

TISCO Bank Public Company Limited
and its subsidiary companies
Report and interim financial statements
For the three-month and nine-month period ended
30 September 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 30 September 2008, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the three-month and nine-month periods ended 30 September 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.

Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited
Bangkok: 7 November 2008

TISCO Bank Public Company Limited and its subsidiary companies

Balance sheets

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2008	31 December 2007	30 September 2008	31 December 2007
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash		382,378	439,899	381,541	439,198
Interbank and money market items	3.1				
Domestic					
Interest bearing		8,232,383	249,080	7,451,381	-
Non-interest bearing		58,930	623,052	49,406	555,659
Foreign					
Interest bearing		75,888	82,039	-	-
Non-interest bearing		55,895	95,983	50,338	95,253
Total interbank and money market items - net		8,423,096	1,050,154	7,551,125	650,912
Securities purchased under resale agreements		-	2,400,000	-	2,400,000
Investments	3.2,3.3,3.6				
Current investment - net		3,409,870	1,575,024	3,219,380	924,590
Long-term investment - net		3,508,669	4,205,542	3,067,078	3,676,095
Investment in subsidiaries - net		-	-	2,966,674	2,966,664
Net investments		6,918,539	5,780,566	9,253,132	7,567,349
Receivable from clearing house		20,212	29,423	-	-
Loans, receivables and accrued interest receivable	3.4,3.6				
Loans and receivables		97,833,880	86,420,408	95,423,787	82,321,855
Securities and derivative business receivables		470,728	1,405,657	-	-
Total loans and receivables		98,304,608	87,826,065	95,423,787	82,321,855
Accrued interest receivable		131,267	155,649	103,952	110,306
Total loans, receivables and accrued interest receivable		98,435,875	87,981,714	95,527,739	82,432,161
Less: Allowance for doubtful accounts	3.5.1	(2,949,880)	(2,805,418)	(2,700,172)	(2,464,917)
Less: Allowance for loss on debt restructuring	3.5.2	(525)	(538)	(525)	(538)
Net loans, receivables and accrued interest receivable		95,485,470	85,175,758	92,827,042	79,966,706
Property foreclosed - net		853,592	1,042,319	848,805	1,032,381
Land, premises and equipment - net		1,571,205	1,563,082	1,107,097	1,066,992
Deferred tax assets	3.18	695,980	426,542	450,582	221,131
Other assets	3.7	1,709,000	1,045,353	1,471,286	819,569
Total assets		116,059,472	98,953,096	113,890,610	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)

Note	Consolidated financial statements		Separate financial statements	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity				
Deposits in baht	42,660,825	35,714,174	42,682,935	35,728,809
Interbank and money market items				
Domestic - Interest bearing	3,259,765	5,852,188	3,156,439	6,402,426
Liability payable on demand	377,980	475,068	377,980	475,068
Borrowings	3.8			
Short-term borrowings	50,904,750	32,744,785	49,607,979	29,954,388
Long-term borrowings	4,407,903	8,005,055	4,407,903	8,005,055
Total borrowings	55,312,653	40,749,840	54,015,882	37,959,443
Payable to clearing house	142,588	576,524	-	-
Securities and derivative business payables	351,748	866,189	-	-
Accrued interest payable	1,014,955	782,340	1,012,990	782,254
Other liabilities	3.9	1,583,808	1,524,779	1,178,737
Total liabilities	104,704,322	86,579,491	102,771,005	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	Consolidated financial statements		Separate financial statements	
		30 September 2008	31 December 2007	30 September 2008	31 December 2007
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered		11,002,000	11,002,000	11,002,000	11,002,000
Issued and fully paid-up					
183,500,430 preference shares of Baht 10 each (31 December 2007: 182,775,380 preference shares of Baht 10 each)		1,835,004	1,827,754	1,835,004	1,827,754
544,651,820 ordinary shares of Baht 10 each (31 December 2007: 544,617,120 ordinary shares of Baht 10 each)		5,446,518	5,446,171	5,446,518	5,446,171
		7,281,522	7,273,925	7,281,522	7,273,925
Share premium					
Share premium of preference shares		93,951	84,925	93,951	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	3.13	(121,905)	751,139	(570,436)	38,216
Translation adjustment		74,621	73,873	-	-
Retained earnings					
Appropriated - statutory reserve		486,800	486,800	486,800	486,800
Unappropriated		3,503,661	3,666,443	3,791,268	3,717,135
Equity attributable to the Bank's shareholders		11,355,150	12,373,605	11,119,605	11,637,501
Minority interest - equity attributable					
to minority shareholders of subsidiary		-	-	-	-
Total shareholders' equity		11,355,150	12,373,605	11,119,605	11,637,501
Total liabilities and shareholders' equity					
		116,059,472	98,953,096	113,890,610	94,164,238
Off-balance sheet items - contingencies					
	3.22				
Aval to bills and guarantees of loans		147,826	51,925	147,826	51,925
Other commitments		6,042,982	3,449,249	6,042,982	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 30 September 2008 and 2007**

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

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Interest and dividend income					
Loans		331,001	215,539	330,968	216,094
Interbank and money market items		83,804	77,815	71,566	60,375
Hire purchase and financial lease income		1,423,245	1,316,852	1,263,079	1,081,599
Investments		100,246	74,130	91,713	71,036
Total interest and dividend income		1,938,296	1,684,336	1,757,326	1,429,104
Interest expenses					
Deposits		411,257	480,479	407,823	478,664
Interbank and money market items		38,804	37,649	38,249	34,774
Short-term borrowings		396,414	191,395	379,425	155,055
Long-term borrowings		43,549	89,565	43,549	89,565
Total interest expenses		890,024	799,088	869,046	758,058
Net interest and dividend income		1,048,272	885,248	888,280	671,046
Bad debt and doubtful accounts		(330,973)	(249,259)	(268,762)	(144,279)
Net interest and dividend income after bad debt and doubtful accounts		717,299	635,989	619,518	526,767
Non-interest income					
Securities brokerage fees		106,940	200,286	-	-
Gain (loss) on investments	3.14	6,282	131,976	(40,938)	64,091
Gain (loss) on derivatives	3.15	(3)	20,091	-	-
Fees and service income					
Acceptances, aval and guarantees		4,734	4,026	4,734	4,026
Insurance services		163,973	121,278	164,184	121,169
Fund management		113,801	132,514	-	-
Others		90,149	59,061	51,143	28,980
Gain (loss) on exchange		(5,063)	201	(4,478)	(89)
Other income		109,140	59,093	89,520	41,460
Total non-interest income		589,953	728,526	264,165	259,637
Total net income		1,307,252	1,364,515	883,683	786,404

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 30 September 2008 and 2007**

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

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Non-interest expenses					
Personnel expenses		372,535	424,734	210,422	198,309
Premises and equipment expenses		155,835	139,581	144,455	134,276
Taxes and duties		27,556	25,481	26,042	23,589
Fee and service expenses		65,017	66,666	41,494	41,449
Directors' remuneration		1,725	1,970	1,725	1,970
Other expenses		132,450	99,757	102,746	69,408
Total non-interest expenses		755,118	758,189	526,884	469,001
Income before income tax		552,134	606,326	356,799	317,403
Corporate income tax		(154,213)	(166,097)	(90,295)	(83,609)
Net income for the period		397,921	440,229	266,504	233,794
Net income attribute					
Net income attributable to equity holders of the Bank		397,921	440,229	266,504	233,794
Net income attributable to minority interest of subsidiary		-	-	-	-
		<u>397,921</u>	<u>440,229</u>		
Earnings per share					
3.19					
Basic earnings per share					
Net income attributable to equity holders of the Bank		<u>0.49</u>	<u>0.54</u>	<u>0.30</u>	<u>0.26</u>
Diluted earnings per share					
Net income attributable to equity holders of the Bank		<u>0.48</u>	<u>0.54</u>	<u>0.30</u>	<u>0.26</u>

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****For the nine-month periods ended 30 September 2008 and 2007**

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

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Interest and dividend income					
Loans		872,742	779,326	872,643	781,469
Interbank and money market items		231,497	393,852	193,131	339,305
Hire purchase and financial lease income		4,217,501	3,828,417	3,664,421	3,086,540
Investments		298,935	250,743	960,259	589,481
Total interest and dividend income		5,620,675	5,252,338	5,690,454	4,796,795
Interest expenses					
Deposits		1,319,127	1,751,037	1,309,539	1,746,627
Interbank and money market items		113,974	95,710	113,423	83,585
Short-term borrowings		864,954	700,705	799,275	588,557
Long-term borrowings		150,451	178,605	150,451	178,605
Total interest expenses		2,448,506	2,726,057	2,372,688	2,597,374
Net interest and dividend income		3,172,169	2,526,281	3,317,766	2,199,421
Bad debt and doubtful accounts		(840,195)	(463,469)	(641,234)	(192,071)
Net interest and dividend income after bad debt and doubtful accounts		2,331,974	2,062,812	2,676,532	2,007,350
Non-interest income					
Securities brokerage fees		403,250	451,283	-	-
Gain on investments	3.14	133,999	267,303	16,595	146,917
Gain (loss) on derivatives	3.15	(4,218)	20,091	-	-
Fees and service income					
Acceptances, aval and guarantees		8,551	5,550	8,551	5,550
Insurance services		483,714	350,384	483,275	349,399
Fund management		317,635	303,830	-	-
Others		262,245	175,916	116,196	89,584
Gain (loss) on exchange		2,605	(1,755)	2,926	(4,998)
Other income	3.16	276,947	167,894	225,385	117,609
Total non-interest income		1,884,728	1,740,496	852,928	704,061
Total net income		4,216,702	3,803,308	3,529,460	2,711,411

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 nine-month periods ended 30 September 2008 and 2007**

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

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Non-interest expenses					
Personnel expenses		1,242,198	1,080,393	733,651	602,950
Premises and equipment expenses		447,692	374,571	411,737	341,893
Taxes and duties		80,745	90,992	75,876	85,257
Fees and service expenses		249,025	201,990	132,992	139,120
Directors' remuneration		5,890	6,045	5,890	6,045
Other expenses	3.17	370,044	350,547	297,974	248,575
Total non-interest expenses		2,395,594	2,104,538	1,658,120	1,423,840
Income before income tax		1,821,108	1,698,770	1,871,340	1,287,571
Corporate income tax	3.18	(492,815)	(464,844)	(306,132)	(238,426)
Net income for the period		1,328,293	1,233,926	1,565,208	1,049,145
Net income attribute					
Net income attributable to equity holders of the Bank		1,328,293	1,233,856	1,565,208	1,049,145
Net income attributable to minority interest of subsidiary		-	70		
		<u>1,328,293</u>	<u>1,233,926</u>		
Earnings per share					
3.19					
Basic earnings per share					
Net income attributable to equity holders of the Bank		<u>1.64</u>	<u>1.51</u>	<u>1.96</u>	<u>1.25</u>
Diluted earnings per share					
Net income attributable to equity holders of the Bank		<u>1.63</u>	<u>1.50</u>	<u>1.96</u>	<u>1.25</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 nine-month periods ended 30 September 2008 and 2007**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Income before corporate income tax	1,821,108	1,698,770	1,871,340	1,287,571
Adjustments to reconcile income before corporate income tax to net cash provided by (paid from) operating activities				
Dividend income from subsidiary companies	-	-	(682,844)	(349,999)
Depreciation and amortisation	183,139	168,680	141,182	123,027
Bad debt and doubtful accounts	1,187,796	657,105	958,657	365,422
Allowance for impairment of investments (reversal)	1,528	(13,842)	49,268	(13,842)
Allowance for impairment of property foreclosed	10,339	11,650	10,339	8,902
Gain on disposal of investments	(133,100)	(253,461)	(65,863)	(133,075)
Unrealised loss (gain) on exchange rate	(2,605)	4,998	(2,926)	4,998
Unrealised gain on derivatives	-	(20,091)	-	-
Loss (gain) on disposal of equipments	823	(2,503)	(127)	5
Loss (gain) from disposal of property foreclosed	(10,030)	(6,002)	(4,828)	1,243
Decrease in accrued interest and dividend receivable	19,996	6,057	3,177	7,390
Decrease (increase) in other accrued income	34,401	(34,288)	21,760	21,332
Increase in accrued interest payable	233,193	415,976	231,315	414,214
Increase in accrued expenses	<u>275,095</u>	<u>266,407</u>	<u>148,680</u>	<u>121,633</u>
Income from operating activities before changes in operating assets and liabilities	3,621,683	2,899,456	2,679,130	1,858,821
Decrease (increase) in operating assets				
Interbank and money market items	(7,373,764)	(2,146,090)	(6,900,790)	(773,739)
Securities purchased under resale agreements	2,400,000	(1,947,000)	2,400,000	(1,947,000)
Investment in securities for trading	27,720	-	-	-
Receivable from clearing house	9,211	(410,761)	-	-
Loans and receivables	(13,731,831)	(11,962,451)	(14,800,267)	(11,694,683)
Securities and derivative business receivables	934,929	(114,738)	-	-
Property foreclosed	1,294,593	1,109,471	989,562	720,594
Other assets	(124,260)	275,791	(67,195)	282,802

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 nine-month periods ended 30 September 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	6,946,651	14,629,711	6,954,126	14,585,940
Interbank and money market items	(2,596,260)	1,287,504	(3,249,825)	513,640
Liabilities payable on demand	(97,087)	(165,337)	(97,087)	(165,337)
Borrowings	14,290,395	(6,594,460)	15,784,020	(6,903,254)
Payable to clearing house	(433,936)	(365,138)	-	-
Securities and derivative business payables	(514,442)	723,602	-	-
Other liabilities	(114,807)	(18,465)	(91,251)	(101,843)
	<u>4,538,795</u>	<u>(2,798,905)</u>	<u>3,600,423</u>	<u>(3,624,059)</u>
Cash paid for corporate income tax	(522,327)	(412,599)	(268,425)	(152,682)
Net cash flows from (used in) operating activities	<u>4,016,468</u>	<u>(3,211,504)</u>	<u>3,331,998</u>	<u>(3,776,741)</u>
Cash flows from investing activities				
Cash paid for purchase of investment in securities				
held for investment	(7,179,619)	(9,794,506)	(6,603,611)	(9,563,932)
Cash received from disposal of investment in securities				
held for investment	4,745,148	9,495,843	4,164,830	8,913,560
Cash received from dividend of subsidiaries	-	-	682,844	891,022
Cash paid for purchase of equipment	(170,800)	(134,995)	(161,957)	(112,417)
Cash received from disposal of equipment	2,312	2,811	27	45
Cash paid for purchase of investment in subsidiary	-	-	(10)	-
Cash received from capital returned from subsidiaries (Note 4.4.2)	1,370	512,461	1,370	512,461
Net cash flows from (used in) investing activities	<u>(2,601,589)</u>	<u>81,614</u>	<u>(1,916,507)</u>	<u>640,739</u>
Cash flows from financing activities				
Dividend paid	(1,489,771)	(1,633,235)	(1,489,771)	(1,633,235)
Cash paid for the redemption of long-term debenture and debt instruments	-	(3,000,000)	-	(3,000,000)
Cash received from issue long-term debenture and debt instruments	-	7,884,832	-	7,884,832
Cash received from exchange of warrants				
to purchase preference shares	16,623	19,643	16,623	19,643
Net cash flows from (used in) financing activities	<u>(1,473,148)</u>	<u>3,271,240</u>	<u>(1,473,148)</u>	<u>3,271,240</u>
Increase (decrease) in translation adjustment	<u>748</u>	<u>(5,654)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(57,521)	135,696	(57,657)	135,238
Cash and cash equivalents at beginning of the period	439,899	210,225	439,198	209,088
Cash and cash equivalents at end of the period	<u>382,378</u>	<u>345,921</u>	<u>381,541</u>	<u>344,326</u>
	-	-	-	-
Supplemental cash flows information				
Cash flows from operating activities from interest and dividend				
Interest paid	2,219,044	2,319,662	2,141,373	2,183,160
Interest received	5,729,024	5,158,479	5,029,923	4,335,144
Dividend received	136,944	164,309	123,607	153,211

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 nine-month periods ended 30 September 2008 and 2007

(Unit: Thousand Baht)

	Consolidated financial statements									
	Issued and paid-up share capital		Share premium		Surplus (deficit) from changes in the value of investments	Translation adjustment	Statutory reserve	Unappropriated retained earnings	Minority interest - equity attributable to minority shareholders	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares						
Balance as at 31 December 2006	1,851,276	5,412,771	73,191	36,500	662,956	82,147	422,100	3,715,080	426,841	12,682,862
Increase in fair value of investments	-	-	-	-	291,861	-	-	-	-	291,861
Decrease in translation adjustments	-	-	-	-	-	(5,654)	-	-	-	(5,654)
Net income for the period	-	-	-	-	-	-	-	1,233,856	-	1,233,856
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,633,235)	-	(1,633,235)
Income tax from unpaid dividend	-	-	-	-	-	-	-	(1,814)	-	(1,814)
Warrants converted to preference shares	8,978	-	10,665	-	-	-	-	-	-	19,643
Preference shares converted to ordinary shares	(13,400)	13,400	-	-	-	-	-	-	-	-
Decrease in minority interest in subsidiary company	-	-	-	-	-	-	-	-	(426,841)	(426,841)
Balance as at 30 September 2007	<u>1,846,854</u>	<u>5,426,171</u>	<u>83,856</u>	<u>36,500</u>	<u>954,817</u>	<u>76,493</u>	<u>422,100</u>	<u>3,313,887</u>	<u>-</u>	<u>12,160,678</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	-	-	-	-	(873,044)	-	-	-	-	(873,044)
Increase in translation adjustments	-	-	-	-	-	748	-	-	-	748
Net income for the period	-	-	-	-	-	-	-	1,328,293	-	1,328,293
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,489,771)	-	(1,489,771)
Income tax from unpaid dividend	-	-	-	-	-	-	-	(1,304)	-	(1,304)
Warrants converted to preference shares	7,597	-	9,026	-	-	-	-	-	-	16,623
Preference shares converted to ordinary shares	(347)	347	-	-	-	-	-	-	-	-
Balance as at 30 September 2008	<u>1,835,004</u>	<u>5,446,518</u>	<u>93,951</u>	<u>36,500</u>	<u>(121,905)</u>	<u>74,621</u>	<u>486,800</u>	<u>3,503,661</u>	<u>-</u>	<u>11,355,150</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 nine-month periods ended 30 September 2008 and 2007

(Unit: Thousand Baht)

	Separate financial statements							
	Issued and fully paid-up share capital		Share premium		Surplus (deficit)	Statutory	Unappropriated	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investments	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
Increase in fair value of investments	-	-	-	-	312,093	-	-	312,093
Net income for the period	-	-	-	-	-	-	1,049,145	1,049,145
Dividend paid (Note 4.2)	-	-	-	-	-	-	(1,633,235)	(1,633,235)
Income tax from unpaid dividend	-	-	-	-	-	-	(1,814)	(1,814)
Warrants converted to preference shares	8,978	-	10,665	-	-	-	-	19,643
Preference shares converted to ordinary shares	(13,400)	13,400	-	-	-	-	-	-
Balance as at 30 September 2007	<u>1,846,854</u>	<u>5,426,171</u>	<u>83,856</u>	<u>36,500</u>	<u>130,533</u>	<u>422,100</u>	<u>3,538,076</u>	<u>11,484,090</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	-	-	-	-	(608,652)	-	-	(608,652)
Net income for the period	-	-	-	-	-	-	1,565,208	1,565,208
Dividend paid (Note 4.2)	-	-	-	-	-	-	(1,489,771)	(1,489,771)
Income tax from unpaid dividend	-	-	-	-	-	-	(1,304)	(1,304)
Warrants converted to preference shares	7,597	-	9,026	-	-	-	-	16,623
Preference shares converted to ordinary shares	(347)	347	-	-	-	-	-	-
Balance as at 30 September 2008	<u>1,835,004</u>	<u>5,446,518</u>	<u>93,951</u>	<u>36,500</u>	<u>(570,436)</u>	<u>486,800</u>	<u>3,791,268</u>	<u>11,119,605</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 and nine-month periods ended 30 September 2008 and 2007

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

1.1 Basis of preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standards No.41 (revised 2007) "Interim Financial Reporting", 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.

The interim financial statements in Thai language are the official statutory financial statements of the Bank. The interim financial statements in English language have been translated from the official statutory financial statements.

1.2 Basis of 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. The change in the shareholding structure during the period is as follow:

On 22 August 2008, the Bank acquired 95% of the issued and fully paid-up share capital of TISCO Financial Group Public Company Limited, amounting to Baht 10,000. Such company is a holding company that will become the parent company of the group in place of the Bank, in accordance with the Holding Company Restructuring Plan as mentioned in Note 4.1 to the financial statements.

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, except for the change in the following accounting policies and estimation.

a) Allowance for doubtful accounts

During the third quarter of 2008, the Bank changed the estimation used in determining allowance for doubtful accounts, as follows:

For all loans and receivables except hire purchase receivables that are classified as pass, the rate was changed from the Credit Migration rate to a rate of not less than 1% of the debt balance net of collateral value and excluding accrued interest receivable.

For hire purchase receivables that are classified as pass and special mentioned, there was a change from using the Credit Migration rate and not less than 2% of the debt balance excluding accrued interest receivable, respectively, to a collective approach, based on historical loss and a behavioral grading of the hire purchase receivables.

For non-performing hire purchase receivables, the Bank set up provision using a collective approach based on historical loss. Since the third quarter of 2008, the Bank added to the factors used in calculation of historical loss the consideration of a behavioral grading of the hire purchase receivables.

These estimation methods are in compliance with the principles stipulated by the Bank of Thailand dated 3 August 2008.

b) Derivatives

Since the first quarter of 2008, the Bank changed the accounting method in recording derivatives from an accrual basis to the 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 for 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 30 September 2008, the Bank has 29 branches in Thailand.

2.2 Economic crisis

The financial crisis experienced by the United States over the past year has had far reaching adverse effect on the global economy and may effect economic and operating results of Thailand enterprises. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to its normalcy. These financial statements have been prepared on the bases of facts currently known to the Bank and its subsidiaries, and on estimates and assumptions currently considered appropriate, which may change due to future uncertainties.

2.3 Related party transactions

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

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

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

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

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		
	30 September 2008	31 December 2007	30 September 2008	31 December 2007	
Cash at banks of local subsidiary	10	10	-	-	To secure facilities provided for bank overdraft

3.2 Investments

(Unit: Thousand Baht)

	Consolidated financial statements as at			
	30 September 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	1,049,227	1,048,027	760,471	760,648
Debt securities of private sector	187,724	187,868	732,829	672,944
Foreign debt securities	1,869,422	1,713,096	-	-
Total	3,106,373	2,948,991	1,493,300	1,433,592
Add (less): Allowance for changes in value	(4,752)	-	706	-
Exchange difference	(151,170)	-	-	-
Less: Allowance for impairment	(1,460)	-	(60,414)	-
Debt securities - net	2,948,991	-	1,433,592	-
Equity securities:				
Domestic marketable equity securities	103,870	37,347	103,870	62,853
Unit trusts	80,000	75,628	-	-
Total	183,870	112,975	103,870	62,853
Add (less): Allowance for changes in value	(70,895)	-	(41,017)	-
Net equity securities	112,975	-	62,853	-
Total available-for-sales securities	3,061,966	-	1,496,445	-
Held-to-maturity debt securities-due within 1 year				
Debt securities:				
Government and state enterprise securities	347,902	-	856	-
Debt securities of private sector	2	-	4	-
Total held-to-maturity debt securities-due within 1 year	347,904	-	860	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements as at			
	30 September 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	3,409,870		1,575,024	
<u>Long-term investments</u>				
Available-for-sales securities				
Debt securities:				
Debt securities of private sector	100,000	100,652	100,000	99,230
Add (less): Allowance for changes in value	652		(770)	
Debt securities-net	100,652		99,230	
Equity securities:				
Domestic marketable equity securities	2,357,878	1,315,393	2,434,568	2,485,059
Unit trusts	109,157	87,233	-	-
Total	2,467,035	1,402,626	2,434,568	2,485,059
Add (less): Allowance for changes in value	(1,064,409)		50,491	
Net equity securities	1,402,626		2,485,059	
Total available-for-sales securities	1,503,278		2,584,289	
Held-to-maturity debt securities				
Debt securities:				
Government and state enterprise securities	-		337,135	
Total held-to-maturity debt securities	-		337,135	
Other investments				
Equity securities:				
Domestic non-marketable equity securities	734,915		738,344	
Investments in receivables	1,380,071		606,714	
Total	2,114,986		1,345,058	
Less: Allowance for impairment	(109,595)		(60,940)	
Total other investments	2,005,391		1,284,118	
Net long-term investments	3,508,669		4,205,542	
Net investments	6,918,539		5,780,566	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements as at			
	30 September 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	1,048,512	1,047,313	759,753	759,930
Debt securities of private sector	87,724	86,624	162,829	101,807
Foreign debt securities	1,869,422	1,713,096	-	-
Total	3,005,658	2,847,033	922,582	861,737
Add (less): Allowance for changes in value	(5,995)		(431)	
Exchange difference	(151,170)		-	
Less: Allowance for impairment	(1,460)		(60,414)	
Debt securities - net	2,847,033		861,737	
Equity securities:				
Domestic marketable equity securities	103,870	37,347	103,870	62,853
Add (less): Allowance for changes in value	(66,523)		(41,017)	
Net equity securities	37,347		62,853	
Total available-for-sales securities	2,884,380		924,590	
Held-to-maturity debt securities-due within 1 year				
Debt securities:				
Government and state enterprise securities	335,000		-	
Total held-to-maturity debt securities-due within 1 year	335,000		-	
Net current investments	3,219,380		924,590	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements as at			
	30 September 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	100,652	100,000	99,230
Add (less): Allowance for changes in value	652		(770)	
Debt securities - net	100,652		99,230	
Equity securities:				
Domestic marketable equity securities	1,707,407	964,365	1,865,481	1,962,294
Add (less): Allowance for changes in value	(743,042)		96,813	
Net equity securities	964,365		1,962,294	
Total available-for-sales securities	1,065,017		2,061,524	
Held-to-maturity debt securities				
Debt securities:				
Government and state enterprise securities	-		335,000	
Total held-to-maturity debt securities	-		335,000	
Other investments				
Equity securities:				
Domestic non-marketable equity securities	727,742		731,170	
Investments in receivables	1,383,914		609,341	
Total	2,111,656		1,340,511	
Less: Allowance for impairment	(109,595)		(60,940)	
Total other investments	2,002,061		1,279,571	
Net long-term investments	3,067,078		3,676,095	
<u>Investments in subsidiaries</u>				
Investments in subsidiaries (cost method)	2,966,674		2,966,664	
Investments in subsidiaries - net	2,966,674		2,966,664	
Net investments	9,253,132		7,567,349	

(Unaudited but reviewed)

3.2.1 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		
	30 September 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.

3.2.2 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Separate financial statements		Type of restriction
	As at		As at		
	30 September 2008	31 December 2007	30 September 2008	31 December 2007	
Government debt securities	7	5	3	3	Pledged for electricity usage
Government debt securities	-	65	-	65	Pledged under agreement to swap a floating interest rate for a fixed interest rate, expired in June 2008

3.2.3 Investments in companies with weak financial positions and poor operating results

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements As at 30 September 2008		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	8,919	-	8,919

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

(Unaudited but reviewed)

3.2.4 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 30 September 2008	
	Book value	Percentage of holding
	Thousand Baht	%
Tokyo Leasing (Thailand) Co., Ltd. (Formerly known as "Mizuho Corporate Leasing (Thailand) Co., Ltd.")	1,849	21

3.3 Investments in subsidiary companies

Company's name	Nature of Business	Paid-up share capital		Cost		Dividend received For the nine-month periods ended	
		As at		As at		For the nine-month periods ended	
		30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	30 September 2007
Subsidiary companies directly held by the Bank:							
TISCO Securities Hong Kong Limited (in the process of liquidation)	Services	HKD 20 million	HKD 20 million	66	66	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	244	240
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	205	110
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	122	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	102	-
TISCO Information Technology Co., Ltd.	Services	20	20	44	44	10	-
TISCO Financial Group Plc.	Holding	-	-	-	-	-	-
				2,967	2,967	683	350

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

3.4 Loans, receivables and accrued interest receivable

3.4.1 Classified by type of loans and receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
<u>Loans and receivables</u>				
Loans	18,750,295	15,657,461	18,749,439	15,656,605
Hire purchase and financial lease receivables				
Hire purchase and financial lease receivables	90,619,870	81,273,774	87,367,332	75,894,051
Add (less): Unearned income	(12,158,760)	(10,813,829)	(11,236,382)	(9,572,456)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	625,262	429,062	543,398	343,655
: Advances received from financial lease receivables	(2,787)	(126,060)	-	-
Net hire purchase and financial lease receivables	79,083,585	70,762,947	76,674,348	66,665,250
Total loans and receivables	97,833,880	86,420,408	95,423,787	82,321,855
Add: Accrued interest receivable	131,267	155,649	103,952	110,306
Less: Allowance for doubtful accounts	(2,948,246)	(2,801,776)	(2,700,172)	(2,464,917)
Less: Allowance for loss on debt restructuring	(525)	(538)	(525)	(538)
Net loans, receivables and accrued interest receivable	95,016,376	83,773,743	92,827,042	79,966,706
<u>Securities and derivatives business receivables</u>				
<u>Securities business receivables</u>				
Customer's cash accounts	469,142	1,357,157	-	-
Customer's securities borrowings and lending accounts				
Guarantee deposit receivables	-	25,878	-	-
Securities borrowing receivables	-	20,674	-	-
Other receivables				
Installment receivables	1,586	1,948	-	-
Total securities business receivables	470,728	1,405,657	-	-
Less: Allowance for doubtful accounts	(1,634)	(3,642)	-	-
Net securities business receivables	469,094	1,402,015	-	-
Net loans, receivables and accrued interest receivable	95,485,470	85,175,758	92,827,042	79,966,706

(Unaudited but reviewed)

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

(Unit: Million Baht)

The Bank	Amounts calculated under BOT's guideline ⁽²⁾ Separate financial statements		Amounts calculated under the Bank's policy Separate financial statements	
	As at		As at	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Loans and receivables for which the recognition of interest income has ceased ⁽¹⁾	3,886	2,927	4,118 ⁽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 2,376 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.

(Unit: Million Baht)

Subsidiaries	As at	
	30 September 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	419 ⁽¹⁾	525 ⁽¹⁾

⁽¹⁾ Baht 32 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.

3.4.3 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	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Unearned interest income ⁽¹⁾	11,782	10,634	10,942	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)

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

(Unit: Million Baht)

Separate financial statements

As at 30 September 2008

Restructured loans and receivables ⁽¹⁾	724
Loans and receivables which are being restructured	-

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

3.4.5 Troubled debt restructuring

- Debt restructuring during the period

Separate financial statements

For the nine-month periods

ended 30 September

	2008	2007
Number of debtors (number)	26	24
Loan balances before restructuring (Million Baht)	552	689
Interest income on restructured receivables (Million Baht)	43	45
Receipt of principal and interest (Million Baht)	435	376
Loss on troubled debt restructuring (Million Baht)	-	-

(Unaudited but reviewed)

- Debtors which were subjected to debt restructuring

Separate financial statements as at 30 September 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	1,171	24,500		
Total	1,259	35,049		5,051

- The balance of the restructured debts

(Unit: Million Baht)

	Separate financial statements	
	As at	
	30 September 2008	31 December 2007
The balance of the restructured debts	1,853	2,143

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

(Unit: Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	Separate financial statements	
	As at	
	30 September 2008	31 December 2007
Amounts to be provided under BOT's guidelines	2,345	2,097
Amounts already recorded by the Bank	2,700 ⁽¹⁾	2,465 ⁽¹⁾
Amounts in excess of the required amount	355	368

⁽¹⁾ The allowance for doubtful debts consists of allowance for doubtful debts of Baht 1,698 million (31 December 2007: Baht 1,700 million) set aside for the unsecured portion of loans amounting to Baht 2,376 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 1,002 million (31 December 2007: Baht 765 million) set up for the other loans and receivables.

(Unaudited but reviewed)

3.5.1 Allowance for doubtful accounts

(Unit: Thousand Baht)

Consolidated financial statements as at 30 September 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	195,987	(36,972)	307,710	384,403	218,069	75,731	1,144,928
Bad debt written-off	(4,967)	(33,597)	(296,409)	(334,069)	(331,424)	-	(1,000,466)
Balance - end of the period	<u>403,486</u>	<u>37,296</u>	<u>351,830</u>	<u>232,989</u>	<u>1,636,239</u>	<u>288,040</u>	<u>2,949,880</u>

(Unit: Thousand Baht)

Separate financial statements as at 30 September 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	209,619	(44,981)	266,344	350,117	98,248	77,490	956,837
Bad debt written-off	(4,967)	(21,187)	(241,284)	(292,401)	(161,743)	-	(721,582)
Balance - end of the period	<u>387,847</u>	<u>28,909</u>	<u>251,113</u>	<u>180,114</u>	<u>1,564,288</u>	<u>287,901</u>	<u>2,700,172</u>

3.5.2 Allowance for loss on debt restructuring

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements
	As at 30 September 2008
Balance - beginning of the period	538
Transfer to general reserve	(13)
Balance - end of the period	<u>525</u>

(Unaudited but reviewed)

3.5.3 Non-performing loans and receivables

(Unit: Million Baht)

Separate financial statements

	As at	
	30 September 2008	31 December 2007
Non-performing loans and receivables	3,410	3,232
Allowance for doubtful accounts	1,995	1,976

3.6 Classification of assets

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

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	As at		As at		As at	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Debt instruments - debentures ⁽²⁾	1	60	-	-	1	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.

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

(Unit: Million Baht)

	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	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Loans and receivables ⁽¹⁾⁽²⁾⁽³⁾								
Pass	93,717	74,305	80,058	63,431	372	161	387	183
Special mentioned	5,747	4,785	5,681	4,746	29	95	29	95
Substandard	842	712	809	689	251	226	251	226
Doubtful	404	248	360	209	180	122	180	122
Doubtful of loss	2,164	2,272	1,526	1,500	1,512	1,492	1,564	1,628
Total	102,874	82,322	88,434	70,575	2,344	2,096	2,411	2,254
Loss on receivables under troubled debt restructuring	-	-	-	-	1	1	1	1
Total	102,874	82,322	88,434	70,575	2,345	2,097	2,412	2,255
General reserve							288	210
Total							2,700	2,465

(Unaudited but reviewed)

(Unit: Million Baht)

	Debt balance		Debt balance after net of collateral		Allowance for doubtful accounts			
	As at		As at		Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	30 September	31 December	30 September	31 December	As at		As at	
	2008	2007	2008	2007	30 September	31 December	30 September	31 December
				2008	2007	2008	2007	
Investments in securities								
Doubtful of loss								
Debt instruments	159	62	159	62	159	62	159	62
Equity instruments	950	340	950	340	950	340	950	340
Total	1,109	402	1,109	402	1,109	402	1,109	402
Investments in receivables								
Doubtful of loss	49	1	49	1	49	1	49	1
Property foreclosed								
Doubtful of loss	39	29	39	29	39	29	39	29
Total classified assets	104,071	82,754	89,631	71,007	3,542	2,529	3,897	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 sheet).

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

	Debt balance		Debt balance after net of collateral value		Percentage of allowance for doubtful account set up		Allowance for doubtful accounts	
	As at		As at		As at		As at	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2008	2007	2008	2007	2008	2007	2008	2007
Hire purchase receivables⁽¹⁾								
Pass	69,719	(a)	69,719	(a)	0.48 ⁽³⁾	(a)	340	(a)
Special mentioned	5,587	(a)	5,587	(a)	0.48 ⁽³⁾	(a)	27	(a)
Substandard	782	681	782	681	45 ⁽³⁾	32,100 ⁽²⁾	224	218
Doubtful	339	193	339	193	45 ⁽³⁾	32,100 ⁽²⁾	159	106
Doubtful of loss	247	137	247	137	45 ⁽³⁾	32,100 ⁽²⁾	233	130

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

⁽²⁾ As at 31 December 2007, the Bank set aside provision for non-performing hire purchase receivables which are in the legal process at 100% and which are not yet in the legal process at 32%.

⁽³⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts.

(a) As at 31 December 2007, the Bank did not use a collective approach in provisioning for hire purchase receivables that were classified as pass and special mentioned.

(Unaudited but reviewed)

3.6.4 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	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2008	2007	2008	2007	2008	2007	2008	2007
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	15	12	689	519	182	-	557	519
3. Listed companies of whose shares have been suspended for trading	1	1	15	15	-	-	15	15
4. Listed companies under rehabilitation	3	5	95	136	13	16	83	120
5. Companies/debtors which have loan settlement problems or have defaulted on payment of debts	21	21	879	1,236	294	658	584	710
6. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	40	39	1,678	1,906	489	674	1,239	1,364

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

	Securities business receivables and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at	
	30 September	31 December	30 September	31 December	30 September	31 December
	2008	2007	2008	2007	2008	2007
Doubtful	2	2	2	2	2	2
General reserve					-	2
Total					2	4

(Unaudited but reviewed)

3.6.6 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	
	30 September	31 December	30 September	31 December	30 September	31 December	
	2008	2007	2008	2007	2008	2007	
Current	1,249	2,335	1	12	23	1,237	2,312
Overdue							
1 month	325	601	1	3	6	322	595
2 - 3 months	419	640	2	8	13	411	627
4 - 6 months	201	234	32, 50, 100*	101	115	100	119
7 - 12 months	106	120	32, 50, 100*	53	60	53	60
Over 12 months	79	103	32, 50, 100*	40	54	39	49
Debtors under litigation	31	66	100	31	66	-	-
Total	2,410	4,099		248	337	2,162	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.

3.7 Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September	31 December	30 September	31 December
	2008	2007	2008	2007
Value added tax - net	242,210	218,674	241,468	217,317
Accrued interest receivable	27,980	21,896	25,824	20,949
Fee and charges receivable	181,203	216,761	80,340	102,100
Prepaid income tax	34,116	15,186	-	-
Deferred computer system development cost - net	124,915	95,872	105,596	82,356
Deposits	25,654	18,479	21,021	13,639
Other receivables	758,805	276,349	746,959	274,010
Other assets	314,117	182,136	250,078	109,198
Total other assets	1,709,000	1,045,353	1,471,286	819,569

3.8 Borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September	31 December	30 September	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	50,944,034	36,380,748	49,647,263	33,590,351
Promissory note	37,619	38,092	37,619	38,092
Total	55,312,653	40,749,840	54,015,882	37,959,443

3.8.1 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
			30 September	31 December		30 September	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>		

3.8.2 Bills of exchange

As of 30 September 2008, the Bank had outstanding bills of exchange amounting to Baht 49,647 million (31 December 2007: Baht 33,590 million), bearing interest between 2.75 to 5.00 percent per annum and maturing between 2008 and 2010.

As of 30 September 2008, two subsidiary companies had outstanding bills of exchange amounting to Baht 2,142 million (31 December 2007: Baht 2,820 million), bearing interest between 3.75 to 4.75 percent per annum and maturing in 2008 to 2009.

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 3.23.5 to the financial statements.

3.8.3 Promissory note

As of 30 September 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 3.23.5 to the financial statements.

3.9 Other liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Corporate income tax payable	131,881	220,097	95,489	87,877
Withholding income tax and other tax payable	75,147	162,259	33,070	103,386
Accrued insurance premium	561,432	631,031	549,469	618,943
Other liabilities	815,348	549,781	846,751	368,531
Total	1,583,808	1,563,168	1,524,779	1,178,737

3.10 Preference shares converted to ordinary shares

Up to 30 September 2008, 444,451,820 preference shares have been converted into ordinary shares, and such conversion has been registered with the Ministry of Commerce.

As at 30 September 2008, there are 183,500,430 preference shares which have not been converted into ordinary shares.

3.11 Warrants

	Separate financial statements as at					
	30 September 2008			31 December 2007		
	Number of shares	Exercised price	Total	Number of shares	Exercised price	Total
	shares	Baht per share	Baht	shares	Baht per share	Baht
Exercised warrants						
Allocation in year 2000	8,820,000	10.00	88,200,000	8,820,000	10.00	88,200,000
Allocation in year 2001	4,763,000	11.31	53,869,530	4,763,000	11.31	53,869,530
Allocation in year 2002	5,454,000	13.20	71,992,800	5,454,000	13.20	71,992,800
Allocation in year 2003	5,137,500	14.94	76,754,250	5,137,500	14.94	76,754,250
Allocation in year 2004	3,777,750	21.88	82,657,170	3,018,000	21.88	66,033,840
	27,952,250		373,473,750	27,192,500		356,850,420
Unexercised warrants	970,250			1,740,000		
Warrants received from resigned employees						
Expired warrants	569,000			841,500		
Allocated warrants	30,000,000			30,000,000		

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

3.12 Capital fund

	(Unit: Thousand Baht)	
	Separate financial statements	
	As at	
	30 September 2008	31 December 2007
Tier I		
Issued and fully paid up share capital	7,281,522	7,273,925
Premium on share capital	130,451	121,425
Statutory reserve	486,800	422,100
Retained earnings - unappropriated	2,018,275	2,251,422
Total Tier I	9,917,048	10,068,872
Tier II		
Subordinated long-term debentures	66,200	132,400
Reserve for loans classified as pass	369,012	159,503
Surplus from revaluation of equity securities - available for sale	-	25,108
Total Tier II	435,212	317,011
Less: Deficit from revaluation of equity securities - available for sale	(469,680)	-
Total capital fund	9,882,580	10,385,883

(Unaudited but reviewed)

Capital ratios	Separate financial statements			
	As at			
	30 September 2008		31 December 2007	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	9.94%	4.25%	11.58%	4.25%
Total capital to risk assets	9.90%	8.50%	11.94%	8.50%

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	As at	As at
	30 September 2008	30 September 2008
Balance - beginning of the period	756,634	54,595
Increase (decrease) from changes in the value of securities during the period	(1,219,208)	(869,503)
	(462,574)	(814,908)
Add (less): The effect of deferred tax assets/ liabilities	340,669	244,472
Balance - end of the period	(121,905)	(570,436)

3.14 Gain (loss) on investments

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods		For the three-month periods	
	ended 30 September		ended 30 September	
	2008	2007	2008	2007
Allowance for impairment of investments	(1,804)	(483)	(49,545)	(483)
Realised gain on sale of investments	8,086	132,459	8,607	64,574
Total	6,282	131,976	(40,938)	64,091

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the nine-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2008	2007	2008	2007
Reversal allowance for impairment of investments (allowance for loss)	(1,528)	13,842	(49,268)	13,842
Realised gain on sale of investments	135,527	253,461	65,863	133,075
Total	133,999	267,303	16,595	146,917

(Unaudited but reviewed)

3.15 Gain (loss) from trading derivatives

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods		For the three-month periods	
	ended 30 September		ended 30 September	
	2008	2007	2008	2007
Unrealized gain on derivatives trading	-	20,091	-	-
Realized loss on derivatives trading	(3)	-	-	-
Total	(3)	20,091	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2008	2007	2008	2007
Unrealized gain on derivatives trading	-	20,091	-	-
Realized loss on derivatives trading	(4,218)	-	-	-
Total	(4,218)	20,091	-	-

3.16 Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2008	2007	2008	2007
Penalty fee income from loans	105,970	84,744	91,225	71,058
Gain on disposal of property foreclosed	10,030	6,002	4,828	-
Rental income	16,206	8,985	17,973	11,357
Others	144,741	68,163	111,359	35,194
Total	276,947	167,894	225,385	117,609

(Unaudited but reviewed)

3.17 Other expenses

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2008	2007	2008	2007
Contributions to the Financial Institutions				
Development Fund / Deposit Protection				
Agency	117,781	123,226	117,781	123,226
Allowance for impairment of property foreclosed	10,339	11,650	10,339	8,902
Loss on disposal of property foreclosed	-	-	-	1,243
Mailing expenses	27,757	24,283	20,099	16,520
Loan loss from court - ordered execution	21,518	18,126	11,779	6,820
Transportation expenses	55,385	43,276	44,166	33,581
Advertising and promotion expenses	28,026	14,232	27,124	12,529
Others	109,238	115,754	66,686	45,754
Total	370,044	350,547	297,974	248,575

3.18 Corporate income tax

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2008	2007	2008	2007
Income tax payable on taxable profit for the period	406,595	376,087	269,210	160,466
Add (less): Net decrease (increase) in deferred				
tax on temporary differences	76,726	88,757	31,400	77,960
Adjustment in respect of current				
income tax of prior period	9,494	-	5,522	-
Income tax expenses - net	492,815	464,844	306,132	238,426

(Unaudited but reviewed)

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	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Allowance for doubtful accounts (general reserve)	535,976	559,514	287,901	222,446
Allowance for doubtful accounts for VAT receivables	9,241	58,248	-	-
Allowance for impairment of investments	188,796	170,464	160,095	170,464
Allowance for impairment of property foreclosed	39,831	29,060	38,874	28,717
Non-accrual of interest income	724,039	757,760	637,692	657,287
Depreciation of assets	106,114	91,734	68,093	55,896
Financial leases	-	137,352	-	-
Revaluation (surplus) deficit on changes in the value of investments	1,135,563	(18,316)	814,908	(54,595)
Unrealised loss (gain) on derivatives	579	(12,000)	579	-
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(616,850)	(421,062)	(543,398)	(343,655)
Loss on disposal of property foreclosed	104,864	66,507	-	-
Deferred subsidised income	36,300	-	36,300	-
Unused taxable loss	50,441	-	-	-
Others	5,040	2,547	896	545
	<u>2,319,934</u>	<u>1,421,808</u>	<u>1,501,940</u>	<u>737,105</u>
Deferred tax assets (30%)	<u>695,980</u>	<u>426,542</u>	<u>450,582</u>	<u>221,131</u>

3.19 Reconciliation of diluted earnings per share

Consolidated financial statements					
For the three-month periods ended 30 September					
Net income		Weighted average number of ordinary shares		Earnings per share	
2008	2007	2008	2007	2008	2007
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net income attributable to equity holders of the Bank					
397,921	440,229				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period					
(45,876)	(46,130)				
352,045	394,099	728,152	727,131	0.49	0.54
Effect of dilutive securities					
Warrants to purchase preferences shares					
-	-	971	1,903		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares					
352,045	394,099	729,123	729,034	0.48	0.54
Consolidated financial statements					
For the nine-month periods ended 30 September					
Net income		Weighted average number of ordinary shares		Earnings per share	
2008	2007	2008	2007	2008	2007
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net income attributable to equity holders of the Bank					
1,328,293	1,233,856				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period					
(137,525)	(138,725)				
1,190,768	1,095,131	727,996	726,861	1.64	1.51
Effect of dilutive securities					
Warrants to purchase preferences shares					
-	-	1,127	2,173		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares					
1,190,768	1,095,131	729,123	729,034	1.63	1.50

(Unaudited but reviewed)

Separate financial statements					
For the three-month periods ended 30 September					
Net income		Weighted average number of ordinary shares		Earnings per share	
2008	2007	2008	2007	2008	2007
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net income attributable to equity holders of the Bank					
266,504	233,794				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period					
(45,876)	(46,130)				
220,628	187,664	728,152	727,131	0.30	0.26
Effect of dilutive securities					
Warrants to purchase preferences shares					
-	-	971	1,903		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares					
220,628	187,664	729,123	729,034	0.30	0.26

Separate financial statements					
For the nine-month periods ended 30 September					
Net income		Weighted average number of ordinary shares		Earnings per share	
2008	2007	2008	2007	2008	2007
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net income attributable to equity holders of the Bank					
1,565,208	1,049,145				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period					
(137,525)	(138,725)				
1,427,683	910,420	727,996	726,861	1.96	1.25
Effect of dilutive securities					
Warrants to purchase preferences shares					
-	-	1,127	2,173		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares					
1,427,683	910,420	729,123	729,034	1.96	1.25

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.

3.20 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 30 September 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	-	(6,024)	96
TISCO Information Technology Co., Ltd.	-	911	(911)	-
TISCO Securities Co., Ltd.	7,363	42,545	(46,308)	3,600
Deposits in Baht:				
Hi-Way Co., Ltd.	2,984	8,410	(2,052)	9,342
TISCO Leasing Co., Ltd.	7,862	3,893	(3,069)	8,686
TISCO Information Technology Co., Ltd.	3,789	282	-	4,071
Interbank and money market items (liabilities):				
TISCO Securities Co., Ltd.	631,328	-	(611,472)	19,856
TISCO Asset Management Co., Ltd.	19,008	23,386	-	42,394
Borrowings:				
Hi-Way Co., Ltd.	-	75,000	-	75,000
TISCO Leasing Co., Ltd.	20,000	747,993	-	767,993
TISCO Information Technology Co., Ltd.	10,000	5,000	(13,000)	2,000
Other liabilities:				
TISCO Leasing Co., Ltd.	909	281,001	(909)	281,001

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policy (For the period 2008)
	2008	2007	
<u>Transactions occurred during the three-month periods ended 30 September</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	7,163	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	3,269	3,838	With reference to the terms and prices as offered to other customers
Other income	789	724	With reference to the terms and prices as offered to other customers
Computer system advisory services expenses and office administration expenses	30,000	38,707	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	-	991	With reference to the terms and prices as offered to other customers
Other expenses	7,264	2,636	With reference to the terms and prices as offered to other customers
<u>Transactions occurred during the nine-month periods ended 30 September</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	21,386	21,335	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	11,714	16,313	With reference to the terms and prices as offered to other customers
Other income	2,271	2,388	With reference to the terms and prices as offered to other customers
Computer system advisory services expenses and office administration expenses	90,000	91,121	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	1,684	3,694	With reference to the terms and prices as offered to other customers
Other expenses	11,252	5,640	With reference to the terms and prices as offered to other customers

(Unaudited but reviewed)

Loans to management-level employees (departmental managers upward)

(Unit: Thousand Baht)

Consolidated financial statements /

Separate financial statements

As at

	30 September 2008	31 December 2007
Loans	3,127	3,675

Besides the above transactions, the Bank has additional related party transactions with its subsidiaries, which described in Note 4.3 to the financial statements.

3.21 Financial information by segment

3.21.1 Financial information by business segment

(Unit: Million Baht)

For the three-month periods ended 30 September

	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	699	617	18	19	-	-	-	-	717
Non-interest income	348	298	259	442	50	49	(67)	(61)	590	728
Non-interest expenses	(593)	(546)	(173)	(241)	(55)	(45)	66	74	(755)	(758)
Corporate income tax	(123)	(99)	(31)	(67)	-	-	-	-	(154)	(166)
Net income	<u>331</u>	<u>270</u>	<u>73</u>	<u>153</u>	<u>(5)</u>	<u>4</u>	<u>(1)</u>	<u>13</u>	<u>398</u>	<u>440</u>

(Unit: Million Baht)

For the nine-month periods ended 30 September

	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	2,962	2,353	53	60	-	-	(683)	(350)	2,332
Non-interest income	1,018	822	840	972	151	122	(124)	(176)	1,885	1,740
Non-interest expenses	(1,854)	(1,650)	(608)	(531)	(151)	(116)	217	193	(2,396)	(2,104)
Corporate income tax	(402)	(310)	(91)	(155)	-	-	-	-	(493)	(465)
Net income	<u>1,724</u>	<u>1,215</u>	<u>194</u>	<u>346</u>	<u>-</u>	<u>6</u>	<u>(590)</u>	<u>(333)</u>	<u>1,328</u>	<u>1,234</u>

(Unaudited but reviewed)

(Unit: Million Baht)

As at											
Bank business/financial											
service business		Securities business		Other business		Elimination		Total			
30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Investment	9,257	7,571	670	1,245	1	1	(3,009)	(3,036)	6,919	5,781	
Loan, receivables and accrued interest											
receivable - net	95,016	83,774	469	1,420	-	-	-	(18)	95,485	85,176	
Other assets	13,427	7,323	1,380	1,323	41	39	(1,193)	(689)	13,655	7,996	
Total assets	117,700	98,668	2,519	3,988	42	40	(4,202)	(3,743)	116,059	98,953	

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

(Unit: Million Baht)

For the three-month periods ended 30 September								
	2008				2007			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	717	-	-	717	635	1	-	636
Non-interest income	657	-	(67)	590	788	1	(61)	728
Non-interest expenses	(820)	(1)	66	(755)	(827)	(5)	74	(758)
Corporate income tax	(154)	-	-	(154)	(166)	-	-	(166)
Net income	400	(1)	(1)	398	430	(3)	13	440

(Unit: Million Baht)

For the nine-month periods ended 30 September								
	2008				2007			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	3,014	1	(683)	2,332	2,411	2	(350)	2,063
Non-interest income	2,009	-	(124)	1,885	1,909	7	(176)	1,740
Non-interest expenses	(2,589)	(24)	217	(2,396)	(2,280)	(17)	193	(2,104)
Corporate income tax	(493)	-	-	(493)	(462)	(3)	-	(465)
Net income	1,941	(23)	(590)	1,328	1,578	(11)	(333)	1,234

3.22 Commitments and contingent liabilities

3.22.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Avals	147,826	51,925	147,826	51,925
Other guarantees	909,211	886,889	909,211	886,889
Obligations covering principal under interest rate swap agreements (Note 3.23.5)	1,045,000	2,495,000	1,045,000	2,495,000
Obligations covering principal under a call option agreement (Note 3.23.5)	15,960	15,960	15,960	15,960
SET50 Index Futures contracts	-	51,400	-	-
Obligations for cross currency swap agreements (Note 3.23.5)	4,072,811	-	4,072,811	-
	<u>6,190,808</u>	<u>3,501,174</u>	<u>6,190,808</u>	<u>3,449,774</u>

3.22.2 Litigation

As at 30 September 2008, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 148 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 204.4 million as at 30 September 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.

3.22.3 Other commitments

As at 30 September 2008, the Bank and its subsidiaries had the following other commitments.

- a) 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.

- b) The Bank has outstanding commitments of approximately Baht 4 million per month under office and branch office rental agreements with terms of around 3 years.
- c) The Bank has outstanding capital commitments of approximately Baht 54 million relating to office improvements and installation of computer systems.
- d) A subsidiary company has outstanding commitments of approximately Baht 46 million relating to the office rental agreements that terminate in 2016.

3.23 Financial instruments

3.23.1 Credit risk

The Bank and its subsidiaries are exposed to credit risk primarily with respect to loans and receivables and guarantees of loans and others. There's no significant change in the risk management policy of the Bank and its subsidiaries during the period.

3.23.2 Interest rate risk

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

(Unit: Million Baht)

Consolidated financial statements				
As at 30 September 2008				
Outstanding balances of financial instruments				
<u>Transactions</u>	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash	-	-	382	382
Interbank and money market items	110	8,198	115	8,423
Investments - net	187	4,539	2,193	6,919
Receivable from clearing house	-	-	20	20
Loans and receivables	10,792	86,276	1,368	98,436
	<u>11,089</u>	<u>99,013</u>	<u>4,078</u>	<u>114,180</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements

As at 30 September 2008

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial liabilities</u>				
Deposits	8,104	34,456	101	42,661
Interbank and money market items	77	3,183	-	3,260
Liabilities payable on demand	-	-	378	378
Borrowings	-	55,313	-	55,313
Payable to clearing house	-	-	143	143
Securities and derivatives business payables	3	-	349	352
	<u>8,184</u>	<u>92,952</u>	<u>971</u>	<u>102,107</u>

(Unit: Million Baht)

Separate financial statements

As at 30 September 2008

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash	-	-	382	382
Interbank and money market items	-	7,451	100	7,551
Investments - net	187	4,424	4,642	9,253
Loans and receivables	10,791	83,838	899	95,528
	<u>10,978</u>	<u>95,713</u>	<u>6,023</u>	<u>112,714</u>
<u>Financial liabilities</u>				
Deposits	8,126	34,456	101	42,683
Interbank and money market items	97	3,059	-	3,156
Liabilities payable on demand	-	-	378	378
Borrowings	-	54,016	-	54,016
	<u>8,223</u>	<u>91,531</u>	<u>479</u>	<u>100,233</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 30 September 2008								
<u>Transactions</u>	Repricing or maturity date						Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		
<u>Financial assets</u>								
Interbank and money market items	20	8,178	-	-	-	-	8,198	3.7394
Investments - net	38	640	3,048	813	-	-	4,539	5.2082
Loans and receivables	1,390	9,513	19,752	54,202	1,419	-	86,276	8.3147
	<u>1,448</u>	<u>18,331</u>	<u>22,800</u>	<u>55,015</u>	<u>1,419</u>	<u>-</u>	<u>99,013</u>	
<u>Financial liabilities</u>								
Deposits	3,127	20,546	9,711	1,072	-	-	34,456	3.5549
Interbank and money market items	501	329	1,049	1,304	-	-	3,183	4.4455
Borrowings	2,352	36,197	12,356	4,408	-	-	55,313	3.8104
	<u>5,980</u>	<u>57,072</u>	<u>23,116</u>	<u>6,784</u>	<u>-</u>	<u>-</u>	<u>92,952</u>	

(Unit: Million Baht)

Separate financial statements as at 30 September 2008								
<u>Transactions</u>	Repricing or maturity date						Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		
<u>Financial assets</u>								
Interbank and money market items	-	7,451	-	-	-	-	7,451	3.7473
Investments - net	38	627	3,047	712	-	-	4,424	5.2221
Loans and receivables	1,096	9,146	18,780	53,397	1,419	-	83,838	7.3765
	<u>1,134</u>	<u>17,224</u>	<u>21,827</u>	<u>54,109</u>	<u>1,419</u>	<u>-</u>	<u>95,713</u>	
<u>Financial liabilities</u>								
Deposits	3,127	20,546	9,711	1,072	-	-	34,456	3.5549
Interbank and money market items	521	284	950	1,304	-	-	3,059	4.4454
Borrowings	2,446	35,280	11,882	4,408	-	-	54,016	3.7925
	<u>6,094</u>	<u>56,110</u>	<u>22,543</u>	<u>6,784</u>	<u>-</u>	<u>-</u>	<u>91,531</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.

3.23.3 Liquidity risk

Counting from the balance sheet date, as at 30 September 2008 and 31 December 2007, the periods to maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 30 September 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	382	-	-	-	-	-	-	382
Interbank and money market items	245	8,178	-	-	-	-	-	8,423
Investments - net	743	639	3,064	985	-	1,488	-	6,919
Receivable from clearing house	-	20	-	-	-	-	-	20
Loans and receivables	509	10,283	20,878	59,306	3,155	-	4,305	98,436
	<u>1,879</u>	<u>19,120</u>	<u>23,942</u>	<u>60,291</u>	<u>3,155</u>	<u>1,488</u>	<u>4,305</u>	<u>114,180</u>
<u>Financial liabilities</u>								
Deposits	11,332	20,546	9,711	1,072	-	-	-	42,661
Interbank and money market items	578	329	1,049	1,304	-	-	-	3,260
Liabilities payable on demand	378	-	-	-	-	-	-	378
Borrowings	2,352	36,197	12,356	4,408	-	-	-	55,313
Payable to clearing house	-	143	-	-	-	-	-	143
Securities and derivatives business payables	3	349	-	-	-	-	-	352
	<u>14,643</u>	<u>57,564</u>	<u>23,116</u>	<u>6,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,107</u>
<u>Off-balance sheet items</u>								
Aval to bills and guarantees of loans	-	93	42	12	-	-	-	147
Other commitments	386	28	4,476	748	-	405	-	6,043

(Unit: Million Baht)

Separate financial statements as at 30 September 2008

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing loans*	
Financial assets								
Cash	382	-	-	-	-	-	-	382
Interbank and money market items	100	7,451	-	-	-	-	-	7,551
Investments - net	743	627	3,062	883	-	3,938	-	9,253
Loans and receivables	403	9,495	20,021	58,568	3,155	-	3,886	95,528
	<u>1,628</u>	<u>17,573</u>	<u>23,083</u>	<u>59,451</u>	<u>3,155</u>	<u>3,938</u>	<u>3,886</u>	<u>112,714</u>
* Non performing loans according to the BOT's guidelines								
Financial liabilities								
Deposits	11,354	20,546	9,711	1,072	-	-	-	42,683
Interbank and money market items	619	284	950	1,303	-	-	-	3,156
Liabilities payable on demand	378	-	-	-	-	-	-	378
Borrowings	2,446	35,280	11,882	4,408	-	-	-	54,016
	<u>14,797</u>	<u>56,110</u>	<u>22,543</u>	<u>6,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,233</u>
Off-balance sheet items								
Aval to bills and guarantees of								
loans	-	93	42	12	-	-	-	147
Other commitments	386	28	4,476	748	-	405	-	6,043

3.23.4 Foreign exchange risk

As at 30 September 2008, the Bank had the following significant financial instruments in foreign currencies.

- Deposits at bank amounting to HKD 12 million (equivalent to Baht 51 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 3.23.5 c) to the financial statements.

3.23.5 Derivatives

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

As at 30 September 2008, the Bank had 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)
2009	365	(1.93)
2010	380	(4.47)
2012	300	4.06

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 3.8.3 to the financial statements.

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2009	15.96	0.75

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 (Million Baht)	Fair value gain (loss) (Million Baht)
February 2009	2	1,348	45.82
February 2009	2	1,376	60.92
March 2009	2	1,349	47.93

3.23.6 Fair value of financial instruments

As at 30 September 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 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.

On 14 March 2008, the Bank received preliminary approval for the Holding Company Restructuring Plan from the Stock Exchange of Thailand.

On 5 August 2008, the Bank submitted a formal holding restructuring plan to the Bank of Thailand. This plan differs from the existing plan in that the holding company is to purchase all investments in the subsidiaries of the Bank (except those companies in the process of dissolution or liquidation), together with the investments and other assets specified in the formal holding restructuring plan.

On 22 August 2008, the holding company was set up and registered as a public limited company under Thai law in accordance with the holding restructuring plan under the name “TISCO Financial Group Public Company Limited”.

At present, the Bank of Thailand is in the process of considering the holding restructuring plan submitted for approval.

4.2 Dividend paid

	Approved by	Dividend per share		Amounts of dividend paid	Dividend payment period
		Preference share	Ordinary share		
		Baht per share	Baht per share	Million Baht	
Dividend for the year 2007	The 2007 Annual General Meeting of the Shareholders on 20 April 2007	3.00	2.00	1,633	May 2007
Dividend for the year 2008	The 2008 Annual General Meeting of the Shareholders on 25 April 2008	2.80	1.80	1,490	May 2008

4.3 Related party transactions

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

During the nine-month period ended 30 September 2007

On 30 March 2007, the Bank entered into an assignment agreement to claim against hire purchase receivables of 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 was approved by the Executive Board of Directors' Meeting No.2/2007 on 21 February 2007, gave rise to no profit or loss.

During the nine-month period ended 30 September 2008

On 31 July 2008, the Bank entered into an assignment agreement to claim against hire purchase receivables of its subsidiary, TISCO Leasing Company Limited, for a total consideration of approximately Baht 926 million. This was paid to the subsidiary on 4 August 2008. The transaction was approved by the Executive Board of Directors' Meeting No.6/2008 on 20 June 2008, gave rise to no profit or loss.

On 30 September 2008, the Bank entered into an assignment agreement to claim against lease receivables of its subsidiary, TISCO Leasing Company Limited, for a total consideration of approximately Baht 256 million. This was paid to the subsidiary on 7 October 2008. TISCO Leasing Company Limited recorded a gain from the sale of Baht 49 million, which was eliminated from the consolidated financial statements.

4.4 Significant events of subsidiaries

4.4.1 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.

TISCO Securities Hong Kong Limited

On 26 June 2008, the General Meeting of the Shareholders passed a special resolution to dissolve the Company. TISCO Securities Hong Kong Limited (a subsidiary company) was deregistered on 26 June 2008 and is currently in the process of liquidation.

TISCO Global Securities Limited

On 26 June 2008, the General Meeting of the Shareholders passed a special resolution to dissolve the Company. TISCO Global Securities Limited (a subsidiary of TISCO Securities Company Limited) was deregistered on 26 June 2008 and is currently in the process of liquidation.

4.4.2 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.

4.4.3 Reduction of a subsidiary's registered share capital

A special resolution passed by the Extraordinary General Meeting of the Shareholders of TISCO Leasing Company Limited No.5/2008, on 5 September 2008, approved a decrease in that company's registered share capital from Baht 890 million (8,900,000 ordinary shares of Baht 100 each) to Baht 224 million (2,240,000 ordinary shares of Baht 100 each).

On 10 October 2008, the company registered the decrease in its registered share capital with the Ministry of Commerce.

5. **Approval of interim financial statements**

These interim financial statements were approved by the Bank's Audit Committee on 7 November 2008.