

TISCO BANK PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2007

Report of Independent Auditor

To the Shareholders of TISCO Bank Public Company Limited

I have audited the accompanying consolidated balance sheets of TISCO Bank Public Company Limited and its subsidiaries as at 30 June 2007 and 31 December 2006, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2007 and 2006, and the separate financial statements of TISCO Bank Public Company Limited for the same periods. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Bank Public Company Limited as at 30 June 2007 and 31 December 2006, and the results of its operations and cash flows for the six-month periods ended 30 June 2007 and 2006 in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 5 to the financial statements, during the first quarter of the current year, the Bank changed its accounting policy for recording investments in subsidiary companies in the separate financial statements from the equity method to the cost method. In this regard, the Bank has restated the separate financial statements for the three-month and six-month periods ended 30 June 2006 and the separate balance sheet as at 31 December 2006 to reflect the change in accounting policy. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.

I have reviewed the consolidated and separate income statements for the three-month periods ended 30 June 2007 and 2006, I conducted my reviews in accordance with the auditing standard applicable to review engagements which provide less assurance than an audit conducted in accordance with generally accepted auditing standards. Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 10 August 2007

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2007	31 December 2006	30 June 2007	31 December 2006 (Restated)
ASSETS					
CASH		322,143,729	210,224,762	320,534,661	209,087,846
INTERBANK AND MONEY MARKET ITEMS	3.2				
Domestic					
Interest bearing		1,606,320,542	201,922,475	300,000,000	-
Non-interest bearing		100,938,977	502,547,476	72,062,242	480,066,266
Foreign					
Interest bearing		113,471,200	187,328,700	-	-
Non-interest bearing		99,332,405	132,436,705	97,244,616	102,154,800
Total interbank and money market items - net		1,920,063,124	1,024,235,356	469,306,858	582,221,066
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	3.3	12,580,000,000	1,718,000,000	12,580,000,000	1,718,000,000
INVESTMENTS	3.4,3.5,3.8				
Current investment - net		609,003,983	774,660,668	557,602,160	723,292,076
Long-term investment - net		4,658,842,741	3,618,540,549	4,279,410,795	3,007,622,036
Investment in subsidiaries - net		-	-	2,966,664,271	3,468,644,129
Net investments		5,267,846,724	4,393,201,217	7,803,677,226	7,199,558,241
RECEIVABLE FROM CLEARING HOUSE		167,717,826	256,710,155	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	3.6,3.8				
Loans and receivable		80,742,600,707	74,641,231,101	76,448,903,138	68,880,667,472
Securities and derivative business receivables		1,038,961,265	667,250,225	-	-
Total loans and receivable		81,781,561,972	75,308,481,326	76,448,903,138	68,880,667,472
Accrued interest receivable		155,791,407	143,399,168	110,087,748	98,862,425
Total loans, receivable and accrued interest receivable		81,937,353,379	75,451,880,494	76,558,990,886	68,979,529,897
Less : Allowance for doubtful accounts	3.7.1	(2,774,043,511)	(2,771,223,476)	(2,444,777,491)	(2,463,410,866)
Less : Allowance for loss on debt restructuring	3.7.2	(10,465,184)	(22,403,970)	(10,465,184)	(22,403,970)
Net loans, receivable and accrued interest receivable		79,152,844,684	72,658,253,048	74,103,748,211	66,493,715,061
PROPERTY FORECLOSED - NET	3.9	1,051,785,528	1,042,803,295	1,038,701,760	1,044,940,739
LAND, PREMISES AND EQUIPMENT - NET	3.10	1,602,744,447	1,602,800,147	1,091,745,899	1,080,850,642
DEFERRED TAX ASSETS	3.23	483,254,144	655,771,653	290,845,850	451,322,921
DIVIDEND RECEIVABLE FROM SUBSIDIARIES	3.27	-	-	109,999,340	591,022,425
OTHER ASSETS	3.11	1,498,694,505	1,219,421,878	1,270,347,818	1,035,386,753
TOTAL ASSETS		104,047,094,711	84,781,421,511	99,078,907,623	80,406,105,694

The accompanying notes are an integral part of the financial statements

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2007	31 December 2006	30 June 2007	31 December 2006 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS IN BAHT	3.12	43,595,742,543	40,567,860,158	43,604,567,519	40,668,116,274
INTERBANK AND MONEY MARKET ITEMS					
Domestic - Interest bearing	3.13	3,556,907,057	2,156,981,126	3,296,200,338	2,566,078,459
LIABILITY PAYABLE ON DEMAND		405,747,342	477,515,807	405,747,342	477,515,807
BORROWINGS					
Short-term borrowings	3.14	33,234,627,187	25,720,283,810	30,587,550,214	23,155,078,314
Long-term borrowings		8,162,555,604	361,700,000	8,162,555,604	361,700,000
Total borrowings		41,397,182,791	26,081,983,810	38,750,105,818	23,516,778,314
PAYABLE TO CLEARING HOUSE		452,093,835	365,137,963	-	-
SECURITIES AND DERIVATIVE BUSINESS PAYABLES		787,045,611	710,639,235	-	-
ACCRUED INTEREST PAYABLE		764,108,652	462,185,329	763,975,501	452,359,341
OTHER LIABILITIES	3.15	1,382,248,416	1,276,255,960	1,052,999,891	986,998,807
TOTAL LIABILITIES		92,341,076,247	72,098,559,388	87,873,596,409	68,667,847,002

The accompanying notes are an integral part of the financial statements

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2007	31 December 2006	30 June 2007	31 December 2006 (Restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered	2.2	11,002,000,000	11,002,000,000	11,002,000,000	11,002,000,000
Issued and fully paid-up					
185,394,380 preference shares of Baht 10 each					
(31 December 2006 : 185,127,630 preference shares of Baht 10 each		1,853,943,800	1,851,276,300	1,853,943,800	1,851,276,300
541,577,120 ordinary shares of Baht 10 each					
(31 December 2006 : 541,277,120 ordinary shares of Baht 10 each		5,415,771,200	5,412,771,200	5,415,771,200	5,412,771,200
		7,269,715,000	7,264,047,500	7,269,715,000	7,264,047,500
Share premium					
Share premium of preference shares		79,923,940	73,190,950	79,923,940	73,190,950
Share premium of ordinary shares		36,500,000	36,500,000	36,500,000	36,500,000
Revaluation surplus (deficit) on changes in the value of investment	3.19	947,739,420	662,956,136	92,788,930	(181,560,096)
Translation adjustment		76,382,097	82,146,613	-	-
Retained earnings					
Appropriated - statutory reserve	2.3	422,100,000	422,100,000	422,100,000	422,100,000
Unappropriated		2,873,658,007	3,715,079,758	3,304,283,344	4,123,980,338
Equity attributable to the Bank's shareholders		11,706,018,464	12,256,020,957	11,205,311,214	11,738,258,692
Minority interest - equity attributable to minority shareholders of subsidiaries		-	426,841,166	-	-
TOTAL SHAREHOLDERS' EQUITY		11,706,018,464	12,682,862,123	11,205,311,214	11,738,258,692
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		104,047,094,711	84,781,421,511	99,078,907,623	80,406,105,694
		0	0	0	0
OFF - BALANCE SHEET ITEMS - CONTINGENCIES					
	3.29				
Aval to bills and guarantees of loans		282,000,000	526,625,000	282,000,000	526,625,000
Other commitments		6,018,776,486	5,667,692,739	6,018,776,486	5,667,692,739

The accompanying notes are an integral part of the financial statements

Mr. Pichai Chanvirachart

(President)

Mrs. Oranuch Apisaksirikul

(Director and Senior Executive Vice President)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
INTEREST AND DIVIDEND INCOME				
Loans	310,662,052	223,959,401	313,052,949	223,272,546
Interbank and money market items	198,552,180	152,738,226	181,132,552	126,021,116
Hire purchase and financial lease income	1,260,227,248	968,109,369	1,041,372,509	692,397,917
Investments	112,887,347	74,710,347	104,770,384	71,720,783
Total interest and dividend income	1,882,328,827	1,419,517,343	1,640,328,394	1,113,412,362
INTEREST EXPENSES				
Deposits	641,983,789	592,082,587	640,389,037	591,492,546
Interbank and money market items	31,129,692	36,905,804	31,615,743	20,436,686
Short-term borrowings	259,346,604	36,136,655	220,190,610	8,650,200
Long-term borrowings	65,189,329	53,394,490	65,189,329	53,228,767
Total interest expenses	997,649,414	718,519,536	957,384,719	673,808,199
Net interest and dividend income	884,679,413	700,997,807	682,943,675	439,604,163
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS				
(BAD DEBT AND DOUBTFUL ACCOUNTS)	(32,050,102)	11,324,846	(4,853,805)	(4,981,440)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	852,629,311	712,322,653	678,089,870	434,622,723
NON-INTEREST INCOME				
Brokerage fees	131,256,283	154,770,573	-	-
Gain on investments	36,824,234	16,656,119	5,714,063	16,951,864
Fees and service income				
Acceptances, aval and guarantees	491,837	191,517	491,837	191,517
Insurance service	117,263,024	100,971,246	116,715,284	101,312,635
Fund management	102,061,615	60,840,049	-	-
Others	66,684,341	28,804,399	28,060,954	12,127,677
Gain (loss) on exchange	(706,955)	3,946,735	(1,343,088)	-
Other income	56,869,194	89,326,973	45,580,884	73,874,523
Total non-interest income	510,743,573	455,507,611	195,219,934	204,458,216
Total net income	1,363,372,884	1,167,830,264	873,309,804	639,080,939
NON-INTEREST EXPENSES				
Personnel expenses	354,766,659	265,697,153	200,870,517	148,502,534
Premises and equipment expenses	122,711,354	108,195,442	111,690,542	89,724,805
Taxes and duties	32,680,659	23,363,917	30,726,545	20,845,029
Fees and service expenses	65,791,160	160,360,229	45,554,319	98,395,435
Directors' remuneration	1,940,000	2,015,000	2,000,000	1,955,000
Other expenses	188,336,754	133,146,465	103,233,272	54,355,079
Total non-interest expenses	766,226,586	692,778,206	494,075,195	413,777,882
INCOME BEFORE INCOME TAX AND MINORITY INTEREST	597,146,298	475,052,058	379,234,609	225,303,057
CORPORATE INCOME TAX	(159,360,781)	(117,886,225)	(97,243,956)	(50,275,583)
INCOME BEFORE MINORITY INTEREST	437,785,517	357,165,833	281,990,653	175,027,474
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST	-	(5,998,650)	-	-
NET INCOME FOR THE PERIOD	437,785,517	351,167,183	281,990,653	175,027,474
EARNINGS PER SHARE				
Basic earnings per share	0.54	0.42	0.32	0.18
Diluted earnings per share	0.54	0.42	0.32	0.18

The accompanying notes are an integral part of the financial statements

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
INTEREST AND DIVIDEND INCOME					
Loans		563,787,586	416,635,344	565,375,087	414,931,128
Interbank and money market items		316,036,779	232,352,719	278,930,769	189,100,092
Hire purchase and financial lease income		2,511,564,919	1,931,464,123	2,004,940,331	1,380,618,576
Investments		176,613,546	182,615,720	518,444,903	190,764,406
Total interest and dividend income		3,568,002,830	2,763,067,906	3,367,691,090	2,175,414,202
INTEREST EXPENSES					
Deposits		1,270,557,846	1,020,561,447	1,267,962,698	1,019,510,281
Interbank and money market items		58,060,477	77,028,270	48,810,465	46,626,717
Short-term borrowings		509,309,796	65,420,191	433,501,539	14,907,353
Long-term borrowings		89,039,982	106,282,835	89,039,982	105,872,603
Total interest expenses		1,926,968,101	1,269,292,743	1,839,314,684	1,186,916,954
Net interest and dividend income		1,641,034,729	1,493,775,163	1,528,376,406	988,497,248
BAD DEBT AND DOUBTFUL ACCOUNTS					
		(129,586,616)	(59,571,882)	(47,791,759)	(60,511,129)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		1,511,448,113	1,434,203,281	1,480,584,647	927,986,119
NON-INTEREST INCOME					
Brokerage fees		250,996,947	346,177,411	-	-
Gain on investments	3.20	135,326,194	290,665,454	82,825,626	280,209,438
Fees and service income					
Acceptances, aval and guarantees		1,523,111	320,750	1,523,111	320,750
Insurance service		229,105,569	176,980,948	228,230,118	176,124,151
Fund management		171,315,319	130,010,782	-	-
Others		116,855,205	127,445,064	60,603,698	92,529,008
Gain (loss) on exchange		(1,956,390)	6,458,309	(4,909,266)	-
Other income	3.21	107,583,814	132,603,645	76,148,769	105,542,340
Total non-interest income		1,010,749,769	1,210,662,363	444,422,056	654,725,687
Total net income		2,522,197,882	2,644,865,644	1,925,006,703	1,582,711,806
NON-INTEREST EXPENSES					
Personnel expenses	3.25	655,659,542	600,130,108	404,641,231	357,118,688
Premises and equipment expenses		234,990,205	215,058,786	207,617,587	178,127,222
Taxes and duties		65,511,107	41,368,892	61,668,193	37,527,909
Fees and service expenses		135,323,422	295,809,985	97,670,755	168,628,346
Directors' remuneration	2.4	4,075,000	3,720,000	4,075,000	3,600,000
Other expenses	3.22	334,194,365	295,573,700	179,166,018	128,905,402
Total non-interest expenses		1,429,753,641	1,451,661,471	954,838,784	873,907,567
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		1,092,444,241	1,193,204,173	970,167,919	708,804,239
CORPORATE INCOME TAX	3.23	(298,746,908)	(284,771,430)	(154,816,313)	(148,713,090)
INCOME BEFORE MINORITY INTEREST		793,697,333	908,432,743	815,351,606	560,091,149
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST		(70,484)	(13,261,929)	-	-
NET INCOME FOR THE PERIOD		793,626,849	895,170,814	815,351,606	560,091,149
EARNINGS PER SHARE					
Basic earnings per share	3.26	0.97	1.11	0.99	0.65
Diluted earnings per share		0.96	1.10	0.99	0.65

The accompanying notes are an integral part of the financial statements

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006
(Unit : Baht)

	Consolidated financial statements									
	Issued and fully paid-up share capital		Share premium		Surplus		Statutory reserve	Unappropriated retained earnings	Minority interest- equity attributable to minority shareholders	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investments	Translation adjustments				
Balance as at 31 December 2005	1,809,476,300	5,410,201,200	43,128,630	36,500,000	1,011,780,646	112,560,156	344,800,000	3,882,251,279	430,968,026	13,081,666,237
Decrease in fair value of investments	-	-	-	-	(353,858,298)	-	-	-	-	(353,858,298)
Decrease in translation adjustments	-	-	-	-	-	(20,452,052)	-	-	-	(20,452,052)
Net income for the period	-	-	-	-	-	-	-	895,170,814	-	895,170,814
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,635,404,630)	-	(1,635,404,630)
Warrants converted to preference shares	36,545,000	-	20,766,220	-	-	-	-	-	-	57,311,220
Preference shares converted to ordinary shares	(2,470,000)	2,470,000	-	-	-	-	-	-	-	-
Increase in minority interest in subsidiary company	-	-	-	-	-	-	-	-	2,061,929	2,061,929
Balance as at 30 June 2006	<u>1,843,551,300</u>	<u>5,412,671,200</u>	<u>63,894,850</u>	<u>36,500,000</u>	<u>657,922,348</u>	<u>92,108,104</u>	<u>344,800,000</u>	<u>3,142,017,463</u>	<u>433,029,955</u>	<u>12,026,495,220</u>
Balance as at 31 December 2006	1,851,276,300	5,412,771,200	73,190,950	36,500,000	662,956,136	82,146,613	422,100,000	3,715,079,758	426,841,166	12,682,862,123
Increase in fair value of investments	-	-	-	-	284,783,284	-	-	-	-	284,783,284
Decrease in translation adjustments	-	-	-	-	-	(5,764,516)	-	-	-	(5,764,516)
Net income for the period	-	-	-	-	-	-	-	793,626,849	-	793,626,849
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,633,234,980)	-	(1,633,234,980)
Income tax from unpaid dividend	-	-	-	-	-	-	-	(1,813,620)	-	(1,813,620)
Warrants converted to preference shares	5,667,500	-	6,732,990	-	-	-	-	-	-	12,400,490
Preference shares converted to ordinary shares	(3,000,000)	3,000,000	-	-	-	-	-	-	-	-
Decrease in minority interest in subsidiary company	-	-	-	-	-	-	-	-	(426,841,166)	(426,841,166)
Balance as at 30 June 2007	<u>1,853,943,800</u>	<u>5,415,771,200</u>	<u>79,923,940</u>	<u>36,500,000</u>	<u>947,739,420</u>	<u>76,382,097</u>	<u>422,100,000</u>	<u>2,873,658,007</u>	<u>-</u>	<u>11,706,018,464</u>

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006
(Unit : Baht)

	Separate financial statements								Total
	Issued and fully paid-up share capital		Share premium		Surplus (deficit)	Translation adjustment	Statutory reserve	Unappropriated retained earnings	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investments				
Balance as at 31 December 2005 - as previously reported	1,809,476,300	5,410,201,200	43,128,630	36,500,000	1,011,780,646	112,560,156	344,800,000	3,882,251,279	12,650,698,211
Cumulative effect of the change in accounting policy for investments in subsidiaries (Note 5)	-	-	-	-	(825,867,774)	(112,560,156)	-	841,016,128	(97,411,802)
Balance as at 31 December 2005 - as restated	1,809,476,300	5,410,201,200	43,128,630	36,500,000	185,912,872	-	344,800,000	4,723,267,407	12,553,286,409
Decrease in fair value of investments	-	-	-	-	(341,911,811)	-	-	-	(341,911,811)
Net income for the period - Restated	-	-	-	-	-	-	-	560,091,149	560,091,149
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,635,404,630)	(1,635,404,630)
Warrants converted to preference shares	36,545,000	-	20,766,220	-	-	-	-	-	57,311,220
Preference shares converted to ordinary shares	(2,470,000)	2,470,000	-	-	-	-	-	-	-
Balance as at 30 June 2006	<u>1,843,551,300</u>	<u>5,412,671,200</u>	<u>63,894,850</u>	<u>36,500,000</u>	<u>(155,998,939)</u>	<u>-</u>	<u>344,800,000</u>	<u>3,647,953,926</u>	<u>11,193,372,337</u>
Balance as at 31 December 2006 - as previously reported	1,851,276,300	5,412,771,200	73,190,950	36,500,000	662,956,136	82,146,613	422,100,000	3,715,079,758	12,256,020,957
Cumulative effect of the change in accounting policy for investments in subsidiaries (Note 5)	-	-	-	-	(844,516,232)	(82,146,613)	-	408,900,580	(517,762,265)
Balance as at 31 December 2006 - as restated	1,851,276,300	5,412,771,200	73,190,950	36,500,000	(181,560,096)	-	422,100,000	4,123,980,338	11,738,258,692
Increase in fair value of investments	-	-	-	-	274,349,026	-	-	-	274,349,026
Net income for the period	-	-	-	-	-	-	-	815,351,606	815,351,606
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,633,234,980)	(1,633,234,980)
Income tax from unpaid dividend	-	-	-	-	-	-	-	(1,813,620)	(1,813,620)
Warrants converted to preference shares	5,667,500	-	6,732,990	-	-	-	-	-	12,400,490
Preference shares converted to ordinary shares	(3,000,000)	3,000,000	-	-	-	-	-	-	-
Balance as at 30 June 2007	<u>1,853,943,800</u>	<u>5,415,771,200</u>	<u>79,923,940</u>	<u>36,500,000</u>	<u>92,788,930</u>	<u>-</u>	<u>422,100,000</u>	<u>3,304,283,344</u>	<u>11,205,311,214</u>

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
Cash flows from operating activities				
Net income	793,626,849	895,170,814	815,351,606	560,091,149
Adjustments to reconcile net income to net cash provided by (paid from) operating activities				
Minority interest in income of subsidiary company	70,484	13,261,929	-	-
Dividend income from subsidiary companies	-	-	(349,999,329)	(11,200,000)
Depreciation and amortisation	107,878,109	96,269,062	78,480,535	66,215,830
Bad debt and doubtful accounts	256,420,354	109,334,304	158,564,872	103,763,044
Reversal unrealised loss on investments	(14,324,992)	(2,456,333)	(14,324,992)	(2,456,333)
Allowance for impairment of property foreclosed (reversal)	12,279,167	(44,148,552)	10,732,768	(44,050,400)
Gain on disposal of investments	(121,001,140)	(290,364,782)	(68,500,635)	(277,753,104)
Gain on disposal of equipments	(1,993,012)	(684,018)	(24,224)	-
Loss (gain) from disposal of property foreclosed	94,101,796	83,886,579	10,694,863	(3,781,355)
Decrease (increase) in deferred tax assets	46,231,308	(1,657,451)	42,898,918	10,981,486
Increase in accrued interest and dividend receivable	(6,700,028)	(22,877,240)	(5,038,917)	(17,622,438)
Decrease (increase) in other accrued income	(13,213,094)	42,808,043	12,036,678	57,420,587
Increase in accrued interest payable	310,666,720	61,488,186	311,616,160	64,256,573
Increase in accrued expenses	88,423,379	119,295,335	59,108,389	80,613,973
Unrealised loss on exchange rate	4,909,266	-	4,909,266	-
Income from operating activities before changes in operating assets and liabilities	1,557,375,166	1,059,325,876	1,066,505,958	586,479,012
Decrease (increase) in operating assets				
Interbank and money market items	(946,603,858)	(2,478,437,392)	108,004,942	(993,486,167)
Securities purchased under resale agreements	(10,862,000,000)	260,000,000	(10,862,000,000)	260,000,000
Receivable from clearing house	88,992,329	47,708,650	-	-
Loans and receivable	(8,284,028,028)	(1,913,861,669)	(8,234,417,133)	(1,728,566,572)
Securities and derivative business receivables	(371,711,040)	84,745,862	-	-
Property foreclosed	647,124,304	383,596,136	381,662,792	179,876,325
Other assets	(168,033,767)	156,487,621	(179,016,176)	152,488,274

The accompanying notes are an integral part of the financial statements

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
Increase (decrease) in operating liabilities				
Deposits	3,027,882,385	1,580,667,019	2,936,451,245	1,444,184,677
Interbank and money market items	1,651,332,983	(1,787,948,356)	730,121,879	(2,522,490,522)
Liabilities payable on demand	(71,768,465)	107,219,475	(71,768,465)	107,219,475
Borrowings	7,514,343,377	3,828,211,479	7,432,471,900	3,651,000,000
Payable to clearing house	86,955,872	6,477,427	-	-
Securities and derivative business payables	76,406,376	(185,592,997)	-	-
Other liabilities	97,959,652	(264,299,694)	395,235	(212,925,706)
Net cash flows from (used in) operating activities	(5,955,772,714)	884,299,437	(6,691,587,823)	923,778,796
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(9,210,183,033)	(221,645,841)	(9,001,715,053)	(220,232,942)
Cash received from disposal of investment in securities held for investment	8,682,158,519	1,084,281,531	8,359,539,377	994,113,153
Cash received from dividend of subsidiaries	-	-	831,022,414	11,200,000
Cash paid for purchase of land, premises and equipment	(93,138,938)	(86,352,356)	(78,329,601)	(79,552,914)
Proceed from disposal of equipment	2,137,303	684,018	35,155	-
Cash received from capital returned from subsidiaries (Note 4.5.3)	512,461,232	-	512,461,232	-
Net cash flows from (used in) investing activities	(106,564,917)	776,967,352	623,013,524	705,527,297
Cash flows from financing activities				
Dividend paid	(1,633,234,980)	(1,646,604,630)	(1,633,234,980)	(1,635,404,630)
Cash received from issue long-term debenture and debt instruments	7,800,855,604	-	7,800,855,604	-
Cash received from exchange of warrants to purchase preference shares	12,400,490	57,311,220	12,400,490	57,311,220
Net cash flows from (used in) financing activities	6,180,021,114	(1,589,293,410)	6,180,021,114	(1,578,093,410)
Translation adjustments	(5,764,516)	(20,452,052)	-	-
Net increase in cash and cash equivalents	111,918,967	51,521,327	111,446,815	51,212,683
Cash and cash equivalents at beginning of the period	210,224,762	203,952,651	209,087,846	202,324,961
Cash and cash equivalents at end of the period	322,143,729	255,473,978	320,534,661	253,537,644
	-	-	-	-
Supplemental cash flows information				
Cash paid during the period for				
Interest	1,621,657,078	1,206,056,170	1,527,698,524	1,122,660,381
Corporate income tax	173,093,315	204,087,632	48,989,620	83,323,614
Non-cash transactions				
Conversion of preference shares to ordinary shares	3,000,000	2,470,000	3,000,000	2,470,000

The accompanying notes are an integral part of the financial statements

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

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

1.1 Basis of preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standards No. 41 “Interim financial statements” like an annual financial statements, a full presentation has been selected for an interim financial statements, with reference to the principles stipulated by the Bank of Thailand (“BOT”) and the Office of the Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Bank of Thailand dated 10 May 2001, “Balance Sheets and Income Statements for Commercial Bank”.

1.2 Basis for the preparation of consolidated financial statements

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

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

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

1.3 Adoption of new accounting standards during the period

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550 regarding Thai Accounting Standards (TAS), which was announced in the Royal Gazette. This Notification mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures
TAS 49	Construction Contracts

a) Thai Accounting Standards effective for the current year

Thai Accounting Standards No. 44, 45 and 46 become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Bank changed its accounting policy for recording investments in subsidiaries, in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44, as discussed in Note 5 to the financial statements.

b) Thai Accounting Standards not effective for the current year

Thai Accounting Standards No. 25, 33 and 49 will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. However, the management has assessed the effect of these revised accounting standards and believes that Thai Accounting Standard No. 25 will not significantly impact on the financial statements for the year in which it is initially applied. For Thai Accounting Standards No. 33 and 49, they are not relevant to the business of the Bank.

1.4 Significant accounting policies

1.4.1 Income recognition

a) Interest and discounts on loans

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

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

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

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

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

b) Interest and dividends on investment in securities

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

c) Brokerage fee

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

d) Gain (loss) on trading in securities

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

e) Fees and service income

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

1.4.2 Expense recognition

a) Interest expenses

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

b) Commissions and direct expenses of the hire purchase business

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

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

1.4.3 Investments in securities

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

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

1.4.4 Investments in receivable purchased or transferred in

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

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

1.4.5 Securities purchased under resale agreements

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

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

1.4.6 Receivable from Clearing House/ Payable to Clearing House

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

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

1.4.7 Loans and receivable

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

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

1.4.8 Allowance for doubtful accounts and losses from troubled debt restructuring

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

Year 2007

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

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

As at 30 June 2007, the Bank has already set provision for all non-performing loans and receivables in accordance with the new guidelines of the BOT.

Year 2006

In 2006, the Bank revised its guidelines on determining allowance for doubtful accounts and the value of collateral to be deducted against the loan balance when setting provisions for non-performing loans to follow the new guidelines of the BOT issued on 21 December 2006. The Bank will set aside provision at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, based on the use of the discount rate and the time needed to dispose of collateral, in accordance with the BOT's guidelines. The Bank may set up provision using a collective approach based on past loss experiences for receivables with the same credit risks, or having similar types and objectives of borrowing.

The timeline for implementing these provisioning guidelines is presented below.

- From the second half-year period of 2006 onwards, provisions are to be made for 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.
- From the half-year period ending 30 June 2007 onwards, provisions are to be made for receivables that are classified as doubtful of loss and doubtful.
- From the year ending 31 December 2007 onwards, provisions are to be made for receivables that are classified as substandard.

The Bank set provision at minimum rates of 1% and 2% of the loan balances (excluding accrued interest receivable) net of collateral value for normal loans (including restructured receivables), and special-mentioned loans, respectively as required by the BOT's guidelines.

In this regard, for the financial statements for the year ended 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 rates of 100%, at least 50% and at least 20%, respectively, in accordance with the prior guidelines.

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

1.4.9 Troubled debt restructuring

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

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

1.4.10 Recognition and amortisation of customers' deposits assets

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

1.4.11 Borrowing and lending of securities

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

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

1.4.12 Property foreclosed

Property foreclosed represents assets transferred from loans, hire purchase receivable on which the debtors had defaulted on their repayment obligations under the loan contracts or restructured receivables. The value of the repossessed assets are stated at the lower of net book value of loans at the transferred date and net realisable value. Net realisable value is determined at the market value or the appraisal value of repossessed assets less estimated selling expenses.

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

1.4.13 Depreciation and amortisation

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

Depreciation of building and equipment is calculated by reference to their cost on the straight-line basis (except for the depreciation of computer and communication equipment acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

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

No depreciation is provided on land.

Depreciation is included in determining income.

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

1.4.14 Income tax

a) Current tax

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

b) Deferred tax

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

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

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

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

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

1.4.15 Impairment of assets

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

1.4.16 Sales of commercial paper

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

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

1.4.17 Foreign currencies

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

Gains and losses on exchange are included in determining income.

1.4.18 Employee benefits

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

1.4.19 Provisions

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

1.4.20 Derivatives - Interest rate swap contracts

The Bank recognised the net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts as income or expenses in the income statements on an accrual basis.

1.4.21 Financial instruments

a) Financial risk management

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

b) Fair value of financial instruments

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

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

- For financial assets and liabilities which have short-term maturity or carried interest at the rate approximate to the market rate, including cash, interbank and money market items (assets), securities purchased under resale agreement, loans and receivable and accrued interest receivable, deposits, interbank and money market items (liabilities), liability payable on demand, short-term borrowings, the carrying amounts in the balance sheet approximate their fair value.
- For debts and equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- For fixed rate debentures and long-term borrowings, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the borrowings with similar terms and conditions.
- For derivatives, fair value is based on the market price, or a formula which is generally accepted in cases where there is no market price.

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

1.4.22 Earnings per share

Calculation of earnings per share is summarized below.

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share is calculated by dividing net income for the period, after deducting the portion of dividends which the preference shareholders receive before the ordinary shareholders, by the sum of the weighted average number of ordinary shares and preference shares in issue during the period plus the weighted average number of ordinary shares to be issued upon conversion of warrants into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the warrants were issued.

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

1.4.23 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in setting up allowances for impairment of investments and property foreclosed, allowance for doubtful accounts and losses from troubled debt restructuring, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

1.4.24 Reclassification

In addition to the change in accounting policy mentioned in Note 5 to the financial statements which affects previously reported net income and shareholder's equity, certain amounts in the financial statements for the six-month period ended 30 June 2006 have been reclassified to conform to the current period's classifications, with no effect on previously reported net income or shareholders' equity, except for that as a result of 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 30 June 2007, the Bank has 21 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 Provident fund

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

2.6 Related party transactions

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

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

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

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

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

3. DETAILS OF FINANCIAL STATEMENTS

3.1 Consolidated financial statements

List of subsidiaries included in the consolidated financial statements is presented below.

Company	Country of incorporation	Percentage of shares held by the Bank		Subsidiaries' total assets		Subsidiaries' total revenues		Subsidiaries' net income (loss)	
		as at		as a percentage to the consolidated total		as a percentage to the consolidated total for the six-month periods ended		as a percentage to the consolidated total for the six-month periods ended	
		30 June	31 December	30 June	31 December	30 June	30 June	30 June	30 June
		2007	2006	2007	2006	2007	2006	2007	2006
Subsidiaries directly owned by the Bank									
TISCO Securities Hong Kong Limited	China-Hong Kong	100.00	100.00	0.24	0.33	0.29	1.53	(1.02)	0.26
TISCO Securities Co., Ltd.	Thailand	99.99	99.99	2.67	1.92	14.32	16.19	19.38	21.25
TISCO Asset Management Co., Ltd.	Thailand	99.99	99.99	0.31	0.31	8.08	5.61	12.12	7.48
TISCO Leasing Co., Ltd.	Thailand	99.99	99.99	1.75	2.27	1.88	1.83	1.75	1.56
Hi-Way Co., Ltd.	Thailand	99.99	99.99	2.88	3.54	13.78	14.01	12.82	6.73
TISCO Information Technology Co., Ltd.	Thailand	99.99	99.99	0.02	0.03	0.01	0.12	(8.00)	(4.48)
Thai Commercial Auto Co., Ltd. (in the process of liquidation)	Thailand	-	50.00	-	1.57	-	1.95	-	2.49
TISCO Group Co., Ltd. (in the process of liquidation)	Thailand	-	99.99	-	-	-	0.01	-	0.01
TISCO Corporation Public Co., Ltd. (disposal during the period)	Thailand	-	95.00	-	-	-	-	-	(0.04)
Subsidiaries indirectly owned by the Bank									
TISCO Global Securities Limited	China-Hong Kong	100.00	100.00	0.02	0.03	0.01	0.01	0.01	(0.03)
VLT Leasing Co., Ltd. (in the process of liquidation)	Thailand	-	50.00	-	-	-	0.05	-	(0.11)

In March 2007 and April 2007, three subsidiary companies which are TISCO Group Company Limited, Thai Commercial Auto Company Limited and VLT Leasing Company Limited registered their dissolutions with the Ministry of Commerce and are currently in the process of liquidation.

3.2 Interbank and money market items (assets)

(Unit : Baht)

	Consolidated financial statements as at					
	30 June 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	21,706,945	-	21,706,945	422,699,150	-	422,699,150
Commercial banks	1,373,360,543	310,482,138	1,683,842,681	270,233,819	10,497,558	280,731,377
Total	1,395,067,488	310,482,138	1,705,549,626	692,932,969	10,497,558	703,430,527
Add : Accrued interest	913,690	796,203	1,709,893	664,084	375,340	1,039,424
Total domestic	1,395,981,178	311,278,341	1,707,259,519	693,597,053	10,872,898	704,469,951
<u>Foreign</u>						
Dollar Hong Kong	133,720,471	-	133,720,471	143,706,608	-	143,706,608
Dollar USA	74,964,565	-	74,964,565	148,101,241	-	148,101,241
Ringgit	-	-	-	24,923,945	-	24,923,945
Yen	-	-	-	28,519	-	28,519
Dollar Singapore	-	-	-	160,718	-	160,718
Others	4,118,569	-	4,118,569	2,844,374	-	2,844,374
Total	212,803,605	-	212,803,605	319,765,405	-	319,765,405
Add : Accrued interest	-	-	-	-	-	-
Total foreign	212,803,605	-	212,803,605	319,765,405	-	319,765,405
Total domestic and foreign	1,608,784,783	311,278,341	1,920,063,124	1,013,362,458	10,872,898	1,024,235,356

(Unit : Baht)

	Separate financial statements as at					
	30 June 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	20,754,633	-	20,754,633	422,613,658	-	422,613,658
Commercial banks	51,307,609	300,000,000	351,307,609	57,452,608	-	57,452,608
Total	72,062,242	300,000,000	372,062,242	480,066,266	-	480,066,266
Add : Accrued interest	-	-	-	-	-	-
Total domestic	72,062,242	300,000,000	372,062,242	480,066,266	-	480,066,266
<u>Foreign</u>						
Dollar Hong Kong	97,244,616	-	97,244,616	102,154,800	-	102,154,800
Total	97,244,616	-	97,244,616	102,154,800	-	102,154,800
Add : Accrued interest	-	-	-	-	-	-
Total foreign	97,244,616	-	97,244,616	102,154,800	-	102,154,800
Total domestic and foreign	169,306,858	300,000,000	469,306,858	582,221,066	-	582,221,066

(Unit : Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements		Separate financial statements		Type of pledged
	As at		As at		
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	
Cash at banks of its local subsidiary	10	10	-	-	To secure facilities provided for bank overdraft

3.3 Securities purchased under resale agreements

(Unit : Million Baht)

	Consolidated / Separate financial statements as at	
	30 June 2007	31 December 2006
	Bank of Thailand Bond	12,580

3.4 Investments

(Unit : Baht)

	Consolidated financial statements as at			
	30 June 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Current investment				
Trading securities				
Equity securities :				
Domestic marketable equity securities	749	770	647	605
Add (less) : Allowance for changes in value	21		(42)	
Net equity securities	770		605	
Total trading securities	770		605	
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	306,194,638	306,871,271	460,230,153	460,111,647
Debt securities of private sector	234,228,849	174,552,522	237,568,301	178,608,804
Total	540,423,487	481,423,793	697,798,454	638,720,451
Add (less) : Allowance for changes in value	1,414,306		1,335,997	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	481,423,793		638,720,451	
Equity securities :				
Domestic marketable equity securities	113,161,890	76,787,594	129,506,440	85,163,447
Add (less): Allowance for changes in value	(36,374,296)		(44,342,993)	
Net equity securities	76,787,594		85,163,447	
Total available-for-sales securities	558,211,387		723,883,898	
Held-to-maturity debt securities-due within 1 year				
Government and state enterprise securities	787,826		772,165	
Debt securities of private sector	4,000		4,000	
Total held-to-maturity debt securities-due within 1 year	791,826		776,165	
Other Investment				
Equity securities :				
Unit trusts	50,000,000		50,000,000	
Total other investment	50,000,000		50,000,000	
Total net current investments	609,003,983		774,660,668	

(Unit : Baht)

	Consolidated financial statements as at			
	30 June 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Long-term investment				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000,000	100,848,000	100,000,000	101,819,890
Add (less) : Allowance for changes in value	848,000		1,819,890	
Debt securities - net	100,848,000		101,819,890	
Equity securities :				
Domestic marketable equity securities	2,278,034,317	2,499,745,064	2,502,412,020	2,335,941,187
Other securities - unit trusts	67,116,131	95,122,553	103,158,046	122,931,002
Total	2,345,150,448	2,594,867,617	2,605,570,066	2,458,872,189
Add (less) : Allowance for changes in value	249,717,169		(146,697,877)	
Net equity securities	2,594,867,617		2,458,872,189	
Total available-for-sales securities	2,695,715,617		2,560,692,079	
Held-to-maturity debt securities				
Government and state enterprise securities	337,154,309		337,173,113	
Total held-to-maturity debt securities	337,154,309		337,173,113	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	956,173,209		956,701,623	
Investment in receivables	909,320,187		6,256,324	
Less : Allowance for impairment	(239,520,581)		(242,282,590)	
Total other investment	1,625,972,815		720,675,357	
Net long-term investments	4,658,842,741		3,618,540,549	
Net investments	5,267,846,724		4,393,201,217	

(Unit : Baht)

	Separate financial statements as at			
	30 June 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Current investment				
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	305,588,214	306,262,043	459,637,516	459,519,824
Debt securities of private sector	234,228,849	174,552,523	237,568,301	178,608,804
Total	539,817,063	480,814,566	697,205,817	638,128,628
Add (less) : Allowance for changes in value	1,411,503		1,336,811	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	480,814,566		638,128,628	
Equity securities :				
Domestic marketable equity securities	113,161,890	76,787,594	129,506,441	85,163,448
Add (less) : Allowance for changes in value	(36,374,296)		(44,342,993)	
Net equity securities	76,787,594		85,163,448	
Total available-for-sales securities	557,602,160		723,292,076	
Net current investments	557,602,160		723,292,076	
Long-term investment				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000,000	100,848,000	100,000,000	101,819,890
Add (less) : Allowance for changes in value	848,000		1,819,890	
Debt securities - net	100,848,000		101,819,890	
Equity securities :				
Domestic marketable equity securities	2,058,448,857	2,225,119,265	2,072,455,233	1,857,613,060
Add (less) : Allowance for changes in value	166,670,408		(214,842,173)	
Net equity securities	2,225,119,265		1,857,613,060	
Total available-for-sales securities	2,325,967,265		1,959,432,950	

(Unit : Baht)

	Separate financial statements as at			
	30 June 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities				
Government and state enterprise securities	335,000,000		335,000,000	
Total held-to-maturity debt securities	335,000,000		335,000,000	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	946,017,001		946,588,430	
Investment in receivables	911,947,110		8,883,246	
Less : Allowance for impairment	(239,520,581)		(242,282,590)	
Total other investment	1,618,443,530		713,189,086	
Net long-term investments	4,279,410,795		3,007,622,036	
Investment in subsidiaries				
Investment in subsidiaries (cost method)	2,966,664,271		3,550,644,129	
Less : Allowance for impairment	-		(82,000,000)	
Net investment in subsidiaries	2,966,664,271		3,468,644,129	
Net investments	7,803,677,226		7,199,558,241	

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

(Unit : Million Baht)

	Consolidated /Separate financial statements		Remark
	As at		
	30 June 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.

3.4.2 Investments subject to restriction

(Unit : Million Baht)

Type of investment	Consolidated financial statements		Separate financial statements		Type of restriction
	As at		As at		
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	
Domestic marketable equity securities	21	21	21	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 3.30.2

3.4.3 Investment in debt securities classified by remaining periods of contracts

(Unit : Baht)

	Consolidated financial statements as at 30 June 2007			
	Maturity			Total
	Less than 1 year	1 - 5 years	Over 5 years	
Available-for-sale securities				
Government and state enterprise securities	306,194,638	-	-	306,194,638
Debt securities of private sector	120,991,277	213,237,572	-	334,228,849
Total	427,185,915	213,237,572	-	640,423,487
Add (less) : Allowance for changes in value	1,056,774	1,205,532	-	2,262,306
Less : Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	367,828,689	214,443,104	-	582,271,793
Held-to-maturity debt securities				
Government and state enterprise securities	787,826	337,154,309	-	337,942,135
Debt securities of private sector	4,000	-	-	4,000
Total	791,826	337,154,309	-	337,946,135
Total debt securities	368,620,515	551,597,413	-	920,217,928

(Unit : Baht)

Consolidated financial statements as at 31 December 2006

	Maturity			Total
	Less than		Over	
	1 year	1 - 5 years	5 years	
Available-for-sale securities				
Government and state enterprise securities	460,230,153	-	-	460,230,153
Debt securities of private sector	95,927,925	241,640,376	-	337,568,301
Total	556,158,078	241,640,376	-	797,798,454
Add (less) : Allowance for changes in value	74,512	3,081,375	-	3,155,887
Less : Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	495,818,590	244,721,751	-	740,540,341
Held-to-maturity debt securities				
Government and state enterprise securities	772,165	337,173,113	-	337,945,278
Debt securities of private sector	4,000	-	-	4,000
Total	776,165	337,173,113	-	337,949,278
Total debt securities	496,594,755	581,894,864	-	1,078,489,619

(Unit : Baht)

Separate financial statements as at 30 June 2007

	Maturity			Total
	Less than		Over	
	1 year	1 - 5 years	5 years	
Available-for-sale securities				
Government and state enterprise securities	305,588,214	-	-	305,588,214
Debt securities of private sector	120,991,277	213,237,572	-	334,228,849
Total	426,579,491	213,237,572	-	639,817,063
Add (less) : Allowance for changes in value	1,053,971	1,205,532	-	2,259,503
Less : Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	367,219,462	214,443,104	-	581,662,566
Held-to-maturity debt securities				
Government and state enterprise securities	-	335,000,000	-	335,000,000
Total	-	335,000,000	-	335,000,000
Total debt securities	367,219,462	549,443,104	-	916,662,566

(Unit : Baht)

Separate financial statements as at 31 December 2006

	Maturity			Total
	Less than		Over	
	1 year	1 - 5 years	5 years	
Available-for-sale securities				
Government and state enterprise securities	459,637,516	-	-	459,637,516
Debt securities of private sector	95,927,925	241,640,376	-	337,568,301
Total	555,565,441	241,640,376	-	797,205,817
Add (less) : Allowance for changes in value	75,326	3,081,375	-	3,156,701
Less : Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	495,226,767	244,721,751	-	739,948,518
Held-to-maturity debt securities				
Government and state enterprise securities	-	335,000,000	-	335,000,000
Total	-	335,000,000	-	335,000,000
Total debt securities	495,226,767	579,721,751	-	1,074,948,518

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

(Unit : Baht)

Consolidated / Separate financial statements

As at 30 June 2007

	Cost	Fair value	Allowance for
			changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	67,873,030	-	67,873,030

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

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

(Unit : Baht)

Name	Consolidated financial statements as at					
	30 June 2007			31 December 2006		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
		%			%	
Insurance :						
GITC Co., Ltd.	13,201,200	-	40	13,200,000	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,016	-	11
Services :						
Jiji Press (Thailand) Co., Ltd.	813,823	300,000	10	813,823	300,000	10
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	37,334,990	-	10
Fitch Ratings (Thailand) Limited	5,000,000	-	10	5,000,000	-	10
Leasing and hire purchase :						
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
Trading import and export :						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,527,400	-	10	3,527,400	-	10
Real estate :						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	10,029,000	-	10	10,029,000	-	10
Industrial :						
Siam Art Ceramic Co., Ltd.	16,291,000	-	10	15,697,000	-	10
Holding :						
TISCO aggressive growth fund	76,225,739	-	26	85,105,059	-	34
TISCO cash management fund	-	-	-	20,946,400	-	28

(Unit : Baht)

Separate financial statements as at

Name	30 June 2007			31 December 2006		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
	(Cost method)		%	(Cost method)		%
Insurance :						
GITC Co., Ltd.	13,201,200	-	40	13,200,000	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,016	-	11
Services :						
TISCO Securities Hong Kong Limited	66,482,955	-	100	66,482,955	-	100
TISCO Securities Co., Ltd.	1,499,999,930	-	99.99	1,499,999,930	-	99.99
TISCO Asset Management Co., Ltd.	219,848,681	-	99.99	219,848,681	-	99.99
TISCO Information Technology Co., Ltd.	43,870,001	-	99.99	43,870,001	-	99.99
Jiji Press (Thailand) Co., Ltd.	813,823	300,000	10	813,823	300,000	10
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	37,334,990	-	10
Leasing and hire purchase :						
Thai Commercial Auto Co., Ltd. (in the process of liquidation)	-	-	-	434,152,522	100,000,000	50
Hi-Way Co., Ltd. (ordinary shares and preference shares)	272,891,729	-	99.99	272,891,729	-	99.99
TISCO Leasing Co., Ltd.	863,570,976	-	99.99	863,570,976	-	99.99
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
Trading import and export :						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,527,400	-	10	3,527,400	-	10
Real estate :						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	10,029,000	-	10	10,029,000	-	10
Industrial :						
Siam Art Ceramic Co., Ltd.	16,291,000	-	10	15,697,000	-	10
Holding :						
TISCO Group Co., Ltd. (in the process of liquidation)	-	-	-	149,810,235	-	99.99
TISCO Corporation Plc. (disposal during the period)	-	-	-	17,100	-	95

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

Name	Separate financial statements	
	As at 30 June 2007	
	Book value	Percentage of holding
	Baht	%
GITC Co., Ltd.	13,201,200	40
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	21

3.4.7 Investments which the subsidiary company holds not less than 20% of equity, but which are not recorded as investments in associated companies under the equity method in the consolidated financial statements, since the company does not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager accorded to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.

(Unit: Baht)

Name	As at					
	30 June 2007			31 December 2006		
	Book value	Cost	Percentage of holding	Book value	Cost	Percentage of holding
			%			%
TISCO Aggressive Growth Fund	76,225,739	48,163,844	26	85,105,059	64,205,759	34
TISCO Cash Management Fund	-	-	-	20,946,400	20,000,000	28

3.5 Investment in subsidiary companies

(Unit : Million Baht)

Company's name	Nature of Business	Paid-up share capital		Cost method		Impairment		Cost method - net		Dividend received ⁽¹⁾	
		As at		As at		As at		As at		For the six-month periods ended	
		30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	30 June 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. (in the process of liquidation)	Hire purchase	800	800	-	434	-	7	-	427	-	11
TISCO Group Co., Ltd. (in the process of liquidation)	Holdings	150	150	-	150	-	75	-	75	-	-
TISCO Corporation Plc. (disposal during the period)	Holdings	-	-	-	-	-	-	-	-	-	-
				2,967	3,551	-	82	2,967	3,469	350	11

⁽¹⁾ Including dividend received from subsidiary company 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.

3.6 Loans, receivable and accrued interest receivable

3.6.1 Classified by type of loan and receivable

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
<u>Loans and receivable</u>				
Loans	15,144,303,189	15,149,089,266	15,278,406,593	15,132,494,034
Hire - purchase and financial lease receivables				
Hire - purchase and financial lease receivables	75,433,553,432	68,429,379,981	69,556,524,152	61,055,286,070
Add (less) : Unearned income	(9,953,640,063)	(8,773,606,968)	(8,578,754,518)	(7,307,112,632)
: Deferred commissions and direct expenses				
incurred at the initiation of hire purchase	259,948,034	-	192,726,911	-
: Advances received from financial lease				
receivables	(141,563,885)	(163,631,178)	-	-
Net hire - purchase and financial lease receivables	65,598,297,518	59,492,141,835	61,170,496,545	53,748,173,438
Total loans and receivable	80,742,600,707	74,641,231,101	76,448,903,138	68,880,667,472
Add : Accrued interest receivable	155,791,407	143,399,168	110,087,748	98,862,425
Less : Allowance for doubtful accounts	(2,770,401,946)	(2,767,471,240)	(2,444,777,491)	(2,463,410,866)
Less : Allowance for loss on debt restructuring	(10,465,184)	(22,403,970)	(10,465,184)	(22,403,970)
Net loans, receivable and accrued interest receivable	78,117,524,984	71,994,755,059	74,103,748,211	66,493,715,061
<u>Securities and derivative business receivable</u>				
<u>Securities business receivable</u>				
Customer's cash accounts	1,023,180,750	664,599,739	-	-
Customer's securities borrowings and lending accounts	13,525,800	-	-	-
Other receivable				
Overdue customers' accounts	-	34,012	-	-
Receivables under litigation	-	110,671	-	-
Installment receivable	2,254,715	2,505,803	-	-
Total securities business receivable	1,038,961,265	667,250,225	-	-
Less : Allowance for doubtful accounts	(3,641,565)	(3,752,236)	-	-
Net securities business receivable	1,035,319,700	663,497,989	-	-
Net loans, receivable and accrued interest receivable	79,152,844,684	72,658,253,048	74,103,748,211	66,493,715,061

3.6.2 Classified by remaining periods of contracts

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Loans and receivable				
Not over 1 year (included contract which are due)	10,223,456,609	10,114,758,619	9,316,445,564	8,890,792,947
Over 1 year	70,519,144,098	64,526,472,482	67,132,457,574	59,989,874,525
Total loans and receivable	80,742,600,707	74,641,231,101	76,448,903,138	68,880,667,472
Add : Accrued interest receivable	155,791,407	143,399,168	110,087,748	98,862,425
Total loans, receivable and accrued interest receivable	80,898,392,114	74,784,630,269	76,558,990,886	68,979,529,897

3.6.3 Classified by type of business

(Unit : Baht)

	Consolidated financial statements as at 30 June 2007						Subsidiaries	Total
	The Bank Only							
	Pass	Special-mentioned	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	101,184,615	2,258,573	-	450,000	-	103,893,188	-	103,893,188
Manufacturing and commerce	6,948,315,290	72,407,065	11,246,646	22,852,120	441,981,575	7,496,802,696	-	7,496,802,696
Real estate and construction	4,094,442,108	52,505,347	11,537,118	7,906,707	692,238,405	4,858,629,685	-	4,858,629,685
Public utilities and services	2,418,792,544	24,962,622	3,587,045	6,024,170	15,759,929	2,469,126,310	-	2,469,126,310
Personal use								
Hire - purchase	51,271,172,320	3,478,069,062	513,178,270	134,818,212	92,872,824	55,490,110,688	4,427,800,972	59,917,911,660
Housing loans	1,654,172,808	69,843,906	6,106,356	26,118,709	199,751,751	1,955,993,530	-	1,955,993,530
Securities	-	-	-	-	-	-	1,038,961,265	1,038,961,265
Others	2,946,621,877	60,576,022	24,978,773	23,720,190	883,450,179	3,939,347,041	896,597	3,940,243,638
Total loans, receivable and securities business receivable	69,434,701,562	3,760,622,597	570,634,208	221,890,108	2,326,054,663	76,313,903,138	5,467,658,834	81,781,561,972
Add : Accrued interest receivable	55,705,379	54,382,369	-	-	-	110,087,748	45,703,659	155,791,407
Total loans, receivable and securities business receivable and accrued interest receivable	69,490,406,941	3,815,004,966	570,634,208	221,890,108	2,326,054,663	76,423,990,886	5,513,362,493	81,937,353,379

(Unit : Baht)

	Separate financial statements as at 30 June 2007					
	Pass	Special-mentioned	Sub-standard	Doubtful	Doubtful of loss	Total
	Agricultural and mining	101,184,615	2,258,573	-	450,000	-
Manufacturing and commerce	6,948,315,290	72,407,065	11,246,646	22,852,120	441,981,575	7,496,802,696
Real estate and construction	4,094,442,108	52,505,347	11,537,118	7,906,707	692,238,405	4,858,629,685
Public utilities and services	2,418,792,544	24,962,622	3,587,045	6,024,170	15,759,929	2,469,126,310
Personal use						
Hire - purchase	51,271,172,320	3,478,069,062	513,178,270	134,818,212	92,872,824	55,490,110,688
Housing loans	1,654,172,808	69,843,906	6,106,356	26,118,709	199,751,751	1,955,993,530
Others	3,081,621,877	60,576,022	24,978,773	23,720,190	883,450,179	4,074,347,041
Total loans and receivable	69,569,701,562	3,760,622,597	570,634,208	221,890,108	2,326,054,663	76,448,903,138
Add : Accrued interest receivable	55,705,379	54,382,369	-	-	-	110,087,748
Total loans, receivable and accrued interest receivable	69,625,406,941	3,815,004,966	570,634,208	221,890,108	2,326,054,663	76,558,990,886

(Unit : Baht)

Consolidated financial statements as at 31 December 2006								
	The Bank Only					Subsidiaries	Total	
	Pass	Special-mentioned	Sub-standard	Doubtful	Doubtful of loss			Total
Agricultural and mining	95,216,539	1,835,259	862,229	-	-	97,914,027	-	97,914,027
Manufacturing and commerce	6,834,202,845	56,314,221	21,343,787	10,016,933	392,094,372	7,313,972,158	15,482,400	7,329,454,558
Real estate and construction	3,951,390,490	44,345,620	4,919,291	4,293,824	803,845,135	4,808,794,360	-	4,808,794,360
Public utilities and services	2,315,842,763	9,016,899	1,572,746	5,601,011	5,446,106	2,337,479,525	-	2,337,479,525
Personal use								
Hire - purchase	45,265,266,228	2,737,629,683	331,432,252	80,220,276	86,130,847	48,500,679,286	5,743,968,397	54,244,647,683
Housing loans	1,701,840,025	39,731,252	23,261,418	27,912,828	212,134,513	2,004,880,036	-	2,004,880,036
Securities	-	-	-	-	-	-	667,250,225	667,250,225
Others	2,836,481,158	46,008,510	22,955,600	3,260,659	908,242,153	3,816,948,080	1,112,832	3,818,060,912
Total loans, receivable and securities								
business receivable	63,000,240,048	2,934,881,444	406,347,323	131,305,531	2,407,893,126	68,880,667,472	6,427,813,854	75,308,481,326
Add : Accrued interest receivable	58,208,466	40,653,959	-	-	-	98,862,425	44,536,743	143,399,168
Total loans, receivable and securities								
business receivable and accrued interest receivable	63,058,448,514	2,975,535,403	406,347,323	131,305,531	2,407,893,126	68,979,529,897	6,472,350,597	75,451,880,494

(Unit : Baht)

Separate financial statements as at 31 December 2006						
	Pass	Special-mentioned	Sub-standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	95,216,539	1,835,259	862,229	-	-	97,914,027
Manufacturing and commerce	6,834,202,845	56,314,221	21,343,787	10,016,933	392,094,372	7,313,972,158
Real estate and construction	3,951,390,490	44,345,620	4,919,291	4,293,824	803,845,135	4,808,794,360
Public utilities and services	2,315,842,763	9,016,899	1,572,746	5,601,011	5,446,106	2,337,479,525
Personal use						
Hire - purchase	45,265,266,228	2,737,629,683	331,432,252	80,220,276	86,130,847	48,500,679,286
Housing loans	1,701,840,025	39,731,252	23,261,418	27,912,828	212,134,513	2,004,880,036
Others	2,836,481,158	46,008,510	22,955,600	3,260,659	908,242,153	3,816,948,080
Total loans and receivable	63,000,240,048	2,934,881,444	406,347,323	131,305,531	2,407,893,126	68,880,667,472
Add : Accrued interest receivable	58,208,466	40,653,959	-	-	-	98,862,425
Total loans, receivable and accrued interest receivable	63,058,448,514	2,975,535,403	406,347,323	131,305,531	2,407,893,126	68,979,529,897

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

(Unit : Million Baht)

The Bank	Amounts calculated under BOT's guideline ⁽²⁾		Amounts calculated under the Bank's policy		
	Separate financial statements		Separate financial statements		
	As at		As at		
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	
Loans and receivable for which the recognition of interest income has ceased ⁽¹⁾		2,495	2,340	3,253 ⁽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 receivable totaling Baht 2,603 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	
	30 June 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	526 ⁽¹⁾	504 ⁽¹⁾

⁽¹⁾ Baht 54 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.

3.6.5 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	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Unearned interest income	9,943 ⁽¹⁾	8,774	8,635 ⁽¹⁾	7,307

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

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

	(Unit : Million Baht)
	Separate financial statements
	As at 30 June 2007
Restructured loans and receivable ⁽¹⁾	674
Loans and receivable which are being restructured ⁽²⁾	55

⁽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 37 million.

3.6.7 Troubled debt restructuring

- Debt restructuring during the period

	Separate financial statements	
	For the six-month periods ended 30 June	
	2007	2006
Number of debtors (number)	13	13
Loan balances before restructuring (Million Baht)	530	1,038
Interest income on restructured receivables (Million Baht)	31	42
Receipt of principal and interest (Million Baht)	224	429
Loss on troubled debt restructuring (Million Baht)	-	-

- Debtors which were subjected to debt restructuring

Separate financial statements as at 30 June 2007				
Type of restructuring	Number of receivables	Outstanding loan	Type of assets transferred	Fair value
		balance before restructuring		of transferred assets
		(Million Baht)	(Million Baht)	
Transfer of assets	23	2,600	Land	20
			Land and premises	2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification 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	1,126	23,650		
Total	1,214	34,199		5,051

- The balance of the restructured debts

(Unit : Million Baht)

	Separate financial statements	
	As at	
	30 June 2007	31 December 2006
The balance of the restructured debts	2,219	2,389

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

(Unit : Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	Separate financial statements	
	As at	
	30 June 2007	31 December 2006
Amounts to be provided under BOT's guidelines	2,142	2,142
Amounts already set up by the Bank	2,455 ⁽¹⁾	2,486 ⁽¹⁾
Amounts in excess of the required amount	313	344

⁽¹⁾ The allowance for doubtful debts consists of allowance for doubtful debts of Baht 1,749 million (31 December 2006 : Baht 1,644 million) set aside for the unsecured portion of loans amounting Baht 2,603 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 706 million (31 December 2006 : Baht 842 million) set up for the other loans and receivables.

3.7.1 Allowance for doubtful accounts

(Unit : Baht)

	Consolidated financial statements as at 30 June 2007						Total
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	
	Balance - beginning of the period	625,452,082	72,020,965	119,659,639	140,135,831	1,719,724,337	
Increase (decrease) in allowance for doubtful accounts during the period	(321,082,420)	30,013,192	188,070,930	102,204,921	70,134,516	59,986,273	129,327,412
Bad debt written - off	(6,683,879)	(21,357)	(7,674,385)	(68,367,544)	(43,680,755)	(79,457)	(126,507,377)
Balance - end of the period	297,685,783	102,012,800	300,056,184	173,973,208	1,746,178,098	154,137,438	2,774,043,511

(Unit : Baht)

	Consolidated financial statements as at 31 December 2006						Total
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	
	Balance - beginning of year	694,345,871	62,207,792	114,009,817	200,804,431	1,557,135,712	
Increase (decrease) in allowance for doubtful accounts during the year	(41,750,714)	9,936,547	8,857,169	21,541,000	574,255,322	(445,362,589)	127,476,735
Bad debt written - off	(27,143,075)	(123,374)	(3,207,347)	(82,209,600)	(411,666,697)	(12,904,507)	(537,254,600)
Balance - end of year	625,452,082	72,020,965	119,659,639	140,135,831	1,719,724,337	94,230,622	2,771,223,476

(Unit : Baht)

Separate financial statements as at 30 June 2007							
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of the period	579,288,725	59,194,140	73,234,881	69,693,605	1,589,004,267	92,995,248	2,463,410,866
Increase (decrease) in allowance for doubtful accounts during the period	(307,118,554)	30,524,557	120,129,676	104,311,252	64,778,345	59,476,555	72,101,831
Bad debt written - off	(6,683,879)	(21,357)	(7,504,613)	(66,288,261)	(10,237,096)	-	(90,735,206)
Balance - end of the period	<u>265,486,292</u>	<u>89,697,340</u>	<u>185,859,944</u>	<u>107,716,596</u>	<u>1,643,545,516</u>	<u>152,471,803</u>	<u>2,444,777,491</u>

(Unit : 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	641,958,818	51,792,603	79,230,554	145,897,725	1,449,193,869	497,497,719	2,865,571,288
Increase (decrease) in allowance for doubtful accounts during the year	(35,527,017)	7,524,911	(3,095,198)	2,182,297	480,868,485	(391,597,964)	60,355,514
Bad debt written - off	(27,143,076)	(123,374)	(2,900,475)	(78,386,417)	(341,058,087)	(12,904,507)	(462,515,936)
Balance - end of year	<u>579,288,725</u>	<u>59,194,140</u>	<u>73,234,881</u>	<u>69,693,605</u>	<u>1,589,004,267</u>	<u>92,995,248</u>	<u>2,463,410,866</u>

3.7.2 Allowance for loss on debt restructuring

(Unit : Baht)

Consolidated/Separate financial statements		
As at		
	30 June 2007	31 December 2006
Balance - beginning of the period	22,403,970	303,731,217
Increase during the period	-	3,020,768
Written - off/transfer to general reserve	(11,938,786)	(284,348,015)
Balance - end of the period	<u>10,465,184</u>	<u>22,403,970</u>

3.7.3 Non - performing loans and receivables

(Unit : Million Baht)

Separate financial statements		
As at		
	30 June 2007	31 December 2006
Non - performing loans and receivables	3,119	2,946
Allowance for doubtful accounts	1,938	1,732

3.8 Classification of assets

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

(Unit : Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	As at		As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 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 a financial institution which the Bank of Thailand ordered closed on 8 December 1997.

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

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

(Unit : Million Baht)

	Debt balance		Debt balance after net off collateral		Allowance for doubtful accounts			
	As at		As at		Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Loans and receivable ⁽¹⁾⁽²⁾⁽³⁾								
Pass	69,870	63,000	58,960	52,019	239	520	265	580
Special mentioned	3,760	2,935	3,678	2,883	90	58	90	59
Substandard								
- Non apply with the new guidelines of the BOT	-	406	-	360	-	72	-	72
- Apply with the new guidelines of the BOT	571	1	553	1	186	1	186	1
Doubtful								
- Non apply with the new guidelines of the BOT	-	85	-	75	-	38	-	38
- Apply with the new guidelines of the BOT	222	46	178	32	108	32	108	32
Doubtful of loss								
- Non apply with the new guidelines of the BOT	-	1,111	-	343	-	343	-	517
- Apply with the new guidelines of the BOT	2,326	1,297	1,515	1,056	1,509	1,056	1,644	1,072
Total	76,749	68,881	64,884	56,769	2,132	2,120	2,293	2,371
Loss on receivable under troubled debt restructuring	-	-	-	-	10	22	10	22
Total	76,749	68,881	64,884	56,769	2,142	2,142	2,303	2,393
General reserve							152	93
Total							2,455	2,486

(Unit : Million Baht)

	Debt balance		Debt balance after net off collateral		Allowance for doubtful accounts			
	As at		As at		Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	30 June	31 December	30 June	31 December	As at		As at	
	2007	2006	2007	2006	30 June	31 December	30 June	31 December
				2007	2006	2007	2006	
Investment in securities								
Doubtful of loss								
Debt instruments	60	61	60	61	60	61	60	61
Equity instruments	461	717	461	717	461	717	461	717
Total	521	778	521	778	521	778	521	778
Investment in receivables								
Doubtful of loss								
	8	7	1	-	1	-	2	-
Total	8	7	1	-	1	-	2	-
Properties foreclosed								
Doubtful of loss								
Land	26	16	26	16	26	16	26	16
Total	26	16	26	16	26	16	26	16
Total classified assets	77,304	69,682	65,432	57,563	2,690	2,936	3,004	3,280

⁽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 (except for hire purchase receivables, for which the Bank does not deduct the collateral value from the outstanding loan balance).

⁽²⁾ Interest receivables are not included in pass and special mentioned debt balances.

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

For the financial statements as at 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.

As at 30 June 2007, the Bank has already set provision for all non-performing loans and receivables in accordance with the new guidelines of the BOT.

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

(Unit : Million Baht)

	Debt balance		Percentage of allowance for doubtful account set up	Allowance for doubtful accounts	
	after net off collateral value			As at	
	As at	As at		As at	
	30 June 2007	30 June 2007		30 June 2007	
Hire purchase receivable					
Substandard					
- Receivables enforced by courts	-	-	100	-	-
- Receivables not enforced by courts	540	540	32	173	
Doubtful					
- Receivables enforced by courts	64	64	100	64	
- Receivables not enforced by courts	103	103	32	33	
Doubtful of loss					
- Receivables enforced by courts	115	115	100	115	
- Receivables not enforced by courts	10	10	32	3	
Total	832	832		388	

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
			Million Baht	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	15	15	598	627	54	72	542	531
3. Listed companies of which shares have been suspended for trading	1	1	15	15	-	-	15	15
4. Listed companies under rehabilitation	6	4	139	58	16	5	123	46
5. Companies which have loan settlement problems or have defaulted on payment of debts	23	25	1,158	1,330	578	706	713	808
6. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	45	45	1,910	2,030	648	783	1,393	1,400

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

(Unit : Million Baht)

	Securities business receivable and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Doubtful	2	3	2	3	2	3
General reserve					2	1
Total					4	4

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

(Unit : Million Baht)

	Debt balance		Percentage of allowance for doubtful accounts set up		Allowance for doubtful account		Debt balance - net	
	As at				As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
			%	%				
Current	2,646	3,907	1	1	26	39	2,620	3,868
Overdue								
1 month	637	711	1	1	6	7	631	704
2 - 3 months	621	642	2	2	12	13	609	629
4 - 6 months	233	232	32, 50, 100*	20	114	46	119	186
7 - 12 months	128	141	32, 50, 100*	50	66	71	62	70
Over 12 months	131	89	32, 50, 100*	100	68	89	63	-
Debtors under litigation	33	39	100	100	33	39	-	-
Total	4,429	5,761			325	304	4,104	5,457

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

3.9 Property foreclosed

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Foreclosed assets				
Immovable assets				
Balance - beginning of the period	1,019,802,996	1,249,079,279	1,031,612,996	1,260,889,279
Additions	4,683,840	47,106	4,683,840	47,106
Disposals	(7,116,903)	(209,305,035)	(7,116,903)	(209,305,035)
Elimination entry	11,810,000	-	-	-
Transfer to land, premises and equipment	-	(20,018,354)	-	(20,018,354)
Balance - end of the period	1,029,179,933	1,019,802,996	1,029,179,933	1,031,612,996
Movable assets				
Balance - beginning of the period	44,210,456	12,315,885	29,621,289	891,453
Additions	758,461,421	1,096,591,280	398,829,130	463,969,171
Disposals	(747,342,843)	(1,064,696,709)	(392,668,162)	(435,239,335)
Balance - end of the period	55,329,034	44,210,456	35,782,257	29,621,289
Allowance for impairment				
Balance - beginning of the period	21,210,157	54,700,401	16,293,546	50,521,892
Increase	26,120,366	25,228,486	16,251,041	6,669,166
Decrease	(14,607,084)	(58,718,730)	(6,284,157)	(40,897,512)
Balance - end of the period	32,723,439	21,210,157	26,260,430	16,293,546
Property foreclosed - net	1,051,785,528	1,042,803,295	1,038,701,760	1,044,940,739

3.10 Land, premises and equipment

(Unit : Baht)

Consolidated financial statements						
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Motor vehicles	Total
Cost :						
31 December 2006	522,039,947	1,052,341,516	550,038,334	413,136,436	113,601,130	2,651,157,363
Additions	-	-	48,001,340	40,647,822	4,738,000	93,387,162
Disposals	-	-	(4,392,066)	(250,271)	(6,725,295)	(11,367,632)
Translation adjustment	-	-	(577,541)	-	-	(577,541)
30 June 2007	522,039,947	1,052,341,516	593,070,067	453,533,987	111,613,835	2,732,599,352
Accumulated depreciation :						
31 December 2006	-	332,869,913	439,931,990	218,563,976	56,991,337	1,048,357,216
Depreciation for the period	-	30,422,807	35,190,487	17,586,157	9,891,208	93,090,659
Depreciation on disposals	-	-	(4,325,798)	(214,413)	(6,702,394)	(11,242,605)
Translation adjustment	-	-	(350,365)	-	-	(350,365)
30 June 2007	-	363,292,720	470,446,314	235,935,720	60,180,151	1,129,854,905
Net book value :						
31 December 2006	522,039,947	719,471,603	110,106,344	194,572,460	56,609,793	1,602,800,147
30 June 2007	522,039,947	689,048,796	122,623,753	217,598,267	51,433,684	1,602,744,447
Depreciation for the six-month periods ended 30 June :						
2006						85,365,695
2007						93,090,659

(Unit : Baht)

	Separate financial statements					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Motor vehicles	
	Cost :					
31 December 2006	345,004,767	698,539,936	324,645,631	315,210,184	71,315,299	1,754,715,817
Additions	-	-	36,822,562	38,038,039	3,469,000	78,329,601
Disposals	-	-	(747,614)	-	-	(747,614)
30 June 2007	345,004,767	698,539,936	360,720,579	353,248,223	74,784,299	1,832,297,804
Accumulated depreciation :						
31 December 2006	-	256,937,263	247,096,152	134,364,728	35,467,032	673,865,175
Depreciation for the period	-	18,842,078	26,769,522	15,246,264	6,565,547	67,423,411
Depreciation on disposals	-	-	(736,681)	-	-	(736,681)
30 June 2007	-	275,779,341	273,128,993	149,610,992	42,032,579	740,551,905
Net book value :						
31 December 2006	345,004,767	441,602,673	77,549,479	180,845,456	35,848,267	1,080,850,642
30 June 2007	345,004,767	422,760,595	87,591,586	203,637,231	32,751,720	1,091,745,899
Depreciation for the six-month periods ended 30 June :						
2006						58,803,748
2007						67,423,411

3.11 Other assets

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Value added tax - net	660,658,106	523,590,252	659,110,993	519,857,462
Accrued interest receivable	14,593,769	22,512,661	14,489,206	22,499,042
Fee and charges receivable	190,347,569	176,480,838	88,985,293	101,021,971
Prepaid income tax	12,276,124	13,125,164	-	-
Deferred computer system development cost - net	84,532,745	88,760,196	83,933,595	73,344,558
Deposits	23,881,348	15,091,391	11,578,349	8,083,060
Other receivables	333,076,777	220,096,165	297,947,019	225,819,905
Other assets	179,328,067	159,765,211	114,303,363	84,760,755
Total other assets	1,498,694,505	1,219,421,878	1,270,347,818	1,035,386,753

3.12 Deposits

3.12.1 Classified by type of deposits

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Promissory notes	2,798,434,596	4,972,402,081	2,798,434,596	4,972,402,081
Deposits				
Current accounts	1,745,414,946	1,389,973,194	1,754,239,922	1,490,229,310
Saving accounts	1,980,190,813	1,464,161,529	1,980,190,813	1,464,161,529
Fixed accounts				
- not over 6 months	498,252,432	33,232,365	498,252,432	33,232,365
- over 6 months and less than 1 year	191,642,375	103,974,469	191,642,375	103,974,469
- over 1 year	1,578,806,610	217,059,533	1,578,806,610	217,059,533
Certificate of deposits / negotiated certificate deposits	34,803,000,771	32,387,056,987	34,803,000,771	32,387,056,987
Total	<u>43,595,742,543</u>	<u>40,567,860,158</u>	<u>43,604,567,519</u>	<u>40,668,116,274</u>

3.12.2 Classified by the remaining period of contract

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Not over 1 year*	35,465,287,242	35,222,632,063	35,474,112,218	35,322,888,179
Over 1 year	8,130,455,301	5,345,228,095	8,130,455,301	5,345,228,095
Total deposits	<u>43,595,742,543</u>	<u>40,567,860,158</u>	<u>43,604,567,519</u>	<u>40,668,116,274</u>

*Including fully-mature deposit contract

3.13 Interbank and money market items (liabilities)

(Unit : Baht)

	Consolidated financial statements as at					
	30 June 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
Commercial banks	36,486,090	552,839,809	589,325,899	441,354,517	785,925,917	1,227,280,434
Other banks and financial institutions	34,581,158	2,933,000,000	2,967,581,158	159,700,692	770,000,000	929,700,692
Total	71,067,248	3,485,839,809	3,556,907,057	601,055,209	1,555,925,917	2,156,981,126

(Unit : Baht)

	Separate financial statements as at					
	30 June 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
Commercial banks	12,020,524	-	12,020,524	269,589,351	150,000,000	419,589,351
Other banks and financial institutions	351,179,814	2,933,000,000	3,284,179,814	1,376,489,108	770,000,000	2,146,489,108
Total	363,200,338	2,933,000,000	3,296,200,338	1,646,078,459	920,000,000	2,566,078,459

The Bank has entered into an interest rate swap agreement to swap the floating interest rate on Baht 300 million of bills of exchange for a fixed interest rate, as mentioned in Note 3.30.2 to the financial statements.

3.14 Borrowings

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
<u>Domestic borrowings</u>				
Subordinated debentures	331,000,000	331,000,000	331,000,000	331,000,000
Unsubordinated unsecured debentures	9,139,000,000	7,884,000,000	9,139,000,000	7,884,000,000
Bill of exchange	31,913,982,791	17,853,783,810	29,266,905,818	15,288,578,314
Others	13,200,000	13,200,000	13,200,000	13,200,000
	<u>41,397,182,791</u>	<u>26,081,983,810</u>	<u>38,750,105,818</u>	<u>23,516,778,314</u>

3.14.1 Subordinated debentures

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

3.14.2 Unsubordinated and unsecured debentures

Year	Issuer	Type of debenture	Units	Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate	Remark
					30 June	31 December			
					2007	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	0.3 million	1,000	339	3,084	2007	At a rate of between 5.00 to 5.25 percent per annum.	-
2007	The Bank	Unsubordinated and unsecured long term debenture	3 million	1,000	3,000	-	2010	At a rate of 3.75 percent per annum.	-
2007	The Bank	Unsubordinated and unsecured long term debenture	1 million	1,000	1,000	-	2012	At a rate of 4.04 percent per annum.	-

3.14.3 Bills of exchange

As of 30 June 2007, the Bank had outstanding bills of exchange amounting to Baht 29,267 million (31 December 2006 : Baht 15,289 million), bearing interest at fixed rates of 2.50 to 5.25 percent per annum and maturing between 2007 to 2010.

As of 30 June 2007, two subsidiary companies had outstanding bills of exchange amounting to Baht 2,667 million (31 December 2006 : Baht 2,565 million), bearing interest at fixed rates of 4.50 to 6.20 percent per annum and maturing between 2007 to 2008.

The Bank has entered into interest rate swap agreements to swap the floating interest rate on Baht 745 million of bills of exchange for a fixed interest rate in as mentioned Note 3.30.2 to the financial statements.

3.15 Other liabilities

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Liabilities under commercial papers sold	-	145,000,000	-	145,000,000
Corporate income tax payable	226,995,714	146,340,036	98,018,598	33,277,202
Withholding income tax and other tax payable	71,815,080	157,773,034	51,317,324	101,929,455
Accrued insurance premium	503,996,580	574,554,389	485,086,696	553,569,838
Other liabilities	579,441,042	252,588,501	418,577,273	153,222,312
Total other liabilities	<u>1,382,248,416</u>	<u>1,276,255,960</u>	<u>1,052,999,891</u>	<u>986,998,807</u>

3.16 Preference shares converted to ordinary shares

Up to 30 June 2007, 441,377,120 preference shares had been converted into ordinary shares, and such conversion registered with the Ministry of Commerce.

As at 30 June 2007, there are 185,394,380 preference shares which are convertible to ordinary shares.

3.17 Warrants

	Separate financial statements as at					
	30 June 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	2,597,000	21.88	56,822,360	2,030,250	21.88	44,421,870
	<u>26,771,500</u>		<u>347,638,940</u>	<u>26,204,750</u>		<u>335,238,450</u>
Unexercised warrants	2,175,000			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.

3.18 Capital fund

	(Unit : Thousand Baht)	
	Separate financial statements	
	As at	
	30 June 2007	31 December 2006
<u>Tier I</u>		
Issued and fully paid up share capital	7,269,715	7,264,048
Premium on share capital	116,424	109,691
Statutory reserve	422,100	344,800
Retained earnings - unappropriated	1,317,303	1,873,334
Total Tier I	<u>9,125,542</u>	<u>9,591,873</u>
<u>Tier II</u>		
Subordinated debentures	132,400	198,600
Reserve for loans classified as pass	237,891	579,289
Surplus for revaluation of equity securities - available for sales	58,633	-
Total Tier II	<u>428,924</u>	<u>777,889</u>
Less : Deficit for revaluation of equity securities - available for sales	-	(262,528)
Total capital fund	<u>9,554,466</u>	<u>10,107,234</u>

The capital ratios	Separate financial statements as at			
	30 June 2007		31 December 2006	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	11.04%	4.25%	12.73%	4.25%
Total capital to risk assets	11.56%	8.50%	13.42%	8.50%
Total capital to issued and paid-up share capital	131.43%	75.00%	139.14%	75.00%

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

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Balance - beginning of the period	608,259,541	1,100,980,635	(259,371,566)	265,589,818
Increase (decrease) in changes in the value of securities during the period	406,833,262	(492,721,094)	391,927,180	(524,961,384)
	1,015,092,803	608,259,541	132,555,614	(259,371,566)
Add (less) : The effect of deferred tax liabilities	(67,353,383)	54,696,595	(39,766,684)	77,811,470
Balance - end of the period	947,739,420	662,956,136	92,788,930	(181,560,096)

3.20 Gain on investments

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2007	2006	2007	2006
	Unrealised gain on investments	14,325,054	2,455,859	14,324,991
Realised gain on investments	121,001,140	288,209,595	68,500,635	277,753,105
Total	135,326,194	290,665,454	82,825,626	280,209,438

3.21 Other income

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2007	2006	2007	2006
Penalty fee income from loans	53,849,145	45,440,223	44,873,372	37,206,579
Reversal of allowance for impairment of property foreclosed	-	44,148,552	-	44,050,400
Rental income	5,982,818	7,814,042	7,589,558	9,249,032
Others	47,751,851	35,200,828	23,685,839	15,036,329
Total	107,583,814	132,603,645	76,148,769	105,542,340

3.22 Other expenses

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2007	2006	2007	2006
Contributions to the Financial Institutions				
Development Fund	80,063,730	66,381,677	80,063,730	66,381,677
Unrealised loss on revalue of property foreclosed	12,179,704	-	10,633,304	-
Losses on disposal of property foreclosed	94,101,795	88,321,561	10,694,863	-
Mailing expenses	16,528,208	14,641,771	11,363,774	9,060,322
Loan losses from court - ordered execution	11,695,458	12,099,879	4,719,735	5,465,831
Transportation expenses	25,933,290	22,888,009	20,647,426	15,704,032
Advertising and promotion expenses	6,851,610	3,462,871	5,747,319	2,785,066
Others	86,840,570	87,777,932	35,295,867	29,508,474
Total	334,194,365	295,573,700	179,166,018	128,905,402

3.23 Corporate income tax

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2007	2006	2007	2006
Income tax payable on taxable profit for the period	252,515,600	286,428,881	111,917,395	137,731,604
Add (less) : Net decrease (increased) in deferred tax on temporary differences	46,231,308	(1,657,451)	42,898,918	10,981,486
Income tax expenses - net	<u>298,746,908</u>	<u>284,771,430</u>	<u>154,816,313</u>	<u>148,713,090</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	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Allowance for doubtful accounts (general reserve)	478,096	397,056	152,472	92,995
Allowance for doubtful accounts for VAT receivables	72,437	61,110	-	-
Allowance for impairment of investments	348,974	350,228	348,974	350,177
Allowance for impairment of property foreclosed	32,723	21,210	26,260	16,294
Non - accrual of interest income	828,456	835,699	725,731	745,151
Depreciation of assets	71,519	61,389	49,000	42,023
Financial leases	165,216	201,170	-	-
Revaluation deficit (surplus) on changes in the value of investment	(132,556)	259,372	(132,556)	259,372
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(246,348)	-	(192,727)	-
Others	(7,671)	(1,328)	(7,669)	(1,602)
	<u>1,610,846</u>	<u>2,185,906</u>	<u>969,485</u>	<u>1,504,410</u>
Deferred tax assets (30%)	<u>483,254</u>	<u>655,772</u>	<u>290,846</u>	<u>451,323</u>

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Non - accrual of interest income	(30)	(31)	-	-
Depreciation of assets	(10,468)	(9,960)	-	-
Revaluation surplus on changes in the value of investment	91,956	77,050	-	-
Others	(2,829)	(2,236)	-	-
	<u>78,629</u>	<u>64,823</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>23,589</u>	<u>19,447</u>	<u>-</u>	<u>-</u>

3.24 Provident fund

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2007	2006	2007	2006
Amounts contributed to the fund (Million Baht)	27	24	14	12

3.25 Number of employees and related expenses

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2007	2006	2007	2006
Number of employees at the end of the period (persons)	1,787	1,561	1,029	848
Employee expenses for the period (Million Baht)	656	600	405	357

3.26 Reconciliation of diluted earnings per share

Consolidated financial statements					
For the three-month periods ended 30 June					
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	437,786	351,167			
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(46,345)	(46,074)			
	391,441	305,093	726,955	725,540	0.54 0.42
Effect of dilutive securities					
Warrants to purchase preferences shares	-	-	2,192	3,627	
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares	391,441	305,093	729,147	729,167	0.54 0.42

Consolidated financial statements					
For the six-month periods ended 30 June					
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	793,627	895,171			
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(92,596)	(91,610)			
	701,031	803,561	726,723	724,370	0.97 1.11
Effect of dilutive securities					
Warrants to purchase preferences shares	-	-	2,424	4,797	
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares	701,031	803,561	729,147	729,167	0.96 1.10

Separate financial statements					
For the three-month periods ended 30 June					
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	281,991	175,027			
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(46,345)	(46,074)			
	235,646	128,933	726,955	725,540	0.32 0.18
Effect of dilutive securities					
Warrants to purchase preferences shares	-	-	2,192	3,627	
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares	235,646	128,953	729,147	729,167	0.32 0.18

Separate financial statements					
For the six-month periods ended 30 June					
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	815,352	560,091			
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(92,596)	(91,610)			
	722,756	468,481	726,723	724,370	0.99 0.65
Effect of dilutive securities					
Warrants to purchase preferences shares	-	-	2,424	4,797	
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares	722,756	468,481	729,147	729,167	0.99 0.65

3.27 Related party transactions

(Unit : Thousand Baht)

	Separate financial statements			Balance - end of the period
	Balance - beginning of the period	Increase	Decrease	
Outstanding balance as at 30 June 2007				
Subsidiary companies				
Loans and receivable :				
Hi-Way Co., Ltd.	-	135,000	-	135,000
Dividend receivables from subsidiaries :				
Hi-Way Co., Ltd.	490,000	-	(490,000)	-
TISCO Securities Co., Ltd.	-	240,000	(240,000)	-
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	-	(850)	6,053
Thai Commercial Auto Co., Ltd.	13,477	-	(13,477)	-
TISCO Information Technology Co., Ltd.	10,000	53,219	(47,414)	15,805
TISCO Securities Co., Ltd.	-	5,850	-	5,850
Deposits in Baht :				
TISCO Securities Co., Ltd.	1,203,881	-	(1,052,246)	151,635
TISCO Group Co., Ltd.	85,807	-	(85,807)	-
Hi-Way Co., Ltd.	1,552	-	(25)	1,527
Other subsidiary companies	25,805	17,056	(5,600)	37,261
Borrowings :				
TISCO Leasing Co., Ltd.	-	20,000	-	20,000
Other liabilities :				
TISCO Leasing Co., Ltd.	1,143	-	(246)	897
Thai Commercial Auto Co., Ltd.	1,906	-	(1,906)	-
TISCO Information Technology Co., Ltd.	-	5,000	-	5,000

(Unit : Thousand Baht)

	Separate financial statements		Terms and pricing policy
	2007	2006	(For the period 2007)
<u>Transactions occurred during the three-month periods ended 30 June</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	7,111	7,111	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	3,862	10,623	Reference to the terms and price as charged to other customers
Other income	1,021	1,146	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	28,707	20,824	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	886	5,226	Reference to the terms and price as charged to other customers
Other expenses	1,296	2,302	Reference to the terms and price as charged to other customers
<u>Transactions occurred during the six-month periods ended 30 June</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	14,223	14,223	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	12,475	21,838	Reference to the terms and price as charged to other customers
Other income	1,664	2,181	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	52,414	41,235	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	2,703	9,268	Reference to the terms and price as charged to other customers
Other expenses	3,004	7,268	Reference to the terms and price as charged to other customers

Loans to management - level employees (departmental managers upward)

(Unit : Thousand Baht)

Consolidated financial statements /

Separate financial statements

As at

	30 June 2007	31 December 2006
Loans	4,208	4,758

Besides the above transactions, the Bank has additional related party transactions with its subsidiaries, which presented in Note 4.4 to the financial statements.

3.28 Financial information by segment

3.28.1 Financial information by business segment

(Unit : Million Baht)

For the three-month periods ended 30 June

	Bank business/ financial service business		Securities business		Other business		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	Net interest and dividend income after bad debt and doubtful accounts	829	628	23	84	-	-	-	-	852
Non - interest income	229	249	296	226	39	33	(53)	(52)	511	456
Non - interest expenses	(615)	(575)	(167)	(159)	(40)	(24)	56	65	(766)	(693)
Corporate income tax	(111)	(73)	(48)	(45)	-	-	-	-	(159)	(118)
Minority interest in net income	-	-	-	-	-	-	-	(6)	-	(6)
Net income	<u>332</u>	<u>229</u>	<u>104</u>	<u>106</u>	<u>(1)</u>	<u>9</u>	<u>3</u>	<u>7</u>	<u>438</u>	<u>351</u>

(Unit : Million Baht)

For the six-month periods ended 30 June

	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	1,820	1,353	41	104	-	1	(350)	(24)	1,511
Non - interest income	522	743	530	506	73	65	(114)	(103)	1,011	1,211
Non - interest expenses	(1,187)	(1,211)	(290)	(319)	(71)	(50)	119	128	(1,429)	(1,452)
Corporate income tax	(210)	(198)	(89)	(87)	-	-	-	-	(299)	(285)
Minority interest in net income	-	-	-	-	-	-	-	(13)	-	(13)
Net income	<u>945</u>	<u>687</u>	<u>192</u>	<u>204</u>	<u>2</u>	<u>16</u>	<u>(345)</u>	<u>(12)</u>	<u>794</u>	<u>895</u>

(Unit : Million Baht)

	As at									
	Bank business/financial		Securities business		Other business		Elimination		Total	
	service business									
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Investments	7,807	7,351	497	670	1	69	(3,037)	(3,697)	5,268	4,393
Loans, receivable and accrued interest receivable - net	78,252	72,055	1,161	709	-	-	(260)	(106)	79,153	72,658
Other assets	17,780	7,400	2,142	2,141	37	119	(333)	(1,930)	19,626	7,730
Total assets	103,839	86,806	3,800	3,520	38	188	(3,630)	(5,733)	104,047	84,781

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

3.28.2.1 Financial positions by activities

(Unit : Million Baht)

	As at							
	30 June 2007				31 December 2006			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Total assets	107,357	320	(3,630)	104,047	90,175	339	(5,733)	84,781
Interbank and money market items (assets)	1,995	135	(210)	1,920	2,094	247	(1,317)	1,024
Loans, receivable and accrued interest receivable - net	79,279	134	(260)	79,153	72,697	67	(106)	72,658
Investments	8,305	-	(3,037)	5,268	8,090	-	(3,697)	4,393
Deposits in Baht	43,605	-	(9)	43,596	40,668	-	(100)	40,568
Interbank and money market items (liabilities)	3,874	-	(317)	3,557	3,374	-	(1,217)	2,157
Borrowings	41,417	-	(20)	41,397	26,142	-	(60)	26,082
Commitments	6,301	-	-	6,301	6,194	-	-	6,194

3.28.2.2 Operating results by activities

(Unit : Million Baht)

	For the three-month periods ended 30 June							
	2007				2006			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income								
after bad debt and doubtful								
accounts	851	1	-	852	709	3	-	712
Non - interest income	562	2	(53)	511	489	19	(52)	456
Non - interest expenses	(816)	(6)	56	(766)	(737)	(21)	65	(693)
Corporate income tax	(156)	(3)	-	(159)	(118)	-	-	(118)
Minority interest in net income	-	-	-	-	-	-	(6)	(6)
Net income	441	(6)	3	438	343	1	7	351

(Unit : Million Baht)

	For the six-month periods ended 30 June							
	2007				2006			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income								
after bad debt and doubtful								
accounts	1,860	1	(350)	1,511	1,453	5	(24)	1,434
Non - interest income	1,119	6	(114)	1,011	1,278	36	(103)	1,211
Non - interest expenses	(1,536)	(12)	119	(1,429)	(1,541)	(39)	128	(1,452)
Corporate income tax	(296)	(3)	-	(299)	(285)	-	-	(285)
Minority interest in net income	-	-	-	-	-	-	(13)	(13)
Net income	1,147	(8)	(345)	794	905	2	(12)	895

3.29 Commitments and contingent liabilities

3.29.1 Avals, guarantees and commitments

(Unit : Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	As at	
	30 June 2007	31 December 2006
Avals	82,000	326,625
Guarantees of loans	200,000	200,000
Other guarantees	723,776	617,693
Obligations covering principal under interest rate swap agreement (as mentioned in Note 3.30.2)	5,295,000	5,050,000
	<u>6,300,776</u>	<u>6,194,318</u>

3.29.2 Litigation

As at 30 June 2007, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 169 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 206 million as at 30 June 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.

3.29.3 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 service, as stipulated in the agreements.
- d) The Bank has outstanding commitments of approximately Baht 1.29 million per month relating to branch office rental agreements that expiring within 3 years.
- e) A subsidiary company has outstanding commitments of approximately Baht 48 million relating to an office rental agreement that terminates in 2016.

3.30 Financial instruments

As at 30 June 2007, the Bank and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

3.30.1 Credit risk

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

The Bank and its subsidiaries manage credit risk by adopting appropriate credit control policies and procedures 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.

3.30.2 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 30 June 2007

<u>Transactions</u>	Outstanding balances of financial instruments			Total
	Floating interest rate	Fixed interest rate	Without interest	
<u>Financial assets</u>				
Cash	-	-	322	322
Interbank and money market items	206	1,514	200	1,920
Securities purchased under resale agreements	-	12,580	-	12,580
Investments - net	252	1,572	3,444	5,268
Receivable from clearing house	-	-	168	168
Loans and receivable	9,357	70,536	2,044	81,937
	<u>9,815</u>	<u>86,202</u>	<u>6,178</u>	<u>102,195</u>
<u>Financial liabilities</u>				
Deposits	3,664	39,870	62	43,596
Interbank and money market items	36	3,520	1	3,557
Liabilities payable on demand	-	-	406	406
Borrowings	-	41,384	13	41,397
Payable to clearing house	-	-	452	452
Securities and derivative business payables	44	-	743	787
	<u>3,744</u>	<u>84,774</u>	<u>1,677</u>	<u>90,195</u>

(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>

(Unit : Million Baht)

Separate financial statements

As at 30 June 2007

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash	-	-	321	321
Interbank and money market items	-	300	169	469
Securities purchased under resale agreements	-	12,580	-	12,580
Investments - net	252	1,569	5,983	7,804
Loans and receivable	9,355	66,196	1,008	76,559
	<u>9,607</u>	<u>80,645</u>	<u>7,481</u>	<u>97,733</u>
Financial liabilities				
Deposits	3,673	39,870	62	43,605
Interbank and money market items	18	3,278	-	3,296
Liabilities payable on demand	-	-	406	406
Borrowings	-	38,737	13	38,750
	<u>3,691</u>	<u>81,885</u>	<u>481</u>	<u>86,057</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
Financial assets				
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>
Financial liabilities				
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>

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

(Unit : Million Baht)

		Consolidated financial statements						
		As at 30 June 2007						
		Repricing or maturity date						Interest Rates (%)
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Total	
Financial assets								
Interbank and money market items	20	1,494	-	-	-	-	1,514	3.7319
Securities purchased under resale agreements	-	12,580	-	-	-	-	12,580	3.4203
Investments - net	20	224	647	681	-	-	1,572	5.5458
Loans and receivable	1,507	8,067	21,054	39,844	63	1	70,536	8.7645
	<u>1,547</u>	<u>22,365</u>	<u>21,701</u>	<u>40,525</u>	<u>63</u>	<u>1</u>	<u>86,202</u>	
Financial liabilities								
Deposits	196	14,824	16,720	8,130	-	-	39,870	4.0487
Interbank and money market items	189	479	604	2,248	-	-	3,520	4.3904
Borrowings	7,783	17,151	8,301	8,149	-	-	41,384	4.0687
	<u>8,168</u>	<u>32,454</u>	<u>25,625</u>	<u>18,527</u>	<u>-</u>	<u>-</u>	<u>84,774</u>	

(Unit : Million Baht)

		Consolidated financial statements						
		As at 31 December 2006						
		Repricing or maturity date						Interest Rates (%)
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Total	
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>	

(Unit : Million Baht)

Separate financial statements

As at 30 June 2007

Transactions	Repricing or maturity date						Total	Interest Rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		
Financial assets								
Interbank and money market items	-	300	-	-	-	-	300	4.5800
Securities purchased under resale agreements	-	12,580	-	-	-	-	12,580	3.4203
Investments - net	20	224	646	679	-	-	1,569	5.5537
Loans and receivable	973	7,373	18,970	38,817	63	-	66,196	7.2468
	993	20,477	19,616	39,496	63	-	80,645	
Financial liabilities								
Deposits	196	14,824	16,720	8,130	-	-	39,870	4.0487
Interbank and money market items	345	130	555	2,248	-	-	3,278	4.3656
Borrowings	7,803	15,408	7,377	8,149	-	-	38,737	3.9577
	8,344	30,362	24,652	18,527	-	-	81,885	

(Unit : Million Baht)

Separate financial statements

As at 31 December 2006

Transactions	Repricing or maturity date						Total	Interest Rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		
Financial assets								
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
	1,077	10,637	16,605	32,697	86	-	61,102	
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
	3,551	30,366	24,124	5,719	-	-	63,760	

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 30 June 2007 are as follows:

- The Bank has entered into an 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.
- The Bank has entered into interest rate swap agreements expiring in 2007 whereby it is to pay interest at a fixed rate and receive interest at a floating rate on Baht 2,800 million of debentures, and agreements expiring in 2008 whereby it is to pay interest at a fixed rate and receive interest at a floating rate on borrowings and deposits amounting to Baht 950 million.
- The Bank has entered into interest rate swap agreements to pay interest at a fixed rate and receive interest at a floating rate on bills of exchange. 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.

3.30.3 Liquidity risk

Counting from the balance sheet date, as at 30 June 2007 and 31 December 2006, the periods to maturity dates of financial instruments are as follows:

(Unit : Million Baht)

Consolidated financial statements
As at 30 June 2007

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	loans	
Financial assets								
Cash	322	-	-	-	-	-	-	322
Interbank and money market items	426	1,494	-	-	-	-	-	1,920
Securities purchased under resale agreements	-	12,580	-	-	-	-	-	12,580
Investments - net	804	224	735	899	-	2,606	-	5,268
Receivable from clearing house	-	168	-	-	-	-	-	168
Loans and receivable	1,171	9,140	22,618	43,709	2,277	-	3,022	81,937
	<u>2,723</u>	<u>23,606</u>	<u>23,353</u>	<u>44,608</u>	<u>2,277</u>	<u>2,606</u>	<u>3,022</u>	<u>102,195</u>
Financial liabilities								
Deposits	3,921	14,824	16,720	8,131	-	-	-	43,596
Interbank and money market items	225	479	604	2,248	-	1	-	3,557
Liabilities payable on demand	406	-	-	-	-	-	-	406
Borrowings	7,783	17,151	8,301	8,149	-	13	-	41,397
Payable to clearing house	-	452	-	-	-	-	-	452
Securities and derivative business payables	44	743	-	-	-	-	-	787
	<u>12,379</u>	<u>33,649</u>	<u>25,625</u>	<u>18,528</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>90,195</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	82	-	-	-	-	-	282
Other commitments	-	1,363	3,362	1,045	-	249	-	6,019

(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	Non performing		Total
						Unspecified	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 30 June 2007

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	Loans*	
Financial assets								
Cash	321	-	-	-	-	-	-	321
Interbank and money market items	169	300	-	-	-	-	-	469
Securities purchased under resale agreements	-	12,580	-	-	-	-	-	12,580
Investments - net	804	224	684	894	-	5,198	-	7,804
Loans and receivable	954	7,481	20,644	42,708	2,277	-	2,495	76,559
	<u>2,248</u>	<u>20,585</u>	<u>21,328</u>	<u>43,602</u>	<u>2,277</u>	<u>5,198</u>	<u>2,495</u>	<u>97,733</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	3,930	14,824	16,720	8,131	-	-	-	43,605
Interbank and money market items	363	130	555	2,248	-	-	-	3,296
Liabilities payable on demand	406	-	-	-	-	-	-	406
Borrowings	7,803	15,408	7,377	8,149	-	13	-	38,750
	<u>12,502</u>	<u>30,362</u>	<u>24,652</u>	<u>18,528</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>86,057</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	82	-	-	-	-	-	282
Other commitments	-	1,363	3,362	1,045	-	249	-	6,019

(Unit : Million Baht)

Separate financial statements
As at 31 December 2006

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing Loans*	Total
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

3.30.4 Foreign exchange risk

As at 30 June 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 97 million) and its investment in a subsidiary company amounting to HKD 20 million (under the cost method equivalent to Baht 66 million).

3.30.5 Fair value of financial instruments

As at 30 June 2007, fair value of significant financial instruments approximate their carrying amounts, with no material differences. Gains or losses 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 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, and 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 Consolidation Supervision Regulation to the Bank of Thailand.

4.2 Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend
		Preference share	Ordinary share	dividend paid	Payment Period
		Baht per share	Baht per share	Million Baht	
Dividend for the year 2006	The 2006 Annual General Meeting of the Shareholders on 28 April 2006	3.00	2.00	1,635	May 2006
Dividend for the year 2007	The 2007 Annual General Meeting of the Shareholders on 20 April 2007	3.00	2.00	1,633	May 2007

4.3 Allowance for doubtful accounts in accordance with the new BOT's guideline

For the financial statements as at 30 June 2007, the Bank set provision for the non-performing loans in accordance with the new guidelines of the BOT. The Bank provided allowance for doubtful debt according to the guideline as mentioned in note 1.4.8 to the financial statements as described below.

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

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

4.4 Related party transactions

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

During the six-month period ended 30 June 2007

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

4.5 Significant events of subsidiaries

4.5.1 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.

4.5.2 Dissolution registration of subsidiaries

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 and is currently in the process of liquidation.

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 and is currently in the process of liquidation.

4.5.3 Capital returns from subsidiaries

During the current period, the Bank received returns of capital from Thai Commercial Auto Company Limited and TISCO Group Company Limited totaling Baht 512.5 million.

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

During the first quarter of the current year, the Bank changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost 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 and six-month periods ended 30 June 2007 by decreasing Baht 156 million (Baht 0.21 per share) and increasing Baht 22 million (Baht 0.03 per share), respectively (2006: decreasing by Baht 176 million (Baht 0.24 per share) and decreasing Baht 335 million (Baht 0.46 per shares, 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.

Such change in accounting policy affects only the accounts related to investments in subsidiaries in the separate financial statements, with no effect to the consolidated financial statements.

6. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Bank’s Audit Committee on 10 August 2007.