

TISCO Bank Public Company Limited  
and its subsidiary companies  
Report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2008

## **Report of Independent Auditor**

To the Shareholders of TISCO Bank Public Company Limited

I have audited the accompanying consolidated balance sheets of TISCO Bank Public Company Limited and its subsidiaries as at 30 June 2008 and 31 December 2007, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2008 and 2007, and the separate financial statements of TISCO Bank Public Company Limited for the same periods. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Bank Public Company Limited as at 30 June 2008 and 31 December 2007, and the results of its operations and cash flows for the six-month periods ended 30 June 2008 and 2007 in accordance with generally accepted accounting principles.

I have reviewed the consolidated and separate income statements for the three-month periods ended 30 June 2008 and 2007, I conducted my reviews in accordance with the auditing standard applicable to review engagements which provide less assurance than an audit conducted in accordance with generally accepted auditing standards. Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Narong Puntawong  
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited  
Bangkok: 8 August 2008

**TISCO Bank Public Company Limited and its subsidiary companies**

**Balance sheets**

**As at 30 June 2008 and 31 December 2007**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b>Assets</b>					
Cash		399,816,479	439,899,137	398,842,700	439,197,848
Interbank and money market items	3.2				
Domestic					
Interest bearing		4,645,530,454	249,079,891	4,250,374,699	-
Non-interest bearing		371,339,242	623,051,763	343,355,518	555,659,355
Foreign					
Interest bearing		81,729,584	82,039,317	-	-
Non-interest bearing		50,057,268	95,983,409	49,854,177	95,252,768
Total interbank and money market items - net		5,148,656,548	1,050,154,380	4,643,584,394	650,912,123
Securities purchased under resale agreements		-	2,400,000,000	-	2,400,000,000
Investments	3.3,3.4,3.7				
Current investment - net		3,891,562,825	1,575,024,537	3,644,730,872	924,589,793
Long-term investment - net		2,872,570,708	4,205,541,687	2,438,030,936	3,676,094,933
Investment in subsidiaries - net		-	-	2,966,664,271	2,966,664,271
Net investments		6,764,133,533	5,780,566,224	9,049,426,079	7,567,348,997
Receivable from clearing house		-	29,422,882	-	-
Loans, receivables and accrued interest receivable	3.5,3.7				
Loans and receivables		95,267,757,448	86,420,407,816	91,493,833,239	82,321,854,739
Securities and derivative business receivables		875,513,089	1,405,656,785	-	-
Total loans and receivables		96,143,270,537	87,826,064,601	91,493,833,239	82,321,854,739
Accrued interest receivable		133,016,739	155,649,753	96,703,770	110,306,176
Total loans, receivables and accrued interest receivable		96,276,287,276	87,981,714,354	91,590,537,009	82,432,160,915
Less: Allowance for doubtful accounts	3.6.1	(2,887,252,157)	(2,805,418,008)	(2,574,106,229)	(2,464,917,060)
Less: Allowance for loss on debt restructuring	3.6.2	(525,043)	(538,175)	(525,043)	(538,175)
Net loans, receivables and accrued interest receivable		93,388,510,076	85,175,758,171	89,015,905,737	79,966,705,680
Property foreclosed - net	3.8	839,899,714	1,042,318,525	834,284,807	1,032,381,620
Land, premises and equipment - net	3.9	1,540,116,560	1,563,081,469	1,063,155,320	1,066,991,797
Deferred tax assets	3.23	580,230,667	426,542,297	348,936,964	221,131,399
Dividend receivables from subsidiaries	3.27	-	-	283,744,673	-
Other assets	3.10	1,215,401,368	1,045,353,206	1,040,407,967	819,568,922
<b>Total assets</b>		<b>109,876,764,945</b>	<b>98,953,096,291</b>	<b>106,678,288,641</b>	<b>94,164,238,386</b>

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

TISCO Bank Public Company Limited and its subsidiary companies

Balance sheets (continued)

As at 30 June 2008 and 31 December 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b>Liabilities and shareholders' equity</b>					
Deposits in baht	3.11	36,695,895,400	35,714,173,953	36,715,987,969	35,728,808,527
Interbank and money market items					
Domestic - Interest bearing	3.12	5,130,598,690	5,852,187,820	5,596,678,600	6,402,426,150
Liability payable on demand		515,406,544	475,067,616	515,406,544	475,067,616
Borrowings	3.13				
Short-term borrowings		48,477,005,797	32,744,785,052	46,228,231,742	29,954,388,462
Long-term borrowings		4,425,087,451	8,005,054,853	4,425,087,451	8,005,054,853
Total borrowings		52,902,093,248	40,749,839,905	50,653,319,193	37,959,443,315
Payable to clearing house		117,429,456	576,524,037	-	-
Securities and derivative business payables		709,614,342	866,189,116	-	-
Accrued interest payable		767,686,063	782,340,521	767,627,741	782,253,814
Other liabilities	3.14	1,726,116,078	1,563,168,325	1,335,085,317	1,178,736,950
<b>Total liabilities</b>		<b>98,564,839,821</b>	<b>86,579,491,293</b>	<b>95,584,105,364</b>	<b>82,526,736,372</b>

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

TISCO Bank Public Company Limited and its subsidiary companies

Balance sheets (continued)

As at 30 June 2008 and 31 December 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b>Shareholders' equity</b>					
Share capital					
Registered	2.2	<u>11,002,000,000</u>	<u>11,002,000,000</u>	<u>11,002,000,000</u>	<u>11,002,000,000</u>
Issued and fully paid-up					
183,535,130 preference shares of Baht 10 each					
(31 December 2007: 182,775,380 preference shares					
of Baht 10 each)					
		1,835,351,300	1,827,753,800	1,835,351,300	1,827,753,800
544,617,120 ordinary shares of Baht 10 each					
(31 December 2007: 544,617,120 ordinary shares					
of Baht 10 each)					
		<u>5,446,171,200</u>	<u>5,446,171,200</u>	<u>5,446,171,200</u>	<u>5,446,171,200</u>
		7,281,522,500	7,273,925,000	7,281,522,500	7,273,925,000
Share premium					
Share premium of preference shares		93,951,250	84,925,420	93,951,250	84,925,420
Share premium of ordinary shares		36,500,000	36,500,000	36,500,000	36,500,000
Revaluation surplus (deficit) on changes in					
the value of investment					
	3.18	235,243,202	751,139,152	(329,354,478)	38,216,329
Translation adjustment		72,168,886	73,872,818	-	-
Retained earnings					
Appropriated - statutory reserve	2.3	486,800,000	486,800,000	486,800,000	486,800,000
Unappropriated		<u>3,105,739,286</u>	<u>3,666,442,608</u>	<u>3,524,764,005</u>	<u>3,717,135,265</u>
Equity attributable to the Bank's shareholders		11,311,925,124	12,373,604,998	11,094,183,277	11,637,502,014
Minority interest - equity attributable to					
minority shareholders of subsidiary					
		-	-	-	-
<b>Total shareholders' equity</b>		<u>11,311,925,124</u>	<u>12,373,604,998</u>	<u>11,094,183,277</u>	<u>11,637,502,014</u>
<b>Total liabilities and shareholders' equity</b>					
		<u>109,876,764,945</u>	<u>98,953,096,291</u>	<u>106,678,288,641</u>	<u>94,164,238,386</u>
<b>Off-balance sheet items - contingencies</b>					
	3.29	-	-	-	-
Aval to bills and guarantees of loans		128,665,670	51,925,000	128,665,670	51,925,000
Other commitments		5,989,421,612	3,449,249,378	5,989,421,612	3,397,849,378

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

Mr. Pichai Chanvirachart  
(President)

Mrs. Oranuch Apisaksirikul  
(Director and Senior Executive Vice President)

TISCO Bank Public Company Limited and its subsidiary companies

Income statements

For the three-month periods ended 30 June 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<b>Interest and dividend income</b>				
Loans	272,996,164	310,662,052	272,962,949	313,052,949
Interbank and money market items	82,957,453	198,552,180	68,732,890	181,132,552
Hire purchase and financial lease income	1,412,616,671	1,260,227,248	1,223,952,715	1,041,372,509
Investments	109,561,800	112,887,347	106,211,597	104,770,384
<b>Total interest and dividend income</b>	<b>1,878,132,088</b>	<b>1,882,328,827</b>	<b>1,671,860,151</b>	<b>1,640,328,394</b>
<b>Interest expenses</b>				
Deposits	458,132,942	641,983,789	454,645,201	640,389,037
Interbank and money market items	38,034,312	31,129,692	38,006,245	31,615,743
Short-term borrowings	257,972,280	259,346,604	234,944,707	220,190,610
Long-term borrowings	44,025,933	65,189,329	44,025,933	65,189,329
<b>Total interest expenses</b>	<b>798,165,467</b>	<b>997,649,414</b>	<b>771,622,086</b>	<b>957,384,719</b>
<b>Net interest and dividend income</b>	<b>1,079,966,621</b>	<b>884,679,413</b>	<b>900,238,065</b>	<b>682,943,675</b>
Bad debt and doubtful accounts	(276,942,497)	(85,706,791)	(204,954,939)	(4,853,805)
<b>Net interest and dividend income after bad debt and doubtful accounts</b>	<b>803,024,124</b>	<b>798,972,622</b>	<b>695,283,126</b>	<b>678,089,870</b>
<b>Non-interest income</b>				
Brokerage fees	160,986,089	131,256,283	-	-
Gain on investments	114,487,830	36,824,234	48,781,054	5,714,063
Loss from trading derivatives	(9,700)	-	-	-
Fees and service income				
Acceptances, aval and guarantees	2,349,235	491,837	2,349,235	491,837
Insurance service	158,459,748	117,263,024	158,201,969	116,715,284
Fund management	103,541,835	102,061,615	-	-
Others	94,567,742	66,684,341	33,055,446	28,060,954
Gain (loss) on exchange	17,973,599	(706,955)	19,491,814	(1,343,088)
Other income	76,934,231	57,383,098	62,693,309	45,580,884
<b>Total non-interest income</b>	<b>729,290,609</b>	<b>511,257,477</b>	<b>324,572,827</b>	<b>195,219,934</b>
<b>Total net income</b>	<b>1,532,314,733</b>	<b>1,310,230,099</b>	<b>1,019,855,953</b>	<b>873,309,804</b>

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

TISCO Bank Public Company Limited and its subsidiary companies

Income statements (continued)

For the three-month periods ended 30 June 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<b>Non-interest expenses</b>					
Personnel expenses		463,141,492	354,766,659	282,523,923	200,870,517
Premises and equipment expenses		147,995,438	122,711,354	135,788,872	111,690,542
Taxes and duties		27,939,534	32,680,659	26,277,250	30,726,545
Fees and service expenses		92,533,225	65,791,160	45,248,898	45,554,319
Directors' remuneration	2.4	1,960,000	1,940,000	1,960,000	2,000,000
Other expenses		126,131,045	135,193,969	105,367,869	103,233,272
<b>Total non-interest expenses</b>		<b>859,700,734</b>	<b>713,083,801</b>	<b>597,166,812</b>	<b>494,075,195</b>
<b>Income before income tax</b>		<b>672,613,999</b>	<b>597,146,298</b>	<b>422,689,141</b>	<b>379,234,609</b>
Corporate income tax		(171,330,320)	(159,360,781)	(112,673,778)	(97,243,956)
<b>Net income for the period</b>		<b>501,283,679</b>	<b>437,785,517</b>	<b>310,015,363</b>	<b>281,990,653</b>
<b>Net income attribute</b>					
Net income attributable to equity holders of the Bank		501,283,679	437,785,517	310,015,363	281,990,653
Net income attributable to minority interest of subsidiary		-	-	-	-
		<b>501,283,679</b>	<b>437,785,517</b>		
<b>Earnings per share</b>					
3.26					
Basic earnings per share					
Net income attributable to equity holders of the Bank		0.63	0.54	0.36	0.32
Diluted earnings per share					
Net income attributable to equity holders of the Bank		0.62	0.54	0.36	0.32

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



TISCO Bank Public Company Limited and its subsidiary companies

Income statements

For the six-month periods ended 30 June 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<b>Interest and dividend income</b>					
Loans		541,741,137	563,787,586	541,675,011	565,375,087
Interbank and money market items		147,693,022	316,036,779	121,565,650	278,930,769
Hire purchase and financial lease income		2,794,256,156	2,511,564,919	2,401,341,597	2,004,940,331
Investments		198,689,277	176,613,546	868,545,431	518,444,903
<b>Total interest and dividend income</b>		<b>3,682,379,592</b>	<b>3,568,002,830</b>	<b>3,933,127,689</b>	<b>3,367,691,090</b>
<b>Interest expenses</b>					
Deposits		907,870,152	1,270,557,846	901,715,345	1,267,962,698
Interbank and money market items		75,170,106	58,060,477	75,174,136	48,810,465
Short-term borrowings		468,540,112	509,309,796	419,849,323	433,501,539
Long-term borrowings		106,902,218	89,039,982	106,902,218	89,039,982
<b>Total interest expenses</b>		<b>1,558,482,588</b>	<b>1,926,968,101</b>	<b>1,503,641,022</b>	<b>1,839,314,684</b>
<b>Net interest and dividend income</b>		<b>2,123,897,004</b>	<b>1,641,034,729</b>	<b>2,429,486,667</b>	<b>1,528,376,406</b>
Bad debt and doubtful accounts		(509,221,805)	(214,210,512)	(372,471,895)	(47,791,759)
<b>Net interest and dividend income after bad debt and doubtful accounts</b>		<b>1,614,675,199</b>	<b>1,426,824,217</b>	<b>2,057,014,772</b>	<b>1,480,584,647</b>
<b>Non-interest income</b>					
Brokerage fees		296,309,926	250,996,947	-	-
Gain on investments	3.19	127,717,175	135,326,194	57,532,765	82,825,626
Loss from trading derivatives	3.20	(4,214,600)	-	-	-
Fees and service income					
Acceptances, aval and guarantees		3,817,341	1,523,111	3,817,341	1,523,111
Insurance service		319,740,488	229,105,569	319,091,116	228,230,118
Fund management		203,834,071	171,315,319	-	-
Others		172,096,926	116,855,205	65,052,131	60,603,698
Gain (loss) on exchange		7,668,170	(1,956,390)	7,403,661	(4,909,266)
Other income	3.21	167,807,028	108,800,778	135,864,829	76,148,769
<b>Total non-interest income</b>		<b>1,294,776,525</b>	<b>1,011,966,733</b>	<b>588,761,843</b>	<b>444,422,056</b>
<b>Total net income</b>		<b>2,909,451,724</b>	<b>2,438,790,950</b>	<b>2,645,776,615</b>	<b>1,925,006,703</b>

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

TISCO Bank Public Company Limited and its subsidiary companies

Income statements (continued)

For the six-month periods ended 30 June 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<b>Non-interest expenses</b>					
Personnel expenses	3.25	869,662,265	655,659,542	523,229,031	404,641,231
Premises and equipment expenses		291,857,637	234,990,205	267,282,294	207,617,587
Taxes and duties		53,189,439	65,511,107	49,834,328	61,668,193
Fees and service expenses		184,007,750	135,323,422	91,497,112	97,670,755
Directors' remuneration	2.4	4,165,000	4,075,000	4,165,000	4,075,000
Other expenses	3.22	237,595,095	250,787,433	195,226,798	179,166,018
<b>Total non-interest expenses</b>		<b>1,640,477,186</b>	<b>1,346,346,709</b>	<b>1,131,234,563</b>	<b>954,838,784</b>
<b>Income before income tax</b>		<b>1,268,974,538</b>	<b>1,092,444,241</b>	<b>1,514,542,052</b>	<b>970,167,919</b>
Corporate income tax	3.23	(338,602,389)	(298,746,908)	(215,837,841)	(154,816,313)
<b>Net income for the period</b>		<b>930,372,149</b>	<b>793,697,333</b>	<b>1,298,704,211</b>	<b>815,351,606</b>
<b>Net income attribute</b>					
Net income attributable to equity holders of the Bank		930,372,149	793,626,849	1,298,704,211	815,351,606
Net income attributable to minority interest of subsidiary		-	70,484		
		<u>930,372,149</u>	<u>793,697,333</u>		
<b>Earnings per share</b>					
	3.26				
Basic earnings per share					
Net income attributable to equity holders of the Bank		<u>1.15</u>	<u>0.97</u>	<u>1.66</u>	<u>0.99</u>
Diluted earnings per share					
Net income attributable to equity holders of the Bank		<u>1.15</u>	<u>0.96</u>	<u>1.66</u>	<u>0.99</u>

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

**TISCO Bank Public Company Limited and its subsidiary companies**

**Cash flow statements**

**For the six-month periods ended 30 June 2008 and 2007**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>				
Income before corporate income tax	1,268,974,538	1,092,444,241	1,514,542,052	970,167,919
Adjustments to reconcile income before corporate income tax to net cash provided by (paid from) operating activities				
Dividend income from subsidiary companies	-	-	(682,843,734)	(349,999,329)
Depreciation and amortisation	119,711,494	107,878,109	91,232,489	78,480,535
Bad debt and doubtful accounts	742,041,639	341,044,250	583,228,910	158,564,872
Reversal unrealised loss on investments	(276,303)	(14,324,992)	(276,303)	(14,324,992)
Allowance for impairment of property foreclosed	6,666,953	12,279,167	6,666,953	10,732,768
Gain on disposal of investments	(57,885,088)	(121,001,140)	(57,256,462)	(68,500,635)
Unrealised loss (gain) on exchange rate	(7,668,171)	4,909,266	(7,403,662)	4,909,266
Loss (gain) on disposal of equipments	260,916	(1,993,012)	(92,502)	(24,224)
Loss (gain) on disposal of property foreclosed	(122,264)	9,477,899	3,848,403	10,694,863
Decrease (increase) in accrued interest and dividend receivable	22,227,106	(6,700,028)	13,633,637	(5,038,917)
Decrease (increase) in other accrued income	27,432,687	(13,213,094)	10,222,049	12,036,678
Increase (decrease) in accrued interest payable	(10,839,275)	310,666,720	(10,810,890)	311,616,160
Increase in accrued expenses	<u>168,315,290</u>	<u>88,423,379</u>	<u>99,315,416</u>	<u>59,108,389</u>
Income from operating activities before changes in operating assets and liabilities	2,278,839,522	1,809,890,765	1,564,006,356	1,178,423,353
Decrease (increase) in operating assets				
Interbank and money market items	(4,099,805,328)	(946,603,858)	(3,993,733,721)	108,004,942
Securities purchased under resale agreements	2,400,000,000	(10,862,000,000)	2,400,000,000	(10,862,000,000)
Investment in securities for trading	27,719,550	-	-	-
Receivable from clearing house	29,422,882	88,992,329	-	-
Loans and receivables	(10,235,859,176)	(8,284,028,028)	(10,167,768,466)	(8,234,417,133)
Securities and derivative business receivables	530,143,696	(371,711,040)	-	-
Property foreclosed	751,055,961	647,124,304	536,862,345	381,662,792
Other assets	1,066,116	(168,033,767)	(24,992,045)	(179,016,176)

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

**TISCO Bank Public Company Limited and its subsidiary companies**

**Cash flow statements (continued)**

**For the six-month periods ended 30 June 2008 and 2007**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Increase (decrease) in operating liabilities				
Deposits	981,721,447	3,027,882,385	987,179,442	2,936,451,245
Interbank and money market items	(715,263,526)	1,651,332,983	(799,421,946)	730,121,879
Liabilities payable on demand	40,338,928	(71,768,465)	40,338,928	(71,768,465)
Borrowings	12,151,190,326	7,514,343,377	12,692,812,861	7,432,471,900
Payable to clearing house	(459,094,581)	86,955,872	-	-
Securities and derivative business payables	(156,574,774)	76,406,376	-	-
Other liabilities	(74,952,843)	18,537,368	(81,500,090)	(62,532,540)
	<u>3,449,948,200</u>	<u>(5,782,679,399)</u>	<u>3,153,783,664</u>	<u>(6,642,598,203)</u>
Cash paid for corporate income tax	<u>(256,894,312)</u>	<u>(173,093,315)</u>	<u>(107,991,618)</u>	<u>(48,989,620)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>3,193,053,888</u>	<u>(5,955,772,714)</u>	<u>3,045,792,046</u>	<u>(6,691,587,823)</u>
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(4,799,920,268)	(9,210,183,033)	(4,671,322,206)	(9,001,715,053)
Cash received from sales of investment in securities held for investment	3,122,045,101	8,682,158,519	2,732,948,900	8,359,539,377
Cash received from dividend of subsidiaries	-	-	399,099,061	831,022,414
Cash paid for purchase of equipment	(85,198,964)	(93,138,938)	(75,121,877)	(78,329,601)
Cash received from sales of equipment	3,419,173	2,137,303	26,584	35,155
Cash received from capital returned from subsidiaries (Note 4.4.2)	<u>1,370,466</u>	<u>512,461,232</u>	<u>1,370,466</u>	<u>512,461,232</u>
<b>Net cash flows from (used in) investing activities</b>	<u>(1,758,284,492)</u>	<u>(106,564,917)</u>	<u>(1,612,999,072)</u>	<u>623,013,524</u>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,489,771,452)	(1,633,234,980)	(1,489,771,452)	(1,633,234,980)
Cash received from issue long-term debenture and debt instruments	-	7,800,855,604	-	7,800,855,604
Cash received from exchange of warrants to purchase preference shares	<u>16,623,330</u>	<u>12,400,490</u>	<u>16,623,330</u>	<u>12,400,490</u>
<b>Net cash flows from (used in) financing activities</b>	<u>(1,473,148,122)</u>	<u>6,180,021,114</u>	<u>(1,473,148,122)</u>	<u>6,180,021,114</u>
<b>Decrease in translation adjustments</b>	<u>(1,703,932)</u>	<u>(5,764,516)</u>	-	-
Net increase (decrease) in cash and cash equivalents	(40,082,658)	111,918,967	(40,355,148)	111,446,815
Cash and cash equivalents at beginning of the period	<u>439,899,137</u>	<u>210,224,762</u>	<u>439,197,848</u>	<u>209,087,846</u>
<b>Cash and cash equivalents at end of the period</b>	<u>399,816,479</u>	<u>322,143,729</u>	<u>398,842,700</u>	<u>320,534,661</u>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Operational cash flows from interest and dividends				
Interest paid	1,569,141,073	1,621,657,078	1,514,451,911	1,527,698,524
Interest received	3,731,864,482	3,470,295,123	3,244,827,835	2,918,088,619
Dividend received	106,905,569	119,142,922	100,436,668	112,048,852

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

TISCO Bank Public Company Limited and its subsidiary companies

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2008 and 2007

(Unit: Baht)

	Consolidated financial statements									
	Issued and fully paid-up share capital		Share premium		Surplus from changes in the value of investments	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Minority interest- equity attributable to minority shareholders of subsidiary	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares						
<b>Balance as at 31 December 2006</b>	1,851,276,300	5,412,771,200	73,190,950	36,500,000	662,956,136	82,146,613	422,100,000	3,715,079,758	426,841,166	12,682,862,123
Increase in fair value of investments	-	-	-	-	284,783,284	-	-	-	-	284,783,284
Decrease in translation adjustments	-	-	-	-	-	(5,764,516)	-	-	-	(5,764,516)
Net income for the period	-	-	-	-	-	-	-	793,626,849	-	793,626,849
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,633,234,980)	-	(1,633,234,980)
Income tax from unpaid dividend	-	-	-	-	-	-	-	(1,813,620)	-	(1,813,620)
Warrants converted to preference shares	5,667,500	-	6,732,990	-	-	-	-	-	-	12,400,490
Preference shares converted to ordinary shares	(3,000,000)	3,000,000	-	-	-	-	-	-	-	-
Decrease in minority interest in subsidiary company	-	-	-	-	-	-	-	-	(426,841,166)	(426,841,166)
<b>Balance as at 30 June 2007</b>	<u>1,853,943,800</u>	<u>5,415,771,200</u>	<u>79,923,940</u>	<u>36,500,000</u>	<u>947,739,420</u>	<u>76,382,097</u>	<u>422,100,000</u>	<u>2,873,658,007</u>	<u>-</u>	<u>11,706,018,464</u>
<b>Balance as at 31 December 2007</b>	1,827,753,800	5,446,171,200	84,925,420	36,500,000	751,139,152	73,872,818	486,800,000	3,666,442,608	-	12,373,604,998
Decrease in fair value of investments	-	-	-	-	(515,895,950)	-	-	-	-	(515,895,950)
Decrease in translation adjustments	-	-	-	-	-	(1,703,932)	-	-	-	(1,703,932)
Net income for the period	-	-	-	-	-	-	-	930,372,149	-	930,372,149
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,489,771,452)	-	(1,489,771,452)
Income tax from unpaid dividend	-	-	-	-	-	-	-	(1,304,019)	-	(1,304,019)
Warrants converted to preference shares	7,597,500	-	9,025,830	-	-	-	-	-	-	16,623,330
<b>Balance as at 30 June 2008</b>	<u>1,835,351,300</u>	<u>5,446,171,200</u>	<u>93,951,250</u>	<u>36,500,000</u>	<u>235,243,202</u>	<u>72,168,886</u>	<u>486,800,000</u>	<u>3,105,739,286</u>	<u>-</u>	<u>11,311,925,124</u>

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

TISCO Bank Public Company Limited and its subsidiary companies

Statements of changes in shareholders' equity (continued)

For the six-month periods ended 30 June 2008 and 2007

(Unit: Baht)

	Separate financial statements							
	Issued and fully paid-up share capital		Share premium		Surplus (deficit) from changes in the value of investments	Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares				
<b>Balance as at 31 December 2006</b>	1,851,276,300	5,412,771,200	73,190,950	36,500,000	(181,560,096)	422,100,000	4,123,980,338	11,738,258,692
Increase in fair value of investments	-	-	-	-	274,349,026	-	-	274,349,026
Net income for the period	-	-	-	-	-	-	815,351,606	815,351,606
Dividend paid (Note 4.2)	-	-	-	-	-	-	(1,633,234,980)	(1,633,234,980)
Income tax from unpaid dividend	-	-	-	-	-	-	(1,813,620)	(1,813,620)
Warrants converted to preference shares	5,667,500	-	6,732,990	-	-	-	-	12,400,490
Preference shares converted to ordinary shares	(3,000,000)	3,000,000	-	-	-	-	-	-
<b>Balance as at 30 June 2007</b>	<u>1,853,943,800</u>	<u>5,415,771,200</u>	<u>79,923,940</u>	<u>36,500,000</u>	<u>92,788,930</u>	<u>422,100,000</u>	<u>3,304,283,344</u>	<u>11,205,311,214</u>
<b>Balance as at 31 December 2007</b>	1,827,753,800	5,446,171,200	84,925,420	36,500,000	38,216,329	486,800,000	3,717,135,265	11,637,502,014
Decrease in fair value of investments	-	-	-	-	(367,570,807)	-	-	(367,570,807)
Net income for the period	-	-	-	-	-	-	1,298,704,211	1,298,704,211
Dividend paid (Note 4.2)	-	-	-	-	-	-	(1,489,771,452)	(1,489,771,452)
Income tax from unpaid dividend	-	-	-	-	-	-	(1,304,019)	(1,304,019)
Warrants converted to preference shares	7,597,500	-	9,025,830	-	-	-	-	16,623,330
<b>Balance as at 30 June 2008</b>	<u>1,835,351,300</u>	<u>5,446,171,200</u>	<u>93,951,250</u>	<u>36,500,000</u>	<u>(329,354,478)</u>	<u>486,800,000</u>	<u>3,524,764,005</u>	<u>11,094,183,277</u>

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

**TISCO Bank Public Company Limited and its subsidiary companies**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2008 and 2007**

**1. Basis of preparation and presentation of financial statements and significant accounting policies**

**1.1 Basis of preparation of interim financial statements**

These interim financial statements have been prepared in accordance with Thai Accounting Standards No. 41 (revised 2007) "Interim Financial Reporting" like an annual financial statements, a full presentation has been selected for an interim financial statements, with reference to the principles stipulated by the Bank of Thailand ("BOT") and the Office of the Securities and Exchange Commission. The presentation of the financial statements has been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and has been made in compliance with the stipulations of the Notification of the Bank of Thailand dated 10 May 2001, "Balance Sheets and Income Statements for Commercial Bank".

The interim financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The separate financial statements, which present investments in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

**1.2 Basis of consolidation**

The consolidated financial statements include the financial statements of TISCO Bank Public Company Limited ("the Bank") and its subsidiary companies ("its subsidiaries") as mentioned in Note 3.1 to the financial statements.

The financial statements of overseas subsidiary companies are translated into Thai Baht at the closing average exchange rates as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of "Translation adjustment" in shareholders' equity.

Material balances and transactions between the Bank and its subsidiaries have been eliminated from the consolidated financial statements.

### 1.3 Accounting standards which are effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that Thai Accounting Standards No. 31, No. 33, No. 43 and No. 49 are not relevant to the business of the Bank. For Thai Accounting Standards No. 25, No. 29, No. 35, No. 39, No. 41 and No. 51, they have no any significant impact on the financial statements for the current period.

### 1.4 Significant accounting judgments and estimates

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

#### **Allowance for doubtful accounts for loans and receivables**

Allowances for loan losses are intended to adjust the value of loans and receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions in compliance with the principles stipulated by the Bank of Thailand. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.



## **Fair value of financial instruments**

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

## **Impairment of investments**

The Bank and its subsidiaries treat investments in available-for-sale-securities and other investments as impaired when it has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

## **Deferred tax assets**

Deferred tax assets are recognised. Significant management judgment is used in considering whether it is highly probable that the Bank and its subsidiaries will generate sufficient taxable profits from their future operations to utilise these deferred tax assets.

## **Assessment of risk and reward**

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

## **1.5 Significant accounting policies**

### **1.5.1 Income recognition**

#### **a) Interest and discounts on loans**

Interest on loans is recognised as income on an accrual basis and is based on principal outstanding. Hire purchase and financial lease income are recognised over the installment period, using the effective interest rate.

For loans on which interest payments have been defaulted for more than one month, it is the policy of the Bank and its subsidiaries to cease accruing income. For hire purchase and financial lease accounts which are overdue for more than three months, the recognition of interest income is ceased, already recorded accrued interest is reversed from the Bank and its subsidiaries' accounts and interest then recognised as income on a cash basis.

Accrual of interest is ceased for margin loans on which interest is overdue by more than two months and interest is then recognised on a cash basis.

The accounts will be reinstated to an "accrual basis" when the overdue amounts are received.

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

b) Interest and dividends on investment in securities

Interest on investment is recognised as income on an accrual basis. Dividends from securities are recognised as income when the right to receive the dividend is established.

c) Brokerage fee

Brokerage on securities and derivative trading is recognised as income on the transaction dates.

d) Gain (loss) on trading in securities and derivatives

Gains (losses) on trading of investments in securities and derivatives are recognised as income/expenses on the transaction dates.

e) Fees and service income

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

### **1.5.2 Expense recognition**

a) Interest expenses

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

b) Commissions and direct expenses of the hire purchase business

The Bank and its subsidiaries recorded the initial commissions and direct expenses arising in respect of hire purchase contracts origination from 1 January 2007, by the effective interest rate method, and deducting them from unearned income over the installment period to reflect the effective rate of return of hire purchase agreements, and recorded as expenses when occurred for hire purchase contract originated before 1 January 2007.

Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

### **1.5.3 Investments in securities**

- 1) Investments in securities held for trading purposes are determined at fair value. Gains or losses arising from changes in the value of securities are included in determining income.
- 2) Investments in available-for-sale-securities, both held for short-term and long-term investment, are determined at fair value. Changes in the value of the securities are shown as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- 3) Investments in debt securities, both due within one year and expected to be held to maturity, are stated at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- 4) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment (if any).

- 5) Investments in subsidiaries which present in the separate financial statements are determined at cost net of allowance for impairment (if any).
- 6) The Bank does not record investments which the Bank holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The Bank is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.
- 7) The subsidiary company does not consider the investments in mutual funds to be investments in associated companies by the equity method in the consolidated financial statements, even if the company holds not less than 20% of the equity, because the company does not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager accorded to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.
- 8) The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rate quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.
- 9) Losses on impairment (if any) of the investments in available-for-sale securities, debt securities due within one year or expected to be held to maturity and other investments are included in determining income.
- 10) The moving average method is used for computation of the cost of investments.
- 11) In the event the Bank and its subsidiaries reclassify their investments in securities, the investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as a surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

#### **1.5.4 Investments in receivable purchased or transferred in**

Investments in receivable purchased or transferred in, which are classified as other investments, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are included in determining income.

If the receivable enters into a troubled debt restructuring process, the investment will be transferred to loans and receivables and presented at fair value, net of allowance for doubtful debt. The fair value is based on the outstanding balance of the receivable as at the transfer date or the date of restructuring. Allowance for doubtful debt is based on the same Bank of Thailand's guideline as allowance for loans and receivables.

#### **1.5.5 Securities purchased under resale agreements**

The Bank has purchased securities under resale agreements, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of "Securities purchased under resale agreements" in the balance sheet and the securities purchased are used as collateral.

Differences between the acquisition price and the selling price are recognized on an accrual basis over the term of the transaction, and are presented as interest income.

#### **1.5.6 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.

### **1.5.7 Loans and receivables**

Loans and receivables are stated at the principal balances, excluding accrued interest receivables. Unrecognised deferred income/discounts on loans are deducted from loans.

Hire purchase and financial lease receivables are stated at outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

### **1.5.8 Allowance for doubtful accounts and losses from troubled debt restructuring**

- a) The Bank provides allowance for doubtful accounts and losses arising from troubled debt restructuring in accordance with the Notifications of the Bank of Thailand ("BOT") and adjusts these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

The Bank records allowance for doubtful accounts for loans and receivables, for loans classified as pass using the Credit Migration rate and for special-mentioned loans using at not less than 2%, of the loan balances (excluding accrued interest receivables) net of collateral value, except for hire purchase receivables, for which the Bank does not deduct the collateral value from the outstanding loan balances.

For non-performing loans and receivables which are classified as substandard, doubtful and doubtful of loss, the Bank records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to BOT's Notifications, in accordance with the BOT's guidelines issued on 21 December 2006. For non-performing hire purchase receivables, the Bank sets aside provision using a collective approach based on past experience of actual loss or damage.

- b) For the securities business of a subsidiary, an allowance for doubtful accounts is based on a review of debtors' ability to make repayment, taking into consideration of recovery risk and the value of the collateral. An allowance is set aside for doubtful debts that their collaterals are not fully covered and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notification of the Office of the Securities and Exchange Commission and consideration of other relevant factors.
- c) For the hire purchase and financial lease receivables of the subsidiaries, an allowance for doubtful accounts is based on a percentage of the outstanding balance, net of unearned interest income, for each age of receivable. The subsidiaries also estimate the allowances for doubtful accounts on the basis of historical statistical data, assessment of the risk associated with the receivable, the nature of the collateral provided, and the actual losses arising from such debtors in the past, while emphasising the principal of conservatism. Furthermore, the adequacy of the allowance at the balance sheet date has been reviewed and evaluated in relation to the current status of the receivables. Bad debts are written off for accounts considered to be uncollectible.
- d) Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the balance sheet date.
- e) Increase (decrease) in allowance for doubtful accounts is recorded as expense in the period. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are recorded as income in the period of recovery.

#### **1.5.9 Troubled debt restructuring**

The Bank records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard No. 34 "Accounting for Troubled Debts Restructuring". The Bank records the assets or equities transferred to the Bank for debt settlement at the lower of the fair values of the assets, less estimated selling expenses (if any), and the outstanding loan balances.

In case where the debt restructuring involves modifications of terms of receivables, the fair value of receivables after restructuring represents the net present value of the expected future cash flows, using the Minimum Lending Rates prevailing at the restructuring date. The Bank recorded differences between the fair value of receivables, and the balance of net book value of receivables as of restructuring date as expenses in the income statements. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in the income statement when incurred.

#### **1.5.10 Recognition and derecognition of customer deposits**

Cash which customers have placed with a subsidiary company for securities trading through cash accounts and derivative trading is recorded as assets of the subsidiary company for internal control purposes, but at the balance sheet date the subsidiary company writes the amounts which are unsecured off from both assets and liabilities and presents only those assets which belong to the subsidiary company.

#### **1.5.11 Borrowing and lending of securities**

A subsidiary company conducts both securities borrowing and securities lending transactions through agreements made with borrowers and lenders of securities, which are the subsidiary company's customers.

A subsidiary company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the balance sheet. At the end of the period, the balances of Securities borrowing payables and Securities borrowing receivables are adjusted based on the latest offer price quoted on the Stock Exchange on Thailand on the last working day of the period. Gains or losses arising from such adjustments are included in determining income. The subsidiary company records cash paid or received as collateral for securities borrowing and lending as "Guarantee deposit receivables" or "Guarantee deposit payables". Fees for borrowing and lending are recognised on an accrual basis over the term of the lending.



### 1.5.12 Property foreclosed

Property foreclosed represents assets transferred in respect of loans and hire purchase receivables on which the debtors had defaulted, or restructured receivables. The values of the repossessed assets are stated at the lower of net book value of loans at the transferred date and net realisable value. Net realisable value is determined at the market value or the appraisal value of repossessed assets less estimated selling expenses.

Loss on impairment is recognised in the income statement. Gains or losses from disposal of property foreclosed are recognised upon disposal.

### 1.5.13 Depreciation and amortisation

- a) Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation.

Depreciation of buildings and equipment is calculated by reference to their cost on the straight-line basis (except for the depreciation of computer and communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

Buildings and office condominium units	-	20	years
Office improvements	-	5	years
Furniture, fixtures and equipment	-	5	years
Motor vehicles	-	5	years

No depreciation is provided on land.

Depreciation is included in determining income.

- b) Software license fees are deferred and amortised over the period of the license agreements, which are 5 and 10 years (with the exception of the amortisation of software licenses acquired since 2000, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years).
- c) Licenses to trade securities on the Hong Kong Exchange and Clearing Limited ("HKEC") are stated at cost less accumulated amortisation and impairment loss (if any).

#### **1.5.14 Income tax**

a) Current tax

The Bank and its subsidiaries calculate corporate income tax in accordance with tax legislation.

b) Deferred tax

Deferred tax assets/liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the balance sheet date. These will be realised in future periods when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognised for deductible temporary differences if it is highly probable that the Bank and its subsidiaries will generate sufficient taxable profits from its future operations to utilise these assets. Deferred tax liabilities are recognised for all payable temporary differences.

Deferred tax assets and liabilities are calculated based on the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax legislation) that have been enacted at the balance sheet date.

The Bank and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

At each balance sheet date, the Bank and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

#### **1.5.15 Impairment of assets**

The Bank and its subsidiaries assess at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, the Bank and the subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

#### **1.5.16 Sales of commercial paper**

Commercial paper sold without recourse is recorded by crediting the notes receivable account.

Commercial paper without an aval or acceptance and sold with recourse, is recorded as a liability under the caption of "Liabilities from sale of commercial paper". Commercial paper sold at a discount with recourse, which is avaled by or has acceptance from a commercial bank or other finance company, is recorded by crediting the notes receivable account, and the obligations disclosed as part of "Contingent liabilities".

#### **1.5.17 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the average exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

#### **1.5.18 Employee benefits**

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses on an accrual basis.

#### **1.5.19 Provisions**

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

#### **1.5.20 Derivatives**

Since the first quarter of 2008, the Bank has changed its accounting method in recording derivatives from accrual basis to fair value method. The Bank records gains (losses) from changes in the fair value of derivatives in the income statements. The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.

The recording of derivatives using fair value method is in accordance with the principles for recording derivatives under IAS 39 "Financial Instruments: Recognition and Measurement". The Bank has not restated the financial statements of the period 2007 for comparative purposes because the impact of such change is not material to the prior period's financial statements.

The subsidiary company recognises gains (losses) from changes in the fair value of the future contracts held for trading in the income statements, with fair value determined based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

#### **1.5.21 Financial instruments**

##### **a) Financial risk management**

The Bank and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), securities purchased under resale agreement, investments, receivable from clearing house, loans and receivables and accrued interest receivable, deposits, interbank and money market items (liabilities), liability payable on demand, borrowings, payable to clearing house, and securities and derivative business payables. The financial risks associated with these financial instruments and how they are managed is described in Note 3.30 to the financial statements.

##### **b) Fair value of financial instruments**

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The methods and assumptions used by the Bank and its subsidiaries in estimating the fair value of financial instruments are as follows.

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), securities purchased under resale agreements, loans and receivables and accrued interest receivable, deposits, interbank and money market items (liabilities), liabilities payable on demand, and short-term borrowings, the carrying amounts in the balance sheet approximate their fair value.
- The fair value of debts and equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

- The fair value of fixed rate debentures and long-term borrowings is estimated by discounting expected future cash flow by the current market interest rates of the borrowings with similar terms and conditions.
- The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.

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

### **1.5.22 Earnings per share**

Calculation of earnings per share is summarised below.

#### Basic earnings per share

Basic earnings per share is calculated by dividing net income 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 issue during the period.

#### Diluted earnings per share

Diluted earnings per share is calculated by dividing net income 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 issue 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 preferential dividends as referred to above was arrived at on a time proportion basis.

### **1.5.23 Reclassification**

The Bank reclassified certain amounts in the financial statements for the prior period to conform to the current period's classifications, with no effect on previously reported net income or shareholders' equity.

## **2. General information**

### **2.1 The Bank's information**

TISCO Bank Public Company Limited is a public company incorporated and domiciled in Thailand. The Bank has been licensed by the Ministry of Finance to operate commercial banking business. Its registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 30 June 2008, the Bank has 27 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 have been from time to time, converted to ordinary shares in accordance with the Memorandum and Articles of Association.

The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that entitle the holders of preference shares to receive preferential dividend of 1 Baht per share every year that the Bank pays dividend to the holders of the ordinary shares. Additionally, the preference shares are entitled to share any leftover dividend with the holders of the ordinary shares. In years that the Bank does not declare dividend payment to the ordinary shareholders, the Bank may still choose to declare dividend payment at the above-mentioned rate to the preference shareholders. However, the preference shareholders are entitled to receive dividend only in those years in which the Bank has declared dividend payment, and the shares are non-cumulative. From 30 June 2009 onwards, the rights and benefits of the preference shareholders will be equal to those of the ordinary shareholders.

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 of 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 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. 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, and 370 million preference shares remain unallocated.

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**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution.

### **2.4 Directors' remuneration**

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

## **2.5 Provident fund**

The Bank, its five subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Bank, the subsidiaries and the employees contribute to the fund monthly at the rates of 5 - 10 percent of the employees' salaries, depending on the number of years of service. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules.

## **2.6 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Bank, whether directly or indirectly, or which are under common control with the Bank. They also include associated companies and individuals which directly or indirectly own a voting interest in the Bank that gives them significant influence over the Bank, key management personnel, directors and officers with authority in the planning and direction of the Bank's operations.

The Bank has significant business transactions with related parties. These transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between 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 percent 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 3.27 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 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 authorised directors.



### 3. Details of financial statements

#### 3.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements is provided below.

Company	Country of incorporation	Percentage of shares held by the Bank as at		Subsidiaries' total assets as a percentage to the consolidated total as at		Subsidiaries' total revenues as a percentage to the consolidated total for the six-month periods ended		Subsidiaries' net income (loss) as a percentage to the consolidated total for the six-month periods ended	
		30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	30 June 2007	30 June 2008	30 June 2007
<b><u>Subsidiaries directly owned by the Bank</u></b>									
TISCO Securities Hong Kong Limited (in the process of liquidation)	China-Hong Kong	100.00	100.00	0.07	0.07	0.03	0.30	(0.20)	(1.02)
TISCO Securities Co., Ltd.	Thailand	99.99	99.99	1.83	2.73	13.47	14.81	14.21	19.38
TISCO Asset Management Co., Ltd.	Thailand	99.99	99.99	0.25	0.35	8.66	8.36	11.47	12.12
TISCO Leasing Co., Ltd.	Thailand	99.99	99.99	1.46	1.75	2.30	1.94	2.76	1.75
Hi-Way Co., Ltd.	Thailand	99.99	99.99	2.28	2.85	6.74	10.83	5.86	12.82
TISCO Information Technology Co., Ltd.	Thailand	99.99	99.99	0.03	0.02	0.01	0.01	(9.44)	(8.00)
<b><u>Subsidiary indirectly owned by the Bank</u></b>									
TISCO Global Securities Limited (in the process of liquidation)	China-Hong Kong	100.00	100.00	0.02	0.08	0.01	0.01	(2.11)	0.01

### 3.2 Interbank and money market items (assets)

(Unit: Baht)

	Consolidated financial statements as at					
	30 June 2008			31 December 2007		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand and Financial Institutions						
Development Fund	321,226,494	4,250,000,000	4,571,226,494	508,571,379	-	508,571,379
Commercial banks	422,913,397	20,492,080	443,405,477	286,437,891	75,495,913	361,933,804
Total	744,139,891	4,270,492,080	5,014,631,971	795,009,270	75,495,913	870,505,183
Add: Accrued interest	1,263,534	974,191	2,237,725	747,439	879,032	1,626,471
Total domestic	745,403,425	4,271,466,271	5,016,869,696	795,756,709	76,374,945	872,131,654
<b>Foreign</b>						
Hong Kong dollar	88,418,124	-	88,418,124	117,722,871	-	117,722,871
US dollar	43,363,872	-	43,363,872	59,982,324	-	59,982,324
Others	4,856	-	4,856	317,531	-	317,531
Total	131,786,852	-	131,786,852	178,022,726	-	178,022,726
Add: Accrued interest	-	-	-	-	-	-
Total foreign	131,786,852	-	131,786,852	178,022,726	-	178,022,726
Total domestic and foreign	877,190,277	4,271,466,271	5,148,656,548	973,779,435	76,374,945	1,050,154,380

(Unit: Baht)

	Separate financial statements as at					
	30 June 2008			31 December 2007		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand and Financial Institutions						
Development Fund	320,546,085	4,250,000,000	4,570,546,085	508,519,066	-	508,519,066
Commercial banks	22,809,433	-	22,809,433	47,140,289	-	47,140,289
Total	343,355,518	4,250,000,000	4,593,355,518	555,659,355	-	555,659,355
Add: Accrued interest	-	374,699	374,699	-	-	-
Total domestic	343,355,518	4,250,374,699	4,593,730,217	555,659,355	-	555,659,355
<b>Foreign</b>						
Hong Kong dollar	49,854,177	-	49,854,177	95,252,768	-	95,252,768
Total	49,854,177	-	49,854,177	95,252,768	-	95,252,768
Add: Accrued interest	-	-	-	-	-	-
Total foreign	49,854,177	-	49,854,177	95,252,768	-	95,252,768
Total domestic and foreign	393,209,695	4,250,374,699	4,643,584,394	650,912,123	-	650,912,123

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at		Separate financial statements as at		Type of pledge
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	
	Cash at banks of local subsidiary	10	10	-	

### 3.3 Investments

(Unit: Baht)

	Consolidated financial statements as at			
	30 June 2008		31 December 2007	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Current investments</u></b>				
<b>Trading securities</b>				
Equity securities:				
Domestic marketable equity securities	-	-	28,032,401	27,719,550
Add (less): Allowance for changes in value	-	-	(312,851)	-
Net equity securities	-	-	27,719,550	-
<b>Total trading securities</b>	-	-	27,719,550	-
<b>Available-for-sales securities</b>				
Debt securities:				
Government and state enterprise securities	1,241,362,416	1,239,213,842	760,471,078	760,647,986
Debt securities of private sector	263,109,964	263,702,133	732,828,893	672,943,585
Foreign debt securities	1,868,998,791	1,927,919,131	-	-
Total	3,373,471,171	3,430,835,106	1,493,299,971	1,433,591,571
Add (less): Allowance for changes in value	96,495	-	705,600	-
Exchange difference	58,727,440	-	-	-
Less: Allowance for impairment	(1,460,000)	-	(60,414,000)	-
Debt securities - net	3,430,835,106	-	1,433,591,571	-
Equity securities:				
Domestic marketable equity securities	103,869,880	51,978,139	103,869,880	62,853,002
Unit trust	60,000,000	59,982,619	-	-
Total	163,869,880	111,960,758	103,869,880	62,853,002
Add (less): Allowance for changes in value	(51,909,122)	-	(41,016,878)	-
Net equity securities	111,960,758	-	62,853,002	-
<b>Total available-for-sales securities</b>	3,542,795,864	-	1,496,444,573	-
<b>Held-to-maturity debt securities - due within 1 year</b>				
Debt securities:				
Government and state enterprise securities	348,764,961	-	856,414	-
Debt securities of private sector	2,000	-	4,000	-
<b>Total held-to-maturity debt securities - due within 1 year</b>	348,766,961	-	860,414	-
<b>Other Investments</b>				
Equity securities:				
Unit trusts	-	-	50,000,000	-
<b>Total other investments</b>	-	-	50,000,000	-
<b>Net current investments</b>	3,891,562,825	-	1,575,024,537	-

(Unit: Baht)

## Consolidated financial statements as at

	30 June 2008		31 December 2007	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Long-term investments</u></b>				
<b>Available-for-sales securities</b>				
Debt securities:				
Debt securities of private sector	100,000,000	100,720,320	100,000,000	99,230,140
Add (less): Allowance for changes in value	720,320		(769,860)	
Debt securities - net	100,720,320		99,230,140	
Equity securities:				
Domestic marketable equity securities	2,288,556,594	1,711,364,979	2,434,567,527	2,485,058,099
Other securities - unit trusts	9,156,787	8,246,836	-	-
Total	2,297,713,381	1,719,611,815	2,434,567,527	2,485,058,099
Add (less): Allowance for changes in value	(578,101,566)		50,490,572	
Net equity securities	1,719,611,815		2,485,058,099	
<b>Total available-for-sales securities</b>	<b>1,820,332,135</b>		<b>2,584,288,239</b>	
<b>Held-to-maturity debt securities</b>				
Debt securities:				
Government and state enterprise securities	-		337,135,499	
<b>Total held-to-maturity debt securities</b>	<b>-</b>		<b>337,135,499</b>	
<b>Other investments</b>				
Equity securities:				
Domestic non-marketable equity securities	736,343,910		738,343,910	
Investments in receivables	376,558,633		606,714,311	
Total	1,112,902,543		1,345,058,221	
Less: Allowance for impairment	(60,663,970)		(60,940,272)	
<b>Total other investments</b>	<b>1,052,238,573</b>		<b>1,284,117,949</b>	
<b>Net long-term investments</b>	<b>2,872,570,708</b>		<b>4,205,541,687</b>	
<b>Net investments</b>	<b>6,764,133,533</b>		<b>5,780,566,224</b>	

(Unit: Baht)

	Separate financial statements as at			
	30 June 2008		31 December 2007	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Current investments</u></b>				
<b>Available-for-sales securities</b>				
Debt securities:				
Government and state enterprise securities	1,239,923,578	1,237,777,834	759,753,123	759,930,058
Debt securities of private sector	93,109,964	92,055,768	162,828,893	101,806,733
Foreign debt securities	1,868,998,791	1,927,919,131	-	-
Total	3,202,032,333	3,257,752,733	922,582,016	861,736,791
Add (less): Allowance for changes in value	(1,547,040)		(431,225)	
Exchange difference	58,727,440		-	
Less: Allowance for impairment	(1,460,000)		(60,414,000)	
Debt securities - net	3,257,752,733		861,736,791	
Equity securities:				
Domestic marketable equity securities	103,869,880	51,978,139	103,869,880	62,853,002
Add (less): Allowance for changes in value	(51,891,741)		(41,016,878)	
Net equity securities	51,978,139		62,853,002	
<b>Total available-for-sales securities</b>	<b>3,309,730,872</b>		<b>924,589,793</b>	
<b>Held-to-maturity debt securities - due within 1 year</b>				
Debt Securities:				
Government and state enterprise securities	335,000,000		-	
<b>Total held-to-maturity debt securities - due within 1 year</b>	<b>335,000,000</b>		<b>-</b>	
<b>Net current investments</b>	<b>3,644,730,872</b>		<b>924,589,793</b>	
<b><u>Long-term investments</u></b>				
<b>Available-for-sales securities</b>				
Debt securities:				
Debt securities of private sector	100,000,000	100,720,320	100,000,000	99,230,140
Add (less): Allowance for changes in value	720,320		(769,860)	
Debt securities - net	100,720,320		99,230,140	
Equity securities:				
Domestic marketable equity securities	1,707,406,515	1,289,618,579	1,865,480,660	1,962,293,380
Add (less): Allowance for changes in value	(417,787,936)		96,812,720	
Net equity securities	1,289,618,579		1,962,293,380	
<b>Total available-for-sales securities</b>	<b>1,390,338,899</b>		<b>2,061,523,520</b>	

(Unit: Baht)

	Separate financial statements as at			
	30 June 2008		31 December 2007	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b>Held-to-maturity debt securities</b>				
Debt securities:				
Government and state enterprise securities	-		335,000,000	
<b>Total held-to-maturity debt securities</b>	-		335,000,000	
<b>Other investments</b>				
Equity securities:				
Domestic non-marketable equity securities	729,170,451		731,170,450	
Investment in receivables	379,185,556		609,341,235	
Total	1,108,356,007		1,340,511,685	
Less: Allowance for impairment	(60,663,970)		(60,940,272)	
<b>Total other investments</b>	1,047,692,037		1,279,571,413	
<b>Net long-term investments</b>	2,438,030,936		3,676,094,933	
<b>Investment in subsidiaries</b>				
Investments in subsidiaries (cost method)	2,966,664,271		2,966,664,271	
<b>Investments in subsidiaries - net</b>	2,966,664,271		2,966,664,271	
<b>Net investments</b>	9,049,426,079		7,567,348,997	

### 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 financial statements/ Separate financial statements		Remark
	as at		
	30 June 2008	31 December 2007	
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 restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Separate financial statements		Type of restriction
	as at		as at		
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	
Government debt securities	19	5	3	3	Pledged for electricity usage
Government debt securities	-	65	-	65	Pledged under agreement to swap a floating interest rate for a fixed interest rate, expired in June 2008

### 3.3.3 Investments in debt securities classified by remaining periods of contracts

(Unit: Baht)

Consolidated financial statements as at 30 June 2008				
	Maturity			Total
	Less than	Over		
	1 year	1 - 5 years	5 years	
<b>Available-for-sale securities</b>				
Government and state enterprise securities	1,241,362,416	-	-	1,241,362,416
Debt securities of private sector	23,000,400	340,109,564	-	363,109,964
Foreign debt securities	1,868,998,791	-	-	1,868,998,791
Total	3,133,361,607	340,109,564	-	3,473,471,171
Add (less): Allowance for changes in value	(1,944,530)	2,761,345	-	816,815
Exchange difference	58,727,440	-	-	58,727,440
Less: Allowance for impairment	(1,460,000)	-	-	(1,460,000)
Total	3,188,684,517	342,870,909	-	3,531,555,426
<b>Held-to-maturities debt securities</b>				
Government and state enterprise securities	346,648,267	2,116,694	-	348,764,961
Debt securities of private sector	2,000	-	-	2,000
Total	346,650,267	2,116,694	-	348,766,961
<b>Total debt securities</b>	<b>3,535,334,784</b>	<b>344,987,603</b>	<b>-</b>	<b>3,880,322,387</b>

(Unit: Baht)

Consolidated financial statements as at 31 December 2007				
	Maturity			Total
	Less than	Over		
	1 year	1 - 5 years	5 years	
<b>Available-for-sale securities</b>				
Government and state enterprise securities	760,471,078	-	-	760,471,078
Debt securities of private sector	60,414,000	772,414,893	-	832,828,893
Total	820,885,078	772,414,893	-	1,593,299,971
Add (less): Allowance for changes in value	176,908	(241,168)	-	(64,260)
Less: Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	760,647,986	772,173,725	-	1,532,821,711
<b>Held-to-maturities debt securities</b>				
Government and state enterprise securities	856,414	337,135,499	-	337,991,913
Debt securities of private sector	4,000	-	-	4,000
Total	860,414	337,135,499	-	337,995,913
<b>Total debt securities</b>	<b>761,508,400</b>	<b>1,109,309,224</b>	<b>-</b>	<b>1,870,817,624</b>



(Unit: Baht)

## Separate financial statements as at 30 June 2008

	Maturity			Total
	Less than		Over	
	1 year	1 - 5 years	5 years	
<b>Available-for-sale securities</b>				
Government and state enterprise securities	1,239,923,578	-	-	1,239,923,578
Debt securities of private sector	23,000,400	170,109,564	-	193,109,964
Foreign debt securities	1,868,998,791	-	-	1,868,998,791
Total	3,131,922,769	170,109,564	-	3,302,032,333
Add (less): Allowance for changes in value	(1,941,700)	1,114,980	-	(826,720)
Exchange difference	58,727,440	-	-	58,727,440
Less: Allowance for impairment	(1,460,000)	-	-	(1,460,000)
Total	3,187,248,509	171,224,544	-	3,358,473,053
<b>Held-to-maturities debt securities</b>				
Government and state enterprise securities	335,000,000	-	-	335,000,000
Total	335,000,000	-	-	335,000,000
<b>Total debt securities</b>	<b>3,522,248,509</b>	<b>171,224,544</b>	<b>-</b>	<b>3,693,473,053</b>

(Unit: Baht)

## Separate financial statements as at 31 December 2007

	Maturity			Total
	Less than		Over	
	1 year	1 - 5 years	5 years	
<b>Available-for-sale securities</b>				
Government and state enterprise securities	759,753,123	-	-	759,753,123
Debt securities of private sector	60,414,000	202,414,893	-	262,828,893
Total	820,167,123	202,414,893	-	1,022,582,016
Add (less): Allowance for changes in value	176,935	(1,378,020)	-	(1,201,085)
Less: Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	759,930,058	201,036,873	-	960,966,931
<b>Held-to-maturities debt securities</b>				
Government and state enterprise securities	-	335,000,000	-	335,000,000
Total	-	335,000,000	-	335,000,000
<b>Total debt securities</b>	<b>759,930,058</b>	<b>536,036,873</b>	<b>-</b>	<b>1,295,966,931</b>

### 3.3.4 Investments in companies with weak financial positions and poor operating results

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements as at 30 June 2008		Allowance for changes in value <sup>(1)</sup>
	Cost	Fair value	
Companies having problems with debt repayment or in default	8,919,030	-	8,919,030

<sup>(1)</sup> Allowance for changes in value of investment is calculated at cost less collateral value

### 3.3.5 Investments where the Bank and its subsidiaries hold not less than 10 percent of the equity of the investees

(Unit: Baht)

Name	Consolidated financial statements as at					
	30 June 2008			31 December 2007		
	Book value	Unpaid amounts	Percentage of holding %	Book value	Unpaid amounts	Percentage of holding %
<b><u>Insurance:</u></b>						
AXA Insurance Plc.	53,168,806	-	10	53,168,806	-	10
<b><u>Services:</u></b>						
Jiji Press (Thailand) Co., Ltd.	813,823	300,000	10	813,823	300,000	10
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	37,334,990	-	10
<b><u>Leasing and hire purchase:</u></b>						
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
<b><u>Trading import and export:</u></b>						
Shin Thai Enterprises Co. Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co. Ltd.	9,269,807	-	10	9,269,807	-	10
Wattana Inter-Trade Co. Ltd.	4,291,200	-	10	3,966,300	-	10
<b><u>Real estate:</u></b>						
Prosperity Industrial Estate Co. Ltd.	45,289,171	-	10	45,289,171	-	10
UMI Property Co. Ltd.	10,156,500	-	10	10,156,500	-	10
<b><u>Industrial:</u></b>						
Siam Art Ceramic Co., Ltd.	16,555,000	-	10	16,291,000	-	10

(Unit: Baht)

## Separate financial statements as at

Name	30 June 2008			31 December 2007		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
	(Cost method)		%	(Cost method)		%
<b><u>Insurance:</u></b>						
AXA Insurance Plc.	53,168,806	-	10	53,168,806	-	10
<b><u>Services:</u></b>						
TISCO Securities Hong Kong Limited (in the process of liquidation)	66,482,955	-	100	66,482,955	-	100
TISCO Securities Co., Ltd.	1,499,999,930	-	99.99	1,499,999,930	-	99.99
TISCO Asset Management Co., Ltd.	219,848,681	-	99.99	219,848,681	-	99.99
TISCO Information Technology Co., Ltd.	43,870,001	-	99.99	43,870,001	-	99.99
Jiji Press (Thailand) Co., Ltd.	813,823	300,000	10	813,823	300,000	10
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	37,334,990	-	10
<b><u>Leasing and hire purchase:</u></b>						
Hi-Way Co., Ltd. (ordinary shares and preference shares)	272,891,729	-	99.99	272,891,729	-	99.99
TISCO Leasing Co., Ltd.	863,570,976	-	99.99	863,570,976	-	99.99
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
<b><u>Trading import and export:</u></b>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	9,269,807	-	10	9,269,807	-	10
Wattana Inter-Trade Co., Ltd.	4,291,200	-	10	3,966,300	-	10
<b><u>Real estate:</u></b>						
Prosperity Industrial Estate Co., Ltd.	45,289,171	-	10	45,289,171	-	10
UMI Property Co., Ltd.	10,156,500	-	10	10,156,500	-	10
<b><u>Industrial:</u></b>						
Siam Art Ceramic Co., Ltd.	16,555,000	-	10	16,291,000	-	10

3.3.6 Investments which the Bank holds not less than 20% of equity, but which are not recorded as investments in associated companies under the equity method in the consolidated financial statements. The Bank is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations

Name	Separate financial statements as at 30 June 2008	
	Book value	Percentage of holding
	Baht	%
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	21

### 3.4 Investments in subsidiary companies

Company's name	Nature of Business	Paid-up share capital as at		Cost as at		(Unit: Million Baht) Dividend received For the six-month periods ended	
		30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	30 June 2007
		<b>Subsidiary companies directly held by the Bank:</b>					
TISCO Securities Hong Kong Limited (In the process of liquidation)	Services	HKD 20 million	HKD 20 million	66	66	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	244	240
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	205	110
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	122	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	101	-
TISCO Information Technology Co., Ltd.	Services	20	20	44	44	10	-
				<u>2,967</u>	<u>2,967</u>	<u>682</u>	<u>350</u>

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.

On 12 April 2007, Thai Commercial Auto Company Limited (a subsidiary company) and VLT Leasing Company Limited (the subsidiary of Thai Commercial Auto Company Limited) were registered their dissolutions with the Ministry of Commerce, and they are currently in the process of liquidation.

On 26 June 2008, TISCO Securities Hong Kong Limited (a subsidiary company) was deregistered and is currently in the process of liquidation.

On 26 June 2008, TISCO Global Securities Limited (the subsidiary of TISCO Securities Company Limited) was deregistered and is currently in the process of liquidation.

### 3.5 Loans, receivables and accrued interest receivable

#### 3.5.1 Classified by type of loan and receivable

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b><u>Loans and receivables</u></b>				
Loans	17,274,659,061	15,657,461,101	17,273,802,801	15,656,604,839
Hire purchase and financial lease receivables				
Hire purchase and financial lease receivables	89,447,734,293	81,273,774,155	84,507,960,549	75,894,051,457
Add (less): Unearned income	(11,922,135,970)	(10,813,828,832)	(10,778,602,073)	(9,572,456,334)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	578,058,908	429,061,936	490,671,962	343,654,777
: Advances received from financial lease receivables	(110,558,844)	(126,060,544)	-	-
Net hire purchase and financial lease receivables	77,993,098,387	70,762,946,715	74,220,030,438	66,665,249,900
Total loans and receivables	95,267,757,448	86,420,407,816	91,493,833,239	82,321,854,739
Add: Accrued interest receivable	133,016,739	155,649,753	96,703,770	110,306,176
Less: Allowance for doubtful accounts	(2,885,618,061)	(2,801,776,443)	(2,574,106,229)	(2,464,917,060)
Less: Allowance for loss on debt restructuring	(525,043)	(538,175)	(525,043)	(538,175)
Net loans, receivables and accrued interest receivable	92,514,631,083	83,773,742,951	89,015,905,737	79,966,705,680
<b><u>Securities and derivatives business receivables</u></b>				
<b><u>Securities business receivable</u></b>				
Customers' cash accounts	873,878,993	1,357,156,735	-	-
Customers' securities borrowings and lending accounts				
Guarantee deposit receivables	-	25,878,060	-	-
Securities borrowing receivables	-	20,674,000	-	-
Other receivables				
Installment receivables	1,634,096	1,947,990	-	-
Total securities business receivables	875,513,089	1,405,656,785	-	-
Less: Allowance for doubtful accounts	(1,634,096)	(3,641,565)	-	-
Net securities business receivables	873,878,993	1,402,015,220	-	-
Net loans, receivables and accrued interest receivable	93,388,510,076	85,175,758,171	89,015,905,737	79,966,705,680

### 3.5.2 Classified by remaining periods of contracts

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Loans and receivables				
Not over 1 year (included contract which are due)	9,829,029,996	10,687,741,681	8,889,108,738	9,666,075,497
Over 1 year	85,438,727,452	75,732,666,135	82,604,724,501	72,655,779,242
Total loans and receivables	95,267,757,448	86,420,407,816	91,493,833,239	82,321,854,739
Add: Accrued interest receivable	133,016,739	155,649,753	96,703,770	110,306,176
Total loans, receivables and accrued interest receivable	95,400,774,187	86,576,057,569	91,590,537,009	82,432,160,915

### 3.5.3 Classified by type of business

(Unit: Baht)

	Consolidated financial statements as at 30 June 2008						Subsidiaries	Total
	The Bank							
	Pass	Special- mentioned	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	108,452,206	3,454,742	1,136,836	-	-	113,043,784	-	113,043,784
Manufacturing and commerce	6,559,392,083	108,755,449	126,102,446	28,500,488	383,495,740	7,206,246,206	-	7,206,246,206
Real estate and construction	6,452,076,871	68,890,839	47,070,108	8,898,390	666,576,841	7,243,513,049	-	7,243,513,049
Public utilities and services	2,819,105,288	67,992,760	41,006,952	2,745,730	17,209,519	2,948,060,249	-	2,948,060,249
Personal use								
Hire purchase	61,248,938,612	4,919,522,876	737,050,916	230,554,504	154,081,423	67,290,148,331	3,773,067,949	71,063,216,280
Housing loans	1,535,453,118	44,442,186	26,190,063	19,936,212	171,769,499	1,797,791,078	-	1,797,791,078
Securities	-	-	-	-	-	-	875,513,089	875,513,089
Others	4,004,954,151	101,395,140	16,147,308	15,165,613	757,368,330	4,895,030,542	856,260	4,895,886,802
Total loans, receivables and securities business receivables	82,728,372,329	5,314,453,992	994,704,629	305,800,937	2,150,501,352	91,493,833,239	4,649,437,298	96,143,270,537
Add: Accrued interest receivable	21,802,606	74,901,164	-	-	-	96,703,770	36,312,969	133,016,739
Total loans, receivables and securities business receivables and accrued interest receivable	82,750,174,935	5,389,355,156	994,704,629	305,800,937	2,150,501,352	91,590,537,009	4,685,750,267	96,276,287,276

(Unit: Baht)

## Separate financial statements as at 30 June 2008

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	Total
	Agricultural and mining	108,452,206	3,454,742	1,136,836	-	-
Manufacturing and commerce	6,559,392,083	108,755,449	126,102,446	28,500,488	383,495,740	7,206,246,206
Real estate and construction	6,452,076,871	68,890,839	47,070,108	8,898,390	666,576,841	7,243,513,049
Public utilities and services	2,819,105,288	67,992,760	41,006,952	2,745,730	17,209,519	2,948,060,249
Personal use						
Hire purchase	61,248,938,612	4,919,522,876	737,050,916	230,554,504	154,081,423	67,290,148,331
Housing loans	1,535,453,118	44,442,186	26,190,063	19,936,212	171,769,499	1,797,791,078
Others	4,004,954,151	101,395,140	16,147,308	15,165,613	757,368,330	4,895,030,542
Total loans and receivables	82,728,372,329	5,314,453,992	994,704,629	305,800,937	2,150,501,352	91,493,833,239
Add: Accrued interest receivable	21,802,606	74,901,164	-	-	-	96,703,770
Total loans, receivables and accrued interest receivable	82,750,174,935	5,389,355,156	994,704,629	305,800,937	2,150,501,352	91,590,537,009

(Unit: Baht)

## Consolidated financial statements as at 31 December 2007

	The Bank					Subsidiaries	Total	
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss			Total
Agricultural and mining	101,375,497	3,824,981	351,403	-	-	105,551,881	-	105,551,881
Manufacturing and commerce	7,298,262,830	88,112,978	27,054,507	6,403,522	401,672,267	7,821,506,104	-	7,821,506,104
Real estate and construction	4,253,934,634	69,697,174	17,420,371	6,403,354	693,877,123	5,041,332,656	-	5,041,332,656
Public utilities and services	2,571,086,451	44,743,745	10,574,666	6,332,634	15,422,912	2,648,160,408	-	2,648,160,408
Personal use								
Hire purchase	55,215,829,660	4,474,592,392	623,254,632	171,891,892	101,138,095	60,586,706,671	4,097,696,816	64,684,403,487
Housing loans	1,629,990,311	28,828,939	19,236,169	31,337,021	178,497,599	1,887,890,039	-	1,887,890,039
Securities	-	-	-	-	-	-	1,405,656,785	1,405,656,785
Others	3,234,412,709	75,637,539	13,969,758	25,756,326	880,930,648	4,230,706,980	856,261	4,231,563,241
Total loans, receivables and securities business receivables	74,304,892,092	4,785,437,748	711,861,506	248,124,749	2,271,538,644	82,321,854,739	5,504,209,862	87,826,064,601
Add: Accrued interest receivable	40,504,215	69,801,961	-	-	-	110,306,176	45,343,577	155,649,753
Total loans, receivables and securities business receivables and accrued interest receivable	74,345,396,307	4,855,239,709	711,861,506	248,124,749	2,271,538,644	82,432,160,915	5,549,553,439	87,981,714,354

(Unit: Baht)

## Separate financial statements as at 31 December 2007

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	101,375,497	3,824,981	351,403	-	-	105,551,881
Manufacturing and commerce	7,298,262,830	88,112,978	27,054,507	6,403,522	401,672,267	7,821,506,104
Real estate and construction	4,253,934,634	69,697,174	17,420,371	6,403,354	693,877,123	5,041,332,656
Public utilities and services	2,571,086,451	44,743,745	10,574,666	6,332,634	15,422,912	2,648,160,408
Personal use						
Hire purchase	55,215,829,660	4,474,592,392	623,254,632	171,891,892	101,138,095	60,586,706,671
Housing loans	1,629,990,311	28,828,939	19,236,169	31,337,021	178,497,599	1,887,890,039
Others	3,234,412,709	75,637,539	13,969,758	25,756,326	880,930,648	4,230,706,980
Total loans and receivables	74,304,892,092	4,785,437,748	711,861,506	248,124,749	2,271,538,644	82,321,854,739
Add: Accrued interest receivable	40,504,215	69,801,961	-	-	-	110,306,176
Total loans, receivables and accrued interest receivable	<u>74,345,396,307</u>	<u>4,855,239,709</u>	<u>711,861,506</u>	<u>248,124,749</u>	<u>2,271,538,644</u>	<u>82,432,160,915</u>

## 3.5.4 Hire purchase and finance lease receivables

Net receivables of the Bank and its subsidiaries under hire purchase agreements and financial leases amount to Baht 77,993 million and mostly comprise hire purchase agreements and financial leases for cars, motorcycles, machine and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

## Consolidated financial statements as at 30 June 2008

	Amounts of installments due under the contract				Total
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	
Hire purchase and financial lease receivables	29,699	55,998	1,280	2,471	89,448
Unearned income*	(4,917)	(5,681)	(40)	(706)	(11,344)
Advances received from financial lease receivable	(49)	(62)	-	-	(111)
Hire purchase and financial lease receivables - net	<u>24,733</u>	<u>50,255</u>	<u>1,240</u>	<u>1,765</u>	<u>77,993</u>
Allowance for doubtful accounts					<u>1,192</u>

\* Net of commissions and direct expenses incurred at the initiation of hire purchase.



(Unit: Million Baht)

## Separate financial statements as at 30 June 2008

	Amounts of installments due under the contract				
	Less than			Non	Total
	1 year	1 - 5 years	Over 5 years	performing loans	
Hire purchase receivables	27,215	54,232	1,279	1,782	84,508
Unearned income*	(4,299)	(5,445)	(40)	(504)	(10,288)
Hire purchase receivables - net	<u>22,916</u>	<u>48,787</u>	<u>1,239</u>	<u>1,278</u>	<u>74,220</u>
Allowance for doubtful accounts					<u>881</u>

\* Net of commissions and direct expenses incurred at the initiation of hire purchase.

## 3.5.5 Loans and receivables for which the recognition of interest income has ceased

(Unit: Million Baht)

The Bank	Amounts calculated under BOT's guidelines <sup>(2)</sup> Separate financial statements		Amounts calculated under the Bank's policy Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Loans and receivables for which the recognition of interest income has ceased <sup>(1)</sup>	3,528	2,927	3,772 <sup>(3)</sup>	3,285 <sup>(3)</sup>

<sup>(1)</sup> These amounts are calculated on an account by account basis.

<sup>(2)</sup> Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

<sup>(3)</sup> Loans and receivables totaling Baht 2,487 million (31 December 2007: Baht 2,473 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.

Subsidiaries	(Unit: Million Baht)	
	As at	
	30 June 2008	31 December 2007
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	487 <sup>(1)</sup>	525 <sup>(1)</sup>

<sup>(1)</sup> Baht 68 million of such amounts being loans and receivables (31 December 2007: Baht 75 million), for which a 100 percent allowance for doubtful debts has been provided.

### 3.5.6 Unearned interest income which is presented as a deduction against loans and receivables

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Unearned interest income <sup>(1)</sup>	11,592	10,634	10,536	9,478

<sup>(1)</sup> These amounts included unearned interest income of hire purchase and finance lease contracts which is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

### 3.5.7 Outstanding balances (net of collateral) of restructured loans and receivables and receivables which are being restructured

	(Unit: Million Baht)
	Separate financial statements as at 30 June 2008
Restructured loans and receivables <sup>(1)</sup>	742
Loans and receivables which are being restructured	-

<sup>(1)</sup> As a result of restructuring, the due date for the first repayment of these restructured loans and receivables has been rescheduled.

### 3.5.8 Troubled debt restructuring

#### - Debt restructuring during the period

	Separate financial statements for the six-month periods ended 30 June	
	2008	2007
Number of debtors (number)	16	13
Loan balances before restructuring (million Baht)	510	530
Interest income on restructured receivables (million Baht)	31	31
Receipt of principal and interest (million Baht)	224	224
Loss on troubled debt restructuring (million Baht)	-	-

#### - Debtors which were restructured

Type of restructuring	Separate financial statements as at 30 June 2008			
	Number of receivables	Outstanding loan balance before restructuring	Type of assets transferred	Fair value of transferred assets
		Million Baht		Million Baht
Transfer of assets	23	2,600	Land Land and premises	20 2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification of terms	3	898	Land Equity securities Machinery	198 14 22
Transfer of equity securities and modification of terms	45	4,071	Equity securities Debt securities	1,237 21
Transfer of assets and modification of terms	12	2,191	Land and premises Equity securities Air conditioners	465 190 2
Modification of terms	1,161	24,458		
Total	1,249	35,007		5,051

- The balance of the restructured debts

(Unit: Million Baht)

	Separate financial statements	
	as at	
	30 June 2008	31 December 2007
The balance of the restructured debts	2,005	2,143

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

(Unit: Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	Separate financial statements	
	as at	
	30 June 2008	31 December 2007
Amount to be provided under BOT's guidelines	2,229	2,097
Amount already recorded by the Bank	2,575 <sup>(1)</sup>	2,465 <sup>(1)</sup>
Amount in excess of the required amount	346	368

<sup>(1)</sup> The allowance for doubtful debts consists of allowance for doubtful debts of Baht 1,689 million (31 December 2007: Baht 1,700 million) set aside for the unsecured portion of loans amounting Baht 2,487 million (31 December 2007: Baht 2,473 million) at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 886 million (31 December 2007: Baht 765 million) set up for the other loans and receivables.

#### 3.6.1 Allowance for doubtful accounts

(Unit: Baht)

	Consolidated financial statements as at 30 June 2008						
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance-beginning of period	212,466,334	107,864,920	340,528,650	182,654,912	1,749,593,975	212,309,217	2,805,418,008
Increase (decrease) in allowance for doubtful accounts during the period	12,941,598	21,888,477	193,864,786	258,805,076	186,222,741	65,603,640	739,326,318
Bad debt written-off	(3,866,590)	(12,653,897)	(151,424,448)	(205,777,461)	(283,769,773)	-	(657,492,169)
Balance-end of period	<u>221,541,342</u>	<u>117,099,500</u>	<u>382,968,988</u>	<u>235,682,527</u>	<u>1,652,046,943</u>	<u>277,912,857</u>	<u>2,887,252,157</u>

(Unit: Baht)

## Consolidated financial statements as at 31 December 2007

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance-beginning of year	625,452,082	72,020,965	119,659,639	140,135,831	1,719,724,337	94,230,622	2,771,223,476
Increase (decrease) in allowance for doubtful accounts during the year	(405,536,988)	47,874,125	348,531,707	263,949,808	253,187,470	118,158,052	626,164,174
Bad debt written-off	(7,448,760)	(12,030,170)	(127,662,696)	(221,430,727)	(223,317,832)	(79,457)	(591,969,642)
Balance-end of year	<u>212,466,334</u>	<u>107,864,920</u>	<u>340,528,650</u>	<u>182,654,912</u>	<u>1,749,593,975</u>	<u>212,309,217</u>	<u>2,805,418,008</u>

(Unit: Baht)

## Separate financial statements as at 30 June 2008

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance-beginning of period	183,195,309	95,077,204	226,052,602	122,397,251	1,627,783,257	210,411,437	2,464,917,060
Increase (decrease) in allowance for doubtful accounts during the period	15,259,987	18,051,394	177,402,120	233,332,203	69,450,862	67,371,795	580,868,361
Bad debt written-off	(3,866,590)	(7,662,792)	(126,123,221)	(183,809,747)	(150,216,842)	-	(471,679,192)
Balance-end of period	<u>194,588,706</u>	<u>105,465,806</u>	<u>277,331,501</u>	<u>171,919,707</u>	<u>1,547,017,277</u>	<u>277,783,232</u>	<u>2,574,106,229</u>

(Unit: Baht)

## Separate financial statements as at 31 December 2007

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance-beginning of year	579,288,725	59,194,140	73,234,881	69,693,605	1,589,004,267	92,995,248	2,463,410,866
Increase (decrease) in allowance for doubtful accounts during the year	(388,644,656)	47,912,560	279,477,523	257,430,062	115,806,883	117,416,189	429,398,561
Bad debt written-off	(7,448,760)	(12,029,496)	(126,659,802)	(204,726,416)	(77,027,893)	-	(427,892,367)
Balance-end of year	<u>183,195,309</u>	<u>95,077,204</u>	<u>226,052,602</u>	<u>122,397,251</u>	<u>1,627,783,257</u>	<u>210,411,437</u>	<u>2,464,917,060</u>

### 3.6.2 Allowance for loss on debt restructuring

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements	
	as at	
	30 June 2008	31 December 2007
Balance-beginning of period	538,175	22,403,970
Increase during the period	-	-
Transfer to general reserve	(13,132)	(21,865,795)
Balance-end of period	<u>525,043</u>	<u>538,175</u>

### 3.6.3 Non-performing loans and receivables

(Unit: Million Baht)

	Separate financial statements	
	as at	
	30 June 2008	31 December 2007
Non-performing loans and receivables	3,451	3,232
Allowance for doubtful accounts	1,996	1,976

## 3.7 Classification of assets

### 3.7.1 Investments in companies with weak financial position and poor operating results

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts <sup>(1)</sup>	
	as at		as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Debt instruments - debentures <sup>(2)</sup>	1	60	-	-	1	60
Equity instruments - ordinary shares <sup>(3)</sup>	6	6	-	-	6	6
Equity instruments - preference shares <sup>(3)</sup>	2	2	-	-	2	2

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

<sup>(2)</sup> Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

<sup>(3)</sup> Investments in securities of companies which are vulnerable to delisting, of companies of which the auditors have expressed opinions citing the going concern issue, or of companies which have defaulted on interest payment.

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

(Unit: Million Baht)

	Debt balance		Debt balance after		Allowance for doubtful accounts			
	as at		net of collateral		Amounts to be provided under		Amounts already set up	
			as at		BOT's guidelines		by the Bank	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Loans and receivables</b> <sup>(1)(2)(3)</sup>								
Pass	86,978	74,305	74,785	63,431	179	161	195	183
Special mentioned	5,314	4,785	5,254	4,746	105	95	105	95
Substandard	994	712	820	689	277	226	277	226
Doubtful	306	248	279	209	172	122	172	122
Doubtful of loss	2,151	2,272	1,505	1,500	1,495	1,492	1,547	1,628
Total	95,743	82,322	82,643	70,575	2,228	2,096	2,296	2,254
Loss on receivables under troubled debt restructuring	-	-	-	-	1	1	1	1
Total	95,743	82,322	82,643	70,575	2,229	2,097	2,297	2,255
General reserve							278	210
Total							2,575	2,465
<b>Investments in securities</b>								
Doubtful of loss								
Debt instruments	4	62	4	62	4	62	4	62
Equity instruments	685	340	685	340	685	340	685	340
Total	689	402	689	402	689	402	689	402
<b>Investments in receivables</b>								
Doubtful of loss	8	8	1	1	1	1	1	1
Total	8	8	1	1	1	1	1	1
<b>Properties foreclosed</b>								
Doubtful of loss	35	29	35	29	35	29	35	29
Total	35	29	35	29	35	29	35	29
Total classified assets	96,475	82,761	83,368	71,007	2,954	2,529	3,300	2,897

<sup>(1)</sup> Allowance for doubtful accounts for loans and receivables is determined based on debt balance less collateral value in accordance with the BOT's guidelines (except for hire purchase receivables, for which the Bank does not deduct the collateral value from the outstanding loan balance).

<sup>(2)</sup> Interest receivables are not included in the pass and special mentioned debt balances.

<sup>(3)</sup> Loans and receivables include investment in debt securities under resale agreements of BOT and loans to financial institutions (which presented as part of interbank and money market items in the balance sheet).

3.7.3 Classification of assets under the Bank of Thailand's guidelines for non-performing hire purchase receivables on which the Bank sets aside provision using a collective approach

(Unit: Million Baht)

	Debt balance		Debt balance		Percentage of allowance for doubtful account set up	Allowance for doubtful accounts	
	as at		after net of collateral value			as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007		30 June 2008	31 December 2007
<b>Hire purchase receivables<sup>(1)</sup></b>							
Substandard							
- Receivables enforced by courts	-	-	-	-	100	-	-
- Receivables not enforced by courts	812	681	812	681	32	260	218
Doubtful							
- Receivables enforced by courts	109	65	109	65	100	109	65
- Receivables not enforced by courts	158	128	158	128	32	51	41
Doubtful of loss							
- Receivables enforced by courts	184	127	184	127	100	184	127
- Receivables not enforced by courts	14	10	14	10	32	4	3
<b>Total</b>	<b>1,277</b>	<b>1,011</b>	<b>1,277</b>	<b>1,011</b>		<b>608</b>	<b>454</b>

<sup>(1)</sup>The Bank does not deduct the collateral value from the outstanding loan balance for calculation allowance for doubtful accounts for hire purchase receivables.



### 3.7.4 Loans and receivables 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 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies								
vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies								
with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	11	12	403	519	-	-	403	519
3. Listed companies								
whose shares have been suspended from trading	1	1	15	15	-	-	15	15
4. Listed companies								
under rehabilitation	5	5	119	136	13	16	107	120
5. Companies which								
have loan settlement problems or have defaulted on payment of debts	21	21	1,239	1,236	597	658	692	710
6. Companies whose								
auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	<u>38</u>	<u>39</u>	<u>1,776</u>	<u>1,906</u>	<u>610</u>	<u>674</u>	<u>1,217</u>	<u>1,364</u>

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

(Unit: Million Baht)

	Securities business receivables 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 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Doubtful	2	2	2	2	2	2
General reserve					-	2
Total					2	4

3.7.6 Hire purchase receivables/financial lease receivables and other loan receivables of the subsidiaries classified by the due date of the contracts

(Unit: Million Baht)

	Debt balance as at		Percentage of allowance for doubtful accounts set up %	Allowance for doubtful account as at		Debt balance - net as at	
	30 June 2008	31 December 2007		30 June 2008	31 December 2007	30 June 2008	31 December 2007
	Current	2,162		2,335	1	21	23
Overdue							
1 month	544	601	1	5	6	539	595
2 - 3 months	582	640	2	12	13	570	627
4 - 6 months	213	234	32, 50, 100*	106	115	107	119
7 - 12 months	130	120	32, 50, 100*	64	60	66	60
Over 12 months	86	103	32, 50, 100*	47	54	39	49
Debtors under litigation	57	66	100	57	66	-	-
Total	3,774	4,099		312	337	3,462	3,762

\* The subsidiary companies apply provisioning rate of 32% for non-performing loan of auto-hire purchase receivables, 50% for motorcycle-hire purchase receivables, and 100% for financial lease receivables.

### 3.8 Property foreclosed

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Foreclosed assets				
Immovable assets				
Balance - beginning of period	1,017,130,703	1,019,802,996	1,017,130,703	1,031,612,996
Additions	1,502,192	4,683,840	1,502,192	4,683,840
Disposals	(203,599,587)	(19,166,133)	(203,599,587)	(19,166,133)
Related transactions	-	11,810,000	-	-
Balance - end of period	815,033,308	1,017,130,703	815,033,308	1,017,130,703
Movable assets				
Balance - beginning of period	54,247,684	44,210,456	43,967,955	29,621,289
Additions	1,082,749,556	1,807,294,909	763,080,819	1,080,415,209
Disposals	(1,076,586,520)	(1,797,257,681)	(752,595,784)	(1,066,068,543)
Balance - end of period	60,410,720	54,247,684	54,452,990	43,967,955
Allowance for impairment				
Balance - beginning of period	29,059,862	21,210,157	28,717,038	16,293,546
Increase	7,385,873	34,735,629	7,385,874	25,523,362
Decrease	(901,421)	(26,885,924)	(901,421)	(13,099,870)
Balance - end of period	35,544,314	29,059,862	35,201,491	28,717,038
Property foreclosed - net	839,899,714	1,042,318,525	834,284,807	1,032,381,620

### 3.9 Land, premises and equipment

(Unit: Baht)

Consolidated financial statements						
	Land	Buildings and office condominium units	Furniture, fixtures and equipment	Office improvements	Motor vehicles	Total
<b>Cost:</b>						
31 December 2007	522,039,947	1,052,341,516	617,039,868	482,453,232	111,099,473	2,784,974,036
Additions	-	-	70,253,890	12,767,699	2,177,375	85,198,964
Disposals	-	-	(12,992,834)	-	(4,134,113)	(17,126,947)
Translation adjustment	-	-	(81,804)	-	-	(81,804)
30 June 2008	522,039,947	1,052,341,516	674,219,120	495,220,931	109,142,735	2,852,964,249
<b>Accumulated depreciation:</b>						
31 December 2007	-	394,203,498	508,430,272	256,157,323	63,101,474	1,221,892,567
Depreciation for the period	-	30,504,580	40,454,622	24,088,448	9,939,820	104,987,470
Depreciation on disposals	-	-	(10,644,191)	-	(3,323,979)	(13,968,170)
Translation adjustment	-	-	(64,178)	-	-	(64,178)
30 June 2008	-	424,708,078	538,176,525	280,245,771	69,717,315	1,312,847,689
<b>Net book value:</b>						
31 December 2007	522,039,947	658,138,018	108,609,596	226,295,909	47,997,999	1,563,081,469
30 June 2008	522,039,947	627,633,438	136,042,595	214,975,160	39,425,420	1,540,116,560
<b>Depreciation for the six-month periods ended 30 June:</b>						
2007						93,090,659
2008						104,987,470

(Unit: Baht)

## Separate financial statements

	Land	Buildings and office condominium units	Furniture, fixtures and equipment	Office improvements	Motor vehicles	Total
<b><u>Cost:</u></b>						
31 December 2007	345,004,767	698,539,936	385,344,826	376,948,087	75,043,054	1,880,880,670
Additions	-	-	62,001,519	12,049,358	1,071,000	75,121,877
Disposals	-	-	(302,888)	-	-	(302,888)
30 June 2008	345,004,767	698,539,936	447,043,457	388,997,445	76,114,054	1,955,699,659
<b><u>Accumulated depreciation:</u></b>						
31 December 2007	-	294,933,719	304,978,488	168,673,880	45,302,786	813,888,873
Depreciation for the period	-	18,894,413	32,016,510	21,504,478	6,542,805	78,958,206
Depreciation on disposals	-	-	(302,740)	-	-	(302,740)
30 June 2008	-	313,828,132	336,692,258	190,178,358	51,845,591	892,544,339
<b><u>Net book value:</u></b>						
31 December 2007	345,004,767	403,606,217	80,366,338	208,274,207	29,740,268	1,066,991,797
30 June 2008	345,004,767	384,711,804	110,351,199	198,819,087	24,268,463	1,063,155,320
<b><u>Depreciation for the six-month periods ended 30 June:</u></b>						
2007						67,423,411
2008						78,958,206

### 3.10 Other assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Value added tax - net	193,440,779	218,674,405	192,686,985	217,317,189
Accrued interest receivable	22,329,633	21,895,938	20,945,125	20,948,570
Fee and charges receivable	190,216,729	216,761,152	91,877,878	102,099,926
Prepaid income tax	18,202,248	15,186,162	-	-
Deferred computer system development cost - net	120,989,007	95,871,927	104,518,453	82,356,406
Deposits	24,532,082	18,479,086	19,898,581	13,639,269
Other receivables	466,152,541	276,348,485	499,178,570	274,009,511
Other assets	179,538,349	182,136,051	111,302,375	109,198,051
<b>Total other assets</b>	<b>1,215,401,368</b>	<b>1,045,353,206</b>	<b>1,040,407,967</b>	<b>819,568,922</b>

### 3.11 Deposits

#### 3.11.1 Classified by type of deposits

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Promissory notes	596,886,304	2,383,053,853	596,886,304	2,383,053,853
Deposits				
Current accounts	2,775,642,210	2,089,336,269	2,795,734,779	2,103,970,843
Saving accounts	2,896,381,952	2,157,756,433	2,896,381,952	2,157,756,433
Fixed accounts				
- not over 6 months	315,451,378	368,906,160	315,451,378	368,906,160
- over 6 months and less than 1 year	2,845,457,446	173,387,558	2,845,457,446	173,387,558
- over 1 year	987,699,642	1,682,157,654	987,699,642	1,682,157,654
Certificates of deposit/negotiable certificates of deposit	26,278,376,468	26,859,576,026	26,278,376,468	26,859,576,026
<b>Total</b>	<b>36,695,895,400</b>	<b>35,714,173,953</b>	<b>36,715,987,969</b>	<b>35,728,808,527</b>

### 3.11.2 Classified by the remaining period of contract

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Not over 1 year*	35,751,460,157	32,783,707,129	35,771,552,726	32,798,341,703
Over 1 year	944,435,243	2,930,466,824	944,435,243	2,930,466,824
Total deposits	<u>36,695,895,400</u>	<u>35,714,173,953</u>	<u>36,715,987,969</u>	<u>35,728,808,527</u>

\*Including fully-mature deposit contract

### 3.12 Interbank and money market items (liabilities)

(Unit: Baht)

	Consolidated financial statements as at					
	30 June 2008			31 December 2007		
	At call	Term	Total	At call	Term	Total
Commercial banks	525,496,936	1,310,000,000	1,835,496,936	648,108,994	1,570,000,000	2,218,108,994
Other banks and financial institutions	<u>486,652,384</u>	<u>2,808,449,370</u>	<u>3,295,101,754</u>	<u>95,194,057</u>	<u>3,538,884,769</u>	<u>3,634,078,826</u>
Total	<u>1,012,149,320</u>	<u>4,118,449,370</u>	<u>5,130,598,690</u>	<u>743,303,051</u>	<u>5,108,884,769</u>	<u>5,852,187,820</u>

(Unit: Baht)

	Separate financial statements as at					
	30 June 2008			31 December 2007		
	At call	Term	Total	At call	Term	Total
Commercial banks	513,818,922	1,250,000,000	1,763,818,922	618,011,649	1,500,000,000	2,118,011,649
Other banks and financial institutions	<u>1,032,740,919</u>	<u>2,800,118,759</u>	<u>3,832,859,678</u>	<u>745,529,733</u>	<u>3,538,884,768</u>	<u>4,284,414,501</u>
Total	<u>1,546,559,841</u>	<u>4,050,118,759</u>	<u>5,596,678,600</u>	<u>1,363,541,382</u>	<u>5,038,884,768</u>	<u>6,402,426,150</u>

The Bank has entered into an interest rate swap agreement to swap the floating interest rate on Baht 300 million of bill of exchange for a fixed interest rate, as mentioned in note 3.30.5 to the financial statements.

### 3.13 Borrowings

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
<u>Domestic borrowings</u>				
Subordinated debentures	331,000,000	331,000,000	331,000,000	331,000,000
Unsubordinated unsecured debentures	4,000,000,000	4,000,000,000	4,000,000,000	4,000,000,000
Bills of exchange	48,533,123,494	36,380,747,346	46,284,349,439	33,590,350,756
Promissory note	37,969,754	38,092,559	37,969,754	38,092,559
Total	<u>52,902,093,248</u>	<u>40,749,839,905</u>	<u>50,653,319,193</u>	<u>37,959,443,315</u>

#### 3.13.1 Subordinated debentures

In 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 funds 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.

#### 3.13.2 Unsubordinated unsecured debentures

Year	Issuer	Type of debenture	Units		Face value per unit (Baht)	Balance as at (Million Baht)		Maturity in the year	Interest rate
			30 June	31 December		30 June	31 December		
			2008	2007		2008	2007		
2007	The Bank	Unsubordinated and unsecured long-term debentures	3 million	3 million	1,000	3,000	3,000	2010	3.75 percent per annum.
2007	The Bank	Unsubordinated and unsecured long-term debentures	1 million	1 million	1,000	1,000	1,000	2012	4.04 percent per annum.
Total						<u>4,000</u>	<u>4,000</u>		



### 3.13.3 Bills of exchange

As of 30 June 2008, the Bank had outstanding bills of exchange amounting to Baht 46,284 million (31 December 2007: Baht 33,590 million), bearing interest between 2.50 to 5.25 percent per annum and maturing between 2008 and 2010.

As of 30 June 2008, two subsidiary companies had outstanding bills of exchange amounting to Baht 2,344 million (31 December 2007: Baht 2,820 million), bearing interest between 3.50 to 4.00 percent per annum and maturing in 2008.

The Bank has entered into interest rate swap agreements to swap the floating interest rate on Baht 745 million of bills of exchange for a fixed interest rate, as mentioned in Note 3.30.5 to the financial statements.

### 3.13.4 Promissory note

As of 30 June 2008, the Bank had an outstanding promissory note amounting to Baht 38 million, carrying interest at a fixed rate of 1% plus a reference rate specified in the contract that is calculated based on the SET50 Index, and maturing in 2009.

The Bank enters into a call option agreement, under which rewards will be reference to SET50 Index. Therefore, the net return is equal to the issue of fixed effective return rate promissory note, as mentioned in Note 3.30.5 to the financial statements.

## 3.14 Other liabilities

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Corporate income tax payable	265,080,771	220,096,941	167,302,733	87,877,272
Withholding income tax and other tax payable	57,104,154	162,259,377	32,703,671	103,385,747
Accrued insurance premium	556,392,776	631,030,922	543,008,100	618,943,031
Other liabilities	847,538,377	549,781,085	592,070,813	368,530,900
Total other liabilities	<u>1,726,116,078</u>	<u>1,563,168,325</u>	<u>1,335,085,317</u>	<u>1,178,736,950</u>

### 3.15 Preference shares converted to ordinary shares

Up to 30 June 2008, 444,417,120 preference shares have been converted into ordinary shares, and such conversion has been registered with the Ministry of Commerce.

As at 30 June 2008, there are 183,535,130 preference shares which are convertible to ordinary shares.

### 3.16 Warrants

	Separate financial statements as at					
	30 June 2008			31 December 2007		
	No. of shares	Exercise price	Total	No. of shares	Exercise 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	4,763,000	11.31	53,869,530
Allocation in year 2002	5,454,000	13.20	71,992,800	5,454,000	13.20	71,992,800
Allocation in year 2003	5,137,500	14.94	76,754,250	5,137,500	14.94	76,754,250
Allocation in year 2004	3,777,750	21.88	82,657,170	3,018,000	21.88	66,033,840
	27,952,250		373,473,750	27,192,500		356,850,420
Unexercised warrants	970,250			1,740,000		
Warrants received from						
resigned employees	569,000			841,500		
Expired warrants	508,500			226,000		
Allocated warrants	30,000,000			30,000,000		

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

### 3.17 Capital funds

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain capital adequacy ratio in accordance with the regulations of Bank of Thailand.

(Unit: Thousand Baht)

Separate financial statements  
as at

	30 June 2008	31 December 2007
<u>Tier I</u>		
Issued and fully paid up share capital	7,281,523	7,273,925
Premium on share capital	130,451	121,425
Statutory reserve	486,800	422,100
Retained earnings - unappropriated	2,018,275	2,251,422
<b>Total Tier I</b>	<b>9,917,049</b>	<b>10,068,872</b>
<u>Tier II</u>		
Subordinated debentures	66,200	132,400
Reserve for loans classified as pass	176,907	159,503
Surplus from revaluation of equity securities - available for sale	-	25,108
<b>Total Tier II</b>	<b>243,107</b>	<b>317,011</b>
Less: Deficit from revaluation of equity securities - available for sale	(469,680)	-
<b>Total capital fund</b>	<b>9,690,476</b>	<b>10,385,883</b>

Separate financial statements as at

Capital ratios	30 June 2008		31 December 2007	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	10.44%	4.25%	11.58%	4.25%
Total capital to risk assets	10.20%	8.50%	11.94%	8.50%

### 3.18 Surplus (deficit) on changes in the value of investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Balance - beginning of period	756,633,812	608,259,541	54,594,756	(259,371,566)
Increase (decrease) from changes in the value of securities during the period	(708,996,046)	148,374,271	(525,101,153)	313,966,322
	47,637,766	756,633,812	(470,506,397)	54,594,756
Add (less): The effect of deferred tax asset / liabilities	187,605,436	(5,494,660)	141,151,919	(16,378,427)
Balance - end of period	<u>235,243,202</u>	<u>751,139,152</u>	<u>(329,354,478)</u>	<u>38,216,329</u>

### 3.19 Gain on investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2008	2007	2008	2007
Reversal allowance for impairment of investment	276,303	14,325,054	276,303	14,324,991
Realised gain on investments	127,440,872	121,001,140	57,256,462	68,500,635
Total	<u>127,717,175</u>	<u>135,326,194</u>	<u>57,532,765</u>	<u>82,825,626</u>

### 3.20 Loss from trading derivatives

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2008	2007	2008	2007
Realised loss on derivatives trading	(4,214,600)	-	-	-
Total	<u>(4,214,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 3.21 Other income

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2008	2007	2008	2007
Penalty fee income from loans	67,880,460	53,849,145	57,625,413	44,873,372
Gain on disposal of property foreclosed	122,264	-	-	-
Rental income	10,514,639	5,982,818	11,661,426	7,589,558
Others	89,289,665	48,968,815	66,577,990	23,685,839
<b>Total</b>	<b>167,807,028</b>	<b>108,800,778</b>	<b>135,864,829</b>	<b>76,148,769</b>

### 3.22 Other expenses

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2008	2007	2008	2007
Contributions to the Financial Institutions				
Development Fund	70,408,747	80,063,730	70,408,747	80,063,730
Impairment of property foreclosed	6,666,953	12,179,704	6,666,953	10,633,304
Losses on disposal of property foreclosed	-	10,694,863	3,848,403	10,694,863
Mailing expenses	19,044,299	16,528,208	13,903,043	11,363,774
Loan losses from court - ordered execution	12,197,480	11,695,458	5,972,641	4,719,735
Transportation expenses	34,156,295	25,933,290	27,575,819	20,647,426
Advertising and promotion expenses	16,697,523	6,851,610	15,955,144	5,747,319
Others	78,423,798	86,840,570	50,896,048	35,295,867
<b>Total</b>	<b>237,595,095</b>	<b>250,787,433</b>	<b>195,226,798</b>	<b>179,166,018</b>

### 3.23 Corporate income tax

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2008	2007	2008	2007
Income tax payable on taxable profit				
for the period	290,276,542	252,515,600	180,590,552	111,917,395
Add: Net decrease in deferred tax on				
temporary differences	39,411,727	46,231,308	29,724,781	42,898,918
Adjustment in respect of current income				
tax of prior period	8,914,120	-	5,522,508	-
<b>Income tax expenses - net</b>	<b>338,602,389</b>	<b>298,746,908</b>	<b>215,837,841</b>	<b>154,816,313</b>

The temporary differences giving rise to the deferred tax assets and deferred tax liabilities arose from the following.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Allowance for doubtful accounts (general reserve)	589,470	559,514	277,783	222,446
Allowance for doubtful accounts for VAT receivables	23,436	58,248	-	-
Allowance for impairment of investments	139,865	170,464	111,164	170,464
Allowance for impairment of property foreclosed	35,544	29,060	35,201	28,717
Non-accrual of interest income	750,473	757,760	659,164	657,287
Depreciation of assets	100,748	91,734	62,376	55,896
Financial leases	115,568	137,352	-	-
Revaluation deficit (surplus) on changes in the value of investments	625,351	(18,316)	470,506	(54,595)
Unrealised loss (gain) on derivatives	3,815	(12,000)	3,815	-
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(568,259)	(421,062)	(490,672)	(343,655)
Loss on disposal of property foreclosed	81,844	66,507	-	-
Deferred subsidised income	32,931	-	32,931	-
Others	3,316	2,547	855	545
	<u>1,934,102</u>	<u>1,421,808</u>	<u>1,163,123</u>	<u>737,105</u>
<b>Deferred tax assets (30%)</b>	<u>580,231</u>	<u>426,542</u>	<u>348,937</u>	<u>221,131</u>

### 3.24 Provident fund

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2008	2007	2008	2007
Amounts contributed to the fund (Million Baht)	32	27	17	14

### 3.25 Employees expenses

	Consolidated financial statements		Separate financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2008	2007	2008	2007
Employee expenses for the period (Million Baht)	870	656	523	405

### 3.26 Reconciliation of diluted earnings per share

	Consolidated financial statements					
	For the three-month periods ended 30 June					
	Net income		Weighted average		Earnings per share	
	2008	2007	2008	2007	2008	2007
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the Bank	501,284	437,786				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(45,872)	(46,345)				
	455,412	391,441	728,107	726,955	0.63	0.54
<b>Effect of dilutive securities</b>						
Warrants to purchase preferences shares	-	-	1,016	2,192		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion to ordinary shares	455,412	391,441	729,123	729,147	0.62	0.54

Consolidated financial statements					
For the six-month periods ended 30 June					
Net income		Weighted average number of ordinary shares		Earnings per share	
2008	2007	2008	2007	2008	2007
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the Bank	930,372	793,627			
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(91,650)	(92,596)			
	838,722	701,031	727,917	726,723	1.15 0.97
<b>Effect of dilutive securities</b>					
Warrants to purchase preferences shares	-	-	1,206	2,424	
<b>Diluted earnings per share</b>					
Net income of ordinary shareholders assuming the conversion to ordinary shares	838,722	701,031	729,123	729,147	1.15 0.96

Separate financial statements					
For the three-month periods ended 30 June					
Net income		Weighted average number of ordinary shares		Earnings per share	
2008	2007	2008	2007	2008	2007
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the Bank	310,015	281,991			
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(45,872)	(46,345)			
	264,143	235,646	728,107	726,955	0.36 0.32
<b>Effect of dilutive securities</b>					
Warrants to purchase preferences shares	-	-	1,016	2,192	
<b>Diluted earnings per share</b>					
Net income of ordinary shareholders assuming the conversion to ordinary shares	264,143	235,646	729,123	729,147	0.36 0.32



Separate financial statements						
For the six-month periods ended 30 June						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2008	2007	2008	2007	2008	2007
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the Bank	1,298,704	815,352				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(91,650)	(92,596)				
	<u>1,207,054</u>	<u>722,756</u>	727,917	726,723	1.66	0.99
<b>Effect of dilutive securities</b>						
Warrants to purchase preferences shares	-	-	1,206	2,424		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion to ordinary shares	<u>1,207,054</u>	<u>722,756</u>	<u>729,123</u>	<u>729,147</u>	<u>1.66</u>	<u>0.99</u>

Dividend paid to preference shares in preference to the ordinary shares for the period is calculated from the 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 Baht 1 per share on a time proportion basis. However, since 30 June 2009, the rights and benefits of the preference shareholders shall be equal to the holders of ordinary shares (as mentioned in Note 2.2 to the financial statements).

### 3.27 Related party transactions

(Unit: Thousand Baht)

	Separate financial statements			Balance - end of the period
	Balance - beginning of the period	Increase	Decrease	
<b><u>Outstanding balance as at 30 June 2008</u></b>				
<b>Subsidiary companies</b>				
Dividend receivables from subsidiaries:				
Hi-Way Co., Ltd.	-	101,711	-	101,711
TISCO Securities Co., Ltd.	-	244,500	(244,500)	-
TISCO Leasing Co., Ltd.	-	121,574	-	121,574
TISCO Asset Management Co., Ltd.	-	204,599	(154,599)	50,000
TISCO Information Technology Co., Ltd.	-	10,460	-	10,460
Other assets:				
TISCO Leasing Co., Ltd.	6,120	-	(912)	5,208
TISCO Information Technology Co., Ltd.	-	911	(911)	-
TISCO Securities Co., Ltd.	7,363	42,545	(900)	49,008
Deposits in Baht:				
Hi-Way Co., Ltd.	2,984	8,410	-	11,394
TISCO Leasing Co., Ltd.	7,862	-	(3,069)	4,793
TISCO Information Technology Co., Ltd.	3,789	116	-	3,905
Interbank and money market items (liabilities):				
TISCO Securities Co., Ltd.	631,328	-	(93,239)	538,089
TISCO Asset Management Co., Ltd.	19,008	14,991	-	33,999
Borrowings:				
Hi-Way Co., Ltd.	-	31,000	-	31,000
TISCO Leasing Co., Ltd.	20,000	29,000	-	49,000
TISCO Information Technology Co., Ltd.	10,000	5,000	-	15,000
Other liabilities:				
TISCO Leasing Co., Ltd.	909	-	(143)	766

	(Unit: Thousand Baht)			
	Separate financial statements			Terms and pricing policy
	2008	2007		(For the period 2008)
<b><u>Transactions occurred during the three-month periods ended 30 June</u></b>				
<b>Subsidiary companies</b>				
Risk and financial management fee income and human resources management fee income	7,111	7,111	In accordance with the centralised 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	4,692	3,862	With reference to the terms and prices as offered to other customers	
Other income	775	1,021	With reference to the terms and prices as offered to other customers	
Computer system advisory services expenses and office administration expenses	30,000	28,707	In accordance with the centralised policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement	
Insurance service expenses	720	886	With reference to the terms and prices as offered to other customers	
Other expense	2,174	1,296	With reference to the terms and prices as offered to other customers	
<b><u>Transactions occurred during the six-month periods ended 30 June</u></b>				
<b>Subsidiary companies</b>				
Risk and financial management fee income and human resources management fee income	14,223	14,223	In accordance with the centralised 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	8,445	12,475	With reference to the terms and prices as offered to other customers	
Other income	1,482	1,664	With reference to the terms and prices as offered to other customers	
Computer system advisory services expenses and office administration expenses	60,000	52,414	In accordance with the centralised policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement	
Insurance service expenses	1,684	2,703	With reference to the terms and prices as offered to other customers	
Other expense	3,988	3,004	With reference to the terms and prices as offered to other customers	

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

Consolidated financial statements/

Separate financial statements

as at

	30 June 2008	31 December 2007
Loans	3,316	3,675

Besides the above transactions, the Bank has additional related party transactions with its subsidiaries, which are presented in Note 4.3 to the financial statements.

### 3.28 Financial information by segment

#### 3.28.1 Financial information by business segment

(Unit: Million Baht)

For the three-month periods ended 30 June

	Bank business/ financial service business		Securities business		Other business		Elimination		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Net interest and dividend income after bad debt and doubtful accounts	787	776	16	23	-	-	-	-	803
Non-Interest income	365	229	297	296	50	39	17	(53)	729	511
Non-Interest expenses	(661)	(562)	(224)	(167)	(52)	(40)	77	56	(860)	(713)
Corporate income tax	(140)	(111)	(31)	(48)	-	-	-	-	(171)	(159)
Net income	<u>351</u>	<u>332</u>	<u>58</u>	<u>104</u>	<u>(2)</u>	<u>(1)</u>	<u>94</u>	<u>3</u>	<u>501</u>	<u>438</u>

(Unit: Million Baht)

For the six-month periods ended 30 June

	Bank business/ financial service business		Securities business		Other business		Elimination		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Net interest and dividend income after bad debt and doubtful accounts	2,262	1,735	35	41	-	-	(683)	(350)	1,614
Non-interest income	669	522	581	530	101	73	(56)	(114)	1,295	1,011
Non-Interest expenses	(1,259)	(1,102)	(435)	(290)	(96)	(71)	150	119	(1,640)	(1,344)
Corporate income tax	(279)	(210)	(60)	(89)	-	-	-	-	(339)	(299)
Net income	<u>1,393</u>	<u>945</u>	<u>121</u>	<u>192</u>	<u>5</u>	<u>2</u>	<u>(589)</u>	<u>(345)</u>	<u>930</u>	<u>794</u>

(Unit: Million Baht)

As at										
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Investments	9,053	7,571	717	1,245	2	1	(3,008)	(3,036)	6,764	5,781
Loans, receivables and accrued interest receivable - net	92,515	83,774	874	1,420	-	-	-	(18)	93,389	85,176
Other assets	9,235	7,323	1,441	1,323	50	39	(1,002)	(689)	9,724	7,996
<b>Total assets</b>	<b>110,803</b>	<b>98,668</b>	<b>3,032</b>	<b>3,988</b>	<b>52</b>	<b>40</b>	<b>(4,010)</b>	<b>(3,743)</b>	<b>109,877</b>	<b>98,953</b>

### 3.28.2 Significant financial positions and operating results by domestic and foreign activities

#### 3.28.2.1 Financial position by activity

(Unit: Million Baht)

As at								
	30 June 2008				31 December 2007			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Total assets	113,764	123	(4,010)	109,877	102,508	188	(3,743)	98,953
Interbank and money market items (assets)	5,753	83	(687)	5,149	1,626	119	(695)	1,050
Loans, receivables and accrued interest receivable - net	93,389	-	-	93,389	85,171	23	(18)	85,176
Investments	9,772	-	(3,008)	6,764	8,817	-	(3,036)	5,781
Deposits in Baht	36,716	-	(20)	36,696	35,729	-	(15)	35,714
Interbank and money market items (liabilities)	5,703	-	(572)	5,131	6,502	-	(650)	5,852
Borrowings	52,997	-	(95)	52,902	40,780	-	(30)	40,750
Commitments	6,118	-	-	6,118	3,501	-	-	3,501

### 3.28.2.2 Operating results by activity

(Unit: Million Baht)

	For the three-month periods ended 30 June							
	2008				2007			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	803	-	-	803	798	1	-	799
Non-interest income	711	1	17	729	562	2	(53)	511
Non-interest expenses	(918)	(19)	77	(860)	(763)	(6)	56	(713)
Corporate income tax	(171)	-	-	(171)	(156)	(3)	-	(159)
Net income	<u>425</u>	<u>(18)</u>	<u>94</u>	<u>501</u>	<u>441</u>	<u>(6)</u>	<u>3</u>	<u>438</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June							
	2008				2007			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	2,296	1	(683)	1,614	1,775	1	(350)	1,426
Non-interest income	1,350	1	(56)	1,295	1,119	6	(114)	1,011
Non-interest expenses	(1,767)	(23)	150	(1,640)	(1,451)	(12)	119	(1,344)
Corporate income tax	(339)	-	-	(339)	(296)	(3)	-	(299)
Net income	<u>1,540</u>	<u>(21)</u>	<u>(589)</u>	<u>930</u>	<u>1,147</u>	<u>(8)</u>	<u>(345)</u>	<u>794</u>

## 3.29 Commitments and contingent liabilities

### 3.29.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Avals	128,666	51,925	128,666	51,925
Guarantees of loans	917,501	886,889	917,501	886,889
Obligations covering principal under interest rate swap agreements (Note 3.30.5)	1,045,000	2,495,000	1,045,000	2,495,000
Obligations covering principal under call option agreements (Note 3.30.5)	15,960	15,960	15,960	15,960
SET50 Index Futures contracts	-	51,400	-	-
Obligations for cross currency swap agreements (Note 3.30.5)	4,010,960	-	4,010,960	-
	<u>6,118,087</u>	<u>3,501,174</u>	<u>6,118,087</u>	<u>3,449,774</u>

### 3.29.2 Litigation

As at 30 June 2008, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 160 million. Final judgments have 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 200.3 million as at 30 June 2008). However, suit has not been filed with a court in respect of this claim.

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

### 3.29.3 Other commitments

- a) The Bank has commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- b) The Bank has outstanding commitments of approximately Baht 3.66 million per month under office and branch office rental agreements with terms of around 3 years, and commitments of approximately Baht 54 million in respect of office improvements.
- c) A subsidiary company has outstanding commitments of approximately Baht 47 million relating to the office rental agreements that terminate in 2016.

## 3.30 Financial instruments

### 3.30.1 Credit risk

The Bank and its subsidiaries are exposed to credit risk primarily with respect to loans and receivables and guarantees of loans and others.

The Bank and its subsidiaries manage credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables, the Bank and its subsidiaries have implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. They have also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. The Bank and its subsidiaries therefore do not expect to incur material financial losses from loans and guarantees of loans. In addition, the Bank and its subsidiaries are not exposed to concentrations of credit risk because they have a varied customer base and a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the balance sheet.



### 3.30.2 Interest rate risk

The Bank and its subsidiaries have the following significant exposures to interest rate risk, relating to financial instruments.

(Unit: Million Baht)

		Consolidated financial statements as at 30 June 2008			
		Outstanding balances of financial instruments			
	<u>Transactions</u>	<u>Floating interest rate</u>	<u>Fixed interest rate</u>	<u>Without interest</u>	<u>Total</u>
<b><u>Financial assets</u></b>					
	Cash	-	-	400	400
	Interbank and money market items	136	4,591	422	5,149
	Investment - net	193	4,059	2,512	6,764
	Loans and receivables	9,802	84,699	1,775	96,276
		<u>10,131</u>	<u>93,349</u>	<u>5,109</u>	<u>108,589</u>
<b><u>Financial liabilities</u></b>					
	Deposits	5,565	31,024	107	36,696
	Interbank and money market items	25	5,106	-	5,131
	Liabilities payable on demand	-	-	515	515
	Borrowings	-	52,903	-	52,903
	Payable to clearing house	-	-	117	117
	Securities and derivative business payables	3	-	707	710
		<u>5,593</u>	<u>89,033</u>	<u>1,446</u>	<u>96,072</u>

(Unit: Million Baht)

## Consolidated financial statements

as at 31 December 2007

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<b><u>Financial assets</u></b>				
Cash	-	-	440	440
Interbank and money market items	242	89	719	1,050
Securities purchased under resale agreements	-	2,400	-	2,400
Investment - net	201	2,271	3,309	5,781
Receivable from clearing house	-	6	23	29
Loans and receivables	9,379	76,190	2,413	87,982
	<u>9,822</u>	<u>80,956</u>	<u>6,904</u>	<u>97,682</u>
<b><u>Financial liabilities</u></b>				
Deposits	4,259	31,352	103	35,714
Interbank and money market items	48	5,804	-	5,852
Liabilities payable on demand	-	-	475	475
Borrowings	-	40,750	-	40,750
Payable to clearing house	-	-	577	577
Securities and derivative business payables	3	-	863	866
	<u>4,310</u>	<u>77,906</u>	<u>2,018</u>	<u>84,234</u>

(Unit: Million Baht)

## Separate financial statements

as at 30 June 2008

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<b><u>Financial assets</u></b>				
Cash	-	-	399	399
Interbank and money market items	-	4,250	393	4,643
Investment - net	193	3,872	4,984	9,049
Loans and receivables	9,800	80,889	902	91,591
	<u>9,993</u>	<u>89,011</u>	<u>6,678</u>	<u>105,682</u>
<b><u>Financial liabilities</u></b>				
Deposits	5,585	31,024	107	36,716
Interbank and money market items	53	5,544	-	5,597
Liabilities payable on demand	-	-	515	515
Borrowings	-	50,654	-	50,654
	<u>5,638</u>	<u>87,222</u>	<u>622</u>	<u>93,482</u>

(Unit: Million Baht)

Separate financial statements  
as at 31 December 2007

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<b><u>Financial assets</u></b>				
Cash	-	-	439	439
Interbank and money market items	-	-	651	651
Securities purchased under resale agreements	-	2,400	-	2,400
Investment - net	201	1,696	5,670	7,567
Loans and receivables	9,377	72,046	1,009	82,432
	<u>9,578</u>	<u>76,142</u>	<u>7,769</u>	<u>93,489</u>
<b><u>Financial liabilities</u></b>				
Deposits	4,274	31,352	103	35,729
Interbank and money market items	25	6,377	-	6,402
Liabilities payable on demand	-	-	475	475
Borrowings	-	37,959	-	37,959
	<u>4,299</u>	<u>75,688</u>	<u>578</u>	<u>80,565</u>

Financial instruments which bear interest rate at fixed rates are classified below by the period from the balance sheet date to the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 30 June 2008

<u>Transactions</u>	Repricing or maturity date					Unspecified	Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
<b><u>Financial assets</u></b>								
Interbank and money market items	20	4,571	-	-	-	-	4,591	3.2135
Investment - net	11	336	3,438	274	-	-	4,059	4.4359
Loans and receivables	1,259	9,173	19,550	53,361	1,356	-	84,699	8.3546
	<u>1,290</u>	<u>14,080</u>	<u>22,988</u>	<u>53,635</u>	<u>1,356</u>	<u>-</u>	<u>93,349</u>	
<b><u>Financial liabilities</u></b>								
Deposits	1,314	15,074	13,691	945	-	-	31,024	3.3823
Interbank and money market items	987	1,815	985	1,319	-	-	5,106	3.9127
Borrowings	4,144	36,386	7,948	4,425	-	-	52,903	3.4373
	<u>6,445</u>	<u>53,275</u>	<u>22,624</u>	<u>6,689</u>	<u>-</u>	<u>-</u>	<u>89,033</u>	

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2007

Transactions	Repricing or maturity date					Unspecified	Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
<b>Financial assets</b>								
Interbank and money market items	13	76	-	-	-	-	89	3.1850
Securities purchased under resale agreements	-	2,400	-	-	-	-	2,400	3.2005
Investment - net	18	126	1,038	1,089	-	-	2,271	4.4938
Receivable from clearing house	-	6	-	-	-	-	6	3.0000
Loans and receivables	1,674	8,813	21,970	43,683	50	-	76,190	8.5683
	<u>1,705</u>	<u>11,421</u>	<u>23,008</u>	<u>44,772</u>	<u>50</u>	<u>-</u>	<u>80,956</u>	
<b>Financial liabilities</b>								
Deposits	475	15,589	12,473	2,815	-	-	31,352	3.3378
Interbank and money market items	695	2,301	560	2,248	-	-	5,804	3.9473
Borrowings	4,351	25,010	3,384	8,005	-	-	40,750	3.5637
	<u>5,521</u>	<u>42,900</u>	<u>16,417</u>	<u>13,068</u>	<u>-</u>	<u>-</u>	<u>77,906</u>	

(Unit: Million Baht)

## Separate financial statements as at 30 June 2008

Transactions	Repricing or maturity date					Unspecified	Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
<b>Financial assets</b>								
Interbank and money market items	-	4,250	-	-	-	-	4,250	3.2177
Investment - net	11	324	3,435	102	-	-	3,872	4.4260
Loans and receivables	995	8,667	18,087	51,784	1,356	-	80,889	7.3073
	<u>1,006</u>	<u>13,241</u>	<u>21,522</u>	<u>51,886</u>	<u>1,356</u>	<u>-</u>	<u>89,011</u>	
<b>Financial liabilities</b>								
Deposits	1,314	15,074	13,691	945	-	-	31,024	3.3823
Interbank and money market items	1,494	1,781	950	1,319	-	-	5,544	3.8405
Borrowings	4,239	35,064	6,926	4,425	-	-	50,654	3.4179
	<u>7,047</u>	<u>51,919</u>	<u>21,567</u>	<u>6,689</u>	<u>-</u>	<u>-</u>	<u>87,222</u>	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2007

Transactions	Repricing or maturity date					Unspecified	Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
<b>Financial assets</b>								
Securities purchased under resale								
agreements	-	2,400	-	-	-	-	2,400	3.2005
Investment - net	19	125	1,034	518	-	-	1,696	4.3392
Loans and receivables	1,144	8,058	20,110	42,684	50	-	72,046	7.2949
	<u>1,163</u>	<u>10,583</u>	<u>21,144</u>	<u>43,202</u>	<u>50</u>	<u>-</u>	<u>76,142</u>	
<b>Financial liabilities</b>								
Deposits	475	15,589	12,473	2,815	-	-	31,352	3.3378
Interbank and money market items	1,338	2,231	560	2,248	-	-	6,377	3.8576
Borrowings	4,381	23,550	2,023	8,005	-	-	37,959	3.5344
	<u>6,194</u>	<u>41,370</u>	<u>15,056</u>	<u>13,068</u>	<u>-</u>	<u>-</u>	<u>75,688</u>	

The balances of loans and receivables (including those on which interest recognition has been ceased) shown in the above table are presented before deducting allowance for doubtful accounts.

### 3.30.3 Liquidity risk

Counting from the balance sheet date, as at 30 June 2008 and 31 December 2007, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 30 June 2008								
<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing loans	
<b>Financial assets</b>								
Cash	400	-	-	-	-	-	-	400
Interbank and money market items	577	4,572	-	-	-	-	-	5,149
Investments - net	738	334	3,457	444	-	1,791	-	6,764
Loans and receivables	773	10,223	20,577	57,702	2,986	-	4,015	96,276
	<u>2,488</u>	<u>15,129</u>	<u>24,034</u>	<u>58,146</u>	<u>2,986</u>	<u>1,791</u>	<u>4,015</u>	<u>108,589</u>
<b>Financial liabilities</b>								
Deposits	6,986	15,074	13,691	945	-	-	-	36,696
Interbank and money market items	1,012	1,815	985	1,319	-	-	-	5,131
Liabilities payable on demand	515	-	-	-	-	-	-	515
Borrowings	4,144	36,386	7,948	4,425	-	-	-	52,903
Payable to clearing house	-	117	-	-	-	-	-	117
Securities and derivative business payables	3	707	-	-	-	-	-	710
	<u>12,660</u>	<u>54,099</u>	<u>22,624</u>	<u>6,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,072</u>
<b>Off-balance sheet items</b>								
Aval to bills and guarantees of loans	-	6	123	-	-	-	-	129
Other commitments	-	401	4,437	748	-	403	-	5,989

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2007

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing loans	
<b>Financial assets</b>								
Cash	440	-	-	-	-	-	-	440
Interbank and money market items	974	76	-	-	-	-	-	1,050
Securities purchased under resale agreements	-	2,400	-	-	-	-	-	2,400
Investments - net	753	126	1,088	1,290	-	2,524	-	5,781
Receivable from clearing house	-	29	-	-	-	-	-	29
Loans and receivables	1,251	10,525	22,945	47,601	2,208	-	3,452	87,982
	<u>3,418</u>	<u>13,156</u>	<u>24,033</u>	<u>48,891</u>	<u>2,208</u>	<u>2,524</u>	<u>3,452</u>	<u>97,682</u>
<b>Financial liabilities</b>								
Deposits	4,837	15,589	12,473	2,815	-	-	-	35,714
Interbank and money market items	743	2,301	560	2,248	-	-	-	5,852
Liabilities payable on demand	475	-	-	-	-	-	-	475
Borrowings	4,351	25,010	3,384	8,005	-	-	-	40,750
Payable to clearing house	-	577	-	-	-	-	-	577
Securities and derivative business payables	3	829	34	-	-	-	-	866
	<u>10,409</u>	<u>44,306</u>	<u>16,451</u>	<u>13,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,234</u>
<b>Off-balance sheet items</b>								
Aval to bills and guarantees of loans	-	40	12	-	-	-	-	52
Other commitments	27	1,052	855	1,129	-	386	-	3,449

(Unit: Million Baht)

## Separate financial statements as at 30 June 2008

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	Loans*	
<b>Financial assets</b>								
Cash	399	-	-	-	-	-	-	399
Interbank and money market items	393	4,250	-	-	-	-	-	4,643
Investments - net	738	322	3,454	272	-	4,263	-	9,049
Loans and receivables	693	8,900	19,251	56,234	2,985	-	3,528	91,591
	<u>2,223</u>	<u>13,472</u>	<u>22,705</u>	<u>56,506</u>	<u>2,985</u>	<u>4,263</u>	<u>3,528</u>	<u>105,682</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
<b>Financial liabilities</b>								
Deposits	7,006	15,074	13,691	945	-	-	-	36,716
Interbank and money market items	1,547	1,781	950	1,319	-	-	-	5,597
Liabilities payable on demand	515	-	-	-	-	-	-	515
Borrowings	4,239	35,064	6,926	4,425	-	-	-	50,654
	<u>13,307</u>	<u>51,919</u>	<u>21,567</u>	<u>6,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,482</u>
<b>Off-balance sheet items</b>								
Aval to bills and guarantees of loans	-	6	123	-	-	-	-	129
Other commitments	-	401	4,437	748	-	403	-	5,989



## Separate financial statements as at 31 December 2007

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	Loans*	
<b>Financial assets</b>								
Cash	439	-	-	-	-	-	-	439
Interbank and money market items	651	-	-	-	-	-	-	651
Securities purchased under resale agreements	-	2,400	-	-	-	-	-	2,400
Investments - net	753	126	1,034	719	-	4,935	-	7,567
Loans and receivables	1,027	8,471	21,159	46,640	2,208	-	2,927	82,432
	<u>2,870</u>	<u>10,997</u>	<u>22,193</u>	<u>47,359</u>	<u>2,208</u>	<u>4,935</u>	<u>2,927</u>	<u>93,489</u>
* <i>Non performing loans according to the BOT's guidelines</i>								
<b>Financial liabilities</b>								
Deposits	4,852	15,589	12,473	2,815	-	-	-	35,729
Interbank and money market items	1,363	2,231	560	2,248	-	-	-	6,402
Liabilities payable on demand	475	-	-	-	-	-	-	475
Borrowings	4,381	23,550	2,023	8,005	-	-	-	37,959
	<u>11,071</u>	<u>41,370</u>	<u>15,056</u>	<u>13,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,565</u>
<b>Off-balance sheet items</b>								
Aval to bills and guarantees of loans	-	40	12	-	-	-	-	52
Other commitments	27	1,001	854	1,130	-	386	-	3,398

## 3.30.4 Foreign exchange risk

As at 30 June 2008, the Bank had the following significant financial instruments in foreign currencies.

- Deposits at bank amounting to HKD 12 million (equivalent to Baht 50 million).
- Investment in a subsidiary company amounting to HKD 20 million (under the cost method equivalent to Baht 66 million).
- Investment in foreign debt securities amounting to KRW 59,946 million (amortised cost amounting to Baht 1,869 million), of which the Bank entered into cross currency swap agreements to hedge risk on the whole amount, as discussed in note 3.30.5 c) to the financial statements.

### 3.30.5 Derivatives

The Bank has a policy to enter into transactions involving financial derivative instruments, for hedging risks.

As at 30 June 2008, the Bank has the following financial derivative instruments.

a) Interest rate swap agreement

The bank entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial liabilities. The Bank has signed contracts to pay interest at a fixed rate and receive interest at a floating rate, as follow.

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2009	365	(4.05)
2010	380	1.07
2012	300	(5.86)

b) Call option agreement

The Bank entered into a call option contract, under which returns are linked to the SET50 Index, and the option can only be exercised at the maturity date (European-style). The contract is intended to hedge the risk associated with the promissory note mentioned in Note 3.13.4 to the financial statements.

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2009	15.96	1.15

c) Cross currency swap agreement

The bank entered into six cross currency swap contracts to manage risk associated with investments in foreign debt securities, as follow.

Maturity	Number of contracts	Notional amount (Million Baht)	Fair value gain (loss) (Million Baht)
February 2009	2	1,328	(23.12)
February 2009	2	1,355	(4.95)
March 2009	2	1,328	(22.20)

### 3.30.6 Fair value of financial instruments

As at 30 June 2008, the fair values of significant financial instruments approximate their carrying amounts, with no material differences.

## **4. Significant events during the periods and other information**

### **4.1 Holding restructuring**

On 25 April 2008, the 2008 Annual General Meeting of Shareholders of the Bank passed a resolution approving the Holding Company Restructuring Plan, the disposition of shares in subsidiaries, and the listing of a new holding company on the Stock Exchange of Thailand, depending on consent from regulators. On 25 April 2008, the Extraordinary General Meeting of Shareholders No.1/2008 of the Bank passed a resolution approving the delisting of the shares of the Bank from the Stock Exchange of Thailand, in accordance with the Holding Company Restructuring Plan, whereby a new holding company will list its shares on the Stock Exchange of Thailand in place of the shares of the Bank.

Under the Holding Company Restructuring Plan, a non-bank public company limited will be set up as a holding company and become the parent company in place of the Bank. The holding company will acquire all shares of the Bank and other subsidiary companies (at the same proportion as the Bank previously held). After this restructuring, the holding company will become a listed company instead of the Bank. The holding company will make a tender offer to acquire all securities of the Bank (ordinary shares, preference shares and warrants) from the Bank's shareholders in exchange for newly issued securities of the holding company of the same type and having same rights and conditions as the existing securities of the Bank. The swap price will be set at the market price of the Bank's share, and the swap ratio will be 1:1.

The Bank received preliminary approval of the Holding Company Restructuring Plan from the Stock Exchange of Thailand on 14 March 2008, and is preparing a formal application for approval for submission to the Bank of Thailand. Under this Holding Company Restructuring Plan to be submitted to the Bank of Thailand based on the principles of a Consolidated Supervision, the consolidation will include the Bank and those subsidiaries that are held directly by the Bank. This will differ from the existing consolidation that the Bank will not consolidate TISCO Securities Hong Kong Limited (a subsidiary company) and TISCO Global Securities Limited (a subsidiary of TISCO Securities Company Limited) because those companies are currently in the process of liquidation.

## 4.2 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 2007	The 2007 Annual General Meeting of the Shareholders on 20 April 2007	3.00	2.00	1,633	May 2007
Dividend for the year 2008	The 2008 Annual General Meeting of the Shareholders on 25 April 2008	2.80	1.80	1,490	May 2008

## 4.3 Related party transactions

Besides the related party transactions as described in Note 3.27 to the financial statements, the Bank had additional related party transactions with its subsidiaries, as presented below.

### During the six-month period ended 30 June 2007

On 30 March 2007, the Bank entered into an assignment agreement to purchase all of the hire-purchase contracts from its subsidiary, Thai Commercial Auto Company Limited, for a total consideration of approximately Baht 1,086 million. This was paid to the subsidiary on 5 April 2007. The transaction, which was approved by the Executive Board of Directors' Meeting No.2/2007 on 21 February 2007, gave rise to no profit or loss.

## 4.4 Significant events of subsidiaries

### 4.4.1 Dissolution registration of subsidiaries

#### TISCO Group Company Limited

On 26 March 2007, the Extraordinary General Meeting No.2/2007 of the shareholders passed a special resolution to dissolve the company. The company registered its dissolution with the Ministry of Commerce on 29 March 2007.

On 25 March 2008, the Company registered its liquidation with the Ministry of Commerce.

#### Thai Commercial Auto Company Limited

On 12 April 2007, the Extraordinary General Meeting No.1/2007 of the shareholders passed the special resolution to approve the following:

- Cancellation of 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), which had been approved by the special resolution of the Extraordinary General Meeting No.2/2005 of the Shareholders on 2 November 2005.
- Dissolution of the company. The dissolution was registered with the Ministry of Commerce on 12 April 2007 and is currently in the process of liquidation.

#### VLT Leasing Company Limited

On 12 April 2007, the Extraordinary General Meeting No.1/2007 of the Shareholders passed a special resolution to dissolve the company. The dissolution was registered with the Ministry of Commerce on 12 April 2007 and is currently in the process of liquidation.

#### TISCO Securities Hong Kong Limited

On 26 June 2008, the General Meeting of the Shareholders passed a special resolution to dissolve the Company. TISCO Securities Hong Kong Limited (a subsidiary company) was deregistered on 26 June 2008 and is currently in the process of liquidation.

#### TISCO Global Securities Limited

On 26 June 2008, the General Meeting of the Shareholders passed a special resolution to dissolve the Company. TISCO Global Securities Limited (a subsidiary of TISCO Securities Company Limited) was deregistered on 26 June 2008 and is currently in the process of liquidation.

#### **4.4.2 Capital returns from subsidiaries**

During the second quarter of 2007, the Bank received returns of capital from Thai Commercial Auto Company Limited and TISCO Group Company Limited totaling Baht 512.5 million. In March 2008, the Bank received the return of capital amounting to Baht 1.4 million from TISCO Group Company Limited.

**5. Subsequent event**

On 31 July 2008, the Bank entered into an assignment agreement to purchase all of the hire purchase contracts from its subsidiary, TISCO Leasing Company Limited, for a total consideration of approximately Baht 926 million. This was paid to the subsidiary on 4 August 2008. The transaction was approved by the Executive Board of Directors' Meeting No.6/2008 on 20 June 2008.

**6. Approval of interim financial statements**

These interim financial statements were approved by the Bank's Audit Committee on 8 August 2008.