

Mizuho Corporate Bank, Ltd. Bangkok Branch
Report and financial statements
31 March 2009 and 2008

Report of Independent Auditor

To the Head Office of Mizuho Corporate Bank, Ltd. Bangkok Branch

I have audited the accompanying balance sheets of Mizuho Corporate Bank, Ltd. Bangkok Branch as at 31 March 2009 and 2008, and the related statements of income, changes in equity of head office account and other branches under the same entity, and cash flows for the years 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 audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mizuho Corporate Bank, Ltd. Bangkok Branch as at 31 March 2009 and 2008, and the results of its operations and cash flows for the years then ended in accordance with generally accepted accounting principles.



Ratana Jala
Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited
Bangkok: 27 July 2009

Mizuho Corporate Bank, Ltd. Bangkok Branch

Balance sheets

As at 31 March 2009 and 2008

(Unit: Baht)

	Note	2009	2008
Assets			
Cash		1,908,095	6,651,777
Interbank and money market items	6		
Domestic items			
Interest bearing		8,115,394,150	2,508,286,438
Non-interest bearing		1,156,805,937	6,015,020,377
Foreign items			
Interest bearing		2,760,136,538	15,830,997
Non-interest bearing		1,297,789,015	343,907,125
Total interbank and money market items - net		13,330,125,640	8,883,044,937
Investments	7		
Short-term investments - net		6,689,162,940	8,707,395,567
Long-term investments - net		20,990,234,463	15,476,741,840
Total investments - net		27,679,397,403	24,184,137,407
Loans and accrued interest receivable	8, 22		
Loans		86,567,453,824	79,191,231,681
Accrued interest receivable		514,303,790	423,797,016
Total loans and accrued interest receivable		87,081,757,614	79,615,028,697
Less: Allowance for doubtful accounts	9	(913,185,932)	(913,072,344)
Loans and accrued interest receivable - net		86,168,571,682	78,701,956,353
Leasehold improvement and equipment - net	10	138,880,811	53,213,071
Intangible assets - net	11	35,992,782	38,945,520
Financial derivative assets		7,565,506,660	7,319,179,924
Accrued interest receivable		243,203,437	243,415,030
Prepaid corporate income tax		269,209,010	269,209,010
Other assets	12	19,289,040	18,838,011
Total assets		135,452,084,560	119,718,591,040

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

Mizuho Corporate Bank, Ltd. Bangkok Branch

Balance sheets (continued)

As at 31 March 2009 and 2008

(Unit: Baht)

	Note	2009	2008
Liabilities and equity of head office account and other branches under the same entity			
Liabilities			
Deposits	13, 22		
Deposits in Baht		64,169,526,488	28,105,010,759
Deposits in foreign currencies		5,265,951,004	2,441,834,362
Total deposits		69,435,477,492	30,546,845,121
Interbank and money market items	14		
Domestic items			
Interest bearing		829,436,833	310,478,550
Non-interest bearing		2,327,816	5,804,352
Foreign items			
Interest bearing		1,000,000,000	1,000,000,000
Non-interest bearing		159,708,177	74,625,699
Total interbank and money market items		1,991,472,826	1,390,908,601
Liabilities payable on demand		470,282,417	1,472,284,924
Short-term borrowings	15	14,626,051,438	41,392,310,455
Financial derivative liabilities		6,086,812,693	5,918,620,696
Interest payable		69,292,924	183,565,677
Corporate income tax payable		322,463,363	-
Other liabilities	16	89,898,246	34,921,845
Total liabilities		93,091,751,399	80,939,457,319
Equity of head office account and other branches under the same entity			
Funds remitted into Thailand for maintaining assets under section 32 of the Act on Undertaking of Banking business B.E. 2551	17	28,812,856,006	22,821,003,167
Net balance of inter-office accounts with head office and other branches under the same entity	22	11,538,511,442	14,787,343,036
Revaluation surplus (deficit) on investments - net	18	(1,260,030,181)	156,443,037
Retained earnings		3,268,995,894	1,014,344,481
Total equity of head office account and other branches under the same entity		42,360,333,161	38,779,133,721
Total liabilities and equity of head office account and other branches under the same entity		135,452,084,560	119,718,591,040
Off-balance sheet items - commitments			
	22, 24.1		
Avals		557,875,532	1,280,312,461
Guarantees		18,447,260,028	11,825,247,476
Letters of credit		2,016,959,577	4,800,327,847
Other commitments		622,495,718,897	521,699,338,379

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



General Manager of Bangkok Branch

Mizuho Corporate Bank, Ltd. Bangkok Branch

Income statements

For the years ended 31 March 2009 and 2008

(Unit: Baht)

	Note	2009	2008
Interest income			
Loans	22	3,348,203,255	3,259,122,752
Interbank and money market items		518,486,747	854,920,373
Investments		892,722,364	1,154,122,740
Total interest income		4,759,412,366	5,268,165,865
Interest expenses			
Deposits	22	955,693,069	1,091,918,844
Interbank and money market items		468,938,284	297,120,597
Short-term borrowings		1,007,887,248	1,102,272,154
Total interest expenses		2,432,518,601	2,491,311,595
Net interest income		2,326,893,765	2,776,854,270
Bad debts and doubtful accounts	19	(35,459,238)	(79,136,697)
Net interest income after bad debts and doubtful accounts		2,291,434,527	2,697,717,573
Non-interest income			
Fees and services income			
Acceptances, avals and guarantees		46,157,208	43,367,776
Others		197,723,366	147,807,157
Gain (loss) on exchange and financial derivative contracts		1,460,622,537	(953,221,815)
Other income	22	5,175,698	10,236,000
Total non-interest income (loss)		1,709,678,809	(751,810,882)
Non-interest expenses			
Personnel expenses		300,762,949	285,044,867
Premises and equipment expenses		100,739,004	90,437,639
Taxes and duties		169,067,692	219,107,087
Fees and services expenses		280,649,858	213,723,325
Expenses allocated from head office	22	493,335,713	348,857,562
Other expenses		72,051,690	79,434,650
Total non-interest expenses		1,416,606,906	1,236,605,130
Income before corporate income tax		2,584,506,430	709,301,561
Corporate income tax	20	(329,855,017)	-
Net income for the year		2,254,651,413	709,301,561

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

Mizuho Corporate Bank, Ltd. Bangkok Branch

Statements of changes in equity of head office account and other branches under the same entity

For the years ended 31 March 2009 and 2008

(Unit: Baht)

	Funds remitted into Thailand for maintaining assets	Net balance of inter-office accounts with head office and other branches under the same entity	Revaluation surplus (deficit) on investments	Retained earnings	Total
Balance - as at 31 March 2007	26,361,238,997	9,381,369,087	155,681,492	305,042,920	36,203,332,496
Income recognised directly in equity:					
Exchange rate adjustments	626,167,170	-	-	-	626,167,170
Increase in revaluation surplus on investments	-	-	761,545	-	761,545
Net income recognised directly in equity	626,167,170	-	761,545	-	626,928,715
Net income for the year	-	-	-	709,301,561	709,301,561
Total income for the year	626,167,170	-	761,545	709,301,561	1,336,230,276
Decrease in funds remitted into Thailand	(4,166,403,000)	-	-	-	(4,166,403,000)
Increase in balance of inter-office accounts with head office and other branches under the same entity	-	5,405,973,949	-	-	5,405,973,949
Balance - as at 31 March 2008	<u>22,821,003,167</u>	<u>14,787,343,036</u>	<u>156,443,037</u>	<u>1,014,344,481</u>	<u>38,779,133,721</u>
Balance - as at 31 March 2008	22,821,003,167	14,787,343,036	156,443,037	1,014,344,481	38,779,133,721
Income and expenses recognised directly in equity:					
Exchange rate adjustments	1,796,110,297	-	-	-	1,796,110,297
Decrease in revaluation surplus (deficit) on investments	-	-	(1,416,473,218)	-	(1,416,473,218)
Net income and expenses recognised directly in equity	1,796,110,297	-	(1,416,473,218)	-	379,637,079
Net income for the year	-	-	-	2,254,651,413	2,254,651,413
Total income and expenses for the year	1,796,110,297	-	(1,416,473,218)	2,254,651,413	2,634,288,492
Increase in funds remitted into Thailand	4,195,742,542	-	-	-	4,195,742,542
Decrease in balance of inter-office accounts with head office and other branches under the same entity	-	(3,248,831,594)	-	-	(3,248,831,594)
Balance - as at 31 March 2009	<u>28,812,856,006</u>	<u>11,538,511,442</u>	<u>(1,260,030,181)</u>	<u>3,268,995,894</u>	<u>42,360,333,161</u>

The accompanying notes are an integral part of these financial statements

Mizuho Corporate Bank, Ltd. Bangkok Branch

Cash flows statements

For the years ended 31 March 2009 and 2008

	(Unit: Baht)	
	2009	2008
Cash flows from operating activities		
Net income before corporate income tax	2,584,506,430	709,301,561
Adjustments to reconcile net income before corporate income tax to net cash provided by (used in) operating activities		
Depreciation and amortisation	29,862,045	23,097,987
Bad debts and doubtful accounts	35,459,238	79,136,697
Provision for contingent liabilities in respect of off-balance sheet commitments (reversal)	(5,958,000)	6,000,000
Unrealised losses (gains) on exchange and financial derivative contracts	(416,228,888)	953,442,163
Gain on sales of equipment	(22,391)	-
Written-off of equipment and computer software	37	413,073
Amortisation on discount of long-term investments	(128,633,593)	(146,519,084)
Interest income	(4,759,412,366)	(5,268,165,865)
Interest expenses	2,432,518,601	2,491,311,595
Loss from operating activities before changes in operating assets and liabilities	(227,908,887)	(1,151,981,873)
Decrease (increase) in operating assets		
Interbank and money market items	(8,409,103,030)	4,430,603,928
Loans	(7,376,222,143)	5,840,923,749
Other assets	(451,029)	1,412,309
Increase (decrease) in operating liabilities:		
Deposits	38,888,632,371	(8,297,770,500)
Interbank and money market items	600,564,225	(4,840,560,152)
Liabilities payable on demand	(1,002,002,507)	964,752,212
Short-term borrowings	(26,766,259,017)	165,939,652
Other liabilities	60,934,399	848,226
Cash flows used in operating activities	(4,231,815,618)	(2,885,832,449)
Cash received from interest income	4,667,088,954	5,535,123,430
Cash paid for interest expenses	(2,546,791,354)	(2,530,859,220)
Cash paid for corporate income tax	(7,391,654)	(6,330,055)
Net cash flows from (used in) operating activities	(2,118,909,672)	112,101,706

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

Mizuho Corporate Bank, Ltd. Bangkok Branch
Cash flows statements (continued)
For the years ended 31 March 2009 and 2008

		(Unit: Baht)	
	Note	2009	2008
Cash flows from investing activities			
Cash received from investments		9,650,447,008	8,142,608,781
Cash paid for purchase of investments		(12,279,577,169)	(6,052,317,267)
Cash received from sale of equipment		22,430	-
Cash paid for purchase of equipment		(105,229,225)	(23,641,014)
Cash paid for purchase of intangible assets		(7,347,898)	(6,831,664)
Net cash flows from (used in) investing activities		<u>(2,741,684,854)</u>	<u>2,059,818,836</u>
Cash flows from financing activities			
Increase (decrease) in net balance of inter-office accounts with head office and other branches under the same entity		(3,248,831,594)	5,405,973,949
Increase (decrease) in funds remitted into Thailand		<u>4,195,742,542</u>	<u>(4,166,403,000)</u>
Net cash flows from financing activities		<u>946,910,948</u>	<u>1,239,570,949</u>
Net increase (decrease) in cash and cash equivalents		<u>(3,913,683,578)</u>	<u>3,411,491,491</u>
Cash and cash equivalents as at 1 April		<u>6,384,741,940</u>	<u>2,973,250,449</u>
Cash and cash equivalents as at 31 March	23	<u><u>2,471,058,362</u></u>	<u><u>6,384,741,940</u></u>

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

Mizuho Corporate Bank, Ltd. Bangkok Branch

Notes to financial statements

For the years ended 31 March 2009 and 2008

1. General information

1.1 Corporate Information

The Ministry of Finance granted Mizuho Corporate Bank, Ltd. Bangkok Branch ("the Bank") a license to carry out domestic banking business through Mizuho Corporate Bank, Ltd. Bangkok Branch under the Commercial Banking Act B.E. 2505. The Bank's registered address is 18th Floor, Tisco Tower, 48 North Sathorn Road, Silom, Bangrak, Bangkok.

1.2 Economic crisis

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

2. Basis for preparation of financial statements

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with requirement of the Notification of the Bank of Thailand ("The BOT") dated 3 August 2008, titled "Preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services" relating to the format of the financial statements of commercial banks.

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

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

3. Adoption of new accounting standards

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

3.1 Accounting standards and financial reporting standard which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of the following new accounting standards and financial reporting standard.

TAS 1 (revised 2007)	Presentation of Financial Statements (Previously known as TAS 35)
TAS 2 (revised 2007)	Inventories (Previously known as TAS 31)
TAS 7 (revised 2007)	Cash Flow Statements (Previously known as TAS 25)
TAS 8 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors (Previously known as TAS 39)
TAS 11 (revised 2007)	Construction Contracts (Previously known as TAS 49)
TAS 17 (revised 2007)	Leases (Previously known as TAS 29)
TAS 23 (revised 2007)	Borrowing Costs (Previously known as TAS 33)
TAS 34 (revised 2007)	Interim Financial Reporting (Previously known as TAS 41)
TAS 38	Intangible Assets (Previously known as TAS 51)
TFRS 3 (revised 2007)	Business Combinations (Previously known as TAS 43)

These accounting standards and financial reporting standard became effective for the financial statements for fiscal year beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 2, TAS 11, TAS 23, TAS 34, and TFRS 3 are not relevant to the business of the Bank, while the other remaining standards do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards, financial reporting standard and accounting treatment guidances which are not effective for the current year

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

	Effective date for the fiscal year beginning on or after
Framework for the Preparation and Presentation of Financial Statements (revised 2007)	1 January 2009
TAS 20 Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007) Related Party Disclosures (Previously known as TAS 47)	1 January 2011
TAS 36 (revised 2007) Impairment of Assets	1 January 2009
TAS 40 Investment Property	1 January 2011
TFRS 5 (revised 2007) Non-Current Assets Held for Sale and Discontinued Operations (Previously known as TAS 54)	1 January 2009
Accounting Treatment Guidance for Leasehold Right	1 January 2009
Accounting Treatment Guidance for Business Combination under Common Control	1 January 2009

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

The management of the Bank is still evaluating the effect of these accounting standards, financial reporting standard and accounting treatment guidances and has not been able to reach a conclusion as to their effect to the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis and is based on the amount of principal outstanding. The Bank ceases accruing interest income for loans on which principal or interest payments have been defaulted for more than three months and reverses interest income formerly recognised from the Bank's accounts. Interest is then recognised as income on a cash basis.

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

b) Interest on investments

Interest on investments is recognised as income on an accrual basis.

c) Fees and service income

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

4.2 Interest expenses

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

4.3 Investments

Investments in available-for-sale securities, both held for short-term investments and long-term investments, are determined at fair value. Changes in the value of the securities are shown as separate items in equity of head office account and other branches under the same entity until the securities are sold, then the changes are included in determining income.

Premiums/discounts on debt securities are amortised by the effective rate method. The amortised amount is presented as an adjustment to the interest income.

The fair value of government and state enterprise securities and foreign debt securities are determined in accordance with the BOT's regulations, which is based on market price or the yield rate quoted by the market.

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

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

4.4 Securities purchased under resale agreements

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

4.5 Loans

The Bank presents loans at principal balances, excluding accrued interest receivable. Unrecognised deferred income/discount on loans are deducted from the loan balances.

4.6 Allowances for doubtful accounts

- a) The Bank sets allowances for doubtful accounts in accordance with the Notifications of the Bank of Thailand and adjusts these by the additional amounts which are expected not to be collectible, based on analysis and evaluation of the current status of the debtors, taking into consideration the recovery risk, the value of collateral, and current economic conditions.

The Bank set provision at 1% and 2% of the loan balance (excluding accrued interest receivable) net of collateral value for normal loans and special mention loans, respectively, as required by the BOT's guidelines.

For non-performing loans and receivables which are classified as substandard, doubtful and doubtful of loss, the Bank records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to the BOT's Notifications, in accordance with the BOT's guidelines.

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

4.7 Leasehold improvement, equipment and depreciation

Leasehold improvement and equipment are stated at cost less accumulated depreciation, and less impairment, if any. Depreciation is calculated with reference to its cost on a straight-line basis over estimated useful lives of 5 years.

Depreciation is included in determining income.

4.8 Intangible assets and amortisation

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

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

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

4.9 Operating leases

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

4.10 Related party transactions

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

They also included individuals who have significant influence over the Bank, key management personnel, directors and officers with authority in the planning and direction of the Bank's operations.

4.11 Impairment of assets

At each reporting date, the Bank performs impairment reviews in respect of the leasehold improvement and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Bank could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.12 Employee benefits

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

4.13 Foreign currencies

Foreign currency transactions have been translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on translation and sales of foreign currencies are included in determining income.

4.14 Provision

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

4.15 Income tax

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

4.16 Financial derivatives

The Bank has entered into off-balance sheet transactions involving derivative financial instruments, in order to respond to customer needs and manages the risk of the Bank.

Forward foreign currency contracts which originated in response to customer needs or to manage the risk of the Bank are presented as off-balance sheet items and stated at fair value, which is based on the average rate of buying and selling rates for the remaining period of each contract. Gains or losses arising from changes in the fair value of the contracts are recognised in determining income.

Interest rate swap contracts, cross currency swap contracts, interest rate option contracts and currency option contracts which originated in response to customer needs are recorded as off-balance sheet items and presented at fair value, which is calculated based on discounted cash flows. Gains or losses arising from changes in the fair value of contracts are recognised in determining income.

Interest rate swap contracts and cross currency swap contracts used for hedging purposes are recorded as off-balance sheet items and valued on an accrual basis. The foreign currency components are valued on the balance sheet date rates while the interest components are recorded on an accrual basis, in the same way as the underlying assets or liabilities.

4.17 Cash and cash equivalent

Cash and cash equivalents consist of cash in hand and cash at financial institutions with an original maturity of three months or less and not subject to restrictions.

5. Significant accounting judgments and estimates

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

5.1 Assessment of risk and rewards

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

5.2 Allowance for doubtful accounts for loans

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

5.3 Fair value of financial instruments

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

5.4 Allowance for impairment of investments

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

5.5 Leasehold improvement, equipment and depreciation

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

5.6 Finance lease/Operating lease

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

6. Interbank and money market items (assets)

(Unit: Thousand Baht)

	2009			2008		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand	1,109,106	2,900,000	4,009,106	5,933,735	-	5,933,735
Commercial banks	62,255	5,253,220	5,315,475	100,448	2,514,262	2,614,710
Total interbank and money market items						
- Domestic	1,171,361	8,153,220	9,324,581	6,034,183	2,514,262	8,548,445
Add: Accrued interest receivable	-	151	151	-	4	4
Less: Allowance for doubtful accounts	-	(52,532)	(52,532)	-	(25,142)	(25,142)
Total	1,171,361	8,100,839	9,272,200	6,034,183	2,489,124	8,523,307
Foreign						
US dollars	290,363	1,072,389	1,362,752	253,616	15,992	269,608
Australian dollars	341,573	-	341,573	31,757	-	31,757
Euro	661,128	-	661,128	49,089	-	49,089
Yen	-	1,713,748	1,713,748	-	-	-
Others	4,725	-	4,725	9,445	-	9,445
Total interbank and money market items						
- Foreign	1,297,789	2,786,137	4,083,926	343,907	15,992	359,899
Add: Accrued interest receivable	-	1,882	1,882	-	-	-
Less: Allowance for doubtful accounts	-	(27,882)	(27,882)	-	(161)	(161)
Total	1,297,789	2,760,137	4,057,926	343,907	15,831	359,738
Total interbank and money market items	2,469,150	10,860,976	13,330,126	6,378,090	2,504,955	8,883,045

7. Investments

7.1 Classified by type of investment

(Unit: Thousand Baht)

	2009		2008	
	Cost	Fair value	Cost	Fair value
<u>Current investments</u>				
Available-for-sale securities				
Government and state enterprise securities	4,185,333	4,202,276	4,847,728	4,857,480
Foreign debt securities	2,486,887	2,486,887	3,848,602	3,849,915
	6,672,220	6,689,163	8,696,330	8,707,395
Add: Allowance for changes in value	16,943		11,065	
Total current investments	6,689,163		8,707,395	
<u>Long-term investments</u>				
Available-for-sale securities				
Government and state enterprise securities	2,255,000	2,386,907	2,255,000	2,400,922
Foreign debt securities	20,012,207	18,603,327	13,076,364	13,075,820
	22,267,207	20,990,234	15,331,364	15,476,742
Add (Deduct): Allowance for changes in value	(1,276,973)		145,378	
Total long-term investments	20,990,234		15,476,742	
Total investments	27,679,397		24,184,137	

7.2 Classified by due date of debt instrument

(Unit: Thousand Baht)

	2009				2008			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities								
Government and state enterprise securities								
Government and state enterprise securities	4,185,333	2,255,000	-	6,440,333	4,847,728	2,255,000	-	7,102,728
Foreign debt securities	2,486,887	16,428,470	3,583,737	22,499,094	3,848,602	13,076,364	-	16,924,966
Add (Deduct): Allowance for changes in value	16,943	(543,119)	(733,854)	(1,260,030)	11,065	145,378	-	156,443
Total debt securities	6,689,163	18,140,351	2,849,883	27,679,397	8,707,395	15,476,742	-	24,184,137

7.3 As at 31 March 2008, the Bank has investments in government and state enterprise securities with value at cost after amortisation amounting to Baht 1,311 million which have been placed as collateral for one-day liquidity operations with the Bank of Thailand (2009: Nil).

7.4 As at 31 March 2009, the Bank has investments in government and state enterprise securities with value at cost after amortisation amounting to Baht 26,228 million (2008: Baht 19,028 million) are assets maintained under section 32.

7.5 As at 31 March 2009, the Bank has entered into interest rate swap contracts to hedge foreign debt securities of the Bank amounting to Baht 7,755 million, and entered into cross currency swap contracts to hedge investments in government and state enterprise securities of Baht 2,255 million. All of these contracts are presented in Note 24.1 to the financial statements (2008: Baht 3,849 million and Baht 2,255 million, respectively).

8. Loans and accrued interest receivable

8.1 Classified by loan type

	(Unit: Thousand Baht)	
	2009	2008
Overdrafts	4,413	2,881
Loans	84,506,707	78,602,358
Discounted bills	2,056,334	585,992
Total	86,567,454	79,191,231
Add: Accrued interest receivable	514,304	423,797
Less: Allowance for doubtful accounts	(913,186)	(913,072)
Loans and accrued interest receivable - net	<u>86,168,572</u>	<u>78,701,956</u>

As at 31 March 2009, the Bank has entered into interest rate swap contracts to hedge loans of the Bank amounting to Baht 7,581 million. All of these contracts are presented in Note 24.1 to the financial statements (2008: Baht 5,411 million).

8.2 Classified by remaining period of contracts

	(Unit: Thousand Baht)	
	2009	2008
At call	22,717,971	24,795,544
Not over 1 year	30,807,415	28,704,014
Over 1 year	33,556,372	26,115,470
Total loans and accrued interest receivable	<u>87,081,758</u>	<u>79,615,028</u>

8.3 Classified by currency and country

(Unit: Thousand Baht)

	2009	2008
Baht	69,845,361	66,335,750
US Dollar	5,624,523	4,465,024
JPY	11,611,874	8,814,254
Total loans and accrued interest receivable	<u>87,081,758</u>	<u>79,615,028</u>

As at 31 March 2009 and 2008, all outstanding loan balances are loans to domestic receivables.

8.4 Classified by type of business and loan classification

(Unit: Thousand Baht)

	2009					Total
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	
Agricultural and mining	944,543	-	-	-	-	944,543
Manufacturing and commerce	60,467,779	5,391,578	308,550	-	-	66,167,907
Real estate and construction	4,855,636	64,228	-	-	-	4,919,864
Public utilities	2,853,196	-	-	-	-	2,853,196
Services	1,821,412	-	-	-	-	1,821,412
Others	10,050,810	324,026	-	-	-	10,374,836
Total loans and accrued interest receivable	<u>80,993,376</u>	<u>5,779,832</u>	<u>308,550</u>	<u>-</u>	<u>-</u>	<u>87,081,758</u>

(Unit: Thousand Baht)

	2008					Total
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	
Agricultural and mining	320,946	-	-	-	-	320,946
Manufacturing and commerce	52,628,661	3,402,778	273,920	-	-	56,305,359
Real estate and construction	5,558,791	10,051	-	-	-	5,568,842
Public utilities	3,337,636	-	-	-	-	3,337,636
Services	2,206,012	-	-	-	-	2,206,012
Others	11,619,517	254,889	1,827	-	-	11,876,233
Total loans and accrued interest receivable	<u>75,671,563</u>	<u>3,667,718</u>	<u>275,747</u>	<u>-</u>	<u>-</u>	<u>79,615,028</u>

8.5 Non-performing loans

As at 31 March 2009 and 2008, the Bank had non-performing loans classified in accordance with the Notification of the BOT (includes debtors classified as substandard, doubtful and doubtful of loss), as follows:

	(Unit: Million Baht)	
	2009	2008
Non-performing loans (excluding accrued interest receivable)	306	275

As at 31 March 2009 and 2008, the Bank did not have loans for which income recognition under an accrual basis has been discontinued.

8.6 Unearned income

As at 31 March 2009 and 2008, the Bank had unearned income as follows:

	(Unit: Thousand Baht)	
	2009	2008
Unearned income on discounted bills	900	260

8.7 Classification of loans/classification of assets

As at 31 March 2009 and 2008, the Bank's loans and related allowances classified in accordance with the Bank of Thailand's guidelines are summarised below.

	(Unit: Million Baht)			
	2009			
	Debt balance/book value	Debt balance after collateral	Minimum percentage required by BOT ⁽¹⁾	Allowance for doubtful accounts provided under BOT's Guidelines/Amount provided in the accounts
<u>Loans and accrued interest receivable</u> ⁽²⁾				
Normal	80,514	76,309	1	763
Special mention	5,748	4,465	2	89
Substandard	308	61	100	61
Total	<u>86,570</u>	<u>80,835</u>		<u>913</u>

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

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

(Unit: Million Baht)

	2008			Allowance for doubtful accounts provided under BOT's Guidelines/Amount provided in the accounts
	Debt balance/book value	Debt balance after collateral	Minimum percentage required by BOT ⁽¹⁾	
<u>Loans and accrued interest receivable ⁽²⁾</u>				
Normal	75,278	69,824	1	698
Special mention	3,639	2,882	2	58
Substandard	276	157	100	157
Total	<u>79,193</u>	<u>72,863</u>		<u>913</u>

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

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

9. Allowance for doubtful accounts

(Unit: Thousand Baht)

	For the years ended 31 March	
	2009	2008
Balance - beginning of the year	913,072	797,706
Add: Increase (decrease) during the year	(19,799)	119,244
Exchange rate adjustments	19,913	(3,878)
Balance - end of the year	<u>913,186</u>	<u>913,072</u>

10. Leasehold improvement and equipment

(Unit: Thousand Baht)

	Leasehold improvement	Office equipment	Computer equipment	Construction in process	Total
<u>Cost</u>					
31 March 2008	142,074	37,838	106,063	-	285,975
Additions	91,582	10,792	2,355	500	105,229
Written-off	(8,050)	(3,010)	(10,708)	-	(21,768)
31 March 2009	225,606	45,620	97,710	500	369,436
<u>Accumulated depreciation</u>					
31 March 2008	140,121	26,116	66,525	-	232,762
Depreciation charged for the year	4,136	3,378	12,047	-	19,561
Written-off	(8,050)	(3,010)	(10,708)	-	(21,768)
31 March 2009	136,207	26,484	67,864	-	230,555
<u>Net book value</u>					
31 March 2008	1,953	11,722	39,538	-	53,213
31 March 2009	89,399	19,136	29,846	500	138,881
Depreciation charged included in the income statements for the years					
2009					19,561
2008					12,773

As at 31 March 2009, the Bank has office equipment which has been fully depreciated but is still in use of which the original costs, before deducting accumulated depreciation, amounted to approximately Baht 189 million (2008: Baht 208 million).

11. Intangible assets

(Unit: Thousand Baht)

	Remaining useful life	For the year ended 31 March 2009			Balance - end of the year
		Balance - beginning of the year	Increase	Decrease	
Computer software	1-5 years	58,128	7,348	(6,854)	58,622
Less: Amortisation		(19,182)	(10,301)	6,854	(22,629)
Intangible assets - net		38,946	(2,953)	-	35,993
Amortised expenses included in the income statement for the year					10,301

As at 31 March 2009, the Bank has computer software which has been fully amortised but is still in use of which the original costs, before deducting accumulated amortisation, amounted to approximately Baht 2 million (2008: Baht 8 million).

12. Other assets

	(Unit: Thousand Baht)	
	2009	2008
Deposits	15,513	15,243
Accrued fees receivable	3,296	3,022
Others	480	573
Total other assets	<u>19,289</u>	<u>18,838</u>

13. Deposits

13.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	2009	2008
Demand deposits	1,456,423	2,692,036
Savings deposits	24,416,922	24,397,435
Term deposits		
- Less than 6 months	43,493,828	2,932,189
- 6 months but less than 1 year	68,304	47,700
- 1 year and over	-	477,485
Total deposits	<u>69,435,477</u>	<u>30,546,845</u>

13.2 Classified by the remaining period of contracts

	(Unit: Thousand Baht)	
	2009	2008
Not over 1 year	<u>69,435,477</u>	<u>30,546,845</u>
Total deposits	<u>69,435,477</u>	<u>30,546,845</u>

13.3 Classified by currency and depositors' country

(Unit: Thousand Baht)

	2009			2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	64,165,276	4,250	64,169,526	28,102,706	2,305	28,105,011
US dollar	2,993,307	-	2,993,307	1,512,384	-	1,512,384
Australian dollar	339,998	-	339,998	-	-	-
JPY	1,277,327	218	1,277,545	905,287	186	905,473
Others	655,101	-	655,101	23,977	-	23,977
Total deposits	69,431,009	4,468	69,435,477	30,544,354	2,491	30,546,845

14. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	2009			2008		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	-	426,324	426,324	-	302,477	302,477
Securities companies	2,550	397,006	399,556	6,038	2,990	9,028
Other financial institutions	5,885	-	5,885	4,778	-	4,778
Total interbank and money market items - Domestic	8,435	823,330	831,765	10,816	305,467	316,283
Foreign						
Other financial institutions - Baht	159,708	1,000,000	1,159,708	74,626	1,000,000	1,074,626
Total interbank and money market items - Foreign	159,708	1,000,000	1,159,708	74,626	1,000,000	1,074,626
Total	168,143	1,823,330	1,991,473	85,442	1,305,467	1,390,909

As at 31 March 2009, the Bank has entered into cross currency swap contracts to hedge foreign interbank and money market items amounting to Baht 1,000 million. All of these contacts are presented in Note 24.1 to the financial statements (2008: Baht 1,000 million).

15. Short-term borrowings

As at 31 March 2009, all outstanding balances of short-term borrowings are in form of bills of exchange in Baht currency from domestic customers which carrying interest at rates of 0.60-3.72 percent per annum (2008: borrowings in form of bills of exchange in Baht currency at interest rates of 0.60 – 3.52 percent per annum).

16. Other liabilities

	(Unit: Thousand Baht)	
	2009	2008
Deferred income - revenue received in advance	9,397	6,771
Payment payable to the Deposit Protection Agency	60,441	-
Provision for contingent liabilities in respect of off-balance sheet commitments	42	6,000
Others	20,018	22,151
Total other liabilities	89,898	34,922

17. Capital funds

The primary objective of the Bank's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 March 2009 and 2008, funds remitted into Thailand for maintaining assets under Section 32 of the Act on Undertaking of Banking business B.E. 2551 are as follow:

	(Unit: Thousand Baht)	
	2009	2008
<u>Funds remitted into Thailand</u>		
Funds from head office	10,670,800	10,670,800
Borrowings from other branches under the same entity	18,142,056	12,150,203
Total	28,812,856	22,821,003

As at 31 March 2009, investments in government and state enterprise securities of approximately Baht 26,228 million are assets maintained under Section 32 by the Bank (2008: investments in government and state enterprise securities of Baht 19,028 million).

18. Revaluation surplus on investments

	(Unit: Thousand Baht)	
	2009	2008
Revaluation surplus on investments		
Available-for-sale investments - Debt instruments	148,850	170,925
Revaluation deficit on investments		
Available-for-sale investments - Debt instruments	(1,408,880)	(14,482)
Revaluation surplus on investments	<u>(1,260,030)</u>	<u>156,443</u>

19. Bad debts and doubtful accounts

Bad debts and doubtful accounts in income statements for the year ended 31 March 2009 and 2008 are as follows:

	(Unit: Thousand Baht)	
	2009	2008
Bad debts and doubtful accounts (reversal)		
Interbank and money market items	55,258	(40,107)
Loans	(19,799)	119,244
Total	<u>35,459</u>	<u>79,137</u>

20. Corporate income tax

Corporate income tax for the year ended 31 March 2009 was calculated on net income for the year, after adding back expenses and allowances which are disallowable for tax computation purposes and deducting income which is exempted for tax computation purposes.

After adjusting profits for accounting purposes for non-tax deductible expenses and tax-exempt revenues in the tax computation, there is no income tax payable by the Bank for the year ended 31 March 2008 since the tax loss brought forward from previous year exceeds the net profit for the year.

21. Provident fund

The Bank and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to by the employees at the rate of 5 percent of the employee's salary and by the Bank at a rate of 5 - 10 percent of the employees' salary. The fund will be paid to the employees upon termination of employment in accordance with the rules of the fund. During the year 2009, approximately Baht 6 million has been contributed to the fund by the Bank (2008: Baht 5 million).

22. Related party transactions

During the years 2009 and 2008, the Bank had significant business transactions with its head office, other branches under the same entity and certain related companies (related by way of common shareholders and/or common directors). Such transactions which have been concluded on the terms and basis as determined by the Bank and those companies, are summarised below.

	(Unit: Million Baht)		
	2009	2008	2009 Pricing policy
<u>Transactions occurring during the years</u>			
Interest income	160	405	At the same rate given to other customers
Other income	1	4	At the same rate given to other customers
Interest expenses	274	341	At the same rate paid to other customers
Expenses allocated from head office	493	349	As per invoice charged by head office
Fee and service expenses	32	31	As per invoice charged by head office

The outstanding balances of the above transactions have been separately shown in the balance sheets are as follows:

	(Unit: Million Baht)	
	2009	2008
Balances with other related companies		
in Mizuho Financial Group		
Loans and accrued interest receivable	-	1,487
Deposits	4	17
Off - balance sheet items - financial derivative contracts	21,958	9,495
Balances with other related banks in Mizuho Financial Group		
Interbank and money market items (liabilities)	160	75
Net balances of inter-office accounts with head office and other branches under the same entity		
Borrowings and interest payable – net	12,113	15,370
Deposits/inter-office balances (assets)	574	583
Off - balance sheet items - financial derivative contracts	56,513	43,537

23. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2009	2008
Cash	1,908	6,652
Interbank and money market items - deposits at banks	2,469,150	6,378,090
Total cash and cash equivalents	<u>2,471,058</u>	<u>6,384,742</u>

24. Commitments

As at 31 March 2009 and 2008, the Bank's significant commitments consisted of:

24.1

	(Unit: Thousand Baht)					
	2009			2008		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Aval to bills	1,772	556,104	557,876	1,181	1,279,131	1,280,312
Guarantees - Loans	119,583	81,712	201,295	138,347	-	138,347
- Others	10,947,648	7,298,317	18,245,965	7,050,220	4,636,680	11,686,900
Letters of credit	249,998	1,766,962	2,016,960	112,452	4,687,876	4,800,328
Other obligations						
Forward exchange contracts						
Bought contracts	47,776,517	84,771,969	132,548,486	33,070,533	74,882,189	107,952,722
Sold contracts	43,018,640	88,591,598	131,610,238	39,628,070	67,373,131	107,001,201
Cross currency swap contracts						
Bought contracts	17,197,152	19,016,061	36,213,213	18,753,727	18,554,677	37,308,404
Sold contracts	18,417,906	17,747,608	36,165,514	19,957,046	17,429,452	37,386,498
Interest rate swap contracts						
Bought contracts	27,969,602	24,760,517	52,730,119	27,278,942	16,543,608	43,822,550
Sold contracts	27,969,602	24,760,517	52,730,119	27,278,942	16,543,608	43,822,550
Currency option contracts						
Bought contracts	3,809,417	4,062,345	7,871,762	788,130	762,758	1,550,888
Sold contracts	3,809,417	4,062,345	7,871,762	788,130	762,758	1,550,888
Interest rate option contracts						
Bought contracts	-	-	-	300,000	-	300,000
Sold contracts	-	-	-	300,000	-	300,000
Undrawn committed						
overdraft	1,982,688	-	1,982,688	1,875,119	-	1,875,119
Undrawn commitment	3,018,302	1,707,752	4,726,054	1,405,926	4,778,343	6,184,269
Undrawn credit line	111,046,417	46,999,346	158,045,763	96,142,356	36,501,894	132,644,250
Total	<u>317,334,661</u>	<u>326,183,153</u>	<u>643,517,814</u>	<u>274,869,121</u>	<u>264,736,105</u>	<u>539,605,226</u>

24.2 The Bank has rental and service commitments of Baht 26 million (2008: Baht 61 million) under a 3-year office lease agreement which will expire on 31 December 2009. Under the lease agreement, the Bank has an option to renew the lease period and the lessor has the right to adjust the rental fee when the lease is renewed.

24.3 As at 31 March 2009, the Bank has commitments under the vehicles and office equipment rental and services agreements of Baht 34 million (2008: Baht 14 million).

25. Segment information

The Bank's operations involve a domestic banking business, and are carried on in the single geographic area of Thailand. As a result, all of revenues, operating profit and assets reflected in these financial statements pertain the aforementioned industry segment and geographic area.

26. Financial instruments

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

The Bank enters into off-balance sheet financial instruments in the normal course of its business in order to meet customer needs and to reduce its own exposure to risk from fluctuations in interest rates and foreign exchange rates. The Bank's risk management accords with the head office's policy, which limits the scope of foreign exchange transactions and financial market transactions.

26.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill its contractual obligations, causing the Bank to incur a financial loss. The maximum amount of 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 exposure arising from avals and guarantees provided to loans and other credit.

The Bank manages credit risk based on analysis of the capability of debtors to make payment and their financial position. In addition, the Bank manages the concentration of its loan portfolio by grading debtors by reliability and industry, and taking into consideration risk factors to ensure the effectiveness of the Bank's reserves.

26.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may affect the financial position of the Bank.

a) Interest rate risk

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

Financial assets and financial liabilities classified by type of interest rate as at 31 March 2009 and 2008 are as follows:

(Unit: Million Baht)

Description	Outstanding balances of financial instruments as at 31 March 2009			Total
	Floating interest rates	Fixed interest rates	Without interest	
<u>Financial assets</u>				
Cash	-	-	2	2
Interbank and money market items	15	10,941	2,455	13,411
Investments	-	28,939	-	28,939
Loans	76,170	10,397	-	86,567
<u>Financial liabilities</u>				
Deposits	24,417	43,562	1,456	69,435
Interbank and money market items	6	1,823	162	1,991
Liabilities payable on demand	-	-	470	470
Short-term borrowings	-	14,626	-	14,626
Funds remitted into Thailand --				
borrowings from other branches				
under the same entity	-	18,142	-	18,142
Net balance of inter-office accounts				
with head office and other branches				
under the same entity	-	12,057	(518)	11,539

(Unit: Million Baht)

Outstanding balances of financial instruments as at 31 March 2008

Description	Floating	Fixed	Without interest	Total
	interest rates	interest rates		
<u>Financial assets</u>				
Cash	-	-	7	7
Interbank and money market items	19	2,530	6,359	8,908
Investments	-	24,028	-	24,028
Loans	72,871	6,320	-	79,191
<u>Financial liabilities</u>				
Deposits	24,398	3,457	2,692	30,547
Interbank and money market items	5	1,306	80	1,391
Liabilities payable on demand	-	-	1,472	1,472
Short-term borrowings	-	41,392	-	41,392
Funds remitted into Thailand –				
borrowings from other branches				
under the same entity				
	-	12,150	-	12,150
Net balance of inter-office accounts				
with head office and other branches				
under the same entity				
	-	15,297	(510)	14,787

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

(Unit: Million Baht)

	31 March 2009				Total	Weighted average interest rate (%)
	Repricing or maturity period					
	0-3 months	3-12 months	1-5 years	Over 5 years		
<u>Financial assets</u>						
Interbank and money market items	10,782	159	-	-	10,941	0.89
Investments	8,292	10,637	6,426	3,584	28,939	2.74
Loans	5,561	4,743	93	-	10,397	3.83
<u>Financial liabilities</u>						
Deposits	42,499	1,063	-	-	43,562	1.08
Interbank and money market items	823	-	1,000	-	1,823	3.10
Short-term borrowings	14,276	350	-	-	14,626	1.43
Funds remitted into Thailand – borrowings from other branches under the same entity	13,799	4,343	-	-	18,142	1.00
Net balance of inter-office accounts with head office and other branches under the same entity	11,840	217	-	-	12,057	0.95

(Unit: Million Baht)

	31 March 2008				Total	Weighted average interest rate (%)
	Repricing or maturity period					
	0-3 months	3-12 months	1-5 years	Over 5 years		
<u>Financial assets</u>						
Interbank and money market items	2,530	-	-	-	2,530	3.22
Investments	9,580	12,193	2,255	-	24,028	3.64
Loans	159	473	5,578	110	6,320	4.30
<u>Financial liabilities</u>						
Deposits	2,749	708	-	-	3,457	2.79
Interbank and money market items	129	177	1,000	-	1,306	4.39
Short-term borrowings	38,652	2,740	-	-	41,392	3.11
Funds remitted into Thailand – borrowings from other branches under the same entity	8,366	3,784	-	-	12,150	1.04
Net balance of inter-office accounts with head office and other branches under the same entity	638	14,659	-	-	15,297	1.01

In addition, the Bank has interest bearing financial assets and financial liabilities. The monthly average balance of performing financial assets and liabilities of the Bank for the year ended 31 March 2009 and 2008, and the average rate of interest, can be summarized as follow:

(Unit: Million Baht)

	For the years ended 31 March					
	2009			2008		
	Average balances	Interest	Average rate	Average balances	Interest	Average rate
<u>Interest bearing financial assets</u>						
Interbank and money market items and inter-office accounts with head office and other branches under the same entity	19,311	518	2.69	16,624	799	4.81
Securities purchased under resale agreements	-	-	-	1,274	56	4.38
Investments	27,216	893	3.28	23,982	1,154	4.81
Loans	90,778	3,348	3.69	79,223	3,259	4.11
<u>Interest bearing financial liabilities</u>						
Deposits	59,937	956	1.60	53,577	1,092	2.04
Interbank and money market items, borrowings and accounts with head office and other branches under the same entity	40,120	469	1.17	25,886	297	1.15
Short-term borrowings	24,718	1,008	4.08	27,093	1,102	4.07

b) Foreign exchange risk

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

As at 31 March 2009 and 2008, the Bank's foreign currency positions are summarized as follow:

(Unit: Million Baht)

	2009				2008			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US dollar	Euro	Yen	Others	US dollar	Euro	Yen	Others
<u>In-balance sheet foreign currency</u>								
<u>Assets</u>								
Interbank and money market								
items	4,816	661	1,716	346	317	49	-	41
Investments	14,744	-	7,755	-	13,769	-	3,156	-
Loans and accrued interest								
receivable	5,624	-	11,612	-	4,465	-	8,814	-
Accrued interest receivable	130	-	39	-	176	-	3	-
Total	25,314	661	21,122	346	18,727	49	11,973	41
<u>Liabilities</u>								
Deposits	2,993	655	1,278	340	1,512	20	905	5
Interbank and money market								
items	426	-	-	-	302	-	-	-
Liabilities payable on								
demand	254	3	129	-	1,263	-	46	29
Interest payable	1	2	-	-	4	-	-	-
Funds remitted into Thailand –								
borrowings from other								
branches under the same								
entity	-	-	18,142	-	-	-	12,150	-
Net balance of inter-office								
accounts with head office								
and other branches under								
the same entity	(11,852)	-	23,288	-	(5,724)	-	20,498	-
Total	(8,178)	660	42,837	340	(2,643)	20	33,599	34

(Unit: Million Baht)

	2009				2008			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US				US			
	dollar	Euro	Yen	Others	dollar	Euro	Yen	Others
Off-balance sheet foreign currency								
Aval to bills	515	14	27	-	1,223	1	55	-
Guarantees	5,582	55	1,740	3	2,646	89	1,899	3
Letters of credit	982	425	335	25	2,536	1,879	98	175
Forwards exchange contracts								
- Bought contracts	48,748	1,216	34,503	305	40,463	1,156	33,152	111
- Sold contracts	74,440	1,216	12,630	305	54,243	1,185	11,832	113
Cross currency swap contracts								
- Bought contracts	10,340	-	8,576	100	8,730	-	9,824	-
- Sold contracts	9,071	-	8,576	100	7,605	-	9,824	-
Interest rate swap contracts								
- Bought contracts	14,953	-	9,808	-	11,655	-	4,889	-
- Sold contracts	14,953	-	9,808	-	11,655	-	4,889	-
Currency option contracts								
- Bought contracts	3,167	-	896	-	630	-	133	-
- Sold contracts	3,167	-	896	-	630	-	133	-

c) Securities position risk

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

26.3 Liquidity risk

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

Counting from the balance sheet date, the periods to maturity of financial instruments held as at 31 March 2009 and 2008 are as follow:

(Unit: Million Baht)

2009

Transactions	Less than					Total
	At call	3 months	3-12 months	1-5 years	Over 5 years	
<u>Financial assets</u>						
Cash	2	-	-	-	-	2
Interbank and money market items	4,269	8,982	160	-	-	13,411
Investments	-	3,141	3,531	18,683	3,584	28,939
Loans	22,677	18,778	11,753	26,527	6,832	86,567
<u>Financial liabilities</u>						
Deposits	25,873	42,499	1,063	-	-	69,435
Interbank and money market items	268	723	-	1,000	-	1,991
Liability payable on demand	470	-	-	-	-	470
Short-term borrowings	-	14,276	350	-	-	14,626
Funds remitted into Thailand –						
borrowings from other branches						
under the same entity	-	-	1,897	12,621	3,624	18,142
Net balance of inter-office accounts						
with head office and other branches						
under the same entity	(574)	3,817	2,118	6,165	13	11,539
<u>Off-balance sheet items - commitments</u>						
Aval to bills	-	408	150	-	-	558
Guarantees	564	3,870	10,145	3,790	78	18,447
Letters of credit	160	828	754	244	31	2,017
Other obligations	164,755	185,991	127,806	116,618	27,326	622,496

(Unit: Million Baht)

Transactions	2008					Total
	At call	Less than 3 months	3-12 months	1-5 years	Over 5 years	
<u>Financial assets</u>						
Cash	7	-	-	-	-	7
Interbank and money market items	6,378	2,530	-	-	-	8,908
Investments	-	5,011	3,685	15,332	-	24,028
Loans	24,699	18,232	10,288	18,677	7,295	79,191
<u>Financial liabilities</u>						
Deposits	27,090	2,749	708	-	-	30,547
Interbank and money market items	85	129	177	1,000	-	1,391
Liability payable on demand	1,472	-	-	-	-	1,472
Short-term borrowings	-	38,652	2,740	-	-	41,392
Funds remitted into Thailand – borrowings from other branches under the same entity	-	-	-	12,150	-	12,150
Net balance of inter-office accounts with head office and other branches under the same entity	(583)	(4,256)	17,638	1,988	-	14,787
<u>Off-balance sheet items - commitments</u>						
Aval to bills	-	1,137	143	-	-	1,280
Guarantees	234	3,157	5,025	3,320	89	11,825
Letters of credit	134	2,567	479	1,593	27	4,800
Other obligations	140,703	130,620	132,562	87,712	30,102	521,699

26.4 Fair value

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

a) Financial assets

The method used for determining the fair value depends upon the characteristics of the financial instrument. The fair values of most financial assets, including cash, interbank and money market items and loans, are held to be their carrying values. The fair values of financial instruments with standard terms and conditions which are traded on an active and liquid market, such as investments, are the quoted market price.

b) Financial liabilities

The fair values of financial liabilities, including deposits, interbank and money market items, liabilities payable on demand, short-term borrowings and borrowings and balance of inter-office accounts with head office and other branches under the same entity, are considered to approximate their respective carrying values.

c) Off-balance sheet financial instruments

Commitments to aval, guarantees and letters of credit are stated at the amounts presented. Foreign exchange contracts are presented at fair value, which is determined based on the quoted market price of similar foreign exchange contracts. For other derivative contracts, the fair value is estimated using discounted cash flows. Differences between fair value and book value are recognised through the income statement.

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

26.5 Financial derivatives

The Bank enters into financial derivatives as required in the normal course of its business, in order to response to customer needs, and to manage the risk of the Bank which will be incurred from the fluctuations in exchange rates and interest rates.

As at 31 March 2009 and 2008, the Bank's financial derivatives can be classified as follows by period to maturity:

(Unit: Million Baht)

	2009			2008		
	Less than		Total	Less than		Total
	1 year	Over 1 year		1 year	Over 1 year	
Forward exchange contracts						
Bought contracts	132,161	387	132,548	107,375	578	107,953
Sold contracts	131,225	385	131,610	106,423	578	107,001
Cross currency swap contracts						
Bought contracts	8,724	27,489	36,213	12,484	24,824	37,308
Sold contracts	8,721	27,445	36,166	12,481	24,905	37,386
Interest rate swap contracts						
Bought contracts	9,655	43,075	52,730	10,358	33,465	43,823
Sold contracts	9,655	43,075	52,730	10,358	33,465	43,823
Currency option contracts						
Bought contracts	6,828	1,044	7,872	1,551	-	1,551
Sold contracts	6,828	1,044	7,872	1,551	-	1,551
Interest rate option contracts						
Bought contracts	-	-	-	300	-	300
Sold contracts	-	-	-	300	-	300

27. Approval of financial statements

These financial statements were authorised for issue by General Manager of Bangkok Branch on 27 July 2009.