

TISCO BANK PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS “TISCO FINANCE PUBLIC COMPANY LIMITED”)
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005

Report of Independent Auditor

To The Board of Directors and Shareholders of
TISCO Bank Public Company Limited
(Formerly known as “TISCO Finance Public Company Limited”)

I have reviewed the accompanying consolidated balance sheet of TISCO Bank Public Company Limited and its subsidiaries as at 30 September 2005, the related consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2005 and 2004, the consolidated statements of changes in shareholders' equity, and cash flows for the nine-month periods ended 30 September 2005 and 2004, and the separate financial statements of TISCO Bank Public Company Limited for the same periods. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

I have previously audited the consolidated financial statements of TISCO Bank Public Company Limited and its subsidiaries, and the separate financial statements of TISCO Bank Public Company Limited, for the year ended 31 December 2004 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements based on my audit, under my report dated 28 January 2005. The balance sheet as at 31 December 2004, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 11 November 2005

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		30 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CASH		100,953	3,766	99,265	1,841
INTERBANK AND MONEY MARKET ITEMS	2				
Domestic					
Interest bearing		2,501,407	1,110,261	300,228	1,733
Non-interest bearing		713,481	409,049	705,421	391,678
Total interbank and money market items		3,214,888	1,519,310	1,005,649	393,411
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	3	4,757,000	2,105,000	4,757,000	2,105,000
INVESTMENT IN SECURITIES	4,5,8				
Current investment - net		1,132,009	647,499	1,022,624	561,924
Long-term investment - net		4,652,717	4,564,668	4,417,577	2,867,786
Investment in subsidiaries - net		-	-	4,347,520	4,625,684
Net investments		5,784,726	5,212,167	9,787,721	8,055,394
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		127,577	159,026	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	6,8				
Loans and receivable		60,645,756	55,759,843	54,447,959	49,808,256
Securities business receivable		1,374,010	1,224,894	-	-
Total loans and receivable		62,019,766	56,984,737	54,447,959	49,808,256
Accrued interest receivable		109,830	117,390	75,197	81,288
Total loans, receivable and accrued interest receivable		62,129,596	57,102,127	54,523,156	49,889,544
Less : Allowance for doubtful accounts	7	(3,863,213)	(3,928,872)	(3,208,374)	(3,231,049)
Less : Allowance for loss on debt restructuring	7	(317,938)	(359,502)	(317,938)	(359,502)
Net loans, receivable and accrued interest receivable		57,948,445	52,813,753	50,996,844	46,298,993
PROPERTY FORECLOSED - net		1,249,666	1,230,358	1,216,385	1,238,020
LAND, PREMISES AND EQUIPMENT - net		1,538,857	1,440,707	1,014,270	899,984
DEFERRED TAX ASSETS	18	688,561	831,146	508,917	683,856
RECEIVABLES FROM SALES OF SECURITIES	21	-	-	-	1,485,466
OTHER ASSETS	9	1,071,112	980,807	895,314	784,724
TOTAL ASSETS		76,481,785	66,296,040	70,281,365	61,946,689

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		30 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS IN BAHT		48,336,287	39,287,803	48,514,243	39,305,549
INTERBANK AND MONEY MARKET ITEMS					
Domestic - Interest bearing		4,345,393	4,307,267	2,527,802	4,151,993
LIABILITY PAYABLE ON DEMAND		289,268	-	289,268	-
BORROWINGS					
	10				
Short-term borrowings		1,579,912	999,974	-	-
Long-term borrowings		5,292,494	5,986,309	5,144,200	5,144,200
Total borrowings		6,872,406	6,986,283	5,144,200	5,144,200
TRADING TRANSACTIONS WITH SECURITIES COMPANIES					
		259,185	130,995	-	-
SECURITIES BUSINESS PAYABLE					
		1,789,395	1,382,249	-	-
ACCRUED INTEREST PAYABLE					
		209,432	189,973	203,591	180,308
OTHER LIABILITIES					
	11	1,510,931	1,430,574	1,164,276	1,014,644
TOTAL LIABILITIES		63,612,297	53,715,144	57,843,380	49,796,694
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
	12	11,002,000	11,002,000	11,002,000	11,002,000
Issued and paid up					
180,668,130 preference shares of Baht 10 each					
(31 December 2004 : 184,123,480 preference shares of Baht 10 each)		1,806,681	1,841,235	1,806,681	1,841,235
541,010,120 ordinary shares of Baht 10 each					
(31 December 2004 : 533,907,520 ordinary shares of Baht 10 each)		5,410,101	5,339,075	5,410,101	5,339,075
		7,216,782	7,180,310	7,216,782	7,180,310
Share premium					
Share premium of preference shares					
		41,012	23,207	41,012	23,207
Share premium of ordinary shares					
		36,500	36,500	36,500	36,500
Revaluation surplus on changes in the value of investment					
	15	1,170,886	1,255,384	1,170,886	1,255,384
Translation adjustments					
		111,810	98,315	111,810	98,315
Retained earnings					
Appropriated - statutory reserve					
	14	254,600	254,600	254,600	254,600
Unappropriated					
		3,606,395	3,301,679	3,606,395	3,301,679
Equity attributable to Bank shareholders					
		12,437,985	12,149,995	12,437,985	12,149,995
Minority interest - equity attributable to minority shareholders of subsidiaries					
		431,503	430,901	-	-
TOTAL SHAREHOLDERS' EQUITY		12,869,488	12,580,896	12,437,985	12,149,995
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		76,481,785	66,296,040	70,281,365	61,946,689
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
	23				
Aval to bills and guarantees of loans		470,000	432,670	470,000	432,670
Other commitments		5,019,100	5,901,693	5,019,100	5,901,693

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

Mr. Pliu Mangkomkanok
(Chairman of the Executive Board and Chief Executive Officer)

Mr. Pichai Chanvirachart
(President)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

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

	Note	CONSOLIDATED		THE BANK ONLY	
		2005	2004	2005	2004
INTEREST AND DIVIDEND INCOME					
Loans		148,217	142,573	147,003	141,564
Interbank and money market itmes		48,150	11,139	35,992	7,116
Hire purchase and financial lease income		906,228	754,721	653,991	545,438
Investments in securities		72,721	38,919	71,902	38,372
Total interest and dividend income		1,175,316	947,352	908,888	732,490
INTEREST EXPENSES					
Deposit		291,644	180,614	290,900	180,431
Interbank and money market items		33,269	21,317	16,577	13,918
Short-term borrowings		18,564	7,594	-	-
Long-term borrowings		48,818	60,386	53,814	53,813
Total interest expenses		392,295	269,911	361,291	248,162
Net interest and dividend income		783,021	677,441	547,597	484,328
BAD DEBT AND DOUBTFUL ACCOUNTS					
Net interest and dividend income after					
bad debt and doubtful accounts and loss on debt restructuring		715,719	593,637	490,481	408,066
NON-INTEREST INCOME					
Brokerage fees		150,535	178,916	-	-
Gain on investments	16	193,054	73,725	88,794	75,981
Share of profit of subsidiary companies		-	-	242,089	97,215
Fees and service income					
Acceptances, aval and guarantees		485	531	485	531
Others		244,178	182,195	130,717	116,631
Fees and gain on exchange		942	227	-	-
Other income		94,880	38,931	77,621	32,077
Total non-interest income		684,074	474,525	539,706	322,435
Total net income		1,399,793	1,068,162	1,030,187	730,501
NON-INTEREST EXPENSES					
Personnel expenses		273,279	293,044	161,689	145,483
Premises and equipment expenses		107,366	81,025	79,600	54,615
Taxes and duties		18,467	16,093	15,812	14,139
Fees and service expenses		147,332	140,321	87,701	74,668
Directors' remuneration	17	1,460	1,790	1,430	1,550
Other expenses		165,695	106,440	83,447	67,992
Total non-interest expenses		713,599	638,713	429,679	358,447
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST					
		686,194	429,449	600,508	372,054
CORPORATE INCOME TAX					
		(170,346)	(73,759)	(92,880)	(24,863)
EARNINGS BEFORE MINORITY INTEREST					
		515,848	355,690	507,628	347,191
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES					
		(8,220)	(8,499)	-	-
NET EARNINGS FOR THE PERIOD					
		507,628	347,191	507,628	347,191
EARNINGS PER SHARE					
	20				
Basic earnings per share		0.45	0.23	0.45	0.23
Diluted earnings per share		0.45	0.22	0.45	0.22

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

STATEMENTS OF EARNINGS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

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

	Note	CONSOLIDATED		THE BANK ONLY	
		2005	2004	2005	2004
INTEREST AND DIVIDEND INCOME					
Loans		431,533	523,411	426,560	523,337
Interbank and money market itmes		89,817	29,538	62,469	16,358
Hire purchase and financial lease income		2,605,003	2,158,833	1,872,398	1,569,887
Investments in securities		262,736	185,988	258,282	173,727
Total interest and dividend income		3,389,089	2,897,770	2,619,709	2,283,309
INTEREST EXPENSES					
Deposit		727,981	528,707	726,528	528,303
Interbank and money market items		91,834	65,303	53,072	43,176
Short-term borrowings		44,114	21,114	-	-
Long-term borrowings		159,686	179,846	159,686	160,271
Total interest expenses		1,023,615	794,970	939,286	731,750
Net interest and dividend income		2,365,474	2,102,800	1,680,423	1,551,559
BAD DEBT AND DOUBTFUL ACCOUNTS					
Net interest and dividend income after		(120,166)	(53,218)	(45,441)	(22,156)
bad debt and doubtful accounts and loss on debt restructuring		2,245,308	2,049,582	1,634,982	1,529,403
NON-INTEREST INCOME					
Brokerage fees		488,818	690,646	-	-
Gain on investments	16	322,172	17,929	88,587	35,318
Share of profit of subsidiary companies		-	-	603,433	535,371
Fees and service income					
Acceptances, aval and guarantees		908	2,215	908	2,215
Others		662,072	768,905	383,590	343,886
Fees and gain (loss) on exchange		1,141	(585)	-	(577)
Other income		190,947	109,563	153,296	95,221
Total non-interest income		1,666,058	1,588,673	1,229,814	1,011,434
Total net income		3,911,366	3,638,255	2,864,796	2,540,837
NON-INTEREST EXPENSES					
Personnel expenses		751,501	913,225	389,794	445,728
Premises and equipment expenses		310,479	233,567	229,709	157,438
Taxes and duties		53,837	52,547	46,939	47,373
Fees and service expenses		441,914	382,609	273,785	223,350
Directors' remuneration	17	5,140	5,340	4,930	4,680
Other expenses		428,664	287,718	222,767	184,473
Total non-interest expenses		1,991,535	1,875,006	1,167,924	1,063,042
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		1,919,831	1,763,249	1,696,872	1,477,795
CORPORATE INCOME TAX	18	(472,686)	(393,495)	(272,079)	(138,661)
EARNINGS BEFORE MINORITY INTEREST		1,447,145	1,369,754	1,424,793	1,339,134
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(22,352)	(30,620)	-	-
NET EARNINGS FOR THE PERIOD		1,424,793	1,339,134	1,424,793	1,339,134
EARNINGS PER SHARE					
Basic earnings per share	20	1.72	1.62	1.72	1.62
Diluted earnings per share		1.70	1.58	1.70	1.58

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE BANK ONLY	
	2005	2004	2005	2004
Cash flows from operating activities				
Net earnings	1,424,793	1,339,134	1,424,793	1,339,134
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	22,352	30,620	-	-
Share of profit from operating results of subsidiary	-	-	(603,433)	(535,371)
Depreciation and amortisation	123,320	112,355	78,061	65,590
Bad debt and doubtful accounts	181,596	84,541	102,208	49,136
Unrealised loss on revaluation of investment	13,964	18,750	13,964	18,749
Allowance for impairment of property foreclosed (reversal)	(31,461)	953	(33,709)	-
Gain on disposal of investments	(336,048)	(48,258)	(102,551)	(54,048)
Gain on disposal of equipment	(6,972)	(3,332)	(6,857)	(1,384)
Unrealised loss on valuation of securities held for trading	-	22,634	-	-
Loss on disposal of property foreclosed	116,276	49,903	17,626	7,896
Decrease in deferred tax assets	99,791	133,959	132,512	138,661
Decrease in accrued interest and dividend receivable	16,891	27,252	15,422	749,722
Decrease (increase) in other receivable	(28,808)	117,017	5,247	14,606
Increase (decrease) in accrued interest payable	19,459	(43,930)	23,284	(35,255)
Increase in accrued expenses	162,266	310,746	99,750	185,211
Earnings from operating activities before changes in operating assets and liabilities	1,777,419	2,152,344	1,166,317	1,942,647
Decrease (increase) in operating assets				
Interbank and money market items	(1,695,578)	(867,635)	(612,238)	10,590
Securities purchased under resale agreements	(2,652,000)	(1,641,000)	(2,652,000)	(1,641,000)
Investment in securities - held for trading	-	475,807	-	-
Trading transactions with securities companies	31,448	(14,924)	-	-
Loans and receivable	(5,807,513)	(7,317,192)	(5,107,553)	(7,033,665)
Securities business loans and receivable	(149,117)	1,918,747	-	-
Property foreclosed	553,562	94,552	364,023	115,900
Other assets	(110,112)	525,438	1,330,998	472,686
Increase (decrease) in operating liabilities				
Deposits	9,048,485	7,105,397	9,208,692	6,982,734
Interbank and money market items	38,126	(1,108,626)	(1,624,191)	(1,829,318)
Liabilities payable on demand	289,268	-	289,268	-
Short-term borrowings	(113,878)	68,853	-	-
Trading transactions with securities companies	128,190	(410,460)	-	-
Securities business payable	407,146	(1,408,479)	-	-
Other liabilities	(86,469)	(200,555)	49,884	(84,217)
Net cash flows from (used in) operating activities	1,658,977	(627,733)	2,413,200	(1,063,643)

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE BANK ONLY	
	2005	2004	2005	2004
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(7,437,744)	(4,896,640)	(7,829,353)	(4,437,012)
Cash received from disposal of investment in securities held for investment	7,147,190	6,225,889	6,755,473	6,125,473
Cash paid for purchase of equipment	(211,059)	(82,756)	(188,420)	(48,208)
Cash received from disposal of equipment	13,877	10,993	12,323	4,521
Cash paid for purchase of a subsidiary	-	(42,000)	-	-
Net cash flows from (used in) investing activities	<u>(487,736)</u>	<u>1,215,486</u>	<u>(1,249,977)</u>	<u>1,644,774</u>
Cash flows from financing activities				
Cash received from long-term borrowings	-	32,109	-	-
Dividend paid	(1,141,827)	(697,535)	(1,120,077)	(648,535)
Cash received from exchange of warrants to purchase preference shares	54,278	70,312	54,278	70,312
Net cash flows used in financing activities	<u>(1,087,549)</u>	<u>(595,114)</u>	<u>(1,065,799)</u>	<u>(578,223)</u>
Translation adjustment	<u>13,495</u>	<u>11,613</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	97,187	4,252	97,424	2,908
Cash and cash equivalents at beginning of the period	3,766	3,628	1,841	1,820
Cash and cash equivalents at end of the period	<u>100,953</u>	<u>7,880</u>	<u>99,265</u>	<u>4,728</u>
	-		-	
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	1,004,378	837,043	916,003	767,004
Corporate income tax	408,495	389,491	111,490	19,639
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	71,026	15,158	71,026	15,158
Transfer of property foreclosed to land, premises and equipment	-	73,311	-	73,311
Transfer of assets from troubled debt restructuring	-	76,276	-	76,276

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

CONSOLIDATED

	Issued and paid-up share capital		Share premium		Surplus from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Minority interest- equity attributable to minority shareholders	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares						
	Balance as at 31 December 2003	1,811,277	5,305,918	7,811						
Decrease in fair value of investments	-	-	-	-	(235,807)	-	-	-	-	(235,807)
Increase in translation adjustments	-	-	-	-	-	11,613	-	-	-	11,613
Net earnings for the period	-	-	-	-	-	-	-	1,339,134	-	1,339,134
Dividend paid (Note 19)	-	-	-	-	-	-	-	(648,535)	-	(648,535)
Warrants converted to preference shares	56,755	-	13,557	-	-	-	-	-	-	70,312
Preference shares converted to ordinary shares	(15,158)	15,158	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(17,738)	(17,738)
Balance as at 30 September 2004	<u>1,852,874</u>	<u>5,321,076</u>	<u>21,368</u>	<u>36,500</u>	<u>797,103</u>	<u>114,014</u>	<u>143,300</u>	<u>2,527,848</u>	<u>426,002</u>	<u>11,240,085</u>
Balance as at 31 December 2004	1,841,235	5,339,075	23,207	36,500	1,255,384	98,315	254,600	3,301,679	430,901	12,580,896
Decrease in fair value of investments	-	-	-	-	(84,498)	-	-	-	-	(84,498)
Increase in translation adjustments	-	-	-	-	-	13,495	-	-	-	13,495
Net earnings for the period	-	-	-	-	-	-	-	1,424,793	-	1,424,793
Dividend paid (Note 19)	-	-	-	-	-	-	-	(1,120,077)	-	(1,120,077)
Warrants converted to preference shares	36,472	-	17,805	-	-	-	-	-	-	54,277
Preference shares converted to ordinary shares	(71,026)	71,026	-	-	-	-	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	-	602	602
Balance as at 30 September 2005	<u>1,806,681</u>	<u>5,410,101</u>	<u>41,012</u>	<u>36,500</u>	<u>1,170,886</u>	<u>111,810</u>	<u>254,600</u>	<u>3,606,395</u>	<u>431,503</u>	<u>12,869,488</u>

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004
(Unit : Thousand Baht)

	THE BANK ONLY								
	Issued and paid-up share capital		Share premium		Surplus		Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	Translation adjustments			
Balance as at 31 December 2003	1,811,277	5,305,918	7,811	36,500	1,032,910	102,401	143,300	1,837,249	10,277,366
Decrease in fair value of investments	-	-	-	-	(235,807)	-	-	-	(235,807)
Increase in translation adjustments	-	-	-	-	-	11,613	-	-	11,613
Net earnings for the period	-	-	-	-	-	-	-	1,339,134	1,339,134
Dividend paid (Note 19)	-	-	-	-	-	-	-	(648,535)	(648,535)
Warrants converted to preference shares	56,755	-	13,557	-	-	-	-	-	70,312
Preference shares converted to ordinary shares	(15,158)	15,158	-	-	-	-	-	-	-
Balance as at 30 September 2004	<u>1,852,874</u>	<u>5,321,076</u>	<u>21,368</u>	<u>36,500</u>	<u>797,103</u>	<u>114,014</u>	<u>143,300</u>	<u>2,527,848</u>	<u>10,814,083</u>
Balance as at 31 December 2004	1,841,235	5,339,075	23,207	36,500	1,255,384	98,315	254,600	3,301,679	12,149,995
Decrease in fair value of investments	-	-	-	-	(84,498)	-	-	-	(84,498)
Increase in translation adjustments	-	-	-	-	-	13,495	-	-	13,495
Net earnings for the period	-	-	-	-	-	-	-	1,424,793	1,424,793
Dividend paid (Note 19)	-	-	-	-	-	-	-	(1,120,077)	(1,120,077)
Warrants converted to preference shares	36,472	-	17,805	-	-	-	-	-	54,277
Preference shares converted to ordinary shares	(71,026)	71,026	-	-	-	-	-	-	-
Balance as at 30 September 2005	<u>1,806,681</u>	<u>5,410,101</u>	<u>41,012</u>	<u>36,500</u>	<u>1,170,886</u>	<u>111,810</u>	<u>254,600</u>	<u>3,606,395</u>	<u>12,437,985</u>

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS “TISCO FINANCE PUBLIC COMPANY LIMITED”
AND ITS SUBSIDIARY COMPANIES)
NOTES TO INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Basis for the preparation of interim financial statements

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

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

1.2 Basis of interim consolidation

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2004. There have been no changes in the shareholding structure during the period.

The financial statements of 2 subsidiary companies, which are included in the consolidated interim financial statements, TISCO Global Investment Holdings Limited and TISCO Securities Singapore Pte. Ltd. were prepared by the managements of these subsidiary companies and not reviewed by their auditors. As at 30 September 2005, these 2 subsidiary companies have aggregate assets included in the consolidated interim financial statements of approximately Baht 13 million and aggregate revenues and net profits for the nine-month period then ended of approximately Baht 0.5 million and Baht 0.3 million, respectively. These amounts are immaterial to the consolidated financial statements and the management believes that such amounts will not significantly differ if the financial statements were to be reviewed by auditors.

1.3 Plan to upgrade status to commercial bank

In January 2004, the Ministry of Finance and the Bank of Thailand announced Financial Sector Master Plan. Among other things, the Plan stipulates guidelines for improving the efficiency of the financial sector and calls for finance companies, finance and securities companies and credit foncier companies with the stipulated qualifications, to submit applications to upgrade their status to commercial banks. A subsequent announcement of the Ministry of Finance, dated 23 January 2004, stipulated the terms, methods and conditions under which such an application for a commercial bank license can be made.

On 22 October 2004, the Ministry of Finance gave consent for TISCO Finance Public Company Limited to upgrade its status to commercial bank. The Bank was informed by the letter from the Bank of Thailand dated 29 June 2005 that the Ministry of Finance issued the Commercial Banking business license dated 23 June 2005 for the Bank to operate banking business in the name of “TISCO Bank Public Company Limited” (“The Bank”). The Bank can operate commercial banking business and foreign exchange business and have to comply with the conditions under the letter from the Bank of Thailand and the attached conditions of license. The significant conditions are related to the return of finance business licenses of TISCO Finance Public Company Limited and Thai Permsap Finance Company Limited (a subsidiary) to the Ministry of Finance and the minimum requirement of total Tier 1 capital of Baht 5,000 million, as of the commenced date of banking operations.

The Bank and Thai Permsap Finance Company Limited (a subsidiary) returned their finance business licenses to the Ministry of Finance, effective on 1 July 2005.

The Bank registered the change of its name from “TISCO Finance Public Company Limited” to “TISCO Bank Public Company Limited” with the Ministry of Commerce on 1 July 2005, and commenced its banking operations on 4 July 2005.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2004 except the calculation of earnings per share as discussed in Note 20 to the financial statements.

2. INTERBANK AND MONEY MARKET ITEM (ASSETS)

As at 30 September 2005, interbank and money market items of the Bank and its local subsidiaries of approximately Baht 10 million (the Bank only : Nil) (As at 31 December 2004 : Baht 10 million and Nil, respectively) were pledged with the other banks to secure facilities provided for use as working capital.

As at 30 September 2005, the balance of interbank and money market items included promissory notes of a subsidiary company amounting to Baht 12 million deposited for securities borrowing and lending in the subsidiary company's name. The subsidiary received the promissory notes from the client as collateral for securities borrowing and lending agreement.

As at 31 December 2004, approximately Baht 91 million of the foreign subsidiary's cash deposits at banks were pledged with the bank to secure the credit facility.

3. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

As at 30 September 2005, the balance of securities purchased under resale agreements comprises Baht 4,757 million of Bank of Thailand securities (As at 31 December 2004 : Baht 2,105 million).

4. INVESTMENTS IN SECURITIES

4.1 As at 30 September 2005, held-to-maturity debt securities amounting to Baht 335 million (As at 31 December 2004 : Baht 335 million) represent government bonds which the Bank has invested pursuant to the agreement made with the Ministry of Finance under the Tier I and Tier II capital support scheme. These bonds are redeemable within a 10-year period, non-negotiable and carry interest at rates of 4% and 5% per annum.

4.2 As at 30 September 2005, the Bank has a commitment not to sell marketable equity securities totaling Baht 224 million (As at 31 December 2004 : Baht 122 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.

4.3 As at 30 September 2005, the Bank has pledged other investment of approximately Baht 13 million (As at 31 December 2004 : Baht 13 million) as a security against short-term loan from a company.

4.4 As at 30 September 2005, the Bank and its subsidiaries have invested Baht 4 million (the Bank only : Baht 3 million) (As at 31 December 2004 : Baht 4 million and Baht 3 million, respectively) in government debt securities, which were pledged as security for electricity usage. In addition, investments in government bonds amounting to Baht 64 million (As at 31 December 2004 : Baht 73 million) have been placed with a bank as security for the agreement to swap a floating interest rate for a fixed interest rate, described in Note 24.2.

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As at 30 September 2005, a foreign subsidiary's investments in foreign debt securities amounting to Baht 109 million have been pledged with a bank as security for credit facility.

- 4.5 As at 30 September 2005, the Bank have the following investment in companies which have weak financial standing or operating results :-

(Unit : Thousand Baht)

	Consolidated / The Bank Only		
	Cost	Fair value	Allowance for changes in Value ⁽¹⁾
Companies having problems with debt repayment or in default	67,873	-	67,873

⁽¹⁾ Allowance for changes in value of investment is calculated at cost less collateral value.

- 4.6 The Bank did not record investments in Jiji Press (Thailand) Co., Ltd., GITC Company Limited and Mizuho Corporate Leasing (Thailand) Co., Ltd., in which the Bank holds not less than 20% of the equity, by the equity method since these investments had been transferred as the result of debt restructuring. The Bank is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.

5. INVESTMENT IN SUBSIDIARY COMPANIES

The Bank's investment in its subsidiaries as at 30 September 2005 and 31 December 2004 are summarised below.

(Unit : Million Baht)

company's name	Nature of business	Paid-up share capital		Cost method		Equity method ⁽²⁾		Dividend income ⁽²⁾ received for the nine-month period ended 30 September	
		30 September	31 December	30 September	31 December	30 September	31 December	2005	2004
		2005	2004	2005	2004	2005	2004	2005	2004
Subsidiary companies directly held by the Bank									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	247	245	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,739	1,732	170	300
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	196	250	140	100
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,050	1,281	280	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	584	581	100	-
TISCO Information Technology Co., Ltd. (Formerly known as "Thai Information Technology Co., Ltd.")	Services	20	20	44	44	30	34	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	431	431	22	58
TISCO Group Co., Ltd. (Formerly known as "Thai Permsap Finance Co., Ltd.")	Holdings	150	150	150	150	71	71	-	-
						4,348	4,625	712	458

⁽¹⁾ Calculated by including share of profit in subsidiaries in which the Bank has indirect holdings.

⁽²⁾ Including dividend received from subsidiary companies which indirectly held by the Bank.

On 28 November 2003, the Bank received approval from the Bank of Thailand to accept the transfer of business from Tru-Way Company Limited (which is a subsidiary company), in accordance with the resolutions of the annual general meeting of the Bank's shareholders held on 24 April 2003. Tru-Way Company Limited was deregistered with the Ministry of Commerce on 29 December 2003 and is currently in the process of liquidation.

Subsequent event

A resolution passed by the extraordinary general meeting of shareholders of Thai Commercial Auto Co., Ltd. on 2 November 2005, authorised the reduction of the company's registered share capital from Baht 1,000 million (10 million ordinary shares of Baht 100 each) to Baht 500 million (10 million ordinary shares of baht 50 each). As a result, the balance of 80% paid-up capital was reduced from Baht 800 million to Baht 400 million. The company is in the process of registering the share capital reduction with the Ministry of Commerce.

6. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

6.1 As at 30 September 2005, the Bank had loans and receivable of approximately Baht 2,251 million (As at 31 December 2004 : Baht 2,645 million) on which the recognition of interest income would be ceased under the Bank of Thailand's guidelines (i.e. accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date). However, the total loans and receivables on which the Bank has actually ceased accruing interest in accordance with its accounting policy, amounted to approximately Baht 4,756 million (As at 31 December 2004 : Baht 5,099 million), with Baht 3,753 million of such amount being loans and receivables, for which a 100 percent allowance for doubtful debts has been provided against the unsecured portion. The above amounts are calculated on an account-by-account basis.

As at 30 September 2005, the local subsidiaries had securities business loans and receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totaling Baht 769 million, on which the recognition of income had been suspended (As at 31 December 2004 : Baht 676 million), with Baht 411 million of such amount being loans and receivables, for which a 100 percent allowance for doubtful debts has been provided.

(UNAUDITED BUT REVIEWED)

Unearned interest income totaling Baht 5,993 million (the Bank only : Baht 4,696 million) is presented as a deduction against loans and receivable (As at 31 December 2004 : Baht 5,321 million and the Bank only : Baht 4,196 million).

6.2 As at 30 September 2005, the Bank's loans and receivable include restructured loans and receivables amounting to approximately Baht 996 million (net of collateral values). As a result of restructuring, the due date for the first repayment of these restructured loans and receivable has been rescheduled. In addition, the Bank has another approximately Baht 13 million of loans and receivable (net of collateral values) which are in the process of being restructured, against which an allowance for possible loan loss of approximately Baht 9 million has been provided for.

6.3 Troubled Debt Restructuring

During the nine-month period ended 30 September 2005, the Bank entered into troubled debt restructuring agreements with 44 debtors, with aggregate loan balance (before restructuring) of approximately Baht 727 million.

As at 30 September 2005, the number of debtors which were subjected to debt restructuring amounted to 1,154 as summarised below.

Type of restructuring	Number of receivables	Outstanding loan balance before restructuring Million Baht	Type of assets transferred	Fair value of transferred assets Million Baht
Transfer of assets	23	2,600	Land Land and premises	20 2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification of terms	3	898	Land Equity securities Machinery	198 14 22
Transfer of equity securities and modification of terms	44	3,871	Equity securities Debt securities	1,218 21
Transfer of assets and modification of terms	12	2,191	Land and premises Equity securities Air conditioners	465 190 2
Modification of terms	1,067	21,701		
Total	1,154	32,050		5,032

The balance of the restructured debts as at 30 September 2005 amounted to approximately Baht 3,328 million (As at 31 December 2004 : Baht 3,420 million).

During the nine-month period ended 30 September 2005, the Bank recognised interest income on restructured receivables totaling Baht 31 million, received repayments of principal and interest from the restructured receivables totaling Baht 684 million and there was no losses from

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restructuring (For the nine-month period ended 30 September 2004 : Baht 26 million, Baht 1,282 million and there was no losses from restructuring, respectively).

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS / ALLOWANCE FOR LOSS ON DEBT RESTRUCTURING

7.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

Consolidated as at 30 September 2005

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	763,478	38,367	104,332	295,255	1,830,235	897,205	3,928,872
Increase (decrease) in allowance for doubtful accounts during the period	27,322	25,693	(354)	(74,166)	313,374	(89,032)	202,837
Bad debt written - off	-	-	(55)	(3,220)	(265,221)	-	(268,496)
Balance - end of period	790,800	64,060	103,923	217,869	1,878,388	808,173	3,863,213

(Unit : Thousand Baht)

The Bank Only as at 30 September 2005

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	704,169	29,827	80,183	271,007	1,321,584	824,279	3,231,049
Increase (decrease) in allowance for doubtful accounts during the period	33,533	24,338	(13,207)	(106,517)	288,712	(103,073)	123,786
Bad debt written-off	-	-	(55)	(3,126)	(143,280)	-	(146,461)
Balance - end of period	737,702	54,165	66,921	161,364	1,467,016	721,206	3,208,374

(Unit : Thousand Baht)

Consolidated as at 31 December 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	547,176	28,657	74,831	122,248	2,440,577	1,054,352	4,267,841
Increase (decrease) in allowance for doubtful accounts during the year	254,547	9,710	133,025	211,870	(307,211)	(140,795)	161,146
Bad debt written - off	(38,245)	-	(103,524)	(38,863)	(303,131)	(16,352)	(500,115)
Balance - end of year	763,478	38,367	104,332	295,255	1,830,235	897,205	3,928,872

(Unit : Thousand Baht)

The Bank Only as at 31 December 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	498,421	23,953	60,091	94,401	1,890,798	982,181	3,549,845
Increase (decrease) in allowance for doubtful accounts during the year	243,938	5,874	123,612	213,571	(344,049)	(141,550)	101,396
Bad debt written - off	(38,190)	-	(103,520)	(36,965)	(225,165)	(16,352)	(420,192)
Balance - end of year	704,169	29,827	80,183	271,007	1,321,584	824,279	3,231,049

7.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

	The Bank Only	
	30 September 2005	31 December 2004
Balance - beginning of period	359,502	331,790
Increase during period	534	137,059
Written-off	(42,098)	(109,347)
Balance - end of period	317,938	359,502

Under the Bank of Thailand's guidelines concerning the loan loss provisioning, the Bank would have been required to provide an allowance for doubtful debts as at 30 September 2005 of approximately Baht 2,293 million (As at 31 December 2004 : Baht 2,265 million) against its loans and receivables, including those undergoing debt restructuring. However, the Bank has set up an allowance for doubtful debts and allowance for loss on debt restructuring totaling Baht 3,526 million (As at 31 December 2004 : Baht 3,590 million), or Baht 1,233 million (As at 31 December 2004 : Baht 1,325 million) more than the required amount.

The allowance for doubtful debts of Baht 3,526 million, as mentioned above, consists of allowance for doubtful debts of Baht 1,805 million set aside for the unsecured portion of loans amounting Baht 3,753 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,721 million set up for the other loans and receivables.

As at 30 September 2005, the Bank had outstanding non-performing loans and receivables of approximately Baht 2,494 million, against which an allowance for doubtful debts of Baht 1,661 million has been provided (As at 31 December 2004 : Baht 2,629 million and Baht 1,664 million, respectively).

The Bank's management believes that this allowance is sufficient to cover possible losses on debt collection.

8. CLASSIFICATION OF ASSETS

8.1 Investment in securities

As at 30 September 2005 and 31 December 2004, the investment in securities of the Bank included the following :-

- a) With respect to investment of approximately Baht 60 million in subordinated debentures issued by a financial institution which the Bank of Thailand ordered closed on 8 December 1997, the Bank has made full provision for loss on these securities.
- b) Investments in securities of the companies which are vulnerable to delisting, of the companies of which the auditors have expressed their opinion with the going concern issue, or of the companies which have defaulted on their interest payments (including investments in subordinated debentures, as discussed in Note 8.1 a)) are summarised below.

	Cost		Fair Value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	30 September	31 December	30 September	31 December	30 September	31 December
	2005	2004	2005	2004	2005	2004
Debt instruments - debentures	60	60	-	-	60	60
Equity instruments – ordinary shares	6	210	-	-	6	210
Equity instruments – preferred shares	2	2	-	-	2	2

⁽¹⁾ Allowance for possible losses is determined based on the investment cost less collateral value.

8.2 Classification of assets under the Bank of Thailand's guidelines.

As at 30 September 2005 and 31 December 2004, the Bank classified its assets and made allowances against those assets in accordance with the Bank of Thailand's guidelines. They are summarised below.

	(Unit : Million Baht)								
	Debt balance				Percentage required by BOT ⁽⁴⁾	Allowance for doubtful accounts			
						Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	Debt balance		Debt balance after net off collateral		30 September 2005	31 December 2004	30 September 2005	31 December 2004	
30 September 2005	31 December 2004	30 September 2005	31 December 2004						
Loans and receivable⁽¹⁾⁽²⁾⁽³⁾									
Pass	50,303	45,715	41,523	37,181	1	406	363	738	704
Special mentioned	1,952	1,464	1,895	1,358	2	38	27	54	30
Substandard	286	421	271	392	20	63	76	67	80
Doubtful	264	462	239	202	50	152	136	161	271
Bad debts	1,944	1,746	1,316	1,304	100	1,316	1,303	1,467	1,321
Total	54,749	49,808	45,244	40,437		1,975	1,905	2,487	2,406
Loss on receivable under troubled debt restructuring	-	-	-	-		318	360	318	360
Total	54,749	49,808	45,244	40,437		2,293	2,265	2,805	2,766
General reserve								721	824
Total								3,526	3,590
Investment in securities									
Bad debts									
Debt instruments	62	62	62	62	100	62	62	62	62
Equity instruments	437	510	437	510	100	437	510	437	510
Total	499	572	499	572		499	572	499	572
Investment in receivables									
Bad debts	7	7	-	-	100	-	-	-	-
Properties foreclosed									
Land	51	86	51	86	100	51	86	51	86
Total classified assets	55,306	50,473	45,794	41,095		2,843	2,923	4,076	4,248

⁽¹⁾ Allowance for doubtful accounts for loans and receivable is determined based on debt balance less collateral value.

⁽²⁾ Interest receivable are not included in pass and special mention debt balance.

⁽³⁾ Loans and receivable include loan to financial institution (which presented as part of interbank and money market items in the balance sheet)

⁽⁴⁾ In accordance with BOT guidelines, provisioning rates for normal debt and special mention debt are at rates of at least 1 or 2 percent, respectively, or at a lower rate calculated in accordance with guidelines and conditions stipulated by the BOT. However, the Bank is still setting aside provision for normal debt and special mention debt at rates of at least 1 or 2 percent, respectively.

The assets classified above are presented in accordance with the assets classification report which the Bank prepared and submitted to the Bank of Thailand, and include loan to financial institution (which presented as part of interbank and money market items in the balance sheet), loans, receivable and interest accrued on loans, investment in securities and properties foreclosed. As at 30 September 2005 and 31 December 2004, in accordance with the BOT's guidelines, the Bank has provided an allowance amounting to Baht 4,076 million and Baht 4,248 million, respectively against its loans and receivable, investment in securities and properties foreclosed.

The allowance for possible loan losses has been determined after taking into account the value of collateral in accordance with the Bank of Thailand's guidelines, and includes the allowance required against restructured debts.

A portion of the above classified loans and receivable includes debts due from companies with weak financial position and operating results. These amounts and allowance for doubtful accounts are as follows:-

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2005	2004	2005	2004	2005	2004	2005	2004
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	1	3	15	81	-	34	15	81
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	19	14	1,059	818	422	243	596	575
3. Listed companies of which shares have been suspended for trading	-	-	-	-	-	-	-	-
4. Listed companies under rehabilitation	13	9	739	372	384	36	497	316
5. Companies having loan default problem	26	24	937	1,398	368	733	599	800
6. Companies having going concern issue as cited in auditors' report	-	2	-	22	-	2	-	20
Total	59	52	2,750	2,691	1,174	1,048	1,707	1,792

8.3 Classification of assets in accordance with the Notification of the Office of the Securities and Exchange Commission

As at 30 September 2005 and 31 December 2004, a local subsidiary operating in the securities business in Thailand classified its securities business receivable and accrued interest receivable, and provided related allowances for doubtful accounts, in accordance with the notification of the Office of the Securities and Exchange Commission (SEC) as follows.

(Unit : Million Baht)

	Securities business receivable and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004
	Substandard	60	55	-	-	-
Doubtful	317	416	317	416	317	416
Total	<u>377</u>	<u>471</u>	<u>317</u>	<u>416</u>	317	416
General reserve					87	73
Total					<u>404</u>	<u>489</u>

Substandard debts represent the receivable balances with a value equivalent to that of their collateral.

8.4 Hire-purchase receivable/financial lease receivable and other loan receivable of the subsidiaries

As at 30 September 2005 and 31 December 2004, hire-purchase receivable, financial lease receivable and other loan receivable of the subsidiaries are classified by the due date of the contracts as follows :-

(Unit : Million Baht)

	Debt balances		Allowance for doubtful accounts provided in the accounts	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
	Current or overdue less than 90 days	6,011	5,738	63
Overdue				
91 - 365 days	298	170	94	48
More than 1 year	53	56	53	56
Debtors under litigation	41	38	41	38

(UNAUDITED BUT REVIEWED)

Total

6,403

6,002

251

209

9. OTHER ASSETS

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	30 September	31 December	30 September	31 December
	2005	2004	2005	2004
Value added tax - net	400,957	379,814	400,851	369,069
Accrued interest receivable	11,715	20,949	11,626	20,957
Fee and service receivable	208,731	188,059	102,092	115,885
Prepaid income tax	35,012	67,949	26,846	53,848
Deferred computer system development cost - net	68,350	40,737	50,983	27,836
Deposits	18,814	13,504	7,447	2,591
Other receivables	130,189	168,500	124,036	161,854
Other assets	197,344	101,295	171,433	32,684
Total other assets	1,071,112	980,807	895,314	784,724

10. BORROWINGS

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	30 September	31 December	30 September	31 December
	2005	2004	2005	2004
<u>Domestic borrowings</u>				
Subordinated debentures	331,000	331,000	331,000	331,000
Unsubordinated unsecured debentures	5,610,000	5,610,000	4,800,000	4,800,000
Bill of exchange - fixed rate	918,206	1,032,083	-	-
Others	13,200	13,200	13,200	13,200
	6,872,406	6,986,283	5,144,200	5,144,200

10.1 Subordinated debentures

During 1999 the Bank issued Baht 331 million of unsecured subordinated debentures (331 units with a par value of Baht 1,000,000 each) which were sold to the Ministry of Finance under the Tier II capital support scheme. The Ministry of Finance assisted the Bank by purchasing the Bank's newly issued subordinated debentures in order to increase its Tier II capital fund to a level in accordance with the regulations of the Bank of Thailand. The debentures bear interest at rates of 5% and 6% per annum and mature in 2009. The Bank immediately used the money from the sale of these debentures to invest in government bonds issued by the Ministry of Finance, in accordance with the conditions of the Tier II capital support scheme.

10.2 Unsubordinated and unsecured debentures

10.2.1 In 2002 the Bank issued Baht 4,800 million of unsubordinated and unsecured debentures, maturing in 2007, consisting of :-

- a) 2 million debentures with a face value of Baht 1,000 each, totaling Baht 2,000 million. These debentures bear interest at a rate of 4.25 percent per annum.
- b) 1 million debentures with a face value of Baht 1,000 each, totaling Baht 1,000 million. These debentures bear interest at a rate of 3.5 percent per annum in the first and second years and thereafter at a floating rate equivalent to the reference rate plus 0.5 percent per annum, which rate shall not be less than 3.75 percent per annum and shall not exceed 5 percent, 5.5 percent and 6 percent per annum in the third, fourth and fifth years, respectively.
- c) 1.8 million debentures with a face value of Baht 1,000 each, totaling Baht 1,800 million. These debentures carry interest at a floating rate equivalent to a rate of 6 percent minus the reference rate per annum in the first, second and third years and thereafter at a rate of 3.8 percent per annum.

In respect of the Baht 2,800 million of debentures discussed in (b) and (c) above, the Bank entered into interest rate swap agreements to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.

10.2.2 In September 2003, a subsidiary company issued Baht 400 million of unsubordinated and unsecured debentures, consisting of 400,000 debentures with a face value of Baht 1,000

each. These debentures bear interest at a rate of 3.25 percent per annum, maturing in 2006. The subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.

In addition, an another subsidiary company has invested a total of Baht 90 million in these debentures.

10.2.3 In October 2003, a subsidiary company issued Baht 500 million of 3-year amortising unsecured and unsubordinated debentures (500,000 units with a face value of Baht 1,000 each). These debentures bear interest at a rate of 3.2 percent per annum. The issuer will repay the principal of the debentures in four periods, the first of which will start on 6 January 2006 and interest will be paid quarterly beginning 6 January 2004. Such subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.

10.3 Bills of exchange – fixed rate

As of 30 September 2005, two subsidiary companies have outstanding bills of exchange amounting to Baht 918 million, bearing interest at fixed rates of 2.6 to 4.5 percent per annum and maturing between 2005 to 2007.

11. OTHER LIABILITIES

	(Unit : Thousand Baht)			
	Consolidated		The Bank Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Liabilities under commercial papers sold	606,000	510,000	606,000	510,000
Corporate income tax payable	106,158	139,914	28,077	-
Withholding income tax and other tax payable	57,519	168,173	44,621	82,823
Accrued insurance premium	314,486	287,484	250,989	231,121
Other liabilities	426,768	325,003	234,589	190,700
Total other liabilities	<u>1,510,931</u>	<u>1,430,574</u>	<u>1,164,276</u>	<u>1,014,644</u>

12. SHARE CAPITAL AND WARRANTS

- a) The Bank has a registered capital of Baht 11,002 million which, according to the documents filed with the Ministry of Commerce in 1999, comprises 100.2 million ordinary shares and 1,000 million preference shares, both with a par value of Baht 10 each. The preference shares can be, and were from time to time, converted to ordinary shares in accordance with the Memorandum and Articles of Association. Up to 30 September 2005, 440,810,120 preference shares had been converted into ordinary shares, and such conversion registered with the authorities.

As at 30 September 2005, there remained a total of 180,668,130 preference shares which are eligible for conversion to ordinary shares.

- b) The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that the holders of preference shares receive dividend for each of the year that the Bank pays dividend prior to the holders of ordinary shares at the rate of 1 Baht per share. Additionally, the holders of preference shares are entitled to share the leftover dividend with the holders of ordinary shares. In the year that the Bank does not declare dividend payment to the holders of ordinary shares, the Bank may declare dividend payment at the above-mentioned rate to the holders of preference shares. The holders of preference shares shall be entitled to receive dividend only in the years in which the Bank has declared dividend payment. Dividend shall not be made up in subsequent years for the years that the Bank did not declare dividend payment. Since 30 June 2009, the rights and benefits of the preference shareholders shall be equal to the holders of ordinary shares.
- c) On 10 April 2000, the annual general meeting of the Bank's shareholders passed a resolution approving the allocation to directors and employees of the Bank and its subsidiaries a total of 30 million, 5-year, non-negotiable warrants to purchase the Bank's preference shares, exercisable in a ratio of 1 warrant to 1 preference share, and passed a resolution approving the establishment an Allotment Committee. Such committee resolved that the warrants would not be allocated to the Bank's directors, except for those directors who were qualified by virtue of being the Bank employees. The exercise price of the warrants was stipulated at 75 percent of the ten-trading-day average closing price of the Bank's preference shares prior to the effective date of the filing, subject to a minimum price of par value. The warrants are to be offered subsequent to the receipt of approval from the Office of the Securities and Exchange Commission. In addition, the annual general meeting passed a resolution approving the un-allocation of 400 million preference shares (including 300 million preference shares which were to be reserved for the conversion of convertible debentures). Thirty million preference shares with a par value of Baht 10 each are to be reserved for the exercise of the warrants to be issued and offered to directors and employees of the

Bank and its subsidiaries to purchase the Bank's preference shares, leaving 370 million unallocated preference shares.

On 24 April 2002, the annual general meeting of the Bank's shareholders passed a resolution approving the exercise price of warrants at 75 percent of the ten-trading-day average closing price of the Bank's preference shares prior to the date of warrant allocation, subject to a minimum price of par value.

Up to 30 September 2005, the Bank allocated 30,000,000 warrants (included 638,000 warrants received from resigned employees), and employees who had been allocated warrants had exercised their rights to purchase a total of 8,820,000 preference shares, at an exercise price of Baht 10 each, amounting to Baht 88,200,000 and 4,668,000 preference shares at an exercise price of Baht 11.31 each, a total of Baht 52,795,080 and 4,549,000 preference shares at an exercise price of Baht 13.20 each, a total of Baht 60,046,800 and 2,960,000 preference shares at an exercise price of Baht 14.94 each, amounting to Baht 44,222,400 and 481,250 preference shares at an exercise price of Baht 21.88 each, amounting to Baht 10,529,750 of which 21,478,250 preference shares registered with the Ministry of Commerce.

As at 30 September 2005, 8,521,750 warrants remained unexercised.

13. CAPITAL FUND

As at 30 September 2005 and 31 December 2004, the capital funds maintained by the Bank were as follows :-

	(Unit : Thousand Baht)	
	The Bank Only	
	30 September 2005	31 December 2004
<u>Tier I</u>		
Issued and fully paid up share capital	7,216,782	7,180,310
Premium on share capital	77,512	59,707
Statutory reserve	254,600	254,600
Retained earnings - unappropriated	2,388,715	2,512,295
Total Tier I	9,937,609	10,006,912
<u>Tier II</u>		
Subordinated debentures	264,800	331,000
Reserve for loans classified as pass	737,702	704,169
Reserve for revaluation of equity securities – available for sales	175,083	158,818
Total Tier II	1,177,585	1,193,987
Total capital fund	11,115,194	11,200,899

The capital ratios of the Bank are as follows :-

	The Bank Only			
	30 September 2005		31 December 2004	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	16.14%	4.00%	17.48%	4.00%
Total capital to risk assets	18.06%	8.00%	19.57%	8.00%
Total capital to issued and paid-up share capital	154.02%	75.00%	155.99%	75.00%

14. STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside as a statutory reserve at least 5% of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The statutory reserve could not be used for dividend payment.

15. SURPLUS ON CHANGES IN THE VALUE OF INVESTMENTS

	(Unit : Thousand Baht)	
	Consolidated / The Bank Only	
	30 September 2005	31 December 2004
Balance - beginning of the period	1,365,420	1,472,433
Decrease in changes in the value of securities during the period	(37,146)	(107,013)
	1,328,274	1,365,420
Less : The effect of income tax liabilities	(157,388)	(110,036)
Balance - end of the period	1,170,886	1,255,384

16. GAIN ON INVESTMENTS

Gain on investments for the three-month and nine-month periods ended 30 September 2005 and 2004 consist of the following :-

(Unit : Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		The Bank Only	
	2005	2004	2005	2004
Unrealised loss on investments	(8,706)	(10,984)	(8,706)	(6,881)
Realised gain on investments	201,760	84,709	97,500	82,862
Total	193,054	73,725	88,794	75,981

(Unit : Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		The Bank Only	
	2005	2004	2005	2004
Unrealised loss on investments	(13,876)	(41,384)	(13,964)	(18,750)
Realised gain on investments	336,048	59,313	102,551	54,068
Total	322,172	17,929	88,587	35,318

17. DIRECTORS' REMUNERATION

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

18. CORPORATE INCOME TAX

Corporate income tax expenses for the nine-month periods ended 30 September 2005 and 2004 were arrived at as follows:

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	2005	2004	2005	2004
Income tax payable on taxable profit for the period	372,895	357,873	139,567	97,124
Add (less) : Net decrease in deferred tax on temporary differences	99,791	132,746	132,512	138,661
(Less) : Utilisation of income tax benefits on tax loss carried forward	-	(97,124)	-	(97,124)

(UNAUDITED BUT REVIEWED)

Income tax expenses – net	<u>472,686</u>	<u>393,495</u>	<u>272,079</u>	<u>138,661</u>
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As at 30 September 2005 and 31 December 2004, deferred tax assets and deferred tax liabilities arose from the following temporary differences:

	(Unit : Thousand Baht)			
	Consolidated		The Bank Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Allowance for doubtful accounts (general reserve)	971,863	1,033,531	721,206	824,278
Allowance for doubtful accounts for VAT receivables	36,997	27,305	-	-
Allowance for impairment of investments	357,584	547,832	357,534	547,781
Allowance for impairment of property foreclosed	54,545	87,142	50,981	85,820
Non - accrual of interest income	1,076,818	1,170,652	1,012,645	1,119,418
Depreciation of assets	46,471	52,644	33,964	37,726
Financial leases	230,863	207,421	-	-
Revaluation surplus on changes in the value of investment	(493,183)	(366,786)	(493,183)	(351,760)
Others	13,244	10,745	13,244	16,256
	<u>2,295,202</u>	<u>2,770,486</u>	<u>1,696,391</u>	<u>2,279,519</u>
Deferred tax assets (30%)	<u>688,561</u>	<u>831,146</u>	<u>508,917</u>	<u>683,856</u>
Non - accrual of interest income	(12,835)	-	-	-
Depreciation of assets	(6,928)	-	-	-
Revaluation surplus on changes in the value of investment	31,444	-	-	-
Others	3,512	-	-	-
	<u>15,193</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>4,558</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. DIVIDEND PAYMENT

On 28 April 2004, the annual general meeting of the Bank's shareholders passed a resolution approving the payment of a dividend of Baht 1.65 per share for the preference shares and of Baht 0.65 per share for the ordinary shares, a total of Baht 649 million. The dividend was paid on 26 May 2004.

On 26 April 2005, the annual general meeting of the Bank's shareholders passed a resolution approving the payment of a dividend of Baht 2.30 per share for the preference shares and of Baht 1.30 per share for the ordinary shares, a total of Baht 1,120 million. The dividend was paid on 24 May 2005.

20. RECONCILIATION OF DILUTED EARNINGS PER SHARE

The Bank has changed the calculation of earnings per share in order to comply with the calculation method stipulated in International Accounting Standards No. 33 (amended 2004) "Earnings per share" that ordinary shares which will be issued upon the conversion of a mandatory convertible instrument are included in the calculation of basic earnings per share.

The Bank's calculation of earnings per share is summarized below :-

- Basic earnings per share is calculated by dividing net earnings for the period, after deducting the dividend paid to the preference shareholders in preference to the ordinary shareholders, by the weighted average number of ordinary shares and preference shares in issuing during the period.
- Diluted earnings per share is calculated by dividing net earnings for the period, after deducting the dividend paid to the preference shareholders in preference to the ordinary shareholders, by the sum of the weighted average number of ordinary shares and preference shares in issuing during the period plus the weighted average number of ordinary shares to be issued upon conversion of warrants into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the warrants were issued.

For comparative purposes, the Bank recalculated basic earnings per share and diluted earnings per share for the three-month and nine-month periods ended 30 September 2004 in accordance with the above mentioned calculation method.

	For the three-month periods ended 30 September					
	Net earnings		Weighted average number of shares		Earnings per share	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	507,628	347,191				
Less : Dividend of Baht 1 per share paid to preference shares in preference to the ordinary shares at the rate of 1 Baht per share	(180,177)	(184,296)				
	327,451	162,895	720,728	716,279	0.45	0.23
Effect of dilutive securities						

(UNAUDITED BUT REVIEWED)

Warrants to purchase preference shares	-	-	9,472	13,921		
Diluted earnings per share						
Net earnings of ordinary shareholders						
assuming the conversion to ordinary shares	<u>327,451</u>	<u>162,895</u>	<u>730,200</u>	<u>730,200</u>	<u>0.45</u>	<u>0.22</u>

(UNAUDITED BUT REVIEWED)

	For the nine-month periods ended 30 September					
	Net earnings		Weighted average number of shares		Earnings per share	
	<u>2005</u> Thousand Baht	<u>2004</u> Thousand Baht	<u>2005</u> Thousand shares	<u>2004</u> Thousand shares	<u>2005</u> Baht	<u>2004</u> Baht
Basic earnings per share						
Net earnings	1,424,793	1,339,134				
Less : Dividend of Baht 1 per share paid to preference shares in preference to the ordinary shares at the rate of 1 Baht per share	(183,247)	(183,622)				
	<u>1,241,546</u>	<u>1,155,512</u>	719,758	714,732	1.72	1.62
Effect of dilutive securities						
Warrants to purchase preference shares	-	-	10,442	15,468		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion to ordinary shares	<u>1,241,546</u>	<u>1,155,512</u>	<u>730,200</u>	<u>730,200</u>	<u>1.70</u>	<u>1.58</u>

21. RELATED PARTY TRANSACTIONS

During the three-month and nine-month periods ended 30 September 2005 and 2004, the Bank had significant business transactions with its subsidiary and related companies (related by way of common shareholders and/or common directors). Such transactions have been concluded on the terms and basis as determined by the Bank and those companies. Intercompany outstanding balances and transactions are summarised below :-

	(Unit : Thousand Baht)			
	The Bank Only			
	Balance- beginning of the period	Increase	Decrease	Balance-end of the period
<u>Outstanding balance as at 30 September 2005</u>				
Subsidiary companies				
Receivables from sales of securities:				
TISCO Securities Co., Ltd.	1,485,466	-	(1,485,466)	-
Other assets :				
TISCO Securities Co., Ltd.	-	4,997	-	4,997
Deposit in Baht :				
TISCO Securities Co., Ltd.	1,455,000	-	(1,037,444)	417,556
TISCO Group Co., Ltd.	-	82,874	-	82,874
Hi-Way Co., Ltd.	-	67,289	-	67,289
Other subsidiary companies	21,748	10,044	(1,900)	29,892

	The Bank Only		(Unit : Thousand Baht)
			Pricing policy
	2005	2004	(For the period 2005)
<u>Transactions occurred during the three-month periods ended 30 September</u>			
<u>Subsidiary companies</u>			
Risk, financial and human resources management fee income	7,973	7,112	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	12,572	12,068	Reference to the terms and price as charged to other customers
Other income	1,918	1,044	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	11,449	11,602	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Other expenses	1,139	828	Reference to the terms and price as charged to other customers
<u>Transactions occurred during the nine-month periods ended 30 September</u>			
<u>Subsidiary companies</u>			
Risk, financial and human resources management fee income	23,918	23,185	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	37,296	33,461	Reference to the terms and price as charged to other customers
Other income	5,718	4,035	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	35,076	33,910	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Other expenses	4,637	3,980	Reference to the terms and price as charged to other customers

Besides the above transactions, the Bank has additional related party transactions with its subsidiary companies, which presented below :

For the nine-month period ended 30 September 2004 :

The Bank acquired investments in listed securities amounting to Baht 33 million from a subsidiary company. This subsidiary company recorded gain from this sales of investments amounting to Baht 15 million.

The Bank sold property foreclosed, which are office condominium units (net book value amounting to Baht 79 million), to a subsidiary company at a price of Baht 91 million (market value). The Bank recorded a gain from disposal of such office condominium units amounting to Baht 12 million.

For the nine-month period ended 30 September 2005 :

The Bank acquired investments in listed securities amounting to Baht 1,156 million from a subsidiary company. Such transaction was made through the Stock Exchange of Thailand. This subsidiary company recorded gain from this sales of investments amounting to Baht 28 million.

On 11 August 2005, the Bank entered into an agreement to purchase and to sell with a subsidiary, in order to sell an office condominium unit (net book value amounting to Baht 39 million) at a price of Baht 43 million (market value), with the condition that on 1 November 2005 the subsidiary pay such price in full and the Bank will transfer the ownership of such asset to the subsidiary.

Gains or loss from the above mentioned related party transactions between the Bank and its subsidiary companies have been eliminated in consolidated financial statements and the financial statements of the Bank under equity method.

As at 30 September 2005, the Bank and its subsidiaries have neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10% of the common shares of paid up capital are held by the Bank, the Bank's directors or management-level employees, with the exception of the loans to subsidiary and related companies discussed above, and loans to employees under the employee welfare scheme, which are summarised below.

	(Unit : Thousand Baht)	
	Consolidated	The Bank Only
Loans	7,340	7,340

As at 30 September 2005, the Bank has neither provided any credit nor made any commitments to companies which have directors in common with the Bank in cases where such credit is unsecured or not fully collateralised and therefore would require an approval from the Bank of Thailand.

As at 30 September 2005, the Bank and its subsidiaries have no investments in related companies which are related by way of members of the management of the Bank or of its subsidiaries being shareholders and/or directors.

22. FINANCIAL INFORMATION BY SEGMENT

Financial information relating to the bank business, financial service business, securities business and other business segments as of 30 September 2005 and 31 December 2004 and for the three-month and nine-month periods ended 30 September 2005 and 2004 is summarised below.

(Unit : Million Baht)

	For the three-month periods ended 30 September									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest and dividend income after bad debt and doubtful accounts	712	629	15	6	-	-	(11)	(42)	716	593
Non-interest income	348	260	275	244	21	23	40	(52)	684	475
Non-interest expenses	(591)	(491)	(151)	(173)	(22)	(26)	51	51	(713)	(639)
Corporate income tax	(123)	(48)	(48)	(25)	-	-	-	-	(171)	(73)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(8)	(9)	(8)	(9)
Net earnings (loss)	<u>346</u>	<u>350</u>	<u>91</u>	<u>52</u>	<u>(1)</u>	<u>(3)</u>	<u>72</u>	<u>(52)</u>	<u>508</u>	<u>347</u>

(Unit : Million Baht)

	For the nine-month periods ended 30 September									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest and dividend income after bad debt and doubtful accounts	2,919	2,486	37	30	-	-	(711)	(467)	2,245	2,049
Non-interest income	771	580	797	1,097	61	73	37	(161)	1,666	1,589
Non-interest expenses	(1,602)	(1,395)	(479)	(551)	(64)	(80)	154	151	(1,991)	(1,875)
Corporate income tax	(357)	(217)	(116)	(176)	-	-	-	-	(473)	(393)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(22)	(31)	(22)	(31)
Net earnings (loss)	<u>1,731</u>	<u>1,454</u>	<u>239</u>	<u>400</u>	<u>(3)</u>	<u>(7)</u>	<u>(542)</u>	<u>(508)</u>	<u>1,425</u>	<u>1,339</u>

(Unit : Million Baht)

	As at									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Investments in securities	9,060	7,050	497	1,947	1	1	(3,773)	(3,786)	5,785	5,212
Loans, receivable and accrued interest receivable - net	57,183	52,127	970	736	-	-	(205)	(50)	57,948	52,813
Other assets	10,276	8,334	3,023	2,853	36	39	(586)	(2,955)	12,749	8,271
Total assets	<u>76,519</u>	<u>67,511</u>	<u>4,490</u>	<u>5,536</u>	<u>37</u>	<u>40</u>	<u>(4,564)</u>	<u>(6,791)</u>	<u>76,482</u>	<u>66,296</u>

23. COMMITMENTS AND CONTINGENT LIABILITIES**23.1**

	(Unit : Thousand Baht)	
	30 September 2005	31 December 2004
Avals	270,000	232,670
Guarantees of loans	200,000	200,000
Other guarantees	69,100	301,693
Obligations covering principal under interest rate swap agreement (as mentioned in Note 24.2)	4,950,000	5,600,000
	5,489,100	6,334,363

23.2 Litigation

The Bank and its subsidiaries were defendant in certain lawsuits involving compensation of approximately Baht 359 million. As at 30 September 2005, the cases were not yet final; nevertheless, the Bank and its subsidiary company's management believe they will not suffer material losses (if any) from these suits.

23.3 Capital commitment

As at 30 September 2005, a subsidiary company has outstanding commitments of approximately Baht 100 million in respect of the uncalled portion of an investment in another subsidiary.

23.4 Other commitments

- a) The Bank is obliged to make contributions to the Financial Institutions Development Fund, at the rate of 0.2 percent of the total outstanding balance of the Bank's deposits, borrowings, and liabilities arising from borrowings, as of the last day of the previous six-month period. Contributions are to be made every 30 June and 31 December.
- b) A subsidiary company is required to pay a membership fee to the Stock Exchange of Thailand on a monthly basis, at a rate of 0.005 percent of the trading volume of its stock.
- c) The Bank has commitments in relation to computer service agreement, whereby it is to pay both fixed fee and service fees which vary according to the quantity and type of service, as stipulated in the agreements.

24. FINANCIAL INSTRUMENTS

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

As at 30 September 2005, the Bank and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

24.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfil an obligation causing the Bank and subsidiary companies to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the balance sheet and the off-balance sheet transactions of aval and other guarantees.

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

24.2 Interest rate risk

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

(Unit : Million Baht)

	Consolidated			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Transactions</u>				
Financial assets				
Cash	-	-	101	101
Interbank and money market items	869	1,633	713	3,215
Securities purchased under resale agreements	-	4,757	-	4,757
Investments in securities - net	152	1,347	4,286	5,785
Trading transactions with securities companies				
- receivable	-	-	128	128
Loans and receivable	5,839	53,689	2,602	62,130
	<u>6,860</u>	<u>61,426</u>	<u>7,830</u>	<u>76,116</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

		Consolidated			
		Outstanding balances of financial instruments			
<u>Transactions</u>	Floating	Fixed	Without	Total	
	interest rate	interest rate	interest		
Financial liabilities					
Deposits	4,922	43,383	31	48,336	
Interbank and money market items	116	4,229	-	4,345	
Liabilities payable on demand	-	-	289	289	
Borrowings	-	6,859	13	6,872	
Trading transactions with securities companies - liabilities	-	-	259	259	
Securities business payable	425	-	1,364	1,789	
	<u>5,463</u>	<u>54,471</u>	<u>1,956</u>	<u>61,890</u>	

(Unit : Million Baht)

		The Bank Only			
		Outstanding balances of financial instruments			
<u>Transactions</u>	Floating	Fixed	Without	Total	
	interest rate	interest rate	interest		
Financial assets					
Cash	-	-	99	99	
Interbank and money market items	-	300	706	1,006	
Securities purchased under resale agreements	-	4,757	-	4,757	
Investments in securities - net	152	1,236	8,400	9,788	
Loans and receivable	5,717	47,201	1,605	54,523	
	<u>5,869</u>	<u>53,494</u>	<u>10,810</u>	<u>70,173</u>	
Financial liabilities					
Deposits	5,100	43,383	31	48,514	
Interbank and money market items	84	2,444	-	2,528	
Liabilities payable on demand	-	-	289	289	
Borrowings	-	5,131	13	5,144	
	<u>5,184</u>	<u>50,958</u>	<u>333</u>	<u>56,475</u>	

The Bank has entered into interest rate swap agreements to pay fixed rate interest in exchange for receipt of floating rate interest on the nominal principal of Baht 500 million. These agreements will expire in 2008. The Bank has entered into interest rate swap agreements to pay float rate interest in exchange for receipt of fixed rate interest on the nominal principal of Baht 500 million. The agreement expires in 2008.

In addition, the Bank has entered into interest rate swap agreements to exchange a floating interest rate on the Baht 2,800 million debentures for a fixed interest rate. The agreement expires in 2007. The Bank has also entered into interest rate swap agreements to exchange floating interest rates on loans and deposits amounting to Baht 1,150 million for a fixed interest rate. The agreements expire in 2006 and 2008.

The balances of the floating rate and fixed rate loans and receivable shown in the above table include those on which interest recognition has been ceased, and are presented before deducting provisions.

With respect to fixed rate financial instruments, the table show summarises their repricing or maturity date (whichever is the earlier) counting from the balance sheet date.

(Unit : Million Baht)

Transactions	Consolidated							Interest Rates (%)
	Repricing or maturity date						Total	
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
Financial assets								
Interbank and money market items	412	1,211	10	-	-	-	1,633	3.1535
Securities purchased under resale agreements	-	4,757	-	-	-	-	4,757	3.1875
Investments in securities - net	-	870	3	467	7	-	1,347	3.4446
Loans and receivable	1,703	6,845	15,756	27,166	1,907	312	53,689	8.2501
	<u>2,115</u>	<u>13,683</u>	<u>15,769</u>	<u>27,633</u>	<u>1,914</u>	<u>312</u>	<u>61,426</u>	
Financial liabilities								
Deposits	13	24,709	10,783	7,878	-	-	43,383	2.5067
Interbank and money market items	660	1,218	1,581	770	-	-	4,229	3.2305
Borrowings	-	696	884	5,279	-	-	6,859	3.9933
	<u>673</u>	<u>26,623</u>	<u>13,248</u>	<u>13,927</u>	<u>-</u>	<u>-</u>	<u>54,471</u>	

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Bank Only								
Transactions	Repricing or maturity date						Total	Interest Rates (%)
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
Financial assets								
Interbank and money market items	-	300	-	-	-	-	300	3.1795
Securities purchased under resale agreements	-	4,757	-	-	-	-	4,757	3.1875
Investments in securities - net	-	761	3	465	7	-	1,236	3.4375
Loans and receivable	1,288	5,823	13,175	25,011	1,904	-	47,201	6.4116
	<u>1,288</u>	<u>11,641</u>	<u>13,178</u>	<u>25,476</u>	<u>1,911</u>	<u>-</u>	<u>53,494</u>	
Financial liabilities								
Deposits	13	24,709	10,783	7,878	-	-	43,383	2.5067
Interbank and money market items	864	10	800	770	-	-	2,444	2.8571
Borrowings	-	-	-	5,131	-	-	5,131	4.1610
	<u>877</u>	<u>24,719</u>	<u>11,583</u>	<u>13,779</u>	<u>-</u>	<u>-</u>	<u>50,958</u>	

24.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 30 September 2005, counting from the balance sheet date, are as follows :-

(Unit : Million Baht)

Consolidated								
Transactions	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Non performing		Total
						Unspecified	loans	
Financial assets								
Cash	101	-	-	-	-	-	-	101
Interbank and money market items	1,994	1,211	10	-	-	-	-	3,215
Securities purchased under resale agreements	-	4,757	-	-	-	-	-	4,757
Investments in securities – net	3,227	870	4	470	159	1,055	-	5,785
Trading transactions with securities companies – receivable	-	128	-	-	-	-	-	128
Loans and receivable	1,377	7,997	16,593	30,111	3,032	-	3,020	62,130
	<u>6,699</u>	<u>14,963</u>	<u>16,607</u>	<u>30,581</u>	<u>3,191</u>	<u>1,055</u>	<u>3,020</u>	<u>76,116</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Transactions	Consolidated							
	At call	0-3	3-12	1 – 5	Over 5	Non performing		Total
		months	months	years	years	Unspecified	loans	
Financial liabilities								
Deposits	4,966	24,709	10,783	7,878	-	-	-	48,336
Interbank and money market items	775	1,218	1,581	770	-	1	-	4,345
Liabilities payable on demand	289	-	-	-	-	-	-	289
Borrowings	-	696	884	5,279	-	13	-	6,872
Trading transactions with securities companies – liabilities	-	259	-	-	-	-	-	259
Securities business payable	500	1,289	-	-	-	-	-	1,789
	<u>6,530</u>	<u>28,171</u>	<u>13,248</u>	<u>13,927</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>61,890</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	270	-	-	-	-	-	470
Other commitments	69	-	200	4,750	-	-	-	5,019

(Unit : Million Baht)

Transactions	The Bank Only							
	At call	0-3	3-12	1 – 5	Over 5	Non performing		Total
		months	months	years	years	Unspecified	Loans*	
Financial assets								
Cash	99	-	-	-	-	-	-	99
Interbank and money market items	706	300	-	-	-	-	-	1,006
Securities purchased under resale agreements	-	4,757	-	-	-	-	-	4,757
Investments in securities - net	3,227	761	4	465	159	5,172	-	9,788
Loans and receivable	1,002	5,931	14,300	28,010	3,029	-	2,251	54,523
	<u>5,034</u>	<u>11,749</u>	<u>14,304</u>	<u>28,475</u>	<u>3,188</u>	<u>5,172</u>	<u>2,251</u>	<u>70,173</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	5,144	24,709	10,783	7,878	-	-	-	48,514
Interbank and money market items	948	10	800	770	-	-	-	2,528
Liabilities payable on demand	289	-	-	-	-	-	-	289
Borrowings	-	-	-	5,131	-	13	-	5,144
	<u>6,381</u>	<u>24,719</u>	<u>11,583</u>	<u>13,779</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>56,475</u>
Off balance sheet items								
Aval to bills and guarantees of loans	200	270	-	-	-	-	-	470
Other commitments	69	-	200	4,750	-	-	-	5,019

24.4 Foreign exchange risk

As at 30 September 2005, the Bank did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 247 million.

24.5 Fair value

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

a) Financial assets

The method used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets are presented as the amount stated in the balance sheet, including cash, interbank and money items (assets), securities purchased under resale agreement, and loans and receivable which are considered to approximate their respective carrying value since the financial instruments are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions which are traded on an active and liquid market, such as investment in securities, have their fair values determined by the quoted market price.

b) Financial liabilities

The fair values of financial liabilities, including deposits, interbank and money market items (liabilities) and borrowings are considered to approximate their respective carrying values for the same reasons as described above.

As at 30 September 2005, there are no material differences between the book value of financial instruments and their fair value.

The fair value of off balance sheet items cannot be reasonably determined thus it has not been disclosed.

25. SUBSEQUENT EVENT

Resolutions of the meeting of the Bank's Board of Directors No. 7/2005 held on 27 October 2005, approved the Holding Company Restructuring Plan in principle and the delegation of authority to the

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Audit Committee to review the Holding Company Restructuring Plan in details and to determine the schedule of the shareholder's extraordinary general meeting. Resolutions of the meeting of the Bank's Audit Committee No. 11/2548 held on 4 November 2005, approved the following matters :

- Approve the Holding Company Restructuring Plan, whereby TISCO Public Company Limited, a non-bank public company limited, will be set up as a holding company, and will become the parent company of the group, acquiring all shares of the Bank and other subsidiary companies, while the Bank will not hold shares in any subsidiary companies. TISCO Public Company Limited shall make a tender offer for all shares of the Bank in exchange for newly issued shares of TISCO Public Company Limited. After the completion of the tender offer, TISCO Public Company Limited will list its common and preferred shares on the Stock Exchange of Thailand in place of common and preferred shares of the Bank, which will simultaneously be delisted from the Stock Exchange of Thailand.
- Stipulate that extraordinary general meeting No. 1/2005 of the Bank's shareholders be convened on 14 December 2005, to approve the Holding Restructuring Plan, the disposition of shares of the subsidiary and the listing plan of TISCO Public Company Limited.
- Stipulate that extraordinary general meeting No. 2/2005 of the Bank's shareholders be convened on 14 December 2005, to approve the plan to delist the Bank in accordance with the Holding Company Restructuring Plan.

26. PRESENTATION

The presentation of the financial statements has been made in compliance with the requirement of the Notification of the Bank of Thailand relating to the format of the financial statements of commercial bank dated 10 May 2001.

Certain amounts in the financial statements as presented herein for comparative purposes have been reclassified to conform to the current period classifications, with no effect on previously reported net earnings or shareholders' equity.

27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Bank's Audit Committee on 11 November 2005.