

Mizuho Corporate Bank, Ltd. Bangkok Branch
Report and financial statements
31 March 2010 and 2009

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 2010 and 2009, 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 2010 and 2009, 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 2010

Mizuho Corporate Bank, Ltd. Bangkok Branch

Balance sheets

As at 31 March 2010 and 2009

		(Unit: Baht)	
	Note	2010	2009
Assets			
Cash		7,239,206	1,908,095
Interbank and money market items	6		
Domestic items			
Interest bearing		20,639,776,099	8,115,394,150
Non-interest bearing		3,111,881,084	1,156,805,937
Foreign items			
Interest bearing		433,293,958	2,760,136,538
Non-interest bearing		422,022,043	1,297,789,015
Total interbank and money market items - net		24,606,973,184	13,330,125,640
Investments	7		
Short-term investments - net		9,829,966,893	6,689,162,940
Long-term investments - net		24,498,215,527	20,990,234,463
Investments - net		34,328,182,420	27,679,397,403
Loans and accrued interest receivable	8		
Loans		82,075,424,327	86,567,453,824
Accrued interest receivable		280,364,493	514,303,790
Total loans and accrued interest receivable		82,355,788,820	87,081,757,614
Less: Allowance for doubtful accounts	9	(1,137,038,845)	(913,185,932)
Loans and accrued interest receivable - net		81,218,749,975	86,168,571,682
Leasehold improvement and equipment - net	10	131,670,599	138,880,811
Intangible assets - net	11	45,437,523	35,992,782
Financial derivative assets		3,756,890,943	5,748,239,672
Accrued interest receivable		162,678,002	243,203,437
Prepaid corporate income tax		275,687,213	269,209,010
Other assets	12	18,541,708	19,289,040
Total assets		144,552,050,773	133,634,817,572

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

Mizuho Corporate Bank, Ltd. Bangkok Branch

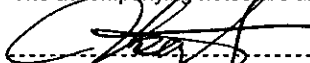
Balance sheets (continued)

As at 31 March 2010 and 2009

(Unit: Baht)

	Note	2010	2009
Liabilities and equity of head office account and other branches under the same entity			
Liabilities			
Deposits			
	13, 22		
Deposits in Baht		52,602,889,816	64,169,526,488
Deposits in foreign currencies		6,752,625,729	5,265,951,004
Total deposits		59,355,515,545	69,435,477,492
Interbank and money market items			
	14, 22		
Domestic items			
Interest bearing		329,990,950	829,436,833
Non-interest bearing		2,703,595	2,327,816
Foreign items			
Interest bearing		1,000,000,000	1,000,000,000
Non-interest bearing		53,205,156	159,708,177
Total interbank and money market items		1,385,899,701	1,991,472,826
Liabilities payable on demand		503,776,238	470,282,417
Short-term borrowings	15	28,070,526,830	14,626,051,438
Financial derivative liabilities		3,801,087,872	4,269,545,705
Interest payable		72,826,228	69,292,924
Corporate income tax payable		-	322,463,363
Other liabilities	16	83,700,043	89,898,246
Total liabilities		93,273,332,457	91,274,484,411
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	28,175,766,545	28,812,856,006
Net balance of inter-office accounts with head office and other branches under the same entity			
	22	20,559,443,422	11,538,511,442
Revaluation deficit on investments - net	18	(687,715,828)	(1,260,030,181)
Retained earnings		3,231,224,177	3,268,995,894
Total equity of head office account and other branches under the same entity		51,278,718,316	42,360,333,161
Total liabilities and equity of head office account and other branches under the same entity		144,552,050,773	133,634,817,572
Off-balance sheet items - commitments			
	22, 24.1		
Avals		1,635,558,253	557,875,532
Guarantees		15,604,791,608	18,447,260,028
Letters of credit		1,844,168,937	2,016,959,577
Other commitments		642,161,662,129	622,495,718,897

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 2010 and 2009

		(Unit: Baht)	
	Note	2010	2009
Interest income			
Loans		2,059,513,152	3,348,203,255
Interbank and money market items	22	356,138,376	518,486,747
Investments		539,199,714	892,722,364
Total interest income		2,954,851,242	4,759,412,366
Interest expenses			
Deposits	22	335,818,925	955,693,069
Interbank and money market items	22	292,520,531	468,938,284
Short-term borrowings		369,000,824	1,007,887,248
Total interest expenses		997,340,280	2,432,518,601
Net interest income		1,957,510,962	2,326,893,765
Bad debts and doubtful accounts	19	(213,079,845)	(35,459,238)
Net interest income after bad debts and doubtful accounts		1,744,431,117	2,291,434,527
Non-interest income			
Fees and services income			
Acceptances, avals and guarantees		41,380,467	46,157,208
Others		193,205,491	197,723,366
Gain (loss) on exchange and financial derivative contracts	22	(494,845,990)	1,460,622,537
Other income		7,438,233	5,175,698
Total non-interest income (expenses)		(252,821,799)	1,709,678,809
Non-interest expenses			
Personnel expenses		322,106,625	300,762,949
Premises and equipment expenses		134,114,581	100,739,004
Taxes and duties		124,513,117	169,067,692
Fees and services expenses	22	354,797,135	280,649,858
Expenses allocated from head office	22	524,126,929	493,335,713
Other expenses		69,722,648	72,051,690
Total non-interest expenses		1,529,381,035	1,416,606,906
Income (loss) before corporate income tax		(37,771,717)	2,584,506,430
Corporate income tax	20	-	(329,855,017)
Net income (loss) for the year		(37,771,717)	2,254,651,413

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 2010 and 2009

	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 2008	22,821,003,167	14,787,343,036	156,443,037	1,014,344,481	38,779,133,721
Income (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 (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 (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	28,812,856,006	11,538,511,442	(1,260,030,181)	3,268,995,894	42,360,333,161
Balance - as at 31 March 2009	28,812,856,006	11,538,511,442	(1,260,030,181)	3,268,995,894	42,360,333,161
Income (expenses) recognised directly in equity					
Exchange rate adjustments	(688,939,399)	-	-	-	(688,939,399)
Decrease in revaluation deficit on investments	-	-	572,314,353	-	572,314,353
Net income (expenses) recognised directly in equity	(688,939,399)	-	572,314,353	-	(116,625,046)
Net loss for the year	-	-	-	(37,771,717)	(37,771,717)
Total income (expenses) for the year	(688,939,399)	-	572,314,353	(37,771,717)	(154,396,763)
Net increase in funds remitted into Thailand	51,849,938	-	-	-	51,849,938
Increase in balance of inter-office accounts with head office and other branches under the same entity	-	9,020,931,980	-	-	9,020,931,980
Balance - as at 31 March 2010	28,175,766,545	20,559,443,422	(687,715,828)	3,231,224,177	51,278,718,316

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 2010 and 2009

	(Unit: Baht)	
	2010	2009
Cash flows from operating activities		
Net income (loss) before corporate income tax	(37,771,717)	2,584,506,430
Adjustments to reconcile net income (loss) before corporate income tax to net cash provided by (used in) operating activities		
Depreciation and amortisation	53,238,302	29,862,045
Bad debts and doubtful accounts	213,079,845	35,459,238
Provision for contingent liabilities in respect of off-balance sheet commitments (reversal)	5,100	(5,958,000)
Unrealised losses (gains) on exchange and financial derivative contracts	2,205,520,919	(416,228,888)
Gain on sales of equipment	-	(22,391)
Written-off of equipment and computer software	-	37
Interest income	(2,954,851,242)	(4,759,412,366)
Interest expenses	997,340,280	2,432,518,601
Income (loss) from operating activities before changes in operating assets and liabilities	476,561,487	(99,275,294)
Decrease (increase) in operating assets		
Interbank and money market items	(10,090,066,652)	(8,409,103,030)
Loans	4,492,029,497	(7,376,222,143)
Other assets	(5,730,870)	(451,029)
Increase (decrease) in operating liabilities		
Deposits	(10,079,961,947)	38,888,632,371
Interbank and money market items	(605,573,126)	600,564,225
Liabilities payable on demand	33,493,821	(1,002,002,507)
Short-term borrowings	13,444,475,392	(26,766,259,017)
Other liabilities	(6,203,303)	60,934,399
Cash flows used in operating activities	(2,340,975,701)	(4,103,182,025)
Cash received from interest income	3,268,153,826	4,538,455,361
Cash paid for interest expenses	(1,087,888,483)	(2,546,791,354)
Cash paid for corporate income tax	(6,478,166)	(7,391,654)
Net cash flows used in operating activities	(167,188,524)	(2,118,909,672)

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 2010 and 2009

	(Unit: Baht)	
	2010	2009
Cash flows from investing activities		
Cash received from investments	10,335,813,315	9,650,447,008
Cash paid for purchase of investments	(18,017,467,290)	(12,279,577,169)
Cash received from sale of equipment	-	22,430
Cash paid for purchase of equipment	(32,245,726)	(105,229,225)
Cash paid for purchase of intangible assets	(23,227,105)	(7,347,898)
Net cash flows used in investing activities	<u>(7,737,126,806)</u>	<u>(2,741,684,854)</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	9,020,931,980	(3,248,831,594)
Increase in funds remitted into Thailand	51,849,938	4,195,742,542
Net cash flows from financing activities	<u>9,072,781,918</u>	<u>946,910,948</u>
Net increase (decrease) in cash and cash equivalents	1,168,466,588	(3,913,683,578)
Cash and cash equivalents as at 1 April	2,471,058,362	6,384,741,940
Cash and cash equivalents as at 31 March (Note 23)	<u><u>3,639,524,950</u></u>	<u><u>2,471,058,362</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 2010 and 2009

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.

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 Bank. 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 issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

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

Framework for the Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal year beginning on or after 1 January 2009. The management of the Bank has assessed the effect of these financial reporting standard and noted that TFRS 5 (revised 2007), Accounting treatment guidance for business combination under common control are not relevant to the Bank's Business, while Framework for the Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Leasehold Right do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has issued Notification No. 17/2553, published in the Royal Gazette on 26 May 2010, mandating the use of new accounting standards and financial reporting standard as follows.

		<u>Effective date</u>
Framework for the Preparation and Presentation of Financial Statements (revised 2009)		Immediately effective
TAS 1 (revised 2009)	Presentation of Financial Statements	1 January 2011
TAS 2 (revised 2009)	Inventories	1 January 2011
TAS 7 (revised 2009)	Statement of Cash Flows	1 January 2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011
TAS 10 (revised 2009)	Events after the Reporting Period	1 January 2011
TAS 11 (revised 2009)	Construction Contracts	1 January 2011
TAS 12	Income Taxes	1 January 2013
TAS 17 (revised 2009)	Leases	1 January 2011
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
TAS 23 (revised 2009)	Borrowing Costs	1 January 2011
TAS 24 (revised 2009)	Related Party Disclosures	1 January 2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	1 January 2011
TAS 28 (revised 2009)	Investments in Associates	1 January 2011
TAS 29	Financial Reporting in Hyperinflationary Economies	1 January 2011
TAS 31 (revised 2009)	Interests in Joint Ventures	1 January 2011
TAS 33 (revised 2009)	Earnings per Share	1 January 2011
TAS 34 (revised 2009)	Interim Financial Reporting	1 January 2011
TAS 36 (revised 2009)	Impairment of Assets	1 January 2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2011
TAS 38 (revised 2009)	Intangible Assets	1 January 2011
TAS 40 (revised 2009)	Investment Property	1 January 2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2011

The management of the Bank has assessed the effect of the accounting standards and financial reporting standards and believes that these standards will not have any significant impact on the financial statements for the years in which they are initially applied. This excludes TAS 12 for which management is still evaluating the first-year impact to the financial statements, and has yet to reach a conclusion.

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 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 response to customer needs and manages the risk of the Bank.

Forward foreign currency contracts which originated for trading purposes are recorded 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 the income statement.

Interest rate swap contracts, cross currency and interest rate 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.

Forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts which are not originated for trading 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. Significant accounting judgments and estimates are as follows:

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

6. Interbank and money market items (assets)

(Unit: Thousand Baht)

	2010			2009		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand	3,053,851	15,300,000	18,353,851	1,109,106	2,900,000	4,009,106
Commercial banks	156,413	5,291,755	5,448,168	62,255	5,253,220	5,315,475
Total	3,210,264	20,591,755	23,802,019	1,171,361	8,153,220	9,324,581
Add: Accrued interest receivable	-	2,556	2,556	-	151	151
Less: Allowance for doubtful accounts	-	(52,918)	(52,918)	-	(52,532)	(52,532)
Total domestic items	3,210,264	20,541,393	23,751,657	1,171,361	8,100,839	9,272,200
Foreign						
US dollars	172,989	3,552	176,541	290,363	1,072,389	1,362,752
Australian dollars	147,306	-	147,306	341,573	-	341,573
Euro	95,946	434,116	530,062	661,128	-	661,128
Yen	-	-	-	-	1,713,748	1,713,748
Others	5,781	-	5,781	4,725	-	4,725
Total	422,022	437,668	859,690	1,297,789	2,786,137	4,083,926
Add: Accrued interest receivable	-	2	2	-	1,882	1,882
Less: Allowance for doubtful accounts	-	(4,376)	(4,376)	-	(27,882)	(27,882)
Total foreign items	422,022	433,294	855,316	1,297,789	2,760,137	4,057,926
Total interbank and money market items	3,632,286	20,974,687	24,606,973	2,469,150	10,860,976	13,330,126

7. Investments

7.1 Classified by type of investment

(Unit: Thousand Baht)

	2010		2009	
	Cost	Fair value	Cost	Fair value
Current investments				
Available-for-sale securities				
Government and state enterprise securities	8,367,808	8,369,940	4,185,333	4,202,276
Foreign debt securities	1,456,876	1,460,027	2,486,887	2,486,887
	9,824,684	9,829,967	6,672,220	6,689,163
Add: Allowance for changes in value	5,283		16,943	
Total current investments - net	9,829,967		6,689,163	
Long-term investments				
Available-for-sale securities				
Government and state enterprise securities	5,451,077	5,586,896	2,255,000	2,386,907
Foreign debt securities	19,740,137	18,911,319	20,012,207	18,603,327
	25,191,214	24,498,215	22,267,207	20,990,234
Loss: Allowance for changes in value	(692,999)		(1,276,973)	
Total long-term investments - net	24,498,215		20,990,234	
Total investments - net	34,328,182		27,679,397	

7.2 Classified by due date of debt securities

(Unit: Thousand Baht)

	2010				2009			
	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	8,367,808	4,451,077	1,000,000	13,818,885	4,185,333	2,255,000	-	6,440,333
Foreign debt securities	1,456,876	16,299,009	3,441,128	21,197,013	2,486,887	16,428,470	3,583,737	22,499,094
Add (less): Allowance for								
changes in value	5,283	(208,895)	(484,104)	(687,716)	16,943	(543,119)	(733,854)	(1,260,030)
Total debt securities	9,829,967	20,541,191	3,957,024	34,328,182	6,689,163	18,140,351	2,849,883	27,679,397

7.3 As at 31 March 2010, the Bank has investments in government and state enterprise securities with value at cost after amortization amounting to Baht 25,958 million (2009: Baht 26,228 million) are assets maintained under section 32.

7.4 As at 31 March 2010, the Bank has entered into interest rate swap contracts to hedge foreign debt securities of the Bank amounting to Baht 6,601 million, and entered into cross currency and interest rate swap contracts to hedge investments in government and state enterprise securities of Baht 4,387 million. All of these contracts are presented in Note 24.1 to the financial statements (2009: Baht 7,755 million and Baht 2,255 million, respectively).

8. Loans and accrued interest receivable

8.1 Classified by loan type

(Unit: Thousand Baht)

	2010	2009
Overdrafts	5,208	4,413
Loans	81,704,451	86,237,720
Discounted bills	365,766	325,321
Total	82,075,425	86,567,454
Add: Accrued interest receivable	280,364	514,304
Less: Allowance for doubtful accounts	(1,137,039)	(913,186)
Loans and accrued interest receivable - net	<u>81,218,750</u>	<u>86,168,572</u>

As at 31 March 2010, the Bank has entered into interest rate swap contracts to hedge loans of the Bank amounting to Baht 7,164 million (2009: Baht 7,581 million), and entered into cross currency and interest rate swap contracts to hedge loans of the Bank amounting 4,820 million. All of these contracts are presented in Note 24.1 to the financial statements.

8.2 Classified by remaining period of contracts

	(Unit: Thousand Baht)	
	2010	2009
At call	18,902,957	22,717,971
Not over 1 year	31,748,424	30,807,415
Over 1 year	31,704,408	33,556,372
Total loans and accrued interest receivable	<u>82,355,789</u>	<u>87,081,758</u>

8.3 Classified by currency and country

	(Unit: Thousand Baht)	
	2010	2009
Baht	66,756,536	69,845,361
US Dollars	8,175,140	5,624,523
Yen	7,424,113	11,611,874
Total loans and accrued interest receivable	<u>82,355,789</u>	<u>87,081,758</u>

As at 31 March 2010 and 2009, all outstanding loan balances are loans to domestic receivables.

8.4 Classified by type of business and loan classification

	(Unit: Thousand Baht)					
	2010					
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	1,003,733	-	-	-	-	1,003,733
Manufacturing and commerce	43,824,123	5,636,568	402,242	238,230	-	50,101,163
Real estate and construction	21,552	29,059	-	-	-	50,611
Public utilities and service	11,369,277	88,793	-	-	-	11,458,070
Others	19,742,212	-	-	-	-	19,742,212
Total loans and accrued interest receivable	<u>75,960,897</u>	<u>5,754,420</u>	<u>402,242</u>	<u>238,230</u>	<u>-</u>	<u>82,355,789</u>

(Unit: Thousand Baht)

	2009					Total
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	Agricultural and mining	944,543	-	-	-	
Manufacturing and commerce	59,384,045	5,456,465	308,550	-	-	65,149,060
Real estate and construction	179,358	10,045	-	-	-	189,403
Public utilities and service	9,350,886	54,183	-	-	-	9,405,069
Others	11,134,544	259,139	-	-	-	11,393,683
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>

8.5 Non-performing loans

As at 31 March 2010 and 2009, 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)	
	2010	2009
Non-performing loans (excluding accrued interest receivable)	637	306

As at 31 March 2010 and 2009, 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 2010 and 2009, the Bank had unearned income as follows:

	(Unit: Thousand Baht)	
	2010	2009
Unearned income on discounted bills	746	900

8.7 Classification of loans/classification of assets

As at 31 March 2010 and 2009, the Bank's loans and related allowances classified in accordance with the Bank of Thailand's guidelines are summarized below.

(Unit: Million Baht)

	2010			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	75,707	72,959	1	730
Special mention	5,731	3,561	2	71
Substandard	403	244	100	244
Doubtful	238	92	100	92
Total	<u>82,079</u>	<u>76,856</u>		<u>1,137</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)

	2009			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	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.

9. Allowance for doubtful accounts

	(Unit: Thousand Baht)	
	For the years ended 31 March	
	2010	2009
Balance - beginning of the year	913,186	913,072
Add: Increase (decrease) during the year	231,635	(19,799)
Exchange rate adjustments	(7,782)	19,913
Balance - end of the year	<u>1,137,039</u>	<u>913,186</u>

10. Leasehold improvement and equipment

	(Unit: Thousand Baht)				
	Leasehold improvement	Office equipment	Computer equipment	Construction in process	Total
<u>Cost</u>					
31 March 2009	225,606	45,620	97,710	500	369,436
Additions	396	993	30,357	500	32,246
Transfer in (out)	-	1,000	-	(1,000)	-
31 March 2010	<u>226,002</u>	<u>47,613</u>	<u>128,067</u>	<u>-</u>	<u>401,682</u>
<u>Accumulated depreciation</u>					
31 March 2009	136,207	26,484	67,864	-	230,555
Depreciation charged for the year	19,033	5,167	15,256	-	39,456
31 March 2010	<u>155,240</u>	<u>31,651</u>	<u>83,120</u>	<u>-</u>	<u>270,011</u>
<u>Net book value</u>					
31 March 2009	<u>89,399</u>	<u>19,136</u>	<u>29,846</u>	<u>500</u>	<u>138,881</u>
31 March 2010	<u>70,762</u>	<u>15,962</u>	<u>44,947</u>	<u>-</u>	<u>131,671</u>
Depreciation charged included in the income statements for the years ended 31 March					
2010					<u>39,456</u>
2009					<u>19,561</u>

As at 31 March 2010, 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 201 million (2009: Baht 189 million).

11. Intangible assets

(Unit: Thousand Baht)

For the year ended 31 March 2010

	Remaining useful life	Balance - beginning of the year	Increase	Balance - end of the year
Computer software	1-5 years	58,622	23,227	81,849
Less: Amortization		(22,629)	(13,782)	(36,411)
Intangible assets - net		<u>35,993</u>	<u>9,445</u>	<u>45,438</u>
Amortized expenses included in the income statement for the year				<u>13,782</u>

As at 31 March 2010, the Bank has computer software which has been fully amortized but is still in use of which the original costs, before deducting accumulated amortization, amounted to approximately Baht 2 million (2009: Baht 2 million).

12. Other assets

(Unit: Thousand Baht)

	2010	2009
Deposits	15,662	15,513
Accrued fees receivable	2,395	3,296
Others	485	480
Total other assets	<u>18,542</u>	<u>19,289</u>

13. Deposits

13.1 Classified by type of deposits

(Unit: Thousand Baht)

	2010	2009
Demand deposits	2,313,604	1,456,423
Savings deposits	36,422,865	24,416,922
Term deposits		
- Less than 6 months	20,183,009	43,493,828
- 6 months but less than 1 year	304,900	68,304
- 1 year and over	131,138	-
Total deposits	<u>59,355,516</u>	<u>69,435,477</u>

13.2 Classified by the remaining period of contracts

	(Unit: Thousand Baht)	
	2010	2009
Not over 1 year	59,355,516	69,435,477
Total deposits	59,355,516	69,435,477

13.3 Classified by currency and depositors' country

	(Unit: Thousand Baht)					
	2010			2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	52,599,838	3,052	52,602,890	64,165,276	4,250	64,169,526
US dollars	4,744,761	-	4,744,761	2,993,307	-	2,993,307
Yen	1,412,558	460	1,413,018	1,277,327	218	1,277,545
Australian dollars	87,587	-	87,587	339,998	-	339,998
Euro	507,260	-	507,260	655,101	-	655,101
Total deposits	59,352,004	3,512	59,355,516	69,431,009	4,468	69,435,477

14. Interbank and money market items (liabilities)

	(Unit: Thousand Baht)					
	2010			2009		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	-	323,733	323,733	-	426,324	426,324
Securities companies	2,788	-	2,788	2,550	397,006	399,556
Other financial institutions	6,174	-	6,174	5,885	-	5,885
Total domestic items	8,962	323,733	332,695	8,435	823,330	831,765
Foreign						
Other financial institutions - Baht	53,205	1,000,000	1,053,205	159,708	1,000,000	1,159,708
Total foreign items	53,205	1,000,000	1,053,205	159,708	1,000,000	1,159,708
Total	62,167	1,323,733	1,385,900	168,143	1,823,330	1,991,473

As at 31 March 2010, the Bank has entered into cross currency and interest rate 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 (2009: Baht 1,000 million).

15. Short-term borrowings

As at 31 March 2010, 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 0.44 -1.20 percent per annum (2009: borrowings in form of bills of exchange in Baht currency at interest rates of 0.60-3.72 percent per annum).

16. Other liabilities

	(Unit: Thousand Baht)	
	2010	2009
Deferred income - revenue received in advance	6,373	9,397
Payment payable to the Deposit Protection Agency	52,360	60,441
Provision for contingent liabilities in respect of off-balance sheet commitments	47	42
Others	24,920	20,018
Total other liabilities	83,700	89,898

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 2010 and 2009, 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)	
	2010	2009
<u>Funds remitted into Thailand</u>		
Funds from head office	10,670,800	10,670,800
Borrowings from other branches under the same entity	17,504,966	18,142,056
Total	28,175,766	28,812,856

As at 31 March 2010, the Bank's capital adequacy ratio in accordance with the Act on undertaking of Banking business B.E. 2551 are as follow:

	(Unit: Thousand Baht)
	<u>31 March 2010</u>
1. Assets required to be maintained under Section 32	25,958,243
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts	46,684,795
2.1 Capital for maintenance of assets under Section 32 (fund remitted after netting off effect of the exchange rate)	26,125,352
2.2 Net balance of inter-office accounts which the branch is the debtor (the creditor) to the head office and other branches located in other countries, the parent company and subsidiaries of the head office	20,559,443
3. Total regulatory capital (3.1 - 3.2)	25,958,243
3.1 Total regulatory capital before deducting (the lowest amount among item 1, item 2 and item 2.1)	25,958,243
3.2 Deduction	-

As at 31 March 2010, investments in government and state enterprise securities of approximately Baht 25,958 million are assets maintained under Section 32 by the Bank (2009: investments in government and state enterprise securities of Baht 26,228 million).

18. Revaluation deficit on investments

	(Unit: Thousand Baht)	
	<u>2010</u>	<u>2009</u>
Revaluation surplus on investments		
Available-for-sale investments - Debt instruments	150,772	148,850
Revaluation deficit on investments		
Available-for-sale investments - Debt instruments	(838,488)	(1,408,880)
Revaluation deficit on investments - net	<u>(687,716)</u>	<u>(1,260,030)</u>

19. Bad debts and doubtful accounts

Bad debts and doubtful accounts in income statements for the years ended 31 March 2010 and 2009 are as follows:

	(Unit: Thousand Baht)	
	2010	2009
Bad debts and doubtful accounts (reversal)		
Interbank and money market items	(18,555)	55,258
Loans	231,635	(19,799)
Total	<u>213,080</u>	<u>35,459</u>

20. Corporate income tax

Corporate income tax 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.

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 2010, approximately Baht 7 million has been contributed to the fund by the Bank (2009: Baht 6 million).

22. Related party transactions

During the years 2010 and 2009, 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)		
	2010	2009	2010 Pricing policy
<u>Transactions occurring during the years</u>			
Interest income from lending	186	184	At interest rate 0.20 - 1.61 percent per annum
Interest expense from borrowing	238	391	At interest rate 0.25 - 5.10 percent per annum
Loss on financial derivative contracts	125	114	At the rate stipulated in the contracts
Expenses allocated from head office	524	493	As per invoice charged by head office
Fee and service expenses	59	32	As per invoice charged by head office

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

	(Unit: Million Baht)	
	2010	2009
Balances with other related companies		
in Mizuho Financial Group		
Deposits	2	4
Off - balance sheet items - financial derivative contracts	20,256	21,958
Balances with other related banks in Mizuho Financial Group		
Interbank and money market items (liabilities)	53	160
Net balances of inter-office accounts with head office and other branches under the same entity		
Borrowings and interest payable - net	21,824	12,113
Deposits/inter-office balances - assets	1,265	574
Off - balance sheet items - financial derivative contracts	43,925	56,513

23. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2010	2009
Cash	7,239	1,908
Interbank and money market items - deposits at banks	3,632,286	2,469,150
Total cash and cash equivalents	<u>3,639,525</u>	<u>2,471,058</u>

24. Commitments

As at 31 March 2010 and 2009, the Bank's significant commitments consisted of:

24.1

	(Unit: Thousand Baht)					
	2010			2009		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Aval to bills	3,544	1,632,014	1,635,558	1,772	556,104	557,876
Guarantees - Loans	80,518	97,554	178,072	119,583	81,712	201,295
- Others	7,913,138	7,513,581	15,426,719	10,947,648	7,298,317	18,245,965
Letters of credit	251,613	1,592,556	1,844,169	249,998	1,766,962	2,016,960
Other obligations						
Foreign exchange contracts						
Bought contracts	37,074,848	83,912,650	120,987,498	47,776,517	84,771,969	132,548,486
Sold contracts	42,963,550	78,077,006	121,040,556	43,018,640	88,591,598	131,610,238
Cross currency and interest rate swap contracts						
Bought contracts	19,776,419	26,750,789	46,527,208	17,197,152	19,016,061	36,213,213
Sold contracts	27,833,013	18,952,399	46,785,412	18,417,906	17,747,608	36,165,514
Interest rate swap contracts						
Bought contracts	30,410,131	23,212,461	53,622,592	27,969,602	24,760,517	52,730,119
Sold contracts	30,410,131	23,212,461	53,622,592	27,969,602	24,760,517	52,730,119
Currency option contracts						
Bought contracts	2,686,077	2,979,112	5,665,189	3,809,417	4,062,345	7,871,762
Sold contracts	2,686,077	2,979,112	5,665,189	3,809,417	4,062,345	7,871,762
Undrawn committed overdraft	2,385,792	-	2,385,792	1,982,688	-	1,982,688
Undrawn commitment	8,763,507	2,222,275	10,985,782	3,018,302	1,707,752	4,726,054
Undrawn credit line	130,376,487	44,497,366	174,873,853	111,046,417	46,999,346	158,045,763
Total	<u>343,614,845</u>	<u>317,631,336</u>	<u>661,246,181</u>	<u>317,334,661</u>	<u>326,183,153</u>	<u>643,517,814</u>

24.2 As at 31 March 2010, the Bank has rental and service commitments of Baht 106 million under 1-5 years office lease agreement. 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 2010, the Bank has commitments under the vehicles and office equipment rental and services agreements of Baht 21 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 2010 and 2009 are as follows:

(Unit: Million Baht)

Description	Outstanding balances of financial instruments as at 31 March 2010			Total
	Floating interest rates	Fixed interest rates	Non-interest bearing	
Financial assets				
Cash	-	-	7	7
Interbank and money market items	98	21,032	3,534	24,664
Investments	-	35,016	-	35,016
Loans	68,950	13,125	-	82,075
Financial liabilities				
Deposits	36,423	20,619	2,314	59,356
Interbank and money market items	6	1,324	56	1,386
Liabilities payable on demand	-	-	504	504
Short-term borrowings	-	28,071	-	28,071
Funds remitted into Thailand - borrowings from other branches under the same entity	-	17,505	-	17,505
Net balance of inter-office accounts with head office and other branches under the same entity	-	21,810	(1,251)	20,559

(Unit: Million Baht)

Description	Outstanding balances of financial instruments as at 31 March 2009			
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
Financial assets				
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
Financial liabilities				
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

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)

Description	31 March 2010					Weighted average interest rate (%)
	Repricing or maturity dates				Total	
	0-3 months	3-12 months	1-5 years	Over 5 years		
Financial assets						
Interbank and money market items	21,032	-	-	-	21,032	1.02
Investments	5,734	4,091	20,750	4,441	35,016	1.62
Loans	6,429	4,612	2,084	-	13,125	3.54
Financial liabilities						
Deposits	20,314	305	-	-	20,619	0.69
Interbank and money market items	324	1,000	-	-	1,324	3.71
Short-term borrowings	28,054	17	-	-	28,071	1.14
Funds remitted into Thailand - borrowings from other branches under the same entity	17,505	-	-	-	17,505	0.50
Net balance of inter-office accounts with head office and other branches under the same entity	21,371	439	-	-	21,810	0.41

(Unit: Million Baht)

	31 March 2009				Total	Weighted average interest rate (%)
	Repricing or maturity dates					
	0-3	3-12	1-5	Over		
	months	months	years	5 years		
Financial assets						
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
Financial liabilities						
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

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 years ended 31 March 2010 and 2009, and the average rate of interest, can be summarized as follow:

(Unit: Million Baht)

	For the years ended 31 March					
	2010			2009		
	Average balances	Interest	Average rate	Average balances	Interest	Average rate
Interest bearing financial assets						
Interbank and money market items and inter-office accounts with head office and other branches under the same entity	28,628	356	1.24	19,311	518	2.69
Investments	30,339	539	1.78	27,216	893	3.28
Loans	83,005	2,060	2.48	90,778	3,348	3.69
Interest bearing financial liabilities						
Deposits	60,872	336	0.55	59,937	956	1.60
Interbank and money market items, borrowings and accounts with head office and other branches under the same entity	41,647	293	0.70	40,120	469	1.17
Short-term borrowings	27,435	369	1.35	24,718	1,008	4.08

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 2010 and 2009, the significant Bank's foreign currency positions are summarized as follow:

(Unit: Million Baht)

	2010				2009			
	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	2,588	530	280	153	4,816	661	1,716	346
Investments	13,759	-	7,438	-	14,744	-	7,755	-
Loans and accrued interest								
receivable	8,175	-	7,424	-	5,624	-	11,612	-
Accrued interest receivable	27	-	37	-	130	-	39	-
<u>Liabilities</u>								
Deposits	4,745	507	1,413	88	2,993	655	1,278	340
Interbank and money market								
items	324	-	-	-	426	-	-	-
Liabilities payable on demand	243	8	110	28	254	3	129	-
Funds remitted into Thailand -								
borrowings from other								
branches under the same								
entity	1,935	-	15,570	-	-	-	18,142	-
Net balance of inter-office								
accounts with head office								
and other branches under								
the same entity	19,091	-	1,433	-	(11,852)	-	23,288	-

(Unit: Million Baht)

	2010				2009			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	US dollar	Euro	Yen	Others	US dollar	Euro	Yen	Others
Off-balance sheet foreign currency								
Aval to bills	1,624	8	-	-	515	14	27	-
Guarantees	6,210	51	1,347	3	5,582	55	1,740	3
Letters of credit	1,227	215	150	-	982	425	335	25
Foreign exchange contracts								
Bought contracts	54,714	618	27,738	843	48,748	1,216	34,503	305
Sold contracts	52,228	626	24,350	873	74,440	1,216	12,630	305
Cross currency and interest								
rate swap contracts								
Bought contracts	20,198	-	6,453	99	10,340	-	8,576	100
Sold contracts	12,400	-	6,453	99	9,071	-	8,576	100
Interest rate swap contracts								
Bought contracts	14,348	-	8,865	-	14,953	-	9,808	-
Sold contracts	14,348	-	8,865	-	14,953	-	9,808	-
Currency option contracts								
Bought contracts	2,687	-	292	-	3,167	-	896	-
Sold contracts	2,687	-	292	-	3,167	-	896	-

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 2010 and 2009 are as follow:

(Unit: Million Baht)

Transactions	2010					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	3,632	21,032	-	-	-	24,664
Investments	-	5,734	4,091	20,750	4,441	35,016
Loans	18,855	18,218	13,410	26,787	4,805	82,075
<u>Financial liabilities</u>						
Deposits	38,737	20,314	305	-	-	59,356
Interbank and money market items	62	324	1,000	-	-	1,386
Liability payable on demand	504	-	-	-	-	504
Short-term borrowings	-	28,054	17	-	-	28,071
Funds remitted into Thailand - borrowings from other branches under the same entity	-	938	1,233	10,892	4,442	17,505
Net balance of inter-office accounts with head office and other branches under the same entity	(1,265)	11,379	180	10,257	8	20,559
<u>Off-balance sheet items – commitments</u>						
Aval to bills	-	1,500	136	-	-	1,636
Guarantees	13	1,571	11,290	2,731	-	15,605
Letters of credit	153	1,340	94	229	28	1,844
Other obligations	188,246	183,435	88,198	135,383	46,900	642,162

(Unit: Million Baht)

Transactions	2009					Total
	At call	Less than 3 months	3-12 months	1-5 years	Over 5 years	
<u>Financial assets</u>						
Cash	2	-	-	-	-	2
Interbank and money market items	2,469	10,782	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

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

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 2010 and 2009, 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 2010 and 2009, the Bank's financial derivatives can be classified as follows by period to maturity:

(Unit: Million Baht)

	2010			2009		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
Bought contracts	120,987	-	120,987	132,161	387	132,548
Sold contracts	121,041	-	121,041	131,225	385	131,610
Cross currency and interest rate swap contracts						
Bought contracts	5,476	41,051	46,527	8,724	27,489	36,213
Sold contracts	5,962	40,823	46,785	8,721	27,445	36,166
Interest rate swap contracts						
Bought contracts	5,582	48,041	53,623	9,655	43,075	52,730
Sold contracts	5,582	48,041	53,623	9,655	43,075	52,730
Currency option contracts						
Bought contracts	3,501	2,164	5,665	6,828	1,044	7,872
Sold contracts	3,501	2,164	5,665	6,828	1,044	7,872

27. Approval of financial statements

These financial statements were authorized for issue by General Manager of Bangkok Branch on 27 July 2010.