

TISCO BANK PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2007

Review Report of Independent Auditor

To the Shareholders of TISCO Bank Public Company Limited

I have reviewed the accompanying consolidated balance sheet of TISCO Bank Public Company Limited and its subsidiaries as at 31 March 2007, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2007 and 2006, 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 reviews.

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

I have previously audited the consolidated financial statements of TISCO Bank Public Company Limited and its subsidiaries and the separate financial statements of TISCO Bank Public Company Limited for the year ended 31 December 2006 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those financial statements under my report dated 16 February 2007. The consolidated and separate balance sheets as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. The Bank has restated the separate financial statements to reflect the change in accounting policy for recording investments in subsidiaries from the equity method to the cost method as described in Note 5 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied. I have not performed any other audit procedures subsequent to the date of that report.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 9 May 2007

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	31 March 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
ASSETS					
CASH		251,897	210,225	250,290	209,088
INTERBANK AND MONEY MARKET ITEMS	3.1				
Domestic					
Interest bearing		2,664,342	201,922	1,150,000	-
Non-interest bearing		264,813	502,547	238,808	480,066
Foreign					
Interest bearing		108,537	187,329	-	-
Non-interest bearing		101,774	132,437	98,588	102,155
Total interbank and money market items - net		3,139,466	1,024,235	1,487,396	582,221
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	3.2	15,000,000	1,718,000	15,000,000	1,718,000
INVESTMENTS	3.3,3.4,3.7				
Current investment - net		906,740	774,661	855,352	723,292
Long-term investment - net		4,503,178	3,618,541	4,064,424	3,007,622
Investment in subsidiaries - net		-	-	3,480,190	3,468,644
Net investments		5,409,918	4,393,202	8,399,966	7,199,558
RECEIVABLE FROM CLEARING HOUSE		-	256,710	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	3.5,3.7				
Loans and receivable		78,290,721	74,641,231	73,846,893	68,880,668
Securities and derivative business receivables		885,135	667,250	-	-
Total loans and receivable		79,175,856	75,308,481	73,846,893	68,880,668
Accrued interest receivable		150,952	143,399	107,951	98,862
Total loans, receivable and accrued interest receivable		79,326,808	75,451,880	73,954,844	68,979,530
Less : Allowance for doubtful accounts	3.6.1	(2,796,448)	(2,771,223)	(2,485,448)	(2,463,411)
Less : Allowance for loss on debt restructuring	3.6.2	(11,096)	(22,404)	(11,096)	(22,404)
Net loans, receivable and accrued interest receivable		76,519,264	72,658,253	71,458,300	66,493,715
PROPERTY FORECLOSED - NET		1,062,409	1,042,803	1,048,600	1,044,941
LAND, PREMISES AND EQUIPMENT - NET		1,593,569	1,602,800	1,080,566	1,080,851
DEFERRED TAX ASSETS	3.18	694,774	655,772	497,173	451,323
DIVIDEND RECEIVABLES FROM SUBSIDIARIES	3.20	-	-	421,021	591,022
OTHER ASSETS	3.8	1,419,462	1,219,422	1,228,791	1,035,387
TOTAL ASSETS		105,090,759	84,781,422	100,872,103	80,406,106

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	31 March 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS IN BAHT		61,784,727	40,567,860	61,982,974	40,668,116
INTERBANK AND MONEY MARKET ITEMS					
Domestic - Interest bearing		3,044,211	2,156,981	2,149,747	2,566,079
LIABILITY PAYABLE ON DEMAND		283,743	477,516	283,743	477,516
BORROWINGS					
Short-term borrowings	3.9	19,775,401	25,720,284	17,192,326	23,155,078
Long-term borrowings		3,992,693	361,700	3,992,693	361,700
Total borrowings		23,768,094	26,081,984	21,185,019	23,516,778
PAYABLE TO CLEARING HOUSE		516,663	365,138	-	-
SECURITIES AND DERIVATIVE BUSINESS PAYABLES		413,730	710,639	-	-
ACCRUED INTEREST PAYABLE		672,117	462,185	660,504	452,359
ACCOUNTS PAYABLE FOR THE PURCHASE					
OF INVESTMENT IN RECEIVABLES FROM A SUBSIDIARY	3.20	-	-	1,158,344	-
OTHER LIABILITIES	3.10	1,585,908	1,276,257	1,182,440	987,000
TOTAL LIABILITIES		92,069,193	72,098,560	88,602,771	68,667,848

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	31 March 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered	2.2	11,002,000	11,002,000	11,002,000	11,002,000
Issued and fully paid-up					
185,375,380 preference shares of Baht 10 each					
(31 December 2006: 185,127,630 preference shares of Baht 10 each)		1,853,754	1,851,276	1,853,754	1,851,276
541,577,120 ordinary shares of Baht 10 each					
(31 December 2006: 541,277,120 ordinary shares of Baht 10 each)		5,415,771	5,412,771	5,415,771	5,412,771
		7,269,525	7,264,047	7,269,525	7,264,047
Share premium					
Share premium of preference shares		79,698	73,191	79,698	73,191
Share premium of ordinary shares		36,500	36,500	36,500	36,500
Revaluation surplus (deficit) on changes in the value of investments	3.14	637,281	662,956	(195,832)	(181,560)
Translation adjustment		78,630	82,147	-	-
Retained earnings					
Appropriated - statutory reserve	2.3	422,100	422,100	422,100	422,100
Unappropriated		4,070,921	3,715,080	4,657,341	4,123,980
Equity attributable to the Bank's shareholders		12,594,655	12,256,021	12,269,332	11,738,258
Minority interest - equity attributable to minority shareholders of subsidiaries		426,911	426,841	-	-
TOTAL SHAREHOLDERS' EQUITY		13,021,566	12,682,862	12,269,332	11,738,258
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		105,090,759	84,781,422	100,872,103	80,406,106
		0	0	0	0
OFF - BALANCE SHEET ITEMS - CONTINGENCIES					
	3.22				
Aval to bills and guarantees of loans		502,500	526,625	502,500	526,625
Other commitments		5,995,442	5,667,693	5,995,442	5,667,693

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

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Mr. Pichai Chanvirachart
(President)

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

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

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
INTEREST AND DIVIDEND INCOME					
Loans		253,126	192,676	252,322	191,659
Interbank and money market items		117,485	79,614	97,798	63,079
Hire purchase and financial lease income		1,251,338	963,355	963,568	688,221
Investments		63,726	107,905	413,675	119,044
Total interest and dividend income		1,685,675	1,343,550	1,727,363	1,062,003
INTEREST EXPENSES					
Deposit		628,574	428,479	627,574	428,018
Interbank and money market items		26,931	40,122	17,195	26,190
Short-term borrowings		249,963	29,284	213,311	6,257
Long-term borrowings		23,851	52,888	23,851	52,644
Total interest expenses		929,319	550,773	881,931	513,109
Net interest and dividend income		756,356	792,777	845,432	548,894
BAD DEBT AND DOUBTFUL ACCOUNTS					
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		(97,537)	(70,897)	(42,938)	(55,530)
NON-INTEREST INCOME					
Brokerage fees		119,741	191,407	-	-
Gain on investments	3.15	98,502	274,009	77,112	263,258
Fees and service income					
Acceptances, aval and guarantees		1,031	129	1,031	129
Insurance services		111,843	76,010	111,515	74,812
Fund management		69,254	69,171	-	-
Others		50,170	98,640	32,543	80,401
Gain (loss) on exchange		(1,249)	2,512	(3,566)	-
Other income	3.16	50,715	43,277	30,568	31,668
Total non-interest income		500,007	755,155	249,203	450,268
Total net income		1,158,826	1,477,035	1,051,697	943,632
NON-INTEREST EXPENSES					
Personnel expenses		300,893	334,433	203,771	208,616
Premises and equipment expenses		112,279	106,863	95,927	88,402
Taxes and duties		32,830	18,005	30,942	16,683
Fees and service expenses		69,532	135,450	52,116	70,233
Directors' remuneration	2.4	2,135	1,705	2,075	1,645
Other expenses	3.17	145,860	162,427	75,933	74,551
Total non-interest expenses		663,529	758,883	460,764	460,130
INCOME BEFORE INCOME TAX AND MINORITY INTEREST					
		495,297	718,152	590,933	483,502
CORPORATE INCOME TAX					
	3.18	(139,386)	(166,885)	(57,572)	(98,438)
INCOME BEFORE MINORITY INTEREST					
		355,911	551,267	533,361	385,064
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST					
		(70)	(7,263)	-	-
NET INCOME FOR THE PERIOD					
		355,841	544,004	533,361	385,064
EARNINGS PER SHARE					
	3.19				
Basic earnings per share		0.43	0.69	0.67	0.47
Diluted earnings per share		0.42	0.68	0.67	0.47

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements									
	Issued and fully paid-up share capital		Share premium		Surplus (deficit) from changes in the value of investment	Translation adjustment	Statutory reserve	Unappropriated retained earnings	Minority interest- equity attributable to minority shareholders of subsidiaries	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares						
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 adjustment	-	-	-	-	-	(15,508)	-	-	-	(15,508)
Net income 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>
Balance as at 31 December 2006	1,851,276	5,412,771	73,191	36,500	662,956	82,147	422,100	3,715,080	426,841	12,682,862
Decrease in fair value of investments	-	-	-	-	(25,675)	-	-	-	-	(25,675)
Decrease in translation adjustment	-	-	-	-	-	(3,517)	-	-	-	(3,517)
Net income for the period	-	-	-	-	-	-	-	355,841	-	355,841
Warrants converted to preference shares	5,478	-	6,507	-	-	-	-	-	-	11,985
Preference shares converted to ordinary shares	(3,000)	3,000	-	-	-	-	-	-	-	-
Increase in minority interest in subsidiary company	-	-	-	-	-	-	-	-	70	70
Balance as at 31 March 2007	<u>1,853,754</u>	<u>5,415,771</u>	<u>79,698</u>	<u>36,500</u>	<u>637,281</u>	<u>78,630</u>	<u>422,100</u>	<u>4,070,921</u>	<u>426,911</u>	<u>13,021,566</u>

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	Separate financial statements								
	Issued and fully paid-up share capital		Share premium		Surplus (deficit) from changes in the value of investment	Translation adjustment	Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares					
Balance as at 31 December 2005 - as previously reported	1,809,476	5,410,201	43,129	36,500	1,011,781	112,560	344,800	3,882,251	12,650,698
Cumulative effect of the change in accounting policy for investments									
in subsidiary companies (Note 5)	-	-	-	-	(825,868)	(112,560)	-	841,016	(97,412)
Balance as at 31 December 2005 - as restated	1,809,476	5,410,201	43,129	36,500	185,913	-	344,800	4,723,267	12,553,286
Decrease in fair value of investments	-	-	-	-	(190,372)	-	-	-	(190,372)
Net income for the period - Restated	-	-	-	-	-	-	-	385,064	385,064
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>(4,459)</u>	<u>-</u>	<u>344,800</u>	<u>5,108,331</u>	<u>12,802,226</u>
Balance as at 31 December 2006 - as previously reported	1,851,276	5,412,771	73,191	36,500	662,956	82,147	422,100	3,715,080	12,256,021
Cumulative effect of the change in accounting policy for investments									
in subsidiary companies (Note 5)	-	-	-	-	(844,516)	(82,147)	-	408,900	(517,763)
Balance as at 31 December 2006 - as restated	1,851,276	5,412,771	73,191	36,500	(181,560)	-	422,100	4,123,980	11,738,258
Decrease in fair value of investments	-	-	-	-	(14,272)	-	-	-	(14,272)
Net income for the period	-	-	-	-	-	-	-	533,361	533,361
Warrants converted to preference shares	5,478	-	6,507	-	-	-	-	-	11,985
Preference shares converted to ordinary shares	(3,000)	3,000	-	-	-	-	-	-	-
Balance as at 31 March 2007	<u>1,853,754</u>	<u>5,415,771</u>	<u>79,698</u>	<u>36,500</u>	<u>(195,832)</u>	<u>-</u>	<u>422,100</u>	<u>4,657,341</u>	<u>12,269,332</u>

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
Cash flows from operating activities				
Net income	355,841	544,004	533,361	385,064
Adjustments to reconcile net income to net cash provided by (paid from) operating activities				
Minority interest in income of subsidiary company	70	7,263	-	-
Dividend income from subsidiary companies	-	-	(350,000)	(11,200)
Depreciation and amortisation	51,946	45,105	37,388	30,966
Bad debt and doubtful accounts	153,714	138,997	94,160	119,718
Unrealised loss on investments (reversal)	(11,563)	33	(11,563)	33
Allowance for impairment of property foreclosed (reversal)	5,977	(45,109)	3,890	(43,552)
Gain on disposal of investments	(86,939)	(274,043)	(65,549)	(263,291)
Gain on sales of equipment	(1,941)	(684)	(24)	-
Loss (gain) on sales of property foreclosed	32,549	51,350	2,285	(360)
Increase in deferred tax assets	(33,163)	(15,589)	(39,734)	(11,587)
Decrease (increase) in accrued interest and dividend receivable	(38,470)	(88,708)	(40,962)	(86,560)
Decrease (increase) in other accrued income	10,940	(12,605)	9,600	8,112
Increase in accrued interest payable	209,931	70,877	208,144	73,967
Increase in accrued expenses	62,112	97,854	63,637	72,611
Unrealised loss on exchange rate	3,566	-	3,566	-
Income from operating activities before changes in operating assets and liabilities	714,570	518,745	448,199	273,921
Decrease (increase) in operating assets				
Interbank and money market items	(2,118,797)	(1,625,190)	(908,741)	(37,488)
Securities purchased under resale agreements	(13,282,000)	(13,730,000)	(13,282,000)	(13,730,000)
Investment in securities - held for trading	-	(1,850)	-	-
Receivable from clearing house	256,710	(665,508)	-	-
Loans and receivable	(5,254,507)	(182,785)	(5,249,631)	(106,200)
Securities and derivative business receivables	(217,884)	(52,144)	-	-
Property foreclosed	332,649	330,648	190,140	229,563
Other assets	(187,366)	108,278	(99,002)	74,468

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
Increase (decrease) in operating liabilities				
Deposits	21,216,866	26,133,854	21,314,857	26,171,601
Interbank and money market items	887,230	(2,000,366)	(416,331)	(3,114,380)
Liability payable on demand	(193,773)	(99,425)	(193,773)	(99,425)
Borrowings	(2,313,890)	(9,952,382)	(2,331,759)	(9,998,000)
Payable to clearing house	151,525	(123,338)	-	-
Securities and derivative business payables	(296,909)	1,014,459	-	-
Other liabilities	252,708	(217,668)	126,699	(214,882)
Net cash flows from (used in) operating activities	(52,868)	(544,672)	(401,342)	(550,822)
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(5,288,165)	-	(5,239,671)	-
Proceed from sales of investment in securities held for investment	5,407,709	569,035	5,181,988	533,096
Cash received from dividend from subsidiaries	-	-	520,000	11,200
Cash paid for purchase of property, plant and equipment	(35,573)	(53,562)	(31,784)	(48,813)
Proceed from sales of equipment	2,101	684	26	-
Net cash flows from (used in) investing activities	86,072	516,157	430,559	495,483
Cash flows from financing activities				
Dividend paid	-	(11,200)	-	-
Cash received from exchange of warrants to purchase preference shares	11,985	54,248	11,985	54,248
Net cash flows from (used in) financing activities	11,985	43,048	11,985	54,248
Translation adjustment	(3,517)	(15,508)	-	-
Net increase (decrease) in cash and cash equivalents	41,672	(975)	41,202	(1,091)
Cash and cash equivalents at beginning of the period	210,225	203,953	209,088	202,325
Cash and cash equivalents at end of the period	251,897	202,978	250,290	201,234
	-	-	-	-
Supplemental cash flows information				
Cash paid during the period for				
Interest	722,658	479,384	673,786	439,142
Corporate income tax	17,641	11,602	8,052	6,320
Non-cash transactions				
Conversion of preference shares to ordinary shares	3,000	230	3,000	230

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

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

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the balance sheets, the statements of income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

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

1.2 Basis for the preparation of consolidated financial statements

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2006. There have been no changes in the shareholding structure during the period, except that, in March 2007, two subsidiary companies, TISCO Corporation Public Company Limited and TISCO Group Company Limited, registered their dissolution with the Ministry of Commerce and are in the process of liquidation.

The financial statements of the subsidiary company, which are included in the consolidated financial statements, were prepared by the managements of the subsidiary company and not reviewed by its auditor :

	(Unit : Million Baht)		
	Subsidiary’s total assets included in the consolidated financial statements as at 31 March 2007	Subsidiary’s total revenue included in the consolidated financial statements for the three-month period ended 31 March 2007	Subsidiary’s net income include in the consolidated financial statements for the three-month period ended 31 March 2007
<i>Subsidiary’s indirectly owned by the Bank</i>			
TISCO Global Securities Limited	25	-	-

The amounts of assets, revenue and net income of the above subsidiary 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 an auditor.

1.3 Significant accounting policies

These interim financial statements are prepared by using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2006, exceptional for the following:

a) Investment in subsidiaries

The Bank has changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, as described in Note 5 to the financial statements.

b) Commissions and direct expenses of the hire purchase business

The Bank has changed its accounting method for recognition of initial commissions and direct expenses arising in respect of hire purchase contracts originating from 1 January 2007, from recording them as expenses when they occur to amortising them by the effective interest rate method, and deducting them from unearned income over the installment period.

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

The change in the initial direct expenses recognition is in line with the draft of Accounting Standard No. 29 “Leasing” (Revised) which is not yet effective.

c) Allowance for doubtful accounts

The Bank has changed its method of estimating allowance for doubtful accounts for loans and receivables classified as pass from using a minimum rate of 1% of the debt balances net of collateral, excluding interest receivable, to using the credit migration rate in accordance with the BOT’s guideline.

1.4 Presentation

In addition to the change in accounting policy as mentioned in Note 5, which affects the previously reported net income and shareholders’ equity, certain other amounts in the financial statements for the prior period have been reclassified to conform to the current period’s classification, but with no effect to previously reported net income or shareholders’ equity other than from the change in accounting policy.

2. GENERAL INFORMATION

2.1 The Bank’s information

TISCO Bank Public Company Limited is a public company incorporated and domiciled in Thailand. The Bank has been licensed by the Ministry of Finance to operate commercial banking business. The Bank’s registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 31 March 2007, the Bank has 16 branches in Thailand.

2.2 Share capital

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

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

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

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

2.3 Statutory reserve

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

2.4 Directors' remuneration

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

2.5 Related party transactions

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

The Bank has significant business transactions with related parties. These transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Bank and those companies, which are reference to the terms and price as charged to other customers.

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

(UNAUDITED BUT REVIEWED)

3. DETAILS OF FINANCIAL STATEMENTS**3.1 Interbank and money market items (assets)**

(Unit : Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements		Separate financial statements		Type of pledge
	As at		As at		
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	
Cash at banks of its local subsidiaries	10	10	-	-	To secure facilities provided for bank overdraft

3.2 Securities purchased under resale agreements

(Unit : Million Baht)

	Consolidated financial statements/ Separate financial statements as at	
	31 March 2007	31 December 2006
	Bank of Thailand Bond	15,000

3.3 Investments

(Unit : Thousand Baht)

	Consolidated financial statements as at			
	31 March 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investment</u>				
Trading securities				
Equity securities :				
Domestic marketable equity securities	1	1	1	1
Total trading securities	1		1	
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	619,101	619,787	460,230	460,112
Debt securities of private sector	231,399	172,109	237,569	178,609
Total	850,500	791,896	697,799	638,721
Add (less) : Allowance for changes in value	1,810		1,336	
Less : Allowance for impairment	(60,414)		(60,414)	
Debt securities - net	791,896		638,721	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements as at			
	31 March 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Equity securities :				
Domestic marketable equity securities	113,162	64,058	129,506	85,163
Add (less): Allowance for changes in value	(49,104)		(44,343)	
Net equity securities	64,058		85,163	
Total available-for-sales securities	855,954		723,884	
Held-to-maturity debt securities-due within 1 year				
Government and state enterprise securities	781		772	
Debt securities of private sector	4		4	
Total held-to-maturity debt securities-due within 1 year	785		776	
Other Investment				
Equity securities :				
Unit trusts	50,000		50,000	
Total other investment	50,000		50,000	
Total net current investments	906,740		774,661	
Long-term investment				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000	101,565	100,000	101,820
Add (less) : Allowance for changes in value	1,565		1,820	
Debt securities - net	101,565		101,820	
Equity securities :				
Domestic marketable equity securities	2,353,449	2,257,772	2,502,412	2,335,941
Other securities – unit trusts	83,158	-	103,158	122,931
Total	2,436,607	2,257,772	2,605,570	2,458,872
Add (less) : Allowance for changes in value	(178,835)		(146,698)	
Net equity securities	2,257,772		2,458,872	
Total available-for-sales securities	2,359,337		2,560,692	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements as at			
	31 March 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	337,164		337,173	
Total held-to-maturity debt securities	337,164		337,173	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	956,702		956,702	
Investment in receivables	1,092,258		6,257	
Total	2,048,960		962,959	
Less : Allowance for impairment	(242,283)		(242,283)	
Total other investment	1,806,677		720,676	
Net long-term investments	4,503,178		3,618,541	
Net investments	5,409,918		4,393,202	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statements as at			
	31 March 2007		31 December 2006	
	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	618,502	619,185	459,638	459,520
Debt securities of private sector	231,399	172,109	237,568	178,609
Total	849,901	791,294	697,206	638,129
Add (less) : Allowance for changes in value	1,807		1,337	
Less : Allowance for impairment	(60,414)		(60,414)	
Debt securities – net	791,294		638,129	
Equity securities :				
Domestic marketable equity securities	113,162	64,058	129,506	85,163
Add (less) : Allowance for changes in value	(49,104)		(44,343)	
Net equity securities	64,058		85,163	
Total available-for-sales securities	855,352		723,292	
Net current investments	855,352		723,292	
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000	101,565	100,000	101,820
Add (less) : Allowance for changes in value	1,565		1,820	
Debt securities – net	101,565		101,820	
Equity securities :				
Domestic marketable equity securities	2,059,353	1,828,668	2,072,455	1,857,613
Add (less) : Allowance for changes in value	(230,685)		(214,842)	
Net equity securities	1,828,668		1,857,613	
Total available-for-sales securities	1,930,233		1,959,433	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statements as at			
	31 March 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	335,000		335,000	
Total held-to-maturity debt securities	335,000		335,000	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	946,589		946,589	
Investment in receivables	1,094,885		8,883	
Total	2,041,474		955,472	
Less : Allowance for impairment	(242,283)		(242,283)	
Total other investment	1,799,191		713,189	
Net long-term investments	4,064,424		3,007,622	
Investment in subsidiaries				
Investment in subsidiaries	3,550,644		3,550,644	
Less : Allowance for impairment	(70,454)		(82,000)	
Net investment in subsidiaries	3,480,190		3,468,644	
Net investments	8,399,966		7,199,558	

(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 financial statements / Separate financial statements		Remark
	As at		
	31 March 2007	31 December 2006	
Government bonds	335	335	These bonds are redeemable within a 10-year period, maturing in 2009 and carry interest at rates of 4% and 5% per annum.

3.3.2 Investments subject to restriction

(Unit : Million Baht)

Type of investment	Consolidated financial statements		Separate financial statements		Type of restriction
	As at		As at		
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	
Domestic marketable equity securities	20	21	20	21	Have a specific terms for being sold in accordance with 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

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

(Unit :Thousand Baht)

	Consolidated financial statements / Separate financial statements		Allowance for changes in Value ⁽¹⁾
	As at 31 March 2007		
	Cost	Fair value	
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.

(UNAUDITED BUT REVIEWED)

3.3.4 The Bank does not record investments by the equity method in the consolidated financial statements 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.

Name	Consolidated financial statements / Separate financial statements	
	As at 31 March 2007	
	Book value	Percentage of holding
	Thousand Baht	%
GITC Co., Ltd.	13,200	40
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849	21

3.4 Investment in subsidiary companies

Company's name	Nature of Business	Paid-up share capital		Cost		Allowance for impairment		Cost - net		Dividend received ⁽¹⁾	
		As at		As at		As at		As at		For the three-month periods ended 31 March	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	2007	2006
Subsidiary companies directly held by the Bank :											
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	-	-	66	66	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	-	-	1,500	1,500	240	-
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	-	-	220	220	110	-
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	-	-	864	864	-	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	-	-	273	273	-	-
TISCO Information Technology Co., Ltd.	Services	20	20	44	44	-	-	44	44	-	-
Thai Commercial Auto Co., Ltd. (Registered the dissolution on 12 April 2007, and in the process of liquidation)	Hire purchase	800	800	434	434	7	7	427	427	-	18
TISCO Group Co., Ltd. (In the process of liquidation)	Holdings	150	150	150	150	64	75	86	75	-	-
TISCO Corporation Plc. (In the process of liquidation)	Holdings	-	-	-	-	-	-	-	-	-	-
				<u>3,551</u>	<u>3,551</u>	<u>71</u>	<u>82</u>	<u>3,480</u>	<u>3,469</u>	<u>350</u>	<u>18</u>

⁽¹⁾ Including dividend received from subsidiary companies which indirectly held by the Bank.

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

(UNAUDITED BUT REVIEWED)

3.5 Loans, receivable and accrued interest receivable

3.5.1 Classified by type of loan and receivable

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<u>Loans and receivable</u>				
Loans	14,981,404	15,149,089	14,980,508	15,132,494
Hire - purchase and financial lease receivables				
Hire - purchase and financial lease receivables	73,015,836	68,429,380	67,078,973	61,055,286
Add (less) : Unearned income	(9,704,495)	(8,773,607)	(8,326,660)	(7,307,112)
: Deferred commissions and direct expenses	152,268	-	114,072	-
: Advances received from financial lease receivables	(154,292)	(163,631)	-	-
Hire - purchase and financial lease receivables	63,309,317	59,492,142	58,866,385	53,748,174
Total loans and receivable	78,290,721	74,641,231	73,846,893	68,880,668
Add : Accrued interest receivable	150,952	143,399	107,951	98,862
Less : Allowance for doubtful accounts	(2,792,696)	(2,767,471)	(2,485,448)	(2,463,411)
Less : Allowance for loss on debt restructuring	(11,096)	(22,404)	(11,096)	(22,404)
Net loans, receivable and accrued interest receivable	75,637,881	71,994,755	71,458,300	66,493,715
<u>Securities and derivative business receivable</u>				
<u>Securities business receivable</u>				
Customer's cash accounts	874,934	664,600	-	-
Customer's securities borrowings and lending accounts	7,626	-	-	-
Other receivable				
Overdue customers' accounts	67	34	-	-
Receivables under litigation	110	110	-	-
Installment receivable	2,398	2,506	-	-
Total securities business receivable	885,135	667,250	-	-
Less : Allowance for doubtful accounts	(3,752)	(3,752)	-	-
Net securities business receivable	881,383	663,498	-	-
Net loans, receivable and accrued interest receivable	76,519,264	72,658,253	71,458,300	66,493,715

(UNAUDITED BUT REVIEWED)

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

The Bank	(Unit : Million Baht)			
	Amounts calculated under BOT's guideline ⁽²⁾		Amounts calculated under the Bank's policy	
	Separate financial statements		Separate financial statements	
	As at		As at	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Loans and receivable for which the recognition of interest income has ceased ⁽¹⁾	2,423	2,340	3,177 ⁽³⁾	3,114 ⁽³⁾

⁽¹⁾ These amounts are calculated on an account by account basis.

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

⁽³⁾ Loans and receivables totaling Baht 2,640 million (31 December 2006 : Baht 2,602 million), for which a 100 percent allowance for doubtful debts has been provided against the unsecured portion. The above amounts are calculated on an account by account basis.

Subsidiaries	(Unit : Million Baht)	
	As at	
	31 March 2007	31 December 2006
Securities business loans and receivables, hire-purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has ceased	496 ⁽¹⁾	504 ⁽¹⁾

⁽¹⁾ Baht 102 million of such amount being loans and receivables (31 December 2006 : Baht 129 million), for which a 100 percent allowance for doubtful debts has been provided.

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

	(Unit : Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Unearned interest income	9,552 ⁽¹⁾	8,774	8,213 ⁽¹⁾	7,307

⁽¹⁾ These amounts are net of commissions and direct expenses incurred at the initiation of hire purchase

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

	(Unit : Million Baht)
	Separate financial statements
	As at 31 March 2007
Restructured loans and receivable ⁽¹⁾	622
Loans and receivable which are being restructured ⁽²⁾	29

⁽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 29 million.

(UNAUDITED BUT REVIEWED)

3.5.5 Troubled debt restructuring

- Debt restructuring during the period

	Separate financial statements	
	For the three-month periods ended 31 March	
	2007	2006
Number of debtors (number)	3	7
Loan balances before restructuring (Million Baht)	6	281
Interest income on restructured receivables (Million Baht)	16	14
Receipt of principal and interest (Million Baht)	90	90
Loss on troubled debt restructuring (Million Baht)	-	-

- Debtors which were subjected to debt restructuring

Type of restructuring	Separate financial statements as at 31 March 2007			
	Number of receivables	Outstanding loan	Type of assets transferred	Fair value
		balance before restructuring (Million Baht)		of transferred assets (Million Baht)
Transfer of assets	23	2,600	Land	20
			Land and premises	2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification of terms	3	898	Land	198
			Equity securities	14
			Machinery	22
Transfer of equity securities and modification of terms	45	4,071	Equity securities	1,237
			Debt securities	21
Transfer of assets and modification of terms	12	2,191	Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	1,116	23,126		
Total	1,204	33,675		5,051

(UNAUDITED BUT REVIEWED)

- The balance of the restructured debts

(Unit : Million Baht)

Separate financial statements

	As at	
	31 March 2007	31 December 2006
The balance of the restructured debts	2,323	2,389

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

(Unit : Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	Separate financial statements	
	As at	
	31 March 2007	31 December 2006
Amounts to be provided under BOT's guidelines	1,932	2,142
Amounts already set up by the Bank	2,497 ⁽¹⁾	2,486 ⁽¹⁾
Amounts in excess of the required amount	565	344

⁽¹⁾ The allowance for doubtful debts consists of allowance for doubtful debts of Baht 1,675 million (31 December 2006 : Baht 1,644 million) set aside for the unsecured portion of loans amounting Baht 2,640 million (31 December 2006 : Baht 2,602 million) at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 822 million (31 December 2006 : Baht 842 million) set up for the other loans and receivables.

3.6.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

Consolidated financial statements as at 31 March 2007

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
	Balance - beginning of the period	625,452	72,022	119,660	140,135	1,719,723	94,231
Increase (decrease) in allowance for doubtful accounts during the period	(320,477)	2,792	10,902	41,886	81,335	265,759	82,197
Bad debt written - off	-	(21)	(3,319)	(31,467)	(22,165)	-	(56,972)
Balance - end of the period	304,975	74,793	127,243	150,554	1,778,893	359,990	2,796,448

(Unit : Thousand Baht)

Consolidated financial statements as at 31 December 2006

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
	Balance - beginning of year	694,346	62,208	114,010	200,804	1,557,135	552,498
Increase (decrease) in allowance for doubtful accounts during the year	(41,751)	9,937	8,857	21,541	574,255	(445,362)	127,477
Bad debt written - off	(27,143)	(123)	(3,207)	(82,210)	(411,667)	(12,905)	(537,255)
Balance - end of year	625,452	72,022	119,660	140,135	1,719,723	94,231	2,771,223

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Separate financial statements as at 31 March 2007

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of the period	579,289	59,194	73,234	69,694	1,589,005	92,995	2,463,411
Increase (decrease) in allowance for doubtful accounts during the period	(307,444)	3,661	12,993	38,926	66,132	246,749	61,017
Bad debt written - off	-	(21)	(3,279)	(30,288)	(5,392)	-	(38,980)
Balance - end of the period	<u>271,845</u>	<u>62,834</u>	<u>82,948</u>	<u>78,332</u>	<u>1,649,745</u>	<u>339,744</u>	<u>2,485,448</u>

(Unit : Thousand Baht)

Separate financial statements as at 31 December 2006

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of year	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 year	(35,527)	7,525	(3,095)	2,182	480,869	(391,598)	60,356
Bad debt written - off	(27,143)	(123)	(2,901)	(78,386)	(341,058)	(12,905)	(462,516)
Balance - end of year	<u>579,289</u>	<u>59,194</u>	<u>73,234</u>	<u>69,694</u>	<u>1,589,005</u>	<u>92,995</u>	<u>2,463,411</u>

3.6.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

Consolidated financial statements/

Separate financial statements

As at

	31 March 2007	31 December 2006
Balance - beginning of the period	22,404	303,731
Increase during the period	-	3,021
Written - off	(11,308)	(284,348)
Balance - end of the period	<u>11,096</u>	<u>22,404</u>

3.6.3 Non - performing loans and receivables

(Unit : Million Baht)

Separate financial statements

As at

	31 March 2007	31 December 2006
Non - performing loans and receivables	3,079	2,946
Allowance for doubtful accounts	1,811	1,732

(UNAUDITED BUT REVIEWED)

3.7 Classification of assets**3.7.1 Investment in companies with weak financial position and poor operating results**

(Unit : Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	As at		As at		As at	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
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 financial institutions 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 opinions with the going concern issue, or of the companies which have defaulted on their interest payments.

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

(Unit : Million Baht)

	Debt balance		Debt balance after net of collateral		Allowance for doubtful accounts			
	As at		As at		Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Loans and receivable ⁽¹⁾⁽²⁾⁽³⁾								
Pass	68,777	63,000	58,219	52,019	238	520	272	580
Special mentioned	3,141	2,935	3,078	2,883	62	58	63	59
Substandard								
- Non apply with the new guidelines of the BOT	431	406	407	360	82	72	82	72
- Apply with the new guidelines of the BOT	1	1	1	1	1	1	1	1
Doubtful								
- Non apply with the new guidelines of the BOT	129	85	105	75	52	38	52	38
- Apply with the new guidelines of the BOT	26	46	26	32	26	32	26	32
Doubtful of loss								
- Non apply with the new guidelines of the BOT	1,224	1,111	448	343	448	343	621	517
- Apply with the new guidelines of the BOT	1,268	1,297	1,012	1,056	1,012	1,056	1,029	1,072
Total	74,997	68,881	63,296	56,769	1,921	2,120	2,146	2,371
Loss on receivable under troubled debt restructuring	-	-	-	-	11	22	11	22
Total	74,997	68,881	63,296	56,769	1,932	2,142	2,157	2,393
General reserve							340	93
Total							2,497	2,486

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Debt balance		Debt balance after net of collateral		Allowance for doubtful accounts			
	As at		As at		Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Investment in securities								
Doubtful of loss								
Debt instruments	61	61	61	61	61	61	61	61
Equity instruments	666	717	666	717	666	717	666	717
Total	727	778	727	778	727	778	727	778
Investment in receivables								
Doubtful	-	2	-	1	-	1	-	1
Doubtful of loss	9	7	2	-	2	-	2	-
Total	9	9	2	1	2	1	2	1
Property foreclosed								
Doubtful of loss								
Land	20	16	20	16	20	16	20	16
Total classified assets	75,753	69,684	64,045	57,564	2,681	2,937	3,246	3,281

⁽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 institutions (which presented as part of interbank and money market items in the balance sheets).

For the financial statements as at 31 March 2007 and 31 December 2006, the Bank set provision at 100% on receivables for which a court judgment has already been issued, for which a court order is being executed and against which legal actions have been brought, in accordance with the new guidelines of the BOT. For the remaining non-performing loans which are classified as doubtful of loss, doubtful and substandard loans, the Bank still apply provisioning rate of 100%, at least 50% and at least 20%, respectively, in accordance with the prior guidelines. The Bank believes that the provision the Bank is required to make for doubtful of loss, doubtful and substandard loans in accordance with the new guidelines of the BOT will not have any significant impact on the 2007 financial statements.

(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 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non - listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	16	15	628	627	63	72	560	531
3. Listed companies of which shares have been suspended for trading	1	1	15	15	-	-	15	15
4. Listed companies under rehabilitation	4	4	56	58	5	5	50	46
5. Companies which have loan settlement problems or have defaulted on payment of debts	24	25	1,314	1,330	707	706	790	808
6. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	45	45	2,013	2,030	775	783	1,415	1,400

3.7.4 Classification of assets of securities business of a 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 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Doubtful	2	3	2	3	2	3
General reserve					2	1
Total					4	4

(UNAUDITED BUT REVIEWED)

3.7.5 Hire - purchase receivable/financial lease receivable and other loan receivables 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 2007	31 December 2006		31 March 2007	31 December 2006	31 March 2007	31 December 2006
Current	2,738	3,907	1	27	39	2,711	3,868
Overdue							
1 month	616	711	1	6	7	610	704
2 - 3 months	598	642	2	12	13	586	629
4 - 6 months	221	232	20	44	46	177	186
7 - 12 months	144	141	50	72	71	72	70
Over 12 months	95	89	100	95	89	-	-
Debtors under litigation	32	39	100	32	39	-	-
Total	<u>4,444</u>	<u>5,761</u>		<u>288</u>	<u>304</u>	<u>4,156</u>	<u>5,457</u>
General Reserve				19	-	(19)	-
Total				<u>307</u>	<u>304</u>	<u>4,137</u>	<u>5,457</u>

3.8 Other assets

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Value added tax - net	754,628	523,590	753,092	519,857
Accrued interest receivable	19,803	22,513	19,744	22,499
Fee and charges receivable	161,566	176,481	91,422	101,022
Prepaid income tax	14,131	13,125	-	-
Deferred computer system development cost - net	89,808	88,760	82,404	73,345
Deposits	25,260	15,092	9,955	8,083
Other receivables	133,388	220,096	131,225	225,820
Other assets	220,878	159,765	140,949	84,761
Total other assets	<u>1,419,462</u>	<u>1,219,422</u>	<u>1,228,791</u>	<u>1,035,387</u>

(UNAUDITED BUT REVIEWED)

3.9 Borrowings

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<u>Domestic borrowings</u>				
Subordinated debentures	331,000	331,000	331,000	331,000
Unsubordinated unsecured debentures	5,814,000	7,884,000	5,814,000	7,884,000
Bills of exchange - fixed rate	17,609,894	17,853,784	15,026,819	15,288,578
Others	13,200	13,200	13,200	13,200
	<u>23,768,094</u>	<u>26,081,984</u>	<u>21,185,019</u>	<u>23,516,778</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.

3.9.2 Unsubordinated unsecured debentures

Year	Issuer	Type of debenture	Units	Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate	Remark
					(Million Baht)				
					31 March 2007	31 December 2006			
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 agreement to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.
2002	The Bank	Unsubordinated and unsecured	1.8 million	1,000	1,800	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 agreement to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.
2006	The Bank	Unsubordinated and unsecured short term debenture	3.1 million	1,000	1,014	3,084	2007	At a rate between 5.00 to 5.25 percent per annum.	-

(UNAUDITED BUT REVIEWED)

3.9.3 Bills of exchange - fixed rate

As of 31 March 2007, the Bank had outstanding bills of exchange amounting to Baht 15,027 million (31 December 2006 : Baht 15,289 million), bearing interest at fixed rates of 4.00 to 6.20 percent per annum and maturing between 2007 to 2010.

As of 31 March 2007, two subsidiary companies had outstanding bills of exchange amounting to Baht 2,583 million (31 December 2006 : Baht 2,565 million), bearing interest at fixed rates of 4.50 to 6.20 percent per annum and maturing in 2007.

The Bank has entered into interest rate swap agreements to swap the floating interest rate on Baht 1,045 million of bills of exchange for a fixed interest rate, as mentioned in Note 3.23.2 to the financial statements.

3.10 Other liabilities

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Liabilities under commercial papers sold	145,000	145,000	145,000	145,000
Corporate income tax payable	302,340	146,340	122,531	33,277
Withholding income tax and other tax payable	168,879	157,773	65,044	101,929
Accrued insurance premium	517,890	574,554	497,290	553,570
Other liabilities	451,799	252,590	352,575	153,224
Total other liabilities	<u>1,585,908</u>	<u>1,276,257</u>	<u>1,182,440</u>	<u>987,000</u>

3.11 Preference shares converted to ordinary shares

Up to 31 March 2007, 441,377,120 preference shares had been converted into ordinary shares, and such conversion registered with the Ministry of Commerce.

As at 31 March 2007, there are 185,375,380 preference shares which are convertible to ordinary shares.

(UNAUDITED BUT REVIEWED)

3.12 Warrants

	Separate financial statements as at					
	31 March 2007			31 December 2006		
	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	4,763,000	11.31	53,869,530
Allocation in year 2002	5,454,000	13.20	71,992,800	5,454,000	13.20	71,992,800
Allocation in year 2003	5,137,500	14.94	76,754,250	5,137,500	14.94	76,754,250
Allocation in year 2004	2,578,000	21.88	56,406,640	2,030,250	21.88	44,421,870
	<u>26,752,500</u>		<u>347,223,220</u>	<u>26,204,750</u>		<u>335,238,450</u>
Unexercised warrants	2,194,000			2,751,750		
Warrants received from resigned employees	940,000			930,000		
Expired warrants	<u>113,500</u>			<u>113,500</u>		
Allocated warrants	<u>30,000,000</u>			<u>30,000,000</u>		

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

3.13 Capital fund

	(Unit : Thousand Baht)	
	Separate financial statements	
	As at	
	31 March 2007	31 December 2006
<u>Tier I</u>		
Issued and fully paid up share capital	7,269,525	7,264,048
Premium on share capital	116,198	109,691
Statutory reserve	344,800	344,800
Retained earnings - unappropriated	1,873,334	1,873,334
Total Tier I	<u>9,603,857</u>	<u>9,591,873</u>
<u>Tier II</u>		
Subordinated long-term debentures	166,400	198,600
Reserve for loans classified as pass	271,845	579,289
Total Tier II	<u>438,245</u>	<u>777,889</u>
Less : Deficit for revaluation of equity securities - available for sales	<u>(262,528)</u>	<u>(262,528)</u>
Total capital fund	<u>9,779,574</u>	<u>10,107,234</u>

(UNAUDITED BUT REVIEWED)

The capital ratios	Separate financial statements as at			
	31 March 2007		31 December 2006	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	11.86%	4.25%	12.73%	4.25%
Total capital to risk assets	12.07%	8.50%	13.42%	8.50%
Total capital to issued and paid-up share capital	134.53%	75.00%	139.14%	75.00%

3.14 Surplus (deficit) on changes in the value of investments

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Balance - beginning of the period	608,260	1,100,981	(259,372)	265,590
Decrease in changes in the value of securities during the period	(36,679)	(492,721)	(20,388)	(524,962)
	571,581	608,260	(279,760)	(259,372)
Add (less) : The effect of deferred tax liabilities	65,700	54,696	83,928	77,812
Balance - end of the period	637,281	662,956	(195,832)	(181,560)

3.15 Gain on investments

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2007	2006	2007	2006
Unrealised gain (loss) on investments	11,563	(33)	11,563	(33)
Realised gain on investments	86,939	274,042	65,549	263,291
Total	98,502	274,009	77,112	263,258

(UNAUDITED BUT REVIEWED)

3.16 Other income

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	2007	2006	2007	2006
Penalty fee income from loans	26,387	21,346	21,181	16,425
Rental income	2,870	5,230	3,553	5,623
Others	21,458	16,701	5,834	9,620
Total	<u>50,715</u>	<u>43,277</u>	<u>30,568</u>	<u>31,668</u>

3.17 Other expenses

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	2007	2006	2007	2006
Contributions to the Financial Institutions				
Development Fund	40,032	39,775	40,032	39,775
Loss on disposal of property foreclosed	32,549	51,710	2,285	-
Mailing expenses	8,831	8,477	6,039	5,637
Loan loss from court - ordered execution	6,606	5,864	3,350	2,635
Transportation expenses	11,842	10,550	9,292	7,218
Advertising and promotion expenses	2,379	1,368	2,232	1,035
Others	43,621	44,683	12,703	18,251
Total	<u>145,860</u>	<u>162,427</u>	<u>75,933</u>	<u>74,551</u>

(UNAUDITED BUT REVIEWED)

3.18 Corporate income tax

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	2007	2006	2007	2006
Income tax payable on taxable profit for the period	172,549	182,474	97,306	110,025
Add (less) : Net decrease (increased) in deferred tax on temporary differences	(33,163)	(15,589)	(39,734)	(11,587)
Income tax expenses - net	<u>139,386</u>	<u>166,885</u>	<u>57,572</u>	<u>98,438</u>

The temporary differences of deferred tax assets and deferred tax liabilities arose from the following.

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Allowance for doubtful accounts (general reserve)	646,992	397,056	339,744	92,995
Allowance for doubtful accounts for VAT receivables	66,774	61,110	-	-
Allowance for impairment of investments	350,228	350,228	350,177	350,177
Allowance for impairment of property foreclosed	27,088	21,210	20,084	16,294
Non - accrual of interest income	837,111	835,699	741,954	745,151
Depreciation of assets	65,483	61,389	44,472	42,023
Financial leases	184,740	201,170	-	-
Revaluation deficit on changes in the value of investment	279,760	259,372	279,760	259,372
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(137,968)	-	(114,072)	-
Others	(4,296)	(1,328)	(4,875)	(1,602)
	<u>2,315,912</u>	<u>2,185,906</u>	<u>1,657,244</u>	<u>1,504,410</u>
Deferred tax assets (30%)	<u>694,774</u>	<u>655,772</u>	<u>497,173</u>	<u>451,323</u>

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(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Non - accrual of interest income	(30)	(31)	-	-
Depreciation of assets	(10,297)	(9,960)	-	-
Revaluation surplus on changes in the value of investment	60,759	77,050	-	-
Others	(2,825)	(2,236)	-	-
	<u>47,607</u>	<u>64,823</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>14,282</u>	<u>19,447</u>	<u>-</u>	<u>-</u>

3.19 Reconciliation of diluted earnings per share

	Consolidated financial statements					
	For the three-month periods ended 31 March					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2007	2006	2007	2006	2007	2006
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income	355,841	544,004				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(46,251)	(45,536)				
	<u>309,590</u>	<u>498,468</u>	<u>726,489</u>	<u>723,187</u>	<u>0.43</u>	<u>0.69</u>
Effect of dilutive potential ordinary shares						
Warrants to purchase preferences shares	-	-	2,658	6,006		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion to ordinary shares	<u>309,590</u>	<u>498,468</u>	<u>729,147</u>	<u>729,193</u>	<u>0.42</u>	<u>0.68</u>

(UNAUDITED BUT REVIEWED)

	Separate financial statements					
	For the three-month periods ended 31 March					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2007	2006	2007	2006	2007	2006
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
	(restated)				(restated)	
Basic earnings per share						
Net income	533,361	385,064				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(46,251)	(45,536)				
	487,110	339,528	726,489	723,187	0.67	0.47
Effect of dilutive potential ordinary shares						
Warrants to purchase preferences shares	-	-	2,658	6,006		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion to ordinary shares	487,110	339,528	729,147	729,193	0.67	0.47

3.20 Related party transactions

(Unit : Thousand Baht)

	Separate financial statements			
	Balance - beginning of the period	Increase	Decrease	Balance - end of the period
Outstanding balance as at 31 March 2007				
Subsidiary companies				
Dividend receivables from subsidiaries :				
Hi-Way Co., Ltd.	490,000	-	(490,000)	-
TISCO Securities Co., Ltd.	-	239,999	-	239,999
TISCO Leasing Co., Ltd.	71,022	-	-	71,022
TISCO Asset Management Co., Ltd.	30,000	110,000	(30,000)	110,000
Other assets :				
TISCO Leasing Co., Ltd.	6,903	23	-	6,926
Thai Commercial Auto Co., Ltd.	13,477	-	(11,994)	1,483
TISCO Information Technology Co., Ltd.	10,000	20,854	(23,707)	7,147
Deposits in Baht :				
TISCO Securities Co., Ltd.	1,203,881	-	(1,138,247)	65,634
TISCO Group Co., Ltd.	85,807	566	-	86,373
Hi-Way Co., Ltd.	1,552	31,006	-	32,558
Other subsidiary companies	25,805	69,922	(13,619)	82,108
Accounts payable for the purchase of investment in receivables from a subsidiary				
Thai Commercial Auto Co., Ltd.	-	1,158,344	-	1,158,344
Other liabilities :				
TISCO Leasing Co., Ltd.	1,143	-	(102)	1,041
Thai Commercial Auto Co., Ltd.	1,906	-	(1,906)	-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statements		Terms and pricing policy
	2007	2006	
<u>Transactions occurred during the three-month periods ended 31 March</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	7,112	7,112	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	8,613	11,215	Reference to the terms and price as charged to other customers
Other income	643	1,035	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	23,707	20,411	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 service expenses	1,817	4,042	Reference to the terms and price as charged to other customers
Interest expenses	1,708	4,966	Reference to the terms and rate as charged to other customers

Loans to management - level employees (departmental managers upward)

(Unit : Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	As at	
	31 March 2007	31 December 2006
Loans	4,484	4,758

Besides the above transactions, the Bank has additional related party transactions with its subsidiaries, which described in Note 4.3 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 service business		Securities business		Other business		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest and dividend income after bad debt and doubtful accounts	991	725	18	20	-	1	(350)	(24)	659	722
Non - interest income	293	494	234	280	34	32	(61)	(51)	500	755
Non - interest expenses	(571)	(636)	(124)	(160)	(31)	(26)	62	63	(664)	(759)
Corporate income tax	(99)	(125)	(40)	(42)	-	-	-	-	(139)	(167)
Minority interest in net income	-	-	-	-	-	-	-	(7)	-	(7)
Net income	614	458	88	98	3	7	(349)	(19)	356	544

(Unit : Million Baht)

	As at									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Investments	8,469	7,351	565	670	1	69	(3,625)	(3,697)	5,410	4,393
Loans, receivable and accrued interest receivable - net	75,698	72,055	1,049	709	-	-	(228)	(106)	76,519	72,658
Other assets	22,884	7,400	2,006	2,141	34	119	(1,762)	(1,930)	23,162	7,730
Total assets	107,051	86,806	3,620	3,520	35	188	(5,615)	(5,733)	105,091	84,781

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

(Unit : Million Baht)

	For the three-month periods ended 31 March							
	2007				2006			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	1,008	1	(350)	659	744	2	(24)	722
Non - interest income	557	4	(61)	500	789	17	(51)	755
Non - interest expenses	(719)	(7)	62	(664)	(803)	(19)	63	(759)
Corporate income tax	(139)	-	-	(139)	(167)	-	-	(167)
Minority interest in net income	-	-	-	-	-	-	(7)	(7)
Net income	707	(2)	(349)	356	563	-	(19)	544

(UNAUDITED BUT REVIEWED)

3.22 Commitments and contingent liabilities

3.22.1 Avals, guarantees and commitments

(Unit : Thousand Baht)

Consolidated financial statements/
Separate financial statements

As at

	31 March 2007	31 December 2006
Avals	302,500	326,625
Guarantees of loans	200,000	200,000
Other guarantees	700,442	617,693
Obligations covering principal under interest rate swap agreements (as mentioned in Note 3.23.2)	5,295,000	5,050,000
	<u>6,497,942</u>	<u>6,194,318</u>

3.22.2 Litigation

As at 31 March 2007, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 151 million. A final judgment 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 209 million as at 31 March 2007). However, the suit has not been filed with a court in respect of this claim.

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

3.22.3 Other commitments

- a) The Bank is obliged to make contributions to the Financial Institutions Development Fund, at the rate of 0.2 percent of the total outstanding balance of the Bank's deposits plus accrued interest as of the last day of the previous six-month period. Contributions are to be made every 30 June and 31 December.
- b) A subsidiary company is required to pay a membership fee to the Stock Exchange of Thailand on a monthly basis, at a rate of 0.005 percent of the trading volume of its stock.
- c) The Bank has commitments in relation to computer service agreement, whereby it is to pay both fixed fee and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- d) A subsidiary company has outstanding commitments of approximately Baht 50 million relating to an office rental agreement that terminates in 2016.

3.23 Financial instruments

As at 31 March 2007, the Bank and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

3.23.1 Credit risk

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

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

(UNAUDITED BUT REVIEWED)

3.23.2 Interest rate risk

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

(Unit : Million Baht)

Consolidated financial statements
As at 31 March 2007

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash	-	-	252	252
Interbank and money market items	231	2,541	367	3,139
Securities purchased under resale agreements	-	15,000	-	15,000
Investments - net	250	2,067	3,093	5,410
Loans and receivable	9,038	68,331	1,958	79,327
	<u>9,519</u>	<u>87,939</u>	<u>5,670</u>	<u>103,128</u>
<u>Financial liabilities</u>				
Deposits	8,896	52,844	45	61,785
Interbank and money market items	334	2,710	-	3,044
Liabilities payable on demand	-	-	284	284
Borrowings	-	23,755	13	23,768
Payable to clearing house	-	-	517	517
Securities and derivative business payables	60	-	354	414
	<u>9,290</u>	<u>79,309</u>	<u>1,213</u>	<u>89,812</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Consolidated financial statements

As at 31 December 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	-	-	210	210
Interbank and money market items	357	32	635	1,024
Securities purchased under resale agreements	-	1,718	-	1,718
Investments - net	258	820	3,315	4,393
Receivable from clearing house	-	-	257	257
Loans and receivable	9,403	64,358	1,691	75,452
	<u>10,018</u>	<u>66,928</u>	<u>6,108</u>	<u>83,054</u>
<u>Financial liabilities</u>				
Deposits	2,784	37,713	71	40,568
Interbank and money market items	60	2,097	-	2,157
Liabilities payable on demand	-	-	478	478
Borrowings	-	26,069	13	26,082
Payable to clearing house	-	-	365	365
Securities and derivative business payables	121	-	590	711
	<u>2,965</u>	<u>65,879</u>	<u>1,517</u>	<u>70,361</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Separate financial statements

As at 31 March 2007

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash	-	-	250	250
Interbank and money market items	-	1,150	337	1,487
Securities purchased under resale agreements	-	15,000	-	15,000
Investments - net	250	2,064	6,086	8,400
Loans and receivable	9,036	63,844	1,075	73,955
	<u>9,286</u>	<u>82,058</u>	<u>7,748</u>	<u>99,092</u>
<u>Financial liabilities</u>				
Deposits	9,094	52,844	45	61,983
Interbank and money market items	331	1,819	-	2,150
Liabilities payable on demand	-	-	284	284
Borrowings	-	21,172	13	21,185
	<u>9,425</u>	<u>75,835</u>	<u>342</u>	<u>85,602</u>

(Unit : Million Baht)

Separate financial statements

As at 31 December 2006

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash	-	-	209	209
Interbank and money market items	-	-	582	582
Securities purchased under resale agreements	-	1,718	-	1,718
Investments - net	258	817	6,125	7,200
Loans and receivable	9,387	58,567	1,026	68,980
	<u>9,645</u>	<u>61,102</u>	<u>7,942</u>	<u>78,689</u>
<u>Financial liabilities</u>				
Deposits	2,884	37,713	71	40,668
Interbank and money market items	23	2,543	-	2,566
Liabilities payable on demand	-	-	478	478
Borrowings	-	23,504	13	23,517
	<u>2,907</u>	<u>63,760</u>	<u>562</u>	<u>67,229</u>

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

Consolidated financial statements as at 31 March 2007								
Transactions	Repricing or maturity date					Unspecified	Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
Financial assets								
Interbank and money market items	1,214	1,317	10	-	-	-	2,541	4.6455
Securities purchased under resale agreements	-	15,000	-	-	-	-	15,000	4.5300
Investments - net	-	568	705	794	-	-	2,067	5.0876
Loans and receivable	1,567	7,346	22,430	36,909	78	1	68,331	8.6362
	<u>2,781</u>	<u>24,231</u>	<u>23,145</u>	<u>37,703</u>	<u>78</u>	<u>1</u>	<u>87,939</u>	
Financial liabilities								
Deposits	2,541	26,174	17,320	6,809	-	-	52,844	4.4696
Interbank and money market items	179	800	193	1,538	-	-	2,710	5.1591
Borrowings	-	2,384	17,472	3,899	-	-	23,755	4.7810
	<u>2,720</u>	<u>29,358</u>	<u>34,985</u>	<u>12,246</u>	<u>-</u>	<u>-</u>	<u>79,309</u>	

(Unit : Million Baht)

Consolidated financial statements as at 31 December 2006								
Transactions	Repricing or maturity date					Unspecified	Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
Financial assets								
Interbank and money market items	21	11	-	-	-	-	32	4.5858
Securities purchased under resale agreements	-	1,718	-	-	-	-	1,718	4.8829
Investments - net	-	160	323	337	-	-	820	5.1418
Loans and receivable	1,161	9,966	18,528	34,616	86	1	64,358	8.6271
	<u>1,182</u>	<u>11,855</u>	<u>18,851</u>	<u>34,953</u>	<u>86</u>	<u>1</u>	<u>66,928</u>	
Financial liabilities								
Deposits	218	16,030	16,120	5,345	-	-	37,713	4.7018
Interbank and money market items	542	1,180	350	25	-	-	2,097	4.3204
Borrowings	1,710	14,232	9,778	349	-	-	26,069	4.9360
	<u>2,470</u>	<u>31,442</u>	<u>26,248</u>	<u>5,719</u>	<u>-</u>	<u>-</u>	<u>65,879</u>	

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Separate financial statements as at 31 March 2007								
Transactions	Repricing or maturity date					Unspecified	Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
Financial assets								
Interbank and money market items	-	1,150	-	-	-	-	1,150	4.5800
Securities purchased under resale agreements	-	15,000	-	-	-	-	15,000	4.5300
Investments - net	-	568	704	792	-	-	2,064	5.0988
Loans and receivable	1,059	6,516	20,314	35,877	78	-	63,844	7.0974
	<u>1,059</u>	<u>23,234</u>	<u>21,018</u>	<u>36,669</u>	<u>78</u>	<u>-</u>	<u>82,058</u>	
Financial liabilities								
Deposits	2,541	26,174	17,320	6,809	-	-	52,844	4.4696
Interbank and money market items	186	-	95	1,538	-	-	1,819	4.6887
Borrowings	-	1,940	15,333	3,899	-	-	21,172	4.6473
	<u>2,727</u>	<u>28,114</u>	<u>32,748</u>	<u>12,246</u>	<u>-</u>	<u>-</u>	<u>75,835</u>	

(Unit : Million Baht)

Separate financial statements as at 31 December 2006								
Transactions	Repricing or maturity date					Unspecified	Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
Financial assets								
Securities purchased under resale agreements	-	1,718	-	-	-	-	1,718	4.8829
Investments - net	-	160	322	335	-	-	817	5.1492
Loans and receivable	1,077	8,759	16,283	32,362	86	-	58,567	6.9975
	<u>1,077</u>	<u>10,637</u>	<u>16,605</u>	<u>32,697</u>	<u>86</u>	<u>-</u>	<u>61,102</u>	
Financial liabilities								
Deposits	218	16,030	16,120	5,345	-	-	37,713	4.7018
Interbank and money market items	1,623	895	-	25	-	-	2,543	4.3962
Borrowings	1,710	13,441	8,004	349	-	-	23,504	4.7454
	<u>3,551</u>	<u>30,366</u>	<u>24,124</u>	<u>5,719</u>	<u>-</u>	<u>-</u>	<u>63,760</u>	

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.

The Bank entered into interest rate swap agreements to manage risk associated with the financial liabilities carrying interest. The details of the interest rate swap agreements outstanding as at 31 March 2007 are as follows:

- The Bank has entered into interest rate swap agreement expiring in 2008 whereby it is to pay interest at a fixed rate and receive interest at a floating rate on a nominal principal amount of Baht 500 million.

(UNAUDITED BUT REVIEWED)

- The Bank has entered into interest rate swap agreements to swap floating interest rates on bills of exchange for fixed interest rates. Agreement covering Baht 365 million of principal expire in 2009, while agreement covering Baht 380 million of principal expire in 2010 and agreement covering Baht 300 million of principal expire in 2012.
- The Bank has entered into interest rate swap agreements expiring in 2007 to swap the floating interest rate on Baht 2,800 million of debentures for a fixed interest rate, and agreements expiring in 2008 to swap the floating interest rates on borrowings and deposits amounting to Baht 950 million for fixed interest rate.

3.23.3 Liquidity risk

Counting from the balance sheet date, as at 31 March 2007 and 31 December 2006, the periods to maturity dates of financial instruments are as follows:

(Unit : Million Baht)

Consolidated financial statements as at 31 March 2007

Transactions	Consolidated financial statements as at 31 March 2007						Non performing loans	Total
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		
Financial assets								
Cash	252	-	-	-	-	-	-	252
Interbank and money market items	1,812	1,317	10	-	-	-	-	3,139
Securities purchased under resale agreements	-	15,000	-	-	-	-	-	15,000
Investments - net	770	568	784	1,018	-	2,270	-	5,410
Loans and receivable	1,474	8,376	23,752	40,615	2,191	-	2,919	79,327
	<u>4,308</u>	<u>25,261</u>	<u>24,546</u>	<u>41,633</u>	<u>2,191</u>	<u>2,270</u>	<u>2,919</u>	<u>103,128</u>
Financial liabilities								
Deposits	11,482	26,174	17,320	6,809	-	-	-	61,785
Interbank and money market items	214	800	192	1,838	-	-	-	3,044
Liabilities payable on demand	284	-	-	-	-	-	-	284
Borrowings	-	2,384	17,472	3,899	-	13	-	23,768
Payable to clearing house	-	517	-	-	-	-	-	517
Securities and derivative business payables	60	354	-	-	-	-	-	414
	<u>12,040</u>	<u>30,229</u>	<u>34,984</u>	<u>12,546</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>89,812</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	303	-	-	-	-	-	503
Other commitments	-	4	4,260	1,498	-	233	-	5,995

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Consolidated financial statements as at 31 December 2006

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing loans	
Financial assets								
Cash	210	-	-	-	-	-	-	210
Interbank and money market items	1,013	11	-	-	-	-	-	1,024
Securities purchased under resale agreements	-	1,718	-	-	-	-	-	1,718
Investments - net	791	210	336	585	-	2,471	-	4,393
Receivable from clearing house	-	257	-	-	-	-	-	257
Loans and receivable	1,187	10,784	19,871	38,398	2,368	-	2,844	75,452
	<u>3,201</u>	<u>12,980</u>	<u>20,207</u>	<u>38,983</u>	<u>2,368</u>	<u>2,471</u>	<u>2,844</u>	<u>83,054</u>
Financial liabilities								
Deposits	3,073	16,030	16,120	5,345	-	-	-	40,568
Interbank and money market items	601	1,180	351	25	-	-	-	2,157
Liabilities payable on demand	478	-	-	-	-	-	-	478
Borrowings	1,710	14,232	9,778	349	-	13	-	26,082
Payable to clearing house	-	365	-	-	-	-	-	365
Securities and derivative business payables	148	563	-	-	-	-	-	711
	<u>6,010</u>	<u>32,370</u>	<u>26,249</u>	<u>5,719</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>70,361</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	316	10	-	-	-	-	526
Other commitments	15	1	3,230	1,950	300	172	-	5,668

(Unit : Million Baht)

Separate financial statements as at 31 March 2007

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing loans*	
Financial assets								
Cash	250	-	-	-	-	-	-	250
Interbank and money market items	337	1,150	-	-	-	-	-	1,487
Securities purchased under resale agreements	-	15,000	-	-	-	-	-	15,000
Investments - net	770	568	733	1,013	-	5,316	-	8,400
Loans and receivable	1,265	6,731	21,741	39,604	2,191	-	2,423	73,955
	<u>2,622</u>	<u>23,449</u>	<u>22,474</u>	<u>40,617</u>	<u>2,191</u>	<u>5,316</u>	<u>2,423</u>	<u>99,092</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	11,680	26,174	17,320	6,809	-	-	-	61,983
Interbank and money market items	217	-	95	1,838	-	-	-	2,150
Liabilities payable on demand	284	-	-	-	-	-	-	284
Borrowings	-	1,940	15,333	3,899	-	13	-	21,185
	<u>12,181</u>	<u>28,114</u>	<u>32,748</u>	<u>12,546</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>85,602</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	303	-	-	-	-	-	503
Other commitments	-	4	4,260	1,498	-	233	-	5,995

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Separate financial statements as at 31 December 2006

<u>Transactions</u>	<u>At call</u>	<u>0 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>	<u>Unspecified</u>	<u>Non performing loans*</u>	<u>Total</u>
Financial assets								
Cash	209	-	-	-	-	-	-	209
Interbank and money market items	582	-	-	-	-	-	-	582
Securities purchased under resale agreements	-	1,718	-	-	-	-	-	1,718
Investments - net	791	160	335	580	-	5,334	-	7,200
Loans and receivable	1,142	8,897	17,626	36,607	2,368	-	2,340	68,980
	<u>2,724</u>	<u>10,775</u>	<u>17,961</u>	<u>37,187</u>	<u>2,368</u>	<u>5,334</u>	<u>2,340</u>	<u>78,689</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	3,173	16,030	16,120	5,345	-	-	-	40,668
Interbank and money market items	1,646	895	-	25	-	-	-	2,566
Liabilities payable on demand	478	-	-	-	-	-	-	478
Borrowings	1,710	13,441	8,004	349	-	13	-	23,517
	<u>7,007</u>	<u>30,366</u>	<u>24,124</u>	<u>5,719</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>67,229</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	316	10	-	-	-	-	526
Other commitments	15	1	3,230	1,950	300	172	-	5,668

3.23.4 Foreign exchange risk

As at 31 March 2007, the Bank did not have any financial instruments in foreign currencies except for its deposits at bank amounting to HKD 22 million (equivalent to Baht 99 million) and its investment in a subsidiary company amounting to HKD 20 million (under the cost method equivalent to Baht 66 million).

3.23.5 Fair value of financial instruments

As at 31 March 2007, fair value of significant financial instruments approximate their carrying amounts, with no material differences. Gain or loss on determining the fair value of interest rate swaps are immaterial.

4. SIGNIFICANT EVENTS DURING THE PERIODS AND OTHER INFORMATION

4.1 Holding restructuring

On 14 November 2005, the Bank submitted a formal request to restructure its shareholding by setting up TISCO Corporation Public Company Limited as a holding company. TISCO Corporation Public Company Limited would thus become the parent company of the group, acquiring all shares of the Bank and other subsidiary companies. The Bank of Thailand (“BOT”) subsequently granted consent for the Bank, and on 7 February 2006, the Bank of Thailand forwarded the plan to the Ministry of Finance for approval.

On 18 January 2007, the Bank received a letter from the Bank of Thailand informing it that the Ministry of Finance had declined to approve the restructuring plan and that the Bank of Thailand would therefore subsequently discontinue consideration of the plan. The BOT also requested the Bank to reduce its shareholding in TISCO Corporation Public Company Limited. The Bank is either to restore the former structure whereby it is the parent company of the group, or to re-submit the plan for setting up TISCO Financial Group under a Consolidated Supervision to the Bank of Thailand.

On 1 February 2007, the Bank reduced its shareholding in TISCO Corporation Public Company Limited in accordance with BOT conditions discussed in that letter.

In March 2007, the Bank resubmitted the application to set up TISCO Financial Group under the Consolidated Supervision Regulation to the BOT.

4.2 Significant events of subsidiaries

TISCO Corporation Public Company Limited

On 14 March 2007, the Annual General Meeting of the Shareholders of the company for the year 2007 passed a resolution to dissolve the company. The company registered its dissolution with the Ministry of Commerce on 21 March 2007 and is currently in the process of liquidation.

TISCO Group Company Limited

On 26 March 2007, the Extraordinary General Meeting of the Shareholders of the company No.2/2007 passed a special resolution to dissolve the company. The company registered its dissolution with the Ministry of Commerce on 29 March 2007 and is currently in the process of liquidation.

Thai Commercial Auto Company Limited

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

- Cancellation of the reduction of the company's registered share capital from Baht 1,000 million (10 million ordinary shares of Baht 100 each) to Baht 500 million (10 million ordinary shares of Baht 50 each), which had been approved by the special resolution of the Extraordinary General Meeting of the Shareholders No.2/2005 on 2 November 2005.
- Dissolution of the company. The dissolution was registered with the Ministry of Commerce on 12 April 2007.

VLT Leasing Company Limited

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

4.3 Related party transactions

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

During the three-month period ended 31 March 2007

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

4.4 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, approved the increase in the company's registered share capital from Baht 100 million to Baht 500 million, through the issuance of 4,000,000 new ordinary shares with a par value of Baht 100 each, to be fully paid. The shareholders also delegated authority to the Board of Directors to determine the timing of the issue and the number of additional shares to be additionally issued each time, as they deem appropriate for the business in the future.

5. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARIES IN THE SEPARATE FINANCIAL STATEMENTS

During the current period, the Bank changed its accounting policy for recording investment in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with the Notification No. 26/2549 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), issued by the Federation of Accounting Professions, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method.

In this regard, the Bank has restated the previous period’s separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The change has the effect to net income in the separate income statements for the three-month periods ended 31 March 2007 and 2006 by increasing Baht 178 million and decreasing Baht 159 million, respectively (Baht 0.24 per share and Baht 0.22 per share, respectively). The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries” in the separate statements of changes in shareholders’ equity.

The accounting policy changed has the effect to the related investment in subsidiaries entries in the separate financial statements, with no effect to the consolidated financial statements.

6. SUBSEQUENT EVENTS

On 20 April 2007, the 2007 Annual General Meeting of the Shareholders of the Bank passed a resolution approving the dividend payment in respect of the operating result of 2006 to shareholders listed in the register as of 30 March 2007, 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 18 May 2007.

7. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Bank’s Audit Committee on 9 May 2007.