

TISCO Bank Public Company Limited  
Report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2012

## **Independent Auditor's Report**

To the Shareholders of TISCO Bank Public Company Limited

### **Report on Audit of Financial Statements**

I have audited the accompanying financial statements of TISCO Bank Public Company Limited, which comprise the statements of financial position as at 30 June 2012 and 31 December 2011, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Bank Public Company Limited as at 30 June 2012 and 31 December 2011, their financial performance and cash flows for the six-month periods ended 30 June 2012 and 2011 in accordance with Thai Financial Reporting Standards.

## Report on Review of Interim Financial Information

I have reviewed the accompanying statements of comprehensive income for the three-month periods ended 30 June 2012 and 2011 of TISCO Bank Public Company Limited.

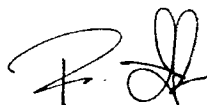
Management is responsible for the preparation and presentation of these interim statements of comprehensive income in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on these interim statements of comprehensive income based on my reviews.

## Scope of review

I conducted my reviews in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

## Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim statements of comprehensive income for the three-month periods ended 30 June 2012 and 2011 are not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

A handwritten signature in black ink, appearing to read 'R. Jala'.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 10 August 2012

**TISCO Bank Public Company Limited**

**Statements of financial position**

**As at 30 June 2012 and 31 December 2011**

(Unit: Thousand Baht)

	Note	30 June 2012	31 December 2011
<b>Assets</b>			
Cash		792,152	903,069
Interbank and money market items - net	3.1	14,311,041	29,983,895
Derivatives assets	3.2	25,391	22,450
Investments - net	3.3, 3.7	3,208,746	2,595,951
Investments in subsidiaries - net	3.4	45,866	46,911
Loans to customers and accrued interest receivable	3.5, 3.7		
Loans to customers		223,083,311	196,934,575
Accrued interest receivable		223,337	222,666
Total loans to customers and accrued interest receivable		223,306,648	197,157,241
Less: Deferred revenue		(19,550,793)	(17,321,366)
Less: Allowance for doubtful accounts	3.6	(4,377,362)	(4,098,963)
Less: Allowance for loss on debt restructuring		(3)	(3)
Loans to customers and accrued interest receivable - net		199,378,490	175,736,909
Property foreclosed - net	3.7, 3.8	291,536	257,736
Investment Property	3.9	65,590	-
Premises and equipment - net	3.10	411,956	518,331
Intangible assets - net	3.11	84,409	100,304
Deferred tax assets	3.29	41,655	103,387
Other assets	3.12	1,546,717	1,248,831
<b>Total assets</b>		<b>220,203,549</b>	<b>211,517,774</b>

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

**TISCO Bank Public Company Limited**  
**Statements of financial position (continued)**  
**As at 30 June 2012 and 31 December 2011**

(Unit: Thousand Baht)

	Note	30 June 2012	31 December 2011
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Deposits	3.13	81,537,436	38,059,886
Interbank and money market items - net	3.14	8,653,088	10,857,981
Liability payable on demand		756,116	448,049
Derivatives liabilities	3.2	112,863	270,360
Debts issued and borrowings	3.15	109,400,072	143,786,767
Provision for long-term employee benefits	3.16	100,308	83,767
Accrued interest payable		1,423,243	1,380,677
Income tax payable		252,906	-
Dividend payable		-	400,484
Other liabilities	3.17	2,913,145	2,425,738
<b>Total liabilities</b>		<u>205,149,177</u>	<u>197,713,709</u>

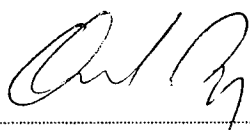
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**TISCO Bank Public Company Limited**  
**Statements of financial position (continued)**  
**As at 30 June 2012 and 31 December 2011**

(Unit: Thousand Baht)

	Note	30 June 2012	31 December 2011
<b>Shareholders' equity</b>			
Share capital			
Registered	2.2		
372,047,854 preference shares of Baht 10 each		3,720,479	3,720,479
728,152,146 ordinary shares of Baht 10 each		7,281,521	7,281,521
		11,002,000	11,002,000
Issued and fully paid-up			
104 preference shares of Baht 10 each		1	1
728,152,146 ordinary shares of Baht 10 each		7,281,521	7,281,521
		7,281,522	7,281,522
Share premium on ordinary shares		130,451	130,451
Other components of shareholders' equity		1,939	106,410
Retained earnings			
Appropriated-statutory reserve		846,100	846,100
Unappropriated		6,794,360	5,439,582
<b>Total shareholders' equity</b>		15,054,372	13,804,065
<b>Total liabilities and shareholders' equity</b>		220,203,549	211,517,774

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



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**Mrs. Oranuch Apisaksirikul**  
 (Chairman of the Executive Board)

  
 ธนาคารทีเอสซี จำกัด (มหาชน)  
 TISCO Bank Public Company Limited

(Unaudited but reviewed)

**TISCO Bank Public Company Limited****Statements of comprehensive income****For the three-month periods ended 30 June 2012 and 2011**

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

	Note	2012	2011
Interest income	3.21	3,385,534	2,814,713
Interest expenses	3.22	(1,824,750)	(1,092,888)
<b>Net interest income</b>		<b>1,560,784</b>	<b>1,721,825</b>
Fees and service income		591,026	418,742
Fees and service expenses		(15,402)	(16,088)
<b>Net fees and service income</b>	3.23	<b>575,624</b>	<b>402,654</b>
Gains on tradings and foreign exchange transactions	3.24	144,253	19,556
Gains on investments	3.25	15,451	49,066
Penalty fee income from loans		59,327	47,040
Income from business promotion relating to the business		257,878	120,140
Other operating incomes	3.27	47,845	50,494
<b>Total operating incomes</b>		<b>2,661,162</b>	<b>2,410,775</b>
<b>Other operating expenses</b>			
Employee's expenses		419,318	382,329
Directors' remuneration		120	120
Premises and equipment expenses		181,024	165,660
Taxes and duties		16,293	55,593
Supporting service expenses	3.33	241,692	266,493
Expenses to business promotion relating to the business		241,071	144,321
Others	3.28	113,219	111,997
<b>Total other operating expenses</b>		<b>1,212,737</b>	<b>1,126,513</b>
Bad debt and doubtful accounts and impairment loss of debt securities	3.26	519,556	292,633
<b>Profit before income tax expense</b>		<b>928,869</b>	<b>991,629</b>
Income tax expense	3.29	201,618	279,739
<b>Profit for the periods</b>		<b>727,251</b>	<b>711,890</b>
<b>Other comprehensive income</b>	3.30		
Investment in available-for-sale securities		(309)	(7,201)
Actuarial gains or losses arising from post-employment benefits		(9,195)	-
Cash flow hedges		(107,336)	-
Income tax (charge)/credit relating to components of other comprehensive income	3.29, 3.31	23,367	2,160
<b>Other comprehensive income for the periods - net</b>		<b>(93,473)</b>	<b>(5,041)</b>
<b>Total comprehensive income for the periods</b>		<b>633,778</b>	<b>706,849</b>
<b>Earnings per share</b>			
Basic earnings per share	3.32	1.00	0.97

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited****Statements of comprehensive income****For the six-month periods ended 30 June 2012 and 2011**

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

	Note	2012	2011
Interest income	3.21	6,592,758	5,331,980
Interest expenses	3.22	(3,614,739)	(1,936,924)
<b>Net interest income</b>		<b>2,978,019</b>	<b>3,395,056</b>
Fees and service income		1,161,890	801,232
Fees and service expenses		(36,112)	(34,501)
<b>Net fees and service income</b>	3.23	<b>1,125,778</b>	<b>766,731</b>
Gains (losses) on tradings and foreign exchange transactions	3.24	118,131	(6,057)
Gains on investments	3.25	23,599	61,058
Penalty fee income from loans		117,599	98,149
Income from business promotion relating to the business		469,041	216,089
Other operating incomes	3.27	79,617	107,361
<b>Total operating incomes</b>		<b>4,911,784</b>	<b>4,638,387</b>
<b>Other operating expenses</b>			
Employee's expenses		764,925	742,587
Directors' remuneration		240	240
Premises and equipment expenses		363,686	333,849
Taxes and duties		75,745	109,210
Supporting service expenses	3.33	493,473	500,063
Expenses to business promotion relating to the business		537,332	247,757
Other	3.28	221,160	219,200
<b>Total other operating expenses</b>		<b>2,456,561</b>	<b>2,152,906</b>
Bad debt and doubtful accounts and impairment loss of debt securities	3.26	705,721	595,605
<b>Profit before income tax expense</b>		<b>1,749,502</b>	<b>1,889,876</b>
Income tax expense	3.29	387,367	547,271
<b>Profit for the periods</b>		<b>1,362,135</b>	<b>1,342,605</b>
<b>Other comprehensive income</b>	3.30		
Investment in available-for-sale securities		(2,312)	(7,239)
Actuarial gains or losses arising from post-employment benefits		(9,195)	-
Cash flow hedges		(128,277)	-
Income tax (charge)/credit relating to components of other comprehensive income	3.29, 3.31	27,956	2,171
<b>Other comprehensive income for the periods - net</b>		<b>(111,828)</b>	<b>(5,068)</b>
<b>Total comprehensive income for the periods</b>		<b>1,250,307</b>	<b>1,337,537</b>
<b>Earnings per share</b>			
Basic earnings per share	3.32	1.87	1.84

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



**TISCO Bank Public Company Limited**

**Statements of cash flows**

**For the six-month periods ended 30 June 2012 and 2011**

(Unit: Thousand Baht)

	2012	2011
<b>Cash flows from operating activities</b>		
Profit before income tax	1,749,502	1,889,876
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	81,635	84,829
Bad debts and doubtful accounts	1,053,090	951,135
Allowance for impairment of investment	1,344	8,631
Allowance for impairment of property foreclosed	21	445
Gain on sale of investments	(24,197)	(63,247)
Losses on written-off of equipment	1,888	-
Unrealised (gain) loss on tradings and foreign exchange transactions	(9,504)	11,348
Gain on disposal of equipment	(2,157)	(4,219)
Gain on disposal of property foreclosed	(27,054)	(34,814)
Gain on cash flow hedge	(100,761)	-
Provision for long-term employee benefits	7,346	4,976
(Increase) decrease in other accrued income	(5,962)	1,609
Increase in accrued expenses	250,178	247,170
Net interest income	(2,978,019)	(3,395,056)
Dividend income	(41,439)	(61,829)
Cash received on interest income	6,569,576	5,190,230
Cash paid on interest expense	(3,334,762)	(1,594,051)
Cash received on dividend income	40,052	47,216
Cash paid on income tax expense	(43,613)	(719,401)
Profit from operating activities before changes in operating assets and liabilities	3,187,164	2,564,848
Decrease (increase) in operating assets		
Interbank and money market items	15,517,388	(4,235,854)
Loans to customers	(25,413,575)	(25,906,646)
Property foreclosed	678,853	438,582
Intangible assets	(6,016)	(16,073)
Other assets	39,357	(25,162)
Increase (decrease) in operating liabilities		
Deposits	43,477,550	(13,495,597)
Interbank and money market items	(2,204,893)	2,319,173
Liability payable on demand	308,067	57,951
Other liabilities	(297,428)	31,917
<b>Net cash flows from (used in) operating activities</b>	<b>35,286,467</b>	<b>(38,266,861)</b>

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

**TISCO Bank Public Company Limited****Statements of cash flows (continued)**

For the six-month periods ended 30 June 2012 and 2011

	(Unit: Thousand Baht)	
	2012	2011
<b>Cash flows from investing activities</b>		
Cash paid for purchase of investment in securities held for investment	(2,388,924)	(1,633,476)
Cash received from disposal of investment in securities held for investment	1,797,346	3,321,394
Cash paid for purchase of equipment	(21,218)	(36,812)
Cash received from disposal of equipment	2,590	4,170
Cash received from disposal of a subsidiary	-	136,655
<b>Net cash flows from (used in) investing activities</b>	<u>(610,206)</u>	<u>1,791,931</u>
<b>Cash flows from financing activities</b>		
Borrowings	(40,214,894)	37,440,356
Cash received from issuance of long-term debentures	6,828,200	-
Cash paid for the redemption of long-term debentures	(1,000,000)	-
Dividend paid	(400,484)	(1,019,409)
<b>Net cash flows from (used in) financing activities</b>	<u>(34,787,178)</u>	<u>36,420,947</u>
<b>Net decrease in cash</b>	<u>(110,917)</u>	<u>(53,983)</u>
Cash at beginning of the periods	<u>903,069</u>	<u>902,816</u>
<b>Cash at end of the periods</b>	<u><u>792,152</u></u>	<u><u>848,833</u></u>
	-	-
<b>Supplemental cash flows information</b>		
Non-cash transaction		
Transfer of property foreclosed from receivables for debt settlement	-	3,382
Transfer of land, premises and equipment to investment property	67,215	-

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

**TISCO Bank Public Company Limited**

**Statements of changes in shareholders' equity**

**For the six-month periods ended 30 June 2012 and 2011**

(Unit: Thousand Baht)

	Issued and fully paid-up share capital		Share premium on ordinary shares	Other components of equity				Total	
	Preference shares	Ordinary shares		Surplus (deficit) on change in value of available-for-sale investments	Cash flow hedges	Retained earnings			Total other components of shareholders' equity
						Appropriated	Unappropriated		
<b>Balance as at 1 January 2011</b>	1	7,281,521	130,451	14,311	-	14,311	4,026,712	12,167,596	
Total comprehensive income for the period	-	-	-	(5,068)	-	(5,068)	1,342,605	1,337,537	
<b>Balance as at 30 June 2011</b>	1	7,281,521	130,451	9,243	-	9,243	5,369,317	13,505,133	
<b>Balance as at 1 January 2012</b>	1	7,281,521	130,451	3,789	102,621	106,410	5,439,582	13,804,065	
Total comprehensive income for the period	-	-	-	(1,850)	(102,621)	(104,471)	1,354,778	1,250,307	
<b>Balance as at 30 June 2012</b>	1	7,281,521	130,451	1,939	-	1,939	6,794,360	15,054,372	

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

**TISCO Bank Public Company Limited**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2012 and 2011**

**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. 34 (revised 2009) "Interim Financial Reporting", whereby the Bank chooses to present the interim financial statements in the full format in which the annual financial statements are presented.

These financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and the presentation of the financial statements has been made in compliance with the Bank of Thailand ("BOT")'s Notification No. Sor Nor Sor. 11/2553 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", dated 3 December 2010.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

No consolidated financial statements of the Bank and its subsidiary (TISCO Securities Hong Kong Limited) have been prepared since TISCO Financial Group Public Company Limited, a parent company with registered office located at 48/49 TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok, has already presented the consolidated financial statements. Therefore, the Bank presented only the separate financial statements.

## **1.2 Newly issued accounting standards but not yet effective**

During the current period, the Federation of Accounting Professions issued the financial reporting standards TFRS 8: Operating Segments, which is effective for fiscal years beginning on or after 1 January 2013. The Bank's management has assessed and believes that such financial reporting standards will not have any significant impact on the financial statements when it is adopted.

## **1.3 Significant accounting policies**

### **1.3.1 Income recognition**

#### **a) Interest and discounts on loans**

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

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

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

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

#### **b) Interest and dividends on investment in securities**

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

#### **c) Gain (loss) on trading in securities**

Gains (losses) on trading of investments in securities are recognised as income/expenses on the transaction dates.

#### **d) Fees and service income**

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

### **1.3.2 Expense recognition**

a) Interest expenses

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

b) Commissions and direct expenses of the hire purchase business

The Bank recorded the initial commissions and direct expenses arising in respect of hire purchase contracts origination from 1 January 2007, by the effective interest rate method, and deducting them from deferred revenue over the installment period to reflect the effective rate of return of hire purchase agreements, and recorded as expenses when occurred for hire purchase contract originated before 1 January 2007.

Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

### **1.3.3 Securities purchased under resale agreements according to private repurchase transactions**

The Bank has purchased securities under resale agreements according to private repurchase transactions, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of "Interbank and money market items" in the statements of financial position and the securities purchased are used as collateral.

Under securities purchase under resale agreements according to private repurchase transactions, the Bank obtains securities under resale agreements as collateral securities on terms which permit it to repledge or resell the securities to others.

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

#### 1.3.4 Investments

- a) Investments in trading securities are determined at fair value. Changes in the value of securities are included in profit or loss.
- b) Investments in available-for-sale securities are determined at fair value. Changes in the fair value of the securities are recorded as income or expense in other comprehensive income, and will be recognised as part of profit or loss when the securities are sold.
- c) Held to maturity debt securities are stated at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment (if any).
- e) Investments in subsidiaries which present in the separate financial statements are determined at cost net of allowance for impairment (if any).
- f) The Bank does not record investments which the Bank holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The Bank is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.
- g) The fair value of marketable securities is based on the latest bid price of the last working day of the reporting period as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities are determined by using the formula quoted by the Bank of Thailand, which is based on the yield rate quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.
- h) Losses on impairment (if any) of the investments in available-for-sale securities, held to maturity debt securities and other investments are recognised in profit or loss.
- i) The moving average method is used for computation of the cost of investments.

- j) In the event the Bank reclassifies its investments in securities, the investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in profit or loss or recorded as a surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.
- k) Purchases and sales of investments are recorded on settlement date.

### **1.3.5 Investments in receivable purchased or transferred in**

Investments in receivable purchased or transferred in, which are classified as held-to-maturity investments, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are included in profit or loss.

If the receivable enters into a troubled debt restructuring process, the investment will be transferred to loans to customer and presented at fair value, net of allowance for doubtful debt. The fair value is based on the outstanding balance of the receivable as at the transfer date or the date of restructuring. Allowance for doubtful debt is based on the same Bank of Thailand's guideline as allowance for loans to customer.

### **1.3.6 Loans to customers**

Loans to customers are stated at the principal balances, excluding accrued interest receivables. Unrecognised deferred revenue/discounts on loans to customers are deducted from loans to customers.

Hire purchase and financial lease receivables are stated at outstanding balance, net of deferred revenue. Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of hire purchase contract and advances received from financial lease receivable.

### **1.3.7 Allowance for doubtful accounts and losses from troubled debt restructuring**

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



For all loans and receivables classified as pass and special mentioned, except for hire purchase receivables that are classified as pass and special mentioned, the Bank records provision at a rate of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivable, respectively.

For non-performing loans to customers which are classified as substandard, doubtful and doubtful of loss (except for non-performing hire purchase receivables), the Bank records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to BOT's Notifications.

For hire purchase receivables that are classified as pass, special mentioned and non-performing hire purchase receivables, the Bank uses a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.

The Bank has already set provision for all loans to customers in accordance with the BOT's guidelines issued on 3 August 2008.

- b) Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the end of reporting period.
- c) Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are credited to bad debt and doubtful accounts in the period of recovery.

#### **1.3.8 Troubled debt restructuring**

The Bank records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard regarding "Accounting for Troubled Debts Restructuring". The Bank records the assets or equities transferred to the Bank for debt settlement at the fair values of the assets less estimated selling expenses (if any), providing that this does not exceed the legally claimable amount of outstanding debt.

In case where the debt restructuring involves modifications of terms of receivables, the fair value of receivables after restructuring represents the net present value of the expected future cash flows, discounted using the cost of fund rates prevailing at the restructuring date. In case where the cost of fund rates are lower than the interest rates specified in the term of modifications, the Bank will use the interest rates specified in the term of modifications as the discount rates. The Bank recorded differences between the fair value of receivables, and the balance of net book value of receivables as of restructuring date as expenses in profit or loss from operation. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in profit or loss when incurred.

#### **1.3.9 Property foreclosed**

Property foreclosed represents assets transferred in respect of loans and hire purchase receivables on which the debtors had defaulted or restructured receivables. The values of the repossessed assets are stated at the lower of cost (fair value of assets at the transferred date, not exceed the legally claimable amount of outstanding debt) and net realisable value. Net realisable value is determined at the market value or the appraisal value of repossessed assets less estimated selling expenses. The Bank is required to record the additional general reserve for declining in value of property foreclosed in accordance with the notification of the Bank of Thailand and the management's estimates.

The Bank will recognise loss on impairment in profit or loss. And gains or losses from disposal of property foreclosed are recognised upon disposal.

### **1.3.10 Investment property**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs less residual value on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

### **1.3.11 Premises and equipment/Depreciation**

Land is stated at cost. Buildings and equipments are stated at cost less accumulated depreciation.

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

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

Depreciation is included in the determining income.

No depreciation is provided on land.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when is derecognised.

### 1.3.12 Intangible assets and amortisation

The Bank initially recognised intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

The Bank amortised intangible assets with finite lives on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The Bank reviewed the amortisation period and the amortisation method of such intangible assets at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives is software license fees that deferred and amortised over the following estimated useful lives:

The license agreements specified number of year of usage	- according to the period of license agreement by the straight-line basis
The license agreements not specified number of year of usage	- 5 years by the straight-line basis
No license agreements	- 3 years by the sum-of-the-year-digits method

### 1.3.13 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### **Current tax**

The Bank calculates corporate income tax at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **Deferred tax**

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

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

Deferred tax assets and liabilities are calculated based on the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax legislation) that have been enacted at the end of reporting period.

The Bank records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

At the end of reporting period, the Bank reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

#### **1.3.14 Impairment of assets**

The Bank assesses at each the end of reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

#### **1.3.15 Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. If the Bank neither transfers nor retains substantially all risks and rewards of ownership of such financial assets, and retains control of such financial assets, the Bank continues to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expired.

### **1.3.16 Foreign currencies**

Transactions in foreign currencies are translated into Thai Baht at rates as specified by the Bank when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the reference rates announced by the Bank of Thailand at the end of reporting period.

Gain and losses on exchange are included in determining income.

### **1.3.17 Employee benefits**

The Bank records short-term employee benefits such as salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Part of bonus expense of the Bank is annual bonus, which is remuneration for employees' annual performance that is paid in cash, and determined with reference to the parent company's share price. The Bank records this expense and accrued bonus when employees receive the right as service is deemed to have already been rendered by the employees. It is recorded based on the average daily share price from the grant date to the end of each reporting date and any increase or decrease in the expense according to changes in the share price is recognised in order to reflect the fair value of accrued bonus liability at the end of each reporting period, until the bonuses are settled.

#### *Post-employment benefits*

##### Defined contribution plans

The Bank and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank. The fund's assets are held in a separate trust fund and the Bank's contributions are recognised as expenses when incurred.

##### Defined post-employment benefit plans

The Bank has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Bank treats these severance payment obligations as a defined post-employment benefit plan.

The Bank determined the obligation under the defined benefit plan based on actuarial techniques.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **1.3.18 Provisions**

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

#### **1.3.19 Derivatives and hedge accounting**

The recording of derivatives and hedge accounting are based on the principles for recording derivatives and hedge accounting under IAS 39 “Financial Instruments: Recognition and Measurement”.

The Bank has recorded derivatives held for trading in fair value method. The Bank records gains (losses) from changes in the fair value of derivatives which is stated in profit or loss. 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 Bank has recorded derivatives for cash flow hedged by using hedge accounting, as follow:

The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in shareholders’ equity are recycled to profit or loss in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recognised in profit or loss.

### **1.3.20 Financial instruments**

#### **a) Financial risk management**

The Bank's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), derivatives assets, investments, loans to customers and accrued interest receivables, deposits, interbank and money market items (liabilities), derivatives liabilities, liability payable on demand and debt issued and borrowings. The financial risks associated with these financial instruments and how they are managed is described in Note 3.37 to the financial statements.

#### **b) Fair value of financial instruments**

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

In determining the fair value of financial instruments, the estimate fair value will be adjusted by reserve with respective risk. For financial instruments with duration of one year or less, the book value represents a reasonable estimate of fair value. For financial instruments with duration greater than one year, fair value was determined based on the quoted market prices, where available, or otherwise based on present values of contractual cash flows, discounted using rate at which financial instruments with similar features.

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

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), deposits, interbank and money market items (liabilities), and liabilities payable on demand, the carrying amounts in the statements of financial position approximate their fair value.



- The fair value of debts and equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- Loans to customers and accrued interest, except for hire purchase receivables and other retail loans, are presented at fair value which is the book value less allowance for doubtful accounts, since most loans to customers carry interest at floating rates. Hire purchase receivables and other retail loans are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.
- The fair value of debts issued and borrowings is estimated by discounting expected future cash flow by the current market interest rates of the borrowings with similar terms and conditions.
- The fair value of derivatives is derived from the quoted market price, or based on generally accepted pricing models when no market price is available.

#### **1.3.21 Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **1.3.22 Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

##### ***Recognition and derecognition of assets and liabilities***

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

### ***Allowance for doubtful accounts for loans to customers***

Allowances for loan losses are intended to adjust the value of loans to customers for probable credit losses. The management uses judgment to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, consideration of the probability of defaults, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions, in compliance with the principles stipulated by the Bank of Thailand. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

### ***Fair value of financial instruments***

In determining the fair value of financial instruments that are not actively traded and for which quote market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### ***Impairment of investments***

The Bank treats available-for-sale securities and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

### ***Premise and equipment/Depreciation***

In determining depreciation of premise and equipment, the management is required to make estimates of the useful lives and residual values of premise and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review premise and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### ***Deferred tax assets***

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

#### ***Post-employment benefits under defined benefit plans***

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, and staff turnover rate.

#### ***Litigation***

The Bank has contingent liabilities as a result of litigation. The Bank's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## **2. General information**

### **2.1 The Bank's information**

The Bank is a public company incorporated and domiciled in Thailand. Its parent company is TISCO Financial Group Public Company Limited, which was incorporated in Thailand. The Bank has been licensed by the Ministry of Finance to operate commercial banking business. Its registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 30 June 2012, the Bank has 46 branches in Thailand.

## **2.2 Share capital**

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

On 25 February 2011, the 2011 Annual General Meeting of Shareholders of the Bank passed the approval an amendment on the Bank's memorandum of association "No. 4 registered capital" to accord with the Bank's fully paid-up registered capital. The Bank's issued and fully paid-up registered capital is Baht 11,002 million, which consists of 728,152,146 ordinary shares of Baht 10 each and 372,047,854 preference shares of Baht 10 each. On 1 March 2011, the Bank registered the amendment with the Ministry of Commerce.

The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that entitle the holders of preference shares to receive preferential dividend of 1 Baht per share every year that the Bank pays dividend to the holders of the ordinary shares. Additionally, the preference shares are entitled to share any leftover dividend with the holders of the ordinary shares. In years that the Bank does not declare dividend payment to the ordinary shareholders, the Bank may still choose to declare dividend payment at the above-mentioned rate to the preference shareholders. However, the preference shareholders are entitled to receive dividend only in those years in which the Bank has declared dividend payment, and the shares are non-cumulative. From 30 June 2009 onwards, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

## **2.3 Statutory reserve**

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

## **2.4 Related party transactions**

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

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

The Bank has 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 related company and loans to employees under the employee welfare scheme, as mentioned in Note 3.33 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 approval from the Bank of Thailand.

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

### 3. Supplemental information

#### 3.1 Interbank and money market items - net (assets)

(Unit: Thousand Baht)

	As at					
	30 June 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions Development Fund	707,983	-	707,983	425,785	-	425,785
Commercial banks	194,453	12,400,000	12,594,453	173,923	21,340,000	21,513,923
Specialised financial institutions	5,335	1,000,000	1,005,335	854	4,000,000	4,000,854
Total	907,771	13,400,000	14,307,771	600,562	25,340,000	25,940,562
Add: Accrued interest	-	3,270	3,270	-	6,775	6,775
Total domestic	907,771	13,403,270	14,311,041	600,562	25,346,775	25,947,337
<u>Foreign</u>						
Yuan	-	-	-	-	4,026,121	4,026,121
Total	-	-	-	-	4,026,121	4,026,121
Add: Accrued interest	-	-	-	-	11,968	11,968
Less: Deferred revenue	-	-	-	-	(1,531)	(1,531)
Total foreign	-	-	-	-	4,036,558	4,036,558
Total domestic and foreign	907,771	13,403,270	14,311,041	600,562	29,383,333	29,983,895

The Bank entered into securities purchase under resale agreements according to private repurchase transactions. Securities received under resale agreements are as collateral. Details of transactions are as follows:

(Unit: Million Baht)

Securities purchase under resale agreements  
according to private repurchase transactions  
as at

	30 June 2012	31 December 2011
Commercial banks	13,400	20,350
Specialised financial institutions	1,000	4,000

Fair value of securities received as collateral is as follow:

(Unit: Million Baht)

Fair value of securities received as collateral  
as at

	30 June 2012	31 December 2011
Commercial banks	12,571	20,558
Specialised financial institutions	1,010	4,042

## 3.2 Derivatives

### 3.2.1 Trading derivatives

The Bank entered into interest rate swap agreements and cross currency swap agreements to manage the risk associated with its loan to customers, as follows:

(Unit: Thousand Baht)

Type of risk	As at					
	30 June 2012			31 December 2011		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	111,220	3,182,610	-	127,628	3,169,120
Interest rate	25,391	1,643	3,532,000	21,907	14,715	5,682,000
<b>Total</b>	<b>25,391</b>	<b>112,863</b>	<b>6,714,610</b>	<b>21,907</b>	<b>142,343</b>	<b>8,851,120</b>

All counter parties of these derivative transactions are financial institutions.

### 3.2.2 Hedging derivatives

The Bank entered into cross currency swap agreements to manage the risk associated with their foreign currency certificates of deposit investment in foreign debt securities, as follows:

(Unit: Thousand Baht)

Type of risk	As at					
	30 June 2012			31 December 2011		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	-	-	-	128,017	4,046,482
Interest rate	-	-	-	543	-	300,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>543</b>	<b>128,017</b>	<b>4,346,482</b>

All counter parties of these derivative transactions are financial institutions.

### 3.3 Investments

#### 3.3.1 Classified by types of investment

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
<b>Available-for-sale securities- fair value</b>		
Government and state enterprise securities	1,627,867	605,918
Debt securities of private sector	751,460	837,593
Add: Allowance for changes in value	2,424	4,736
Less: Allowance for impairment	(1,460)	(1,460)
<b>Total available-for-sale securities</b>	<b>2,380,291</b>	<b>1,446,787</b>
<b>Held-to-maturity debt securities - cost/amortised cost</b>		
Investment in receivables	366,037	686,409
Less: Allowance for impairment	(18,693)	(17,947)
<b>Total held-to-maturity debt securities</b>	<b>347,344</b>	<b>668,462</b>
<b>Other investments - cost</b>		
Domestic non-marketable equity securities	598,047	598,083
Less: Allowance for impairment	(116,936)	(117,381)
<b>Total other investments</b>	<b>481,111</b>	<b>480,702</b>
<b>Investments - net</b>	<b>3,208,746</b>	<b>2,595,951</b>

#### 3.3.2 Classified by the remaining period to maturity of the debt securities

(Unit: Thousand Baht)

	As at							
	30 June 2012				31 December 2011			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
<b>Investment in available-for-sale securities</b>								
Government and state enterprise securities	1,327	301	-	1,628	405	201	-	606
Debt securities of private sector	681	70	-	751	601	236	-	837
<b>Total</b>	<b>2,008</b>	<b>371</b>	<b>-</b>	<b>2,379</b>	<b>1,006</b>	<b>437</b>	<b>-</b>	<b>1,443</b>
Add: Allowance for changes in value	2	-	-	2	3	2	-	5
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
<b>Total</b>	<b>2,009</b>	<b>371</b>	<b>-</b>	<b>2,380</b>	<b>1,008</b>	<b>439</b>	<b>-</b>	<b>1,447</b>
<b>Held-to-maturity debt securities</b>								
Investment in receivables	183	183	-	366	297	388	1	686
Less: Allowance for impairment	(15)	(4)	-	(19)	(18)	-	-	(18)
<b>Total</b>	<b>168</b>	<b>179</b>	<b>-</b>	<b>347</b>	<b>279</b>	<b>388</b>	<b>1</b>	<b>668</b>
<b>Total debt securities</b>	<b>2,177</b>	<b>550</b>	<b>-</b>	<b>2,727</b>	<b>1,287</b>	<b>827</b>	<b>1</b>	<b>2,115</b>



### 3.3.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restriction
	30 June 2012	31 December 2011	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	-	577	Pledge for the use of credit balance on clearing position

### 3.3.4 Investments in companies with weak financial positions and poor operating results

(Unit: Thousand Baht)

	As at 30 June 2012		
	Cost	Fair value	Allowance for changes in value <sup>(1)</sup>
Companies having problems with debt repayment or in default	7,060	-	7,060

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

(Unit: Thousand Baht)

	As at 31 December 2011		
	Cost	Fair value	Allowance for changes in value <sup>(1)</sup>
Companies having problems with debt repayment or in default	7,060	-	7,060

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

### 3.3.5 Investments where the Bank hold not less than 10 percent of the equity of the investees

(Unit: Thousand Baht)

Securities' name	As at					
	30 June 2012			31 December 2011		
	Book value	Unpaid amounts	Percentage of holding %	Book value	Unpaid Amounts	Percentage of holding %
<b>Insurance:</b>						
AXA Insurance Plc.	-	-	10	-	-	10
<b>Services:</b>						
TISCO Securities Hong Kong Limited (In the process of liquidation)	45,866	-	100	46,911	-	100
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K. Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
<b>Trading import and export:</b>						
Shin Thai Enterprises Co., Ltd.	5,377	-	10	4,019	-	10
PDTL Trading Co., Ltd.	8,316	-	10	8,703	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
<b>Real estate:</b>						
Prosperity Industrial Estate Co., Ltd.	44,773	-	10	45,095	-	10
UMI Property Co., Ltd.	6,843	-	10	6,843	-	10
<b>Industrial:</b>						
Siam Art Ceramic Co., Ltd.	16,940	-	10	17,028	-	10

### 3.4 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Type of share		Percentage of holding		Investment value - cost method		Dividend received	
		as at		as at		as at		for the six-month periods ended	
		30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
		2012	2011	2012	2011	2012	2011	2012	2011
<b>Subsidiaries directly held by the Bank:</b>									
TISCO Securities Hong Kong Limited (In the process of liquidation)	Securities business	Ordinary shares	Ordinary shares	100	100	66	66	-	-
Less: Allowance for impairment						(20)	(19)	-	-
						46	47	-	-
Investments in subsidiaries - net						46	47	-	-

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

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

On 26 June 2008, TISCO Securities Hong Kong Limited (a subsidiary company) was deregistered and is currently in the process of liquidation.

### 3.5 Loans to customers and accrued interest receivable

#### 3.5.1 Classified by loans to customers type

	(Unit: Thousand Baht)	
	As at	
	30 June 2012	31 December 2011
<b>Loans to customers</b>		
Loans	55,290,154	44,852,873
Hire purchase receivables	167,397,912	151,717,574
Financial lease receivables	490,778	442,015
Less: Deferred revenue	(19,550,793)	(17,321,366)
Advances received from financial lease receivables	(95,533)	(77,887)
Total loans to customers	203,532,518	179,613,209
Add: Accrued interest receivable	223,337	222,666
Less: Allowance for doubtful accounts	(4,377,362)	(4,098,963)
Less: Allowance for loss on debt restructuring	(3)	(3)
Loans to customers and accrued interest receivables - net	<u>199,378,490</u>	<u>175,736,909</u>

### 3.5.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	As at					
	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	200,349,908	-	200,349,908	176,444,089	-	176,444,089
US Dollars	-	3,182,610	3,182,610	-	3,169,120	3,169,120
Total loans to customers						
net of deferred revenue	<u>200,349,908</u>	<u>3,182,610</u>	<u>203,532,518</u>	<u>176,444,089</u>	<u>3,169,120</u>	<u>179,613,209</u>

### 3.5.3 Classified by type of business and loan classification

(Unit: Thousand Baht)

	As at 30 June 2012					
	Pass	Special-mentioned	Sub-standard	Doubtful	Doubtful of loss	Total
	Agricultural and mining	1,368,752	30,482	4,224	1,863	-
Manufacturing and commerce	27,178,525	253,837	40,792	31,405	24,641	27,529,200
Real estate and construction	9,745,327	89,233	17,139	4,148	270,519	10,126,366
Public utilities and services	17,513,278	195,457	49,323	9,587	24,498	17,792,143
Personal consumption						
Hire purchase	121,142,921	8,724,438	1,333,965	327,104	17,245	131,545,673
Auto cash loan	8,172,617	380,232	65,385	10,681	-	8,628,915
Housing loans	1,218,096	35,989	13,938	8,448	85,788	1,362,259
Others	4,927,197	150,864	22,579	14,310	27,691	5,142,641
Total loans to customers	191,266,713	9,860,532	1,547,345	407,546	450,382	203,532,518
Add: Accrued interest receivable	105,467	117,870	-	-	-	223,337
Total loans to customers and accrued interest receivable	<u>191,372,180</u>	<u>9,978,402</u>	<u>1,547,345</u>	<u>407,546</u>	<u>450,382</u>	<u>203,755,855</u>

(Unit: Thousand Baht)

	As at 31 December 2011					
	Pass	Special-mentioned	Sub-standard	Doubtful	Doubtful of loss	Total
	Agricultural and mining	1,043,450	13,364	2,337	-	-
Manufacturing and commerce	23,678,288	275,749	56,110	16,694	24,511	24,051,352
Real estate and construction	8,534,120	116,859	23,082	2,266	279,067	8,955,394
Public utilities and services	10,811,983	225,134	60,053	21,232	22,119	11,140,521
Personal consumption						
Hire purchase	108,791,545	9,509,852	1,294,267	185,914	11,059	119,792,637
Auto cash loan	6,967,179	487,376	51,142	1,101	724	7,507,522
Housing loans	1,193,416	69,397	6,174	19,743	77,957	1,366,687
Others	5,497,934	182,430	24,034	7,531	28,016	5,739,945
Total loans to customers	166,517,915	10,880,161	1,517,199	254,481	443,453	179,613,209
Add: Accrued interest receivable	88,148	134,518	-	-	-	222,666
Total loans to customers and accrued interest receivable	<u>166,606,063</u>	<u>11,014,679</u>	<u>1,517,199</u>	<u>254,481</u>	<u>443,453</u>	<u>179,835,875</u>

### 3.5.4 Classified by loan classification

(Unit: Million Baht)

	As at					
	30 June 2012			31 December 2011		
	Net amount			Net amount		
	Loans to	used for set		Loans to	used for set	
	customers	the		customers	the	
	and accrued	allowance	Allowance	and accrued	allowance	Allowance
	interest	for doubtful	for doubtful	interest	for doubtful	for doubtful
	receivables	accounts	account <sup>(1) (2)</sup>	receivables	accounts	account <sup>(1) (2)</sup>
Provision under BOT's guideline						
- Pass	191,372	171,584	3,145	166,607	151,582	3,280
- Special mention	9,979	9,808	423	11,015	10,790	188
- Sub-standard	1,547	1,534	457	1,517	1,510	378
- Doubtful	408	391	126	254	227	54
- Doubtful of loss	450	217	220	443	212	195
Allowance established in excess	-	-	6	-	-	4
Total	203,756	183,534	4,377	179,836	164,321	4,099

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

<sup>(2)</sup> As at 30 June 2012, the provisions set aside by TISCO Bank exceeded the BOT's minimum requirement by a total of Baht 2,159 million (As at 31 December 2011: total of Baht 2,057 million). TISCO Bank allocated Baht 2,153 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2011: total of Baht 2,053 million) and so combined with the minimum provision requirement of Baht 2,218 million (As at 31 December 2011: total of Baht 2,042 million), the total provision set aside in accordance with BOT requirements is Baht 4,371 million (As at 31 December 2011: total of Baht 4,095 million).

	Percentage of allowance for doubtful account set up			
	Hire purchase receivable <sup>(1)</sup>		Other loan <sup>(2)</sup>	
	As at		As at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Pass	1.21	1.42	1	1
Special mention	1.21	1.42	2	2
Sub-standard	24.59	20.88	100	100
Doubtful	24.59	20.88	100	100
Doubtful of loss	24.59	20.88	100	100

<sup>(1)</sup> These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

<sup>(2)</sup> These percentages are the rates used to set aside allowance for doubtful accounts in accordance with the BOT's minimum requirement.

### 3.5.5 Hire purchase and financial lease receivables

As at 30 June 2012, net receivables of the Bank under hire purchase and financial lease agreements amount to Baht 148,428 million (31 December 2011: Baht 134,944 million) and mostly comprise hire purchase agreements for cars, machine and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

	As at 30 June 2012				
	Amounts of installments due under the long-term lease agreements				
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Gross investment in the agreements	51,147	109,292	4,387	3,063	167,889
Less: Deferred revenue *	(7,570)	(10,560)	(16)	(1,219)	(19,365)
Advances received from financial lease receivables	-	(93)	(2)	(1)	(96)
Present value of minimum lease pay from agreements	43,577	98,639	4,369	1,843	148,428
Allowance for doubtful accounts **					(1,540)
Net hire purchase and financial lease receivables					146,888

\* Net of commissions and direct expenses incurred at the initiation of hire purchase.

\*\* Allowance for doubtful account combined with the allocated of the provisions exceeded the BOT's minimum requirement for an individual debtor.

(Unit: Million Baht)

	As at 31 December 2011				
	Amounts of installments due under the long-term lease agreements				
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Gross investment in the agreements	47,092	98,809	3,386	2,873	152,160
Less: Deferred revenue*	(6,754)	(9,104)	(106)	(1,174)	(17,138)
Advances received from financial lease receivables	-	(72)	(6)	-	(78)
Present value of minimum lease pay from agreements	40,338	89,633	3,274	1,699	134,944
Allowance for doubtful accounts **					(2,246)
Net hire purchase and financial lease receivables					132,698

\* Net of commissions and direct expenses incurred at the initiation of hire purchase.

\*\* Allowance for doubtful account combined with the allocated of the provisions exceeded the BOT's minimum requirement for an individual debtor.

### 3.5.6 Loans to customers for which the recognition of interest income has ceased

(Unit: Million Baht)

	Amounts calculated under BOT's guidelines <sup>(2)</sup>		Amounts calculated under the Bank's policy	
	as at		as at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Loans to customers for which the recognition of interest income has ceased <sup>(1)</sup>	3,252	2,949	3,265	3,209

<sup>(1)</sup> These amounts are calculated on an account by account basis.

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

### 3.5.7 Deferred revenue which is presented as a deduction against loans to customers

(Unit: Million Baht)

	As at	
	30 June 2011	31 December 2011
Deferred revenue <sup>(1)</sup>	19,551	17,321

<sup>(1)</sup> These amounts included deferred revenue of hire purchase and financial lease contracts which is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

### 3.5.8 Troubled debt restructuring

	For the six-month periods ended 30 June	
	2012	2011
Debtors restructured during the period:		
Number of debtors restructured by modification of terms (number)	83	131
Loan balances before restructuring (Million Baht)	75	85
Loan balances after restructuring (Million Baht)	75	85
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	5	3
Corporate loan receivables	5	-

Supplemental information for the six-month periods ended 30 June 2012 and 2011 relating to the restructured debts is as follows:

(Unit: Million Baht)

For the six-month periods ended  
30 June

	2012	2011
Interest income on restructured receivables	28	32
Receipt of principal and interest	159	178

As at 30 June 2012 and 31 December 2011, the Bank has the outstanding balances with troubled restructured debtors, as follows:

(Unit: Million Baht)

As at

	30 June 2012		31 December 2011	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	1,887	1,496	1,404	1,201

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

#### 3.6.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Thousand Baht)

As at 30 June 2012

	Pass	Special- mentioned	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	3,279,654	188,048	378,456	54,094	194,848	3,863	4,098,963
Increase (decrease) in allowance for doubtful accounts during the period	(134,082)	234,752	276,285	659,169	34,213	(7,250)	1,063,087
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	9,635	9,635
Bad debt written-off	(99)	(285)	(197,676)	(587,075)	(9,188)	-	(794,323)
Balance - end of period	3,145,473	422,515	457,065	126,188	219,873	6,248	4,377,362

(Unit: Thousand Baht)

As at 31 December 2011

	Pass	Special- mentioned	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	794,419	59,208	177,958	51,122	425,880	2,350,825	3,859,412
Increase (decrease) in allowance for doubtful accounts during the year	2,486,197	130,137	575,132	614,501	283,511	(2,360,249)	1,729,229
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	13,287	13,287
Bad debt written-off	(962)	(1,297)	(374,634)	(611,529)	(514,543)	-	(1,502,965)
Balance - end of year	3,279,654	188,048	378,456	54,094	194,848	3,863	4,098,963



### 3.6.2 Allowance for doubtful accounts - classified by loan loss provisioning method

(Unit: Thousand Baht)

	As at 30 June 2012			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	1,852,247	2,242,853	3,863	4,098,963
Increase (decrease) in allowance for doubtful accounts during the period	323,220	747,117	(7,250)	1,063,087
Transfer from allowance for declining in value of property foreclosed	-	-	9,635	9,635
Bad debt written-off	(31,562)	(762,761)	-	(794,323)
Balance - end of period	<u>2,143,905</u>	<u>2,227,209</u>	<u>6,248</u>	<u>4,377,362</u>

(Unit: Thousand Baht)

	As at 31 December 2011			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	547,072	961,515	2,350,825	3,859,412
Increase (decrease) in allowance for doubtful accounts during the year	1,414,893	2,674,585	(2,360,249)	1,729,229
Transfer from allowance for declining in value of property foreclosed	-	-	13,287	13,287
Bad debt written-off	(109,718)	(1,393,247)	-	(1,502,965)
Balance - end of year	<u>1,852,247</u>	<u>2,242,853</u>	<u>3,863</u>	<u>4,098,963</u>

### 3.6.3 Non-performing loans to customers

(Unit: Million Baht)

	As at	
	30 June 2012	31 December 2011
Non-performing loans to customers	2,405	2,214
Allowance for doubtful accounts	726	627

### 3.7 Classification of assets

#### 3.7.1 Investments in companies with weak financial position and poor operating results

(Unit: Million Baht)

	Cost as at		Fair value as at		Allowance for possible loss provided in the accounts <sup>(1)</sup> as at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	Debt instruments - debentures <sup>(2)</sup>	1	1	-	-	1
Equity instruments - ordinary shares <sup>(3)</sup>	6	6	-	-	6	6

<sup>(1)</sup> Allowance for possible loss is determined based on the investment cost less collateral value.

<sup>(2)</sup> Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

<sup>(3)</sup> 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 payment.

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

As at 30 June 2012 and 31 December 2011, the quality of the Bank's assets classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to customer <sup>(1)</sup>		Investments in securities		Investments in receivables		Property foreclosed		Total	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	Pass	204,667	191,868	-	-	-	-	-	-	204,667
Special mention	9,861	10,880	-	-	-	-	-	-	9,861	10,880
Sub-standard	1,547	1,517	-	-	-	-	-	-	1,547	1,517
Doubtful	408	254	-	-	-	-	-	-	408	254
Doubtful of loss	450	443	139	138	19	18	21	50	629	649
Total	216,933	204,962	139	138	19	18	21	50	217,112	205,168

<sup>(1)</sup> Loans to customers include investment in debt securities under resale agreements of other commercial banks and loan to financial institutions (which presented as part of interbank and money market items-asset in the statements of financial position)

#### 3.7.3 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

(Unit: Million Baht)

	Debt balance as at		Net amount used for set the allowance for doubtful accounts <sup>(1)</sup> as at		Percentage of allowance for doubtful account set up <sup>(2)</sup> as at		Allowance for doubtful accounts <sup>(3)</sup> as at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
					(%)			
Pass	137,060	122,851	137,060	122,851	1.21	1.42	1,482	1,723
Special mentioned	9,171	10,066	9,171	10,066	1.21	1.42	292	165
Substandard	1,425	1,429	1,425	1,429	24.59	20.88	346	296
Doubtful	358	220	358	220	24.59	20.88	93	48
Doubtful of loss	58	50	58	50	24.59	20.88	14	11
Total	148,072	134,616	148,072	134,616			2,227	2,243

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

<sup>(2)</sup> These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

<sup>(3)</sup> These allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

### 3.7.4 Loans to customers includes debts due from companies with weak financial position and operating results

	Number of debtors as at		Debt balance as at		Collateral value as at		Allowance for doubtful accounts provided in the accounts as at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
			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	1	1	244	247	142	145	121	123
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies which have loan settlement problems or have defaulted on payment of debts	1	1	13	13	-	-	13	13
5. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2</b>	<b>2</b>	<b>257</b>	<b>260</b>	<b>142</b>	<b>145</b>	<b>134</b>	<b>136</b>

### 3.8 Property foreclosed

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
<b>Acquisition of assets for debt repayment</b>		
<b>Immovable assets</b>		
<u>Appraisal by an external valuer</u>		
Balance - beginning of period	239,700	268,015
Disposals	-	(28,315)
Balance - end of period	239,700	239,700
<u>Appraisal by an internal valuer</u>		
Balance - beginning of period	37,551	33,860
Additions	-	3,691
Disposals	(287)	-
Balance - end of period	37,264	37,551
Total property foreclosed - Immovable assets	276,964	277,251
<b>Movable assets</b>		
Balance - beginning of period	30,335	42,485
Additions	1,243,096	1,151,473
Disposals	(1,237,937)	(1,163,623)
Balance - end of period	35,494	30,335
Total property foreclosed	312,458	307,586
Less: Allowance for impairment		
Balance - beginning of period	49,850	326,397
Increase	1,089	1,885
Decrease	(30,017)	(278,432)
Balance - end of period	20,922	49,850
Property foreclosed - net	291,536	257,736

### 3.9 Investment properties

The book value of investment properties as at 30 June 2012 is presented as follows:

	(Unit: Thousand Baht)
	Building and office condominium for lease
As at 30 June 2012	
Cost	136,713
Less: Accumulated depreciation	(71,123)
Net book value	<u>65,590</u>

A reconciliation of book value of investment properties as at 30 June 2012 is presented as follows:

	(Unit: Thousand Baht)
	For the six-month period ended 30 June 2012
Book value - beginning of period	-
Transfers from premises and equipment	67,215
Depreciation	(1,625)
Book value - ending of period	<u>65,590</u>

The fair value of investment properties as at 30 June 2012 is presented as follows:

	(Unit: Thousand Baht)
	As at 30 June 2012
Building and office condominium for lease	<u>120,770</u>

The fair value of investment properties was calculated by the asset appraisal method based on the market approach by calculating the present value of discounted cash flows on expected cash inflows, expected cash outflows, occupancy rate, capitalisation rate, discount rate and other relevant factors. This asset appraisal approach also made reference to data of assets in the market that are similar and comparable to the appraisal assets, taking into account past operation results and forecast returns of the appraisal assets, market demand and supply and other factors that would affect the asset value. These valuations were made by in-house appraisers of the Bank who have professional experiences and are capable of the asset appraisal, and were based on the assets appraisal standard and professional ethics in Thailand.

### 3.10 Premises and equipment

(Unit: Thousand Baht)

	Land	Building, office condominium and building improvements	Furniture, fixtures computer and equipment	Motor vehicles	Total
<b><u>Cost:</u></b>					
As at 1 January 2011	17,509	896,910	529,809	69,541	1,513,769
Additions/transfers in	-	29,484	31,490	2,646	63,620
Disposals/written-off/ transfers out	-	(611)	(12,523)	(16,613)	(29,747)
As at 31 December 2011	17,509	925,783	548,776	55,574	1,547,642
Additions/transfers in	-	7,175	14,138	-	21,313
Disposals/written-off/ transfers out	-	(144,979)	(5,112)	(4,346)	(154,437)
As at 30 June 2012	17,509	787,979	557,802	51,228	1,414,518
<b><u>Accumulated depreciation:</u></b>					
As at 1 January 2011	-	450,949	442,573	44,975	938,497
Depreciation for the year	-	61,116	51,378	7,479	119,973
Depreciation on disposals/ written-off	-	(611)	(11,935)	(16,613)	(29,159)
As at 31 December 2011	-	511,454	482,016	35,841	1,029,311
Depreciation for the period	-	33,577	21,126	3,396	58,099
Depreciation on disposals/ written-off	-	(75,399)	(5,103)	(4,346)	(84,848)
As at 30 June 2012	-	469,632	498,039	34,891	1,002,562
<b><u>Net book value:</u></b>					
31 December 2011	17,509	414,329	66,760	19,733	518,331
30 June 2012	17,509	318,347	59,763	16,337	411,956
<b><u>Depreciation for the six-month periods ended 30 June:</u></b>					
2011					63,728
2012					58,099

### 3.11 Intangible assets

Intangible assets as at 30 June 2012 and 31 December 2011 are presented as follows:

	(Unit: Thousand Baht)
	<u>Computer software</u>
As at 30 June 2012:	
Cost	375,647
Less: Accumulated amortisation	<u>(291,238)</u>
Net book value	<u><u>84,409</u></u>
As at 31 December 2011:	
Cost	369,631
Less: Accumulated amortisation	<u>(269,327)</u>
Net book value	<u><u>100,304</u></u>

A reconciliation of the net book value of intangible assets for the six-month period ended 30 June 2012 and for the year ended 31 December 2011 is presented below.

	(Unit: Thousand Baht)	
	For the six-month period ended	For the year ended
	<u>30 June 2012</u>	<u>31 December 2011</u>
Net book value at beginning of period	100,304	121,279
Acquisitions of computer software	6,111	29,595
Disposals of computer software	(95)	(2,450)
Amortisation	<u>(21,911)</u>	<u>(48,120)</u>
Net book value at ending of period	<u><u>84,409</u></u>	<u><u>100,304</u></u>

### 3.12 Other assets

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
Value added tax - net	487,117	226,451
Accrued interest receivable	9,900	12,147
Fee and charges receivable	43,086	37,124
Tax claimed for refund	346,990	348,144
Deposits	30,365	30,466
Dividend receivable	1,387	-
Other receivables	408,642	345,631
Other assets	219,230	248,868
Total other assets	<u>1,546,717</u>	<u>1,248,831</u>

### 3.13 Deposits

#### 3.13.1 Classified by type of deposits

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
Deposits		
Current accounts	3,524,875	3,503,982
Saving accounts	24,353,710	17,082,939
Fixed accounts		
- not over 6 months	7,713,655	1,265,389
- over 6 months and less than 1 year	913,406	588,126
- over 1 year	213,332	195,633
Certificates of deposit/negotiable certificates of deposit	44,818,458	15,423,817
Total	<u>81,537,436</u>	<u>38,059,886</u>

#### 3.13.2 Classified by the remaining period of contract

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
Not over 1 year*	81,110,996	37,533,669
Over 1 year	426,440	526,217
Total deposits	<u>81,537,436</u>	<u>38,059,886</u>

\*Including fully-mature deposit contract



### 3.14 Interbank and money market items - net (liabilities)

(Unit: Thousand Baht)

	As at					
	30 June 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	123,106	200,000	323,106	124,703	-	124,703
Specialised financial institutions	-	500,000	500,000	-	-	-
Other financial institutions	437,285	7,392,697	7,829,982	282,506	10,450,772	10,733,278
<b>Total</b>	<b>560,391</b>	<b>8,092,697</b>	<b>8,653,088</b>	<b>407,209</b>	<b>10,450,772</b>	<b>10,857,981</b>

### 3.15 Debt issued and borrowings

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
	<u>Domestic borrowings</u>	
Subordinated unsecured debentures	7,000,000	6,000,000
Unsubordinated unsecured debentures	5,904,200	1,076,000
Bills of exchange	96,495,075	136,709,733
Promissory notes	797	1,034
<b>Total</b>	<b>109,400,072</b>	<b>143,786,767</b>

#### 3.15.1 Subordinated unsecured debentures

Year	Type of debenture	Units as at		Face value per unit (Baht)	Balance as at (Million Baht)		Maturity in the year	Interest rate
		30 June 2012	31 December 2011		30 June 2012	31 December 2011		
		2009	Subordinated and unsecured long-term debentures		2 million	2 million		
2009	Subordinated and unsecured long-term debentures	2 million	2 million	1,000	2,000	2,000	2019	5.00 percent per annum in the first to third years, 5.50 percent per annum in the fourth to seventh years and 6.00 percent per annum in the eighth to tenth years.
2010	Subordinated and unsecured long-term debentures	1 million	1 million	1,000	1,000	1,000	2020	5.00 percent per annum.
2010	Subordinated and unsecured long-term debentures	1 million	1 million	1,000	1,000	1,000	2020	4.80 percent per annum.
2012	Subordinated and unsecured long-term debentures	1 million	-	1,000	1,000	-	2022	4.85 percent per annum.
<b>Total</b>					<b>7,000</b>	<b>6,000</b>		

### 3.15.2 Unsubordinated unsecured debentures

Year	Type of debenture	Units as at		Face value per unit (Baht)	Balance as at (Million Baht)		Maturity in the year	Interest rate
		30 June 2012	31 December 2011		30 June 2012	31 December 2011		
2007	Unsubordinated and unsecured long - term debentures	-	1 million	1,000	-	1,000	2012	4.04 percent per annum
2011	Unsubordinated and unsecured long - term debentures	76,000 units	76,000 units	1,000	76	76	2012	3.40 percent per annum
2012	Unsubordinated and unsecured short - term debentures	4,324,300 units	-	1,000	4,324	-	2013	3.50 percent per annum
2012	Unsubordinated and unsecured short - term debentures	1 million	-	1,000	1,000	-	2013	3.50 percent per annum
2012	Unsubordinated and unsecured short - term debentures	503,900 unit	-	1,000	504	-	2013	3.50 percent per annum
Total					<u>5,904</u>	<u>1,076</u>		

### 3.15.3 Bills of exchange

Bills of exchange comprised of the fixed interest rates bearing and float interest rate bearing, which will gradually mature in 2012 to 2015. The interest rates of the fixed interest rates bearing bills of exchange are between 0.25 and 4.50 percent per annum.

### 3.16 Provision for long-term employee benefits

Provision for long-term employee benefits for the six-month period ended 30 June 2012 and 31 December 2011, which is compensation on employee's employment was as follows:

	(Unit: Thousand Baht)	
	For the six-month period ended	For the year ended
	30 June 2012	31 December 2011
Balance - Beginning of period	83,767	62,567
Current service cost	5,584	3,690
Interest cost	1,762	1,287
Actuarial (gain) losses	9,195	-
Balance - end of period	<u>100,308</u>	<u>67,544</u>

Long-term employee benefits expenses included in profit or loss for the six-month periods ended 30 June 2012 and 2011 are as follows:

	(Unit: Thousand Baht)	
	For the six-month periods ended 30 June	
	2012	2011
Current service cost	5,584	3,690
Interest cost	1,762	1,287
Total employee benefit plan expenses	<u>7,346</u>	<u>4,977</u>

Principal actuarial assumptions at the valuation date were as follow:

	(Unit: % per annum)	
	As at	
	30 June 2012	31 December 2011
Discount rate	3.45 - 4.14	3.77 - 4.27
Average salary increase rate	4.00	3.00
Average inflation rate	4.00	3.00

### 3.17 Other liabilities

	(Unit: Thousand Baht)	
	As at	
	30 June 2012	31 December 2011
Withholding income tax and other tax payable	87,032	263,548
Accrued insurance premium	514,329	399,104
Deferred income	521,057	490,439
Accrued expenses	1,170,410	743,715
Suspense creditors	488,981	393,614
Other liabilities	131,336	135,318
Total other liabilities	<u>2,913,145</u>	<u>2,425,738</u>

The above accrued expenses included accrued bonus expenses which are remuneration paid to the management and employees based on annual performances. These accrued bonus expenses include costs of annual bonus that are determined with reference to the parent company's share price, paid to employees whose performance impacts on the Bank's operating results, as an incentive to work effectively and to build loyalty to the Bank. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily share price of the parent company's shares over the period of five years from grant date to settlement date. As of 30 June 2012, the Bank has accrued vested bonus under this scheme amounting to Baht 49 million.

### 3.18 Preference shares converted to ordinary shares

Up to 30 June 2012, 627,952,146 preference shares have been converted into ordinary shares, and such conversion has been registered with the Ministry of Commerce.

As at 30 June 2012, there are 104 preference shares which are convertible to ordinary shares. However, since 30 June 2009, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

### 3.19 Capital funds

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain capital adequacy ratio in accordance with the regulations of Bank of Thailand.

The Bank maintains capital adequacy ratio in comply with Basel II principles which is implementing capital requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, equity exposure and other assets.

Regarding to Capital fund as of 30 June 2012 and 31 December 2011 under Basel II framework, the Bank has allocated the additional reserve from classification as a part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under BOT's regulation.

Capital funds of the Bank are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2012	31 December 2011
<u>Tier I</u>		
Issued and fully paid up share capital	7,281,522	7,281,522
Premium on share capital	130,451	130,451
Statutory reserve	846,100	714,600
Retained earnings - unappropriated	5,439,582	4,684,261
Less : Deferred tax assets	(41,655)	(106,451)
Deficit provision according to IRB	(580,888)	(442,265)
Total Tier I	13,075,112	12,262,118
<u>Tier II</u>		
Subordinated long-term debentures	5,873,988	5,873,988
Reserve for loans classified as pass	904,804	798,731
Less: Deficit provision according to IRB	(580,888)	(442,265)
Total Tier II	6,197,904	6,230,454
Total capital fund	19,273,016	18,492,572

(Unit: %)

Capital ratios	As at			
	30 June 2012		31 December 2011	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	9.40 <sup>(1)</sup>	4.25	9.88 <sup>(1)</sup>	4.25
Total capital to risk assets	14.34 <sup>(2)</sup>	8.50	14.91 <sup>(2)</sup>	8.50

<sup>(1)</sup> Before Capital Floor<sup>(2)</sup> After Capital Floor

To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 25/2552 regarding “Public Disclosure of Capital Maintenance for Commercial Banks”, the Bank has disclosed capital maintenance information as at 31 December 2011 on its website on 30 April 2012.

### 3.20 Surplus on changes in the value of investments

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
Balance - beginning of period	4,736	20,444
Decrease from changes in the value of securities during the period	(2,312)	(15,708)
	2,424	4,736
Less: The effect of deferred tax assets / liabilities	(485)	(947)
Balance - end of period	1,939	3,789

### 3.21 Interest income

Interest income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Interbank and money market items	138,486	82,434	307,977	170,530
Investments in debt securities	40,526	59,171	81,673	127,846
Loans to customers	1,034,745	805,076	1,958,841	1,398,265
Hire purchase and financial lease income	2,171,777	1,868,032	4,244,267	3,635,339
Total interest income	3,385,534	2,814,713	6,592,758	5,331,980

### 3.22 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Deposits	415,173	172,408	684,282	334,438
Interbank and money market items	91,469	47,930	200,909	85,540
Contribution fee to the Deposit Protection Agency and Bank of Thailand	161,581 <sup>(1)</sup>	40,797 <sup>(2)</sup>	236,921 <sup>(1)</sup>	86,525 <sup>(2)</sup>
Issued debt instruments				
- Subordinated debentures	92,388	76,789	173,438	152,734
- Unsubordinated debentures	56,578	10,073	79,697	20,034
Borrowings	1,007,561	744,891	2,239,492	1,257,653
Total interest expenses	<u>1,824,750</u>	<u>1,092,888</u>	<u>3,614,739</u>	<u>1,936,924</u>

<sup>(1)</sup> Record at a rate of 0.40% per year based on outstanding average deposits amount up to 26 January 2012 and after that record at a rate of 0.47% per year based on outstanding average deposits amount and outstanding average public funding base including bill of exchanges and other securities issuing by commercial bank which were issued starting from 27 January 2012 onwards, excluding outstanding subordinated debentures.

<sup>(2)</sup> Record at a rate of 0.40% per year based on outstanding average deposits amount.

### 3.23 Fees and service income - net

Fees and service income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Fees and service income				
- Acceptance, aval and guarantees	2,854	6,240	6,539	8,941
- Insurance service	444,484	300,899	872,650	565,629
- Financial advisory fees	1,500	-	1,200	1,000
- Others	142,188	111,603	281,501	225,662
Total fees and service income	591,026	418,742	1,161,890	801,232
Fees and service expenses	(15,402)	(16,088)	(36,112)	(34,501)
Fees and service income - net	<u>575,624</u>	<u>402,654</u>	<u>1,125,778</u>	<u>766,731</u>

### 3.24 Gains (losses) on trading and foreign exchange transactions

Gains (losses) on trading and foreign exchange transactions in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	81	18,442	(17,102)	21,612
- Derivatives on interest rates	38,704	(809)	26,606	(32,960)
- Debt securities	4,707	1,923	7,866	5,291
Gain on cash flow hedges	100,761	-	100,761	-
<b>Total</b>	<b>144,253</b>	<b>19,556</b>	<b>118,131</b>	<b>(6,057)</b>

### 3.25 Gains (losses) on investments

Gains on investments in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Gains (losses) on disposal				
- Available-for-sale securities	39	50,658	1,313	50,872
- Held-to-maturity securities	289	119	368	125
- General investments	14,596	(605)	22,516	12,250
<b>Total</b>	<b>14,924</b>	<b>50,172</b>	<b>24,197</b>	<b>63,247</b>
Reversal (losses) on impairment				
- General investments	(871)	(619)	446	(617)
- Investments in subsidiaries	1,398	(487)	(1,044)	(1,572)
<b>Total</b>	<b>527</b>	<b>(1,106)</b>	<b>(598)</b>	<b>(2,189)</b>
<b>Gains on investments - net</b>	<b>15,451</b>	<b>49,066</b>	<b>23,599</b>	<b>61,058</b>

### 3.26 Bad debt, doubtful accounts and impairment loss of debt securities

Bad debt, doubtful accounts and impairment loss of debt securities in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
Interbank and money market items	(10,000)	(16,000)	-	-
Held-to-maturity debt securities	1,853	2,233	746	6,442
Loans to customers	527,703	306,400	704,975	589,163
<b>Total</b>	<b>519,556</b>	<b>292,633</b>	<b>705,721</b>	<b>595,605</b>

### 3.27 Other operating incomes

Other operating income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
Gains on disposal of property foreclosed	15,737	15,128	27,053	34,814
Dividend income	26,559	30,575	41,439	61,829
Others	5,549	4,791	11,125	10,718
<b>Total</b>	<b>47,845</b>	<b>50,494</b>	<b>79,617</b>	<b>107,361</b>

### 3.28 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
Mailing expenses	10,282	8,847	21,568	19,588
Software amortisation expenses	11,178	11,034	21,911	21,101
Legal expenses	34,259	31,896	66,045	62,850
Transportation expenses	16,167	18,835	33,135	38,570
Others	41,333	41,385	78,501	77,091
<b>Total</b>	<b>113,219</b>	<b>111,997</b>	<b>221,160</b>	<b>219,200</b>



### 3.29 Income tax expense

Income tax expenses of the Bank of for the three-month and six-month periods ended 30 June 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
<b>Current income tax:</b>				
Income tax expenses for the periods	132,414	318,236	297,292	644,251
Adjustment in respect of current income tax of previous period	386	1,297	386	1,297
<b>Deferred tax:</b>				
Deferred tax on temporary differences and reversion of temporary differences	68,818	(39,794)	89,689	(98,277)
<b>Income tax expense reported in statements of comprehensive income</b>	<u>201,618</u>	<u>279,739</u>	<u>387,367</u>	<u>547,271</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
Decrease in surplus on change in value of investments	61	2,160	462	2,171
Cash flow hedges	21,467	-	25,655	-
Actuarial gains or losses arising from post employment benefits	1,839	-	1,839	-
Deferred taxes are recorded directly to other comprehensive income	<u>23,367</u>	<u>2,160</u>	<u>27,956</u>	<u>2,171</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the three-month and six-month periods ended 30 June 2012 and 2011 are as follow:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
Accounting profit before income tax expenses	928,869	991,629	1,749,502	1,889,876
Applicable tax rate*	23%	30%	23%	30%
Accounting profit before tax multiplied by applicable tax rate	213,640	297,489	402,385	566,963
Adjustment in respect of current income tax of prior period	386	1,297	386	1,297
Effect of changes in the applicable tax rates	(10,439)	-	(13,569)	-
Tax effect of net tax-exempt income and net expense that are disallowed	(1,969)	(19,047)	(1,835)	(20,989)
Income tax expenses reported in the statements of comprehensive income	201,618	279,739	387,367	547,271

\* In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Bank reflected the changes in tax rates in its deferred tax calculation.

The following table shows consist of deferred tax assets and deferred tax liabilities.

(Unit: Thousand Baht)

	As at		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the six-month periods ended 30 June	
	30 June	31 December	2012	2011
	2012	2011	2012	2011
Allowance for doubtful debts	1,263	-	1,263	66,819
Allowance for impairment of investments	41,349	41,080	269	2,545
Allowance for impairment of property foreclosed	4,184	9,970	(5,786)	133
Non-accrual of interest income	17,241	24,764	(7,523)	(964)
Depreciation of assets	10,047	11,088	(1,041)	(365)
Financial leases	10,961	8,468	2,493	(3,388)
Revaluation surplus on investments	(485)	(947)	-	-
Unrealised gain or loss on derivatives	(4,963)	(1,652)	(3,311)	9,888
Cash flow hedges	-	(25,655)	-	-
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(300,977)	(238,256)	(62,722)	(45,243)
Deferred income	69,216	82,735	(13,519)	35,344
Accrued expenses	118,069	119,825	(1,756)	-
Employee benefits	20,192	16,884	1,469	1,493
Others	55,558	55,083	475	32,015
<b>Deferred tax assets</b>	<b>41,655</b>	<b>103,387</b>	<b>(89,689)</b>	<b>98,277</b>

### 3.30 Components of other comprehensive income

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
<b>Other comprehensive income</b>				
Available-for-sale securities:				
Gains (losses) arising during the periods	(270)	43,457	(999)	43,633
Less: Reclassification adjustments for gains included in profit or loss	(39)	(50,658)	(1,313)	(50,872)
	(309)	(7,201)	(2,312)	(7,239)
Actuarial gain or losses arising from post-employment benefits	(9,195)	-	(9,195)	-
Cash flow hedges:				
Losses arising during the periods	(6,575)	-	(36,288)	-
Add: Reclassification adjustments for loss included in profit or loss	(100,761)	-	(91,989)	-
	(107,336)	-	(128,277)	-
Total other comprehensive income	(116,840)	(7,201)	(139,784)	(7,239)
Income tax relating to components of other comprehensive income	23,367	2,160	27,956	2,171
Other comprehensive income for the periods - net	(93,473)	(5,041)	(111,828)	(5,068)

### 3.31 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	For the three-month periods ended 30 June					
	2012			2011		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Increase (decrease) in surplus on change in value of investments	(309)	61	(248)	(7,201)	2,160	(5,041)
Actuarial gains or losses arising from post-employment benefit	(9,195)	1,839	(7,356)	-	-	-
Cash flow hedges	(107,336)	21,467	(85,869)	-	-	-
	(116,840)	23,367	(93,473)	(7,201)	2,160	(5,041)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June					
	2012			2011		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Increase (decrease) in surplus on change in value of investments	(2,312)	462	(1,850)	(7,239)	2,171	(5,068)
Actuarial gains or losses arising from post- employment benefit	(9,195)	1,839	(7,356)	-	-	-
Cash flow hedges	(128,277)	25,655	(102,622)	-	-	-
	<u>(139,784)</u>	<u>27,956</u>	<u>(111,828)</u>	<u>(7,239)</u>	<u>2,171</u>	<u>(5,068)</u>

### 3.32 Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Bank (excluding other comprehensive income) by the weighted average number of ordinary shares and preference shares in issue during the period. The rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
	Profit attributable to equity holders of the Bank (Thousand Baht)	727,251	711,890	1,362,135
Weighted average number of shares (Thousand shares)	728,152	728,152	728,152	728,152
Basic earnings per share (Baht/share)	1.00	0.97	1.87	1.84

### 3.33 Related party transactions

(Unit: Thousand Baht)

	As at 31 December 2011	Increase	Decrease	As at 30 June 2012
<b><u>Outstanding balance</u></b>				
<b>Parent company:</b>				
TISCO Financial Group Plc.				
Other assets	54,955	-	(54,955)	-
Deposits	25,413	2,596	(18,473)	9,536
Accrued interest payable	33	1,328	-	1,361
Borrowings	144,000	773,000	-	917,000
Dividend payable	400,418	-	(400,418)	-
Other liabilities	-	99,236	(25,980)	73,256
<b>Related companies related by common shareholder</b>				
Other Assets:				
TISCO Securities Co., Ltd.	90	109	(109)	90
Deposits:				
Hi-Way Co., Ltd.	15,451	13,509	(2,351)	26,609
TISCO Information Technology Co., Ltd.	1,130	6,500	(4,377)	3,253
Primus Leasing Co., Ltd.	30,113	2,730	(2)	32,841
TISCO Tokyo Leasing Co., Ltd.	383	257	(336)	304
TISCO Learning Center Co., Ltd.	1,997	3,457	(2,617)	2,837
TISCO Investment Advisory Co., Ltd.	852	1,793	(540)	2,105
TISCO Leasing Co., Ltd.	5,552	4,265	(7,090)	2,727
Interbank and money market items				
Liabilities:				
TISCO Securities Co., Ltd.	3,408	371,347	-	374,755
TISCO Asset Management Co., Ltd.	7,475	59,393	-	66,868
Borrowings:				
TISCO Information Technology Co., Ltd.	50,000	40,000	(75,000)	15,000
TISCO Learning Center Co., Ltd.	5,000	-	(5,000)	-
Accrued interest payable:				
TISCO Securities Co., Ltd.	-	59	-	59
TISCO Asset Management Co., Ltd.	2	91	-	93
Hi-Way Co., Ltd.	-	75	(75)	-
TISCO Information Technology Co., Ltd.	124	50	(161)	13
TISCO Leasing Co., Ltd.	-	30	(30)	-
TISCO Learning Center Co., Ltd.	12	-	(12)	-
Other liabilities:				
TISCO Learning Center Co., Ltd.	1,473	4,256	-	5,729

(Unit Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Terms and pricing policy (For the period 2012)
	2012	2011	2012	2011	
<b>Transactions occurred during the periods</b>					
<b>Parent company</b>					
Risk and financial management fee income, human resources management fee income and office administration fee income	241,692	266,493	493,473	500,063	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest expenses	7,576	6,226	10,104	8,865	With reference to the terms and prices as offered to other customers
Others expenses	2,316	2,344	4,106	4,688	With reference to the terms and prices as offered to other customers
<b>Related companies (under the same parent company)</b>					
Interest income	-	1,205	-	1,881	With reference to the terms and prices as offered to other customers
Other income	746	433	1,283	856	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	57,500	53,250	115,000	106,500	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	6,198	11,761	11,011	14,359	With reference to the prices as offered from other service providers
Interest expenses	1,495	669	2,178	1,089	With reference to the terms and prices as offered to other customers
Others expenses	1,253	331	5,899	660	With reference to the terms and prices as offered to other customers

## Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
Loans	60	111

## Liabilities payable to directors and management

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
Deposits	56,539	47,053
Debt issued and Borrowings	6,140	15,174

### Directors and management's remuneration

For the three-month and six-month periods ended 30 June 2012 and 2011, the Bank paid benefit remuneration to their directors and management as below:

(Unit: Million Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Short-term benefit	17	17	35	33
Post-employment benefit	1	1	1	1
Total	18	18	36	34

### **3.34 Financial information by segment**

The Bank's business operations involve a single industry segment, providing financial service in the form of commercial banking business, and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

### **3.35 Provident fund**

The Bank and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Bank and the employees contribute to the fund monthly at the rates of 5 to 10 percent of the employees' salaries, depending on the number of years of service. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to the employees upon termination in accordance with the fund rules for the six-month periods ended 30 June 2012 and 2011 totaling Baht 27 million and Baht 46 million, respectively.

### **3.36 Commitments and contingent liabilities**

#### 3.36.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
Avals	-	5,280
Other guarantees	766,257	4,447,136
Undrawn client overdraft facilities	30,000	30,976
Interest rate swap agreements (Note 3.37.5)	3,532,000	5,982,000
Cross currency swap agreements (Note 3.37.5)	3,182,610	7,215,602
	7,510,867	17,680,994



### 3.36.2 Litigation

As at 30 June 2012, the Bank has been sued for compensation totaling approximately Baht 141 million. Final judgments 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 191 million as at 30 June 2012). At the proceedings progressed to the mediation process, both parties agreed to end the claim which the settlement letter and the consent to withdraw proceedings has been signed on 25 July 2012.

The management of the Bank and its subsidiary believes that no material losses to the financial statements will be incurred as a result of the above mentioned lawsuits and damage claims.

### 3.36.3 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 entered into several lease agreements in respect of the lease of office building and branch office. The terms of the agreements are generally 3 years.

As at 30 June 2012, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	87
1 to 3 years	91

## 3.37 Financial instruments

### 3.37.1 Credit risk

Credit risk is risk that a counterparty or borrower will be unable to meet their financial commitments under an agreement, causing them to be unable to make settlement of indebtedness to the Bank on the due date or to intentionally fail to make payments to the Bank in accordance with the agreement.

The Bank is exposed to credit risk primarily with respect to loans to customers and guarantees of loans and others.

The Bank has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the Bank of Thailand. The Bank manages credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables, the Bank has implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. The Bank also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. The Bank therefore does not expect to incur material financial losses from loans and guarantees of loans. In addition, the Bank is not exposed to concentrations of credit risk because it has a varied customer base and a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the statement of financial position.

Quality of risk from provision of hire purchase receivables of the Bank, which comprises the largest portion of credit granted by the Bank, is as detailed below.

The risk of hire purchase credit that is not overdue of the Bank can be classified into three groups, based on quality of risk in respect of expected losses within one year. These are “Very High Grade”, “High Grade” and “Medium Grade”, with “Very High Grade” credit defined as credit from which expected losses over the next year are less than or equal to 0.2% of the balance; “High Grade” as credit from which losses within one year are expected to be between 0.2% and 2.0% and “Medium Grade” as credit from which losses within one year are expected to exceed 2% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

	(Unit: Million Baht)	
	As at	
	30 June 2012	31 December 2011
Neither past due nor impaired		
Very high grade	84,577	76,450
High grade	44,069	37,950
Medium grade	8,414	8,451
Sub total	137,060	122,851
Hire purchase receivables - overdue 31 - 90 days	9,171	10,066
Hire purchase receivables - overdue more than 90 days	1,841	1,699
Total	148,072	134,616

### 3.37.2 Market risk

Market risk is defined as the degree of vulnerability to movements in securities market prices or interest rates, which may affect income or the capital funds of the Bank.

In order to effectively manage market risk, a suitable risk treatment framework is to be implemented. The Bank uses a combination of risk sensitivities, Value-at-Risk and stress testing to manage market risks and establish limits. The Value-at-Risk (VaR) concept has employed methodologies and internal techniques appropriate to the nature of risks involved. On-going Back-testing is also performed to validate the internal Value-at-Risk model, and stress testing is performed under various extreme scenarios as a supplement to VaR. The risk assessment and corresponding risk treatment takes into account the transaction intent as well as the market liquidity of the securities.

#### 3.37.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position as at the financial statements date. The VaR that the Bank measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current marketable portfolio position were to be held unchanged for one year.

(Unit: Million Baht)

	Market Risk as at	
	30 June 2012	31 December 2011
Marketable financial assets		
Debts securities	4	10
Derivatives	12	31
Foreign currencies	5	11

#### 3.37.2.2 Market risk sensitivity - Interest bearing assets and liabilities

The market risk sensitivity of interest bearing assets and liabilities is measured by assessing the effect of changes in interest rates on the net interest income over a period of one year, based on the fixed interest bearing asset and liability positions held by the Bank at the financial statements date. In making such assessment, changes in interest rates are applied prospectively and normal increases in assets and liabilities are not taken into account as presented below.

(Unit: Million Baht)

Increase (decrease) in sensitivity of net  
interest income as at

	30 June 2012	31 December 2011
Change in interest rate		
Increase 1 percent	(454.34)	(349.25)
Decrease 1 percent	454.34	349.25

However, to better reflect a realistic business environment, the sensitivity to interest rate risk is adjusted taking into account that business growth and interest rate shift are actually gradual, the net interest rate sensitivity incurred would be less than those effected in net interest income as illustrated in the analysis. This market risk sensitivity of interest bearing assets and liabilities are not included in marketable debt securities, which presented in the market risk - marketable portfolio.

### 3.37.2.3 Interest rate risk

The Bank has the following significant exposures to interest rate risk, relating to financial instruments.

(Unit: Million Baht)

Transactions	As at 30 June 2012			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<b>Financial assets</b>				
Cash	-	-	792	792
Interbank and money market items	50	13,403	858	14,311
Derivatives assets	-	-	25	25
Investments - net	-	2,728	481	3,209
Investments in subsidiaries - net	-	-	46	46
Loans to customers <sup>(1)</sup>	10,689	191,754	1,313	203,756
	<u>10,739</u>	<u>207,885</u>	<u>3,515</u>	<u>222,139</u>
<b>Financial liabilities</b>				
Deposits	27,680	53,655	202	81,537
Interbank and money market items	284	8,347	22	8,653
Liabilities payable on demand	-	-	756	756
Derivatives liabilities	-	-	113	113
Debts issued and borrowings	-	109,400	-	109,400
	<u>27,964</u>	<u>171,402</u>	<u>1,093</u>	<u>200,459</u>

<sup>(1)</sup> Loans to customers with floating rates and fixed interest rates include non-performing loans to customers on accrual basis.

(Unit: Million Baht)

As at 31 December 2011

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<b><u>Financial assets</u></b>				
Cash	-	-	903	903
Interbank and money market items	-	29,383	601	29,984
Derivatives assets	-	-	22	22
Investments - net	-	2,115	481	2,596
Investments in subsidiary - net	-	-	47	47
Loans to customers <sup>(1)</sup>	9,119	168,899	1,818	179,836
	<u>9,119</u>	<u>200,397</u>	<u>3,872</u>	<u>213,388</u>
<b><u>Financial liabilities</u></b>				
Deposits	20,434	17,431	195	38,060
Interbank and money market items	266	10,585	7	10,858
Liabilities payable on demand	-	-	448	448
Derivatives liabilities	-	-	270	270
Debts issued and borrowings	-	143,787	-	143,787
	<u>20,700</u>	<u>171,803</u>	<u>920</u>	<u>193,423</u>

<sup>(1)</sup> Loans to customers with floating rates and fixed interest rates include non-performing loans to customers on accrual basis.

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

(Unit: Million Baht)

As at 30 June 2012							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	-	13,403	-	-	-	13,403	2.9982
Investment - net	9	586	1,583	550	-	2,728	3.0322
Loans to customers	15,863	19,528	37,852	113,066	5,445	191,754	6.8599
	<u>15,872</u>	<u>33,517</u>	<u>39,435</u>	<u>113,616</u>	<u>5,445</u>	<u>207,885</u>	
<b>Financial liabilities</b>							
Deposits	2,962	25,748	24,519	426	-	53,655	3.2713
Interbank and money market items	254	3,186	3,237	1,670	-	8,347	3.2111
Debts issued and borrowings	3,238	61,024	32,411	5,727	7,000	109,400	3.4760
	<u>6,454</u>	<u>89,958</u>	<u>60,167</u>	<u>7,823</u>	<u>7,000</u>	<u>171,402</u>	

(Unit: Million Baht)

As at 31 December 2011							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	-	25,359	4,024	-	-	29,383	2.7951
Investments - net	18	52	1,218	827	-	2,115	4.4823
Loans to customers	11,107	18,134	34,369	101,717	3,572	168,899	6.7768
	<u>11,125</u>	<u>43,545</u>	<u>39,611</u>	<u>102,544</u>	<u>3,572</u>	<u>200,397</u>	
<b>Financial liabilities</b>							
Deposits	669	10,318	5,918	526	-	17,431	3.6429
Interbank and money market items	134	1,947	6,834	1,670	-	10,585	3.8405
Debts issued and borrowings	1,661	59,064	71,312	5,750	6,000	143,787	3.8384
	<u>2,464</u>	<u>71,329</u>	<u>84,064</u>	<u>7,946</u>	<u>6,000</u>	<u>171,803</u>	

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

### 3.37.3 Liquidity risk

Liquidity risk is uncertainty that the Bank is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

#### Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy and regulatory requirement. On the other hand, Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserves and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the Bank's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserves. The procurement and concentration of funding sources will be well-planned to optimize risk/return. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation. In addition to the liquidity risk measurement, the Bank set the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the Risk Management Committee and other relevant functions.

Additionally, the Bank has set stress testing scenarios for liquidity risk where the scenarios cover the Bank's specific scenarios and industry-based scenarios which cause unusual cash outflow from the Bank.

The main sources of fund came from deposits and bills of exchange. In the past, there was high rollover rate for both matured deposits and bills of exchange. Besides, the Bank also issued subordinated debentures as another source of fund. On the use of fund, the majority of fund is used in lending business while a proportion of fund is maintained as liquidity reserve assets to cushion against liquidity risk. Moreover, the Bank provides credit line to other companies under TISCO Financial Group to support liquidity position if required.

### 3.37.3.1 Remaining contractual maturity of liabilities.

(Unit: Million Baht)

As at 30 June 2012				
Remaining contractual				
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	125,356	60,278	14,825	200,459

The matured liabilities, both deposit and bill of exchange, are generally rollover with 90% average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity less than three months comprised current deposit and saving deposit. Both current deposit and saving deposit are considered to be more stable than term deposit or bill of exchange in term of cash outflow.

### 3.37.3.2 Volume and composition of highly liquid assets and internal ratio.

(Unit: Million Baht)

As at 30 June 2012	
<b>Composition of highly liquid assets</b>	
Cash	792
Interbank and money market - net	14,311
Current investments - net	2,380
Total liquid assets <sup>(1)</sup>	17,483
Liquid asset requirement <sup>(1)</sup>	4,998

<sup>(1)</sup> Highly liquid assets and liquid asset requirement are based on internal measurement.

The Bank has a policy in maintaining the highly liquid assets higher than internal liquid asset requirement. As of 30 June 2012, the Bank has highly liquid assets at Baht 17,483 million, which higher than internal liquid asset requirement of Baht 4,998 million. In addition of liquid assets, the Bank has contingency credit line, operating cash inflow from business, and available credit line from other financial institutions which is available to support uncertain liquidity requirement.



3.37.3.3 Counting from the financial statement date, as at 30 June 2012 and 31 December 2011 the period to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

		As at 30 June 2012						
<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing Loans*	Total
<b>Financial assets</b>								
Cash	792	-	-	-	-	-	-	792
Interbank and money market items	908	13,403	-	-	-	-	-	14,311
Derivatives assets	-	-	-	25	-	-	-	25
Investments - net	9	586	1,583	550	-	481	-	3,209
Investments in subsidiaries - net	-	-	-	-	-	46	-	46
Loans to customers	19,615	21,412	38,532	114,227	6,718	-	3,252	203,756
	<u>21,324</u>	<u>35,401</u>	<u>40,115</u>	<u>114,802</u>	<u>6,718</u>	<u>527</u>	<u>3,252</u>	<u>222,139</u>
<b>Financial liabilities</b>								
Deposits	30,840	25,752	24,519	426	-	-	-	81,537
Interbank and money market items	560	3,186	3,237	1,670	-	-	-	8,653
Liabilities payable on demand	756	-	-	-	-	-	-	756
Derivatives liabilities	-	-	111	2	-	-	-	113
Debts issued and borrowings	3,238	61,024	32,411	5,727	7,000	-	-	109,400
	<u>35,394</u>	<u>89,962</u>	<u>60,278</u>	<u>7,825</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>200,459</u>
<b>Commitment and contingent liability</b>								
Aval to bills and guarantees of loans	-	-	-	-	-	-	-	-
Other commitments	14	10	3,288	3,538	-	661	-	7,511

\* Non performing loans according to the BOT's guidelines

(Unit: Million Baht)

		As at 31 December 2011						
<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing Loans*	Total
<b>Financial assets</b>								
Cash	903	-	-	-	-	-	-	903
Interbank and money market items	601	25,359	4,024	-	-	-	-	29,984
Derivatives assets	-	-	-	22	-	-	-	22
Investments - net	18	52	1,218	827	-	481	-	2,596
Investments in subsidiary - net	-	-	-	-	-	47	-	47
Loans to customers	14,134	18,255	36,370	103,070	5,058	-	2,949	179,836
	<u>15,656</u>	<u>43,666</u>	<u>41,612</u>	<u>103,919</u>	<u>5,058</u>	<u>528</u>	<u>2,949</u>	<u>213,388</u>
<b>Financial liabilities</b>								
Deposits	21,256	10,360	5,918	526	-	-	-	38,060
Interbank and money market items	407	1,947	6,834	1,670	-	-	-	10,858
Liabilities payable on demand	448	-	-	-	-	-	-	448
Derivatives liabilities	-	127	128	-	15	-	-	270
Debts issued and borrowings	1,661	59,064	71,312	5,750	6,000	-	-	143,787
	<u>23,772</u>	<u>71,498</u>	<u>84,192</u>	<u>7,946</u>	<u>6,015</u>	<u>-</u>	<u>-</u>	<u>193,423</u>
<b>Commitment and contingent liability</b>								
Aval to bills and guarantees of loans	5	-	-	-	-	-	-	5
Other commitments	149	3,474	4,092	4,032	1,650	4,279	-	17,676

\* Non performing loans according to the BOT's guidelines

### 3.37.4 Foreign exchange risk

The status of the Bank's foreign currency balances as at 30 June 2012 is as follows:

- a) Investment in a subsidiary company amounting to HKD 20 million (under the cost method net allowance for impairment equivalent to Baht 46 million).
- b) Loans in foreign currency amounting to USD 100 million (equivalent to Baht 3,183 million as at 30 June 2012), of which entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 3.37.5 to the financial statements.

### 3.37.5 Derivatives

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

As at 30 June 2012, the Bank has the following financial derivative instruments.

- a) Interest rate swap agreement

The Bank entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial assets, as follow:

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2016	3,032	25
2017	500	(2)

- b) Cross currency swap agreement

The Bank entered into cross currency swap agreements to manage risk associated with financial asset, as follow:

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2013	3,183	(111)

### 3.37.6 Fair value of financial instruments

The fair values of significant financial instruments of the Bank, as presented below.

(Unit: Million Baht)

<u>Transactions</u>	As at			
	30 June 2012		31 December 2011	
	Book Value	Fair Value	Book Value	Fair Value
<b><u>Financial assets</u></b>				
Cash	792	792	903	903
Interbank and money market items - net	14,311	14,311	29,984	29,984
Investments - net	3,209	3,209	2,596	2,596
Investments in subsidiaries - net	46	46	47	47
Loans to customers and accrued interest receivables - net	199,378	202,572	175,737	180,040
<b><u>Financial liabilities</u></b>				
Deposits	81,537	81,537	38,060	38,060
Interbank and money market items - net	8,653	8,653	10,858	10,858
Liabilities payable on demand	756	756	448	448
Debt issued and borrowings	109,400	109,236	143,787	143,729

In estimating the fair value of financial instruments, an allowance for doubtful debt is deducted based on the relative risk. The book value of financial instruments are the values net of the full amount of such allowance for doubtful debt, after adjusting for loan loss reserve.

## 4. Dividend payment

	Approved by	Dividend per share		Amounts of dividend paid Million Baht	Dividend payment period
		Preference share	Ordinary share		
		Baht per share	Baht per share		
Interim dividend for 2011	The Board of Directors' Meeting of TISCO Bank No.8/2011 on 19 December 2011	0.55	0.55	400	January 2012
Total dividend payment in year 2011				400	

## 5. Approval of interim financial statements

These interim financial statements were approved by the Bank's Audit Committee on 10 August 2012.