

TISCO BANK PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS “TISCO FINANCE PUBLIC COMPANY LIMITED”
AND ITS SUBSIDIARY COMPANIES)
REPORT AND INTERIM FINANCIAL STATEMENTS
31 MARCH 2006

Report of Independent Auditor

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

I have reviewed the accompanying consolidated balance sheet of TISCO Bank Public Company Limited and its subsidiaries as at 31 March 2006, and the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the three-month period then ended, and the separate financial statements of TISCO Bank Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

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

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

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

The consolidated statements of earnings, changes in shareholders' equity, and cash flows of TISCO Bank Public Company Limited and its subsidiary companies and the separate financial statements of TISCO Bank Public Company Limited for the three-month period ended 31 March 2005, as presented herein for comparative purposes, formed an integral part of the financial statements which were reviewed by the aforementioned auditor, whose report dated 27 April 2005 stated that nothing had come to his attention that caused him to believe that the financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 4 May 2006

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

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		31 March 2006	31 December 2005	31 March 2006	31 December 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CASH		202,978	203,953	201,234	202,325
INTERBANK AND MONEY MARKET ITEMS	3.1				
Domestic					
Interest bearing		2,868,717	886,955	300,126	125
Non-interest bearing		261,886	618,458	227,496	490,009
Total interbank and money market items - net		3,130,603	1,505,413	527,622	490,134
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	3.2	15,730,000	2,000,000	15,730,000	2,000,000
INVESTMENT IN SECURITIES	3.3, 3.4, 3.7				
Current investment - net		837,383	826,593	732,623	715,779
Long-term investment - net		3,796,456	4,378,780	3,587,372	4,145,862
Investment in subsidiaries - net		-	-	3,700,983	3,566,056
Net investments		4,633,839	5,205,373	8,020,978	8,427,697
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		726,700	61,191	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	3.5, 3.7				
Loans and receivable		63,699,105	63,948,412	57,638,039	57,799,317
Securities business receivable		1,327,413	1,275,269	-	-
Total loans and receivable		65,026,518	65,223,681	57,638,039	57,799,317
Accrued interest receivable		118,709	113,987	80,252	77,533
Total loans, receivable and accrued interest receivable		65,145,227	65,337,668	57,718,291	57,876,850
Less : Allowance for doubtful accounts	3.6.1	(3,283,203)	(3,181,001)	(2,963,309)	(2,865,571)
Less : Allowance for loss on debt restructuring	3.6.2	(296,679)	(303,731)	(296,679)	(303,731)
Net loans, receivable and accrued interest receivable		61,565,345	61,852,936	54,458,303	54,707,548
PROPERTY FORECLOSED - net		1,258,051	1,206,695	1,264,053	1,211,259
LAND, PREMISES AND EQUIPMENT - net		1,571,675	1,559,496	1,025,817	1,004,248
DEFERRED TAX ASSETS	3.18	780,579	682,854	592,850	499,674
DIVIDEND RECEIVABLE FROM SUBSIDIARIES	3.20	-	-	846,022	846,022
OTHER ASSETS	3.8	989,288	1,004,851	831,267	833,880
TOTAL ASSETS		90,589,058	75,282,762	83,498,146	70,222,787

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

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

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		31 March 2006	31 December 2005	31 March 2006	31 December 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS IN BAHT		60,584,655	34,450,801	60,782,864	34,611,263
INTERBANK AND MONEY MARKET ITEMS					
Domestic - Interest bearing		4,414,887	6,415,253	3,116,844	6,231,224
LIABILITY PAYABLE ON DEMAND		147,862	247,287	147,862	247,287
BORROWINGS	3.9				
Short-term borrowings		2,370,169	12,322,796	-	9,998,000
Long-term borrowings		5,167,988	5,167,744	5,144,200	5,144,200
Total borrowings		7,538,157	17,490,540	5,144,200	15,142,200
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		443,153	566,491	-	-
SECURITIES BUSINESS PAYABLE		2,361,741	1,347,283	-	-
ACCRUED INTEREST PAYABLE		318,022	247,144	312,069	238,102
OTHER LIABILITIES	3.10	1,318,986	1,436,297	959,743	1,102,013
TOTAL LIABILITIES		77,127,463	62,201,096	70,463,582	57,572,089

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

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

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		31 March 2006	31 December 2005	31 March 2006	31 December 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
SHAREHOLDERS' EQUITY					
Share capital					
Registered	2.1	11,002,000	11,002,000	11,002,000	11,002,000
Issued and paid up					
184,439,130 preference shares of Baht 10 each (31 December 2005 : 180,947,630 preference shares of Baht 10 each)		1,844,391	1,809,476	1,844,391	1,809,476
541,043,120 ordinary shares of Baht 10 each (31 December 2005 : 541,020,120 ordinary shares of Baht 10 each)		5,410,431	5,410,201	5,410,431	5,410,201
		7,254,822	7,219,677	7,254,822	7,219,677
Share premium					
Share premium of preference shares		62,232	43,129	62,232	43,129
Share premium of ordinary shares		36,500	36,500	36,500	36,500
Revaluation surplus on changes in the value of investment	3.14	812,903	1,011,781	812,903	1,011,781
Translation adjustments		97,052	112,560	97,052	112,560
Retained earnings					
Appropriated - statutory reserve	2.2	344,800	344,800	344,800	344,800
Unappropriated		4,426,255	3,882,251	4,426,255	3,882,251
Equity attributable to Bank shareholders		13,034,564	12,650,698	13,034,564	12,650,698
Minority interest - equity attributable to minority shareholders of subsidiary		427,031	430,968	-	-
TOTAL SHAREHOLDERS' EQUITY		13,461,595	13,081,666	13,034,564	12,650,698
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		90,589,058	75,282,762	83,498,146	70,222,787
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
Aval to bills and guarantees of loans	3.22	777,000	561,000	777,000	561,000
Other commitments		4,874,909	5,085,318	4,874,909	5,085,318

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

Mr. Pichai Chanvirachart
(President)

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

(UNAUDITED BUT REVIEWED)

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

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

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

	Note	CONSOLIDATED		THE BANK ONLY	
		2006	2005	2006	2005
INTEREST AND DIVIDEND INCOME					
Loans		192,676	137,938	191,659	136,455
Interbank and money market items		79,614	18,785	63,079	13,203
Hire purchase and financial lease income		963,355	830,456	688,221	595,715
Investments		107,905	85,495	107,844	83,287
Total interest and dividend income		1,343,550	1,072,674	1,050,803	828,660
INTEREST EXPENSES					
Deposit		428,479	203,667	428,018	203,397
Interbank and money market items		40,122	25,386	26,190	15,881
Short-term borrowings		29,284	8,775	6,257	-
Long-term borrowings		52,888	59,073	52,644	52,644
Total interest expenses		550,773	296,901	513,109	271,922
Net interest and dividend income		792,777	775,773	537,694	556,738
BAD DEBT AND DOUBTFUL ACCOUNTS					
Net interest and dividend income after		(70,897)	(66,550)	(55,530)	(44,108)
bad debt and doubtful accounts and loss on debt restructuring		721,880	709,223	482,164	512,630
NON-INTEREST INCOME					
Brokerage fees		191,407	209,331	-	-
Gain on investments	3.15	274,009	122,744	263,258	1,078
Share of profit of subsidiary companies		-	-	170,140	272,323
Fees and service income					
Acceptances, aval and guarantees		129	290	129	290
Others		243,821	220,407	155,213	124,707
Fees and gain on exchange		2,512	625	-	-
Other income	3.16	43,277	38,539	31,668	28,420
Total non-interest income		755,155	591,936	620,408	426,818
Total net income		1,477,035	1,301,159	1,102,572	939,448
NON-INTEREST EXPENSES					
Personnel expenses		334,433	242,998	208,616	112,493
Premises and equipment expenses		106,863	99,635	88,402	71,804
Taxes and duties		18,005	17,375	16,683	15,271
Fees and service expenses		135,450	143,042	70,233	88,581
Directors' remuneration	2.3	1,705	1,800	1,645	1,680
Other expenses	3.17	162,427	120,453	74,551	62,635
Total non-interest expenses		758,883	625,303	460,130	352,464
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		718,152	675,856	642,442	586,984
CORPORATE INCOME TAX	3.18	(166,885)	(150,790)	(98,438)	(69,867)
EARNINGS BEFORE MINORITY INTEREST		551,267	525,066	544,004	517,117
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANY		(7,263)	(7,949)	-	-
NET EARNINGS FOR THE PERIOD		544,004	517,117	544,004	517,117
EARNINGS PER SHARE					
	3.19, 4.5				
Basic earnings per share		0.50	0.46	0.50	0.46
Diluted earnings per share		0.50	0.45	0.50	0.45

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

(UNAUDITED BUT REVIEWED)

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

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED		THE BANK ONLY	
	2006	2005	2006	2005
Cash flows from operating activities				
Net earnings	544,004	517,117	544,004	517,117
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary company	7,263	7,949	-	-
Share of profit from operating results of subsidiaries	-	-	(170,140)	(272,323)
Depreciation and amortisation	45,105	38,552	30,966	24,394
Bad debt and doubtful accounts	138,997	86,725	119,718	62,769
Unrealised loss on revaluation of investment (reversal)	33	(18)	33	(18)
Allowance for impairment of property foreclosed (reversal)	(45,109)	1,080	(43,552)	89
Gain on disposal of investments	(274,043)	(122,725)	(263,291)	(1,060)
Gain on disposal of equipment	(684)	(726)	-	(611)
Loss (gain) on disposal of property foreclosed	51,350	30,765	(360)	6,937
Decrease (increase) in deferred tax assets	(15,589)	16,399	(11,587)	27,440
Increase in accrued interest and dividend receivable	(88,708)	(53,788)	(86,560)	(57,459)
Decrease (increase) in other receivable	(12,605)	(4,394)	8,112	2,448
Increase (decrease) in accrued interest payable	70,877	(13,826)	73,967	(14,325)
Increase in accrued expenses	97,854	78,529	72,611	35,107
Earnings from operating activities before changes in operating assets and liabilities	518,745	581,639	273,921	330,505
Decrease (increase) in operating assets				
Interbank and money market items	(1,625,190)	(839,484)	(37,488)	145,839
Securities purchased under resale agreements	(13,730,000)	962,000	(13,730,000)	962,000
Investment in securities - held for trading	(1,850)	-	-	-
Trading transactions with securities companies	(665,508)	(354,609)	-	-
Loans and receivable	(182,785)	(2,448,866)	(106,200)	(2,126,544)
Securities business loans and receivable	(52,144)	(567,156)	-	-
Property foreclosed	330,648	141,114	229,563	78,152
Securities business receivable	-	-	-	1,485,466
Other assets	108,278	(86,666)	74,468	(94,504)

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

(UNAUDITED BUT REVIEWED)

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

STATEMENTS OF CASH FLOWS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED		THE BANK ONLY	
	2006	2005	2006	2005
Increase (decrease) in operating liabilities				
Deposits	26,133,854	1,656,340	26,171,601	1,688,572
Interbank and money market items	(2,000,366)	814,928	(3,114,380)	(218,942)
Liabilities payable on demand	(99,425)	-	(99,425)	-
Short-term borrowings	(9,952,382)	53,199	(9,998,000)	-
Trading transactions with securities companies	(123,338)	481,753	-	-
Securities business payable	1,014,459	475,924	-	-
Other liabilities	(217,668)	314,115	(214,882)	291,995
Net cash flows from (used in) operating activities	<u>(544,672)</u>	<u>1,184,231</u>	<u>(550,822)</u>	<u>2,542,539</u>
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	-	(2,167,199)	-	(3,336,817)
Cash received from disposal of investment in securities held for investment	569,035	1,038,989	533,096	681,285
Cash received from dividend received from subsidiaries	-	-	11,200	149,750
Cash paid for purchase of equipment	(53,562)	(68,401)	(48,813)	(59,508)
Cash received from disposal of equipment	684	5,923	-	4,681
Net cash flows from (used in) investing activities	<u>516,157</u>	<u>(1,190,688)</u>	<u>495,483</u>	<u>(2,560,609)</u>
Cash flows from financing activities				
Dividend paid	(11,200)	(9,750)	-	-
Cash received from exchange of warrants to purchase preference shares	54,248	20,372	54,248	20,372
Net cash flows (used in) financing activities	<u>43,048</u>	<u>10,622</u>	<u>54,248</u>	<u>20,372</u>
Translation adjustment	<u>(15,508)</u>	<u>(483)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(975)	3,682	(1,091)	2,302
Cash and cash equivalents at beginning of the period	203,953	3,766	202,325	1,841
Cash and cash equivalents at end of the period	<u>202,978</u>	<u>7,448</u>	<u>201,234</u>	<u>4,143</u>
	-		-	
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	479,384	310,874	439,142	286,248
Corporate income tax	11,602	9,579	6,320	4,113
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	230	300	230	300

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

(UNAUDITED BUT REVIEWED)

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED									
	Issued and paid-up share capital		Share premium		Surplus		Statutory reserve	Unappropriated retained earnings	Minority interest- equity attributable to minority shareholders	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	Translation adjustments				
Balance as at 31 December 2004	1,841,235	5,339,075	23,207	36,500	1,255,384	98,315	254,600	3,301,679	430,901	12,580,896
Increase in fair value of investments	-	-	-	-	45,308	-	-	-	-	45,308
Decrease in translation adjustments	-	-	-	-	-	(483)	-	-	-	(483)
Net earnings for the period	-	-	-	-	-	-	-	517,117	-	517,117
Proposed dividend (Note 4.3)	-	-	-	-	-	-	-	(1,120,077)	-	(1,120,077)
Warrants converted to preference shares	15,575	-	4,797	-	-	-	-	-	-	20,372
Preference shares converted to ordinary shares	(300)	300	-	-	-	-	-	-	-	-
Decrease in minority interest in subsidiary company	-	-	-	-	-	-	-	-	(1,801)	(1,801)
Balance as at 31 March 2005	<u>1,856,510</u>	<u>5,339,375</u>	<u>28,004</u>	<u>36,500</u>	<u>1,300,692</u>	<u>97,832</u>	<u>254,600</u>	<u>2,698,719</u>	<u>429,100</u>	<u>12,041,332</u>
Balance as at 31 December 2005	1,809,476	5,410,201	43,129	36,500	1,011,781	112,560	344,800	3,882,251	430,968	13,081,666
Decrease in fair value of investments	-	-	-	-	(198,878)	-	-	-	-	(198,878)
Decrease in translation adjustments	-	-	-	-	-	(15,508)	-	-	-	(15,508)
Net earnings for the period	-	-	-	-	-	-	-	544,004	-	544,004
Warrants converted to preference shares	35,145	-	19,103	-	-	-	-	-	-	54,248
Preference shares converted to ordinary shares	(230)	230	-	-	-	-	-	-	-	-
Decrease in minority interest in subsidiary company	-	-	-	-	-	-	-	-	(3,937)	(3,937)
Balance as at 31 March 2006	<u>1,844,391</u>	<u>5,410,431</u>	<u>62,232</u>	<u>36,500</u>	<u>812,903</u>	<u>97,052</u>	<u>344,800</u>	<u>4,426,255</u>	<u>427,031</u>	<u>13,461,595</u>

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005
(Unit : Thousand Baht)

	THE BANK ONLY								
	Issued and paid-up share capital		Share premium		Surplus	Translation	Statutory	Unappropriated	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	adjustments	reserve	retained earnings	
Balance as at 31 December 2004	1,841,235	5,339,075	23,207	36,500	1,255,384	98,315	254,600	3,301,679	
Increase in fair value of investments	-	-	-	-	45,308	-	-	-	45,308
Decrease in translation adjustments	-	-	-	-	-	(483)	-	-	(483)
Net earnings for the period	-	-	-	-	-	-	-	517,117	517,117
Proposed dividend (Note 4.3)	-	-	-	-	-	-	-	(1,120,077)	(1,120,077)
Warrants converted to preference shares	15,575	-	4,797	-	-	-	-	-	20,372
Preference shares converted to ordinary shares	(300)	300	-	-	-	-	-	-	-
Balance as at 31 March 2005	<u>1,856,510</u>	<u>5,339,375</u>	<u>28,004</u>	<u>36,500</u>	<u>1,300,692</u>	<u>97,832</u>	<u>254,600</u>	<u>2,698,719</u>	<u>11,612,232</u>
Balance as at 31 December 2005	1,809,476	5,410,201	43,129	36,500	1,011,781	112,560	344,800	3,882,251	12,650,698
Decrease in fair value of investments	-	-	-	-	(198,878)	-	-	-	(198,878)
Decrease in translation adjustments	-	-	-	-	-	(15,508)	-	-	(15,508)
Net earnings for the period	-	-	-	-	-	-	-	544,004	544,004
Warrants converted to preference shares	35,145	-	19,103	-	-	-	-	-	54,248
Preference shares converted to ordinary shares	(230)	230	-	-	-	-	-	-	-
Balance as at 31 March 2006	<u>1,844,391</u>	<u>5,410,431</u>	<u>62,232</u>	<u>36,500</u>	<u>812,903</u>	<u>97,052</u>	<u>344,800</u>	<u>4,426,255</u>	<u>13,034,564</u>

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS “TISCO FINANCE PUBLIC COMPANY LIMITED”

AND ITS SUBSIDIARY COMPANIES)

NOTES TO INTERIM FINANCIAL STATEMENTS

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

1.1 Basis for the preparation of interim financial statements

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

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

1.2 Basis of consolidation

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

The financial statements of the subsidiary companies, which are included in the consolidated financial statements, were prepared by the managements of the subsidiary companies and not reviewed by their auditors

(Unit : Million Baht)

	Subsidiaries’ total assets included in the consolidated financial statements as at 31 March 2006	Subsidiaries’ total revenue included in the consolidated financial statements for the three-month period ended 31 March 2006	Subsidiaries’ net earnings (loss) include in the consolidated financial statements for the three-month period ended 31 March 2006
<i>Subsidiaries’ indirectly owned by the Bank</i>			
TISCO Global Investment Holding Limited	0.7	-	(0.5)
TISCO Securities Singapore Pte. Ltd. (In the process of deregistration)	-	-	-

The amounts of assets, revenue and net earnings (loss) of the above subsidiaries are immaterial to the consolidated financial statements and the management believes that such amounts will not significantly differ if the financial statements were to be reviewed by auditors.

1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2005.

1.4 Presentation

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

2. GENERAL INFORMATION

2.1 Share capital

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

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

(UNAUDITED BUT REVIEWED)

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.

2.2 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.

2.3 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.

(UNAUDITED BUT REVIEWED)

2.4 Related person and party transactions

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

The Bank and its subsidiaries have neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10% of the common shares of paid up capital are held by the Bank, the Bank's directors or management-level employees, with the exception of loans to employees under the employee welfare scheme, as mentioned in Note 3.20 to the financial statements.

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

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

3. DETAILS OF FINANCIAL STATEMENTS

3.1 Interbank and money market items (assets)

(Unit : Million Baht)

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

3.2 Securities purchased under resale agreements

(Unit : Million Baht)

	Consolidated/The Bank Only as at	
	31 March 2006	31 December 2005
Bank of Thailand securities	15,730	2,000

(UNAUDITED BUT REVIEWED)

3.3 Investments in securities

(Unit : Thousand Baht)

	Consolidated as at			
	31 March 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Current investment				
Trading securities				
Equity securities :				
Domestic marketable equity securities	1,851	1,851	1	1
Add (less) : Allowance for changes in value	-		-	
Net equity securities	1,851		1	
Total trading securities	1,851		1	
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	406,705	406,414	407,957	407,906
Debt securities of private sector	281,432	220,929	285,452	221,804
Total	688,137	627,343	693,409	629,710
Less : Allowance for changes in value	(380)		(3,285)	
Less : Allowance for impairment	(60,414)		(60,414)	
Debt securities - net	627,343		629,710	
Equity securities :				
Domestic marketable equity securities	124,492	105,034	124,491	86,108
Add (less) : Allowance for changes in value	(19,458)		(38,383)	
Net equity securities	105,034		86,108	
Total available-for-sales securities	732,377		715,818	
Held-to-maturity debt securities-due				
within 1 year				
Government and state enterprise securities	778		1,570	
Foreign debt securities	102,377		109,204	
Total held-to-maturity debt securities-due				
within 1 year	103,155		110,774	
Net current investments	837,383		826,593	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated as at			
	31 March 2006		31 December 2005	
	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	102,546	100,000	100,524
Add (less) : Allowance for changes in value	2,546		524	
Debt securities - net	102,546		100,524	
Equity securities :				
Domestic marketable equity securities	2,356,480	2,370,448	2,620,257	2,928,774
Other securities - unit trusts	158,991	185,129	188,945	209,833
Total	2,515,471	2,555,577	2,809,202	3,138,607
Add (less) : Allowance for changes in value	40,106		329,405	
Net equity securities	2,555,577		3,138,607	
Total available-for-sales securities	2,658,123		3,239,131	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	337,201		337,211	
Debt securities of private sector	4		4	
Total held-to-maturity debt securities	337,205		337,215	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,042,888		1,042,888	
Investment in receivables	6,353		7,626	
Less : Allowance for impairment	(248,113)		(248,080)	
Total other investment	801,128		802,434	
Net long-term investments	3,796,456		4,378,780	
Net investments	4,633,839		5,205,373	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

The Bank Only as at

	31 March 2006		31 December 2005	
	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	406,045	405,757	406,627	406,577
Debt securities of private sector	281,432	221,833	285,452	223,094
Total	687,477	627,590	692,079	629,671
Add (less) : Allowance for changes in value	527		(1,994)	
Less : Allowance for impairment	(60,414)		(60,414)	
Net debt securities	627,590		629,671	
Equity securities :				
Domestic marketable equity securities	124,492	105,033	124,491	86,108
Add (less) : Allowance for changes in value	(19,459)		(38,383)	
Net equity securities	105,033		86,108	
Net available-for-sales securities	732,623		715,779	
Net current investments	732,623		715,779	
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000	102,546	100,000	100,524
Add (less) : Allowance for changes in value	2,546		524	
Debt securities – net	102,546		100,524	
Equity securities :				
Domestic marketable equity securities	2,340,388	2,350,089	2,604,165	2,909,413
Other securities – unit trusts	5,949	6,096	5,949	5,977
Total	2,346,337	2,356,185	2,610,114	2,915,390
Add (less): Allowance for changes in value	9,848		305,276	
Net equity securities	2,356,185		2,915,390	
Total available-for-sales securities	2,458,731		3,015,914	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

The Bank Only as at

	31 March 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	335,000		335,000	
Total held-to-maturity debt securities	<u>335,000</u>		<u>335,000</u>	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,032,775		1,032,775	
Investment in receivables	8,979		10,253	
Less : Allowance for impairment	(248,113)		(248,080)	
Total other investment	<u>793,641</u>		<u>794,948</u>	
Net long-term investments	<u>3,587,372</u>		<u>4,145,862</u>	
Investment in subsidiaries				
Investment in subsidiaries	<u>3,700,983</u>		<u>3,566,056</u>	
Net investments	<u><u>8,020,978</u></u>		<u><u>8,427,697</u></u>	

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

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

3.3.2 Investments subject to restriction

(Unit : Million Baht)

Type of investment	Consolidated		The Bank Only		Type of restriction
	As at		As at		
	31 March 2006	31 December 2005	31 March 2006	31 December 2005	
Domestic marketable equity securities	33	35	33	35	Marketable equity securities may not be sold during the period stipulated as a condition of troubled debt restructuring agreements made with restructured receivables.
Domestic non-marketable equity securities	13	13	13	13	Pledged as security for short-term loan from a company
Government debt securities	5	5	3	3	Pledged for electricity usage
Government debt securities	63	63	63	63	Pledged under agreement to swap a floating interest rate for a fixed interest rate, described in Note 3.23.2
Foreign debt securities	102	109	-	-	Pledged to secure credit facility

(UNAUDITED BUT REVIEWED)

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

(Unit : Thousand Baht)

Consolidated / The Bank Only
As at 31 March 2006

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

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

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

Consolidated/The Bank Only
As at 31 March 2006

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

(UNAUDITED BUT REVIEWED)

3.4 Investment in subsidiary companies

		(Unit : Million Baht)							
		Paid-up share capital		Cost method		Equity method ⁽¹⁾		Dividend income received ⁽²⁾	
		As at		As at		As at		for the three-month periods ended 31 March	
Company's name	Nature of Business	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	2006	2005
<u>Subsidiary companies directly held by the Bank :</u>									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	231	243	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,650	1,582	-	170
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	150	118	-	140
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,016	999	-	280
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	141	114	-	100
TISCO Information Technology Co., Ltd. (Formerly known as "Thai Information Technology Co., Ltd.")	Services	20	20	44	44	15	8	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	427	431	18	10
TISCO Group Co., Ltd. (Formerly known as "Thai Permsap Finance Co., Ltd.")	Holdings	150	150	150	150	71	71	-	-
TISCO Corporation Plc.	Holdings	-	-	-	-	-	-	-	-
						3,701	3,566	18	700

⁽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.

(UNAUDITED BUT REVIEWED)

3.5 Loans, receivable and accrued interest receivable

3.5.1 Classified by loan type and receivable

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	As at		As at	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
<u>Loans and receivable :</u>				
Loans	14,328,333	13,892,441	14,289,967	13,833,778
Hire - purchase and financial lease receivable	49,370,772	50,055,971	43,348,072	43,965,539
Total loans and receivable	63,699,105	63,948,412	57,638,039	57,799,317
Add : Accrued interest receivable	118,709	113,987	80,252	77,533
Less : Allowance for doubtful accounts	(3,225,151)	(3,122,949)	(2,963,309)	(2,865,571)
Less : Allowance for loss on debt restructuring	(296,679)	(303,731)	(296,679)	(303,731)
Net loans and receivable and accrued interest receivable	60,295,984	60,635,719	54,458,303	54,707,548
<u>Securities business receivable :</u>				
Customer's cash accounts	1,322,851	1,207,206	-	-
Customer's securities borrowings and lending accounts	-	10,560	-	-
Other receivable :-				
Overdue customers' accounts	234	123	-	-
Installment receivable	4,328	57,380	-	-
Total securities business receivable	1,327,413	1,275,269	-	-
Less : Allowance for doubtful accounts	(58,052)	(58,052)	-	-
Net securities business receivable and accrued interest receivable	1,269,361	1,217,217	-	-
Net loans, receivable and accrued interest receivable	61,565,345	61,852,936	54,458,303	54,707,548

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

The Bank	Amounts calculated under BOT's guidelines ⁽²⁾		Amounts calculated under the Bank's policy	
	The Bank Only		The Bank Only	
	As at		As at	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
Loans and receivable for which the recognition of interest income has been ceased ⁽¹⁾	2,215	2,229	3,880 ⁽³⁾	4,534 ⁽³⁾

⁽¹⁾ Calculated on an account-by-account basis

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

⁽³⁾ The above amounts included loans and receivables totaling Baht 3,278 million (31 December 2005 : Baht 3,842 million), for which a 100 percent allowance for doubtful debts has been provided against the unsecured portion. The above amounts are calculated on an account-by-account basis.

(Unit : Million Baht)

Subsidiaries	As at	
	31 March 2006	31 December 2005
Securities business loans and receivables, hire-purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has been ceased	387 ⁽¹⁾	446 ⁽¹⁾

⁽¹⁾ Baht 122 million (31 December 2005 : Baht 108 million) of such amounts being loans and receivables, for which a 100 percent allowance for doubtful debts has been provided.

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

(Unit : Million Baht)

	Consolidated		The Bank Only	
	As at		As at	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
Unearned interest income	6,351	6,308	4,980	4,986

3.5.4 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 March 2006
Restructured loans and receivables ⁽¹⁾	837
Loans and receivable which are being restructured ⁽²⁾	37

⁽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 46 million.

(UNAUDITED BUT REVIEWED)

3.5.5 Troubled debt restructuring

- Debt restructuring during the period

	The Bank Only	
	for the three-month periods	
	ended 31 March	
	2006	2005
Number of debtors (number)	7	14
Loan balances before restructuring (Million Baht)	281	85
Interest income on restructured receivables (Million Baht)	14	12
Receipt of principal and interest (Million Baht)	90	268

- Debtors which were subjected to debt restructuring :-

Type of restructuring	The Bank Only as at 31 March 2006			
	Number of receivables	Outstanding loan	Type of assets transferred	Fair value
		balance before restructuring		of transferred assets
		Million Baht		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	1,092	22,251		
Total	1,180	32,800		5,051

(UNAUDITED BUT REVIEWED)

- The balance of the restructured debts.

(Unit : Million Baht)

The Bank Only

As at

	31 March 2006	31 December 2005
The balance of the restructured debts	3,108	3,135

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

(Unit : Million Baht)

The Bank Only

As at

Allowance for doubtful accounts / allowance for loss on debt restructuring	31 March 2006	31 December 2005
Amounts to be provided under BOT's guidelines	2,298	2,276
Amounts already set up by the Bank	3,260 ⁽¹⁾	3,169 ⁽¹⁾
Amounts in excess of the required amount	962	893

⁽¹⁾ The allowance for doubtful debts, as mentioned above, consists of allowance for doubtful debts of Baht 1,935 million (31 December 2005 : Baht 2,293 million) set aside for the unsecured portion of loans amounting Baht 3,278 million (31 December 2005 : Baht 3,842 million) at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,325 million (31 December 2005 : 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.

(UNAUDITED BUT REVIEWED)

3.6.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

Consolidated as at 31 March 2006

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of period	694,346	62,208	114,010	200,804	1,557,136	552,497	3,181,001
Increase (decrease) in allowance for doubtful accounts during the period	(7,243)	500	(10,796)	(11,499)	99,925	75,162	146,049
Bad debt written - off	-	-	-	(9)	(43,838)	-	(43,847)
Balance - end of period	687,103	62,708	103,214	189,296	1,613,223	627,659	3,283,203

(Unit : Thousand Baht)

Consolidated as at 31 December 2005

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of year	763,478	38,367	104,332	295,255	1,830,235	897,205	3,928,872
Increase (decrease) in allowance for doubtful accounts during the year	(69,132)	23,841	9,942	(88,783)	357,154	(344,708)	(111,686)
Bad debt written - off	-	-	(264)	(5,668)	(630,253)	-	(636,185)
Balance - end of year	694,346	62,208	114,010	200,804	1,557,136	552,497	3,181,001

(Unit : Thousand Baht)

The Bank Only as at 31 March 2006

	Pass	Special- mentioned	Sub- Standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of period	641,959	51,792	79,230	145,898	1,449,194	497,498	2,865,571
Increase (decrease) in allowance for doubtful accounts during the period	(5,876)	(594)	(10,311)	(2,639)	71,050	75,141	126,771
Bad debt written - off	-	-	-	(9)	(29,024)	-	(29,033)
Balance - end of period	636,083	51,198	68,919	143,250	1,491,220	572,639	2,963,309

(Unit : Thousand Baht)

The Bank Only as at 31 December 2005

	Pass	Special- mentioned	Sub- Standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of year	704,169	29,827	80,183	271,007	1,321,584	824,279	3,231,049
Increase (decrease) in allowance for doubtful accounts during the year	(62,210)	21,965	(689)	(119,536)	324,257	(326,781)	(162,994)
Bad debt written - off	-	-	(264)	(5,573)	(196,647)	-	(202,484)
Balance - end of year	641,959	51,792	79,230	145,898	1,449,194	497,498	2,865,571

(UNAUDITED BUT REVIEWED)

3.6.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

Consolidated/The Bank Only

	As at	
	31 March 2006	31 December 2005
Balance - beginning of period	303,731	359,502
Increase during period	3,021	14,634
Written - off	(10,073)	(70,405)
Balance - end of period	296,679	303,731

3.6.3 Non - performing loans and receivables

(Unit : Million Baht)

The Bank Only

	As at	
	31 March 2006	31 December 2005
Non - performing loans and receivables	2,498	2,493
Allowance for doubtful debts	1,680	1,660

3.7 Classification of assets

3.7.1 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		As at		As at	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005
Debt instruments - debentures ⁽²⁾	60	60	-	-	60	60
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6
Equity instruments - preference shares ⁽³⁾	2	2	-	-	2	2

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

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

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

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

	Debt balance		Debt balance after		Percentage required by BOT ⁽⁴⁾	Allowance for doubtful accounts			
	As at		net off collateral			Amounts to be provided		Amounts already set up	
			As at			under BOT's guidelines		by the Bank	
	31 March	31 December	31 March	31 December		As at		As at	
	2006	2005	2006	2005	31 March	31 December	31 March	31 December	
	2006	2005	2006	2005	2006	2005	2006	2005	
Loans and receivable⁽¹⁾⁽²⁾⁽³⁾									
Pass	53,189	53,132	42,998	43,060	1	421	421	636	642
Special-mentioned	2,251	2,174	2,097	2,120	2	42	42	51	51
Substandard	301	346	288	326	20	66	74	69	79
Doubtful	240	231	210	209	50	136	136	143	146
Bad debts	1,957	1,916	1,336	1,299	100	1,336	1,299	1,491	1,449
Total	57,938	57,799	46,929	47,014		2,001	1,972	2,390	2,367
Loss on receivable under									
troubled debt restructuring	-	-	-	-		297	304	297	304
Total	57,938	57,799	46,929	47,014		2,298	2,276	2,687	2,671
General reserve								573	498
Total								3,260	3,169
Investment in securities									
Bad debts									
Debt instruments	61	62	61	62	100	61	62	61	62
Equity instruments	663	510	663	510	100	663	510	663	510
Total	724	572	724	572		724	572	724	572
Investment in receivables									
Pass	-	4	-	4	1	-	-	-	-
Special-mentioned	2	-	2	-	2	-	-	-	-
Bad debts	7	7	-	-	100	-	-	-	-
Total	9	11	2	4		-	-	-	-
Properties foreclosed									
Bad debts									
Land	7	51	7	51	100	7	51	7	51
Total classified assets	58,678	58,433	47,662	47,641		3,029	2,899	3,991	3,792

⁽¹⁾ Allowance for doubtful accounts for loans and receivable is determined based on debt balance less collateral value in accordance with the BOT's guidelines.⁽²⁾ Interest receivable are not included in pass and special-mentioned debt balance.⁽³⁾ Loans and receivable include loan to financial institution (which presented as part of interbank and money market items in the balance sheet)⁽⁴⁾ In accordance with BOT guidelines, provisioning rates for normal debt and special-mentioned debt are at rates of at least 1 or 2 percent, respectively, or at a lower rate calculated in accordance with guidelines and conditions stipulated by the BOT. However, the Bank is still setting aside provision for normal debt and special mention debt at rates of at least 1 or 2 percent, respectively.

(UNAUDITED BUT REVIEWED)

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at		As at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2006	2005	2006	2005	2006	2005	2006	2005
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies vulnerable to delisting	-	-	-	-	-	-	-	-
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	15	13	797	868	267	313	510	552
3. Listed companies of which shares have been suspended for trading	1	1	15	15	-	-	15	15
4. Listed companies under rehabilitation	12	11	610	561	395	353	367	359
5. Companies having loan default problem	28	24	1,164	1,003	430	383	783	666
6. Companies having going concern issue as cited in auditors' report	-	-	-	-	-	-	-	-
Total	56	49	2,586	2,447	1,092	1,049	1,675	1,592

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

	Securities business receivable and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2006	2005	2006	2005	2006	2005
Substandard	2	55	-	-	-	-
Doubtful	3	3	3	3	3	3
Total	5	58	3	3	3	3
General reserve					55	55
Total					58	58

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

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

	Debt balances		Percentage of allowance for doubtful accounts set up	Allowance for doubtful account		Debt balances – net	
	As at			As at		As at	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	
Current	4,394	4,588	1	44	46	4,350	4,542
Overdue							
1 month	671	652	1	6	7	665	645
2 - 3 months	576	521	2	12	10	564	511
4 - 6 months	171	174	20	34	35	137	139
7 - 12 months	92	110	50	46	55	46	55
Over 12 months	76	62	100	76	62	-	-
Debtors under litigation	43	42	100	43	42	-	-
Total	6,023	6,149		261	257	5,762	5,892

3.8 Other assets

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	As at		As at	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
Value added tax - net	290,062	450,471	285,434	442,982
Accrued interest receivable	20,131	16,569	19,287	15,871
Fee and charges receivable	216,709	207,662	143,731	153,853
Prepaid income tax	10,147	35,848	-	26,846
Deferred computer system development cost - net	60,621	61,514	54,996	44,487
Deposits	17,791	17,881	7,448	7,448
Other receivables	132,251	92,136	146,321	78,297
Other assets	241,576	122,770	174,050	64,096
Total other assets	989,288	1,004,851	831,267	833,880

(UNAUDITED BUT REVIEWED)

3.9 Borrowings

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	As at		As at	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
<u>Domestic borrowings</u>				
Subordinated debentures	331,000	331,000	331,000	331,000
Unsubordinated unsecured debentures	5,485,000	15,608,000	4,800,000	14,798,000
Bill of exchange - fixed rate	1,708,957	1,538,340	-	-
Others	13,200	13,200	13,200	13,200
	<u>7,538,157</u>	<u>17,490,540</u>	<u>5,144,200</u>	<u>15,142,200</u>

3.9.1 Subordinated debentures

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

(UNAUDITED BUT REVIEWED)

3.9.2 Unsubordinated and unsecured debentures

Year	Issuer	Type of debenture	Units	Face value (Baht)	Balances as at (Million Baht)		Maturity in the year	Interest rate	Remark
					31 March 2006	31 December 2005			
2002	The Bank	Unsubordinated and unsecured	2 million	1,000	2,000	2,000	2007	At a rate of 4.25 percent per annum.	-
2002	The Bank	Unsubordinated and unsecured	1 million	1,000	1,000	1,000	2007	At a rate of 3.5 percent per annum in the first and second years and thereafter at a floating rate equivalent to the reference rate plus 0.5 percent per annum, which rate shall not be less than 3.75 percent per annum and shall not exceed 5 percent, 5.5 percent and 6 percent per annum in the third, fourth and fifth years, respectively.	The Bank entered into interest rate swap agreements to swap the floating interest rate for a fixed interest rate. The agreement expires in 2007.
2002	The Bank	Unsubordinated and unsecured	1.8 million	1,000	1,800	1,800	2007	At a floating rate equivalent to a rate of 6 percent minus the reference rate per annum in the first, second and third years and thereafter at a rate of 3.8 percent per annum.	The Bank entered into interest rate swap agreements to swap the floating interest rate for a fixed interest rate. The agreement expires in 2007.
2003	Subsidiary	Unsubordinated and unsecured	0.4 million	1,000	400	400	2006	At a rate of 3.25 per annum.	The subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio. In addition, an another subsidiary company has invested a total of Baht 90 million in these debentures.
2003	Subsidiary	Unsubordinated and unsecured installment debenture	0.5 million	1,000	375	500	2006	At a rate of 3.2 percent per annum.	The issuer will repay the principal of the debentures in four periods, the first of which will start on 6 January 2006 and interest will be paid quarterly beginning 6 January 2004. Such subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.
2005	The Bank	Unsubordinated and unsecured short-term debenture	9.9 million	1,000	-	9,998	2006	At a rate between 2.5 to 4.0 percent per annum.	-

(UNAUDITED BUT REVIEWED)

3.9.3 Bills of exchange - fixed rate

As of 31 March 2006, two subsidiary companies have outstanding bills of exchange amounting to Baht 1,709 million (31 December 2005 : Baht 1,538 million), bearing interest at fixed rates of 2.60 to 5.55 percent per annum and maturing between 2006 to 2007.

3.10 Other liabilities

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	As at		As at	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
Liabilities under commercial papers sold	185,000	545,000	185,000	545,000
Corporate income tax payable	352,954	180,932	174,168	70,464
Withholding income tax and other tax payable	57,097	142,360	37,209	83,417
Accrued insurance premium	357,334	355,076	331,260	292,243
Other liabilities	366,601	212,929	232,106	110,889
Total other liabilities	<u>1,318,986</u>	<u>1,436,297</u>	<u>959,743</u>	<u>1,102,013</u>

3.11 Preference shares converted to ordinary shares

Up to 31 March 2006, 440,843,120 preference shares had been converted into ordinary shares, and such conversion registered with the Ministry of Commerce.

As at 31 March 2006, there remained a total of 184,439,130 preference shares which are eligible for conversion to ordinary shares.

(UNAUDITED BUT REVIEWED)

3.12 Warrants

	The Bank Only					
	As at 31 March 2006			As at 31 December 2005		
	No. of shares	Exercised		No. of shares	Exercised	
		price	Total		price	Total
shares	Baht per share	Baht	shares	Baht per share	Baht	
Exercised warrants						
Allocation in year 2000	8,820,000	10.00	88,200,000	8,820,000	10.00	88,200,000
Allocation in year 2001	4,763,000	11.31	53,869,530	4,678,000	11.31	52,908,180
Allocation in year 2002	5,454,000	13.20	71,992,800	4,594,000	13.20	60,640,800
Allocation in year 2003	5,137,500	14.94	76,754,250	3,079,000	14.94	46,000,260
Allocation in year 2004	1,107,750	21.88	24,237,570	596,750	21.88	13,056,890
	25,282,250		315,054,150	21,767,750		260,806,130
Unexercised warrants	3,710,250			7,249,750		
Warrants returned from resigned employees	897,500			872,500		
Expired warrants	110,000			110,000		
Allocated warrants	30,000,000			30,000,000		

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

3.13 Capital fund

(Unit : Thousand Baht)

	The Bank Only	
	As at	
	31 March 2006	31 December 2005
<u>Tier I</u>		
Issued and fully paid up share capital	7,254,822	7,219,677
Premium on share capital	98,732	79,629
Statutory reserve	344,800	344,800
Retained earnings - unappropriated	3,302,900	3,302,900
Total Tier I	11,001,254	10,947,006
<u>Tier II</u>		
Subordinated debentures	232,600	264,800
Reserve for loans classified as pass	636,083	641,959
Reserve for revaluation of equity securities - available for sales	120,177	120,177
Total Tier II	988,860	1,026,936
Total capital fund	11,990,114	11,973,942

(UNAUDITED BUT REVIEWED)

The capital ratios	The Bank Only			
	As at			
	31 March 2006		31 December 2005	
	Bank	Requirement	Bank	Requirement
Tier I capital to risk assets	17.90%	4.25%	17.05%	4.25%
Total capital to risk assets	19.51%	8.50%	18.64%	8.50%
Total capital to issued and paid-up share capital	165.27%	75.00%	165.85%	75.00%

3.14 Surplus on changes in the value of investments

(Unit : Thousand Baht)

	Consolidated/The Bank Only	
	As at	
	31 March 2006	31 December 2005
Balance - beginning of the period	1,100,981	1,365,420
Decrease in changes in the value of securities during the period	(278,512)	(264,439)
	822,469	1,100,981
Less : The effect of income tax liabilities	(9,566)	(89,200)
Balance - end of the period	812,903	1,011,781

3.15 Gain on investments

(Unit : Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		The Bank Only	
	2006	2005	2006	2005
Unrealised gain (loss) on investments	(33)	18	(33)	18
Realised gain on investments	274,042	122,726	263,291	1,060
Total	274,009	122,744	263,258	1,078

(UNAUDITED BUT REVIEWED)

3.16 Other income

(Unit : Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		The Bank Only	
	2006	2005	2006	2005
Penalty fee income from loans	21,346	15,888	16,425	12,219
Rental income	5,230	4,598	5,623	6,367
Others	16,701	18,053	9,620	9,834
Total	43,277	38,539	31,668	28,420

3.17 Other expenses

(Unit : Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		The Bank Only	
	2006	2005	2006	2005
Contributions to the Financial Institutions				
Development Fund	39,775	31,828	39,775	31,828
Loss on disposal of property foreclosed	51,710	29,278	-	6,937
Mailing expenses	8,477	11,228	5,637	7,787
Loan loss from court - ordered execution	5,864	4,458	2,635	2,028
Transportation expenses	10,550	8,227	7,218	5,480
Advertising and promotion expenses	1,368	4,415	1,035	3,042
Others	44,683	31,019	18,251	5,533
Total	162,427	120,453	74,551	62,635

(UNAUDITED BUT REVIEWED)

3.18 Corporate income tax

(Unit : Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		The Bank Only	
	2006	2005	2006	2005
Income tax payable on taxable profit for the period	182,474	134,391	110,025	42,427
Add (less) : Net decrease (increase) in deferred tax on temporary differences	(15,589)	16,399	(11,587)	27,440
Income tax expenses - net	166,885	150,790	98,438	69,867

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		As at	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
Allowance for doubtful accounts (general reserve)	834,481	754,876	572,639	497,497
Allowance for doubtful accounts for VAT receivables	46,722	42,288	-	-
Allowance for impairment of investments	357,584	357,584	357,534	357,534
Allowance for impairment of property foreclosed	9,592	54,720	6,970	50,522
Non-accrual of interest income	1,047,522	1,045,296	981,328	981,402
Depreciation of assets	49,911	47,332	34,789	34,821
Financial leases	234,048	230,243	-	-
Revaluation surplus on changes in the value of investment	6,370	(265,590)	6,370	(265,590)
Others	15,699	9,432	16,536	9,395
	<u>2,601,929</u>	<u>2,276,181</u>	<u>1,976,166</u>	<u>1,665,581</u>
Deferred tax assets (30%)	<u>780,579</u>	<u>682,854</u>	<u>592,850</u>	<u>499,674</u>
Non-accrual of interest income	(1,941)	(1,942)	-	-
Depreciation of assets	(8,120)	(7,744)	-	-
Revaluation surplus on changes in the value of investment	38,258	31,744	-	-
Others	5,565	3,364	-	-
	<u>33,762</u>	<u>25,422</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>10,129</u>	<u>7,627</u>	<u>-</u>	<u>-</u>

(UNAUDITED BUT REVIEWED)

3.19 Reconciliation of diluted earnings per share

	For the three-month periods ended 31 March					
	Net earnings		Weighted average Number of shares		Earnings per share	
	2006	2005	2006	2005	2006	2005
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	544,004	517,117				
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	(182,145)	(184,885)				
	361,859	332,232	723,187	718,819	0.50	0.46
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	6,006	10,585		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion to ordinary shares	361,859	332,232	729,193	729,404	0.50	0.45

3.20 Related person and party transactions

	(Unit : Thousand Baht)			
	The Bank Only			
	Balance- beginning of the period	Increase	Decrease	Balance-end of the period
Outstanding balance as at 31 March 2006				
Subsidiary companies				
Dividend receivable from subsidiaries :-				
Hi-Way Co., Ltd.	490,000	-	-	490,000
TISCO Securities Co., Ltd.	225,000	-	-	225,000
TISCO Leasing Co., Ltd.	71,022	-	-	71,022
TISCO Asset Management Co., Ltd.	60,000	-	-	60,000
Other Assets :				
TISCO Leasing Co., Ltd.	-	7,482	-	7,482
Thai Commercial Auto Co., Ltd.	-	16,936	-	16,936
TISCO Information Technology Co., Ltd.	8,000	27,679	(20,411)	15,268
Deposits in Baht :				
TISCO Securities Co., Ltd.	1,442,248	-	(1,383,615)	58,633
TISCO Group Co., Ltd.	83,481	-	(16)	83,465
Hi-Way Co., Ltd.	35,827	53,921	-	89,748
Other subsidiary companies	63,753	12,360	(47,183)	28,930
Other liabilities :				
TISCO Securities Co., Ltd.	3,728	-	(3,728)	-
TISCO Leasing Co., Ltd.	-	1,235	-	1,235
Thai Commercial Auto Co., Ltd.	-	2,707	-	2,707

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	The Bank Only		Terms and pricing policy
	2006	2005	(For the period 2006)
<u>Transactions occurred during the three-month period ended 31 March</u>			
Subsidiary companies			
Risk and financial management fee and human resources management fee	7,112	7,973	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	11,215	12,497	Reference to the terms and price as charged to other customers
Other income	1,035	1,900	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	20,411	11,526	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Insurance rebate expenses	4,042	-	Reference to the terms and price as charged to other customers
Other expenses	4,966	1,904	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 March 2006	As at 31 March 2006
Loans	5,831	5,831

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.

(UNAUDITED BUT REVIEWED)

3.21 Financial information by segment

3.21.1 Financial information by business segment

(Unit : Million Baht)

	For the three-month periods ended 31 March									
	Bank business/financial		Securities business		Other business		Elimination		Total	
	service business									
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest and dividend income after bad debt and doubtful accounts	725	1,399	20	10	1	-	(24)	(700)	722	709
Non-interest income	494	199	280	325	32	20	(51)	48	755	592
Non-interest expenses	(636)	(484)	(160)	(172)	(26)	(21)	63	52	(759)	(625)
Corporate income tax	(125)	(100)	(42)	(51)	-	-	-	-	(167)	(151)
Minority interest in net earnings	-	-	-	-	-	-	(7)	(8)	(7)	(8)
Net earnings	458	1,014	98	112	7	(1)	(19)	(608)	544	517

(Unit : Million Baht)

	As at									
	Bank business/financial		Securities business		Other business		Elimination		Total	
	service business									
	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005
Investments in securities	7,940	8,481	457	498	1	2	(3,764)	(3,776)	4,634	5,205
Loans, receivable and accrued interest receivable – net	60,506	60,846	1,269	1,217	-	-	(210)	(210)	61,565	61,853
Other assets	21,721	7,937	3,673	2,656	121	104	(1,125)	(2,472)	24,390	8,225
Total assets	90,167	77,264	5,399	4,371	122	106	(5,099)	(6,458)	90,589	75,283

3.22 Commitments and contingent liabilities

3.22.1 Avals, guarantees and commitments

(Unit : Thousand Baht)

Consolidated/The Bank Only

as at

	31 March 2006	31 December 2005
Avals	577,000	361,000
Guarantees of loans	200,000	200,000
Other guarantees	124,909	135,318
Obligations covering principal under interest rate swap agreement (as mentioned in Note 3.23.2)	4,750,000	4,950,000
	5,651,909	5,646,318

3.22.2 Litigation

As at 31 March 2006, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 311 million. A final judgement has not yet been reached in respect of these cases.

In December 2005, a foreign subsidiary received a letter from the solicitor of one of its clients, requesting payment of damages amounting to HKD 46.6 million (equivalent to Baht 233.3 million as at 31 March 2006). However, the suit has not been filed with a court in respect of this claim.

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

3.22.3 Capital commitment

As at 31 March 2006, a subsidiary company had outstanding commitments of approximately Baht 100 million in respect of the uncalled portion of an investment in another subsidiary.

3.22.4 Other commitments

- a) The Bank is obliged to make contributions to the Financial Institutions Development Fund, at the rate of 0.2 percent of the total outstanding balance of the Bank's deposits, 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.

3.23 Financial instruments

As at 31 March 2006, the Bank and its subsidiaries had no policy to speculate or trade in any derivative financial instruments.

(UNAUDITED BUT REVIEWED)

3.23.1 Credit risk

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

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

3.23.2 Interest rate risk

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

(Unit : Million Baht)

Consolidated as at 31 March 2006

<u>Transactions</u>	<u>Outstanding balances of financial instruments</u>			
	<u>Floating interest rate</u>	<u>Fixed interest rate</u>	<u>Without interest</u>	<u>Total</u>
<u>Financial assets</u>				
Cash	-	-	203	203
Interbank and money market items	193	2,676	262	3,131
Securities purchased under resale agreements	-	15,730	-	15,730
Investments - net	203	967	3,464	4,634
Trading transactions with				
securities companies - receivable	-	-	727	727
Loans and receivable	6,663	55,623	2,859	65,145
	<u>7,059</u>	<u>74,996</u>	<u>7,515</u>	<u>89,570</u>
<u>Financial liabilities</u>				
Deposits	4,449	56,109	27	60,585
Interbank and money market items	92	4,323	-	4,415
Liabilities payable on demand	-	-	148	148
Borrowings	-	7,525	13	7,538
Trading transactions with				
securities companies - liabilities	-	-	443	443
Securities business payable	715	-	1,647	2,362
	<u>5,256</u>	<u>67,957</u>	<u>2,278</u>	<u>75,491</u>

(UNAUDITED BUT REVIEWED)

(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
Financial assets					
Cash		-	-	204	204
Interbank and money market items		90	797	618	1,505
Securities purchased under resale agreements		-	2,000	-	2,000
Investments - net		199	979	4,027	5,205
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>
Financial liabilities					
Deposits		1,338	33,057	56	34,451
Interbank and money market items		98	6,317	-	6,415
Liabilities payable on demand		-	-	247	247
Borrowings		-	17,478	13	17,491
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>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Bank Only as at 31 March 2006

<u>Transactions</u>	Outstanding balances of financial instruments			Total
	Floating interest rate	Fixed interest rate	Without interest	
Financial assets				
Cash	-	-	201	201
Interbank and money market items	-	300	228	528
Securities purchased under resale agreements	-	15,730	-	15,730
Investments - net	203	862	6,956	8,021
Loans and receivable	6,623	49,558	1,537	57,718
	<u>6,826</u>	<u>66,450</u>	<u>8,922</u>	<u>82,198</u>
Financial liabilities				
Deposits	4,647	56,109	27	60,783
Interbank and money market items	57	3,060	-	3,117
Liabilities payable on demand	-	-	148	148
Borrowings	-	5,131	13	5,144
	<u>4,704</u>	<u>64,300</u>	<u>188</u>	<u>69,192</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

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

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

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

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

(UNAUDITED BUT REVIEWED)

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 March 2006								
Transactions	Repricing or maturity date						Interest Rates (%)	
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
Financial assets								
Interbank and money market items	1,578	1,088	10	-	-	-	2,676	4.3775
Securities purchased under resale agreements	-	15,730	-	-	-	-	15,730	4.4511
Investments - net	-	504	24	439	-	-	967	4.0886
Loans and receivable	1,165	8,295	16,560	28,166	1,436	1	55,623	8.2940
	<u>2,743</u>	<u>25,617</u>	<u>16,594</u>	<u>28,605</u>	<u>1,436</u>	<u>1</u>	<u>74,996</u>	
Financial liabilities								
Deposits	2,436	38,368	10,938	4,367	-	-	56,109	3.8984
Interbank and money market items	1,464	1,729	1,105	25	-	-	4,323	3.3675
Borrowings	-	1,185	1,185	5,155	-	-	7,525	3.9750
	<u>3,900</u>	<u>41,282</u>	<u>13,228</u>	<u>9,547</u>	<u>-</u>	<u>-</u>	<u>67,957</u>	

(Unit : Million Baht)

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

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Bank Only as at 31 March 2006

Transactions	Repricing or maturity date						Total	Interest Rates (%)
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
Financial assets								
Interbank and money market items	-	300	-	-	-	-	300	4.3990
Securities purchased under resale agreements	-	15,730	-	-	-	-	15,730	4.4511
Investments - net	-	402	23	437	-	-	862	4.0886
Loans and receivable	1,018	7,192	13,706	26,206	1,436	-	49,558	6.4228
	<u>1,018</u>	<u>23,624</u>	<u>13,729</u>	<u>26,643</u>	<u>1,436</u>	<u>-</u>	<u>66,450</u>	
Financial liabilities								
Deposits	2,436	38,368	10,938	4,367	-	-	56,109	3.8984
Interbank and money market items	1,471	819	745	25	-	-	3,060	3.5109
Borrowings	-	-	-	5,131	-	-	5,131	4.1610
	<u>3,907</u>	<u>39,187</u>	<u>11,683</u>	<u>9,523</u>	<u>-</u>	<u>-</u>	<u>64,300</u>	

(Unit : Million Baht)

The Bank Only as at 31 December 2005

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

(UNAUDITED BUT REVIEWED)

3.23.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 31 March 2006, counting from the balance sheet date, are as follows :-

(Unit : Million Baht)

Transactions	Consolidated as at 31 March 2006							
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Unspecified	Non performing loans	Total
Financial assets								
Cash	203	-	-	-	-	-	-	203
Interbank and money market items	2,033	1,088	10	-	-	-	-	3,131
Securities purchased under resale agreements	-	15,730	-	-	-	-	-	15,730
Investments - net	2,461	504	24	645	-	1,000	-	4,634
Trading transactions with securities companies - receivable	-	727	-	-	-	-	-	727
Loans and receivable	853	9,779	17,481	32,043	2,387	-	2,602	65,145
	<u>5,550</u>	<u>27,828</u>	<u>17,515</u>	<u>32,688</u>	<u>2,387</u>	<u>1,000</u>	<u>2,602</u>	<u>89,570</u>
Financial liabilities								
Deposits	6,912	38,368	10,938	4,367	-	-	-	60,585
Interbank and money market items	1,556	1,729	1,105	25	-	-	-	4,415
Liabilities payable on demand	148	-	-	-	-	-	-	148
Borrowings	-	1,185	1,185	5,155	-	13	-	7,538
Trading transactions with securities companies - liabilities	-	443	-	-	-	-	-	443
Securities business payable	689	1,673	-	-	-	-	-	2,362
	<u>9,305</u>	<u>43,398</u>	<u>13,228</u>	<u>9,547</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>75,491</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	-	-	-	-	577	-	777
Other commitments	107	-	16	4,752	-	-	-	4,875

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Consolidated as at 31 December 2005

<u>Transactions</u>	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Non		Total
						Unspecified	performing loans	
Financial assets								
Cash	204	-	-	-	-	-	-	204
Interbank and money market items	790	705	10	-	-	-	-	1,505
Securities purchased under resale agreements	-	2,000	-	-	-	-	-	2,000
Investments - net	3,002	5	532	445	209	1,012	-	5,205
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>6,143</u>	<u>12,582</u>	<u>17,896</u>	<u>31,494</u>	<u>2,511</u>	<u>1,012</u>	<u>2,675</u>	<u>74,313</u>
Financial liabilities								
Deposits	1,405	20,136	7,321	5,589	-	-	-	34,451
Interbank and money market items	1,562	2,943	1,140	770	-	-	-	6,415
Liabilities payable on demand	247	-	-	-	-	-	-	247
Borrowings	-	10,612	1,711	5,155	-	13	-	17,491
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

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Bank Only as at 31 March 2006

<u>Transactions</u>	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Non performing		Total
						Unspecified	Loans*	
Financial assets								
Cash	201	-	-	-	-	-	-	201
Interbank and money market items	228	300	-	-	-	-	-	528
Securities purchased under resale agreements	-	15,730	-	-	-	-	-	15,730
Investments - net	2,461	402	23	640	-	4,495	-	8,021
Loans and receivable	749	7,354	14,924	30,089	2,387	-	2,215	57,718
	<u>3,639</u>	<u>23,786</u>	<u>14,947</u>	<u>30,729</u>	<u>2,387</u>	<u>4,495</u>	<u>2,215</u>	<u>82,198</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	7,110	38,368	10,938	4,367	-	-	-	60,783
Interbank and money market items	1,528	819	745	25	-	-	-	3,117
Liabilities payable on demand	148	-	-	-	-	-	-	148
Borrowings	-	-	-	5,131	-	13	-	5,144
	<u>8,786</u>	<u>39,187</u>	<u>11,683</u>	<u>9,523</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>69,192</u>
Off balance sheet items								
Aval to bills and guarantees of loans	200	-	-	-	-	577	-	777
Other commitments	107	-	16	4,752	-	-	-	4,875

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Bank Only as at 31 December 2005

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

3.23.4 Foreign exchange risk

As at 31 March 2006, the Bank did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 231 million.

3.23.5 Fair value

As at 31 March 2006, there was no material differences between the book value of financial instruments and their fair value.

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

4. SIGNIFICANT EVENTS DURING PERIOD AND OTHER INFORMATION

4.1 Upgrading status to commercial bank

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

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

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

4.2 Holding restructuring

- a) Resolutions of Meeting No. 7/2005 of the Bank’s Board of Directors held on 27 October 2005 approved the holding company restructuring plan in principle and the delegation of authority to the Audit Committee to review the holding company restructuring plan in detail and to determine the schedule of the extraordinary general meeting of shareholders. Resolutions of Meeting No. 11/2548 of the Bank’s Audit Committee held on 4 November 2005 passed the following matters :
 - Approve the holding company restructuring plan, whereby a non-bank public company limited will be set up as a holding company, and will become the parent company of the group, acquiring all shares of the Bank and other subsidiary companies (at the same proportion as the Bank previously held), with the Bank to hold no shares in any subsidiary companies. The holding company is to make a tender offer for all shares of the Bank in exchange for its newly issued shares, and after the completion of the tender offer, the holding company will list its ordinary and preference shares on the Stock Exchange of Thailand in place of the ordinary and preference shares of the Bank, which will simultaneously be delisted.

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- Stipulate that the Extraordinary General Meeting No. 1/2005 of the Bank's shareholders be convened on 14 December 2005, to approve the holding restructuring plan, the disposition of shares of the subsidiaries and the listing plan of the holding company.
 - Stipulate that Extraordinary General Meeting No. 2/2005 of the Bank's shareholders be convened on 14 December 2005, to approve the plan to delist the Bank's shares from the Stock Exchange of Thailand in accordance with the holding restructuring plan.
- b) On 14 November 2005 the Bank submitted a formal request to restructure its shareholding to the Bank of Thailand, following preliminary consultation. The Bank of Thailand subsequently granted consent for the Bank to establish TISCO Corporation Public Company Limited as a holding company, and was considering approval of the restructuring of shareholding for proposal to the Ministry of Finance.
- c) On 21 November 2005, the Stock Exchange of Thailand granted preliminary consent for a restructuring of shareholding in the form of a holding company.
- d) By a resolution passed by Extraordinary General Meeting No.1/2005 of the shareholders of the Bank on 14 December 2005, the Bank was authorised to restructure its shareholding, set up TISCO Corporation Public Company Limited as a holding company, sell its investments in subsidiaries to the holding company and have the shares of TISCO Corporation Public Company Limited listed on the Stock Exchange of Thailand.

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

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

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

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

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

(UNAUDITED BUT REVIEWED)

4.3 Proposed dividend

	Approved by	Dividend per share		Amounts of	Dividend
		Preference share	Ordinary share	dividend	payment in
		Baht per share	Baht per share	payment	payment in
Dividend of the year 2005	Board of Directors meeting No. 2/2005, on 21 March 2005 and approved by the 2005 Annual General Meeting of the shareholders, on 26 April 2005	2.30	1.30	1,120	May 2005

4.4 Earnings per share

During the year 2005, the Bank changed the calculation of earnings per share in order to comply with the calculation method stipulated in International Accounting Standards No. 33 (amended 2004) "Earnings per share", whereby the ordinary shares which will be issued upon the conversion of a mandatory convertible instrument are included in the calculation of basic earnings per share.

For comparative purpose, the Bank has recalculated basic earnings per share and diluted earnings per share for the three-month period ended 31 March 2005 according to the above method.

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

4.5 Related person and party transactions

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

For the three-month period ended 31 March 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.

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

4.6 Share capital reduction of a subsidiary

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

4.7 Share capital increase of a subsidiary

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

5. SUBSEQUENT EVENTS

On 28 April 2006, the 2006 Annual General Meeting of the shareholders of the Bank passed a resolution approving the dividend payment in respect of the operating result of 2005 to shareholders listed in the register as of 17 May 2006, amounting to Baht 3 per share for the preference shares and Baht 2 per share for the ordinary shares. The dividend is to be paid on 26 May 2006.

6. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Bank's Audit Committee on 4 May 2006.