

TISCO BANK PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006

Review Report of Independent Auditor

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

I have reviewed the accompanying consolidated balance sheet of TISCO Bank Public Company Limited and its subsidiaries as at 30 September 2006, the related consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2006, the consolidated statements of changes in shareholders' equity, and cash flows for the nine-month period ended 30 September 2006, and the separate financial statements of TISCO Bank Public Company Limited for the same period. 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 review.

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

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

The 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 2005 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 9 February 2006, expressed an unqualified audit opinion on those statements, based on his audit. The balance sheet as at 31 December 2005, as presented herein for comparative purposes, formed an integral part of the financial statements, which have been audited and reported on by that auditor.

The consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2005, the consolidated statements of changes in shareholders' equity, and cash flows for the nine-month period ended 30 September 2005 of TISCO Bank Public Company Limited and its subsidiary companies, and the separate financial statements of TISCO Bank Public Company Limited, as presented herein for comparative purposes, formed an integral part of the financial statements which were reviewed by the aforementioned auditor, whose report dated 11 November 2005 stated that nothing had come to his attention that caused him to believe that the financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited
Bangkok : 2 November 2006

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		30 September 2006	31 December 2005	30 September 2006	31 December 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CASH		265,762	203,953	263,943	202,325
INTERBANK AND MONEY MARKET ITEMS	3.1				
Domestic					
Interest bearing		2,201,183	338,992	400,002	125
Non-interest bearing		855,265	618,458	838,253	490,009
Foreign					
Interest bearing		147,386	547,963	-	-
Non-interest bearing		150,157	-	106,022	-
Total interbank and money market items - net		3,353,991	1,505,413	1,344,277	490,134
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	3.2	4,100,000	2,000,000	4,100,000	2,000,000
INVESTMENT	3.3, 3.4, 3.7				
Current investment - net		692,781	826,593	641,313	715,779
Long-term investment - net		3,372,400	4,378,780	3,133,695	4,145,862
Investment in subsidiaries - net		-	-	3,887,322	3,566,056
Net investments		4,065,181	5,205,373	7,662,330	8,427,697
RECEIVABLE FROM CLEARING HOUSE		477,678	61,191	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	3.5, 3.7				
Loans and receivable		67,790,598	63,948,412	61,875,434	57,799,317
Securities and derivative business receivables		1,041,334	1,275,269	-	-
Total loans and receivable		68,831,932	65,223,681	61,875,434	57,799,317
Accrued interest receivable		138,083	113,987	94,985	77,533
Total loans, receivable and accrued interest receivable		68,970,015	65,337,668	61,970,419	57,876,850
Less : Allowance for doubtful accounts	3.6.1	(3,106,560)	(3,181,001)	(2,810,985)	(2,865,571)
Less : Allowance for loss on debt restructuring	3.6.2	(62,889)	(303,731)	(62,889)	(303,731)
Net loans, receivable and accrued interest receivable		65,800,566	61,852,936	59,096,545	54,707,548
PROPERTY FORECLOSED - net		1,029,008	1,206,695	1,022,669	1,211,259
LAND, PREMISES AND EQUIPMENT - net		1,626,674	1,559,496	1,100,895	1,004,248
DEFERRED TAX ASSETS	3.18	825,632	682,854	625,634	499,674
DIVIDEND RECEIVABLE FROM SUBSIDIARIES	3.20	-	-	846,022	846,022
OTHER ASSETS	3.8	1,084,489	1,004,851	917,913	833,880
TOTAL ASSETS		82,628,981	75,282,762	76,980,228	70,222,787

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		30 September 2006	31 December 2005	30 September 2006	31 December 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS IN BAHT		56,221,842	34,450,801	56,359,157	34,611,263
INTERBANK AND MONEY MARKET ITEMS					
Domestic - Interest bearing		2,255,978	6,415,253	1,434,861	6,231,224
LIABILITY PAYABLE ON DEMAND		322,104	247,287	322,104	247,287
BORROWINGS					
Short-term borrowings	3.9	6,046,105	12,322,796	3,380,000	9,998,000
Long-term borrowings		2,144,200	5,167,744	2,144,200	5,144,200
Total borrowings		8,190,305	17,490,540	5,524,200	15,142,200
PAYABLE TO CLEARING HOUSE		263,849	566,491	-	-
SECURITIES AND DERIVATIVE BUSINESS PAYABLES		1,351,509	1,347,283	-	-
ACCRUED INTEREST PAYABLE		504,986	247,144	496,101	238,102
OTHER LIABILITIES	3.10	1,157,073	1,436,297	920,749	1,102,013
TOTAL LIABILITIES		70,267,646	62,201,096	65,057,172	57,572,089

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		30 September 2006	31 December 2005	30 September 2006	31 December 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
SHAREHOLDERS' EQUITY					
Share capital					
Registered	2.2	11,002,000	11,002,000	11,002,000	11,002,000
Issued and paid up					
184,359,630 preference shares of Baht 10 each					
(31 December 2005 : 180,947,630 preference shares of Baht 10 each)		1,843,596	1,809,476	1,843,596	1,809,476
541,267,120 ordinary shares of Baht 10 each					
(31 December 2005 : 541,020,120 ordinary shares of Baht 10 each)		5,412,671	5,410,201	5,412,671	5,410,201
		7,256,267	7,219,677	7,256,267	7,219,677
Share premium					
Share premium of preference shares		63,948	43,129	63,948	43,129
Share premium of ordinary shares		36,500	36,500	36,500	36,500
Preference shares subscription receive in advance		6,827	-	6,827	-
Revaluation surplus on changes in the value of investment	3.14	653,342	1,011,781	653,342	1,011,781
Translation adjustments		86,969	112,560	86,969	112,560
Retained earnings					
Appropriated - statutory reserve	2.3	344,800	344,800	344,800	344,800
Unappropriated		3,474,403	3,882,251	3,474,403	3,882,251
Equity attributable to Bank shareholders		11,923,056	12,650,698	11,923,056	12,650,698
Minority interest - equity attributable to minority shareholders of subsidiary		438,279	430,968	-	-
TOTAL SHAREHOLDERS' EQUITY		12,361,335	13,081,666	11,923,056	12,650,698
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		82,628,981	75,282,762	76,980,228	70,222,787
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES	3.22.1				
Aval to bills and guarantees of loans		736,625	561,000	736,625	561,000
Other commitments		4,900,032	5,085,318	4,900,032	5,085,318

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

Mr. Pichai Chanvirachart

(President)

Mrs. Oranuch Apisaksirikul

(Director and Senior Executive Vice President)

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

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

	Note	CONSOLIDATED		THE BANK ONLY	
		2006	2005	2006	2005
INTEREST AND DIVIDEND INCOME					
Loans		265,321	148,217	264,780	147,003
Interbank and money market items		101,278	48,150	75,877	35,992
Hire purchase and financial lease income		1,024,555	906,228	741,232	653,991
Investments		52,866	72,721	52,815	71,902
Total interest and dividend income		1,444,020	1,175,316	1,134,704	908,888
INTEREST EXPENSES					
Deposit		645,955	291,644	645,562	290,900
Interbank and money market items		26,747	33,269	13,955	16,577
Short-term borrowings		87,091	18,564	52,341	-
Long-term borrowings		21,047	48,818	21,047	53,814
Total interest expenses		780,840	392,295	732,905	361,291
Net interest and dividend income		663,180	783,021	401,799	547,597
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		(2,903)	(67,302)	21,009	(57,116)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		660,277	715,719	422,808	490,481
NON-INTEREST INCOME					
Securities brokerage fees		132,016	150,535	-	-
Gains on investments	3.15	107,822	193,054	107,808	88,794
Share of profit of subsidiary companies		-	-	130,897	242,089
Fees and service income					
Acceptances, aval and guarantees		2,542	485	2,542	485
Insurance services		89,595	71,511	88,945	59,564
Fund management		63,438	95,890	-	-
Others		54,175	76,777	33,938	71,153
Gain on exchange		1,468	942	48	-
Other income		58,504	94,880	43,467	77,621
Total non-interest income		509,560	684,074	407,645	539,706
Total net income		1,169,837	1,399,793	830,453	1,030,187
NON-INTEREST EXPENSES					
Personnel expenses		207,876	273,279	109,575	161,689
Premises and equipment expenses		116,968	107,366	97,466	79,600
Taxes and duties		26,380	18,467	23,765	15,812
Fee and service expenses		188,871	147,332	123,831	87,701
Directors' remuneration	2.4	1,820	1,460	1,760	1,430
Other expenses		155,434	165,695	69,262	83,447
Total non-interest expenses		697,349	713,599	425,659	429,679
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		472,488	686,194	404,794	600,508
CORPORATE INCOME TAX		(134,853)	(170,346)	(72,408)	(92,880)
EARNINGS BEFORE MINORITY INTEREST		337,635	515,848	332,386	507,628
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(5,249)	(8,220)	-	-
NET EARNINGS FOR THE PERIOD		332,386	507,628	332,386	507,628
EARNINGS PER SHARE					
Basic earnings per share	3.19, 4.4	0.39	0.64	0.39	0.64
Diluted earnings per share		0.39	0.63	0.39	0.63

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

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

	Note	CONSOLIDATED		THE BANK ONLY	
		2006	2005	2006	2005
INTEREST AND DIVIDEND INCOME					
Loans		681,956	431,533	679,711	426,560
Interbank and money market items		333,630	89,817	264,977	62,469
Hire purchase and financial lease income		2,956,019	2,605,003	2,121,850	1,872,398
Investments		235,482	262,736	232,379	258,282
Total interest and dividend income		4,207,087	3,389,089	3,298,917	2,619,709
INTEREST EXPENSES					
Deposit		1,666,516	727,981	1,665,072	726,528
Interbank and money market items		103,775	91,834	60,582	53,072
Short-term borrowings		152,512	44,114	67,248	-
Long-term borrowings		127,329	159,686	126,919	159,686
Total interest expenses		2,050,132	1,023,615	1,919,821	939,286
Net interest and dividend income		2,156,955	2,365,474	1,379,096	1,680,423
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		(62,475)	(120,166)	(39,502)	(45,441)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		2,094,480	2,245,308	1,339,594	1,634,982
NON-INTEREST INCOME					
Securities brokerage fees		478,194	488,818	-	-
Gain on investments	3.15	398,487	322,172	388,017	88,587
Share of profit of subsidiary companies		-	-	477,177	603,433
Fees and service income					
Acceptances, aval and guarantees		2,863	908	2,863	908
Insurance services		266,576	219,849	265,069	183,154
Fund management		193,449	218,935	-	-
Others		181,620	223,288	126,467	200,436
Gain on exchange		7,926	1,141	48	-
Other income	3.16	191,108	190,947	149,010	153,296
Total non-interest income		1,720,223	1,666,058	1,408,651	1,229,814
Total net income		3,814,703	3,911,366	2,748,245	2,864,796
NON-INTEREST EXPENSES					
Personnel expenses		808,006	751,501	466,694	389,794
Premises and equipment expenses		332,027	310,479	275,593	229,709
Taxes and duties		67,749	53,837	61,293	46,939
Fees and service expenses		484,681	441,914	292,459	273,785
Directors' remuneration	2.4	5,540	5,140	5,360	4,930
Other expenses	3.17	451,007	428,664	198,168	222,767
Total non-interest expenses		2,149,010	1,991,535	1,299,567	1,167,924
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		1,665,693	1,919,831	1,448,678	1,696,872
CORPORATE INCOME TAX	3.18	(419,625)	(472,686)	(221,121)	(272,079)
EARNINGS BEFORE MINORITY INTEREST		1,246,068	1,447,145	1,227,557	1,424,793
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(18,511)	(22,352)	-	-
NET EARNINGS FOR THE PERIOD		1,227,557	1,424,793	1,227,557	1,424,793
EARNINGS PER SHARE					
Basic earnings per share	3.19, 4.4	1.50	1.79	1.50	1.79
Diluted earnings per share		1.49	1.77	1.49	1.77

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED		THE BANK ONLY	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cash flows from operating activities				
Net earnings	1,227,557	1,424,793	1,227,557	1,424,793
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary company	18,511	22,352	-	-
Share of profit from operating results of subsidiary company	-	-	(477,177)	(603,433)
Depreciation and amortisation	151,868	123,320	107,289	78,061
Bad debt and doubtful accounts	157,986	181,596	123,497	102,208
Unrealised loss on revaluation of investment (reversal)	(6,577)	13,964	(6,577)	13,964
Reversal of allowance for impairment of property foreclosed	(29,890)	(31,461)	(33,715)	(33,709)
Gain on disposal of investments	(391,910)	(336,048)	(381,440)	(102,551)
Gain on disposal of fixed assets	(6,541)	(6,972)	(5,857)	(6,857)
Loss (gain) on disposal of property foreclosed	117,719	116,276	(10,909)	17,626
Decrease in deferred tax assets	3,258	99,791	22,024	132,512
Decrease (increase) in accrued interest and dividend receivable	(37,007)	16,891	(30,985)	15,422
Decrease (increase) in accrued income	37,173	(28,808)	55,567	5,247
Increase in accrued interest payable	257,842	19,459	257,999	23,284
Increase in accrued expenses	116,290	162,266	81,811	99,750
Earnings from operating activities before changes in operating assets and liabilities	1,616,279	1,777,419	929,084	1,166,317
Increase (decrease) in operating assets				
Interbank and money market items	(1,848,579)	(1,695,578)	(854,143)	(612,238)
Securities purchased under resale agreements	(2,100,000)	(2,652,000)	(2,100,000)	(2,652,000)
Receivable from clearing house	(416,486)	31,448	-	-
Loans and receivable	(5,056,625)	(5,807,513)	(4,789,858)	(5,107,553)
Securities and derivative business receivables	233,936	(149,117)	-	-
Property foreclosed	624,789	553,562	321,792	364,023
Other assets	128,569	(110,112)	129,320	1,330,998

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED		THE BANK ONLY	
	2006	2005	2006	2005
Increase (decrease) in operating liabilities				
Deposits	21,771,041	9,048,485	21,747,894	9,208,692
Interbank and money market items	(4,159,274)	38,126	(4,796,363)	(1,624,191)
Liabilities payable on demand	74,817	289,268	74,817	289,268
Short-term borrowings	(9,300,235)	(113,878)	(9,618,000)	-
Payable to clearing house	(302,641)	128,190	-	-
Securities and derivative business payables	4,226	407,146	-	-
Other liabilities	(395,784)	(86,469)	(263,076)	49,884
Net cash flows from (used in) operating activities	874,033	1,658,977	781,467	2,413,200
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(840,379)	(7,437,744)	(800,102)	(7,851,103)
Cash received from disposal of investment in securities held for investment	1,809,390	7,147,190	1,698,892	6,755,473
Cash received from dividend of subsidiaries	-	-	117,174	21,750
Cash paid for purchase of fixed assets	(180,043)	(211,059)	(170,728)	(188,420)
Cash received from disposal of equipment	6,768	13,877	6,084	12,323
Net cash flows from (used in) investing activities	795,736	(487,736)	851,320	(1,249,977)
Cash flows from financing activities				
Dividend paid	(1,646,605)	(1,141,827)	(1,635,405)	(1,120,077)
Cash received from exchange of warrants to purchase preference shares	64,236	54,278	64,236	54,278
Net cash flows from (used in) financing activities	(1,582,369)	(1,087,549)	(1,571,169)	(1,065,799)
Translation adjustment	(25,591)	13,495	-	-
Net increase in cash and cash equivalents	61,809	97,187	61,618	97,424
Cash and cash equivalents at beginning of the period	203,953	3,766	202,325	1,841
Cash and cash equivalents at end of the period	265,762	100,953	263,943	99,265
	-	-	-	-
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	1,793,097	1,004,378	1,661,822	916,003
Corporate income tax	478,483	408,495	212,558	111,490
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	2,470	71,026	2,470	71,026
Transfer of property foreclosed to land, premises and equipment	20,018	-	20,018	-

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

(Unit : Thousand Baht)

CONSOLIDATED

	Issued and paid-up share capital		Share premium		Preference shares	Surplus	Translation	Statutory	Unappropriated	Minority	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	subscription	from changes in the	adjustments	reserve	retained	interest - equity	
					received in advance	value of investment			earnings	attributable to	
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 4.3)	-	-	-	-	-	-	-	-	(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 in subsidiary company	-	-	-	-	-	-	-	-	-	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>-</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>
Balance as at 31 December 2005	1,809,476	5,410,201	43,129	36,500	-	1,011,781	112,560	344,800	3,882,251	430,968	13,081,666
Decrease in fair value of investments	-	-	-	-	-	(358,439)	-	-	-	-	(358,439)
Decrease in translation adjustments	-	-	-	-	-	-	(25,591)	-	-	-	(25,591)
Net earnings for the period	-	-	-	-	-	-	-	-	1,227,557	-	1,227,557
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	-	(1,635,405)	-	(1,635,405)
Warrants converted to preference shares	36,590	-	20,819	-	6,827	-	-	-	-	-	64,236
Preference shares converted to ordinary shares	(2,470)	2,470	-	-	-	-	-	-	-	-	-
Increase in minority interest in subsidiary company	-	-	-	-	-	-	-	-	-	7,311	7,311
Balance as at 30 September 2006	<u>1,843,596</u>	<u>5,412,671</u>	<u>63,948</u>	<u>36,500</u>	<u>6,827</u>	<u>653,342</u>	<u>86,969</u>	<u>344,800</u>	<u>3,474,403</u>	<u>438,279</u>	<u>12,361,335</u>

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

(Unit : Thousand Baht)

	THE BANK ONLY									
	Issued and paid-up share capital		Share premium		Preference shares	Surplus	Translation	Statutory	Unappropriated	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	subscription received in advance	from changes in the value of investment	adjustments	reserve	retained earnings	
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 4.3)	-	-	-	-	-	-	-	-	(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>-</u>	<u>1,170,886</u>	<u>111,810</u>	<u>254,600</u>	<u>3,606,395</u>	<u>12,437,985</u>
Balance as at 31 December 2005	1,809,476	5,410,201	43,129	36,500	-	1,011,781	112,560	344,800	3,882,251	12,650,698
Decrease in fair value of investments	-	-	-	-	-	(358,439)	-	-	-	(358,439)
Decrease in translation adjustments	-	-	-	-	-	-	(25,591)	-	-	(25,591)
Net earnings for the period	-	-	-	-	-	-	-	-	1,227,557	1,227,557
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	-	(1,635,405)	(1,635,405)
Warrants converted to preference shares	36,590	-	20,819	-	6,827	-	-	-	-	64,236
Preference shares converted to ordinary shares	(2,470)	2,470	-	-	-	-	-	-	-	-
Balance as at 30 September 2006	<u>1,843,596</u>	<u>5,412,671</u>	<u>63,948</u>	<u>36,500</u>	<u>6,827</u>	<u>653,342</u>	<u>86,969</u>	<u>344,800</u>	<u>3,474,403</u>	<u>11,923,056</u>

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO INTERIM FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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, the Bank has presented the balance sheets, and the statements of earnings, changes in shareholders’ equity and cash flows in the same format as that used for 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 for the preparation of consolidation financial statements

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2005. There have been no changes in the shareholding structure during the period.

1.3 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2005, with the following additional accounting policy:-

1.3.1 Receivable from Clearing House / Payable to Clearing House

Receivable from Clearing House comprises the net balance receivable from Thailand Securities Depository (TSD) in respect of securities trades settled through the Clearing House of TSD and the net balance receivable from Thailand Clearing House (TCH) including amounts pledged with TCH as security for derivatives trading.

Payable to Clearing House comprises the net balance payable to Thailand Securities Depository in relation to securities trading settlements made through the Clearing House of TSD and the net balance payable to Thailand Clearing House.

1.3.2 Earnings per share

Calculation of earnings per share is summarized below.

Basic earnings per share

Basic earnings per share is calculated by dividing net earnings for the period, after deducting the portion of dividends which the preference shareholders receive before the ordinary shareholders, by the sum of the weighted average number of ordinary shares and preference shares in issuing during the period.

Diluted earnings per share

Diluted earnings per share is calculated by dividing net earnings for the period, after deducting the portion of dividends which the preference shareholders receive before 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.

In determining earnings per share for the period, the amount of preference dividends as referred to above was arrived at on a time proportion basis.

1.4 Presentation

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.

2. GENERAL INFORMATION

2.1 The Bank's information

TISCO Bank Public Company Limited was incorporated as a public limited company under Thai laws. The Bank operates its business in Thailand and has been licensed by the Ministry of Finance to operate commercial banking business. The Bank's registered office is located at 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. The Bank has 14 branches in Thailand.

2.2 Share capital

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 Bank's Memorandum and Articles of Association.

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.

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.

(UNAUDITED BUT REVIEWED)

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.

2.3 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.

2.4 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.

2.5 Related person and party transactions

The Bank has 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, which are reference to the terms and price as charged to other customers.

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 loans to employees under the employee welfare scheme, as mentioned in Note 3.20 to the financial statements.

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.

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 the authorised directors.

(UNAUDITED BUT REVIEWED)

3. DETAILS OF FINANCIAL STATEMENTS

3.1 Interbank and money market items (assets)

(Unit : Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated		The Bank Only		Type of pledge
	As at		As at		
	30 September 2006	31 December 2005	30 September 2006	31 December 2005	
Cash at banks of its local subsidiary	10	10	-	-	To secure facilities provided for bank overdrafts
Promissory notes deposited in name of subsidiary for securities borrowing and lending	-	12	-	-	As collateral for borrowing securities, which a subsidiary received from a client under a securities borrowing and lending agreement

3.2 Securities purchased under resale agreements

(Unit : Million Baht)

	Consolidated/The Bank Only as at	
	30 September 2006	31 December 2005
	Bank of Thailand bonds	4,100

3.3 Investments

(Unit : Thousand Baht)

	Consolidated as at			
	30 September 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Current investment				
Trading securities				
Equity securities :				
Domestic marketable equity securities	1	1	1	1
Add (less) : Allowance for changes in value	-		-	
Net equity securities	1		1	
Total trading securities	1		1	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated as at			
	30 September 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	350,997	351,025	407,957	407,906
Private debt securities	280,072	208,232	285,452	221,804
Total	631,069	559,257	693,409	629,710
Add (less) : Allowance for changes in value	(11,398)		(3,285)	
Less : Allowance for impairment	(60,414)		(60,414)	
Net debt securities	559,257		629,710	
Equity securities :				
Domestic marketable equity securities	124,491	82,728	124,491	86,108
Add (less) : Allowance for changes in value	(41,763)		(38,383)	
Net equity securities	82,728		86,108	
Total available-for-sales securities	641,985		715,818	
Held-to-maturity debt securities-due				
within 1 year				
Government and state enterprise securities	795		1,570	
Foreign debt securities	-		109,204	
Total held-to-maturity debt securities-due				
within 1 year	795		110,774	
Other investment				
Equity securities :				
Unit trust	50,000		-	
Total other investment	50,000		-	
Net current investments	692,781		826,593	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated as at			
	30 September 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Long-term investment				
Available-for-sales securities				
Debt securities :				
Private debt securities	100,000	102,318	100,000	100,524
Add (less) : Allowance for changes in value	2,318		524	
Net debt securities	102,318		100,524	
Equity securities :				
Domestic marketable equity securities	2,250,255	2,072,220	2,620,257	2,928,774
Other securities - unit trusts	106,133	129,882	188,945	209,833
Total	2,356,388	2,202,102	2,809,202	3,138,607
Add (less) : Allowance for changes in value	(154,286)		329,405	
Net equity securities	2,202,102		3,138,607	
Total available-for-sales securities	2,304,420		3,239,131	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	337,183		337,211	
Debt securities of private sector	4		4	
Total held-to-maturity debt securities	337,187		337,215	
Other investments				
Equity securities :				
Domestic non-marketable equity securities	966,040		1,042,888	
Investment in receivables	6,256		7,626	
Less : Allowance for impairment	(241,503)		(248,080)	
Total other investment	730,793		802,434	
Net long-term investments	3,372,400		4,378,780	
Net investments	4,065,181		5,205,373	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

The Bank Only as at

	30 September 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Current investment				
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	350,324	350,353	406,627	406,577
Private debt securities	280,072	208,232	285,452	223,094
Total	630,396	558,585	692,079	629,671
Add (less) : Allowance for changes in value	(11,397)		(1,994)	
Less : Allowance for impairment	(60,414)		(60,414)	
Net debt securities	558,585		629,671	
Equity securities :				
Domestic marketable equity securities	124,491	82,728	124,491	86,108
Add (less) : Allowance for changes in value	(41,763)		(38,383)	
Net equity securities	82,728		86,108	
Total available-for-sales securities	641,313		715,779	
Net current investments	641,313		715,779	
Long-term investment				
Available-for-sales securities				
Debt securities :				
Private debt securities	100,000	102,318	100,000	100,524
Add (less) : Allowance for changes in value	2,318		524	
Net debt securities	102,318		100,524	
Equity securities :				
Domestic marketable equity securities	2,147,106	1,970,022	2,604,165	2,909,413
Other securities - unit trusts	2,975	3,048	5,949	5,977
Total	2,150,081	1,973,070	2,610,114	2,915,390
Add (less): Allowance for changes in value	(177,011)		305,276	
Net equity securities	1,973,070		2,915,390	
Total available-for-sales securities	2,075,388		3,015,914	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	The Bank Only as at			
	30 September 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	335,000		335,000	
Total held-to-maturity debt securities	335,000		335,000	
Other investments				
Equity securities :				
Domestic non-marketable equity securities	955,927		1,032,775	
Investment in receivables	8,883		10,253	
Less : Allowance for impairment	(241,503)		(248,080)	
Total other investments	723,307		794,948	
Net long-term investments	3,133,695		4,145,862	
Investment in subsidiaries				
Investment in subsidiaries	3,887,322		3,566,056	
Net investments	7,662,330		8,427,697	

(UNAUDITED BUT REVIEWED)

3.3.1 Held-to-maturity debt securities with the Ministry of Finance under the Tier I and Tier II capital support scheme

(Unit : Million Baht)

	Consolidated/the Bank Only		Remark
	As at		
	30 September 2006	31 December 2005	
Government bonds	335	335	These bonds are redeemable within a 10-year period, maturing in 2009 and carry interest at rates of 4% and 5% per annum.

3.3.2 Investments subject to restrictions

(Unit : Million Baht)

Type of investment	Consolidated		The Bank Only		Type of restriction
	As at		As at		
	30 September 2006	31 December 2005	30 September 2006	31 December 2005	
Domestic marketable equity securities	29	35	29	35	Marketable equity securities may not be sold during the period stipulated as a condition of troubled debt restructuring agreements made with restructured receivables.
Domestic non-marketable equity securities	13	13	13	13	Pledged as security for short-term loan from a company
Government debt securities	5	5	3	3	Pledged for electricity usage
Government debt securities	63	63	63	63	Pledged under agreement to swap a floating interest rate for a fixed interest rate, described in Note 3.23.2
Foreign debt securities	-	109	-	-	Pledged to secure credit facility

(UNAUDITED BUT REVIEWED)

3.3.3 Investment in companies with weak financial position and poor operating results

(Unit : Thousand Baht)

Consolidated / The Bank Only

As at 30 September 2006

	Cost	Fair value	Allowance for changes in value ⁽¹⁾
Companies have problems with debt repayment or in defaulted	67,873	-	67,873

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

3.3.4 The Bank does not record investments by the equity method for any investments which had been transferred as the result of debt restructuring, and the Bank holds not less than 20% of the equity. The Bank is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.

Consolidated/The Bank Only

As at 30 September 2006

Name	Book value	Percentage of holding
	Thousand Baht	%
GITC Co., Ltd.	13,200	40
Jiji Press (Thailand) Co., Ltd.	1,628	20
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849	21

(UNAUDITED BUT REVIEWED)

3.4 Investment in subsidiary companies

Investment in subsidiary companies are accounted for using the equity method.

Company's name	Nature of Business	Paid-up share capital		Cost method		Equity method ⁽¹⁾		(Unit : Million Baht) Dividend received ⁽²⁾ for the nine-month periods ended 30 September	
		As at		As at		As at			
		30 September	31 December	30 September	31 December	30 September	31 December	2006	2005
		2006	2005	2006	2005	2006	2005	2006	2005
Subsidiary companies directly held by the Bank :									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	102	243	106	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,794	1,582	-	170
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	203	118	-	140
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,046	999	-	280
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	204	114	-	100
TISCO Information Technology Co., Ltd.	Services	20	20	44	44	28	8	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	438	431	18	22
TISCO Group Co., Ltd.	Holdings	150	150	150	150	73	71	-	-
TISCO Corporation Plc.	Holdings	-	-	-	-	(1)	-	-	-
						<u>3,887</u>	<u>3,566</u>	<u>124</u>	<u>712</u>

⁽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.

(UNAUDITED BUT REVIEWED)

3.5 Loans, receivable and accrued interest receivable

3.5.1 Classified by type of loan and receivable

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
<u>Loans and receivable :</u>				
Loans	14,518,599	13,892,441	14,505,724	13,833,778
Bills	49,862	-	49,862	-
Hire - purchase and financial lease receivable	53,222,137	50,055,971	47,319,848	43,965,539
Total loans and receivable	67,790,598	63,948,412	61,875,434	57,799,317
Add : Accrued interest receivable	138,083	113,987	94,985	77,533
Less : Allowance for doubtful accounts	(3,102,808)	(3,122,949)	(2,810,985)	(2,865,571)
Less : Allowance for loss on debt restructuring	(62,889)	(303,731)	(62,889)	(303,731)
Net loans and receivable and accrued interest receivable	64,762,984	60,635,719	59,096,545	54,707,548
<u>Securities and derivative business receivable :</u>				
<u>Securities business receivable</u>				
Customer's cash accounts	1,038,579	1,207,206	-	-
Customer's securities borrowings and lending accounts	-	10,560	-	-
Other receivable :-				
Overdue customers' accounts	234	123	-	-
Installment receivable	2,521	57,380	-	-
Total securities business receivable	1,041,334	1,275,269	-	-
Less : Allowance for doubtful accounts	(3,752)	(58,052)	-	-
Net securities business receivable	1,037,582	1,217,217	-	-
Net loans, receivable and accrued interest receivable	65,800,566	61,852,936	59,096,545	54,707,548

(UNAUDITED BUT REVIEWED)

3.5.2 Loans and receivable for which the recognition of interest income has ceased

(Unit : Million Baht)

The Bank	Amounts calculated under BOT's guidelines ⁽²⁾		Amounts calculated under the Bank's policy	
	The Bank Only		The Bank Only	
	As at		As at	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
Loans and receivable for which the recognition of interest income has ceased ⁽¹⁾	2,375	2,229	3,377 ⁽³⁾	4,534 ⁽³⁾

⁽¹⁾ These amounts are calculated on an account by account basis.⁽²⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.⁽³⁾ Loans and receivables totaling Baht 2,838 million (31 December 2005 : Baht 3,842 million), 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.

(Unit : Million Baht)

Subsidiaries	As at	
	30 September 2006	31 December 2005
Securities business loans and receivables, hire-purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has ceased	480 ⁽¹⁾	446 ⁽¹⁾

⁽¹⁾ Baht 132 million of such amounts being loans and receivables (31 December 2005 : Baht 108 million), for which a 100 percent allowance for doubtful debts has been provided.

3.5.3 Unearned interest income which is presented as a deduction against loans and receivable

(Unit : Million Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
Unearned interest income	7,463	6,308	6,003	4,986

(UNAUDITED BUT REVIEWED)

3.5.4 Outstanding balances (net of collateral) of restructured loans and receivable and receivables which are being restructured

	(Unit : Million Baht)
	The Bank Only
	As at 30 September 2006
Restructured loans and receivable ⁽¹⁾	600
Loans and receivable which are being restructured ⁽²⁾	26

⁽¹⁾ As a result of restructuring, the due date for the first repayment of these restructured loans and receivable has been rescheduled.

⁽²⁾ The Bank sets up an allowance for the possible loan loss of approximately Baht 68 million.

3.5.5 Troubled debt restructuring

- Debt restructuring during the period

	The Bank Only	
	for the nine-month periods	
	ended 30 September	
	2006	2005
Number of debtors (number)	17	44
Loan balances before restructuring (Million Baht)	1,077	727
Interest income on restructured receivables (Million Baht)	67	31
Receipt of principal and interest (Million Baht)	687	684
Loss on troubled debt restructuring (Million Baht)	-	-

- Debtors which were subjected to debt restructuring

	The Bank Only as at 30 September 2006			
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	20
			Land and premises	2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification of terms	3	898	Land	198
			Equity securities	14
			Machinery	22
Transfer of equity securities and modification of terms	45	4,071	Equity securities	1,237
			Debt securities	21
Transfer of assets and modification of terms	12	2,191	Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	1,102	23,047		
Total	<u>1,190</u>	<u>33,596</u>		<u>5,051</u>

(UNAUDITED BUT REVIEWED)

- The balance of the restructured debt

(Unit : Million Baht)

The Bank Only

As at

	30 September 2006	31 December 2005
The balance of the restructured debts	2,590	3,135

3.6 Allowance for doubtful accounts / allowance for loss on debt restructuring

(Unit : Million Baht)

Allowance for doubtful accounts /

The Bank Only

allowance for loss on debt restructuring

As at

	30 September 2006	31 December 2005
Amounts to be provided under BOT's guidelines	2,056	2,276
Amounts already set up by the Bank	2,874 ⁽¹⁾	3,169 ⁽¹⁾
Amounts in excess of the required amount	818	893

⁽¹⁾ The allowance for doubtful debts, consists of allowance for doubtful debts of Baht 1,640 million (31 December 2005 : Baht 2,293 million) set aside for the unsecured portion of loans amounting Baht 2,838 million (31 December 2005 : Baht 3,842 million) at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,234 million (31 December 2005 : Baht 876 million) set up for the other loans and receivables.

(UNAUDITED BUT REVIEWED)

3.6.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

Consolidated as at 30 September 2006							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of period	694,346	62,208	114,010	200,804	1,557,136	552,497	3,181,001
Increase (decrease) in allowance for doubtful accounts during the period	(95,466)	3,282	431	(16,272)	461,280	8,566	361,821
Bad debt written - off	(22,495)	-	(921)	(44,124)	(355,817)	(12,905)	(436,262)
Balance - end of period	576,385	65,490	113,520	140,408	1,662,599	548,158	3,106,560

(Unit : Thousand Baht)

Consolidated as at 31 December 2005							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of year	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 year	(69,132)	23,841	9,942	(88,783)	357,154	(344,708)	(111,686)
Bad debt written - off	-	-	(264)	(5,668)	(630,253)	-	(636,185)
Balance - end of year	694,346	62,208	114,010	200,804	1,557,136	552,497	3,181,001

(Unit : Thousand Baht)

The Bank Only as at 30 September 2006							
	Pass	Special- mentioned	Sub- Standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of period	641,959	51,792	79,230	145,898	1,449,194	497,498	2,865,571
Increase (decrease) in allowance for doubtful accounts during the period	(91,240)	1,288	(12,535)	(17,849)	389,289	62,634	331,587
Bad debt written - off	(22,495)	-	(921)	(42,083)	(307,769)	(12,905)	(386,173)
Balance - end of period	528,224	53,080	65,774	85,966	1,530,714	547,227	2,810,985

(Unit : Thousand Baht)

The Bank Only as at 31 December 2005							
	Pass	Special- mentioned	Sub- Standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of year	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 year	(62,210)	21,965	(689)	(119,536)	324,257	(326,781)	(162,994)
Bad debt written - off	-	-	(264)	(5,573)	(196,647)	-	(202,484)
Balance - end of year	641,959	51,792	79,230	145,898	1,449,194	497,498	2,865,571

(UNAUDITED BUT REVIEWED)

3.6.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

Consolidated/The Bank Only

As at

	30 September 2006	31 December 2005
Balance - beginning of period	303,731	359,502
Increase during period	8,276	14,634
Written - off/transferred to allowance for doubtful accounts	(249,118)	(70,405)
Balance - end of period	62,889	303,731

3.6.3 Non - performing loans and receivables

(Unit : Million Baht)

The Bank Only

As at

	30 September 2006	31 December 2005
Non - performing loans and receivables	2,869	2,493
Allowance for doubtful accounts	1,683	1,660

3.7 Classification of assets

3.7.1 Investment in companies with weak financial position and poor operating results

(Unit : Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	As at		As at		As at	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005	30 September 2006	31 December 2005
Debt instruments - debentures ⁽²⁾	60	60	-	-	60	60
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6
Equity instruments - preference shares ⁽³⁾	2	2	-	-	2	2

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

(2) Investment in subordinated debentures issued by a financial institution which the Bank of Thailand ordered closed on 8 December 1997.

(3) 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.

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

	Debt balance		Debt balance after net off collateral		Percentage required by BOT ⁽⁴⁾	Allowance for doubtful accounts			
	As at		As at			Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	30 September	31 December	30 September	31 December		As at		As at	
	2006	2005	2006	2005		30 September	31 December	30 September	31 December
					2006	2005	2006	2005	
Loans and receivable ⁽¹⁾⁽²⁾⁽³⁾									
Pass	56,732	53,132	45,841	43,060	1	458	421	528	642
Special mentioned	2,675	2,174	2,629	2,120	2	53	42	53	51
Substandard	347	346	320	326	20	64	74	66	79
Doubtful	194	231	164	209	50	82	136	86	146
Bad debts	2,328	1,916	1,336	1,299	100	1,336	1,299	1,531	1,449
Total	62,276	57,799	50,290	47,014		1,993	1,972	2,264	2,367
Loss on receivable under troubled debt restructuring	-	-	-	-		63	304	63	304
Total	62,276	57,799	50,290	47,014		2,056	2,276	2,327	2,671
General reserve								547	498
Total								2,874	3,169
Investment in securities									
Bad debts									
Debt instruments	74	62	74	62	100	74	62	74	62
Equity instruments	721	510	721	510	100	721	510	721	510
Total	795	572	795	572		795	572	795	572
Investment in receivables									
Pass	-	4	-	4	1	-	-	-	-
Doubtful	2	-	1	-	50	1	-	1	-
Bad debts	7	7	-	-	100	-	-	-	-
Total	9	11	1	4		1	-	1	-
Properties foreclosed									
Bad debts									
Land	17	51	17	51	100	17	51	17	51
Total classified assets	63,097	58,433	51,103	47,641		2,869	2,899	3,687	3,792

⁽¹⁾ Allowance for doubtful accounts for loans and receivable is determined based on debt balance less collateral value in accordance with the BOT's guidelines.

⁽²⁾ Interest receivable are not included in pass and special mentioned 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 mentioned 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.

(UNAUDITED BUT REVIEWED)

3.7.3 Loans and receivable includes debts due from companies with weak financial position and operating results

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at		As at	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2006	2005	2006	2005	2006	2005	2006	2005
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	1	-	42	-	42	-	42	-
2. Non - listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	13	13	727	868	218	313	491	552
3. Listed companies of which shares have been suspended for trading	1	1	15	15	-	-	15	15
4. Listed companies under rehabilitation	5	11	87	561	32	353	52	359
5. Companies which have loan settlement problems or have defaulted on payment of debts	26	24	1,367	1,003	724	383	828	666
6. Companies whose auditors' reports cited going concern issues	1	-	3	-	-	-	3	-
Total	47	49	2,241	2,447	1,016	1,049	1,431	1,592

3.7.4 Classification of assets of a security business local subsidiary in accordance with the Notification of the Office of the Securities and Exchange Commission

	(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	
	As at		As at		As at	
	30 September	31 December	30 September	31 December	30 September	31 December
2006	2005	2006	2005	2006	2005	
Substandard	-	55	-	-	-	-
Doubtful	3	3	3	3	3	3
Total	3	58	3	3	3	3
General reserve					1	55
Total					4	58

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

(UNAUDITED BUT REVIEWED)

3.7.5 Hire - purchase receivable/financial lease receivable and other loan receivable of the subsidiaries
classified by the due date of the contracts

(Unit : Million Baht)

	Debt balances		Percentage of allowance for doubtful accounts set up	Allowance for doubtful account		Debt balances - net	
	As at			As at		As at	
	30 September	31 December		30 September	31 December	30 September	31 December
	2006	2005		2006	2005	2006	2005
Current	4,097	4,588	1	41	46	4,056	4,542
Overdue							
1 month	721	652	1	7	7	714	645
2 - 3 months	621	521	2	13	10	608	511
4 - 6 months	239	174	20	48	35	191	139
7 - 12 months	109	110	50	54	55	55	55
Over 12 months	89	62	100	89	62	-	-
Debtors under litigation	40	42	100	40	42	-	-
Total	5,916	6,149		292	257	5,624	5,892

3.8 Other assets

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 September	31 December	30 September	31 December
	2006	2005	2006	2005
Value added tax - net	234,240	450,471	230,528	442,982
Accrued interest receivable	16,061	16,569	16,003	15,871
Fee and charges receivable	127,391	207,662	75,522	153,853
Prepaid income tax	12,000	35,848	-	26,846
Deferred computer system development cost - net	85,264	61,514	71,873	44,487
Deposits	22,118	17,881	7,719	7,448
Receivables from sale of properties foreclosed	185,940	-	185,940	-
Other receivables	236,632	92,136	246,297	78,297
Other assets	164,843	122,770	84,031	64,096
Total other assets	1,084,489	1,004,851	917,913	833,880

(UNAUDITED BUT REVIEWED)

3.9 Borrowings

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
<u>Domestic borrowings</u>				
Subordinated debentures	331,000	331,000	331,000	331,000
Unsubordinated unsecured debentures	5,305,000	15,608,000	5,180,000	14,798,000
Bill of exchange - fixed rate	2,541,105	1,538,340	-	-
Others	13,200	13,200	13,200	13,200
	<u>8,190,305</u>	<u>17,490,540</u>	<u>5,524,200</u>	<u>15,142,200</u>

3.9.1 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.

(UNAUDITED BUT REVIEWED)

3.9.2 Unsubordinated and unsecured debentures

Year	Issuer	Type of debenture	Units	Face value per unit (Baht)	Balances as at (Million Baht)		Maturity in the year	Interest rate	Remark
					30 September 2006	31 December 2005			
2002	The Bank	Unsubordinated and unsecured	2 million	1,000	2,000	2,000	2007	At a rate of 4.25 percent per annum.	-
2002	The Bank	Unsubordinated and unsecured	1 million	1,000	1,000	1,000	2007	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.	The Bank entered into interest rate swap agreements to swap the floating interest rate for a fixed interest rate. The agreement expires in 2007.
2002	The Bank	Unsubordinated and unsecured	1.8 million	1,000	1,800	1,800	2007	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.	The Bank entered into interest rate swap agreements to swap the floating interest rate for a fixed interest rate. The agreement expires in 2007.
2003	Subsidiary	Unsubordinated and unsecured	0.4 million	1,000	-	400	2006	At a rate of 3.25 per annum.	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.
2003	Subsidiary	Unsubordinated and unsecured installment debenture	0.5 million	1,000	125	500	2006	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.
2005	The Bank	Unsubordinated and unsecured short-term debenture	9.9 million	1,000	-	9,998	2006	At a rate between 2.5 to 4.0 percent per annum.	-
2006	The Bank	Unsubordinated and unsecured short-term debentures	0.38 million	1,000	380	-	2007	At a rate of 5.25 per annum	-

(UNAUDITED BUT REVIEWED)

3.9.3 Bills of exchange - fixed rate

As of 30 September 2006, two subsidiary companies have outstanding bills of exchange amounting to Baht 2,541 million (31 December 2005 : Baht 1,538 million), bearing interest at fixed rates of 4.50 to 6.25 percent per annum and maturing between 2006 to 2007.

3.10 Other liabilities

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
Liabilities under commercial papers sold	155,000	545,000	155,000	545,000
Corporate income tax payable	121,755	180,932	57,003	70,464
Withholding income tax and other tax payable	59,455	142,360	37,395	83,417
Accrued insurance premium	403,083	355,076	382,927	292,243
Other liabilities	417,780	212,929	288,424	110,889
Total other liabilities	1,157,073	1,436,297	920,749	1,102,013

3.11 Preference shares converted to ordinary shares

Up to 30 September 2006, 441,067,120 preference shares had been converted into ordinary shares, and such conversion registered with the Ministry of Commerce.

As at 30 September 2006, there remained a total of 184,359,630 preference shares which are eligible for conversion to ordinary shares.

(UNAUDITED BUT REVIEWED)

3.12 Warrants

	The Bank Only as at					
	30 September 2006			31 December 2005		
	No. of shares	Exercised		No. of shares	Exercised	
		price	Total		price	Total
shares	Baht per share	Baht	shares	Baht per share	Baht	
Exercised warrants						
Allocation in year 2000	8,820,000	10.00	88,200,000	8,820,000	10.00	88,200,000
Allocation in year 2001	4,763,000	11.31	53,869,530	4,678,000	11.31	52,908,180
Allocation in year 2002	5,454,000	13.20	71,992,800	4,594,000	13.20	60,640,800
Allocation in year 2003	5,137,500	14.94	76,754,250	3,079,000	14.94	46,000,260
Allocation in year 2004	1,252,250	21.88	27,399,230	596,750	21.88	13,056,890
	25,426,750		318,215,810	21,767,750		260,806,130
Unexercised warrants	3,537,250			7,249,750		
Warrants returned from resigned employees	922,500			872,500		
Expired warrants	113,500			110,000		
Allocated warrants	30,000,000			30,000,000		

The Bank has preference shares which were converted from the above exercised warrants registered with the Ministry of Commerce.

3.13 Capital fund

(Unit : Thousand Baht)

	The Bank Only	
	As at	
	30 September 2006	31 December 2005
Tier I		
Issued and fully paid up share capital	7,256,267	7,219,677
Premium on share capital	100,448	79,629
Statutory reserve	344,800	344,800
Retained earnings - unappropriated	1,678,477	3,302,900
Total Tier I	9,379,992	10,947,006
Tier II		
Subordinated debentures	198,600	264,800
Reserve for loans classified as pass	528,224	641,959
Surplus for revaluation of equity securities - available for sales	-	120,177
Total Tier II	726,824	1,026,936
Less : Deficit for revaluation of equity securities - available for sales	(226,330)	-
Total capital fund	9,880,486	11,973,942

(UNAUDITED BUT REVIEWED)

The Bank Only

As at

The capital ratios	30 September 2006		31 December 2005	
	Bank	Requirement	Bank	Requirement
Tier I capital to risk assets	14.29%	4.25%	17.05%	4.25%
Total capital to risk assets	15.05%	8.50%	18.64%	8.50%
Total capital to issued and paid-up share capital	136.16%	75.00%	165.85%	75.00%

3.14 Surplus on changes in the value of investments

(Unit : Thousand Baht)

Consolidated/The Bank Only

As at

	30 September 2006	31 December 2005
Balance - beginning of the period	1,100,981	1,365,420
Decrease in changes in the value of securities during the period	(506,456)	(264,439)
	594,525	1,100,981
Add (less) : The effect of deferred income tax liabilities	58,817	(89,200)
Balance - end of the period	653,342	1,011,781

(UNAUDITED BUT REVIEWED)

3.15 Gain on investments

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	For the three-month periods		For the three-month periods	
	ended 30 September		ended 30 September	
	2006	2005	2006	2005
Unrealised gain (loss) on investments	4,121	(8,706)	4,121	(8,706)
Realised gain on sale of investments	103,701	201,760	103,687	97,500
Total	107,822	193,054	107,808	88,794

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	For the nine-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2006	2005	2006	2005
Unrealised gain (loss) on investments	6,577	(13,876)	6,577	(13,964)
Realised gain on sale of investments	391,910	336,048	381,440	102,551
Total	398,487	322,172	388,017	88,587

3.16 Other income

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	For the nine-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2006	2005	2006	2005
Penalty fee income from loans	71,508	52,252	58,476	40,986
Reversal of allowance for impairment of property foreclosed	33,715	33,709	33,715	33,709
Rental income	10,927	14,153	13,570	19,640
Others	74,958	90,833	43,249	58,961
Total	191,108	190,947	149,010	153,296

(UNAUDITED BUT REVIEWED)

3.17 Other expenses

	(Unit : Thousand Baht)			
	Consolidated		The Bank Only	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2006	2005	2006	2005
Contributions to the Financial Institutions				
Development Fund	101,742	96,151	101,742	96,152
Loss on disposal of property foreclosed	129,505	130,715	-	30,782
Mailing expenses	21,836	32,752	13,424	22,063
Loan loss from court - ordered execution	20,126	18,608	9,346	9,457
Transportation expenses	36,549	29,958	25,077	20,190
Advertising and promotion expenses	6,282	17,582	5,299	14,787
Others	134,967	102,898	43,280	29,336
Total	451,007	428,664	198,168	222,767

3.18 Corporate income tax

	(Unit : Thousand Baht)			
	Consolidated		The Bank Only	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2006	2005	2006	2005
Income tax payable on taxable profit for the period	416,367	372,895	199,097	139,567
Add (less) : Net decrease (increase) in deferred tax on temporary differences	3,258	99,791	22,024	132,512
Income tax expenses - net	419,625	472,686	221,121	272,079

(UNAUDITED BUT REVIEWED)

Deferred tax assets and deferred tax liabilities arose from the following temporary differences are summarized below.

	Consolidated		(Unit : Thousand Baht) The Bank Only	
	As at		As at	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
Allowance for doubtful accounts - general reserve	839,050	754,876	547,227	497,497
Allowance for doubtful accounts - VAT receivables	55,927	42,288	-	-
Allowance for impairment of investments	350,228	357,584	350,177	357,534
Allowance for impairment of property foreclosed	24,811	54,720	16,807	50,522
Non - accrual of interest income	895,644	1,045,296	811,762	981,402
Depreciation of assets	56,461	47,332	38,633	34,821
Financial leases	209,168	230,243	-	-
Revaluation deficit (surplus) on changes in the value of investment	227,687	(265,590)	227,687	(265,590)
Gain on sale of investment	30,634	-	30,634	-
Gain on sale of property foreclosed	57,645	-	57,645	-
Others	4,853	9,432	4,873	9,395
	<u>2,752,108</u>	<u>2,276,181</u>	<u>2,085,445</u>	<u>1,665,581</u>
Deferred tax assets (30%)	<u>825,632</u>	<u>682,854</u>	<u>625,634</u>	<u>499,674</u>
Non - accrual of interest income	(31)	(1,942)	-	-
Depreciation of assets	(9,228)	(7,744)	-	-
Revaluation surplus on changes in the value of investment	31,630	31,744	-	-
Others	(3,552)	3,364	-	-
	<u>18,819</u>	<u>25,422</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>5,646</u>	<u>7,627</u>	<u>-</u>	<u>-</u>

(UNAUDITED BUT REVIEWED)

3.19 Reconciliation of diluted earnings per share

	For the three-month periods ended 30 September					
	Net earnings		Weighted average Number of shares		Earnings per share	
	2006	2005	2006	2005	2006	2005
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	332,386	507,628				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(46,093)	(45,031)				
	286,293	462,597	725,625	720,728	0.39	0.64
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	3,539	8,490		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion to ordinary shares	286,293	462,597	729,164	729,218	0.39	0.63

	For the nine-month periods ended 30 September					
	Net earnings		Weighted average Number of shares		Earnings per share	
	2006	2005	2006	2005	2006	2005
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	1,227,557	1,424,793				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(137,703)	(137,435)				
	1,089,854	1,287,358	724,793	719,758	1.50	1.79
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	4,371	9,460		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion to ordinary shares	1,089,854	1,287,358	729,164	729,218	1.49	1.77

(UNAUDITED BUT REVIEWED)

3.20 Related person and party transactions

(Unit : Thousand Baht)

	The Bank Only			Balance - end of the period
	Balance - beginning of the period	Increase	Decrease	
<u>Outstanding balance as at 30 September 2006</u>				
Subsidiary companies				
Dividend receivable from subsidiary companies :				
Hi-Way Co., Ltd.	490,000	-	-	490,000
TISCO Securities Co., Ltd.	225,000	-	-	225,000
TISCO Securities Hong Kong Limited	-	105,813	(105,813)	-
TISCO Leasing Co., Ltd.	71,022	-	-	71,022
TISCO Asset Management Co., Ltd.	60,000	-	-	60,000
Other Assets :				
TISCO Leasing Co., Ltd.	-	7,960	-	7,960
Thai Commercial Auto Co., Ltd.	-	12,852	-	12,852
TISCO Information Technology Co., Ltd.	8,000	58,982	(61,232)	5,750
TISCO Securities Co., Ltd.	-	19,370	-	19,370
Deposits in Baht :				
TISCO Securities Co., Ltd.	1,442,248	-	(1,394,113)	48,135
TISCO Group Co., Ltd.	83,481	1,047	-	84,528
Hi-Way Co., Ltd.	35,827	-	(35,075)	752
Other subsidiary companies	63,753	22,901	(32,720)	53,934
Borrowings :				
TISCO Group Co., Ltd.	-	80,000	(80,000)	-
Other liabilities :				
TISCO Securities Co., Ltd.	3,728	-	(3,728)	-
TISCO Leasing Co., Ltd.	-	1,337	-	1,337
Thai Commercial Auto Co., Ltd.	-	1,729	-	1,729

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	The Bank Only		Terms and pricing policy
	2006	2005	(For the period 2006)
<u>Transactions occurred during the three-month periods ended 30 September</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	7,112	7,973	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	10,061	12,572	Reference to the terms and price as charged to other customers
Other income	1,277	1,918	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	20,410	11,449	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
Insurance rebate expenses	2,048	-	Reference to the terms and price as charged to other customers
Other expenses	2,357	1,139	Reference to the terms and price as charged to other customers
<u>Transactions occurred during the nine-month periods ended 30 September</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	21,335	23,918	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	31,899	37,296	Reference to the terms and price as charged to other customers
Other income	3,458	5,718	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	61,645	35,076	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
Insurance rebate expenses	11,316	-	Reference to the terms and price as charged to other customers
Other expenses	9,625	4,637	Reference to the terms and price as charged to other customers

(UNAUDITED BUT REVIEWED)

Loans to management - level employees (departmental managers upward)

(Unit : Thousand Baht)

	Consolidated	The Bank Only
	As at 30 September 2006	As at 30 September 2006
Loans	6,580	6,580

Besides the above transactions, the Bank has additional related party transactions with its subsidiary companies, which presented in Note 4.5 to the financial statements.

3.21 Financial information by segment

3.21.1 Financial information by business segment

(Unit : Million Baht)

	For the three-month periods ended 30 September									
Bank business/financial	service business		Securities business		Other business		Elimination		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest and dividend income after bad debt and doubtful accounts	740	712	25	15	1	-	(106)	(11)	660	716
Non - interest income	320	348	219	275	32	21	(62)	40	509	684
Non - interest expenses	(593)	(591)	(138)	(151)	(27)	(22)	61	51	(697)	(713)
Corporate income tax	(98)	(123)	(37)	(48)	-	-	-	-	(135)	(171)
Minority interest in net earnings	-	-	-	-	-	-	(5)	(8)	(5)	(8)
Net earnings	369	346	69	91	6	(1)	(112)	72	332	508

(Unit : Million Baht)

	For the nine-month periods ended 30 September									
Bank business/financial	service business		Securities business		Other business		Elimination		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest and dividend income after bad debt and doubtful accounts	2,093	2,919	129	37	2	-	(130)	(711)	2,094	2,245
Non - interest income	1,063	771	725	797	97	61	(165)	37	1,720	1,666
Non - interest expenses	(1,804)	(1,602)	(457)	(479)	(78)	(64)	190	154	(2,149)	(1,991)
Corporate income tax	(296)	(357)	(123)	(116)	-	-	-	-	(419)	(473)
Minority interest in net earnings	-	-	-	-	-	-	(18)	(22)	(18)	(22)
Net earnings	1,056	1,731	274	239	21	(3)	(123)	(542)	1,228	1,425

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	As at									
	Bank business/financial									
	service business		Securities business		Other business		Elimination		Total	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005	30 September 2006	31 December 2005	30 September 2006	31 December 2005	30 September 2006	31 December 2005
Investments in securities	7,395	8,481	298	498	33	2	(3,661)	(3,776)	4,065	5,205
Loans, receivable and accrued interest receivable - net	64,828	60,846	1,200	1,217	-	-	(227)	(210)	65,801	61,853
Other assets	10,880	7,937	2,846	2,656	127	104	(1,090)	(2,472)	12,763	8,225
Total assets	83,103	77,264	4,344	4,371	160	106	(4,978)	(6,458)	82,629	75,283

3.21.2 Operating results by domestic and foreign activities

(Unit : Million Baht)

	For the three-month periods ended 30 September							
	2006				2005			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	764	2	(106)	660	726	1	(11)	716
Non - interest income	568	3	(62)	509	628	16	40	684
Non - interest expenses	(738)	(20)	61	(697)	(745)	(19)	51	(713)
Corporate income tax	(135)	-	-	(135)	(171)	-	-	(171)
Minority interest in net earnings in subsidiary companies	-	-	(5)	(5)	-	-	(8)	(8)
Net earnings	459	(15)	(112)	332	438	(2)	72	508

(Unit : Million Baht)

	For the nine-month periods ended 30 September							
	2006				2005			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	2,218	6	(130)	2,094	2,953	3	(711)	2,245
Non - interest income	1,846	39	(165)	1,720	1,588	41	37	1,666
Non - interest expenses	(2,280)	(59)	190	(2,149)	(2,091)	(54)	154	(1,991)
Corporate income tax	(419)	-	-	(419)	(473)	-	-	(473)
Minority interest in net earnings in subsidiary companies	-	-	(18)	(18)	-	-	(22)	(22)
Net earnings	1,365	(14)	(123)	1,228	1,977	(10)	(542)	1,425

(UNAUDITED BUT REVIEWED)

3.22 Commitments and contingent liabilities

3.22.1 Avals, guarantees and commitments

(Unit : Thousand Baht)

Consolidated/The Bank Only

As at

	30 September 2006	31 December 2005
Avals	536,625	361,000
Guarantees of loans	200,000	200,000
Other guarantees	150,032	135,318
Obligations covering principal under interest rate swap agreement (as mentioned in Note 3.23.2)	4,750,000	4,950,000
	<u>5,636,657</u>	<u>5,646,318</u>

3.22.2 Litigation

As at 30 September 2006, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 311 million. A final judgement has not yet been reached in respect of these cases.

In December 2005, a foreign subsidiary received a letter from the solicitor of one of its clients, requesting payment of damages amounting to HKD 46.6 million (equivalent to Baht 225 million as at 30 September 2006). However, the suit has not been filed with a court in respect of this claim.

The management of the Bank and its subsidiary companies believe that neither the Bank nor the subsidiary companies will suffer material loss as a result of the above mentioned lawsuits and request for damages.

3.22.3 Capital commitment

As at 30 September 2006, a subsidiary company had outstanding commitments of approximately Baht 100 million in respect of the uncalled portion of an investment in another subsidiary.

3.22.4 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 plus accrued interest 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.

3.23 Financial instruments

As at 30 September 2006, the Bank and its subsidiaries had no policy to speculate or trade in any derivative financial instruments.

3.23.1 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.

(UNAUDITED BUT REVIEWED)

3.23.2 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 as at 30 September 2006

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash	-	-	266	266
Interbank and money market items	292	2,057	1,005	3,354
Securities purchased under resale agreements	-	4,100	-	4,100
Investments - net	192	807	3,066	4,065
Receivable from clearing house	-	-	478	478
Loans and receivable	9,036	57,892	2,042	68,970
	<u>9,520</u>	<u>64,856</u>	<u>6,857</u>	<u>81,233</u>
Financial liabilities				
Deposits	3,045	53,125	52	56,222
Interbank and money market items	48	2,208	-	2,256
Liabilities payable on demand	-	-	322	322
Borrowings	-	8,177	13	8,190
Payable to clearing house	-	-	264	264
Securities and derivative business payables	98	-	1,254	1,352
	<u>3,191</u>	<u>63,510</u>	<u>1,905</u>	<u>68,606</u>

(Unit : Million Baht)

Consolidated as at 31 December 2005

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash	-	-	204	204
Interbank and money market items	90	797	618	1,505
Securities purchased under resale agreements	-	2,000	-	2,000
Investments - net	199	979	4,027	5,205
Receivable from clearing house	-	-	61	61
Loans and receivable	3,681	58,570	3,087	65,338
	<u>3,970</u>	<u>62,346</u>	<u>7,997</u>	<u>74,313</u>
Financial liabilities				
Deposits	1,338	33,057	56	34,451
Interbank and money market items	98	6,317	-	6,415
Liabilities payable on demand	-	-	247	247
Borrowings	-	17,478	13	17,491
Payable to clearing house	-	-	566	566
Securities and derivative business payables	618	-	729	1,347
	<u>2,054</u>	<u>56,852</u>	<u>1,611</u>	<u>60,517</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

		The Bank Only as at 30 September 2006			
		Outstanding balances of financial instruments			
	Transactions	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets					
	Cash	-	-	264	264
	Interbank and money market items	-	400	944	1,344
	Securities purchased under resale agreements	-	4,100	-	4,100
	Investments - net	192	804	6,666	7,662
	Loans and receivable	9,022	51,944	1,004	61,970
		<u>9,214</u>	<u>57,248</u>	<u>8,878</u>	<u>75,340</u>
Financial liabilities					
	Deposits	3,182	53,125	52	56,359
	Interbank and money market items	32	1,403	-	1,435
	Liabilities payable on demand	-	-	322	322
	Borrowings	-	5,511	13	5,524
		<u>3,214</u>	<u>60,039</u>	<u>387</u>	<u>63,640</u>

(Unit : Million Baht)

		The Bank Only as at 31 December 2005			
		Outstanding balances of financial instruments			
	Transactions	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets					
	Cash	-	-	202	202
	Interbank and money market items	-	-	490	490
	Securities purchased under resale agreements	-	2,000	-	2,000
	Investments - net	199	866	7,363	8,428
	Loans and receivable	3,567	52,441	1,869	57,877
		<u>3,766</u>	<u>55,307</u>	<u>9,924</u>	<u>68,997</u>
Financial liabilities					
	Deposits	1,498	33,057	56	34,611
	Interbank and money market items	47	6,184	-	6,231
	Liabilities payable on demand	-	-	247	247
	Borrowings	-	15,129	13	15,142
		<u>1,545</u>	<u>54,370</u>	<u>316</u>	<u>56,231</u>

The Bank has entered into interest rate swap agreements expiring in 2008 to swap a fixed rate interest for a floating interest rate for nominal principal of Baht 500 million, and to swap a floating interest rate for a fixed interest rate for nominal principal of Baht 500 million.

(UNAUDITED BUT REVIEWED)

In addition, the Bank has entered into interest rate swap agreements expiring in 2007 to swap the floating interest rate on Baht 2,800 million of debentures for a fixed interest rate, and agreements expiring in 2008 to swap the floating interest rates on borrowings and deposits amounting to Baht 950 million for fixed interest rate.

The balances of loans and receivable as presented in the above table include those on which interest recognition has been ceased, and they are presented before deducting allowance for doubtful accounts.

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)

Consolidated as at 30 September 2006								
Transactions	Repricing or maturity date					Unspecified	Total	Interest Rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
Financial assets								
Interbank and money market items	541	1,506	10	-	-	-	2,057	4.8050
Securities purchased under resale agreements	-	4,100	-	-	-	-	4,100	4.9680
Investments - net	-	277	99	431	-	-	807	4.9047
Loans and receivable	1,010	9,633	16,946	30,195	107	1	57,892	8.6204
	<u>1,551</u>	<u>15,516</u>	<u>17,055</u>	<u>30,626</u>	<u>107</u>	<u>1</u>	<u>64,856</u>	
Financial liabilities								
Deposits	1,306	32,997	15,166	3,656	-	-	53,125	4.7452
Interbank and money market items	690	343	1,150	25	-	-	2,208	4.6771
Borrowings	-	2,146	3,900	2,131	-	-	8,177	4.7321
	<u>1,996</u>	<u>35,486</u>	<u>20,216</u>	<u>5,812</u>	<u>-</u>	<u>-</u>	<u>63,510</u>	

(Unit : Million Baht)

Consolidated as at 31 December 2005								
Transactions	Repricing or maturity date					Unspecified	Total	Interest Rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
Financial assets								
Interbank and money market items	82	705	10	-	-	-	797	0.0837
Securities purchased under resale agreements	-	2,000	-	-	-	-	2,000	3.1875
Investments - net	-	5	532	442	-	-	979	4.2461
Loans and receivable	1,904	8,534	16,311	29,804	2,016	1	58,570	8.0855
	<u>1,986</u>	<u>11,244</u>	<u>16,853</u>	<u>30,246</u>	<u>2,016</u>	<u>1</u>	<u>62,346</u>	
Financial liabilities								
Deposits	11	20,136	7,321	5,589	-	-	33,057	2.9308
Interbank and money market items	1,464	2,943	1,140	770	-	-	6,317	3.8490
Borrowings	-	10,612	1,711	5,155	-	-	17,478	4.0418
	<u>1,475</u>	<u>33,691</u>	<u>10,172</u>	<u>11,514</u>	<u>-</u>	<u>-</u>	<u>56,852</u>	

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Bank Only as at 30 September 2006

Transactions	Repricing or maturity date						Interest Rates (%)	
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		Total
Financial assets								
Interbank and money market items	-	400	-	-	-	-	400	4.4000
Securities purchased under resale agreements	-	4,100	-	-	-	-	4,100	4.9680
Investments - net	-	276	99	429	-	-	804	4.9218
Loans and receivable	928	8,431	14,711	27,767	107	-	51,944	6.8140
	<u>928</u>	<u>13,207</u>	<u>14,810</u>	<u>28,196</u>	<u>107</u>	<u>-</u>	<u>57,248</u>	
Financial liabilities								
Deposits	1,306	32,997	15,166	3,656	-	-	53,125	4.7452
Interbank and money market items	623	10	745	25	-	-	1,403	3.9237
Borrowings	-	-	3,380	2,131	-	-	5,511	4.2361
	<u>1,929</u>	<u>33,007</u>	<u>19,291</u>	<u>5,812</u>	<u>-</u>	<u>-</u>	<u>60,039</u>	

(Unit : Million Baht)

The Bank Only as at 31 December 2005

Transactions	Repricing or maturity date						Interest Rates (%)	
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		Total
Financial assets								
Securities purchased under resale agreements	-	2,000	-	-	-	-	2,000	3.1875
Investments - net	-	4	422	440	-	-	866	4.2382
Loans and receivable	1,825	7,469	13,941	27,190	2,016	-	52,441	6.4028
	<u>1,825</u>	<u>9,473</u>	<u>14,363</u>	<u>27,630</u>	<u>2,016</u>	<u>-</u>	<u>55,307</u>	
Financial liabilities								
Deposits	11	20,136	7,321	5,589	-	-	33,057	2.9308
Interbank and money market items	2,814	1,800	800	770	-	-	6,184	3.6548
Borrowings	-	9,998	-	5,131	-	-	15,129	3.9523
	<u>2,825</u>	<u>31,934</u>	<u>8,121</u>	<u>11,490</u>	<u>-</u>	<u>-</u>	<u>54,370</u>	

(UNAUDITED BUT REVIEWED)

3.23.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 30 September 2006, counting from the balance sheet date, are as follows :

(Unit : Million Baht)

Transactions	Consolidated as at 30 September 2006							Total
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing loans	
Financial assets								
Cash	266	-	-	-	-	-	-	266
Interbank and money market items	1,834	1,510	10	-	-	-	-	3,354
Securities purchased under resale agreements	-	4,100	-	-	-	-	-	4,100
Investments - net	798	278	149	626	-	2,214	-	4,065
Receivable from clearing house	-	478	-	-	-	-	-	478
Loans and receivable	1,271	11,063	17,794	34,161	1,826	-	2,855	68,970
	<u>4,169</u>	<u>17,429</u>	<u>17,953</u>	<u>34,787</u>	<u>1,826</u>	<u>2,214</u>	<u>2,855</u>	<u>81,233</u>
Financial liabilities								
Deposits	4,403	32,997	15,166	3,656	-	-	-	56,222
Interbank and money market items	738	343	1,150	25	-	-	-	2,256
Liabilities payable on demand	322	-	-	-	-	-	-	322
Borrowings	-	2,146	3,900	2,131	-	13	-	8,190
Payable to clearing house	-	264	-	-	-	-	-	264
Securities and derivative business payables	98	1,254	-	-	-	-	-	1,352
	<u>5,561</u>	<u>37,004</u>	<u>20,216</u>	<u>5,812</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>68,606</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	483	54	-	-	-	-	737
Other commitments	-	15	1,009	3,750	-	126	-	4,900

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Consolidated as at 31 December 2005

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non		Total
						Unspecified	performing loans	
Financial assets								
Cash	204	-	-	-	-	-	-	204
Interbank and money market items	790	705	10	-	-	-	-	1,505
Securities purchased under resale agreements	-	2,000	-	-	-	-	-	2,000
Investments - net	3,002	5	532	445	209	1,012	-	5,205
Receivable from clearing house	-	61	-	-	-	-	-	61
Loans and receivable	2,147	9,811	17,354	31,049	2,302	-	2,675	65,338
	<u>6,143</u>	<u>12,582</u>	<u>17,896</u>	<u>31,494</u>	<u>2,511</u>	<u>1,012</u>	<u>2,675</u>	<u>74,313</u>
Financial liabilities								
Deposits	1,405	20,136	7,321	5,589	-	-	-	34,451
Interbank and money market items	1,562	2,943	1,140	770	-	-	-	6,415
Liabilities payable on demand	247	-	-	-	-	-	-	247
Borrowings	-	10,612	1,711	5,155	-	13	-	17,491
Payable to clearing house	-	566	-	-	-	-	-	566
Securities and derivative business payables	576	771	-	-	-	-	-	1,347
	<u>3,790</u>	<u>35,028</u>	<u>10,172</u>	<u>11,514</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>60,517</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	311	50	-	-	-	-	561
Other commitments	-	-	215	4,751	-	119	-	5,085

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Bank Only as at 30 September 2006

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	Loans*	
Financial assets								
Cash	264	-	-	-	-	-	-	264
Interbank and money market items	944	400	-	-	-	-	-	1,344
Securities purchased under resale agreements	-	4,100	-	-	-	-	-	4,100
Investments - net	798	276	99	621	-	5,868	-	7,662
Loans and receivable	1,228	8,812	15,559	32,170	1,826	-	2,375	61,970
	<u>3,234</u>	<u>13,588</u>	<u>15,658</u>	<u>32,791</u>	<u>1,826</u>	<u>5,868</u>	<u>2,375</u>	<u>75,340</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	4,540	32,997	15,166	3,656	-	-	-	56,359
Interbank and money market items	655	10	745	25	-	-	-	1,435
Liabilities payable on demand	322	-	-	-	-	-	-	322
Borrowings	-	-	3,380	2,131	-	13	-	5,524
	<u>5,517</u>	<u>33,007</u>	<u>19,291</u>	<u>5,812</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>63,640</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	483	54	-	-	-	-	737
Other commitments	-	15	1,009	3,750	-	126	-	4,900

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Bank Only as at 31 December 2005

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	Loans*	
Financial assets								
Cash	202	-	-	-	-	-	-	202
Interbank and money market items	490	-	-	-	-	-	-	490
Securities purchased under resale agreements	-	2,000	-	-	-	-	-	2,000
Investments - net	3,002	4	422	440	209	4,351	-	8,428
Loans and receivable	2,110	7,482	14,974	28,780	2,302	-	2,229	57,877
	<u>5,804</u>	<u>9,486</u>	<u>15,396</u>	<u>29,220</u>	<u>2,511</u>	<u>4,351</u>	<u>2,229</u>	<u>68,997</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	1,565	20,136	7,321	5,589	-	-	-	34,611
Interbank and money market items	2,861	1,800	800	770	-	-	-	6,231
Liabilities payable on demand	247	-	-	-	-	-	-	247
Borrowings	-	9,998	-	5,131	-	13	-	15,142
	<u>4,673</u>	<u>31,934</u>	<u>8,121</u>	<u>11,490</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>56,231</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	311	50	-	-	-	-	561
Other commitments	-	-	215	4,751	-	119	-	5,085

3.23.4 Foreign exchange risk

As at 30 September 2006, the Bank did not have any financial instruments in foreign currencies except for its deposits at bank amounting to HKD 22 million (equivalent to Baht 106 million) and its investment in a subsidiary company amounting to HKD 21 million (equivalent to Baht 102 million).

3.23.5 Fair value

As at 30 September 2006, there was 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.

4. SIGNIFICANT EVENTS DURING THE PERIODS AND OTHER INFORMATION

4.1 Plan to upgrade status to commercial bank

On 22 October 2004, the Ministry of Finance gave consent for the Bank 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 has 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 the 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.

4.2 Holding restructuring

- a) Resolutions of Meeting No. 7/2005 of the Bank’s Board of Directors held on 27 October 2005 approved the holding company restructuring plan in principle and the delegation of authority to the Audit Committee to review the holding company restructuring plan in detail and to determine the schedule of the extraordinary general meeting of shareholders. Resolutions of Meeting No. 11/2005 of the Bank’s Audit Committee held on 4 November 2005 passed the following matters :
 - Approve the holding company restructuring plan, whereby 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 (at the same proportion as the Bank previously held), with the Bank to hold no shares in any subsidiary companies. The holding company is to make a tender offer for all shares of the Bank in exchange for its newly issued shares, and after the completion of the tender offer, the holding company will list its ordinary and preference shares on the Stock Exchange of Thailand in place of the ordinary and preference shares of the Bank, which will simultaneously be delisted.

(UNAUDITED BUT REVIEWED)

- Stipulate that the 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 subsidiaries and the listing plan of the holding company.
 - 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's shares from the Stock Exchange of Thailand in accordance with the holding restructuring plan.
- b) On 14 November 2005, the Bank submitted a formal request to restructure its shareholding to the Bank of Thailand, following preliminary consultation. The Bank of Thailand subsequently granted consent for the Bank to establish TISCO Corporation Public Company Limited as a holding company, and was considering approval of the restructuring of shareholding for proposal to the Ministry of Finance.
- c) On 21 November 2005, the Stock Exchange of Thailand granted preliminary consent for a restructuring of shareholding in the form of a holding company.
- d) By a resolution passed by Extraordinary General Meeting No.1/2005 of the shareholders of the Bank on 14 December 2005, the Bank was authorised to restructure its shareholding, set up TISCO Corporation Public Company Limited as a holding company, sell its investments in subsidiaries to the holding company and have the shares of TISCO Corporation Public Company Limited listed on the Stock Exchange of Thailand.

By a resolution passed by Extraordinary General Meeting No.2/2005 of the shareholders of the Bank on 14 December 2005, the Bank was authorised to have the shares of the Bank delisted from the Stock Exchange of Thailand, in accordance with the shareholding restructuring plan whereby TISCO Corporation Public Company Limited will list its shares on the Stock Exchange of Thailand in place of shares of the Bank. Since the resolution did not meet the conditions for voluntary delisting as stipulated in the notification of the Stock Exchange of Thailand, the shareholders asked the Bank to process the delisting in accordance with the regulation of the Stock Exchange of Thailand, after TISCO Corporation Public Company Limited has been listed on the Stock Exchange of Thailand.

- e) On 3 January 2006, the following resolutions were passed by the Extraordinary General Meeting No.1/2006 of the shareholders of TISCO Corporation Public Company Limited (holding company):-
- Approve the plan to restructure shareholding into a holding company structure as described in a).

(UNAUDITED BUT REVIEWED)

- Approve the receipt of shares in subsidiaries from the Bank and TISCO Securities Company Limited in accordance with the holding restructuring plan, with authority to implement the transfer and set conditions for its completion assigned to the Board of Directors.
- Approve an increase in the registered share capital, and the issue and offer of warrants to purchase TISCO Corporation Public Company Limited preference shares, as follows:-
 - Increase registered share capital from Baht 18,000 (1,000 ordinary shares of Baht 18 each) to Baht 16,565,883,840 (730,674,000 ordinary shares and 189,652,880 preference shares, both with a par value of Baht 18 each) through the issue of 730,673,000 additional ordinary shares and 189,652,880 additional preference shares, both with a par value of Baht 18 each.
 - Allot the new shares to shareholders of the Bank, with the shares of the Bank to be transferred in settlement in a ratio of 1:1 (Baht 18 each).
 - Issue up to 4,727,250 warrants to purchase its preference shares (at an exercise price of Baht 21.88 each), exercisable under stipulated conditions and maturing on 30 August 2009, for exchange with the preference share warrants of the Bank belonging to warrant holders receiving warrant allocation from the Bank in 2004.

TISCO Corporation Public Company Limited registered the increase in its share capital with the Ministry of Commerce on 3 March 2006 in order to swap shares and preference share warrants with the shareholders of the Bank in the future.

- Approve a reduction in share capital, by canceling initial share capital of Baht 18,000 (1,000 ordinary shares), in order to prevent crossholding after the completion of TISCO Group shareholding restructuring plan.
 - Approve the listing of its shares on the Stock Exchange of Thailand in place of the shares of the Bank, in accordance with the procedures for the restructuring of the shareholding of TISCO Group.
- f) On 7 February 2006, the Bank of Thailand considered the holding restructuring plan and forwarded it to the Ministry of Finance for approval.

(UNAUDITED BUT REVIEWED)

4.3 Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend
		Preference share	Ordinary share	dividend paid	payment
		Baht per share	Baht per share	Million Baht	period
Dividend for the year 2005	The 2005 Annual General Meeting of the shareholders on 26 April 2005	2.30	1.30	1,120	May 2005
Dividend for the year 2006	The 2006 Annual General Meeting of the shareholders on 28 April 2006	3.00	2.00	1,635	May 2006

4.4 Earnings per share

During the year 2005, 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", whereby the ordinary shares which will be issued upon the conversion of a mandatory convertible instrument are included in the calculation of basic earnings per share.

For comparative purpose, the Bank has recalculated basic earnings per share and diluted earnings per share for the three-month and nine-month periods ended 30 September 2005 according to the above method.

The calculation of diluted earnings per share is presented in Note 3.19 to the financial statements.

4.5 Related person and party transactions

Besides the related person and party transactions as described in Note 3.20 to the financial statements, the Bank has additional related party transactions with its subsidiaries which presented below.

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. 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.

(UNAUDITED BUT REVIEWED)

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

4.6 Share capital reduction of a subsidiary

A special resolution passed by the Extraordinary General Meeting of shareholders of Thai Commercial Auto Co., Ltd. No. 2/2005 on 2 November 2005, approved 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.

4.7 Share capital increase of a subsidiary

A special resolution passed by the Extraordinary General Meeting of the shareholders of Hi-Way Co., Ltd. No. 2/2006 on 22 February 2006, authorised an increase in the company's registered share capital from Baht 100 million to Baht 500 million through the issue of 4,000,000 additional ordinary shares (fully paid up shares), with a par value of Baht 100 each. The company's Board of Directors have the authority to determine the number of shares to be additionally issued in each period and the schedule for such issues, dependent on business conditions in the future.

5. SUBSEQUENT EVENT

On 11 October 2006, the Federation of Accounting Professions ("FAP") issued the Notification No. 26/2006 regarding Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (Amendment No. 1), under which investments in subsidiaries, jointly controlled entities and associates are to be presented in separate financial statements under the cost method rather than the equity method. Entities that are not ready to adopt the cost method in 2006, can continue to use the equity method through to the end of 2006 and adopt the cost method as from 1 January 2007.

This Notification of the FAP was announced in the Royal Gazette and is effective from 30 October 2006.

6. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Bank's Audit Committee on 2 November 2006.