

TISCO Bank Public Company Limited
and its subsidiary companies
Report and interim financial statements
For the three-month period ended 31 March 2008

Review report of independent auditor

To the shareholders of TISCO Bank Public Company Limited

I have reviewed the accompanying consolidated balance sheet of TISCO Bank Public Company Limited and its subsidiaries as at 31 March 2008, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2008 and 2007, and the separate financial statements of TISCO Bank Public Company Limited for the same periods. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

I have previously audited the consolidated financial statements of TISCO Bank Public Company Limited and its subsidiaries and the separate financial statements of TISCO Bank Public Company Limited for the year ended 31 December 2007 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those financial statements under my report dated 11 February 2008. The consolidated and separate balance sheets as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited
Bangkok: 8 May 2008

TISCO Bank Public Company Limited and its subsidiary companies

Balance sheets

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 March 2008</u>	<u>31 December 2007</u>	<u>31 March 2008</u>	<u>31 December 2007</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash		359,331	439,899	358,312	439,198
Interbank and money market items	3.1				
Domestic					
Interest bearing		8,566,114	249,080	7,431,874	-
Non-interest bearing		62,811	623,052	27,806	555,659
Foreign					
Interest bearing		80,961	82,039	-	-
Non-interest bearing		89,607	95,983	89,052	95,253
Total interbank and money market items - net		8,799,493	1,050,154	7,548,732	650,912
Securities purchased under resale agreements	3.2	-	2,400,000	-	2,400,000
Investments	3.3,3.4,3.7				
Current investment - net		3,658,339	1,575,024	3,370,995	924,590
Long-term investment - net		3,637,703	4,205,542	3,160,470	3,676,095
Investment in subsidiaries - net		-	-	2,966,664	2,966,664
Net investments		7,296,042	5,780,566	9,498,129	7,567,349
Receivable from clearing house		254,013	29,423	-	-
Loans, receivables and accrued interest receivable	3.5,3.7				
Loans and receivables		90,261,337	86,420,408	86,326,869	82,321,855
Securities and derivative business receivables		584,663	1,405,657	-	-
Total loans and receivables		90,846,000	87,826,065	86,326,869	82,321,855
Accrued interest receivable		123,519	155,649	86,560	110,306
Total loans, receivables and accrued interest receivable		90,969,519	87,981,714	86,413,429	82,432,161
Less: Allowance for doubtful accounts	3.6.1	(2,892,207)	(2,805,418)	(2,569,573)	(2,464,917)
Less: Allowance for loss on debt restructuring	3.6.2	(525)	(538)	(525)	(538)
Net loans, receivables and accrued interest receivable		88,076,787	85,175,758	83,843,331	79,966,706
Property foreclosed - net		1,029,747	1,042,319	1,025,156	1,032,381
Land, premises and equipment - net		1,575,349	1,563,082	1,088,696	1,066,992
Deferred tax assets	3.19	504,324	426,542	278,925	221,131
Dividend receivables from subsidiaries	3.21	-	-	682,844	-
Other assets	3.8	1,122,051	1,045,353	896,446	819,569
Total assets		109,017,137	98,953,096	105,220,571	94,164,238

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

TISCO Bank Public Company Limited and its subsidiary companies

Balance sheets (continued)

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>31 March 2008</u>	<u>31 December 2007</u>	<u>31 March 2008</u>	<u>31 December 2007</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Deposits in baht		61,646,616	35,714,174	61,713,779	35,728,809
Interbank and money market items					
Domestic - Interest bearing		3,897,255	5,852,188	3,924,239	6,402,426
Liability payable on demand		465,738	475,068	465,738	475,068
Borrowings	3.9				
Short-term borrowings		22,241,746	32,744,785	19,775,557	29,954,388
Long-term borrowings		4,692,428	8,005,055	4,692,428	8,005,055
Total borrowings		26,934,174	40,749,840	24,467,985	37,959,443
Payable to clearing house		44,011	576,524	-	-
Securities and derivative business payables		809,962	866,189	-	-
Accrued interest payable		838,160	782,340	835,109	782,254
Other liabilities	3.10	1,777,165	1,563,168	1,325,721	1,178,737
Total liabilities		96,413,081	86,579,491	92,732,571	82,526,737

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

TISCO Bank Public Company Limited and its subsidiary companies

Balance sheets (continued)

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 March 2008</u>	<u>31 December 2007</u>	<u>31 March 2008</u>	<u>31 December 2007</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered	2.2	<u>11,002,000</u>	<u>11,002,000</u>	<u>11,002,000</u>	<u>11,002,000</u>
Issued and fully paid-up					
183,436,130 preference shares of Baht 10 each					
(31 December 2007: 182,775,380 preference shares					
of Baht 10 each)					
		1,834,361	1,827,754	1,834,361	1,827,754
544,617,120 ordinary shares of Baht 10 each					
(31 December 2007: 544,617,120 ordinary shares					
of Baht 10 each)					
		<u>5,446,171</u>	<u>5,446,171</u>	<u>5,446,171</u>	<u>5,446,171</u>
		7,280,532	7,273,925	7,280,532	7,273,925
Share premium					
Share premium of preference shares		92,775	84,925	92,775	84,925
Share premium of ordinary shares		36,500	36,500	36,500	36,500
Revaluation surplus (deficit) on changes					
in the value of investment					
	3.14	546,362	751,139	(114,431)	38,216
Translation adjustment		65,556	73,873	-	-
Retained earnings					
Appropriated - statutory reserve	2.3	486,800	486,800	486,800	486,800
Unappropriated		<u>4,095,531</u>	<u>3,666,443</u>	<u>4,705,824</u>	<u>3,717,135</u>
Equity attributable to the Bank's shareholders		12,604,056	12,373,605	12,488,000	11,637,501
Minority interest - equity attributable					
to minority shareholders of subsidiary					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>12,604,056</u>	<u>12,373,605</u>	<u>12,488,000</u>	<u>11,637,501</u>
Total liabilities and shareholders' equity					
		<u>109,017,137</u>	<u>98,953,096</u>	<u>105,220,571</u>	<u>94,164,238</u>
		0	0	0	0
Off-balance sheet items - contingencies					
	3.23				
Aval to bills and guarantees of loans		51,925	51,925	51,925	51,925
Other commitments		6,193,585	3,449,249	6,193,585	3,397,849

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

Mr. Pichai Chanvirachart
(President)

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited and its subsidiary companies**Income statements****For the three-month periods ended 31 March 2008 and 2007**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Interest and dividend income					
Loans		268,745	253,126	268,712	252,322
Interbank and money market items		64,736	117,485	52,833	97,798
Hire purchase and financial lease income		1,381,639	1,251,338	1,177,389	963,568
Investments		89,127	63,726	762,334	413,675
Total interest and dividend income		1,804,247	1,685,675	2,261,268	1,727,363
Interest expenses					
Deposits		449,737	628,574	447,070	627,574
Interbank and money market items		37,136	26,931	37,168	17,195
Short-term borrowings		210,568	249,963	184,905	213,311
Long-term borrowings		62,876	23,851	62,876	23,851
Total interest expenses		760,317	929,319	732,019	881,931
Net interest and dividend income		1,043,930	756,356	1,529,249	845,432
Bad debt and doubtful accounts		(232,279)	(128,504)	(167,517)	(42,938)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring					
		811,651	627,852	1,361,732	802,494
Non-interest income					
Brokerage fees		135,324	119,741	-	-
Gain on investments	3.15	13,229	98,502	8,752	77,112
Loss from trading derivatives	3.16	(4,205)	-	-	-
Fees and service income					
Acceptances, aval and guarantees		1,468	1,031	1,468	1,031
Insurance services		161,281	111,843	160,889	111,515
Fund management		100,292	69,254	-	-
Others		77,529	50,170	31,997	32,543
Loss on exchange		(10,305)	(1,249)	(12,088)	(3,566)
Other income	3.17	90,873	51,418	73,172	30,568
Total non-interest income		565,486	500,710	264,190	249,203
Total net income		1,377,137	1,128,562	1,625,922	1,051,697

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited and its subsidiary companies

Income statements (continued)

For the three-month periods ended 31 March 2008 and 2007

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Non-interest expenses					
Personnel expenses		406,521	300,893	240,705	203,771
Premises and equipment expenses		143,862	112,279	131,493	95,927
Taxes and duties		25,250	32,830	23,557	30,942
Fees and service expenses		91,475	69,532	46,248	52,116
Directors' remuneration	2.4	2,205	2,135	2,205	2,075
Other expenses	3.18	111,464	115,596	89,861	75,933
Total non-interest expenses		780,777	633,265	534,069	460,764
Income before income tax		596,360	495,297	1,091,853	590,933
Corporate income tax	3.19	(167,272)	(139,386)	(103,164)	(57,572)
Net income for the period		429,088	355,911	988,689	533,361
Net income attribute					
Net income attributable to equity holders of the Bank		429,088	355,841	988,689	533,361
Net income attributable to minority interest of subsidiary		-	70		
		<u>429,088</u>	<u>355,911</u>		
Earnings per share					
	3.20				
Basic earnings per share					
Net income attributable to equity holders of the Bank		0.53	0.43	1.30	0.67
Diluted earnings per share					
Net income attributable to equity holders of the Bank		0.53	0.42	1.29	0.67

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited and its subsidiary companies

Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand 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	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	Translation adjustment			of subsidiary	Total
	Balance as at 31 December 2006	1,851,276	5,412,771	73,191	36,500	662,956			82,147	422,100
Decrease in fair value of investments	-	-	-	-	(25,675)	-	-	-	-	(25,675)
Decrease in translation adjustment	-	-	-	-	-	(3,517)	-	-	-	(3,517)
Net income for the period	-	-	-	-	-	-	-	355,841	70	355,911
Warrants converted to preference shares	5,478	-	6,507	-	-	-	-	-	-	11,985
Preference shares converted to ordinary shares	(3,000)	3,000	-	-	-	-	-	-	-	-
Balance as at 31 March 2007	<u>1,853,754</u>	<u>5,415,771</u>	<u>79,698</u>	<u>36,500</u>	<u>637,281</u>	<u>78,630</u>	<u>422,100</u>	<u>4,070,921</u>	<u>426,911</u>	<u>13,021,566</u>
Balance as at 31 December 2007	1,827,754	5,446,171	84,925	36,500	751,139	73,873	486,800	3,666,443	-	12,373,605
Decrease in fair value of investments	-	-	-	-	(204,777)	-	-	-	-	(204,777)
Decrease in translation adjustment	-	-	-	-	-	(8,317)	-	-	-	(8,317)
Net income for the period	-	-	-	-	-	-	-	429,088	-	429,088
Warrants converted to preference shares	6,607	-	7,850	-	-	-	-	-	-	14,457
Balance as at 31 March 2008	<u>1,834,361</u>	<u>5,446,171</u>	<u>92,775</u>	<u>36,500</u>	<u>546,362</u>	<u>65,556</u>	<u>486,800</u>	<u>4,095,531</u>	<u>-</u>	<u>12,604,056</u>

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited and its subsidiary companies

Statements of changes in shareholders' equity (continued)

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

	Separate financial statements							
	Issued and fully paid-up share capital		Share premium		Deficit	Statutory	Unappropriated	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	reserve	retained earnings	
Balance as at 31 December 2006	1,851,276	5,412,771	73,191	36,500	(181,560)	422,100	4,123,980	11,738,258
Decrease in fair value of investments	-	-	-	-	(14,272)	-	-	(14,272)
Net income for the period	-	-	-	-	-	-	533,361	533,361
Warrants converted to preference shares	5,478	-	6,507	-	-	-	-	11,985
Preference shares converted to ordinary shares	(3,000)	3,000	-	-	-	-	-	-
Balance as at 31 March 2007	<u>1,853,754</u>	<u>5,415,771</u>	<u>79,698</u>	<u>36,500</u>	<u>(195,832)</u>	<u>422,100</u>	<u>4,657,341</u>	<u>12,269,332</u>
Balance as at 31 December 2007	1,827,754	5,446,171	84,925	36,500	38,216	486,800	3,717,135	11,637,501
Decrease in fair value of investments	-	-	-	-	(152,647)	-	-	(152,647)
Net income for the period	-	-	-	-	-	-	988,689	988,689
Warrants converted to preference shares	6,607	-	7,850	-	-	-	-	14,457
Balance as at 31 March 2008	<u>1,834,361</u>	<u>5,446,171</u>	<u>92,775</u>	<u>36,500</u>	<u>(114,431)</u>	<u>486,800</u>	<u>4,705,824</u>	<u>12,488,000</u>

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited and its subsidiary companies

Cash flow statements

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Net income before corporate income tax	596,360	495,297	1,091,853	590,933
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid from) operating activities				
Dividend income from subsidiary companies	-	-	(682,844)	(350,000)
Depreciation and amortisation	57,931	51,946	43,611	37,388
Bad debt and doubtful accounts	355,151	183,978	277,853	94,160
Allowance for impairment of investments (reversal)	290	(11,563)	290	(11,563)
Allowance for impairment of property foreclosed (reversal)	(199)	5,977	(199)	3,890
Gain on sale of investments	(8,473)	(86,939)	(7,632)	(65,549)
Unrealised loss on exchange	10,305	3,566	12,088	3,566
Loss (gain) on sales of equipment	232	(1,941)	(35)	(24)
Loss (gain) on sales of property foreclosed	(10,977)	2,285	(8,974)	2,285
Increase in accrued interest and dividend receivable	(15,852)	(38,470)	(17,321)	(40,962)
Decrease (increase) in other accrued income	19,512	10,940	(1,525)	9,600
Increase in accrued interest payable	56,692	209,931	53,727	208,144
Increase in accrued expenses	80,738	62,112	47,963	63,637
Income from operating activities before changes in operating assets and liabilities	1,141,710	887,119	808,855	545,505
Decrease (increase) in operating assets				
Interbank and money market items	(7,756,703)	(2,118,797)	(6,904,770)	(908,741)
Securities purchased under resale agreements	2,400,000	(13,282,000)	2,400,000	(13,282,000)
Investment in securities for trading	27,720	-	-	-
Receivable from clearing house	(224,590)	256,710	-	-
Loans and receivables	(4,518,513)	(5,254,507)	(4,471,313)	(5,249,631)
Securities and derivative business receivables	820,994	(217,884)	-	-
Property foreclosed	431,640	332,649	310,515	190,140
Other assets	(55,254)	(187,366)	(40,083)	(99,002)

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited and its subsidiary companies**Cash flow statements (continued)****For the three-month periods ended 31 March 2008 and 2007**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Increase (decrease) in operating liabilities				
Deposits	25,931,810	21,216,866	25,984,339	21,314,857
Interbank and money market items	(1,960,946)	887,230	(2,484,200)	(416,331)
Liability payable on demand	(9,330)	(193,773)	(9,330)	(193,773)
Borrowings	(13,801,761)	(2,313,890)	(13,477,553)	(2,331,759)
Payable to clearing house	(532,513)	151,525	-	-
Securities and derivative business payables	(56,227)	(296,909)	-	-
Other liabilities	<u>(32,909)</u>	<u>97,800</u>	<u>(44,768)</u>	<u>37,444</u>
	1,805,128	(35,227)	2,071,692	(393,291)
Cash paid for corporate income tax	<u>(13,571)</u>	<u>(17,641)</u>	<u>(6,770)</u>	<u>(8,052)</u>
Net cash flows from (used in) operating activities	<u>1,791,557</u>	<u>(52,868)</u>	<u>2,064,922</u>	<u>(401,343)</u>
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(4,185,169)	(5,288,165)	(4,118,021)	(5,239,671)
Cash received from sales of investment in securities held for investment	2,370,319	5,407,709	2,017,248	5,181,988
Cash received from dividend of subsidiaries	-	-	-	520,000
Cash paid for purchase of equipment	(64,237)	(35,573)	(59,492)	(31,784)
Cash received from sales of equipment	<u>822</u>	<u>2,101</u>	<u>-</u>	<u>26</u>
Net cash flows from (used in) investing activities	<u>(1,878,265)</u>	<u>86,072</u>	<u>(2,160,265)</u>	<u>430,559</u>
Cash flows from financing activities				
Cash received from exchange of warrants to purchase preference shares	<u>14,457</u>	<u>11,985</u>	<u>14,457</u>	<u>11,985</u>
Net cash flows from financing activities	<u>14,457</u>	<u>11,985</u>	<u>14,457</u>	<u>11,985</u>
Decrease in translation adjustment	<u>(8,317)</u>	<u>(3,517)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(80,568)	41,672	(80,886)	41,201
Cash and cash equivalents at beginning of the period	<u>439,899</u>	<u>210,225</u>	<u>439,198</u>	<u>209,088</u>
Cash and cash equivalents at end of the period	<u>359,331</u>	<u>251,897</u>	<u>358,312</u>	<u>250,289</u>
	-	-	-	-

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

TISCO Bank Public Company Limited and its subsidiary companies

Notes to interim financial statements

For the three-month periods ended 31 March 2008 and 2007

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

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No.41 (revised 2007) "Interim Financial Statements", with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the balance sheets, the statements of income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

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

1.2 Basis for the preparation of consolidated financial statements

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2007. There have been no changes in the shareholding structure during the period.

1.3 Accounting standards which are effective for the current year

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

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

1.4 Significant accounting policies

These interim financial statements are prepared by using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2007, exceptional for the change in the following accounting policy.

Derivatives

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

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

1.5 Reclassification

The Bank reclassified certain amounts in the financial statements of the prior period to conform to the current period's classification, with no effect to previously reported net income or shareholder's equity.

2. General information

2.1 The Bank's information

TISCO Bank Public Company Limited is a public company incorporated and domiciled in Thailand. The Bank has been licensed by the Ministry of Finance to operate commercial banking business. The Bank's registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 31 March 2008, the Bank has 27 branches in Thailand.

2.2 Share capital

The Bank has a registered capital of Baht 11,002 million which, according to the documents filed with the Ministry of Commerce in 1999, comprises 100.2 million ordinary shares and 1,000 million preference shares, both with a par value of Baht 10 each. The preference shares can be, and 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 entitle the holders of preference shares to receive preferential dividend of 1 Baht per share every year that the Bank pays dividend to the holders of the ordinary shares. Additionally, the preference shares are entitled to share any leftover dividend with the holders of the ordinary shareholders. In years that the Bank does not declare dividend payment to the ordinary shareholders, the Bank may still choose to declare dividend payment at the above-mentioned rate to the preference shareholders. However, the preference shareholders are entitled to receive dividend only in those years in which the Bank has declared dividend payment, and the shares are non-cumulative. From 30 June 2009 onwards, the rights and benefits of the preference shareholders will be equal to those of the ordinary shareholders.

On 10 April 2000, the Annual General Meeting of the Bank's shareholders passed a resolution approving the allocation to directors and employees of the Bank and its subsidiaries a total of 30 million, 5-year, non-negotiable warrants to purchase the Bank's preference shares, exercisable in a ratio of 1 warrant to 1 preference share, and passed a resolution approving the establishment 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. Thirty million preference shares with a par value of Baht 10 each are to be reserved for the exercise of the warrants to be issued and offered to directors and employees of the Bank and its subsidiaries to purchase the Bank's preference shares, and 370 million preference shares remain unallocated.

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

2.3 Statutory reserve

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

2.4 Directors' remuneration

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

2.5 Related party transactions

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

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

The Bank and its subsidiaries have neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10 percent of the common shares of paid up capital are held by the Bank, the Bank's directors or management-level employees, with the exception of loans to employees under the employee welfare scheme, as mentioned in Note 3.21 to the financial statements.

(Unaudited but reviewed)

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 Interbank and money market items (assets)

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements		Separate financial statements		Type of pledge
	As at		As at		
	31 March 2008	31 December 2007	31 March 2008	31 December 2007	
Cash at banks of local subsidiary	10	10	-	-	To secure facilities provided for bank overdraft

3.2 Securities purchased under resale agreements

(Unit: Million Baht)

	Consolidated financial statements / Separate financial statements	
	As at	
	31 March 2008	31 December 2007
Bank of Thailand bond	-	2,400

3.3 Investments

(Unit: Thousand Baht)

	Consolidated financial statements as at			
	31 March 2008		31 December 2007	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investments</u>				
Trading securities				
Equity securities:				
Domestic marketable equity securities	-	-	28,032	27,719
Add (less): Allowance for changes in value	-	-	(313)	-
Net equity securities	-	-	27,719	-
Total trading securities	-	-	27,719	-
Available-for-sales securities				
Debt securities:				
Government and state enterprise securities	1,130,499	1,131,858	760,471	760,648
Debt securities of private sector	343,497	319,866	732,829	672,944
Foreign debt securities	1,868,650	1,909,639	-	-
Total	3,342,646	3,361,363	1,493,300	1,433,592
Add (less): Allowance for changes in value	4,444	-	706	-
Exchange difference	40,733	-	-	-
Less: Allowance for impairment	(26,460)	-	(60,414)	-
Debt securities - net	3,361,363	3,361,363	1,433,592	1,433,592
Equity securities:				
Domestic marketable equity securities	103,870	72,277	103,870	62,853
Unit trusts	60,600	60,706	-	-
Total	164,470	132,983	103,870	62,853
Add (less): Allowance for changes in value	(31,487)	-	(41,017)	-
Net equity securities	132,983	132,983	62,853	62,853
Total available-for-sales securities	3,494,346	3,494,346	1,496,445	1,496,445
Held-to-maturity debt securities-due within 1 year				
Debt securities:				
Government and state enterprise securities	163,989	-	856	-
Debt securities of private sector	4	-	4	-
Total held-to-maturity debt securities-due within 1 year	163,993	163,993	860	860

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements as at			
	31 March 2008		31 December 2007	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Other Investments				
Equity securities:				
Unit trusts	-		50,000	
Total other investments	-		50,000	
Net current investments	3,658,339		1,575,024	
<u>Long-term investments</u>				
Available-for-sales securities				
Debt securities:				
Debt securities of private sector	100,000	100,073	100,000	99,230
Add (less): Allowance for changes in value	73		(770)	
Debt securities-net	100,073		99,230	
Equity securities:				
Domestic marketable equity securities	2,455,368	2,204,272	2,434,568	2,485,059
Add (less): Allowance for changes in value	(251,096)		50,491	
Net equity securities	2,204,272		2,485,059	
Total available-for-sales securities	2,304,345		2,584,289	
Held-to-maturity debt securities				
Debt securities:				
Government and state enterprise securities	174,000		337,135	
Total held-to-maturity debt securities	174,000		337,135	
Other investments				
Equity securities:				
Domestic non-marketable equity securities	737,772		738,344	
Investments in receivables	482,816		606,714	
Total	1,220,588		1,345,058	
Less: Allowance for impairment	(61,230)		(60,940)	
Total other investments	1,159,358		1,284,118	
Net long-term investments	3,637,703		4,205,542	
Net investments	7,296,042		5,780,566	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements as at			
	31 March 2008		31 December 2007	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investments</u>				
Available-for-sales securities				
Debt securities:				
Government and state enterprise securities	1,129,775	1,131,134	759,753	759,930
Debt securities of private sector	123,497	96,945	162,829	101,807
Foreign debt securities	1,868,650	1,909,639	-	-
Total	3,121,922	3,137,718	922,582	861,737
Add (less): Allowance for changes in value	1,523		(431)	
Exchange difference	40,733		-	
Less: Allowance for impairment	(26,460)		(60,414)	
Debt securities - net	3,137,718		861,737	
Equity securities:				
Domestic marketable equity securities	103,870	72,277	103,870	62,853
Add (less): Allowance for changes in value	(31,593)		(41,017)	
Net equity securities	72,277		62,853	
Total available-for-sales securities	3,209,995		924,590	
Held-to-maturity debt securities-due				
within 1 year				
Debt securities:				
Government and state enterprise securities	161,000		-	
Total held-to-maturity debt securities-due				
within 1 year	161,000		-	
Net current investments	3,370,995		924,590	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements as at			
	31 March 2008		31 December 2007	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Long-term investments</u>				
Available-for-sales securities				
Debt securities:				
Debt securities of private sector	100,000	100,073	100,000	99,230
Add (less): Allowance for changes in value	73		(770)	
Debt securities - net	<u>100,073</u>		<u>99,230</u>	
Equity securities:				
Domestic marketable equity securities	1,865,062	1,731,586	1,865,481	1,962,294
Add (less): Allowance for changes in value	(133,476)		96,813	
Net equity securities	<u>1,731,586</u>		<u>1,962,294</u>	
Total available-for-sales securities	<u>1,831,659</u>		<u>2,061,524</u>	
Held-to-maturity debt securities				
Debt securities:				
Government and state enterprise securities	174,000		335,000	
Total held-to-maturity debt securities	<u>174,000</u>		<u>335,000</u>	
Other investments				
Equity securities:				
Domestic non-marketable equity securities	730,599		731,170	
Investment in receivables	485,442		609,341	
Total	1,216,041		1,340,511	
Less: Allowance for impairment	(61,230)		(60,940)	
Total other investments	<u>1,154,811</u>		<u>1,279,571</u>	
Net long-term investments	<u>3,160,470</u>		<u>3,676,095</u>	
<u>Investment in subsidiaries</u>				
Investments in subsidiaries (cost method)	2,966,664		2,966,664	
Investments in subsidiaries - net	<u>2,966,664</u>		<u>2,966,664</u>	
Net investments	<u>9,498,129</u>		<u>7,567,349</u>	

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Consolidated financial statements / Separate financial statements		Remark
	As at		
	31 March 2008	31 December 2007	
Government bonds	335	335	These bonds are redeemable within a 10-year period, maturing in 2009 and carry interest at rates of 4% and 5% per annum.

3.3.2 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Separate financial statements		Type of restriction
	As at		As at		
	31 March 2008	31 December 2007	31 March 2008	31 December 2007	
Government debt securities	5	5	4	3	Pledged for electricity usage
Government debt securities	31	65	31	65	Pledged under agreement to swap a floating interest rate for a fixed interest rate, described in Note 3.24.5

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

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements		
	As at 31 March 2008		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	33,919	-	33,919

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

(Unaudited but reviewed)

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

Name	Separate financial statements	
	As at 31 March 2008	
	Book value	Percentage of holding
	Thousand Baht	%
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849	21

3.4 Investment in subsidiary companies

Company's name	Nature of Business	Paid-up share capital		Cost		Impairment		Cost - net		(Unit: Million Baht) Dividend received For the three-month periods ended	
		As at		As at		As at		As at		For the three-month periods ended	
		31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 March 2007
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	244	240
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	-	-	220	220	205	110
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	-	-	864	864	122	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	-	-	273	273	102	-
TISCO Information Technology Co., Ltd.	Services	20	20	44	44	-	-	44	44	10	-
				<u>2,967</u>	<u>2,967</u>	<u>-</u>	<u>-</u>	<u>2,967</u>	<u>2,967</u>	<u>683</u>	<u>350</u>

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

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

On 29 March 2007, TISCO Group Company Limited (a subsidiary company) registered its dissolution with the Ministry of Commerce, and on 25 March 2008 its liquidation was registered with the Ministry of Commerce.

3.5 Loans, receivables and accrued interest receivable

3.5.1 Classified by type of loans and receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
<u>Loans and receivables</u>				
Loans	15,966,394	15,657,461	15,965,537	15,656,605
Hire purchase and financial lease receivables				
Hire purchase and financial lease receivables	85,278,191	81,273,774	80,133,171	75,894,051
Add (less) : Unearned income	(11,378,155)	(10,813,829)	(10,191,648)	(9,572,456)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	507,885	429,062	419,809	343,655
: Advances received from financial lease receivables	(112,978)	(126,060)	-	-
Net hire purchase and financial lease receivables	74,294,943	70,762,947	70,361,332	66,665,250
Total loans and receivables	90,261,337	86,420,408	86,326,869	82,321,855
Add: Accrued interest receivable	123,519	155,649	86,560	110,306
Less: Allowance for doubtful accounts	(2,888,566)	(2,801,776)	(2,569,573)	(2,464,917)
Less: Allowance for loss on debt restructuring	(525)	(538)	(525)	(538)
Net loans, receivables and accrued interest receivable	87,495,765	83,773,743	83,843,331	79,966,706
<u>Securities and derivatives business receivables</u>				
<u>Securities business receivables</u>				
Customer's cash accounts	579,279	1,357,157	-	-
Customer's securities borrowings and lending accounts				
Guarantee deposit receivables	-	25,878	-	-
Securities borrowing receivables	3,609	20,674	-	-
Other receivable				
Installment receivables	1,775	1,948	-	-
Total securities business receivables	584,663	1,405,657	-	-
Less: Allowance for doubtful accounts	(3,641)	(3,642)	-	-
Net securities business receivables	581,022	1,402,015	-	-
Net loans, receivables and accrued interest receivable	88,076,787	85,175,758	83,843,331	79,966,706

(Unaudited but reviewed)

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

The Bank	(Unit: Million Baht)			
	Amounts calculated under BOT's guideline ⁽²⁾ Separate financial statements		Amounts calculated under the Bank's policy Separate financial statements	
	As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Loans and receivables for which the recognition of interest income has ceased ⁽¹⁾	2,899	2,927	3,252 ⁽³⁾	3,285 ⁽³⁾

⁽¹⁾ These amounts are calculated on an account by account basis.⁽²⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.⁽³⁾ Loans and receivables totaling Baht 2,546 million (31 December 2007: Baht 2,473 million), for which a 100 percent allowance for doubtful debts has been provided against the unsecured portion. The above amounts are calculated on an account by account basis.

Subsidiaries	(Unit: Million Baht)	
	As at	
	31 March 2008	31 December 2007
Securities business loans and receivables, hire - purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has ceased	492 ⁽¹⁾	525 ⁽¹⁾

⁽¹⁾ Baht 74 million of such amounts being loans and receivables (31 December 2007: Baht 75 million), for which a 100 percent allowance for doubtful debts has been provided.

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Unearned interest income ⁽¹⁾	11,118	10,634	10,020	9,478

⁽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.

(Unaudited but reviewed)

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

(Unit: Million Baht)

Separate financial statements

As at 31 March 2008

Restructured loans and receivables ⁽¹⁾	695
Loans and receivables which are being restructured	48

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

3.5.5 Troubled debt restructuring

- Debt restructuring during the period

Separate financial statements

For the three-month periods

ended 31 March

	2008	2007
Number of debtors (number)	7	3
Loan balances before restructuring (Million Baht)	314	6
Interest income on restructured receivables (Million Baht)	13	16
Receipt of principal and interest (Million Baht)	84	90
Loss on troubled debt restructuring (Million Baht)	-	-

(Unaudited but reviewed)

- Debtors which were subjected to debt restructuring

Separate financial statements as at 31 March 2008				
Type of restructuring	Number of receivables	Outstanding loan balance before restructuring (Million Baht)	Type of assets transferred	Fair value of transferred assets (Million Baht)
Transfer of assets	23	2,600	Land	20
			Land and premises	2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification of terms	3	898	Land	198
			Equity securities	14
			Machinery	22
Transfer of equity securities and modification of terms	45	4,071	Equity securities	1,237
			Debt securities	21
Transfer of assets and modification of terms	12	2,191	Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	1,152	24,262		
Total	1,240	34,811		5,051

- The balance of the restructured debts

(Unit: Million Baht)

	Separate financial statements	
	As at	
	31 March 2008	31 December 2007
The balance of the restructured debts	2,112	2,143

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

(Unit: Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring of loans and receivables	Separate financial statements	
	As at	
	31 March 2008	31 December 2007
Amounts to be provided under BOT's guidelines	2,138	2,097
Amounts already recorded by the Bank	2,570 ⁽¹⁾	2,465 ⁽¹⁾
Amounts in excess of the required amount	432	368

⁽¹⁾ The allowance for doubtful debts consists of allowance for doubtful debts of Baht 1,785 million (31 December 2007: Baht 1,700 million) set aside for the unsecured portion of loans amounting to Baht 2,546 million (31 December 2007: Baht 2,473 million) at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 785 million (31 December 2007: Baht 765 million) set up for the other loans and receivables.

3.6.1 Allowance for doubtful accounts

(Unit: Thousand Baht)

Consolidated financial statements as at 31 March 2008							
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of the period	212,466	107,865	340,529	182,655	1,749,594	212,309	2,805,418
Increase (decrease) in allowance for doubtful accounts during the period	8,336	2,216	29,481	137,782	109,957	68,978	356,750
Bad debt written-off	(2,921)	(4,126)	(70,942)	(98,030)	(93,942)	-	(269,961)
Balance - end of the period	<u>217,881</u>	<u>105,955</u>	<u>299,068</u>	<u>222,407</u>	<u>1,765,609</u>	<u>281,287</u>	<u>2,892,207</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2007							
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of year	625,452	72,021	119,660	140,136	1,719,724	94,231	2,771,224
Increase (decrease) in allowance for doubtful accounts during the year	(405,537)	47,874	348,531	263,950	253,188	118,158	626,164
Bad debt written-off	(7,449)	(12,030)	(127,662)	(221,431)	(223,318)	(80)	(591,970)
Balance - end of year	<u>212,466</u>	<u>107,865</u>	<u>340,529</u>	<u>182,655</u>	<u>1,749,594</u>	<u>212,309</u>	<u>2,805,418</u>

(Unit: Thousand Baht)

Separate financial statements as at 31 March 2008							
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of the period	183,195	95,077	226,053	122,398	1,627,783	210,411	2,464,917
Increase (decrease) in allowance for doubtful accounts during the period	8,884	3,774	42,090	130,436	23,095	68,830	277,109
Bad debt written-off	(2,921)	(4,126)	(70,470)	(92,435)	(2,501)	-	(172,453)
Balance - end of the period	<u>189,158</u>	<u>94,725</u>	<u>197,673</u>	<u>160,399</u>	<u>1,648,377</u>	<u>279,241</u>	<u>2,569,573</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements as at 31 December 2007

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of year	579,289	59,194	73,235	69,694	1,589,004	92,995	2,463,411
Increase (decrease) in allowance for doubtful accounts during the year	(388,645)	47,913	279,478	257,430	115,807	117,416	429,399
Bad debt written-off	(7,449)	(12,030)	(126,660)	(204,726)	(77,028)	-	(427,893)
Balance - end of year	<u>183,195</u>	<u>95,077</u>	<u>226,053</u>	<u>122,398</u>	<u>1,627,783</u>	<u>210,411</u>	<u>2,464,917</u>

3.6.2 Allowance for loss on debt restructuring

(Unit: Thousand Baht)

Consolidated financial statements /
Separate financial statements

As at

	31 March 2008	31 December 2007
Balance - beginning of the period	538	22,404
Written-off/transfer to general reserve	(13)	(21,866)
Balance - end of the period	<u>525</u>	<u>538</u>

3.6.3 Non-performing loans and receivables

(Unit: Million Baht)

Separate financial statements

As at

	31 March 2008	31 December 2007
Non-performing loans and receivables	3,155	3,232
Allowance for doubtful accounts	2,006	1,976

3.7 Classification of assets

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

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	As at		As at		As at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2008	2007	2008	2007	2008	2007
Debt instruments - debentures ⁽²⁾	26	60	-	-	26	60
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6
Equity instruments - preference shares ⁽³⁾	2	2	-	-	2	2

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

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

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

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

(Unit: Million Baht)

	Debt balance		Debt balance after net of collateral		Allowance for doubtful accounts			
	As at		As at		Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	31 March	31 December	31 March	31 December	As at		As at	
	2008	2007	2008	2007	31 March	31 December	31 March	31 December
	2008	2007	2008	2007	2008	2007	2008	2007
Loans and receivables ⁽¹⁾⁽²⁾⁽³⁾								
Pass	85,702	74,305	74,723	63,431	172	161	190	183
Special mentioned	4,900	4,785	4,729	4,746	95	95	95	95
Substandard	616	712	589	689	198	226	198	226
Doubtful	283	248	250	209	160	122	160	122
Doubtful of loss	2,256	2,272	1,519	1,500	1,513	1,492	1,648	1,628
Total	93,757	82,322	81,810	70,575	2,138	2,096	2,291	2,254
Loss on receivable under troubled debt restructuring	-	-	-	-	1	1	1	1
Total	93,757	82,322	81,810	70,575	2,139	2,097	2,292	2,255
General reserve							279	210
Total							2,571	2,465

(Unaudited but reviewed)

(Unit: Million Baht)

	Allowance for doubtful accounts							
	Debt balance		Debt balance after net of collateral		Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	As at		As at		As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
<u>Investment in securities</u>								
Doubtful of loss								
Debt instruments	26	62	26	62	26	62	26	62
Equity instruments	480	340	480	340	480	340	480	340
Total	506	402	506	402	506	402	506	402
<u>Investment in receivables</u>								
Doubtful of loss	8	8	1	1	1	1	1	1
Total	8	8	1	1	1	1	1	1
<u>Property foreclosed</u>								
Doubtful of loss								
Land	29	29	29	29	29	29	29	29
Total	29	29	29	29	29	29	29	29
Total classified assets	94,300	82,761	82,346	71,007	2,675	2,529	3,107	2,897

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

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

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

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

(Unit: Million Baht)

	Debt balance		Debt balance		Percentage of allowance for doubtful account set up	Allowance for doubtful accounts	
	As at		after net of collateral value			As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007		31 March 2008	31 December 2007
Hire purchase receivables⁽¹⁾							
Substandard							
- Receivables enforced by courts	-	-	-	-	100	-	-
- Receivables not enforced by courts	570	681	570	681	32	183	218
Doubtful							
- Receivables enforced by courts	102	65	102	65	100	102	65
- Receivables not enforced by courts	132	128	132	128	32	42	41
Doubtful of loss							
- Receivables enforced by courts	157	127	157	127	100	157	127
- Receivables not enforced by courts	8	10	8	10	32	3	3
Total	969	1,011	969	1,011		487	454

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

(Unaudited but reviewed)

3.7.4 Loans and receivables includes debts due from companies with weak financial position and operating results

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at		As at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2008	2007	2008	2007	2008	2007	2008	2007
		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	12	12	519	519	-	-	519	519
3. Listed companies of whose shares have been suspended for trading	1	1	15	15	-	-	15	15
4. Listed companies under rehabilitation	6	5	137	136	16	16	122	120
5. Companies which have loan settlement problems or have defaulted on payment of debts	21	21	1,250	1,236	680	658	702	710
6. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	40	39	1,921	1,906	696	674	1,358	1,364

3.7.5 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		
	31 March	31 December	31 March	31 December	31 March	31 December	
		2008	2007	2008	2007	2008	2007
Doubtful	2	2	2	2	2	2	
General reserve					2	2	
Total					4	4	

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Debt balance		Percentage of allowance for doubtful accounts set up	Allowance for doubtful account		Debt balance - net	
	As at			As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	
Current	2,330	2,335	1	23	23	2,307	2,312
Overdue							
1 month	553	601	1	6	6	547	595
2 - 3 months	561	640	2	11	13	550	627
4 - 6 months	206	234	32, 50, 100*	101	115	105	119
7 - 12 months	125	120	32, 50, 100*	62	60	63	60
Over 12 months	128	139	32, 50, 100*	85	90	43	49
Debtors under litigation	31	30	100	31	30	-	-
Total	3,934	4,099		319	337	3,615	3,762

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

3.8 Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Value added tax - net	231,809	218,674	230,927	217,317
Accrued interest receivable	29,525	21,896	26,537	20,949
Fee and charges receivable	198,399	216,761	103,625	102,100
Prepaid income tax	16,378	15,186	-	-
Deferred computer system development cost - net	117,244	95,872	101,370	82,356
Deposits	18,336	18,479	13,743	13,639
Other receivables	286,032	276,349	277,477	274,010
Other assets	224,328	182,136	142,767	109,198
Total other assets	1,122,051	1,045,353	896,446	819,569

3.9 Borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
<u>Domestic borrowings</u>				
Subordinated debentures	331,000	331,000	331,000	331,000
Unsubordinated unsecured debentures	4,000,000	4,000,000	4,000,000	4,000,000
Bills of exchange	22,564,759	36,380,747	20,098,570	33,590,351
Promissory note	38,415	38,093	38,415	38,092
Total	26,934,174	40,749,840	24,467,985	37,959,443

3.9.1 Subordinated debentures

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

3.9.2 Unsubordinated unsecured debentures

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

3.9.3 Bills of exchange

As of 31 March 2008, the Bank had outstanding bills of exchange amounting to Baht 20,099 million (31 December 2007: Baht 33,590 million), bearing interest between 2.75 to 5.00 percent per annum and maturing between 2008 to 2010.

As of 31 March 2008, two subsidiary companies had outstanding bills of exchange amounting to Baht 2,466 million (31 December 2007: Baht 2,820 million), bearing interest between 3.60 to 4.00 percent per annum and maturing in 2008.

The Bank has entered into interest rate swap agreements to swap the floating interest rate on Baht 745 million of bills of exchange for a fixed interest rate, as mentioned in Note 3.24.5 to the financial statements.

3.9.4 Promissory note

As of 31 March 2008, the Bank had an outstanding promissory note amounting to Baht 38 million (31 December 2007: Baht 38 million), carrying interest at a fixed rate of 1 percent plus a reference rate specified in the contract that is calculated based on the SET50 Index, and maturing in 2009.

The Bank enters into a call option agreement, under which rewards will reference to SET50 Index. Therefore, the net return is equal to the issue of fixed effective return rate promissory note, as mentioned in Note 3.24.5 to the financial statements.

3.10 Other liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Corporate income tax payable	365,009	220,097	176,645	87,877
Withholding income tax and other tax payable	65,919	162,259	42,875	103,386
Accrued insurance premium	592,524	631,031	578,683	618,943
Other liabilities	753,713	549,781	527,518	368,531
Total	1,777,165	1,563,168	1,325,721	1,178,737

3.11 Preference shares converted to ordinary shares

Up to 31 March 2008, 444,417,120 preference shares have been converted into ordinary shares, and such conversion has been registered with the Ministry of Commerce.

As at 31 March 2008, there are 183,436,130 preference shares which are convertible to ordinary shares.

3.12 Warrants

	Separate financial statements as at					
	31 March 2008			31 December 2007		
	Number of	Exercised		Number of	Exercised	
	shares	price	Total	shares	price	Total
shares	Baht per	Baht	shares	Baht per	Baht	
	share			share		
Exercised warrants						
Allocation in year 2000	8,820,000	10.00	88,200,000	8,820,000	10.00	88,200,000
Allocation in year 2001	4,763,000	11.31	53,869,530	4,763,000	11.31	53,869,530
Allocation in year 2002	5,454,000	13.20	71,992,800	5,454,000	13.20	71,992,800
Allocation in year 2003	5,137,500	14.94	76,754,250	5,137,500	14.94	76,754,250
Allocation in year 2004	3,678,750	21.88	80,491,050	3,018,000	21.88	66,033,840
	<u>27,853,250</u>		<u>371,307,630</u>	<u>27,192,500</u>		<u>356,850,420</u>
Unexercised warrants	1,079,250			1,740,000		
Warrants received from						
resigned employees	841,500			841,500		
Expired warrants	<u>226,000</u>			<u>226,000</u>		
Allocated warrants	<u>30,000,000</u>			<u>30,000,000</u>		

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

(Unaudited but reviewed)

3.13 Capital fund

(Unit: Thousand Baht)

	Separate financial statements	
	As at	
	31 March 2008	31 December 2007
<u>Tier I</u>		
Issued and fully paid up share capital	7,280,532	7,273,925
Premium on share capital	129,275	121,425
Statutory reserve	422,100	422,100
Retained earnings-unappropriated	2,251,422	2,251,422
Total Tier I	10,083,329	10,068,872
<u>Tier II</u>		
Subordinated long-term debentures	100,200	132,400
Reserve for loans classified as pass	169,664	159,503
Surplus from revaluation of equity securities available-for-sales	25,108	25,108
Total Tier II	294,972	317,011
Total capital fund	10,378,301	10,385,883

Capital ratios	Separate financial statements			
	As at			
	31 March 2008		31 December 2007	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	11.10%	4.25%	11.58%	4.25%
Total capital to risk assets	11.43%	8.50%	11.94%	8.50%

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Balance - beginning of the period	756,634	608,260	54,595	(259,372)
Increase (decrease) from changes in the value of securities during the period	(292,539)	148,374	(218,068)	313,967
	464,095	756,634	(163,473)	54,595
Add (less): The effect of deferred tax assets/ liabilities	82,267	(5,495)	49,042	(16,379)
Balance - end of the period	546,362	751,139	(114,431)	38,216

3.15 Gain on investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	2008	2007	2008	2007
Allowance for impairment of investments (reversal)	(290)	11,563	(290)	11,563
Realised gain on sale of investments	13,519	86,939	9,042	65,549
Total	13,229	98,502	8,752	77,112

3.16 Loss from trading derivatives

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	2008	2007	2008	2007
Realised loss on derivatives trading	(4,205)	-	-	-
Total	(4,205)	-	-	-

3.17 Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	2008	2007	2008	2007
Penalty fee income from loans	33,624	26,387	28,355	21,181
Gain on sales of property foreclosed	10,977	-	8,974	-
Rental income	5,242	2,870	5,782	3,553
Others	41,030	22,161	30,061	5,834
Total	90,873	51,418	73,172	30,568

(Unaudited but reviewed)

3.18 Other expenses

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
2008	2007	2008	2007	
Contributions to the Financial Institutions				
Development Fund	35,209	40,032	35,209	40,032
Loss on disposal of property foreclosed	-	2,285	-	2,285
Mailing expenses	10,280	8,831	7,635	6,039
Loan losses from court-ordered execution	6,152	6,606	2,619	3,350
Transportation expenses	16,220	11,842	12,658	9,292
Advertising and promotion expenses	7,501	2,379	7,176	2,232
Others	36,102	43,621	24,564	12,703
Total	<u>111,464</u>	<u>115,596</u>	<u>89,861</u>	<u>75,933</u>

3.19 Corporate income tax

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
2008	2007	2008	2007	
Income tax payable on taxable profit				
for the period	151,769	172,549	90,015	97,306
Add (less): Net decrease (increase) in deferred				
tax on temporary differences	9,981	(33,163)	7,627	(39,734)
Prior period adjustment	5,522	-	5,522	-
Income tax expenses - net	<u>167,272</u>	<u>139,386</u>	<u>103,164</u>	<u>57,572</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Allowance for doubtful accounts (general reserve)	598,386	559,514	279,241	222,446
Allowance for doubtful accounts for VAT receivables	28,111	58,248	-	-
Allowance for impairment of investments	136,827	170,464	136,827	170,464
Allowance for impairment of property foreclosed	28,861	29,060	28,518	28,717
Non-accrual of interest income	746,329	757,760	652,398	657,287
Depreciation of assets	96,617	91,734	59,390	55,896
Financial leases	117,438	137,352	-	-
Revaluation (surplus) deficit on changes in the value of investments	274,224	(18,316)	163,473	(54,595)
Unrealised gain on derivatives	-	(12,000)	-	-
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(498,585)	(421,062)	(419,809)	(343,655)
Loss on disposal of property foreclosed	120,537	66,507	-	-
Deferred subsidised income	28,434	-	28,434	-
Others	3,900	2,547	1,278	545
	<u>1,681,079</u>	<u>1,421,808</u>	<u>929,750</u>	<u>737,105</u>
Deferred tax assets (30%)	<u>504,324</u>	<u>426,542</u>	<u>278,925</u>	<u>221,131</u>

3.20 Reconciliation of diluted earnings per share

	Consolidated financial statements					
	For the three-month periods ended 31 March					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income attributable to equity holders of the Bank	429,088	355,841				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	<u>(45,778)</u>	<u>(46,251)</u>				
	383,310	309,590	727,727	726,489	0.53	0.43
Effect of dilutive potential ordinary shares						
Warrants to purchase preferences shares	-	-	1,406	2,658		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion to ordinary shares	<u>383,310</u>	<u>309,590</u>	<u>729,133</u>	<u>729,147</u>	<u>0.53</u>	<u>0.42</u>
Separate financial statements						
For the three-month periods ended 31 March						
	Net income		Weighted average number of shares		Earnings per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income attributable to equity holders of the Bank	988,689	533,361				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	<u>(45,778)</u>	<u>(46,251)</u>				
	942,911	487,110	727,727	726,489	1.30	0.67
Effect of dilutive potential ordinary shares						
Warrants to purchase preferences shares	-	-	1,406	2,658		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion to ordinary shares	<u>942,911</u>	<u>487,110</u>	<u>729,133</u>	<u>729,147</u>	<u>1.29</u>	<u>0.67</u>

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

3.21 Related party transactions

(Unit: Thousand Baht)

	Separate financial statements			Balance - end of the period
	Balance - beginning of the period	Increase	Decrease	
<u>Outstanding balance as at 31 March 2008</u>				
Subsidiary companies				
Dividend receivables from subsidiaries:				
Hi-Way Co., Ltd.	-	101,711	-	101,711
TISCO Securities Co., Ltd.	-	244,500	-	244,500
TISCO Leasing Co., Ltd.	-	121,574	-	121,574
TISCO Asset Management Co., Ltd.	-	204,599	-	204,599
TISCO Information Technology Co., Ltd.	-	10,460	-	10,460
Other assets:				
TISCO Leasing Co., Ltd.	6,120	337	-	6,457
TISCO Information Technology Co., Ltd.	-	911	-	911
TISCO Securities Co., Ltd.	7,363	-	(2,863)	4,500
Deposits in Baht:				
Hi-Way Co., Ltd.	2,984	35,619	-	38,603
TISCO Leasing Co., Ltd.	7,862	10,290	-	18,152
TISCO Information Technology Co., Ltd.	3,789	6,619	-	10,408
Interbank and money market items (liabilities):				
TISCO Securities Co., Ltd.	631,328	-	(485,206)	146,122
TISCO Asset Management Co., Ltd.	19,008	3,387	-	22,395
Borrowings:				
TISCO Leasing Co., Ltd.	20,000	-	(20,000)	-
TISCO Information Technology Co., Ltd.	10,000	-	(10,000)	-
Other liabilities:				
TISCO Leasing Co., Ltd.	909	58	-	967

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate		Terms and pricing policy (For the period 2008)
	financial statements <u>2008</u>	financial statements <u>2007</u>	
<u>Transactions occurred during the three-month periods ended 31 March</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	7,112	7,112	In accordance with the centralised policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	3,753	8,613	With reference to the terms and prices offered to other customers
Other income	707	643	With reference to the terms and prices offered to other customers
Computer system advisory services expenses and office administration expenses	30,000	23,707	In accordance with the centralised policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Insurance rebate expenses	964	1,817	With reference to the terms and prices offered to other customers
Other expenses	1,814	1,708	With reference to the terms and prices offered to other customers

Loans to management-level employees (departmental managers upward)

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	As at	
	<u>31 March 2008</u>	<u>31 December 2007</u>
Loans	3,494	3,675

Besides the above transactions, the Bank has additional related party transactions with its subsidiaries, which described in Note 4.2 to the financial statements.

3.22 Financial information by segment

3.22.1 Financial information by business segment

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Bank business/ financial service business		Securities business		Other business		Elimination		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Net interest and dividend income after bad debt and doubtful accounts	1,476	960	19	18	-	-	(683)	(350)	812
Non-interest income	304	293	284	234	50	34	(73)	(61)	565	500
Non-interest expenses	(599)	(540)	(211)	(124)	(44)	(31)	73	62	(781)	(633)
Corporate income tax	(139)	(99)	(28)	(40)	-	-	-	-	(167)	(139)
Net income	1,042	614	64	88	6	3	(683)	(349)	429	356

(Unit: Million Baht)

	As at									
	Bank business / financial service business		Securities business		Other business		Elimination		Total	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	Investments	9,501	7,571	830	1,245	1	1	(3,036)	(3,036)	7,296
Loans, receivables and accrued interest receivable - net	87,496	83,774	626	1,420	-	-	(45)	(18)	88,077	85,176
Other assets	12,501	7,323	2,018	1,323	49	39	(924)	(689)	13,644	7,996
Total assets	109,498	98,668	3,474	3,988	50	40	(4,005)	(3,743)	109,017	98,953

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

(Unit: Million Baht)

	For the three-month periods ended 31 March							
	2008				2007			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	1,495	-	(683)	812	977	1	(350)	628
Non-interest income	638	-	(73)	565	557	4	(61)	500
Non-interest expenses	(850)	(4)	73	(781)	(688)	(7)	62	(633)
Corporate income tax	(167)	-	-	(167)	(139)	-	-	(139)
Net income	1,116	(4)	(683)	429	707	(2)	(349)	356

3.23 Commitments and contingent liabilities

3.23.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Avals	51,925	51,925	51,925	51,925
Other guarantees	913,903	886,889	913,903	886,889
Obligations covering principal under interest rate swap agreements (Note 3.24.5)	1,495,000	2,495,000	1,495,000	2,495,000
Obligations covering principal under a call option agreement (Note 3.24.5)	15,960	15,960	15,960	15,960
SET50 Index Futures contracts (Note 3.24.5)	-	51,400	-	-
Obligations for cross currency swap agreements (Note 3.24.5)	3,768,722	-	3,768,722	-
	<u>6,245,510</u>	<u>3,501,174</u>	<u>6,245,510</u>	<u>3,449,774</u>

3.23.2 Litigation

As at 31 March 2008, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 160 million. Final judgements have not yet been reached in respect of these cases.

In December 2005, a foreign subsidiary received a letter from the solicitor of one of its clients, requesting payment of damages amounting to HKD 46.6 million (equivalent to Baht 188.6 million as at 31 March 2008). However, suit has not been filed with a court in respect of this claim.

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

3.23.3 Other commitments

As at 31 March 2008, the Bank and its subsidiaries have the following 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 agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- d) The Bank has outstanding commitments of approximately Baht 1.62 million per month relating to branch office rental agreements that expiring within 3 years.
- e) A subsidiary company has outstanding commitments of approximately Baht 49.12 million relating to the office rental agreements that terminate in 2016.

3.24 Financial instruments

3.24.1 Credit risk

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

The Bank and its subsidiaries manage credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of 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 a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the balance sheet.

3.24.2 Interest rate risk

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

(Unit: Million Baht)

Consolidated financial statements				
As at 31 March 2008				
Outstanding balances of financial instruments				
<u>Transactions</u>	<u>Floating</u>	<u>Fixed</u>	<u>Without</u>	<u>Total</u>
	<u>interest rate</u>	<u>interest rate</u>	<u>interest</u>	
<u>Financial assets</u>				
Cash	-	-	359	359
Interbank and money market items	155	8,492	152	8,799
Investments - net	197	4,080	3,019	7,296
Receivable from clearing house	-	-	254	254
Loans and receivables	9,569	79,782	1,619	90,970
	<u>9,921</u>	<u>92,354</u>	<u>5,403</u>	<u>107,678</u>
<u>Financial liabilities</u>				
Deposits	10,338	50,628	681	61,647
Interbank and money market items	21	3,876	-	3,897
Liabilities payable on demand	-	-	466	466
Borrowings	-	26,934	-	26,934
Payable to clearing house	-	-	44	44
Securities and derivatives business payables	3	-	807	810
	<u>10,362</u>	<u>81,438</u>	<u>1,998</u>	<u>93,798</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2007

<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	-	-	440	440
Interbank and money market items	242	89	719	1,050
Securities purchased under resale agreements	-	2,400	-	2,400
Investments - net	201	2,271	3,309	5,781
Receivable from clearing house	-	6	23	29
Loans and receivables	9,379	76,190	2,413	87,982
	<u>9,822</u>	<u>80,956</u>	<u>6,904</u>	<u>97,682</u>
<u>Financial liabilities</u>				
Deposits	4,259	31,352	103	35,714
Interbank and money market items	48	5,804	-	5,852
Liabilities payable on demand	-	-	475	475
Borrowings	-	40,750	-	40,750
Payable to clearing house	-	-	577	577
Securities and derivatives business payables	3	-	863	866
	<u>4,310</u>	<u>77,906</u>	<u>2,018</u>	<u>84,234</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements

As at 31 March 2008

<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	-	-	358	358
Interbank and money market items	-	7,432	117	7,549
Investments - net	197	3,854	5,447	9,498
Loans and receivables	9,568	75,810	1,035	86,413
	<u>9,765</u>	<u>87,096</u>	<u>6,957</u>	<u>103,818</u>
<u>Financial liabilities</u>				
Deposits	10,405	50,628	681	61,714
Interbank and money market items	34	3,890	-	3,924
Liabilities payable on demand	-	-	466	466
Borrowings	-	24,468	-	24,468
	<u>10,439</u>	<u>78,986</u>	<u>1,147</u>	<u>90,572</u>

(Unit: Million Baht)

Separate financial statements

As at 31 December 2007

<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	-	-	439	439
Interbank and money market items	-	-	651	651
Securities purchased under resale agreements	-	2,400	-	2,400
Investments - net	201	1,696	5,670	7,567
Loans and receivables	9,377	72,046	1,009	82,432
	<u>9,578</u>	<u>76,142</u>	<u>7,769</u>	<u>93,489</u>
<u>Financial liabilities</u>				
Deposits	4,274	31,352	103	35,729
Interbank and money market items	25	6,377	-	6,402
Liabilities payable on demand	-	-	475	475
Borrowings	-	37,959	-	37,959
	<u>4,299</u>	<u>75,688</u>	<u>578</u>	<u>80,565</u>

(Unaudited but reviewed)

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

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2008

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	14	8,478	-	-	-	-	8,492	3.2335
Investments - net	18	468	3,293	301	-	-	4,080	4.4763
Loans and receivables	1,552	8,395	23,015	46,739	81	-	79,782	8.4736
	<u>1,584</u>	<u>17,341</u>	<u>26,308</u>	<u>47,040</u>	<u>81</u>	<u>-</u>	<u>92,354</u>	
Financial liabilities								
Deposits	5,314	26,774	16,790	1,750	-	-	50,628	3.3612
Interbank and money market items	172	1,332	631	1,741	-	-	3,876	4.1809
Borrowings	368	8,256	13,617	4,693	-	-	26,934	3.7039
	<u>5,854</u>	<u>36,362</u>	<u>31,038</u>	<u>8,184</u>	<u>-</u>	<u>-</u>	<u>81,438</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2007

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

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements as at 31 March 2008

<u>Transactions</u>	Repricing or maturity date					Unspecified	Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
Financial assets								
Interbank and money market items	-	7,432	-	-	-	-	7,432	3.2410
Investments - net	18	468	3,066	302	-	-	3,854	4.4614
Loans and receivables	1,071	7,674	21,223	45,761	81	-	75,810	7.3178
	<u>1,089</u>	<u>15,574</u>	<u>24,289</u>	<u>46,063</u>	<u>81</u>	<u>-</u>	<u>87,096</u>	
Financial liabilities								
Deposits	5,314	26,773	16,790	1,751	-	-	50,628	3.3612
Interbank and money market items	306	1,212	631	1,741	-	-	3,890	4.1329
Borrowings	368	6,917	12,491	4,692	-	-	24,468	3.6803
	<u>5,988</u>	<u>34,902</u>	<u>29,912</u>	<u>8,184</u>	<u>-</u>	<u>-</u>	<u>78,986</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2007

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

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

3.24.3 Liquidity risk

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

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2008								
<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing loans	Total
<u>Financial assets</u>								
Cash	359	-	-	-	-	-	-	359
Interbank and money market items	321	8,478	-	-	-	-	-	8,799
Investments - net	761	468	3,121	721	-	2,225	-	7,296
Receivable from clearing house	-	254	-	-	-	-	-	254
Loans and receivables	1,248	9,313	23,949	50,843	2,227	-	3,390	90,970
	<u>2,689</u>	<u>18,513</u>	<u>27,070</u>	<u>51,564</u>	<u>2,227</u>	<u>2,225</u>	<u>3,390</u>	<u>107,678</u>
<u>Financial liabilities</u>								
Deposits	16,333	26,774	16,790	1,750	-	-	-	61,647
Interbank and money market items	193	1,332	631	1,741	-	-	-	3,897
Liabilities payable on demand	466	-	-	-	-	-	-	466
Borrowings	368	8,257	13,617	4,692	-	-	-	26,934
Payable to clearing house	-	44	-	-	-	-	-	44
Securities and derivatives business payables	3	799	8	-	-	-	-	810
	<u>17,363</u>	<u>37,206</u>	<u>31,046</u>	<u>8,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,798</u>
<u>Off-balance sheet items</u>								
Aval to bills and guarantees of loans	-	61	433	63	-	409	-	966
Other commitments	-	450	4,134	696	-	-	-	5,280

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2007

<u>Transactions</u>	<u>At call</u>	<u>0 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>	<u>Unspecified</u>	<u>Non performing loans</u>	<u>Total</u>
<u>Financial assets</u>								
Cash	440	-	-	-	-	-	-	440
Interbank and money market items	974	76	-	-	-	-	-	1,050
Securities purchased under resale agreements	-	2,400	-	-	-	-	-	2,400
Investments - net	753	126	1,088	1,290	-	2,524	-	5,781
Receivable from clearing house	-	29	-	-	-	-	-	29
Loans and receivables	1,251	10,525	22,945	47,601	2,208	-	3,452	87,982
	<u>3,418</u>	<u>13,156</u>	<u>24,033</u>	<u>48,891</u>	<u>2,208</u>	<u>2,524</u>	<u>3,452</u>	<u>97,682</u>
<u>Financial liabilities</u>								
Deposits	4,837	15,589	12,473	2,815	-	-	-	35,714
Interbank and money market items	743	2,301	560	2,248	-	-	-	5,852
Liabilities payable on demand	475	-	-	-	-	-	-	475
Borrowings	4,351	25,010	3,384	8,005	-	-	-	40,750
Payable to clearing house	-	577	-	-	-	-	-	577
Securities and derivatives business payables	3	829	34	-	-	-	-	866
	<u>10,409</u>	<u>44,306</u>	<u>16,451</u>	<u>13,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,234</u>
<u>Off-balance sheet items</u>								
Aval to bills and guarantees of loans	27	41	416	69	-	386	-	939
Other commitments	-	1,051	450	1,061	-	-	-	2,562

(Unit: Million Baht)

Separate financial statements as at 31 March 2008

Transactions	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non	Total
		months	months	years	years		performing loans*	
Financial assets								
Cash	358	-	-	-	-	-	-	358
Interbank and money market items	117	7,432	-	-	-	-	-	7,549
Investments - net	761	468	3,066	498	-	4,705	-	9,498
Loans and receivables	1,054	8,078	22,255	49,900	2,227	-	2,899	86,413
	<u>2,290</u>	<u>15,978</u>	<u>25,321</u>	<u>50,398</u>	<u>2,227</u>	<u>4,705</u>	<u>2,899</u>	<u>103,818</u>
* Non performing loans according to the BOT's guidelines								
Financial liabilities								
Deposits	16,400	26,773	16,790	1,751	-	-	-	61,714
Interbank and money market items	340	1,212	631	1,741	-	-	-	3,924
Liabilities payable on demand	466	-	-	-	-	-	-	466
Borrowings	368	6,917	12,491	4,692	-	-	-	24,468
	<u>17,574</u>	<u>34,902</u>	<u>29,912</u>	<u>8,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,572</u>
Off-balance sheet items								
Aval to bills and guarantees of								
loans	-	61	433	63	-	409	-	966
Other commitments	-	450	4,134	696	-	-	-	5,280

(Unit: Million Baht)

Separate financial statements as at 31 December 2007

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

3.24.4 Foreign exchange risk

As at 31 March 2008, the Bank had the following significant financial instruments in foreign currencies.

- Deposits at bank amounting to HKD 22 million (equivalent to Baht 89 million).
- Investment in a subsidiary company amounting to HKD 20 million (under the cost method equivalent to Baht 66 million).
- Investment in foreign debt securities amounting to KRW 59,946 million (amortised cost amounting to Baht 1,869 million), of which the Bank entered into cross currency swap agreements to hedge risk on the whole amount, as discussed in note 3.24.5 c) to the financial statements.

3.24.5 Derivatives

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

As at 31 March 2008, the Bank has the following financial derivative instruments.

a) Interest rate swap agreement

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

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2008	450	0.35
2009	365	(5.60)
2010	380	(9.94)
2012	300	6.79

b) Call option agreement

The Bank entered into a call option contract, under which returns are linked to the SET50 Index, and the option can only be exercised at the maturity date (European-style). The contract is intended to hedge the risk associated with the promissory note mentioned in Note 3.9.4 to the financial statements.

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2009	15.96	1.65

c) Cross currency swap agreement

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

Maturity	Number of contracts	Notional amount	Fair value gain (loss)
		(Million Baht)	(Million Baht)
February 2009	2	1,248	(21.09)
February 2009	2	1,273	(4.23)
March 2009	2	1,248	(21.30)

3.24.6 Fair value of financial instruments

As at 31 March 2008, the fair values of significant financial instruments approximate their carrying amounts, with no material differences.

4. Significant events during the periods and other information

4.1 Significant event of the Bank

On 9 August 2007, the Bank of Thailand approved the establishment of TISCO Financial Group under a Consolidated Supervision, including 7 companies in the group. These consisted of the Bank and six subsidiaries directly held by the Bank and a subsidiary indirectly held by the Bank, which is TISCO Global Securities Company Limited (a subsidiary of TISCO Securities Company Limited).

4.2 Related party transactions

Besides the related party transactions as described in Note 3.21 to the financial statements, the Bank had additional related party transactions with its subsidiaries which presented below.

During the three-month period ended 31 March 2007

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

4.3 Significant events of subsidiaries

4.3.1 Dissolution registration of subsidiaries

TISCO Group Company Limited

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

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

Thai Commercial Auto Company Limited

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

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

VLT Leasing Company Limited

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

4.3.2 Capital returns from subsidiaries

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

5. Subsequent event

5.1 Holding restructuring

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

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

The Bank received preliminary approval of the Holding Company Restructuring Plan from the Stock Exchange of Thailand on 14 March 2008, and is preparing a formal application for approval for submission to the Bank of Thailand.

5.2 Dividend payment

On 25 April 2008, the 2008 Annual General Meeting of Shareholders of the Bank passed a resolution approving a dividend payment to shareholders listed in the register as of 7 May 2008 in respect of the 2007 operating results. The dividend is Baht 2.80 per share for the preference shareholders and Baht 1.80 per share for the ordinary shareholders, and is to be paid on 23 May 2008.

6. Approval of interim financial statements

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