100	627
Thanachart Life Assurance Co., Ltd.	Life - insurance	500	100	936
Thanachart Fund Management Co., Ltd.	Fund management	100	75	122
Thanachart Broker Co., Ltd.	Non-life insurance broker	100	100	141
Thanachart Group Leasing Co., Ltd.	Leasing and hire purchase	360	100	412
Thanachart Management and Services Co., Ltd.	Services	6	100	11
Thanachart Legal and Appraisal Co., Ltd.	Legal services	10	100	13
Thanachart Training and Development Co., Ltd.	Training services	5	100	5
Total investments in subsidiary companies				4,295

4.2 The consolidated balance sheet as at 30 September 2007 and consolidated income statement for the three-month and the nine-month period then ended included assets of a subsidiary company (Thanachart Life Assurance Co., Ltd.) amounting to Baht 5,207 million, income of Baht 907 million and net income of Baht 64 million. The auditor of the subsidiary company issued a qualified report on its financial statements with regard to the effect to the financial statements of any adjustments which might be required as a result of a scope limitation imposed on the audit of insurance income and related expenses. However, the Bank's management believes that there is no material impact to the Bank's financial statements as a whole.

5. INVESTMENTS IN AN ASSOCIATED COMPANY

5.1 As at 30 September 2007, the Bank and its subsidiaries have investment in ordinary shares of MBK Public Company Limited, representing 10.76 percent of the paid-up share capital. The three executives of the Bank are directors/authorised directors of that company. The Bank and its subsidiaries thus recorded such investments as investments in associated company and presented it in the consolidated financial statement under the equity method, in accordance with the letter from BOT informing the Parent Company to record investment in that company as investments in an associated company since it had significant influence over the management of that company. Investments in an associated company can be summarised as follows :-

		As at 30 September 2007			
		Paid-up share	Percentage	Investment value	
Company's name	Nature of business	capital	of holding	Cost method	Equity method
		(Million Baht)	(%)	(Million Baht)	(Million Baht)
Consolidated financial statement					
MBK Plc.	Property rental, hotel and services	1,886	10.76	1,066	1,125
				1,066	1,125

5.2 The share of income of that associated company recognised in the current period is determined based on financial statements of that associated company prepared for a different period, as a result of limitations on the availability of information. Share of income for the current period amounting to Baht 50 million (or at 5.40 percent of consolidated net income) is determined based on the financial statements of such company for the period ended 30 June 2007, with reference to the financial statements reviewed by its auditor and adjusted to reflect differences in accounting policies, because the Bank's management believes that the net incomes for the three-month periods ended 30 June 2007 and 30 September 2007 would not materially differ.

6. LOANS AND ACCRUED INTEREST RECEIVABLES

6.1 Classified by loan type

(Unit : Million Baht)

	Consolidated financial statement	Separate financial statements	
	30 September 2007	30 September 2007	31 December 2006
Finance business loans			
Overdrafts	1,361	1,361	989
Loans	29,883	29,882	31,139
Notes receivable	24,938	28,732	54,871
Hire-purchases receivables	155,704	150,947	113,238
Financial leases receivables	1,047	743	415
Total loans	212,933	211,665	200,652
Add : Accrued interest receivables	209	222	234
Less : Allowance for doubtful accounts	(4,217)	(4,061)	(3,062)
Revaluation allowance for debt restructuring	(13)	(13)	(71)
Finance business loans and accrued interest receivables - net	208,912	207,813	197,753
Securities business receivables			
Customers' accounts	2,469	-	-
Credit balances receivables	713	-	-
Other receivables	308	-	-
Total securities business receivables	3,490	-	-
Add : Accrued interest receivables	1	-	-
Less : Allowance for doubtful accounts	(306)	-	-
Securities business receivables and accrued interest receivables - net	3,185	-	-
Loans and accrued interest receivables - net	212,097	207,813	197,753

As at 30 September 2007 and 31 December 2006, the Bank and its subsidiaries have unearned interest income and interest income received in advance as follows :-

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	30 September 2007	30 September 2007	31 December 2006
Unearned interest income	176	176	199
Unearned income from hire-purchase/financial lease	25,733	24,744	19,843
Interest income received in advance	3	3	3

6.2 Non-performing loans

As at 30 September 2007 and 31 December 2006, the Bank and the securities company had non-performing loans (debtors classified as substandard, doubtful and doubtful of loss) classified in accordance with the Notification of the BOT and SEC as follows :-

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	30 September 2007	30 September 2007	31 December 2006
Non-performing loans (excluding accrued interest receivables)			
The Bank	4,793	4,793	3,753
Securities business	307	-	-

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's regulations.

Additionally, the Bank and the securities company had loans for which income recognition under an accrual basis has been discontinued, as follows :-

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	30 September 2007	30 September 2007	31 December 2006
The Bank	4,579	4,579	3,129
Securities business	307	-	-

6.3 Troubled debt restructuring

During the nine-month period ended 30 September 2007, the Bank has entered into debt restructuring agreements with 45 debtors. The total outstanding book balances of these debtors before restructuring amounted to approximately Baht 178 million (of which 14 debtors, representing a total of approximately Baht 77 million, had already entered into debt restructuring agreements but were unable to make repayment, and therefore entered into new debt restructuring agreements).

Type of restructuring	Number of debtors	Outstanding loan balance before restructuring [(1)]	Outstanding loan balance after restructuring [(1)]	Type of assets to be transferred	Fair value of assets to be transferred per agreements
		Million Baht	Million Baht		Million Baht
Modification of repayment conditions	42	135	135		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	3	43	43	Land	43
Total	45	178	178		

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

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 :-

	Number of debtors	Outstanding loan balances after restructuring
		Million Baht
Past due after restructuring	28	79
Due within 2007	3	43
Less than 5 years	2	1
5 - 10 years	5	38
10 - 15 years	3	5
More than 15 years	4	12
Total	45	178

Supplemental information for the nine-month period ended 30 September 2007 relating to restructured loan is as follows :-

	(Unit : Million Baht)
Interest income recognised in income statements	136
Cash repayment from receivables	402
Properties foreclosed received for debts settlement	43

The Bank cannot estimate the contingent loss of loans that are in the process of restructuring.

As at 30 September 2007, the Bank and its subsidiaries have the following restructured receivables balance (principal and accrued interest receivable) as follows :-

	Total number of outstanding receivables	Restructured receivables		
		Number of receivables	Outstanding loans balance	Outstanding loans balance, net of collateral
			Million Baht	Million Baht
Thanachart Bank Plc.	493,768	292	2,770	789
Thanachart Securities Plc.	2,328	1	-	-

6.4 As at 30 September 2007 and 31 December 2006, the Bank had loans to parent company, subsidiary and related companies within Thanachart Group as follows :-

Company's name	Type of credit	Contract period	Interest rate	Outstanding balances	
				30 September 2007	31 December 2006
				Million Baht	Million Baht
Parent company :-					
Thanachart Capital Plc.	Promissory note	Call but not over May 2008	The Bank's cost of fund plus a fixed interest rate per annum	15,500	39,600
Subsidiary companies :-					
Thanachart Group Leasing Co., Ltd.	Promissory note	Call but not over May 2008	Money market interest rate but not less than one-year fixed deposit rate plus a fixed interest rate per annum	3,720	2,000
Thanachart Leasing 2000 Co., Ltd.	Promissory note	Call but not over May 2008	Money market interest rate but not less than one-year fixed deposit rate plus a fixed interest rate per annum	74	-
Related company :-					
N.F.S. Asset Management Co., Ltd.	Promissory note	Call but not over May 2008	The Bank's cost of fund plus a fixed interest rate per annum	4,650	8,300
Total				23,944	49,900

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

As at 30 September 2007 and 31 December 2006, the Bank and its subsidiaries classified and made allowances against their loans (including loans to financial institutions which presented as part of interbank and money market items) in accordance with the BOT's guidelines as summarised below :-

(Unit : Million Baht)

	Consolidated financial statements			
	30 September 2007			
	Debt balance/ book value	Debt balance net of collateral [2]	Minimum percentage	Allowance for doubtful accounts
			(Percent)	
Loans and accrued interest receivables (including interbank and money market items) [1]				
Normal	186,448	55,810	1	574
Special mention	17,499	5,455	2	109
Substandard	1,103	740	100	740
Doubtful	1,463	822	100	822
Doubtful of loss	2,261	1,492	100	1,492
Total	208,774	64,319		3,737
Additional allowance for possible uncollectability debts				311
Total				4,048

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

(2) Debt balance net of collateral for substandard, doubtful and doubtful of loss loans are debt balance remaining after deducting the present value of expected future cash flows from disposal of collaterals.

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Separate financial statements						
	Debt balance/ book value		Debt balance net of collateral [2]		Minimum percentage	Allowance for doubtful accounts	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	(Percent)	30 September 2007	31 December 2006
Loans and accrued interest receivables (including interbank and money market items) [1]							
Normal	190,241	186,661	59,604	76,274	1	596	763
Special mention	17,499	10,238	5,455	2,958	2	109	59
Substandard	1,103	864	740	518	100	740	518
Doubtful	1,463	1,167	822	596	100	822	596
Doubtful of loss	2,261	1,756	1,492	990	100	1,492	990
Total	212,567	200,686	68,113	81,336		3,759	2,926
Additional allowance for possible uncollectability debts						311	136
Total						4,070	3,062

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

(2) Debt balance net of collateral for substandard, doubtful and doubtful of loss loans are debt balance remaining after deducting the present value of expected future cash flows from disposal of collaterals.

As at 30 September 2007 and 31 December 2006, the Bank has set up provisions for non-performing loans in accordance with BOT's guideline, which was announced on 21 December 2006, under the guideline, the Bank has to set up provision for non-performing loans at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, except for non-performing loans of hire purchase receivables and financial lease receivables which provision is set up at a rate of 100% of the debt balance before deducting collateral value.

6.6 Loan in companies which have settlement problems

As at 30 September 2007 and 31 December 2006, one part of loans as described in Note 6.5 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	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
			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	14	16	908	1,147	1,532	1,238	270	289
2. Companies which have loan settlement problems or have defaulted on the repayment to debts	247	87	1,047	937	840	1,149	400	326

6.7 Classification of securities business receivable in accordance with the Notification of the Office of the Securities and Exchange Commission

As at 30 September 2007, subsidiary company operating in the securities business classified its securities business receivables and accrued interest receivable and provided related allowance for doubtful accounts in accordance with the notification of the Office of the Securities and Exchange Commission (SEC) as follows :-

(Unit : Million Baht)

	Receivable and accrued interest receivable	Allowance for doubtful accounts as required by SEC	Allowance for doubtful accounts provided in the accounts
Doubtful	300	300	300
Substandard	7	-	-
Total	307	300	300
General reserve			6
Allowance for doubtful accounts provided in the accounts			306

6.8 Hire-purchase receivable/financial lease receivable of subsidiaries separate by aging

As at 30 September 2007, loans in consolidated financial statements which included hire-purchase and financial lease receivable of three subsidiary companies engaged in hire-purchase and financial lease businesses are classified by the due date of the contracts as follows :-

(Unit : Million Baht)

	30 September 2007
Current or overdue less than 90 days	4,925
Overdue 91 - 365 days	78
Overdue more than 1 year	16
Debtors under legal actions	42
Total	5,061
Allowance for doubtful accounts provided in the accounts	178

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS

(Unit : Million Baht)

	Consolidated financial statements						
	For the nine-month period ended 30 September 2007						
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the period	763	59	518	596	990	136	3,062
Allowance for doubtful accounts of subsidiary companies as at the purchase date	27	9	43	18	356	-	453
Increase (decrease) during the period	(194)	53	237	228	1,268	125	1,717
Reversal from revaluation allowance for debt restructuring	-	-	-	-	-	50	50
Bad debts recovery	-	-	-	-	2	-	2
Bad debts written-off	-	-	-	-	(761)	-	(761)
Balance - end of the period	596	121	798	842	1,855	311	4,523

(Unit : Million Baht)

	Separate financial statements						
	For the nine-month period ended 30 September 2007						
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the period	763	59	518	596	990	136	3,062
Increase (decrease) during the period	(176)	50	222	226	1,261	125	1,708
Reversal from revaluation allowance for debt restructuring	-	-	-	-	-	50	50
Bad debts recovery	-	-	-	-	2	-	2
Bad debts written-off	-	-	-	-	(761)	-	(761)
Balance - end of the period	587	109	740	822	1,492	311	4,061

(Unit : Million Baht)

	Separate financial statements						
	For the year ended 31 December 2006						
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the year	1,335	20	24	30	431	26	1,866
Increase (decrease) during the year	(572)	39	524	566	559	110	1,226
Reversal from loan transferred	-	-	(30)	-	-	-	(30)
Balance - end of the year	763	59	518	596	990	136	3,062

8. REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	For the nine-month period ended 30 September 2007	For the nine-month period ended 30 September 2007	For the year ended 31 December 2006
Balance - beginning of the period	71	71	47
Add : Increase during the period	-	-	29
Less : Amortised during the period	(8)	(8)	(5)
Transfer to allowance for doubtful accounts	(50)	(50)	-
Balance - end of the period	13	13	71

9. BAD DEBTS AND DOUBTFUL ACCOUNTS

Bad debts and doubtful accounts in the statements of income for the nine-month periods ended 30 September 2007 and 2006 consisted of the following :-

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	2007	2007	2006
Bad debts and doubtful accounts	1,725	1,717	969
Amortisation of revaluation allowance for restructured debts for the period	(8)	(8)	(2)
Total bad debts and doubtful accounts	1,717	1,709	967

10. CLASSIFICATION OF ASSETS

As at 30 September 2007 and 31 December 2006, the quality of assets of the Bank is classified in accordance with the announcements of the BOT as follows :-

(Unit : Million Baht)

	Separate financial statements									
	Loans and accrued interest receivables (including interbank and money market items)		Investments		Property foreclosed		Other assets		Total	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Normal	190,241	186,661	-	-	-	-	65	42	190,306	186,703
Special mention	17,499	10,238	-	-	-	-	60	27	17,559	10,265
Substandard	1,103	864	-	-	-	-	3	3	1,106	867
Doubtful	1,463	1,167	-	-	-	-	6	5	1,469	1,172
Doubtful of loss	2,261	1,756	116	178	105	33	25	8	2,507	1,975
Total	212,567	200,686	116	178	105	33	159	85	212,947	200,982

11. PROPERTY FORECLOSED

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	30 September 2007	30 September 2007	31 December 2006
Total - cost	1,534	1,521	1,062
Less : Allowance for impairment	(106)	(105)	(33)
Property foreclosed - net	1,428	1,416	1,029

As at 30 September 2007, for approximately Baht 4 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 of the revenue as income and the related assets are still recorded as property foreclosed of the Bank.

12. BORROWINGS

As at 30 September 2007 and 31 December 2006, the outstanding domestic borrowings are as follows :-

(Unit : Million Baht)

Type of borrowings	Interest rate per annum (as at 30 September 2007)	Maturity date	Consolidated financial statements 30 September 2007	Separate financial statements 30 September 2007	Separate financial statements 31 December 2006
Short-term borrowings					
Bill of exchange	Fixed rate of 2.5 - 5.0 percent	2007 - 2008	22,098	22,268	10,366
Promissory notes	3 months fixed deposit rate plus 1.25 percent	2007	5,000	5,000	5,000
Promissory notes	One year fixed deposit rate plus 1.75 percent	Call	10	-	-
Promissory notes	Fixed rate of 5.50 percent	Call	500	-	-
Bill of exchange	Floating rate of the average MLR of 4 commercial banks minus 3.60 percent	2008	1,000	1,000	-
Promissory notes	Fixed rate of 5.50 percent	2008	325	-	-
Unsubordinated debentures without collateral and non-convertible	Fixed rate of 5.00 percent	2007	-	-	159
			28,933	28,268	15,525
Long-term borrowings					
Subordinated debentures issued in accordance with the plan to establish the Restricted Bank	Fixed rate of 9 percent	2008	1,943	1,943	1,943
Subordinated debentures issued under Tier II	Fixed rate of 6.18 percent	2013	3,000	3,000	3,000
Bill of exchanges	Fixed rate of 4.25 - 4.80 percent	2009 - 2010	4,200	4,490	8,735
Bill of exchanges	Floating rate of the average MLR of 4 commercial banks minus 3.55 percent	2009	1,650	1,650	2,650
Bill of exchanges	Floating rate of THB-THBFIX-REUTERS plus 0.45 - 0.47 percent	2010	750	750	750
			11,543	11,833	17,078
Total borrowings			40,476	40,101	32,603

13. SHARE CAPITAL/DIVIDENDS

On 30 April 2007, the Annual General Meeting of the Shareholders of the Bank approved a decrease and increase in the Bank's registered share capital as follows :-

- Approved a reduction of share capital from Baht 15,000,000,000 (1,500,000,000 shares with a par value of Baht 10) to Baht 14,583,560,920 (1,458,356,092 shares with a par value of Baht 10) by retiring 41,643,908 unissued ordinary shares with a par value of Baht 10. The Bank registered the decrease with the Ministry of Commerce on 11 May 2007.

- Approved an increase in the share capital from Baht 14,583,560,920 (1,458,356,092 shares with a par value of Baht 10) to Baht 21,346,192,920 (2,134,619,292 shares with a par value of Baht 10) by registering an additional 676,263,200 shares with a par value of Baht 10. The Bank registered such increase with the Ministry of Commerce on 14 May 2007. The 276,263,200 shares were offered to investors by private placement (in accordance with the contractual agreement relating to an agreement to sell ordinary shares between the Bank and the Bank of Nova Scotia Asia Limited ("BNSAL")) at Baht 16.37 per share. The Bank called up and registered the paid-up capital on 19 July 2007. The others 400,000,000 shares were to be offered to existing shareholders, with the Board of Directors to decide on single or multiple issues, the pricing, the number of shares to be sold in each issue, the subscription rights of the existing shares, the subscription date, and the method of payment, as well as other necessary conditions in respect of the offer.

Additionally, the Annual General Meeting of the Shareholders of the Bank approved a dividend payment of Baht 0.15 per share to the shareholders from net income for the year 2006, or a total of Baht 219 million.

14. REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	30 September 2007	30 September 2007	31 December 2006
Revaluation surplus on investments :-			
Available-for-sale investments			
Debt instruments	21	25	2
Equity instruments	62	34	8
Held-to-maturity investments (transfer from available-for-sale investments)	6	6	9
Surplus recognised for associated company – under equity method	10	-	-
Total	99	65	19
Revaluation deficit on investments :-			
Available-for-sale investments			
Debt instruments	(2)	(2)	(16)
Equity instruments	(1)	(5)	(87)
Held-to-maturity investments (transfer from available-for-sale investments)	(368)	(368)	(430)
Total	(371)	(375)	(533)
Revaluation surplus (deficit) on investments - net	(272)	(310)	(514)

15. CAPITAL FUNDS

As at 30 September 2007 and 31 December 2006, 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)

	30 September 2007	31 December 2006
Tier I		
Issued and paid up share capital	17,346	14,584
Share premium	2,101	341
Retained earnings	492	496
Statutory reserve	78	67
Total	20,017	15,488
Tier II		
Subordinated debentures	3,389	3,389
Reserve for loans classified as normal	596	763
Net revaluation surplus on equity instruments	11	-
Total	3,996	4,152
Total Tier I and Tier II	24,013	19,640
Less : Net revaluation deficit on equity instruments	-	(79)
Total capital funds	24,013	19,561

As at 30 September 2007 and 31 December 2006, the Bank's capital ratio which calculated based on the BOT's regulation is as follows :-

	30 September 2007		31 December 2006	
	Capital ratio of the Bank	Minimum requirement by BOT	Capital ratio of the Bank	Minimum requirement by BOT
Total capital to risk assets (percent)	12.87	8.50	11.13	8.50
Total Tier I to risk assets (percent)	10.73	4.25	8.81	4.25

16. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Bank and a public subsidiary company'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.

In addition, on 30 April 2007, the Annual General Meeting of Shareholders of the Bank had approved the payment of director's remuneration amounting to approximately Baht 2.2 million to the Bank's directors.

17. CORPORATE INCOME TAX

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

18. RELATED PARTY TRANSACTIONS

During the periods 2007 and 2006, the Bank and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Bank and those companies. Below is a summary of those transactions.

(Unit : Million Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements	Separate financial statements		Transfer pricing policy
	2007	2007	2006	(For the period 2007)
Transactions occurred during the periods :				
Parent company :-				
Sales of investments in associated company (gain of Baht 7 million)	346	-	-	At market price
Interest income	223	221	844	At interest rate of 5.02 percent per annum
Income on supporting service	44	44	42	At the rate agreed under the contract, determined with reference to cost
Other income	7	-	-	
Interest expenses - deposits	4	4	-	At interest rate of 2 – 2.2 percent per annum
Interest expenses - borrowings	67	47	-	At interest rate of 3.5 – 5.5 and 6.18 percent per annum
Rental expenses	34	28	13	At the rate agreed under the rental contracts
Other expenses	3	3	26	
Purchase of fixed assets	-	-	48	
Subsidiary companies [1] **:-**				
Purchase of debt instruments	-	-	1,964	
Sales of debt instruments	-	420	198	At market price
Interest and dividend income	-	28	26	At interest rate of 4.125 percent per annum
Income on supporting service	-	36	2	At the rate agreed under the contract, determined with reference to cost
Other income	-	45	6	
Interest expenses - deposits	-	3	2	At interest rate of 2 – 5.125 percent per annum
Interest expenses - borrowings	-	8	3	At interest rate of 4.75 – 4.875 percent per annum
Rental expenses	-	3	-	At the rate agreed under the rental contract
Other expenses	-	62	31	
Associated company [1]**:-**				
Interest income	2	2	-	At interest rate of 3 – 4.3 percent per annum
Other income	4	-	-	
Interest expenses - deposits	1	1	-	At interest rate of 2.15 percent per annum
Rental expenses	4	4	-	At the rate agreed under the rental contracts

1) For comparative purpose, the Bank presents the transaction with its subsidiary and associated companies since 1 January 2006 as though there are subsidiary and associated companies since then.

(Unit : Million Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements	Separate financial statements		Transfer pricing policy
	2007	2007	2006	(For the period 2007)
Related companies :-				
Sales of loans and receivables	-	-	351	
Transfer of loans	824	824	-	Reference to book value
Transfer of deposits	53	53	-	Reference to book value
Purchase of fixed assets	4	4	-	Reference to book value
Interest and dividend income	106	102	193	At interest rate of 0.50 and 3.15 - 8.5 percent per annum
Income on supporting service	3	3	2	At the rate agreed under the contract, determined with reference to cost
Other income	27	-	-	
Interest expenses - deposits	7	7	16	At interest rate of 2 – 5.25 percent per annum
Interest expenses - borrowings	3	3	3	At interest rate of 3 – 5 and 9 percent per annum
Rental expenses	12	2	1	At the rate agreed under the rental contracts
Other expenses	10	8	6	

(Unit : Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements	Separate financial statements		Transfer pricing policy
	2007	2007	2006	(For the period 2007)
Transactions occurred during the periods :				
Parent company :-				
Sales of investments in associated company (gain of Baht 7 million)	346	-	-	At market price
Interest income	1,116	1,114	2,806	At interest rate of 4.125 – 6.2 percent per annum
Income on supporting service	128	128	125	At the rate agreed under the contract, determined with reference to cost
Other income	7	-	-	
Interest expenses - deposits	9	9	-	At interest rate of 2 – 4 percent per annum
Interest expenses - borrowings	159	139	-	At interest rate of 3.5 – 5.5 and 6.18 percent per annum
Rental expenses	91	85	36	At the rate agreed under the rental contracts
Other expenses	49	49	63	
Dividend payment	217	217	362	As declared
Receipt of loans transferred	-	-	888	
Purchase of fixed assets	223	223	213	Contract rate, determined with reference to appraisal value and book value

(Unit : Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements	Separate financial statements		Transfer pricing policy
	2007	2007	2006	(For the period 2007)
Subsidiary companies [1] **:-**				
Purchase of debt instruments	1,552	1,552	4,214	At market price
Sales of debt instruments	7,345	7,765	2,192	At market price
Sales of fixed assets	1	1	-	At the agreed rate, determined with reference to appraisal value
Interest and dividend income	38	66	58	At interest rate of 4.125 percent per annum
Income on supporting service	66	102	7	At the rate agreed under the contract, determined with reference to cost
Other income	58	103	9	
Interest expenses - deposits	13	16	14	At interest rate of 2 – 5.125 percent per annum
Interest expenses - borrowings	15	23	10	At interest rate of 4.75 –4.875 percent per annum
Rental expenses	1	4	-	At the rate agreed under the rental contract
Other expenses	96	166	94	
Associated company [1] **:-**				
Interest income	2	2	-	At interest rate of 3 – 4.3 percent per annum
Other income	4	-	-	
Interest expenses - deposits	1	1	-	At interest rate of 2.15 percent per annum
Rental expenses	4	4	-	At the rate agreed under the rental contracts
Related companies :-				
Sales of loans and receivables	-	-	773	
Transfer of loans	824	824	-	Reference to book value
Transfer of deposits	53	53	-	Reference to book value
Purchase of fixed assets	197	197	-	Contract rate, determined with reference to appraisal value and book value
Interest and dividend income	377	373	575	At interest rate of 0.5 and 3.15 – 8.5 percent per annum and dividend as declared
Income on supporting service	10	10	5	At the rate agreed under the contract, determined with reference to cost
Other income	35	8	-	
Interest expenses - deposits	34	34	33	At interest rate of 2 – 5.25 percent per annum
Interest expenses - borrowings	8	8	8	At interest rate of 3 – 5 and 9 percent per annum
Rental expenses	27	17	6	At the rate agreed under the rental contracts
Other expenses	21	19	15	

1) For comparative purpose, the Bank presents the transaction with its subsidiary and associated companies since 1 January 2006 as though there are subsidiary and associated companies since then.

The outstanding balances of the above transactions during the nine-month periods ended 30 September 2007 and 2006 have been shown at the average balance at the end of each month as follows :-

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	2007	2007	2006
Parent company :-			
Loans	28,440	28,430	57,730
Deposits	658	658	275
Borrowings	4,342	3,000	-
Subsidiary companies [1] **:-**			
Loans	1,369	1,874	1,118
Deposits	529	537	218
Interbank and money market items (liabilities)	277	285	463
Borrowings	650	626	290
Associated company [1] **:-**			
Investments - debt securities	59	59	-
Loans	761	-	3
Deposits	17	17	34
Related companies :-			
Interbank and money market items (asset)	351	25	11
Loans	8,323	8,146	11,385
Deposits	1,410	1,410	1,295
Interbank and money market items (liabilities)	36	36	24
Borrowings	118	118	112

1) For comparative purpose, the Bank presents the transaction with its subsidiary and associated companies since 1 January 2006 as though there are subsidiary and associated companies since then.

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

(Unit : Million Baht)

	Consolidated financial statements											
	30 September 2007											
	Assets					Liabilities					Contingencies	
	Interbank and money market items	Investments - debt securities	Loans	Accrued interest receivables	Other assets	Deposits	Interbank and money market items	Borrowings	Accrued interest payable	Other liabilities	Guarantees	Other commitments
Parent company												
Thanachart Capital Plc.	-	94	15,511	2	18	2,228	-	3,835	63	14	-	-
Associated company												
MBK Plc.	-	272	785	2	6	20	-	-	1	-	23	30
Related companies												
N.F.S. Asset Management Co., Ltd.	-	-	4,805	-	1	83	-	-	-	-	-	-
Siam Commercial Bank Plc.	435	171	-	4	-	-	-	-	-	-	-	9,440
Other related companies	47	786	1,295	13	22	994	69	123	12	24	46	60
	482	1,323	22,396	21	47	3,325	69	3,958	76	38	69	9,530

(Unit : Million Baht)

	Separate financial statements											
	30 September 2007											
	Assets					Liabilities					Contingencies	
	Interbank and money market items	Investments - debt securities	Loans	Accrued interest receivables	Other assets	Deposits	Interbank and money market items	Borrowings	Accrued interest payable	Other liabilities	Guarantees	Other commitments
Parent company												
Thanachart Capital Plc.	-	-	15,500	-	15	2,228	-	3,000	63	11	-	-
Subsidiary companies												
Thanachart Group Leasing Co., Ltd.	-	-	3,720	12	1	13	-	-	-	-	-	-
Thanachart Leasing 2000 Co., Ltd.	-	-	74	-	-	153	-	-	3	-	-	-
Thanachart Securities Plc.	-	-	-	-	26	-	156	-	-	-	-	-
Thanachart Insurance Co., Ltd.	-	-	-	-	14	161	-	-	1	-	-	-
Thanachart Life Assurance Co., Ltd.	-	-	-	-	16	-	58	460	8	100	-	-
National Leasing Co., Ltd.	-	-	-	-	-	12	-	-	-	50	-	-
Thanachart Broker Co., Ltd.	-	-	-	-	-	169	-	-	2	-	-	-
Thanachart Legal and Appraisal Co., Ltd.	-	-	-	-	-	14	-	-	-	-	-	-
Thanachart Training and Development Co., Ltd.	-	-	-	-	-	10	-	-	-	5	-	-
Other subsidiaries	-	-	-	-	9	5	6	-	-	4	-	-
Associated company												
MBK Plc.	-	272	-	2	6	20	-	-	1	-	23	30
Related companies												
N.F.S. Asset Management Co., Ltd.	-	-	4,650	-	-	83	-	-	-	-	-	-
Siam Commercial Bank Plc.	9	171	-	4	-	-	-	-	-	-	-	9,440
Other related companies	38	501	1,280	12	3	994	69	123	12	4	46	60
	47	944	25,224	30	90	3,862	289	3,583	90	174	69	9,530

(Unit : Million Baht)

	Separate financial statements											
	31 December 2006											
	Assets					Liabilities					Contingencies	
	Interbank and money market items	Investments - debt securities	Loans	Accrued interest receivables	Other assets	Deposits	Interbank and money market items	Borrowings	Accrued interest payable	Other liabilities	Guarantees	Other commitments
Parent company												
Thanachart Capital Plc.	-	-	39,600	-	6	79	-	3,000	12	48	-	-
Related companies												
N.F.S. Asset Management Co., Ltd.	-	-	8,300	-	1	68	-	-	-	-	-	-
Thanachart Group Leasing Co., Ltd.	-	-	2,000	12	-	33	-	-	-	-	-	-
Siam Commercial Bank Plc.	14	180	-	2	-	-	-	-	-	-	-	8,658
Other related companies	14	561	1,053	12	26	1,128	113	402	26	52	45	-
	28	741	50,953	26	33	1,308	113	3,402	38	100	45	8,658

As at 30 September 2007 and 31 December 2006, the Bank has loans to parent company, subsidiary and related companies within Thanachart Group as mentioned in Note 6.4 to the financial statements.

As at 30 September 2007, the Bank and its subsidiaries have investments amounting to approximately Baht 223 million (Baht 64 million in the separate financial statements) in related companies to which they are related by means of members of their management being shareholders and/or directors of those companies (31 December 2006 : Baht 144 million in the separate financial statements).

As at 30 September 2007 and 31 December 2006, the Bank and its subsidiaries had the following related parties transactions with executive employees of the Bank and companies within Thanachart Group from department manager level up, including related persons who together with these employees :-

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	30 September 2007	30 September 2007	31 December 2006
Loans	47	47	48
Deposits	469	469	572

Directors and management's remuneration

During the nine-month period ended 30 September 2007, the Bank and its subsidiaries paid salary, meeting allowance and gratuities to their key management personnel, including directors, totaling Baht 66 million (the separate financial statements : Baht 32 million).

19. FINANCIAL INFORMATION BY SEGMENT

Financial information presented in the consolidated financial statements as at 30 September 2007 and for the three-month and nine-month periods ended 30 September 2007, is as follows :-

(Unit : Million Baht)

	For the three-month period ended 30 September 2007				
	Bank business	Securities business	Other business	Eliminations	Total
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	1,428	18	102	21	1,569
Share of income from investments accounted for under equity method	-	-	-	50	50
Non-interest income	506	523	1,519	(318)	2,230
Non-interest expenses	(1,611)	(240)	(1,493)	156	(3,188)
Corporate income tax	100	(91)	(31)	-	(22)
Minority interest in net income in subsidiaries	-	-	-	(11)	(11)
Net income (loss)	423	210	97	(102)	628

(Unit : Million Baht)

	For the nine-month period ended 30 September 2007				
	Bank business	Securities business	Other business	Eliminations	Total
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	3,750	18	102	21	3,891
Share of income from investments accounted for under equity method	-	-	-	50	50
Non-interest income	1,423	523	1,527	(326)	3,147
Non-interest expenses	(4,373)	(240)	(1,494)	163	(5,944)
Corporate income tax	(84)	(91)	(33)	-	(208)
Minority interest in net income in subsidiaries	-	-	-	(11)	(11)
Net income (loss)	716	210	102	(103)	925

(Unit : Million Baht)

	As at 30 September 2007				
	Bank business	Securities business	Other business	Eliminations	Total
Investments - Net	29,405	808	5,948	(4,741)	31,420
Loans and accrued interest receivable - Net (including interbank and money market items)	238,061	4,098	7,131	(5,026)	244,264
Land, premises and equipment - Net	1,589	138	150	-	1,877
Other assets	6,863	803	851	(162)	8,355
Total assets	275,918	5,847	14,080	(9,929)	285,916

The Bank's operations involve a single industry segment, commercial banking business, and are carried on in the single geographic area of Thailand. The revenues, operating income and assets are thus not presented by segment in the financial statements for the period 2006.

20. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2007 and 31 December 2006, the significant commitments and contingent liabilities consisted of :-

20.1

(Unit : Million Baht)

	Consolidated financial statements		
	30 September 2007		
	Baht	Foreign currency	Total
Aval to bills	43	-	43
Liability under unmatured import bills	-	40	40
Letter of credits	20	326	346
Other obligations :-			
Foreign currency forward and spot contracts			
- Bought	-	942	942
- Sold	-	37,045	37,045
Cross currency and interest rate swap contracts			
- Sold	-	1,371	1,371
Interest rate swap contracts	29,930	-	29,930
Committed (but not draw) overdraft	2,399	-	2,399
Others	1,963	581	2,544
Total	34,355	40,305	74,660

(Unit : Million Baht)

	Separate financial statements					
	30 September 2007			31 December 2006		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Aval to bills	43	-	43	54	-	54
Liability under unmatured import bills	-	40	40	-	19	19
Letter of credits	20	326	346	2	92	94
Other obligations :-						
Foreign currency forward and spot contracts						
- Bought	-	942	942	-	82	82
- Sold	-	37,045	37,045	-	21,929	21,929
Cross currency and interest rate swap contracts						
- Sold	-	1,371	1,371	-	1,868	1,868
Interest rate swap contracts	29,930	-	29,930	26,650	-	26,650
Committed (but not draw) overdraft	2,399	-	2,399	1,664	-	1,664
Others	1,938	581	2,519	1,371	3	1,374
Total	34,330	40,305	74,635	29,741	23,993	53,734

20.2 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 September 2007, 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 allowance for impairment of long-term investments in debt securities (31 December 2006 : estimated share of losses at Baht 55 million).

20.3 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 30 September 2007, its maximum obligation was Baht 3 million.

20.4 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.

20.5 As at 30 September 2007, the Bank and its subsidiaries have commitments to pay the following service fees in relation to property foreclosed, computer system services and for other services, including commitments in respect of office rental and related service fees under long-term rental contracts :-

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements		
Year	Other parties	Parent company	Other parties	Parent company	Subsidiary companies
2007	91	35	77	27	10
2008	435	84	226	71	4
2009 onward	504	39	479	36	2

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.

20.6 As at 30 September 2007, a subsidiary company has commitment under a research support and distribution services agreement made with an overseas company, whereby it must pay service charges on a quarterly basis at the rate specified in the agreement. The agreement will expire on 30 September 2008.

20.7 Under the agreements among the Parent Company, the Bank and BNSAL, the Parent Company and the Bank have to disclose information relating to the business, business performance, operations, and legal compliance of the Bank and the Bank's subsidiaries, and certify the correctness of the disclosed information, to assist BNSAL in deciding whether to purchase shares in the Bank. In the event that the Bank or its subsidiaries have to pay any damages, compensation or penalties to any other parties as a result of events or information that the Parent Company and the Bank did not disclose to BNSAL before BNSAL purchased the shares of the Bank, this will held to be losses from investment in the Bank. The Parent Company and the Bank will jointly compensate BNSAL for its losses in accordance with the principles stipulated in the agreements, but not beyond the prescription period stipulated by Thai laws for each damages claim.

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

21. LITIGATION

As at 30 September 2007, the Bank and its subsidiaries have contingent liabilities amounting to approximately Baht 499 million (the separate financial statements : Baht 475 million) as a result of litigation. However, the Bank and its subsidiaries' management expect that no losses will result and therefore no liabilities are currently recorded.

22. 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.

22.1 Credit risk

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

22.2 Market risk

22.2.1 Interest rate risk

As at 30 September 2007, financial assets and liabilities classified by types of interest rate are as follows : -

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
Transactions	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets								
Cash	-	-	2,537	2,537	-	-	2,536	2,536
Interbank and money market items	532	28,247	3,353	32,132	-	27,127	3,058	30,185
Investments	-	28,646	2,781	31,427	-	24,252	5,210	29,462
Receivable from clearing house	-	-	696	696	-	-	-	-
Loans[(1)]	27,741	185,075	3,607	216,423	30,515	180,013	1,137	211,665
Financial liabilities								
Deposits	56,450	147,207	626	204,283	56,599	147,533	639	204,771
Interbank and money market items	1,281	2,921	529	4,731	1,332	2,922	676	4,930
Payable to clearing house	-	-	534	534	-	-	-	-
Securities business payable	-	-	2,701	2,701	-	-	-	-
Liabilities payable on demand	-	-	1,132	1,132	-	-	1,132	1,132
Borrowings	5,835	34,624	17	40,476	5,000	35,084	17	40,101

(1) The outstanding balances of loans 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 balance sheet date to the repricing or maturity date (whichever is the earlier) are presented below :-

(Unit : Million Baht)

	Consolidated financial statements						
	Repricing or maturity date						Weighted average interest rates
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
							Percent
Financial assets							
Interbank and money market items	-	23,525	4,722	-	-	28,247	4.51 - 5.58
Investments	-	10,838	3,328	9,035	5,445	28,646	3.95 - 4.48
Loans	914	22,590	4,011	127,459	30,101	185,075	7.58
Financial liabilities							
Deposits	8	96,805	42,842	7,552	-	147,207	3.56
Interbank and money market items	-	1,637	245	1,039	-	2,921	4.33
Borrowings	-	7,634	19,297	4,693	3,000	34,624	4.56

(Unit : Million Baht)

	Separate financial statements						
	Repricing or maturity date						Weighted average interest rates
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
							Percent
Financial assets							
Interbank and money market items	-	23,031	4,096	-	-	27,127	5.38
Investments	-	9,741	1,950	7,932	4,629	24,252	4.48
Loans	863	22,544	3,795	123,276	29,535	180,013	7.58
Financial liabilities							
Deposits	8	97,111	42,863	7,551	-	147,533	3.56
Interbank and money market items	-	1,637	246	1,039	-	2,922	4.33
Borrowings	-	7,634	19,467	4,983	3,000	35,084	4.56

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 and dividend rate for the nine-month periods ended 30 September 2007 can be summarised as follows :-

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Average balances	Interest and dividend	Average rate (%)	Average balances	Interest and dividend	Average rate (%)
Interest bearings financial assets						
Interbank and money market items	18,291	562	4.41	16,082	541	4.48
Securities purchased under resale agreements	14,998	439	3.91	14,998	439	3.91
Investments	25,839	905	5.07	25,866	866	4.47
Loans/hire purchase and finance leases	206,827	11,171	7.36	204,722	11,072	7.21
Interest bearings financial liabilities						
Deposits	203,918	5,854	3.83	204,410	5,857	3.82
Interbank and money market items	4,529	125	3.68	4,367	125	3.80
Borrowings	42,453	1,489	4.80	41,431	1,477	4.75

22.2.2 Foreign exchange risk

The status of the Bank and its subsidiaries' foreign currency balances as at 30 September 2007 can be summaried as follows :-

(Unit : Million Baht)

	Consolidated and separate financial statements			
	Outstanding balance of financial instruments			
	US Dollar	Euro	Yen	Others
In balance foreign currency				
Cash	134	96	17	54
Interbank and money market items	27,180	39	25	82
Investments	10,079	-	-	-
Loans	963	9	-	-
Other assets - accrued interest receivable	20	-	-	-
Total assets	38,376	144	42	136
Liabilities - deposits	707	-	-	-
Net	37,669	144	42	136
Off balance foreign currency				
Liability under unmatured import bills	33	7	-	-
Letter of credits	319	2	1	4
Foreign currency forward and spot contracts				
- Bought	811	34	-	97
- Sold	36,466	247	58	274
Cross currency and interest rate swap contracts - sold	1,371	-	-	-
Others	378	-	-	203

22.2.3 Equity position risk

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

22.3 Liquidity risk

Counting from the balance sheet date, the periods to maturity of financial instruments held as at 30 September 2007 are as follows :-

(Unit : Million Baht)

	Consolidated financial statements					Separate financial statements				
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets										
Cash	2,537	-	-	-	2,537	2,536	-	-	-	2,536
Interbank and money market items	3,776	28,356	-	-	32,132	3,058	27,127	-	-	30,185
Investments	-	12,964	15,711	2,752	31,427	-	10,489	13,792	5,181	29,462
Receivable from clearing house	-	696	-	-	696	-	-	-	-	-
Loans [1]	27,025	10,347	179,051	-	216,423	29,748	7,616	174,301	-	211,665
Financial liabilities										
Deposits	55,127	140,622	8,534	-	204,283	55,288	140,949	8,534	-	204,771
Interbank and money market items	1,810	1,832	1,089	-	4,731	2,008	1,833	1,089	-	4,930
Payable to clearing house	-	534	-	-	534	-	-	-	-	-
Securities business payable	-	2,701	-	-	2,701	-	-	-	-	-
Liability payable on demand	1,132	-	-	-	1,132	1,132	-	-	-	1,132
Borrowings	3,527	25,406	11,543	-	40,476	3,017	25,251	11,833	-	40,101
Off-balance sheet items										
Aval to bill	-	43	-	-	43	-	43	-	-	43
Liability under unmatured import bills	-	40	-	-	40	-	40	-	-	40
Letter of credits	2	344	-	-	346	2	344	-	-	346
Other contingencies	2,607	44,675	25,776	1,173	74,231	2,607	44,675	25,751	1,173	74,206

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

22.4 Fair value

As at 30 September 2007, there are no material difference between the book value of financial instruments of the Bank and its subsidiaries and their fair value, except for held-to-maturity debt securities with a fair value of Baht 58 million higher than their book value (the separate financial statements : Baht 217 million) and investments in an associated company with a fair value of Baht 205 million over than its book value.

22.5 Financial derivatives

As at 30 September 2007, the Bank and its subsidiaries' financial derivatives as classified by their maturities are as follows :-

(Unit : Million Baht)

	Consolidated and separate financial statements		
	Less than 1 year	Over 1 year	Total
Foreign currency forward and spot contracts			
- Bought	942	-	942
- Sold	37,045	-	37,045
Cross currency and interest rate swap contracts			
- Sold	685	686	1,371
Interest rate swap contracts			
- Paid fixed interest rate	850	10,020	10,870
- Paid floating interest rate	1,645	2,450	4,095
- Received fixed interest rate	1,645	2,450	4,095
- Received floating interest rate	850	10,020	10,870

23. RECLASSIFICATION

Except for changing in accounting policy as mentioned in Note 1.6 to the financial statements, the Bank has reclassified certain amounts in the financial statements as at 31 December 2006 and for the three-month and nine-month periods ended 30 September 2006 to conform the current period's classifications, with no effect on previously reported net income and shareholders' equity.

24. SUBSEQUENT EVENTS

On 1 October 2007, Extraordinary Shareholders' Meeting No. 1/2007 of the Bank approved the delisting of the shares of the Bank from the Stock Exchange of Thailand ("SET"). On 9 October 2007, the SET granted permission to delist the Bank's common shares. In addition, on 15 October 2007, the Parent Company made a tender offer to purchase all Bank's ordinary shares from other shareholders at a price of Baht 16.37 per share. The offering period is for a total of 45 working days, from 16 October 2007 to 20 December 2007.

25. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised by the Bank's Board of Directors on 12 November 2007.