

TISCO BANK PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS “TISCO FINANCE PUBLIC COMPANY LIMITED”
AND ITS SUBSIDIARY COMPANIES)
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2005 AND 2004

Report of Independent Auditor

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

I have audited the accompanying consolidated balance sheets of TISCO Bank Public Company Limited and its subsidiaries as at 31 December 2005 and 2004, the related consolidated statements of earnings, changes in shareholders’ equity, and cash flows for the years then ended, 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 audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of TISCO Bank Public Company Limited as at 31 December 2005 and 2004, and the results of its operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok : 9 February 2006

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

BALANCE SHEETS

AS AT 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		2005	2004	2005	2004
ASSETS					
CASH		203,952,651	3,765,946	202,324,961	1,841,478
INTERBANK AND MONEY MARKET ITEMS	3.2				
Domestic					
Interest bearing		886,954,771	1,110,260,592	125,449	1,732,744
Non-interest bearing		618,458,009	409,049,166	490,008,800	391,678,147
Total interbank and money market items - net		1,505,412,780	1,519,309,758	490,134,249	393,410,891
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	3.3	2,000,000,000	2,105,000,000	2,000,000,000	2,105,000,000
INVESTMENT IN SECURITIES	3.4, 3.5, 3.8				
Current investment - net		826,593,131	647,498,882	715,779,356	561,924,228
Long-term investment - net		4,378,779,842	4,564,668,591	4,145,861,821	2,867,786,440
Investment in subsidiaries - net		-	-	3,566,055,931	4,625,683,969
Net investments		5,205,372,973	5,212,167,473	8,427,697,108	8,055,394,637
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		61,191,433	159,025,845	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	3.6, 3.8				
Loans and receivable		63,948,411,845	55,759,842,707	57,799,317,430	49,808,256,279
Securities business receivable		1,275,269,335	1,224,893,843	-	-
Total loans and receivable		65,223,681,180	56,984,736,550	57,799,317,430	49,808,256,279
Accrued interest receivable		113,987,295	117,390,139	77,532,932	81,287,821
Total loans, receivable and accrued interest receivable		65,337,668,475	57,102,126,689	57,876,850,362	49,889,544,100
Less : Allowance for doubtful accounts	3.7	(3,181,001,341)	(3,928,871,936)	(2,865,571,288)	(3,231,048,656)
Less : Allowance for loss on debt restructuring	3.7	(303,731,217)	(359,502,073)	(303,731,217)	(359,502,073)
Net loans, receivable and accrued interest receivable		61,852,935,917	52,813,752,680	54,707,547,857	46,298,993,371
PROPERTY FORECLOSED - net	3.9	1,206,694,763	1,230,358,055	1,211,258,840	1,238,019,799
LAND, PREMISES AND EQUIPMENT - net	3.10	1,559,496,070	1,440,706,920	1,004,248,203	899,983,914
DEFERRED TAX ASSETS	3.23	682,854,387	831,145,923	499,674,406	683,855,879
RECEIVABLES FROM SALES OF SECURITIES	4.5	-	-	-	1,485,465,721
DIVIDEND RECEIVABLE FROM SUBSIDIARIES		-	-	846,022,234	-
OTHER ASSETS	3.11	1,004,850,554	980,807,526	833,879,355	784,723,682
TOTAL ASSETS		75,282,761,528	66,296,040,126	70,222,787,213	61,946,689,372

The accompanying notes are an integral part of the financial statements

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

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		2005	2004	2005	2004
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS IN BAHT	3.12	34,450,801,235	39,287,802,319	34,611,262,962	39,305,550,054
INTERBANK AND MONEY MARKET ITEMS					
Domestic - Interest bearing	3.13	6,415,252,821	4,307,266,920	6,231,223,970	4,151,992,808
LIABILITY PAYABLE ON DEMAND		247,287,192	-	247,287,192	-
BORROWINGS					
Short-term borrowings	3.14	12,322,795,836	999,974,076	9,998,000,000	-
Long-term borrowings		5,167,743,812	5,986,309,395	5,144,200,000	5,144,200,000
Total borrowings		17,490,539,648	6,986,283,471	15,142,200,000	5,144,200,000
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		566,490,815	130,994,931	-	-
SECURITIES BUSINESS PAYABLE		1,347,282,618	1,382,248,514	-	-
ACCRUED INTEREST PAYABLE		247,144,460	189,973,464	238,101,787	180,307,848
OTHER LIABILITIES	3.15	1,436,296,502	1,430,574,408	1,102,013,091	1,014,643,898
TOTAL LIABILITIES		62,201,095,291	53,715,144,027	57,572,089,002	49,796,694,608
SHAREHOLDERS' EQUITY					
Share capital					
Registered	2.2	11,002,000	11,002,000	11,002,000	11,002,000
Issued and paid up					
180,947,630 preference shares of Baht 10 each (2004 : 184,123,480 preference shares of Baht 10 each)		1,809,476,300	1,841,234,800	1,809,476,300	1,841,234,800
541,020,120 ordinary shares of Baht 10 each (2004 : 533,907,520 ordinary shares of Baht 10 each)		5,410,201,200	5,339,075,200	5,410,201,200	5,339,075,200
		7,219,677,500	7,180,310,000	7,219,677,500	7,180,310,000
Share premium					
Share premium of preference shares		43,128,630	23,206,450	43,128,630	23,206,450
Share premium of ordinary shares		36,500,000	36,500,000	36,500,000	36,500,000
Revaluation surplus on changes in the value of investment	3.19	1,011,780,646	1,255,383,557	1,011,780,646	1,255,383,557
Translation adjustments		112,560,156	98,315,392	112,560,156	98,315,392
Retained earnings					
Appropriated - statutory reserve	2.3	344,800,000	254,600,000	344,800,000	254,600,000
Unappropriated		3,882,251,279	3,301,679,365	3,882,251,279	3,301,679,365
Equity attributable to Bank shareholders		12,650,698,211	12,149,994,764	12,650,698,211	12,149,994,764
Minority interest - equity attributable to minority shareholders of subsidiary		430,968,026	430,901,335	-	-
TOTAL SHAREHOLDERS' EQUITY		13,081,666,237	12,580,896,099	12,650,698,211	12,149,994,764
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		75,282,761,528	66,296,040,126	70,222,787,213	61,946,689,372
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
Aval to bills and guarantees of loans	3.29	561,000,000	432,669,751	561,000,000	432,669,751
Other commitments		5,085,318,059	5,901,692,945	5,085,318,059	5,901,692,945

The accompanying notes are an integral part of the financial statements

Mr. Pliu Mangkornkanok

Mr. Pichai Chanvirachart

(Chairman of the Executive Board and Chief Executive Officer)

(President)

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

STATEMENTS OF EARNINGS

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		2005	2004	2005	2004
INTEREST AND DIVIDEND INCOME					
Loans		589,703,186	701,054,382	583,655,232	700,036,167
Interbank and money market itmes		144,857,642	48,517,545	100,928,711	28,063,275
Hire purchase and financial lease income		3,544,059,627	2,957,022,258	2,535,591,199	2,135,038,847
Investments		288,778,023	206,767,640	284,507,514	193,617,523
Total interest and dividend income		4,567,398,478	3,913,361,825	3,504,682,656	3,056,755,812
INTEREST EXPENSES					
Deposit		1,049,806,386	726,170,275	1,049,927,580	725,398,353
Interbank and money market items		130,461,116	87,584,270	72,927,476	56,325,612
Short-term borrowings		70,391,099	28,994,867	8,689,919	-
Long-term borrowings		213,500,000	240,232,018	213,500,000	214,084,931
Total interest expenses		1,464,158,601	1,082,981,430	1,345,044,975	995,808,896
Net interest and dividend income		3,103,239,877	2,830,380,395	2,159,637,681	2,060,946,916
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		186,221,513	(174,805,899)	230,527,483	(112,619,601)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		3,289,461,390	2,655,574,496	2,390,165,164	1,948,327,315
NON-INTEREST INCOME					
Brokerage fees		621,950,517	902,779,413	-	-
Gain on investments	3.20	334,062,523	567,097,140	101,293,640	577,595,379
Share of profit of subsidiary companies		-	-	673,014,334	731,559,051
Fees and service income					
Acceptances, aval and guarantees		2,250,197	3,109,239	2,250,197	3,109,239
Others		874,605,453	1,095,539,771	520,057,553	477,993,767
Fees and gain on exchange		2,284,331	2,317,328	-	(577,308)
Other income	3.21	221,902,068	158,616,285	169,856,202	138,830,074
Total non-interest income		2,057,055,089	2,729,459,176	1,466,471,926	1,928,510,202
Total net income		5,346,516,479	5,385,033,672	3,856,637,090	3,876,837,517
NON-INTEREST EXPENSES					
Personnel expenses		1,205,427,967	1,259,001,411	646,896,834	625,519,552
Premises and equipment expenses		415,841,048	351,531,582	308,686,710	243,072,327
Taxes and duties		73,128,868	72,852,780	63,695,372	65,432,456
Fees and service expenses		588,622,501	537,808,292	368,472,295	310,386,612
Directors' remuneration	2.4	7,185,000	7,065,000	6,915,000	6,165,000
Other expenses	3.22	602,635,872	418,064,372	274,128,742	264,171,976
Total non-interest expenses		2,892,841,256	2,646,323,437	1,668,794,953	1,514,747,923
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		2,453,675,223	2,738,710,235	2,187,842,137	2,362,089,594
CORPORATE INCOME TAX	3.23	(635,010,183)	(478,925,856)	(396,992,893)	(137,824,049)
EARNINGS BEFORE MINORITY INTEREST		1,818,665,040	2,259,784,379	1,790,849,244	2,224,265,545
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANY		(27,815,796)	(35,518,834)	-	-
NET EARNINGS FOR THE YEAR		1,790,849,244	2,224,265,545	1,790,849,244	2,224,265,545
EARNINGS PER SHARE					
Basic earnings per share	3.26, 4.4	2.23	2.85	2.23	2.85
Diluted earnings per share		2.20	2.79	2.20	2.79

The accompanying notes are an integral part of the financial statements

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	CONSOLIDATED		THE BANK ONLY	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash flows from operating activities				
Net earnings	1,790,849,244	2,224,265,545	1,790,849,244	2,224,265,545
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary company	27,815,796	35,518,834	-	-
Share of profit from operating results of subsidiaries	-	-	(673,014,334)	(731,559,051)
Depreciation and amortisation	170,020,564	175,155,002	109,443,852	107,918,801
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	(94,434,943)	224,033,546	(146,332,053)	154,675,582
Unrealised loss on revaluation of investment	13,876,397	20,608,044	13,964,083	20,608,044
Allowance for impairment of property foreclosed (reversal)	(34,168,243)	1,276,794	(34,168,243)	82,732
Gain on disposal of investments	(347,938,920)	(592,393,555)	(115,257,723)	(598,183,634)
Gain on disposal of equipment	(8,792,526)	(3,331,989)	(8,677,155)	(1,383,743)
Unrealised loss on valuation of securities held for trading	-	22,634,240	-	-
Loss on disposal of property foreclosed	187,406,361	72,407,364	23,421,852	15,683,854
Decrease in deferred tax assets	176,754,079	119,495,416	210,032,600	137,824,049
Decrease in accrued interest and dividend receivable	8,489,950	15,967,799	8,841,995	745,910,635
Decrease (increase) in other receivable	(3,484,609)	99,476,843	(20,114,610)	4,266,501
Increase (decrease) in accrued interest payable	57,170,996	(4,183,504)	57,793,939	2,491,359
Increase (decrease) in accrued expenses	24,822,687	(58,849,820)	42,361,682	9,814,471
Earnings from operating activities before changes in operating assets and liabilities	1,968,386,833	2,352,080,559	1,259,145,129	2,092,415,145
Decrease (increase) in operating assets				
Interbank and money market items	13,896,978	271,636,406	(96,723,358)	(160,488,877)
Securities purchased under resale agreements	105,000,000	(2,068,000,000)	105,000,000	(2,068,000,000)
Investment in securities - held for trading	-	475,806,861	-	-
Trading transactions with securities companies	97,834,412	571,166,451	-	-
Loans and receivable	(9,796,797,459)	(10,925,060,885)	(8,660,137,387)	(10,299,495,295)
Securities business loans and receivable	(51,472,569)	2,203,108,208	-	-
Property foreclosed	832,148,188	412,735,811	533,541,200	318,399,059
Other assets	(111,558,588)	696,138,408	1,375,570,112	624,377,605
Increase (decrease) in operating liabilities				
Deposits	(4,837,001,084)	6,214,017,476	(4,694,287,092)	5,984,202,283
Interbank and money market items	2,107,985,901	(30,262,581)	2,079,231,162	622,949,530
Liabilities payable on demand	247,287,192	-	247,287,192	-
Short-term borrowings	10,504,256,177	75,579,702	9,998,000,000	-
Trading transactions with securities companies	435,495,884	(733,592,520)	-	-
Securities business payable	(34,965,896)	(1,916,918,357)	-	-
Other liabilities	(26,727,205)	293,548,025	41,283,511	272,788,224
Net cash flows from (used in) operating activities	<u>1,453,768,764</u>	<u>(2,108,016,436)</u>	<u>2,187,910,469</u>	<u>(2,612,852,326)</u>

The accompanying notes are an integral part of the financial statements

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

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	CONSOLIDATED		THE BANK ONLY	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(9,970,851,702)	(6,519,090,161)	(10,354,125,084)	(6,021,101,238)
Cash received from disposal of investment in securities held for investment	10,011,616,371	9,392,491,569	9,619,900,218	9,292,075,017
Cash paid for purchase of equipment	(237,502,454)	(144,448,145)	(206,903,348)	(92,595,848)
Cash received from disposal of equipment	17,448,612	12,201,795	14,488,878	4,521,053
Cash paid for purchase of a subsidiary	-	(42,000,000)	-	-
Net cash flows from (used in) investing activities	<u>(179,289,173)</u>	<u>2,699,155,058</u>	<u>(926,639,336)</u>	<u>3,182,898,984</u>
Cash flows from financing activities				
Cash received from long-term borrowings	-	32,109,395	-	-
Dividend paid	(1,147,827,330)	(697,534,780)	(1,120,077,330)	(648,534,780)
Cash received from exchange of warrants to purchase preference shares	59,289,680	78,509,910	59,289,680	78,509,910
Net cash flows used in financing activities	<u>(1,088,537,650)</u>	<u>(586,915,475)</u>	<u>(1,060,787,650)</u>	<u>(570,024,870)</u>
Translation adjustment	<u>14,244,764</u>	<u>(4,085,363)</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	200,186,705	137,784	200,483,483	21,788
Cash and cash equivalents at beginning of the year	3,765,946	3,628,162	1,841,478	1,819,690
Cash and cash equivalents at end of the year	<u>203,952,651</u>	<u>3,765,946</u>	<u>202,324,961</u>	<u>1,841,478</u>
	-	-	-	-
Supplemental cash flows information :-				
Cash paid during the year for				
Interest	1,407,426,568	1,085,055,972	1,287,251,036	993,317,537
Corporate income tax	419,924,898	405,425,215	116,496,702	26,846,233
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	71,126,000	33,157,000	71,126,000	33,157,000
Transfer of property foreclosed to land, premises and equipment	39,172,584	152,183,652	-	73,311,066
Transfer of assets from troubled debt restructuring	-	76,276,200	-	76,276,200

The accompanying notes are an integral part of the financial statements

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	CONSOLIDATED									
	Issued and paid-up share capital		Share premium		Surplus	Translation	Statutory	Unappropriated	Minority interest-	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	adjustments	reserve	retained earnings	equity attributable to minority shareholders	
Balance as at 31 December 2003	1,811,276,800	5,305,918,200	7,811,540	36,500,000	1,032,910,120	102,400,755	143,300,000	1,837,248,600	443,740,156	
Increase in fair value of investments	-	-	-	-	222,473,437	-	-	-	-	222,473,437
Decrease in translation adjustments	-	-	-	-	-	(4,085,363)	-	-	-	(4,085,363)
Net earnings for the year	-	-	-	-	-	-	-	2,224,265,545	-	2,224,265,545
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	(648,534,780)	-	(648,534,780)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	111,300,000	(111,300,000)	-	-
Warrants converted to preference shares	63,115,000	-	15,394,910	-	-	-	-	-	-	78,509,910
Preference shares converted to ordinary shares	(33,157,000)	33,157,000	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(12,838,821)	(12,838,821)
Balance as at 31 December 2004	1,841,234,800	5,339,075,200	23,206,450	36,500,000	1,255,383,557	98,315,392	254,600,000	3,301,679,365	430,901,335	12,580,896,099
Decrease in fair value of investments	-	-	-	-	(243,602,911)	-	-	-	-	(243,602,911)
Increase in translation adjustments	-	-	-	-	-	14,244,764	-	-	-	14,244,764
Net earnings for the year	-	-	-	-	-	-	-	1,790,849,244	-	1,790,849,244
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	(1,120,077,330)	-	(1,120,077,330)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	90,200,000	(90,200,000)	-	-
Warrants converted to preference shares	39,367,500	-	19,922,180	-	-	-	-	-	-	59,289,680
Preference shares converted to ordinary shares	(71,126,000)	71,126,000	-	-	-	-	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	-	66,691	66,691
Balance as at 31 December 2005	1,809,476,300	5,410,201,200	43,128,630	36,500,000	1,011,780,646	112,560,156	344,800,000	3,882,251,279	430,968,026	13,081,666,237

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

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

THE BANK ONLY

	Issued and paid-up share capital		Share premium		Surplus from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares					
	Balance as at 31 December 2003	1,811,276,800	5,305,918,200	7,811,540					
Increase in fair value of investments	-	-	-	-	222,473,437	-	-	-	222,473,437
Decrease in translation adjustments	-	-	-	-	-	(4,085,363)	-	-	(4,085,363)
Net earnings for the year	-	-	-	-	-	-	-	2,224,265,545	2,224,265,545
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	(648,534,780)	(648,534,780)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	111,300,000	(111,300,000)	-
Warrants converted to preference shares	63,115,000	-	15,394,910	-	-	-	-	-	78,509,910
Preference shares converted to ordinary shares	(33,157,000)	33,157,000	-	-	-	-	-	-	-
Balance as at 31 December 2004	1,841,234,800	5,339,075,200	23,206,450	36,500,000	1,255,383,557	98,315,392	254,600,000	3,301,679,365	12,149,994,764
Decrease in fair value of investments	-	-	-	-	(243,602,911)	-	-	-	(243,602,911)
Increase in translation adjustments	-	-	-	-	-	14,244,764	-	-	14,244,764
Net earnings for the year	-	-	-	-	-	-	-	1,790,849,244	1,790,849,244
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	(1,120,077,330)	(1,120,077,330)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	90,200,000	(90,200,000)	-
Warrants converted to preference shares	39,367,500	-	19,922,180	-	-	-	-	-	59,289,680
Preference shares converted to ordinary shares	(71,126,000)	71,126,000	-	-	-	-	-	-	-
Balance as at 31 December 2005	1,809,476,300	5,410,201,200	43,128,630	36,500,000	1,011,780,646	112,560,156	344,800,000	3,882,251,279	12,650,698,211

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

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

**SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION AND PRESENTATION
OF FINANCIAL STATEMENTS**

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act. B.E. 2547, and in accordance with the Notifications of the Bank of Thailand and the Office of the Securities and Exchange Commission.

Significant accounting policies adopted by the Bank and its subsidiaries are summarised below :-

1.1 Revenue recognition

a) Interest and discounts on loans

Interest 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 on such loans and receivables. For hire purchase and financial lease accounts which are overdue for more than three months, the recognition of interest income is ceased. The recorded accrued interest will be reversed from the Bank and its subsidiaries' accounts and interest will be 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 recognised on a cash basis.

The accounts will be reinstated to “accrual basis” when the overdue amount 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 dividends are declared.

c) Commissions and brokerage

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

d) Gain (loss) on trading in securities

Gain (loss) on trading of investment in securities are recognised as income/expense on the transaction dates.

e) Fees and service income

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

1.2 Interest expenses

Interest expenses are charged to earnings 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.

1.3 Investments in securities

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 earnings.

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, the changes are then included in determining earnings.

Investments in debt securities, both due within one year or expected to be held to maturity, are determined at cost after amortisation.

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.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt instruments 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.

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 earnings.

The moving average method is used for computation of the cost of investment.

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 earnings 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.

1.4 Investments in receivables purchased or transferred in and allowance for impairment of investments

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 earnings.

For investments in receivable purchased or transferred in, who entered into troubled debt restructuring will be transferred to loans and receivable and valued at fair value, net of allowance for doubtful debt. The fair value is based on the outstanding balance of investments in receivable purchased or transferred in, as at transferred date or as at the date of restructuring. Allowance for doubtful debt is based on the Bank of Thailand's guideline with the same as allowance for loans and receivable.

1.5 Investment in subsidiary and associated companies

Investments in subsidiary and associated companies are accounted for by the equity method. Under this method investment are initially recorded at cost. In each period after the purchase, investments are adjusted for the share of earnings from the operations of the subsidiaries, these amounts are in proportion to the investment.

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

1.6 Loans and receivables

The Bank and its subsidiaries present loans and receivables at principal balances, excluding accrued interest receivables. Unrecognised deferred income/discount on loans are deducted from loans.

1.7 Allowance for doubtful accounts and losses from troubled debt restructuring

The Bank and its subsidiaries provide allowances for doubtful accounts and losses from troubled debt restructuring in accordance with the notifications of the Bank of Thailand (“BOT”) or the Office of the Securities and Exchange Commission (“SEC”) and adjust the additional amount by which they expected not to be collectible. Judgment on the adequacy of the amount of allowance for doubtful accounts is based on the results of an evaluation of the current status of the debtors, in conjunction with the criteria laid down by the BOT or SEC in relation to the classification of loans, provisioning rates, valuation of collateral and reclassification of restructured loans.

An allowance for doubtful accounts for the hire-purchase and financial lease receivable of the subsidiaries is based on a percentage of the outstanding balance, net of unearned interest income. At the balance sheet date, the adequacy of the allowance for doubtful accounts is reviewed taking into consideration the current status of debtors. Accounts considered as uncollectible are written off as bad debts.

1.8 Troubled debt restructuring

The Bank records troubled debt restructuring transactions in accordance with the Bank of Thailand’s regulations and Accounting Standard No. 34 “Accounting for Troubled Debts Restructuring”. The assets and equities was transferred to the Bank for debt settlement at lower of fair values of the assets, less estimated selling expenses, or the amount of investment in receivables (excluding non-accrued interest income at the restructuring date).

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

1.9 Recognition and amortisation of customers' deposits assets

Cash which customers have placed with a subsidiary company for securities trading through cash accounts are 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.

1.10 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.

The 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 years, the balance of Securities borrowing payables and Securities borrowing receivables are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand of the last working day of the year. Gains or losses arising from such adjustment are included in determining earnings. The subsidiary company records cash received as collateral for securities borrowing as "Guaranteed deposit payables". Fees for borrowing and lending are recognised on an accrual basis over the term of the lending.

1.11 Property foreclosed

Property foreclosed represents assets transferred from loans, hire purchase receivable on which the debtors had defaulted on their repayment obligations under the loan contracts or restructured receivables. The value of the assets are stated at the lower of the loans balance or market/appraisal value.

Property foreclosed is stated at the lower of cost or net realisable value.

1.12 Financial lease

The Bank and its subsidiaries record assets under financial leases as assets and liabilities at the fair value of leased assets on the commencing date of the lease or at the present value of the minimum payments stipulated in the lease agreement, whichever is lower. The Bank and its subsidiaries use the interest rate specified in the lease agreement as the discount rate for calculating the present value of minimum payments. Interest is recorded throughout the lease period based on the outstanding amount payable in each period.

1.13 Depreciation and amortisation

- a) Land, premises and equipment are stated at cost less accumulated depreciation. Depreciation is calculated by reference to their cost on the straight-line method over the following estimated useful lives (with the exception of the depreciation of computer and communication equipment acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years) :-

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 for land.

- b) Leasehold rights are amortised to expenses on a straight-line basis over the lease period of 12, 13.5 and 15 years.
- c) Software license fees are deferred and amortised over the period of the license agreements, which are for periods of 5 and 10 years. (with the exception of the amortisation of software licenses acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years).
- d) Licenses to trade securities on the Hong Kong Exchange and Clearing Limited (“HKEC”) are stated at cost less amortisation on a straight-line basis over 10 years.

1.14 Deferred tax assets/liabilities

Accounting policy regarding deferred tax assets/liabilities complies with International Accounting Standards No.12 “Income taxes”.

The Bank and its subsidiaries provide for deferred income tax resulting from 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, and temporary differences in reporting income and expenses for financial reporting compared to income tax reporting. Accordingly, the income tax applicable to income which is not currently recognised, or to expenses which are not currently deductible for income tax purposes are set up as “Deferred income taxes” in the balance sheets. This will be allocated to future periods when the income is realised, or the expenses provided for, are actually incurred and considered deductible for income tax purposes.

However, the Bank and its subsidiaries will recognise tax benefits as assets in its books of account if it is highly probable that the Bank and its subsidiaries will generate sufficient profits from their future operations to utilise these benefits.

1.15 Sales of commercial paper

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

Commercial paper without an aval or acceptance, which is 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 availed 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”.

1.16 Foreign currencies

Foreign currency transactions during the year have been translated into Baht at the rates ruling on the transaction dates. Assets and liabilities in foreign currencies outstanding on the balance sheet date have been translated into Baht at the rates ruling on the balance sheet date, except those covered by forward exchange contracts have been translated at the contract rates.

Exchange gains and losses are included in determining earnings. Premium on forward contracts is amortised over the contract period.

1.17 Financial instruments

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

Financial instruments presented in the balance sheets comprise of cash, interbank and money market items (assets), securities purchased under resale agreements, investments, loans, receivables and accrued interest receivables, trading transactions with securities companies, deposits, interbank and money market items (liabilities), borrowings, securities sold under repurchase agreements and securities business payables. The accounting policy for each transaction is separately and individually disclosed.

1.18. Fair value

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

a) Financial assets

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

b) Financial liabilities

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

1.19 Basic earnings per share

Calculation of earnings per share is summarized below :-

- Basic earnings per share is calculated by dividing net earnings for the year, after deducting the dividend paid to the preference shareholders in preference to the ordinary shareholders, by the weighted average number of ordinary shares and preference shares in issuing during the year.
- Diluted earnings per share is calculated by dividing net earnings for the year, after deducting the dividend paid to the preference shareholders in preference to the ordinary shareholders, by the sum of the weighted average number of ordinary shares and preference shares in issuing during the year 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 year or on the date the warrants were issued.

1.20 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in setting up allowances for impairment of investments and property foreclosed, allowance for doubtful accounts and losses from troubled debt restructuring. Making such estimates and assumptions may affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

1.21. Basis for the preparation of the consolidated financial statements

The consolidated financial statements include the accounts of TISCO Bank Public Company Limited (the “Bank”) and its subsidiary companies (the “subsidiaries”) after eliminating material intercompany balances and transactions.

The financial statements of overseas subsidiaries are translated to Thai Baht at the average closing exchange rate as to assets and liabilities, and at the average exchange rate at transaction dates as to revenues and expenses. The resultant difference has been shown under the caption of “Translation adjustments” within shareholders’ equity.

1.22. Presentation

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

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

2. GENERAL INFORMATION

2.1 The Bank's information

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

2.2 Share capital

The Bank has a registered capital of Baht 11,002 million which, according to the documents filed with the Ministry of Commerce in 1999, comprises 100.2 million ordinary shares and 1,000 million preference shares, both with a par value of Baht 10 each. The preference shares can be, and were from time to time, converted to ordinary shares in accordance with the Memorandum and Articles of Association.

The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that the holders of preference shares receive dividend for each of the year that the Bank pays dividend prior to the holders of ordinary shares at the rate of 1 Baht per share. Additionally, the holders of preference shares are entitled to share the leftover dividend with the holders of ordinary shares. In the year that the Bank does not declare dividend payment to the holders of ordinary shares, the Bank may declare dividend payment at the above-mentioned rate to the holders of preference shares. The holders of preference shares shall be entitled to receive dividend only in the years in which the Bank has declared dividend payment. Dividend shall not be made up in subsequent years for the years that the Bank did not declare dividend payment. Since 30 June 2009, the rights and benefits of the preference shareholders shall be equal to the holders of ordinary shares.

On 10 April 2000, the annual general meeting of the Bank's shareholders passed a resolution approving the allocation to directors and employees of the Bank and its subsidiaries a total of 30 million, 5-year, non-negotiable warrants to purchase the Bank's preference shares, exercisable in a ratio of 1 warrant to 1 preference share, and passed a resolution approving the establishment an Allotment Committee. Such committee resolved that the warrants would not be allocated to the Bank's directors, except for those directors who were qualified by virtue of being the Bank employees. The exercise price of the warrants was stipulated at 75 percent of the ten-trading-day average closing price of the Bank's preference shares prior to the effective date of the filing, subject to a minimum price of par value. The warrants are to be offered subsequent to the receipt of approval from the Office of the Securities and Exchange Commission. In addition, the annual general meeting passed a resolution approving the un-allocation of 400 million preference shares (including 300 million preference shares which were to be reserved for the conversion of convertible debentures). Thirty million preference shares with a par value of Baht 10 each are to be reserved for the exercise of the warrants to be issued and offered to directors and employees of the Bank and its subsidiaries to purchase the Bank's preference shares, leaving 370 million unallocated preference shares.

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

2.3 Statutory reserve

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

2.4 Directors' remuneration

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

2.5 Provident fund

The Bank, its seven subsidiaries and their employees have jointly registered provident fund schemes under the Provident Fund Act B.E. 2530. The funds are contributed to by both the employees and the companies at rates of 5-10 percent of their employees' salaries depending on the number of years of service. The funds will be paid to the employees upon termination in accordance with the rules of the funds, and they are managed by the Bangkok Bank Public Company Limited.

2.6 Related person and party transactions

The Bank had significant business transactions with its subsidiary and related companies (related by way of common shareholders and/or common directors). Such transactions have been concluded on the terms and basis as determined by the Bank and those companies, which are reference to the terms and price as charged to other customers.

The Bank and its subsidiaries have neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10% of the common shares of paid up capital are held by the Bank, the Bank's directors or management-level employees, with the exception of loans to employees under the employee welfare scheme, as mentioned in Note 3.27 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 an approval from the Bank of Thailand.

The Bank and its subsidiaries have no investments in related companies which are related by way of members of the management of the Bank or of its subsidiaries being shareholders and/or directors.

3. DETAILS OF FINANCIAL STATEMENTS

3.1 Consolidated financial statements

3.1.1 List of subsidiaries included in consolidated financial statements

(Unit : Percentage)

Company	Country of incorporation	Percentage of shares held by the Company as at 31 December		Subsidiaries' total assets as a percentage to the consolidated total as at 31 December		Subsidiaries' total revenues as a percentage to the consolidated total for the years ended 31 December		Subsidiaries' net earnings (loss) as a percentage to the consolidated total for the years ended 31 December	
		2005	2004	2005	2004	2005	2004	2005	2004
		Subsidiaries directly owned by the Bank							
TISCO Securities Hong Kong Limited	China-Hong Kong	100.00	100.00	1.43	1.66	1.10	1.22	(0.82)	(0.52)
TISCO Securities Co., Ltd.	Thailand	99.99	99.99	1.91	3.75	13.66	22.99	14.94	24.72
TISCO Asset Management Co., Ltd.	Thailand	99.99	99.99	0.24	0.41	5.13	4.29	5.28	3.98
TISCO Leasing Co., Ltd.	Thailand	99.99	99.99	2.68	2.81	2.35	2.63	2.56	1.60
Hi-Way Co., Ltd.	Thailand	99.99	99.99	3.63	3.21	13.12	10.66	7.20	5.32
TISCO Information Technology Co., Ltd. (Formerly known as "Thai Information Technology Co., Ltd.")	Thailand	99.99	99.99	0.03	0.03	0.06	0.24	(5.12)	(3.47)
Thai Commercial Auto Co., Ltd.	Thailand	50.00	50.00	2.68	3.63	2.22	3.44	3.13	3.64
TISCO Group Co., Ltd. (Formerly known as "Thai Permsap Finance Co., Ltd.")	Thailand	99.99	99.99	-	0.12	-	0.05	(0.10)	0.04
TISCO Corporation Public Co., Ltd.	Thailand	95.00	-	-	-	-	-	-	-
Subsidiaries indirectly owned by the Bank									
TISCO Global Investment Holdings Limited	China-Hong Kong	100.00	100.00	-	-	0.03	0.01	0.08	0.03
TISCO Securities UK Limited (Liquidation in 2005)	United of Kingdom	-	100.00	-	-	-	-	-	-
TISCO Securities Singapore Pte. Ltd.	Singapore	100.00	100.00	-	-	-	-	(0.01)	(0.04)
VLT Leasing Co., Ltd.	Thailand	50.00	50.00	0.02	0.18	0.21	0.46	0.25	0.77

3.1.2 The financial statements of a subsidiary company, which are included in the consolidated financial statements, was prepared by the management of the subsidiary company and not audited by its auditor

(unit : Million Baht)

	Subsidiary's total assets included in the consolidated financial statements as at 31 December 2005	Subsidiary's total revenue included in the consolidated financial statements for the year ended 31 December 2005	Subsidiary's net earnings (loss) include in the consolidated financial statements for the year ended 31 December 2005
Subsidiary's indirectly owned by the Bank			
TISCO Securities Singapore Pte. Ltd.	-	-	(0.01)

These amounts are immaterial to the consolidated financial statements and the management believes that such amounts will not significantly differ if the financial statements were to be audited by auditor.

3.2 Interbank and money market items (assets)

(Unit : Baht)

	Consolidated as at 31 December					
	2005			2004		
	At call	Term	Total	At call	Term	Total
Bank of Thailand and Financial Institutions						
Development Fund	452,351,484	-	452,351,484	242,167,356	-	242,167,356
Commercial banks	1,015,267,489	10,600,184	1,025,867,673	1,224,460,178	10,598,250	1,235,058,428
Other banks and financial institutions	27,193,623	-	27,193,623	41,833,014	-	41,833,014
Total domestic	1,494,812,596	10,600,184	1,505,412,780	1,508,460,548	10,598,250	1,519,058,798
Add : Accrued interest	-	-	-	250,960	-	250,960
Total	1,494,812,596	10,600,184	1,505,412,780	1,508,711,508	10,598,250	1,519,309,758

(Unit : Baht)

	The Bank Only as at 31 December					
	2005			2004		
	At call	Term	Total	At call	Term	Total
Bank of Thailand and Financial Institutions						
Development Fund	452,351,484	-	452,351,484	241,031,752	-	241,031,752
Commercial banks	37,657,316	125,449	37,782,765	152,253,847	125,292	152,379,139
Total domestic	490,008,800	125,449	490,134,249	393,285,599	125,292	393,410,891
Add : Accrued interest	-	-	-	-	-	-
Total	490,008,800	125,449	490,134,249	393,285,599	125,292	393,410,891

(United : Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated		The Bank Only		Type of pledged
	As at 31 December		As at 31 December		
	2005	2004	2005	2004	
Cash at banks of the Bank and its local subsidiaries	10	10	-	-	To secure facilities provided for use as working capital
Cash at bank of the foreign subsidiary	-	91	-	-	To secure the credit facility
Promissory notes deposited in name of subsidiary for securities borrowing and lending	12	-	-	-	As collateral for borrowing securities, which a subsidiary received from a client under a securities borrowing and lending agreement.

3.3 Securities purchased under resale agreements

(Unit : Million Baht)

	Consolidated/The Bank Only as at 31 December	
	2005	2004
Bank of Thailand securities	2,000	2,105

3.4 Investments in securities

(Unit : Baht)

	Consolidated as at 31 December			
	2005		2004	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investment</u>				
Trading securities				
Equity securities :				
Domestic marketable equity securities	712	1,000	712	805
Add : Allowance for changes in value	288		93	
Net equity securities	1,000		805	
Total trading securities	1,000		805	
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	407,956,994	407,906,038	314,140,564	314,131,446
Debt securities of private sector	285,452,079	221,803,717	196,383,179	133,133,799
Total	693,409,073	629,709,755	510,523,743	447,265,245
Less : Allowance for changes in value	(3,285,318)		(2,844,498)	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	629,709,755		447,265,245	
Equity securities :				
Domestic marketable equity securities	124,491,790	86,108,412	318,518,375	123,566,762
Add (less) : Allowance for changes in value	(38,383,378)		9,259,557	
Less : Allowance for impairment	-		(204,211,170)	
Net equity securities	86,108,412		123,566,762	
Total available-for-sales securities	715,818,167		570,832,007	
Held-to-maturity debt securities-due within 1 year				
Government and state enterprise securities	1,570,129		76,666,070	
Foreign debt securities	109,203,835		-	
Total held-to-maturity debt securities-due within 1 year	110,773,964		76,666,070	
Net current investments	826,593,131		647,498,882	

(Unit : Baht)

	Consolidated as at 31 December			
	2005		2004	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000,000	100,523,500	125,894,304	125,725,435
Add (less) : Allowance for changes in value	523,500		(168,869)	
Debt securities - net	100,523,500		125,725,435	
Equity securities :				
Domestic marketable equity securities	2,620,256,702	2,928,773,993	2,756,406,863	3,112,243,764
Other securities - unit trusts	188,945,143	209,833,092	125,986,445	134,717,219
Total	2,809,201,845	3,138,607,085	2,882,393,308	3,246,960,983
Add : Allowance for changes in value	329,405,240		364,567,675	
Net equity securities	3,138,607,085		3,246,960,983	
Total available-for-sales securities	3,239,130,585		3,372,686,418	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	337,210,727		337,248,342	
Debt securities of private sector	4,000		6,485,340	
Total held-to-maturity debt securities	337,214,727		343,733,682	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,042,888,354		1,075,835,309	
Investment in receivables	7,626,324		6,529,247	
Less : Allowance for impairment	(248,080,148)		(234,116,065)	
Total other investment	802,434,530		848,248,491	
Net long-term investments	4,378,779,842		4,564,668,591	
Net investments	5,205,372,973		5,212,167,473	

(Unit : Baht)

The Bank Only as at 31 December

	2005		2004	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investment</u>				
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	406,626,435	406,576,628	303,386,922	303,379,072
Debt securities of private sector	285,452,078	223,094,326	196,383,179	134,978,394
Total	692,078,513	629,670,944	499,770,101	438,357,466
Less : Allowance for changes in value	(1,993,569)		(998,635)	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	629,670,944		438,357,466	
Equity securities :				
Domestic marketable equity securities	124,491,790	86,108,412	318,518,375	123,566,762
Add (less) : Allowance for changes in value	(38,383,378)		9,259,557	
Less : Allowance for impairment	-		(204,211,170)	
Net equity securities	86,108,412		123,566,762	
Net available-for-sales securities	715,779,356		561,924,228	
Net current investments	715,779,356		561,924,228	
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000,000	100,523,500	126,986,090	126,817,221
Add (less) : Allowance for changes in value	523,500		(168,869)	
Debt securities – net	100,523,500		126,817,221	
Equity securities :				
Domestic marketable equity securities	2,604,165,076	2,909,412,865	1,271,834,559	1,619,473,130
Other securities – unit trusts	5,948,876	5,977,197	11,896,279	11,954,452
Total	2,610,113,952	2,915,390,062	1,283,730,838	1,631,427,582
Add : Allowance for changes in value	305,276,110		347,696,744	
Net equity securities	2,915,390,062		1,631,427,582	
Total available-for-sales securities	3,015,913,562		1,758,244,803	

(Unit : Baht)

	The Bank Only as at 31 December			
	2005		2004	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	335,000,000		335,000,000	
Debt securities of private sector	-		6,481,340	
Total held-to-maturity debt securities	335,000,000		341,481,340	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,032,775,160		995,647,115	
Investment in receivables	10,253,247		6,529,247	
Less : Allowance for impairment	(248,080,148)		(234,116,065)	
Total other investment	794,948,259		768,060,297	
Net long-term investments	4,145,861,821		2,867,786,440	
Investment in subsidiaries				
Investment in subsidiaries	3,566,055,931		4,625,683,969	
Net investments	8,427,697,108		8,055,394,637	

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

(Unit : Million Baht)

	Consolidated/the Bank Only		Remark
	As at 31 December		
	2005	2004	
Government bonds	335	335	These bonds are redeemable within a 10-year period, non-negotiable and carry interest at rates of 4% and 5% per annum.

3.4.2 Investments subject to restriction

(Unit : Million Baht)

Type of investment	Consolidated		The Bank Only		Type of restriction
	As at 31 December		As at 31 December		
	2005	2004	2005	2004	
Domestic marketable equity securities	35	122	35	122	Marketable equity securities may not be sold during the period stipulated as a condition of troubled debt restructuring agreements made with restructured receivables.
Domestic non-marketable equity securities	13	13	13	13	Pledged as security for short-term loan from a company
Government debt securities	5	4	3	3	Pledged for electricity usage
Government debt securities	63	73	63	73	Pledged under agreement to swap a floating interest rate for a fixed interest rate, described in Note 3.30.2
Foreign debt securities	109	-	-	-	Pledged to secure credit facility

3.4.3 Investment in debt securities classified by due date

(Unit : Baht)

	Consolidated as at 31 December 2005			
	Maturity			
	1 year	Over 1 - 5 years	Over 5 years	Total
Available-for-sale securities				
Government and state enterprise securities	407,956,994	-	-	407,956,994
Debt securities of private sector	80,254,236	107,500,500	197,697,343	385,452,079
Total	488,211,230	107,500,500	197,697,343	793,409,073
Add (less) : Allowance for changes in value	(1,475,444)	(2,323,991)	1,037,617	(2,761,818)
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	426,321,786	105,176,509	198,734,960	730,233,255
Held-to-maturities debt securities				
Government and state enterprise securities	1,570,129	337,210,727	-	338,780,856
Debt securities of private sector	-	4,000	-	4,000
Foreign debt securities	109,203,835	-	-	109,203,835
Total	110,773,964	337,214,727	-	447,988,691
Total debt securities	537,095,750	442,391,236	198,734,960	1,178,221,946

(Unit : Baht)

The Bank Only as at 31 December 2005				
	Maturity			Total
	1 year	Over 1 - 5 years	Over 5 years	
Available-for-sale securities				
Government and state enterprise securities	406,626,435	-	-	406,626,435
Debt securities of private sector	80,254,236	107,500,500	197,697,342	385,452,078
Total	486,880,671	107,500,500	197,697,342	792,078,513
Add (less) : Allowance for changes in value	(183,695)	(2,323,991)	1,037,617	(1,470,069)
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	426,282,976	105,176,509	198,734,959	730,194,444
Held-to-maturities debt securities				
Government and state enterprise securities	-	335,000,000	-	335,000,000
Total	-	335,000,000	-	335,000,000
Total debt securities	426,282,976	440,176,509	198,734,959	1,065,194,444

3.4.4 Investment in companies which have weak financial standing or operating results

(Unit : Baht)

Consolidated / The Bank Only			
As at 31 December 2005			
	Cost	Fair value	Allowance for changes in Value ⁽¹⁾
Companies having problems with debt repayment or in default	67,873,030	-	67,873,030

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

3.4.5 Investments whereby the Bank and its subsidiaries hold not less than 10 percent of the equity of the investees

(Unit : Baht)

Name	Consolidated as at 31 December					
	2005			2004		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
			%			%
Insurance :						
GITC Co., Ltd.	13,200,000	-	40	13,200,000	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,016	-	11
Services :						
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	35,334,990	-	10
Leasing and hire purchase :						
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
Trading import and export :						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,654,300	-	10	3,918,000	-	10
Real estate :						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	10,422,000	-	10	11,400,000	-	10
Industrial :						
Siam Art Ceramic Co., Ltd.	14,762,000	-	10	13,970,000	-	10

(Unit : Baht)

Name	The Bank Only as at 31 December					
	2005			2004		
	Book value	Unpaid Amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
			%			%
Insurance :						
GITC Co., Ltd.	13,200,000	-	40	13,200,000	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,016	-	11
Services :						
TISCO Securities Hong Kong Limited	243,097,170	-	100	244,937,730	-	100
TISCO Securities Co., Ltd.	1,581,799,090	-	99.99	1,732,398,319	-	99.99
TISCO Asset Management Co., Ltd.	118,057,131	-	99.99	249,975,933	-	99.99
TISCO Information Technology Co., Ltd. (Formerly known as “Thai Information Technology Co., Ltd.”)	7,669,227	-	99.99	34,022,388	-	99.99
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	35,334,990	-	10
Leasing and hire purchase :						
Thai Commercial Auto Co., Ltd.	430,843,955	100,000,000	50	430,778,155	100,000,000	50
Hi-Way Co., Ltd. (ordinary shares and preference shares)	114,575,472	-	99.99	581,621,926	-	99.99
TISCO Leasing Co., Ltd.	998,653,779	-	99.99	1,281,001,766	-	99.99
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
Trading import and export :						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,654,300	-	10	3,918,000	-	10
Real estate :						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	10,422,000	-	10	11,400,000	-	10
Industrial :						
Siam Art Ceramic Co., Ltd.	14,762,000	-	10	13,970,000	-	10
Holding :						
TISCO Group Co., Ltd. (Formerly known as “Thai Permsap Finance Co., Ltd.”)	71,428,607	-	99.99	70,947,752	-	99.99
TISCO Corporation Plc.	(68,500)	-	95	-	-	-

3.4.6 The Bank does not record investments by the equity method for any investments which had been transferred as the result of debt restructuring, and the Bank holds not less than 20% of the equity. The Bank is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations. Investments in which the Bank holds not less than 20% of the equity, that are not recorded under equity method are presented below :-

Name	Consolidated/The Bank Only	
	As at 31 December 2005	
	Book value	Percentage of holding
	Baht	%
GITC Co., Ltd.	13,200,000	40
Jiji Press (Thailand) Co., Ltd.	1,627,646	20
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	21

3.5 Investment in subsidiary companies

Company's name	Nature of Business	Paid-up share capital		Cost method		Equity method ⁽¹⁾		(Unit : Million Baht) Dividend income received ⁽²⁾ for the year ended	
		As at 31 December		As at 31 December		As at 31 December		31 December	
		2005	2004	2005	2004	2005	2004	2005	2004
Subsidiary companies directly held by the Bank :									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	243	245	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,582	1,732	395	300
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	118	250	200	100
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	999	1,281	351	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	114	581	590	-
TISCO Information Technology Co., Ltd. (Formerly known as "Thai Information Technology Co., Ltd.")	Services	20	20	44	44	8	34	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	431	431	28	58
TISCO Group Co., Ltd. (Formerly known as "Thai Permsap Finance Co., Ltd.")	Holdings	150	150	150	150	71	71	-	-
TISCO Corporation Plc.	Holdings	-	-	-	-	-	-	-	-
						<u>3,566</u>	<u>4,625</u>	<u>1,564</u>	<u>458</u>

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

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

On 28 November 2003, the Bank received approval from the Bank of Thailand to accept the transfer of business from Tru-Way Company Limited (which is a subsidiary company), in accordance with the resolutions of the annual general meeting of the Company'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.

3.6 Loans, receivable and accrued interest receivable

3.6.1 Classified by loan type

	(Unit : Baht)			
	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
<u>Loans and receivable :</u>				
Loans	13,892,440,686	11,150,259,917	13,833,778,155	11,098,904,210
Notes receivable	-	1,674,745,011	-	1,674,745,011
Hire - purchase and financial lease receivable	50,055,971,159	42,934,837,779	43,965,539,275	37,034,607,058
Total loans and receivable	63,948,411,845	55,759,842,707	57,799,317,430	49,808,256,279
Add : Accrued interest receivable	113,987,295	117,390,139	77,532,932	81,287,821
Less : Allowance for doubtful accounts	(3,122,949,106)	(3,440,301,145)	(2,865,571,288)	(3,231,048,656)
Less : Allowance for loss on debt restructuring	(303,731,217)	(359,502,073)	(303,731,217)	(359,502,073)
Net loans and receivable and accrued interest receivable	60,635,718,817	52,077,429,628	54,707,547,857	46,298,993,371
<u>Securities business receivable :</u>				
Customer's cash accounts	1,207,205,796	753,687,545	-	-
Customer's securities borrowings and lending accounts	10,560,000	-	-	-
Other receivable :-				
Overdue customers' accounts	123,421	313,624	-	-
Receivables under litigation	-	66,159,960	-	-
Receivables which are enforced by courts	-	309,456,601	-	-
Installment receivable	57,380,118	95,276,113	-	-
Total securities business receivable	1,275,269,335	1,224,893,843	-	-
Less : Allowance for doubtful accounts	(58,052,235)	(488,570,791)	-	-
Net securities business receivable and accrued interest receivable	1,217,217,100	736,323,052	-	-
Net loans, receivable and accrued interest receivable	61,852,935,917	52,813,752,680	54,707,547,857	46,298,993,371

3.6.2 Classified by remaining periods of contracts

(Unit : Baht)

	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
Loans and receivable				
Not over 1 year (included contract which are due)	9,167,098,100	6,968,814,257	7,860,977,349	5,768,621,001
Over 1 year	54,781,313,745	48,791,028,450	49,938,340,081	44,039,635,278
Total loans and receivable	63,948,411,845	55,759,842,707	57,799,317,430	49,808,256,279
Add : Accrued interest receivable	113,987,295	117,390,139	77,532,932	81,287,821
Total loans and receivable and accrued interest receivable	64,062,399,140	55,877,232,846	57,876,850,362	49,889,544,100

3.6.3 Classified by type of business

(Unit : Baht)

	Consolidated as at 31 December 2005						Subsidiaries	Total
	The Bank Only					Total		
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts			
Agricultural and mining	113,355,635	5,976,712	820,700	706,416	-	120,859,463	-	120,859,463
Manufacturing and commerce	6,253,538,280	89,443,787	35,559,494	32,225,147	311,436,943	6,722,203,651	57,182,642	6,779,386,293
Real estate and construction	3,485,656,094	61,787,700	6,806,840	5,083,530	589,489,581	4,148,823,745	-	4,148,823,745
Public utilities and services	1,626,220,139	15,359,737	4,743,668	3,869,538	5,426,503	1,655,619,585	-	1,655,619,585
Personal use								
Hire - purchase	36,537,560,414	1,932,716,890	268,879,049	143,132,988	101,347,000	38,983,636,341	6,090,431,883	45,074,068,224
Housing loans	1,826,070,709	35,253,718	13,565,038	14,515,558	285,412,455	2,174,817,478	-	2,174,817,478
Securities	-	-	-	-	-	-	1,275,269,335	1,275,269,335
Others	3,289,606,159	33,677,168	15,915,379	31,357,066	622,801,395	3,993,357,167	1,479,890	3,994,837,057
Total loans and receivable and securities business receivable	53,132,007,430	2,174,215,712	346,290,168	230,890,243	1,915,913,877	57,799,317,430	7,424,363,750	65,223,681,180
Add : Accrued interest receivable	48,962,617	28,570,315	-	-	-	77,532,932	36,454,363	113,987,295
Total loans and receivable and securities business receivable and accrued interest receivable	53,180,970,047	2,202,786,027	346,290,168	230,890,243	1,915,913,877	57,876,850,362	7,460,818,113	65,337,668,475

(Unit : Baht)

	The Bank Only as at 31 December 2005					
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total
Agricultural and mining	113,355,635	5,976,712	820,700	706,416	-	120,859,463
Manufacturing and commerce	6,253,538,280	89,443,787	35,559,494	32,225,147	311,436,943	6,722,203,651
Real estate and construction	3,485,656,094	61,787,700	6,806,840	5,083,530	589,489,581	4,148,823,745
Public utilities and services	1,626,220,139	15,359,737	4,743,668	3,869,538	5,426,503	1,655,619,585
Personal use						
Hire - purchase	36,537,560,414	1,932,716,890	268,879,049	143,132,988	101,347,000	38,983,636,341
Housing loans	1,826,070,709	35,253,718	13,565,038	14,515,558	285,412,455	2,174,817,478
Others	3,289,606,159	33,677,168	15,915,379	31,357,066	622,801,395	3,993,357,167
Total loans and receivable	53,132,007,430	2,174,215,712	346,290,168	230,890,243	1,915,913,877	57,799,317,430
Add : Accrued interest receivable	48,962,617	28,570,315	-	-	-	77,532,932
Total loans and receivable and accrued interest receivable	53,180,970,047	2,202,786,027	346,290,168	230,890,243	1,915,913,877	57,876,850,362

(Unit : Baht)

Consolidated as at 31 December 2004

	The Bank Only					Subsidiaries	Total	
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts			Total
Agricultural and mining	152,753,271	1,184,580	487,300	-	-	154,425,151	-	154,425,151
Manufacturing and commerce	4,974,714,205	85,097,432	98,980,159	8,902,356	309,360,437	5,477,054,589	48,013,852	5,525,068,441
Real estate and construction	2,878,751,505	30,823,031	2,753,958	257,311,392	330,600,399	3,500,240,285	-	3,500,240,285
Public utilities and services	1,731,329,461	11,695,405	241,320	1,183,037	-	1,744,449,223	-	1,744,449,223
Personal use								
Hire - purchase	30,987,603,862	1,252,381,965	292,548,269	172,435,543	53,457,907	32,758,427,546	5,815,362,439	38,573,789,985
Housing loans	1,961,263,171	60,584,342	16,872,122	4,726,599	354,033,914	2,397,480,148	-	2,397,480,148
Securities	-	-	-	-	-	-	1,224,893,843	1,224,893,843
Others	3,029,139,278	22,782,928	8,815,554	17,329,261	698,112,316	3,776,179,337	88,210,137	3,864,389,474
Total loans and receivable								
and securities business receivable	45,715,554,753	1,464,549,683	420,698,682	461,888,188	1,745,564,973	49,808,256,279	7,176,480,271	56,984,736,550
Add : Accrued interest receivable	60,533,395	20,754,426	-	-	-	81,287,821	36,102,318	117,390,139
Total loans and receivable and securities business receivable and accrued interest receivable	45,776,088,148	1,485,304,109	420,698,682	461,888,188	1,745,564,973	49,889,544,100	7,212,582,589	57,102,126,689

(Unit : Baht)

The Bank Only as at 31 December 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total
	Agricultural and mining	152,753,271	1,184,580	487,300	-	-
Manufacturing and commerce	4,974,714,205	85,097,432	98,980,159	8,902,356	309,360,437	5,477,054,589
Real estate and construction	2,878,751,505	30,823,031	2,753,958	257,311,392	330,600,399	3,500,240,285
Public utilities and services	1,731,329,461	11,695,405	241,320	1,183,037	-	1,744,449,223
Personal use						
Hire - purchase	30,987,603,862	1,252,381,965	292,548,269	172,435,543	53,457,907	32,758,427,546
Housing loans	1,961,263,171	60,584,342	16,872,122	4,726,599	354,033,914	2,397,480,148
Others	3,029,139,278	22,782,928	8,815,554	17,329,261	698,112,316	3,776,179,337
Total loans and receivable	45,715,554,753	1,464,549,683	420,698,682	461,888,188	1,745,564,973	49,808,256,279
Add : Accrued interest receivable	60,533,395	20,754,426	-	-	-	81,287,821
Total loans and receivable and accrued interest receivable	45,776,088,148	1,485,304,109	420,698,682	461,888,188	1,745,564,973	49,889,544,100

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

The Bank	(Unit : Million Baht)			
	Amounts calculated under BOT's guidelines ⁽¹⁾		Amounts calculated under the Bank's policy	
	The Bank Only As at 31 December		The Bank Only As at 31 December	
	2005	2004	2005	2004
Loans and receivable for which the recognition of interest income has ceased	2,229	2,645	4,534 ⁽²⁾	5,099

⁽¹⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

⁽²⁾ Loans and receivables totaling Baht 3,842 million, for which a 100 percent allowance for doubtful debts has been provided against the unsecured portion. The above amounts are calculated on an account-by-account basis.

Subsidiaries	(Unit : Million Baht)	
	As at 31 December	
	2005	2004
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	446 ⁽¹⁾	676

⁽¹⁾ Baht 108 million of such amount being loans and receivables, for which a 100 percent allowance for doubtful debts has been provided.

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

	(Unit : Million Baht)			
	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
Unearned interest income	6,308	5,321	4,986	4,196

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

	(Unit : Million Baht)
	The Bank Only
	As at 31 December 2005
Restructured loans and receivables ⁽¹⁾	847
Loans and receivable which are being restructured ⁽²⁾	18

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

⁽²⁾ The Bank sets up an allowance for the possible loan loss of approximately Baht 18 million.

3.6.7 Troubled debt restructuring

- Debt restructuring during the year

	The Bank Only	
	for the year ended 31 December	
	2005	2004
Number of debtors (number)	63	110
Loan balances before restructuring (Million Baht)	1,196	2,176
Interest income on restructured receivables (Million Baht)	44	36
Receipt of principal and interest (Million Baht)	991	1,654

- Debtors which were subjected to debt restructuring :-

Type of restructuring	The Bank Only as at 31 December 2005			
	Number of receivables	Outstanding loan	Type of assets transferred	Fair value
		balance before restructuring (Million Baht)		of transferred assets (Million Baht)
Transfer of assets	23	2,600	Land	20
			Land and premises	2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification	3	898	Land	198
			Equity securities	14
			Machinery	22
Transfer of equity securities and modification of terms	45	4,071	Equity securities	1,237
			Debt securities	21
Transfer of assets and modification of terms	12	2,191	Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	1,085	21,970		
Total	1,173	32,519		5,051

- The balance of the restructured debts.

	(Unit : Million Baht)	
	The Bank Only	
	As at 31 December	
	2005	2004
The balance of the restructured debts	3,135	3,420

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

(Unit : Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	The Bank Only As at 31 December	
	2005	2004
Amounts to be provided under BOT's guidelines	2,276	2,265
Amounts already set up by the Bank	3,169 ⁽¹⁾	3,590
Amounts in excess of the required amount	893	1,325

⁽¹⁾ The allowance for doubtful debts, as mentioned above, consists of allowance for doubtful debts of Baht 2,293 million set aside for the unsecured portion of loans amounting Baht 3,842 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 876 million set up for the other loans and receivables.

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

3.7.1 Allowance for doubtful accounts

(Unit : Baht)

	Consolidated as at 31 December 2005						Total
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad debts	General reserve	
Balance - beginning of year	763,477,090	38,367,951	104,331,637	295,255,259	1,830,234,568	897,205,431	3,928,871,936
Increase (decrease) in allowance for doubtful accounts during the year	(69,131,219)	23,839,841	9,941,617	(88,783,272)	357,154,466	(344,707,713)	(111,686,280)
Bad debt written - off	-	-	(263,437)	(5,667,556)	(630,253,322)	-	(636,184,315)
Balance - end of year	694,345,871	62,207,792	114,009,817	200,804,431	1,557,135,712	552,497,718	3,181,001,341

(Unit : Baht)

	The Bank Only as at 31 December 2005						Total
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad debts	General reserve	
Balance - beginning of year	704,169,329	29,826,615	80,183,486	271,006,463	1,321,584,128	824,278,635	3,231,048,656
Increase (decrease) in allowance for doubtful accounts during the year	(62,210,511)	21,965,988	(689,495)	(119,535,412)	324,257,019	(326,780,916)	(162,993,327)
Bad debt written - off	-	-	(263,437)	(5,573,326)	(196,647,278)	-	(202,484,041)
Balance - end of year	641,958,818	51,792,603	79,230,554	145,897,725	1,449,193,869	497,497,719	2,865,571,288

(Unit : Baht)

	Consolidated as at 31 December 2004						Total
	Pass	Special-mentioned	Sub-Standard	Doubtful	Bad debts	General reserve	
Balance - beginning of year	547,175,766	28,657,396	74,830,763	122,248,327	2,440,576,565	1,054,352,430	4,267,841,247
Increase (decrease) in allowance for doubtful accounts during the year	254,546,708	9,710,555	133,025,354	211,869,559	(307,210,754)	(140,794,880)	161,146,542
Bad debt written - off	(38,245,384)	-	(103,524,480)	(38,862,627)	(303,131,243)	(16,352,119)	(500,115,853)
Balance - end of year	763,477,090	38,367,951	104,331,637	295,255,259	1,830,234,568	897,205,431	3,928,871,936

(Unit : Baht)

	The Bank Only as at 31 December 2004						Total
	Pass	Special-mentioned	Sub-Standard	Doubtful	Bad debts	General reserve	
Balance - beginning of year	498,421,164	23,953,018	60,090,729	94,400,724	1,890,798,541	982,181,087	3,549,845,263
Increase (decrease) in allowance for doubtful accounts during the year	243,938,691	5,873,597	123,612,168	213,571,145	(344,049,168)	(141,550,333)	101,396,100
Bad debt written - off	(38,190,526)	-	(103,519,411)	(36,965,406)	(225,165,245)	(16,352,119)	(420,192,707)
Balance - end of year	704,169,329	29,826,615	80,183,486	271,006,463	1,321,584,128	824,278,635	3,231,048,656

3.7.2 Allowance for loss on debt restructuring

(Unit : Baht)

The Bank Only
As at 31 December

	2005	2004
Balance - beginning of year	359,502,073	331,789,594
Increase during year	14,634,083	137,059,163
Written - off	(70,404,939)	(109,346,684)
Balance - end of year	<u>303,731,217</u>	<u>359,502,073</u>

3.7.3 Non - performing loans and receivables

(Unit : Million Baht)

The Bank Only
As at 31 December

	2005	2004
Non - performing loans and receivables	2,493	2,629
Allowance for doubtful debts	1,660	1,664

3.8 Classification of assets

3.8.1 Investment in companies which have weak financial standing or operating results

(Unit : Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	As at 31 December		As at 31 December		As at 31 December	
	2005	2004	2005	2004	2005	2004
Debt instruments - debentures ⁽²⁾	60	60	-	-	60	60
Equity instruments - ordinary shares ⁽³⁾	6	210	-	-	6	210
Equity instruments - preferred shares ⁽³⁾	2	2	-	-	2	2

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

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

(3) Investments in securities of the companies which are vulnerable to delisting, of the companies of which the auditors have expressed their opinion with the going concern issue, or of the companies which have defaulted on their interest payments

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

(Unit : Million Baht)

	Debt balance		Debt balance after		Percentage required by BOT ⁽⁴⁾	Allowance for doubtful accounts			
	As at 31 December		net off collateral			Amounts to be provided		Amounts already set up	
			As at 31 December			under BOT's guidelines		by the Bank	
	2005	2004	2005	2004		As at 31 December		As at 31 December	
	2005	2004	2005	2004		2005	2004	2005	2004
Loans and receivable⁽¹⁾⁽²⁾⁽³⁾									
Pass	53,132	45,715	43,060	37,181	1	421	363	642	704
Special mention	2,174	1,464	2,120	1,358	2	42	27	51	30
Substandard	346	421	326	392	20	74	76	79	80
Doubtful	231	462	209	202	50	136	136	146	271
Bad debts	1,916	1,746	1,299	1,304	100	1,299	1,303	1,449	1,321
Total	57,799	49,808	47,014	40,437		1,972	1,905	2,367	2,406
Loss on receivable under troubled debt restructuring	-	-	-	-		304	360	304	360
Total	57,799	49,808	47,014	40,437		2,276	2,265	2,671	2,766
General reserve								498	824
Total								3,169	3,590
Investment in securities									
Bad debts									
Debt instruments	62	62	62	62	100	62	62	62	62
Equity instruments	510	510	510	510	100	510	510	510	510
Total	572	572	572	572		572	572	572	572
Investment in receivables									
Pass	4	-	-	-	1	-	-	-	-
Bad debts	7	7	-	-	100	-	-	-	-
Total	11	7	-	-		-	-	-	-
Properties foreclosed									
Land	51	86	51	86	100	51	86	51	86
Total classified assets	58,433	50,473	47,637	41,095		2,899	2,923	3,792	4,248

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

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

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

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

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	As at 31 December		As at 31 December		As at 31 December		As at 31 December	
	2005	2004	2005	2004	2005	2004	2005	2004
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies vulnerable to Delisting	-	3	-	81	-	34	-	81
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	13	14	868	818	313	243	552	575
3. Listed companies of which shares have been suspended for trading	1	-	15	-	-	-	15	-
4. Listed companies under rehabilitation	11	9	561	372	353	36	359	316
5. Companies having loan default problem	24	24	1,003	1,398	383	733	666	800
6. Companies having going concern issue as cited in auditors' report	-	2	-	22	-	2	-	20
Total	49	52	2,447	2,691	1,049	1,048	1,592	1,792

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

	Securities business receivable and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	As at 31 December		As at 31 December		As at 31 December	
	2005	2004	2005	2004	2005	2004
Substandard	55	55	-	-	-	-
Doubtful	3	416	3	416	3	416
Total	58	471	3	416	3	416
General reserve					55	73
Total					58	489

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

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

(Unit : Million Baht)

	Debt balances		Percentage of allowance for doubtful accounts set up	Allowance for doubtful account		Debt balances – net	
	As at 31 December			As at 31 December		As at 31 December	
	2005	2004	2005	2004	2005	2004	
Current	4,588	4,688	1	46	51	4,542	4,637
Overdue							
1 month	652	569	1	7	6	645	563
2 - 3 months	521	430	2	10	9	511	421
4 - 6 months	174	122	20	35	23	139	99
7 - 12 months	110	48	50	55	24	55	24
Over 12 months	62	56	100	62	56	-	-
Debtors under litigation	42	38	100	42	38	-	-
Total	6,149	5,951		257	207	5,892	5,744
General reserve				-	2	-	(2)
Total				257	209	5,892	5,742

3.9 Property foreclosed

(Unit : Baht)

	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
Foreclosed assets :				
Immovable assets				
Balance - beginning of the year	1,311,210,578	1,544,756,342	1,323,020,578	1,494,064,517
Addition	-	76,276,200	-	92,456,200
Disposal	(62,131,299)	(309,821,964)	(62,131,299)	(263,500,139)
Balance - end of the year	1,249,079,279	1,311,210,578	1,260,889,279	1,323,020,578
Movable assets				
Balance - beginning of the year	6,263,944	1,061,603	819,060	572,322
Addition	941,134,509	448,530,208	427,886,329	227,351,758
Disposal	(935,082,568)	(443,327,867)	(427,813,936)	(227,105,020)
Balance - end of the year	12,315,885	6,263,944	891,453	819,060
Allowance for impairment :				
Balance - beginning of the year	87,116,467	131,611,018	85,819,839	85,916,627
Increase	7,046,968	4,887,289	1,096,012	336,432
Decrease	(39,463,034)	(49,381,840)	(36,393,959)	(433,220)
Balance - end of the year	54,700,401	87,116,467	50,521,892	85,819,839
Property foreclosed - net	1,206,694,763	1,230,358,055	1,211,258,840	1,238,019,799

3.10 Land, premises and equipment

(Unit : Baht)

	Consolidated					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
Cost :						
31 December 2004	467,818,877	925,481,091	496,711,072	291,841,305	88,355,584	2,270,207,929
Translation adjustment	-	-	283,995	-	-	283,995
Addition/Transfer in	23,898,794	62,939,238	70,445,276	110,228,746	40,390,839	307,902,893
Disposal/Transfer out	-	-	(62,756,135)	(15,257,714)	(28,296,499)	(106,310,348)
31 December 2005	491,717,671	988,420,329	504,684,208	386,812,337	100,449,924	2,472,084,469
Accumulated depreciation :						
31 December 2004	-	216,449,423	387,340,033	181,572,360	44,139,193	829,501,009
Translation adjustment	-	-	(171,088)	-	-	(171,088)
Depreciation charge for the year	-	57,078,152	55,899,856	20,119,716	18,375,040	151,472,764
Transfer in (transfer out)	-	-	11,190,924	(7,650,781)	-	3,540,143
Disposal	-	-	(46,409,803)	(4,491,841)	(20,852,785)	(71,754,429)
31 December 2005	-	273,527,575	407,849,922	189,549,454	41,661,448	912,588,399
Net book value :						
31 December 2004	467,818,877	709,031,668	109,371,039	110,268,945	44,216,391	1,440,706,920
31 December 2005	491,717,671	714,892,754	96,834,286	197,262,883	58,788,476	1,559,496,070
Depreciation charge included in earnings statements for the year ended 31 December:						
2004						140,940,226
2005						151,472,764

(Unit : Baht)

	The Bank Only					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
Cost :						
31 December 2004	302,494,643	599,516,548	203,920,757	207,884,309	61,380,899	1,375,197,156
Addition/Transfer in	12,187,848	35,102,201	58,846,122	97,357,449	27,760,649	231,254,269
Disposal/Transfer out	-	-	(12,920,652)	(14,698,759)	(24,120,999)	(51,740,410)
31 December 2005	314,682,491	634,618,749	249,846,227	290,542,999	65,020,549	1,554,711,015
Accumulated depreciation :						
31 December 2004	-	185,862,012	148,356,092	112,003,933	28,991,205	475,213,242
Depreciation charge for the year	-	35,070,042	35,682,281	13,810,955	12,264,059	96,827,337
Transfer in (transfer out)	-	-	27,039,256	(14,000,334)	-	13,038,922
Disposal	-	-	(12,698,635)	(4,169,092)	(17,748,962)	(34,616,689)
31 December 2005	-	220,932,054	198,378,994	107,645,462	23,506,302	550,462,812
Net book value :						
31 December 2004	302,494,643	413,654,536	55,564,665	95,880,376	32,389,694	899,983,914
31 December 2005	314,682,491	413,686,695	51,467,233	182,897,537	41,514,247	1,004,248,203
Depreciation charge included in earnings statements for the year ended 31 December:						
2004						78,118,842
2005						96,827,337

3.11 Other assets

(Unit : Baht)

	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
Value added tax - net	450,470,841	379,814,340	442,981,610	369,068,999
Accrued interest receivable	16,569,309	20,949,252	15,871,270	20,956,832
Fee and charges receivable	207,662,041	188,058,984	153,852,931	115,884,554
Prepaid income tax	35,848,015	67,949,098	26,846,233	53,848,251
Deferred computer system development cost - net	61,513,787	40,737,595	44,487,005	27,835,864
Deposits	17,881,435	13,503,606	7,447,554	2,591,399
Other receivables	92,135,621	168,500,455	78,296,522	161,853,548
Other assets	122,769,505	101,294,196	64,096,230	32,684,235
Total other assets	1,004,850,554	980,807,526	833,879,355	784,723,682

3.12 Deposits

3.12.1 Classified by type of deposits

(Unit : Baht)

	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
Promissory notes and bills of exchange	13,327,892,554	39,287,802,319	13,327,892,554	39,305,550,054
Deposits :				
Current accounts	1,133,873,942	-	1,294,335,669	-
Saving accounts	259,871,948	-	259,871,948	-
Fixed accounts				
- not over 6 months	554,311,076	-	554,311,076	-
- over 6 month and less than 1 year	263,257,956	-	263,257,956	-
- over 1 year	110,058,551	-	110,058,551	-
Negotiate certificate deposit	18,801,535,208	-	18,801,535,208	-
Total	<u>34,450,801,235</u>	<u>39,287,802,319</u>	<u>34,611,262,962</u>	<u>39,305,550,054</u>

3.12.2 Classified by the remaining period of contract

(Unit : Baht)

	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
Not over 1 year (included contracts which are due)	28,862,182,333	22,913,607,454	29,022,644,060	22,931,355,189
Over 1 year	<u>5,588,618,902</u>	<u>16,374,194,865</u>	<u>5,588,618,902</u>	<u>16,374,194,865</u>
Total deposits	<u>34,450,801,235</u>	<u>39,287,802,319</u>	<u>34,611,262,962</u>	<u>39,305,550,054</u>

3.13 Interbank and money market items (liabilities)

(Unit : Baht)

	Consolidated as at 31 December					
	2005			2004		
	At call	Term	Total	At call	Term	Total
Commercial banks	512,908,225	1,818,514,596	2,331,422,821	645,525,654	91,881,266	737,406,920
Other banks and financial institutions	2,513,830,000	1,570,000,000	4,083,830,000	2,241,860,000	1,328,000,000	3,569,860,000
Total	3,026,738,225	3,388,514,596	6,415,252,821	2,887,385,654	1,419,881,266	4,307,266,920

(Unit : Baht)

	The Bank Only as at 31 December					
	2005			2004		
	At call	Term	Total	At call	Term	Total
Commercial banks	347,393,970	1,800,000,000	2,147,393,970	582,132,808	-	582,132,808
Other banks and financial institutions	2,513,830,000	1,570,000,000	4,083,830,000	2,241,860,000	1,328,000,000	3,569,860,000
Total	2,861,223,970	3,370,000,000	6,231,223,970	2,823,992,808	1,328,000,000	4,151,992,808

3.14 Borrowings

(Unit : Baht)

	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
<u>Domestic borrowings</u>				
Subordinated debentures	331,000,000	331,000,000	331,000,000	331,000,000
Unsubordinated unsecured debentures	15,608,000,000	5,610,000,000	14,798,000,000	4,800,000,000
Bill of exchange - fixed rate	1,538,339,648	1,032,083,471	-	-
Others	13,200,000	13,200,000	13,200,000	13,200,000
	17,490,539,648	6,986,283,471	15,142,200,000	5,144,200,000

3.14.1 Subordinated debentures

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

3.14.2 Unsubordinated and unsecured debentures

Year	Issuer	Type of debenture	Units	Face value (Baht)	Total (Million Baht)	Maturity date	Interest rate	Remark
2002	The Bank	Unsubordinated and unsecured	2 million	1,000	2,000	2007	At a rate of 4.25 percent per annum.	-
2002	The Bank	Unsubordinated and unsecured	1 million	1,000	1,000	2007	At a rate of 3.5 percent per annum in the first and second years and thereafter at a floating rate equivalent to the reference rate plus 0.5 percent per annum, which rate shall not be less than 3.75 percent per annum and shall not exceed 5 percent, 5.5 percent and 6 percent per annum in the third, fourth and fifth years, respectively.	The Bank entered into interest rate swap agreements to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.
2002	The Bank	Unsubordinated and unsecured	1.8 million	1,000	1,800	2007	At a floating rate equivalent to a rate of 6 percent minus the reference rate per annum in the first, second and third years and thereafter at a rate of 3.8 percent per annum.	The Bank entered into interest rate swap agreements to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.
2003	Subsidiary	Unsubordinated and unsecured	0.4 million	1,000	400	2006	At a rate of 3.25 per annum.	The subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio. In addition, an another subsidiary company has invested a total of Baht 90 million in these debentures.

Year	Issuer	Type of debenture	Units	Face value (Baht)	Total (Million Baht)	Maturity date	Interest rate	Remark
2003	Subsidiary	Unsubordinated and unsecured installment debenture	0.5 million	1,000	500	2006	At a rate of 3.2 percent per annum.	The issuer will repay the principal of the debentures in four periods, the first of which will start on 6 January 2006 and interest will be paid quarterly beginning 6 January 2004. Such subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.
December 2005	The Bank	Unsubordinated and unsecured short term debenture	9.9 million	1,000	9,998	2006	At a rate between 2.5 to 4.0 percent per annum.	-

3.14.3 Bills of exchange - fixed rate

As of 31 December 2005, two subsidiary companies have outstanding bills of exchange amounting to Baht 1,538 million, bearing interest at fixed rates of 2.6 to 5.5 percent per annum and maturing between 2006 to 2007.

3.15 Other liabilities

	(Unit : Baht)			
	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
Liabilities under commercial papers sold	545,000,000	510,000,000	545,000,000	510,000,000
Corporate income tax payable	180,931,729	139,914,245	70,463,591	-
Withholding income tax and other tax payable	142,360,334	168,173,261	83,416,835	82,822,767
Accrued insurance premium	355,076,136	287,484,326	292,243,404	231,121,253
Other liabilities	212,928,303	325,002,576	110,889,261	190,699,878
Total other liabilities	1,436,296,502	1,430,574,408	1,102,013,091	1,014,643,898

3.16 Preference shares converted to ordinary shares

Up to 31 December 2005, 440,820,120 preference shares had been converted into ordinary shares, and such conversion registered with the Ministry of Commerce.

As at 31 December 2005, there remained a total of 180,947,630 preference shares which are eligible for conversion to ordinary shares.

3.17 Warrants

	The Bank Only As at 31 December 2005			The Bank Only As at 31 December 2004		
	Exercised			Exercised		
	No. of shares	price	Total	No. of shares	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	8,775,000	10.00	87,750,000
Allocation in year 2001	4,678,000	11.31	52,908,180	4,410,000	11.31	49,877,100
Allocation in year 2002	4,594,000	13.20	60,640,800	3,173,500	13.20	41,890,200
Allocation in year 2003	3,079,000	14.94	46,000,260	3,173,500	14.94	21,999,150
Allocation in year 2004	596,750	21.88	13,056,890	-	-	-
	21,767,750		260,806,130	19,632,000		201,516,450
Unexercised warrants	8,232,250 ⁽ⁱ⁾			10,368,000		
Allocated warrants	30,000,000			30,000,000		

⁽ⁱ⁾ Included 638,000 warrants received from resigned employees

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

3.18 Capital fund

	(Unit : Thousand Baht)	
	The Bank Only	
	As at 31 December	
	2005	2004
<u>Tier I</u>		
Issued and fully paid up share capital	7,219,678	7,180,310
Premium on share capital	79,628	59,707
Statutory reserve	344,800	254,600
Retained earnings - unappropriated	3,302,900	2,512,295
Total Tier I	10,947,006	10,006,912
<u>Tier II</u>		
Subordinated debentures	264,800	331,000
Reserve for loans classified as pass	641,959	704,169
Reserve for revaluation of equity securities - available for sales	120,177	158,818
Total Tier II	1,026,936	1,193,987
Total capital fund	11,973,942	11,200,899

The capital ratios	The Bank Only as at 31 December			
	2005		2004	
	Bank	Requirement	Bank	Requirement
Tier I capital to risk assets	17.05%	4.25%	17.48%	4.00%
Total capital to risk assets	18.65%	8.50%	19.57%	8.00%
Total capital to issued and paid-up share capital	165.85%	75.00%	155.99%	75.00%

3.19 Surplus on changes in the value of investments

	(Unit : Baht)	
	Consolidated/The Bank Only	
	As at 31 December	
	2005	2004
Balance - beginning of the year	1,365,419,480	1,472,433,142
Increase (decrease) in changes in the value of securities during the year	(264,438,845)	(107,013,662)
	1,100,980,635	1,365,419,480
Less : The effect of income tax liabilities	(89,199,989)	(110,035,923)
Balance - end of the year	1,011,780,646	1,255,383,557

3.20 Gain on investments

	(Unit : Baht)			
	Consolidated		The Bank Only	
	For the year ended 31 December		For the year ended 31 December	
	2005	2004	2005	2004
Unrealised loss on investments	(13,876,397)	(43,242,133)	(13,964,083)	(20,608,045)
Realised gain on investments	347,938,920	610,339,273	115,257,723	598,203,424
Total	334,062,523	567,097,140	101,293,640	577,595,379

3.21 Other income

(Unit : Baht)

	Consolidated		The Bank Only	
	For the year ended 31 December		For the year ended 31 December	
	2005	2004	2005	2004
Penalty fee income from loans	70,618,702	61,890,037	55,624,113	49,310,311
Reversal of allowance for impairment of property foreclosed	34,168,243	-	34,168,243	-
Rental income	25,264,298	27,840,526	31,907,751	31,870,185
Others	91,850,825	68,885,722	48,156,095	57,649,578
Total	221,902,068	158,616,285	169,856,202	138,830,074

3.22 Other expenses

(Unit : Baht)

	Consolidated		The Bank Only	
	For the year ended 31 December		For the year ended 31 December	
	2005	2004	2005	2004
Contributions to the Financial Institutions				
Development Fund	128,656,618	131,490,948	128,656,618	131,490,948
Losses on disposal of property foreclosed	187,406,361	74,434,398	23,421,852	27,950,603
Mailing expenses	39,858,346	36,320,490	26,650,510	25,095,919
Loan losses from court - ordered execution	25,987,677	14,451,422	13,643,598	5,905,038
Transportation expenses	44,794,100	29,665,960	29,414,438	18,314,684
Advertising and promotion expenses	21,095,538	28,271,380	17,024,046	20,234,510
Others	154,837,232	103,429,774	35,317,680	35,180,274
Total	602,635,872	418,064,372	274,128,742	264,171,976

3.23 Corporate income tax

(Unit : Baht)

	Consolidated		The Bank Only	
	For the year ended 31 December		For the year ended 31 December	
	2005	2004	2005	2004
Income tax payable on taxable profit for the year	458,256,104	961,080,557	186,960,293	601,650,117
Add (less) : Net decrease in deferred tax on temporary differences	176,754,079	119,495,416	210,032,600	137,824,049
Less : Utilisation of income tax benefits on tax loss carried forward	-	(601,650,117)	-	(601,650,117)
Income tax expenses - net	635,010,183	478,925,856	396,992,893	137,824,049

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

	(Unit : Thousand Baht)			
	Consolidated		The Bank Only	
	As at 31 December		As at 31 December	
	2005	2004	2005	2004
Allowance for doubtful accounts (general reserve)	754,876	1,033,531	497,497	824,278
Allowance for doubtful accounts for VAT receivables	42,288	27,305	-	-
Allowance for impairment of investments	357,584	547,832	357,534	547,781
Allowance for impairment of property foreclosed	54,720	87,142	50,522	85,820
Non - accrual of interest income	1,045,296	1,170,652	981,402	1,119,418
Depreciation of assets	47,332	52,644	34,821	37,726
Financial leases	230,243	207,421	-	-
Revaluation surplus on changes in the value of investment	(265,590)	(366,786)	(265,590)	(351,760)
Others	9,432	10,745	9,395	16,256
	<u>2,276,181</u>	<u>2,770,486</u>	<u>1,665,581</u>	<u>2,279,519</u>
Deferred tax assets (30%)	<u>682,854</u>	<u>831,146</u>	<u>499,674</u>	<u>683,856</u>
Non-accrual of interest income	(1,942)	-	-	-
Depreciation of assets	(7,744)	-	-	-
Revaluation surplus on changes in the value of investment	31,744	-	-	-
Others	3,364	-	-	-
	<u>25,422</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>7,627</u>	<u>-</u>	<u>-</u>	<u>-</u>

3.24 Provident fund

	Consolidated		The Bank Only	
	For the year ended 31 December		For the year ended 31 December	
	2005	2004	2005	2004
Amounts contributed to the fund (Million Baht)	44	41	23	21

3.25 Employee expense

	Consolidated		The Bank Only	
	For the year ended 31 December		For the year ended 31 December	
	2005	2004	2005	2004
Number of employees at the end of year (persons)	1,525	1,327	802	667
Employee expenses (Million Baht)	1,205	1,259	647	626

3.26 Reconciliation of diluted earnings per share

	For the year ended 31 December					
	Net earnings		Weighted average Number of shares		Earnings per share	
	2005	2004	2005	2004	2005	2004
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	1,790,849	2,224,266				
Less: Dividend of Baht 1 per share paid to preference shares in preference to the ordinary shares at the rate of 1 Baht per share	(182,621)	(183,720)				
	1,608,228	2,040,546	720,269	715,474	2.23	2.85
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	9,931	14,726		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion to ordinary shares	1,608,228	2,040,546	730,200	730,200	2.20	2.79

3.27 Related person and party transactions

(Unit : Thousand Baht)

	The Bank Only			Balance-end of the year
	Balance- beginning of the year	Increase	Decrease	
<u>Outstanding balance as at 31 December 2005</u>				
Subsidiary companies				
Receivables from sales of securities:				
TISCO Securities Co., Ltd.	1,485,466	-	(1,485,466)	-
Deposits in Baht :				
TISCO Securities Co., Ltd.	1,455,000	-	(12,752)	1,442,248
TISCO Group Co., Ltd.	-	83,481	-	83,481
Hi-Way Co., Ltd.	-	35,827	-	35,827
Other subsidiary companies	21,748	56,824	(14,819)	63,753
Other liabilities :				
TISCO Securities Co., Ltd.	-	3,728	-	3,728

(Unit : Thousand Baht)

	The Bank Only		Terms and pricing policy
	2005	2004	(For the year 2005)
<u>Transactions occurred during the year ended 31 December</u>			
Subsidiary companies			
Risk and financial management fee and human resources management fee	31,029	30,296	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	52,980	45,570	Reference to the terms and price as charged to other customers
Other income	8,313	5,816	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	47,400	45,521	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Other expenses	8,411	5,600	Reference to the terms and price as charged to other customers

Loans to management – level employees (departmental managers upward)

(Unit : Thousand Baht)

	Consolidated	The Bank Only
	As at 31 December 2005	As at 31 December 2005
Loans	6,896	6,896

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

3.28 Financial information by segment

3.28.1 Financial information by business segment

(Unit : Million Baht)

	For the year ended 31 December									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest and dividend income after bad debt and doubtful accounts	4,748	3,082	104	39	1	1	(1,564)	(467)	3,289	2,655
Non-interest income	995	2,336	1,002	1,506	81	105	(21)	(1,218)	2,057	2,729
Non-interest expenses	(2,309)	(1,981)	(682)	(763)	(108)	(105)	206	203	(2,893)	(2,646)
Corporate income tax	(503)	(242)	(132)	(237)	-	-	-	-	(635)	(479)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(27)	(35)	(27)	(35)
Net earnings	2,931	3,195	292	545	(26)	1	(1,406)	(1,517)	1,791	2,224

(Unit : Million Baht)

	As at 31 December									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Investments in securities	8,481	7,049	498	1,948	2	1	(3,776)	(3,786)	5,205	5,212
Loans, receivable and accrued interest receivable – net	60,846	52,128	1,217	736	-	-	(210)	(50)	61,853	52,814
Other assets	7,937	8,251	2,656	2,853	104	121	(2,472)	(2,955)	8,225	8,270
Total assets	77,264	67,428	4,371	5,537	106	122	(6,458)	(6,791)	75,283	66,296

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

3.28.2.1 Financial positions by activities

(Unit : Million Baht)

	As at 31 December							
	2005				2004			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Total assets	80,607	1,134	(6,458)	75,283	71,903	1,184	(6,791)	66,296
Interbank and money market items (assets)	2,369	762	(1,626)	1,505	2,147	849	(1,477)	1,519
Loans, receivable and accrued interest receivable - net	61,951	112	(210)	61,853	52,757	107	(50)	52,814
Investment	8,860	121	(3,776)	5,205	8,971	27	(3,786)	5,212
Deposits - Baht	34,611	-	(160)	34,451	39,306	-	(18)	39,288
Interbank and money market items (liabilities)	7,880	-	(1,465)	6,415	5,766	-	(1,459)	4,307
Borrowings	17,791	-	(300)	17,491	7,126	-	(140)	6,986
Commitments	5,646	-	-	5,646	6,334	-	-	6,334

3.28.2.2 Operating results by activities

(Unit : Million Baht)

	For the year ended 31 December							
	2005				2004			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	4,847	6	(1,564)	3,289	3,117	5	(467)	2,655
Non-interest income	2,024	54	(21)	2,057	3,886	61	(1,218)	2,729
Non-interest expenses	(3,025)	(74)	206	(2,893)	(2,772)	(77)	203	(2,646)
Corporate income tax	(635)	-	-	(635)	(479)	-	-	(479)
Minority interest in net earnings in subsidiary companies	-	-	(27)	(27)	-	-	(35)	(35)
Net earnings	3,211	(14)	(1,406)	1,791	3,752	(11)	(1,517)	2,224

3.29 Commitments and contingent liabilities

3.29.1 Avals, guarantees and commitments

(Unit : Baht)

	Consolidated/The Bank Only as at 31 December	
	2005	2004
	Avals	361,000,000
Guarantees of loans	200,000,000	200,000,000
Other guarantees	135,318,059	301,692,945
Obligations covering principal under interest rate swap agreement (as mentioned in Note 3.30.2)	4,950,000,000	5,600,000,000
	<u>5,646,318,059</u>	<u>6,334,362,696</u>

3.29.2 Litigation

As at 31 December 2005, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 354 million. A final judgement has not yet been reached in respect of these cases.

In December 2005, a foreign subsidiary received a letter from the solicitor of one of its clients, requesting payment of damages amounting to HKD 46.6 million. However, up to the financial statements reported date (9 February 2006), no suit has been filed with a court in respect of this claim.

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

3.29.3 Capital commitment

As at 31 December 2005, a subsidiary company has outstanding commitments of approximately Baht 100 million in respect of the uncalled portion of an investment in another subsidiary.

3.29.4 Other commitments

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

3.30 Financial instruments

As at 31 December 2005, the Bank and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

3.30.1 Credit risk

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

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

3.30.2 Interest rate risk

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

(Unit : Million Baht)

		Consolidated			
		As at 31 December 2005			
		Outstanding balances of financial instruments			
<u>Transactions</u>	Floating interest rate	Fixed interest rate	Without interest	Total	
<u>Financial assets</u>					
Cash	-	-	204	204	
Interbank and money market items	90	797	618	1,505	
Securities purchased under resale agreements	-	2,000	-	2,000	
Investments - net	199	979	4,027	5,205	
Trading transactions with securities companies - receivable	-	-	61	61	
Loans and receivable	3,681	58,570	3,087	65,338	
	<u>3,970</u>	<u>62,346</u>	<u>7,997</u>	<u>74,313</u>	
<u>Financial liabilities</u>					
Deposits	1,338	33,057	56	34,451	
Interbank and money market items	98	6,317	-	6,415	
Liabilities payable on demand	-	-	247	247	
Borrowings	-	17,478	13	17,491	
Trading transactions with securities companies - liabilities	-	-	566	566	
Securities business payable	618	-	729	1,347	
	<u>2,054</u>	<u>56,852</u>	<u>1,611</u>	<u>60,517</u>	

(Unit : Million Baht)

The Bank Only

As at 31 December 2005

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

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

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

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

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

(Unit : Million Baht)

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

(Unit : Million Baht)

The Bank Only								
As at 31 December 2005								
<u>Transactions</u>	Repricing or maturity date						Interest Rates (%)	
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		Total
Financial assets								
Securities purchased under resale agreements	-	2,000	-	-	-	-	2,000	3.1875
Investments - net	-	4	422	440	-	-	866	4.2382
Loans and receivable	1,825	7,469	13,941	27,190	2,016	-	52,441	6.4028
	<u>1,825</u>	<u>9,473</u>	<u>14,363</u>	<u>27,630</u>	<u>2,016</u>	<u>-</u>	<u>55,307</u>	
Financial liabilities								
Deposits	11	20,136	7,321	5,589	-	-	33,057	2.9308
Interbank and money market items	2,814	1,800	800	770	-	-	6,184	3.6548
Borrowings	-	9,998	-	5,131	-	-	15,129	3.9523
	<u>2,825</u>	<u>31,934</u>	<u>8,121</u>	<u>11,490</u>	<u>-</u>	<u>-</u>	<u>54,370</u>	

3.30.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 31 December 2005, counting from the balance sheet date, are as follows :-

(Unit : Million Baht)

Transactions	Consolidated							Total
	As at 31 December 2005							
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Unspecified	Non performing loans	
Financial assets								
Cash	-	-	-	-	-	204	-	204
Interbank and money market items	790	705	10	-	-	-	-	1,505
Securities purchased under resale agreements	-	2,000	-	-	-	-	-	2,000
Investments - net	3,002	5	532	445	209	1,012	-	5,205
Trading transactions with securities companies - receivable	-	61	-	-	-	-	-	61
Loans and receivable	2,147	9,811	17,354	31,049	2,302	-	2,675	65,338
	<u>5,939</u>	<u>12,582</u>	<u>17,896</u>	<u>31,494</u>	<u>2,511</u>	<u>1,216</u>	<u>2,675</u>	<u>74,313</u>
Financial liabilities								
Deposits	1,405	20,136	7,321	5,589	-	-	-	34,451
Interbank and money market items	1,562	2,943	1,140	770	-	-	-	6,415
Liabilities payable on demand	247	-	-	-	-	-	-	247
Borrowings	-	10,612	1,711	5,155	-	13	-	17,491
Trading transactions with securities companies - liabilities	-	566	-	-	-	-	-	566
Securities business payable	576	771	-	-	-	-	-	1,347
	<u>3,790</u>	<u>35,028</u>	<u>10,172</u>	<u>11,514</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>60,517</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	311	50	-	-	-	-	561
Other commitments	119	-	215	4,751	-	-	-	5,085

(Unit : Million Baht)

The Bank Only
As at 31 December 2005

Transactions	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Non performing		Total
						Unspecified	Loans*	
Financial assets								
Cash	-	-	-	-	-	202	-	202
Interbank and money market items	490	-	-	-	-	-	-	490
Securities purchased under resale agreements	-	2,000	-	-	-	-	-	2,000
Investments - net	3,002	4	422	440	209	4,351	-	8,428
Loans and receivable	2,110	7,482	14,974	28,780	2,302	-	2,229	57,877
	<u>5,602</u>	<u>9,486</u>	<u>15,396</u>	<u>29,220</u>	<u>2,511</u>	<u>4,553</u>	<u>2,229</u>	<u>68,997</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	1,565	20,136	7,321	5,589	-	-	-	34,611
Interbank and money market items	2,861	1,800	800	770	-	-	-	6,231
Liabilities payable on demand	247	-	-	-	-	-	-	247
Borrowings	-	9,998	-	5,131	-	13	-	15,142
	<u>4,673</u>	<u>31,934</u>	<u>8,121</u>	<u>11,490</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>56,231</u>
Off balance sheet items								
Aval to bills and guarantees of loans	200	311	50	-	-	-	-	561
Other commitments	119	-	215	4,751	-	-	-	5,085

3.30.4 Foreign exchange risk

As at 31 December 2005, the Bank did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 243 million.

3.30.5 Fair value

As at 31 December 2005, there are no material differences between the book value of financial instruments and their fair value.

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

4. EVENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

4.1 Plan to upgrade status to commercial bank

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

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

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

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

4.2 Holding company

- a) Resolutions of the meeting of the Bank’s Board of Directors No. 7/2005 held on 27 October 2005, approved the holding company restructuring plan in principle and the delegation of authority to the Audit Committee to review the holding company restructuring plan in details and to determine the schedule of the shareholder’s extraordinary general meeting. Resolutions of the meeting of the Bank’s Audit Committee No. 11/2548 held on 4 November 2005, approved the following matters :

- Approve the holding company restructuring plan, whereby a non-bank public company limited will be set up as a holding company, and will become the parent company of the group, acquiring all shares of the Bank and other subsidiary companies, while the Bank will not hold shares in any subsidiary companies. The holding company shall make a tender offer for all shares of the Bank in exchange for its newly issued shares. After the completion of the tender offer, the holding company will list its common and preferred shares on the Stock Exchange of Thailand in place of common and preferred shares of the Bank, which will simultaneously be delisted from the Stock Exchange of Thailand.
 - Stipulate that extraordinary general meeting No. 1/2005 of the Bank's shareholders be convened on 14 December 2005, to approve the holding restructuring plan, the disposition of shares of the subsidiaries and the listing plan of the holding company.
 - Stipulate that extraordinary general meeting No. 2/2005 of the Bank's shareholders be convened on 14 December 2005, to approve the plan to delist the Bank in accordance with the holding restructuring plan.
- b) On 14 November 2005 the Bank submitted a formal request to restructure its shareholding to the Bank of Thailand, following preliminary consultation. The Bank of Thailand subsequently granted consent for the Bank to establish TISCO Corporation Public Company Limited as a holding company, and was considering approval of the restructuring of shareholding for proposal to the Ministry of Finance.
- c) On 21 November 2005, the Stock Exchange of Thailand granted preliminary consent for a restructuring of shareholding in the form of a holding company.
- d) By a resolution passed by Extraordinary General Meeting No.1/2005 of the shareholders of the Bank on 14 December 2005, the Bank was authorized to restructure its shareholding, set up TISCO Corporation Public Company Limited as a holding company, sell its investments in subsidiaries to the holding company and have the shares of TISCO Corporation Public Company Limited listed on the Stock Exchange of Thailand.

By a resolution passed by Extraordinary General Meeting No.1/2005 of the shareholders of the Bank No.2/2005 on 14 December 2005, the Bank was authorized to have the shares of the Bank delisted from the Stock Exchange of Thailand, in accordance with the holding restructuring plan.

4.3 Dividend payment

	Approved by	Dividend per share		Amounts of
		Preference share	Ordinary share	dividend paid
		Baht per share	Baht per share	Million Baht
Dividend of the year 2005	General ordinary meeting of the year 2005, on 26 April 2005	2.30	1.30	1,120
Dividend for the year 2004	General ordinary meeting of the year 2004, on 28 April 2004	1.65	0.65	649

4.4 Earnings per share

During the year, the Bank has changed the calculation of earnings per share in order to comply with the calculation method stipulated in International Accounting Standards No. 33 (amended 2004) “Earnings per share”, whereby the ordinary shares which will be issued upon the conversion of a mandatory convertible instrument are included in the calculation of basic earnings per share (accounting policy regarding earnings per share is described in Note 1.19 to the financial statements).

For comparative purpose, the Bank has recalculated basic earnings per share and diluted earnings per share for the year ended 31 December 2004 according to the above method.

The calculation of diluted earnings per share is presented in Note 3.26 to the financial statements.

4.5 Related party transactions

Besides the related party transactions as described in Note 3.27 to the financial statements, the Bank has additional related party transactions with its subsidiaries which presented below :-

For the year ended 31 December 2004 :

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

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

On 1 April 2004, a subsidiary company (Thai Commercial Auto Company Limited) entered into an agreement to acquire 960,000 ordinary shares of VLT Leasing Company Limited from the existing shareholders for a total of Baht 42 million, payable on 30 April 2004. The share acquisition resulted in a change in the status of VLT Leasing Company Limited from an associated company to a subsidiary company. The acquisition was approved by the annual general meeting of the subsidiary company's shareholders on 18 March 2004.

On 25 November 2004, the Bank entered into an agreement to transfer assets and liabilities with a subsidiary, whereby the conditions for the Bank's receipt of assets and liabilities from that subsidiary company are in accordance with the Letter of consent from the Ministry of Finance approving the Bank's application to upgrade its status to a commercial bank. Assets transferred to the Bank consist of investments in securities, property foreclosed and computer equipment with a total value amounting to Baht 17 million.

The Bank sold investments in listed securities with net book value amounting to Baht 490 million to a subsidiary company at a price of Baht 1,485 million (market value). The Bank recorded a gain on the disposal of such investments amounting to Baht 995 million.

For the year ended 31 December 2005 :

The Bank acquired investments in listed securities amounting to Baht 1,156 million from a subsidiary company. This subsidiary company recorded gain from this sales of investments amounting to Baht 28 million.

The Bank sold property foreclosed, which are office condominium units (net book value amounting to Baht 39 million), to a subsidiary company at a price of Baht 43 million. The Bank recorded a gain from disposal of such office condominium units amounting to Baht 4 million.

The Bank acquired receivables (net book value amounting to Baht 1 million) from a subsidiary company at a price of Baht 4 million. The subsidiary company recorded a gain from sale of such receivables amounting to Baht 3 million.

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

4.6 Share capital reduction of a subsidiary

A special resolution passed by the extraordinary general meeting of shareholders of Thai Commercial Auto Co., Ltd. No. 2/2005 on 2 November 2005, authorised the reduction of the company's registered share capital from Baht 1,000 million (10 million ordinary shares of Baht 100 each) to Baht 500 million (10 million ordinary shares of baht 50 each). As a result, the balance of 80% paid-up capital was reduced from Baht 800 million to Baht 400 million. The company is in the process of registering the share capital reduction with the Ministry of Commerce.

4.7 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Bank's Audit Committee on 9 February 2006.