

TISCO BANK PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS “TISCO FINANCE PUBLIC COMPANY LIMITED”
AND ITS SUBSIDIARY COMPANIES)
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2006

Report of Independent Auditor

To The Board of Directors and Shareholders of
TISCO Bank Public Company Limited
(Formerly known as “TISCO Finance Public Company Limited”)

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

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

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

I have also reviewed the statement of earnings for the three-month period ended 30 June 2006. These financial statements are the responsibility of the Bank’s management as to their correctness and the completeness of the presentation. I conducted my review in accordance with the auditing standard applicable to review engagements which provides less assurance than an audit conducted in accordance with generally accepted auditing standards. I accordingly do not express an audit opinion on the financial statements which I have reviewed. Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated financial statements of TISCO Bank Public Company Limited and its subsidiaries and the separate financial statements of TISCO Bank Public Company Limited for the year ended 31 December 2005 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 9 February 2006, expressed an unqualified audit opinion on those statements based on his audit. The balance sheet as at 31 December 2005, as presented herein for comparative purposes, formed an integral part of the financial statements which were audited and reported on by that auditor.

The consolidated statements of earnings, changes in shareholders' equity, and cash flows of TISCO Bank Public Company Limited and its subsidiaries and the separate financial statements of TISCO Bank Public Company Limited for the six-month period ended 30 June 2005, as presented herein for comparative purposes, formed an integral part of the financial statements for the six-month period ended 30 June 2005 which were audited in accordance with generally accepted auditing standards by the aforementioned auditor of our firm who, under his report dated 19 August 2005, expressed an unqualified audit opinion on those statements based on his audit.

The consolidated statement of earnings of TISCO Bank Public Company Limited and its subsidiaries and the separate financial statements of TISCO Bank Public Company Limited for the three-month period ended 30 June 2005, as presented herein for comparative purposes, formed an integral part of the financial statements which were reviewed by the aforementioned auditor, whose report dated 19 August 2005 stated that, based on his review, nothing had come to his attention that caused him to believe that the financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 10 August 2006

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

BALANCE SHEETS

AS AT 30 JUNE 2006 AND 31 DECEMBER 2005

(Unit : Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
ASSETS					
CASH		255,473,978	203,952,651	253,537,644	202,324,961
INTERBANK AND MONEY MARKET ITEMS	3.2				
Domestic					
Interest bearing		3,621,423,929	886,954,771	1,200,128,845	125,449
Non-interest bearing		362,426,243	618,458,009	283,491,571	490,008,800
Total interbank and money market items - net		3,983,850,172	1,505,412,780	1,483,620,416	490,134,249
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	3.3	1,740,000,000	2,000,000,000	1,740,000,000	2,000,000,000
INVESTMENTS	3.4,3.5,3.8				
Current investment - net		587,203,425	826,593,131	484,896,902	715,779,356
Long-term investment - net		3,548,595,504	4,378,779,842	3,394,780,807	4,145,861,821
Investment in subsidiaries - net		-	-	3,868,737,057	3,566,055,931
Net investments		4,135,798,929	5,205,372,973	7,748,414,766	8,427,697,108
RECEIVABLE FROM CLEARING HOUSE		13,482,783	61,191,433	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	3.6,3.8				
Loans and receivable		65,195,223,081	63,948,411,845	59,186,455,565	57,799,317,430
Securities and derivative business receivables		1,190,523,473	1,275,269,335	-	-
Total loans and receivable		66,385,746,554	65,223,681,180	59,186,455,565	57,799,317,430
Accrued interest receivable		126,640,696	113,987,295	85,077,154	77,532,932
Total loans, receivable and accrued interest receivable		66,512,387,250	65,337,668,475	59,271,532,719	57,876,850,362
Less : Allowance for doubtful accounts	3.7.1	(3,116,773,583)	(3,181,001,341)	(2,829,340,581)	(2,865,571,288)
Less : Allowance for loss on debt restructuring	3.7.2	(278,240,577)	(303,731,217)	(278,240,577)	(303,731,217)
Net loans, receivable and accrued interest receivable		63,117,373,090	61,852,935,917	56,163,951,561	54,707,547,857
PROPERTY FORECLOSED - net	3.9	1,248,522,431	1,206,694,763	1,252,322,416	1,211,258,840
LAND, PREMISES AND EQUIPMENT - net	3.10	1,562,543,235	1,559,496,070	1,024,997,368	1,004,248,203
DEFERRED TAX ASSETS	3.23	829,927,220	682,854,387	635,226,552	499,674,406
DIVIDEND RECEIVABLE FROM SUBSIDIARIES	3.27	-	-	846,022,234	846,022,234
OTHER ASSETS	3.11	807,747,486	1,004,850,554	629,319,780	833,879,355
TOTAL ASSETS		77,694,719,324	75,282,761,528	71,777,412,737	70,222,787,213

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

BALANCE SHEETS (Continued)

AS AT 30 JUNE 2006 AND 31 DECEMBER 2005

(Unit : Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS IN BAHT	3.12	36,031,468,254	34,450,801,235	36,055,447,639	34,611,262,962
INTERBANK AND MONEY MARKET ITEMS					
Domestic - Interest bearing	3.13	4,627,304,465	6,415,252,821	3,708,733,448	6,231,223,970
LIABILITY PAYABLE ON DEMAND		354,506,667	247,287,192	354,506,667	247,287,192
BORROWINGS					
Short-term borrowings	3.14	16,174,551,127	12,322,795,836	13,649,000,000	9,998,000,000
Long-term borrowings		5,144,200,000	5,167,743,812	5,144,200,000	5,144,200,000
Total borrowings		21,318,751,127	17,490,539,648	18,793,200,000	15,142,200,000
PAYABLE TO CLEARING HOUSE		572,968,242	566,490,815	-	-
SECURITIES AND DERIVATIVE BUSINESS PAYABLES		1,161,689,621	1,347,282,618	-	-
ACCRUED INTEREST PAYABLE		308,632,646	247,144,460	302,358,360	238,101,787
OTHER LIABILITIES	3.15	1,292,903,082	1,436,296,502	969,701,358	1,102,013,091
TOTAL LIABILITIES		65,668,224,104	62,201,095,291	60,183,947,472	57,572,089,002

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

BALANCE SHEETS (Continued)

AS AT 30 JUNE 2006 AND 31 DECEMBER 2005

(Unit : Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
SHAREHOLDERS' EQUITY					
Share capital					
Registered	2.2	11,002,000,000	11,002,000,000	11,002,000,000	11,002,000,000
Issued and paid up					
184,355,130 preference shares of Baht 10 each					
(31 December 2005: 180,947,630 preference shares of Baht 10 each)		1,843,551,300	1,809,476,300	1,843,551,300	1,809,476,300
541,267,120 ordinary shares of Baht 10 each					
(31 December 2005: 541,020,120 ordinary shares of Baht 10 each)		5,412,671,200	5,410,201,200	5,412,671,200	5,410,201,200
		7,256,222,500	7,219,677,500	7,256,222,500	7,219,677,500
Share premium					
Share premium of preference shares					
		63,894,850	43,128,630	63,894,850	43,128,630
Share premium of ordinary shares					
		36,500,000	36,500,000	36,500,000	36,500,000
Revaluation surplus on changes in the value of investment	3.19	657,922,348	1,011,780,646	657,922,348	1,011,780,646
Translation adjustments		92,108,104	112,560,156	92,108,104	112,560,156
Retained earnings					
Appropriated - statutory reserve					
	2.3	344,800,000	344,800,000	344,800,000	344,800,000
Unappropriated					
		3,142,017,463	3,882,251,279	3,142,017,463	3,882,251,279
Equity attributable to Bank shareholders		11,593,465,265	12,650,698,211	11,593,465,265	12,650,698,211
Minority interest - equity attributable to minority shareholders of subsidiary		433,029,955	430,968,026	-	-
TOTAL SHAREHOLDERS' EQUITY		12,026,495,220	13,081,666,237	11,593,465,265	12,650,698,211
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		77,694,719,324	75,282,761,528	71,777,412,737	70,222,787,213
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
	3.29				
Aval to bills and guarantees of loans		804,633,634	561,000,000	804,633,634	561,000,000
Other commitments		4,877,318,427	5,085,318,059	4,877,318,427	5,085,318,059

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

Mr. Pichai Chanvirachart
(President)

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2006 AND 2005

(Unit : Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		2006	2005	2006	2005
INTEREST AND DIVIDEND INCOME					
Loans		223,959,401	145,377,882	223,272,546	143,101,607
Interbank and money market items		152,738,226	22,882,356	126,021,116	13,273,391
Hire purchase and financial lease income		968,109,369	868,319,047	692,397,917	622,691,212
Investments		74,710,347	104,519,788	71,720,783	103,093,370
Total interest and dividend income		1,419,517,343	1,141,099,073	1,113,412,362	882,159,580
INTEREST EXPENSES					
Deposit		592,082,587	232,669,832	591,492,546	232,230,793
Interbank and money market items		36,905,804	33,178,203	20,436,686	20,614,164
Short-term borrowings		36,136,655	16,775,525	8,650,200	-
Long-term borrowings		53,394,490	51,795,412	53,228,767	53,228,768
Total interest expenses		718,519,536	334,418,972	673,808,199	306,073,725
Net interest and dividend income		700,997,807	806,680,101	439,604,163	576,085,855
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNT)		11,324,846	13,685,385	(4,981,440)	55,783,311
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		712,322,653	820,365,486	434,622,723	631,869,166
NON-INTEREST INCOME					
Brokerage fees		154,770,573	128,951,486	-	-
Gain (loss) on investments		16,656,119	6,374,305	16,951,864	(1,284,830)
Share of profit of subsidiary companies		-	-	176,139,708	89,020,546
Fees and service income					
Acceptances, aval and guarantees		191,517	132,853	191,517	132,853
Others		190,615,694	197,487,190	113,440,312	128,166,677
Gain (loss) on exchange		3,946,735	(426,470)	-	-
Other income		89,326,973	57,527,749	73,874,523	47,254,307
Total non-interest income		455,507,611	390,047,113	380,597,924	263,289,553
Total net income		1,167,830,264	1,210,412,599	815,220,647	895,158,719
NON-INTEREST EXPENSES					
Personnel expenses		265,697,153	235,223,598	148,502,534	115,610,958
Premises and equipment expenses		108,195,442	103,478,641	89,724,805	78,305,067
Taxes and duties		23,363,917	17,994,874	20,845,029	15,854,949
Fees and service expenses		160,360,229	151,539,821	98,395,435	97,502,227
Directors' remuneration	2.4	2,015,000	1,880,000	1,955,000	1,820,000
Other expenses		133,146,465	142,516,644	54,355,078	76,685,661
Total non-interest expenses		692,778,206	652,633,578	413,777,881	385,778,862
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		475,052,058	557,779,021	401,442,766	509,379,857
CORPORATE INCOME TAX		(117,886,225)	(151,549,155)	(50,275,583)	(109,332,440)
EARNINGS BEFORE MINORITY INTEREST		357,165,833	406,229,866	351,167,183	400,047,417
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANY		(5,998,650)	(6,182,449)	-	-
NET EARNINGS FOR THE PERIOD		351,167,183	400,047,417	351,167,183	400,047,417
EARNINGS PER SHARE					
	3.26.4.4				
Basic earnings per share		0.42	0.49	0.42	0.49
Diluted earnings per share		0.42	0.49	0.42	0.49

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

STATEMENTS OF EARNINGS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2006 AND 2005

(Unit : Baht)

	Note	CONSOLIDATED		THE BANK ONLY	
		2006	2005	2006	2005
INTEREST AND DIVIDEND INCOME					
Loans		416,635,344	283,315,909	414,931,128	279,556,359
Interbank and money market items		232,352,719	41,666,914	189,100,092	26,476,486
Hire purchase and financial lease income		1,931,464,123	1,698,775,021	1,380,618,576	1,218,406,627
Investments		182,615,720	190,014,849	179,564,406	186,380,167
Total interest and dividend income		2,763,067,906	2,213,772,693	2,164,214,202	1,710,819,639
INTEREST EXPENSES					
Deposit		1,020,561,447	436,336,228	1,019,510,281	435,627,802
Interbank and money market items		77,028,270	58,564,534	46,626,717	36,495,650
Short-term borrowings		65,420,191	25,550,039	14,907,353	-
Long-term borrowings		106,282,835	110,868,699	105,872,603	105,872,603
Total interest expenses		1,269,292,743	631,319,500	1,186,916,954	577,996,055
Net interest and dividend income		1,493,775,163	1,582,453,193	977,297,248	1,132,823,584
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		(59,571,882)	(52,864,635)	(60,511,129)	11,675,002
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		1,434,203,281	1,529,588,558	916,786,119	1,144,498,586
NON-INTEREST INCOME					
Brokerage fees		346,177,411	338,282,526	-	-
Gain (loss) on investments	3.20	290,665,454	129,117,922	280,209,438	(206,851)
Share of profit of subsidiary companies		-	-	346,279,665	361,344,037
Fees and service income					
Acceptances, aval and guarantees		320,750	423,164	320,750	423,164
Others		434,436,794	417,894,224	268,653,159	252,873,383
Gain on exchange		6,458,309	198,910	-	-
Other income	3.21	132,603,645	96,067,140	105,542,340	75,674,323
Total non-interest income		1,210,662,363	981,983,886	1,001,005,352	690,108,056
Total net income		2,644,865,644	2,511,572,444	1,917,791,471	1,834,606,642
NON-INTEREST EXPENSES					
Personnel expenses		600,130,108	478,221,461	357,118,688	228,104,425
Premises and equipment expenses		215,058,786	203,113,816	178,127,222	150,108,832
Taxes and duties		41,368,892	35,370,325	37,527,909	31,126,297
Fees and service expenses		295,809,985	294,582,291	168,628,346	186,083,221
Directors' remuneration	2.4	3,720,000	3,680,000	3,600,000	3,500,000
Other expenses	3.22	295,573,700	262,968,985	128,905,402	139,320,062
Total non-interest expenses		1,451,661,471	1,277,936,878	873,907,567	738,242,837
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		1,193,204,173	1,233,635,566	1,043,883,904	1,096,363,805
CORPORATE INCOME TAX	3.23	(284,771,430)	(302,339,420)	(148,713,090)	(179,199,010)
EARNINGS BEFORE MINORITY INTEREST		908,432,743	931,296,146	895,170,814	917,164,795
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANY		(13,261,929)	(14,131,351)	-	-
NET EARNINGS FOR THE PERIOD		895,170,814	917,164,795	895,170,814	917,164,795
EARNINGS PER SHARE					
	3.26.4.4				
Basic earnings per share		1.11	1.15	1.11	1.15
Diluted earnings per share		1.10	1.13	1.10	1.13

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2006 AND 2005

(Unit : Baht)

	CONSOLIDATED		THE BANK ONLY	
	2006	2005	2006	2005
Cash flows from operating activities				
Net earnings	895,170,814	917,164,795	895,170,814	917,164,795
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary company	13,261,929	14,131,351	-	-
Share of profit from operating results of subsidiary company	-	-	(346,279,665)	(361,344,037)
Depreciation and amortisation	96,269,062	80,256,611	66,215,830	50,173,526
Bad debt and doubtful accounts	109,334,304	91,151,768	103,763,044	23,222,595
Unrealised loss on revaluation of investments (reversal)	(2,456,333)	5,257,554	(2,456,333)	5,257,554
Allowance for impairment of property foreclosed (reversal)	(44,148,552)	2,260,458	(44,050,400)	277,108
Gain on disposal of investments	(290,364,782)	(134,287,750)	(277,753,104)	(5,050,707)
Gain on disposal of fixed assets	(684,018)	(2,179,337)	-	(2,063,966)
Loss (gain) from disposal of property foreclosed	83,886,579	58,647,539	(3,781,355)	5,011,868
Decrease (increase) in deferred tax assets	(1,657,451)	52,619,310	10,981,486	79,332,535
Decrease (increase) in accrued interest and dividend receivable	(22,877,240)	8,310,238	(17,622,438)	8,430,698
Decrease in other accrued income	42,808,043	22,089,204	57,420,587	8,027,171
Increase in accrued interest payable	61,488,186	7,072,544	64,256,573	8,788,168
Increase in accrued expenses	119,295,335	67,137,699	80,613,973	10,522,372
Earnings from operating activities before changes in operating assets and liabilities	1,059,325,876	1,189,631,984	586,479,012	747,749,680
Decrease (increase) in operating assets				
Interbank and money market items	(2,478,437,392)	(1,255,660,991)	(993,486,167)	(281,385,053)
Securities purchased under resale agreements	260,000,000	1,464,000,000	260,000,000	1,464,000,000
Receivable from clearing house	47,708,650	(689,719,860)	-	-
Loans and receivable	(1,913,861,669)	(4,602,509,223)	(1,728,566,572)	(4,110,273,974)
Securities and derivative business receivables	84,745,862	(187,927,511)	-	-
Property foreclosed	383,596,136	409,295,077	179,876,325	271,689,982
Other assets	156,487,621	(59,262,936)	152,488,274	1,423,695,663

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)

STATEMENTS OF CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2006 AND 2005

(Unit : Baht)

	CONSOLIDATED		THE BANK ONLY	
	2006	2005	2006	2005
Increase (decrease) in operating liabilities				
Deposits	1,580,667,019	6,017,281,907	1,444,184,677	6,044,370,200
Interbank and money market items	(1,787,948,356)	180,478,874	(2,522,490,522)	(1,603,464,666)
Liabilities payable on demand	107,219,475	-	107,219,475	-
Short-term borrowings	3,828,211,479	(12,670,623)	3,651,000,000	-
Payable to clearing house	6,477,427	26,252,129	-	-
Securities and derivative business payables	(185,592,997)	822,189,557	-	-
Other liabilities	(264,299,694)	356,368,073	(212,925,706)	425,817,617
Net cash flows from (used in) operating activities	<u>884,299,437</u>	<u>3,657,746,457</u>	<u>923,778,796</u>	<u>4,382,199,449</u>
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(221,645,841)	(6,773,689,133)	(220,232,942)	(7,858,058,535)
Cash received from disposal of investment in securities held for investment	1,084,281,531	4,369,546,741	994,113,153	4,011,842,258
Cash received from dividend of subsidiaries	-	-	11,200,000	699,598,390
Cash paid for purchase of equipment	(86,352,356)	(178,028,373)	(79,552,914)	(154,082,367)
Cash received from disposal of equipment	684,018	8,307,983	-	7,065,322
Net cash flows from (used in) investing activities	<u>776,967,352</u>	<u>(2,573,862,782)</u>	<u>705,527,297</u>	<u>(3,293,634,932)</u>
Cash flows from financing activities				
Dividend paid	(1,646,604,630)	(1,129,827,330)	(1,635,404,630)	(1,120,077,330)
Cash received from exchange of warrants to purchase preference shares	57,311,220	34,423,620	57,311,220	34,423,620
Net cash flows from (used in) financing activities	<u>(1,589,293,410)</u>	<u>(1,095,403,710)</u>	<u>(1,578,093,410)</u>	<u>(1,085,653,710)</u>
Translation adjustments	<u>(20,452,052)</u>	<u>15,434,498</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	51,521,327	3,914,463	51,212,683	2,910,807
Cash and cash equivalents at beginning of the period	203,952,651	3,765,946	202,324,961	1,841,478
Cash and cash equivalents at end of the period	<u>255,473,978</u>	<u>7,680,409</u>	<u>253,537,644</u>	<u>4,752,285</u>
	-		-	
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	1,206,056,170	624,472,456	1,122,660,381	569,207,887
Corporate income tax	204,087,632	161,863,734	83,323,614	11,577,792
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	2,470,000	10,687,000	2,470,000	10,687,000

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2006 AND 2005
(Unit : Baht)

	CONSOLIDATED									
	Issued and paid-up share capital		Share premium		Surplus	Translation	Statutory	Unappropriated	Minority interest-	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	adjustments	reserve	retained earnings	equity attributable to minority shareholders	
Balance as at 31 December 2004	1,841,234,800	5,339,075,200	23,206,450	36,500,000	1,255,383,557	98,315,392	254,600,000	3,301,679,365	430,901,335	12,580,896,099
Decrease in fair value of investments	-	-	-	-	(75,956,238)	-	-	-	-	(75,956,238)
Increase in translation adjustments	-	-	-	-	-	15,434,498	-	-	-	15,434,498
Net earnings for the period	-	-	-	-	-	-	-	917,164,795	-	917,164,795
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	(1,120,077,330)	-	(1,120,077,330)
Warrants converted to preference shares	25,150,000	-	9,273,620	-	-	-	-	-	-	34,423,620
Preference shares converted to ordinary shares	(10,687,000)	10,687,000	-	-	-	-	-	-	-	-
Increase in minority interest in subsidiary company	-	-	-	-	-	-	-	-	4,381,351	4,381,351
Balance as at 30 June 2005	<u>1,855,697,800</u>	<u>5,349,762,200</u>	<u>32,480,070</u>	<u>36,500,000</u>	<u>1,179,427,319</u>	<u>113,749,890</u>	<u>254,600,000</u>	<u>3,098,766,830</u>	<u>435,282,686</u>	<u>12,356,266,795</u>
Balance as at 31 December 2005	1,809,476,300	5,410,201,200	43,128,630	36,500,000	1,011,780,646	112,560,156	344,800,000	3,882,251,279	430,968,026	13,081,666,237
Decrease in fair value of investments	-	-	-	-	(353,858,298)	-	-	-	-	(353,858,298)
Decrease in translation adjustments	-	-	-	-	-	(20,452,052)	-	-	-	(20,452,052)
Net earnings for the period	-	-	-	-	-	-	-	895,170,814	-	895,170,814
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	(1,635,404,630)	-	(1,635,404,630)
Warrants converted to preference shares	36,545,000	-	20,766,220	-	-	-	-	-	-	57,311,220
Preference shares converted to ordinary shares	(2,470,000)	2,470,000	-	-	-	-	-	-	-	-
Increase in minority interest in subsidiary company	-	-	-	-	-	-	-	-	2,061,929	2,061,929
Balance as at 30 June 2006	<u>1,843,551,300</u>	<u>5,412,671,200</u>	<u>63,894,850</u>	<u>36,500,000</u>	<u>657,922,348</u>	<u>92,108,104</u>	<u>344,800,000</u>	<u>3,142,017,463</u>	<u>433,029,955</u>	<u>12,026,495,220</u>

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS "TISCO FINANCE PUBLIC COMPANY LIMITED" AND ITS SUBSIDIARY COMPANIES)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2006 AND 2005
(Unit : Baht)

	THE BANK ONLY								
	Issued and paid-up share capital		Share premium		Surplus	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment				
Balance as at 31 December 2004	1,841,234,800	5,339,075,200	23,206,450	36,500,000	1,255,383,557	98,315,392	254,600,000	3,301,679,365	12,149,994,764
Decrease in fair value of investments	-	-	-	-	(75,956,238)	-	-	-	(75,956,238)
Increase in translation adjustments	-	-	-	-	-	15,434,498	-	-	15,434,498
Net earnings for the period	-	-	-	-	-	-	-	917,164,795	917,164,795
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	(1,120,077,330)	(1,120,077,330)
Warrants converted to preference shares	25,150,000	-	9,273,620	-	-	-	-	-	34,423,620
Preference shares converted to ordinary shares	(10,687,000)	10,687,000	-	-	-	-	-	-	-
Balance as at 30 June 2005	<u>1,855,697,800</u>	<u>5,349,762,200</u>	<u>32,480,070</u>	<u>36,500,000</u>	<u>1,179,427,319</u>	<u>113,749,890</u>	<u>254,600,000</u>	<u>3,098,766,830</u>	<u>11,920,984,109</u>
Balance as at 31 December 2005	1,809,476,300	5,410,201,200	43,128,630	36,500,000	1,011,780,646	112,560,156	344,800,000	3,882,251,279	12,650,698,211
Decrease in fair value of investments	-	-	-	-	(353,858,298)	-	-	-	(353,858,298)
Decrease in translation adjustments	-	-	-	-	-	(20,452,052)	-	-	(20,452,052)
Net earnings for the period	-	-	-	-	-	-	-	895,170,814	895,170,814
Dividend paid (Note 4.3)	-	-	-	-	-	-	-	(1,635,404,630)	(1,635,404,630)
Warrants converted to preference shares	36,545,000	-	20,766,220	-	-	-	-	-	57,311,220
Preference shares converted to ordinary shares	(2,470,000)	2,470,000	-	-	-	-	-	-	-
Balance as at 30 June 2006	<u>1,843,551,300</u>	<u>5,412,671,200</u>	<u>63,894,850</u>	<u>36,500,000</u>	<u>657,922,348</u>	<u>92,108,104</u>	<u>344,800,000</u>	<u>3,142,017,463</u>	<u>11,593,465,265</u>

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
(FORMERLY KNOWN AS “TISCO FINANCE PUBLIC COMPANY LIMITED”
AND ITS SUBSIDIARY COMPANIES)
NOTES TO INTERIM FINANCIAL STATEMENTS

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

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act. B.E. 2547, and in accordance with the Notifications of the Bank of Thailand and the Office of the Securities and Exchange Commission.

Significant accounting policies adopted by TISCO Bank Public Company Limited (the “Bank”) and its subsidiary companies (the “subsidiaries”) are summarised below.

1.1 Revenue recognition

a) Interest and discounts on loans

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

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

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

The accounts will be reinstated to “accrual basis” when the overdue amount 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 dividends are declared.

c) Commissions and brokerage

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

d) Gain (loss) on trading in securities

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

e) Fees and service income

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

1.2 Interest expenses

Interest expenses are charged to earnings 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.

1.3 Investments in securities

Investments in securities held for trading purposes are determined at fair value. Gains or losses arising from changes in the value of securities are included in determining earnings.

Investments in available-for-sale securities, both held for short-term and long-term investment, are determined at fair value. Changes in the value of the securities are shown as separate items in shareholders' equity until the securities are sold, the changes are then included in determining earnings.

Investments in debt securities, both due within one year or expected to be held to maturity, are stated at amortised cost.

The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.

The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt instruments is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rate quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.

Losses on impairment (if any) of the investments in available-for-sale securities, debt securities due within one year or expected to be held to maturity and other investments are included in determining earnings.

The moving average method is used for computation of the cost of investment.

In the event the Bank and its subsidiaries reclassify their investments in securities, the investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining earnings or recorded as a surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

1.4 Investments in receivables purchased or transferred in and allowance for impairment of investments

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

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

1.5 Investment in subsidiary companies

Investments in subsidiary companies are accounted for by the equity method. Under this method investment are initially recorded at cost. In each period after the purchase, investments are adjusted for the share of earnings from the operations of the subsidiaries, these amounts are in proportion to the investment.

The Bank does not record investments by the equity method for any investments which had been transferred as the result of debt restructuring, and the Bank holds not less than 20% of the equity. The Bank is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.

1.6 Receivable from Clearing House/ Payable to Clearing House

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

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

1.7 Loans and receivable

The Bank and its subsidiaries present loans and receivable at principal balances, excluding accrued interest receivables. Unrecognised deferred income/discount on loans are deducted from loans.

1.8 Allowance for doubtful accounts and losses from troubled debt restructuring

The Bank and its subsidiaries provide allowances for doubtful accounts and losses from troubled debt restructuring in accordance with the notifications of the Bank of Thailand ("BOT") or the Office of the Securities and Exchange Commission ("SEC") and adjust the additional amount by which they expected not to be collectible. Judgment on the adequacy of the amount of allowance for doubtful accounts is based on the results of an evaluation of the current status of the debtors, in conjunction with the criteria laid down by the BOT or SEC in relation to the classification of loans, provisioning rates, valuation of collateral and reclassification of restructured loans.

An allowance for doubtful accounts for the hire-purchase and financial lease receivable of the subsidiaries is based on a percentage of the outstanding balance, net of unearned interest income, for each age of receivable. The subsidiaries also estimated the allowances for doubtful accounts on the basis of historical statistical data, assessment of the risk associated with the receivable, the nature of the collateral provided, and actual losses arising from such debtors in the past, while emphasizing the principal of conservatism. Furthermore, the adequacy of the allowance at the balance sheet date has been reviewed and evaluated in relation to the current status of the receivables. Bad debts are written off for accounts considered to be uncollectible.

1.9 Troubled debt restructuring

The Bank records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Accounting Standard No. 34 "Accounting for Troubled Debts Restructuring". The assets and equities was transferred to the Bank for debt settlement at lower of fair values of the assets, less estimated selling expenses (if any), or the amount of investment in receivables (excluding non-accrued interest income at the restructuring date).

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

1.10 Recognition and amortisation of customers' deposits assets

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

1.11 Borrowing and lending of securities

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

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

1.12 Property foreclosed

Property foreclosed is stated at the lower of cost or net realisable value.

Property foreclosed represents assets transferred from loans, hire purchase receivable on which the debtors had defaulted on their repayment obligations under the loan contracts or restructured receivables. The value of the assets are stated at the lower of the loans balance or market/appraisal value.

1.13 Financial lease

The Bank and its subsidiaries record assets under financial leases as assets and liabilities at the fair value of leased assets on the commencing date of the lease or at the present value of the minimum payments stipulated in the lease agreement, whichever is lower. The Bank and its subsidiaries use the interest rate specified in the lease agreement as the discount rate for calculating the present value of minimum payments. Interest is recorded throughout the lease period based on the outstanding amount payable in each period.

1.14 Depreciation and amortisation

- a) Land, premises and equipment are stated at cost less accumulated depreciation. Depreciation is calculated by reference to their cost on the straight-line method over the following estimated useful lives (with the exception of the depreciation of computer and communication equipment acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years):-

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

No depreciation is provided for land.

- b) Leasehold rights are amortised to expenses on a straight-line basis over the lease period of 12, 13.5 and 15 years.
- c) Software license fees are deferred and amortised over the period of the license agreements, which are for periods of 5 and 10 years. (with the exception of the amortisation of software licenses acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years).

- d) Licenses to trade securities on the Hong Kong Exchange and Clearing Limited (“HKEC”) are stated at cost less amortisation on a straight-line basis over 10 years.

1.15 Deferred income tax assets/liabilities

Accounting policy regarding deferred tax assets/liabilities complies with Accounting Standard No. 56 “Income taxes” but not yet effective under the Accounting Profession Act B.E. 2547.

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

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

Deferred income tax liabilities are recognised for all payable temporary differences.

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

1.16 Sales of commercial paper

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

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

1.17 Foreign currencies

Foreign currency transactions during the period have been translated into Baht at the rates ruling on the transaction dates. Assets and liabilities in foreign currencies outstanding on the balance sheet date have been translated into Baht at the rates ruling on the balance sheet date.

Exchange gains and losses are included in determining earnings.

1.18 Financial instruments

Financial instruments are any contracts which gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial instruments presented in the balance sheets comprise of cash, interbank and money market items (assets), securities purchased under resale agreements, investments, receivable from clearing house, loans, receivables and accrued interest receivables, deposits, interbank and money market items (liabilities), borrowings, securities sold under repurchase agreements, payable to clearing house and securities and derivative business payables. The accounting policy for each transaction is separately and individually disclosed.

1.19 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Bank and its subsidiaries have estimated the fair value of financial instruments as follows:-

a) Financial assets

The method used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets are presented as the amount stated in the balance sheet, including cash, interbank and money market items (assets), securities purchased under resale agreement, and loans and receivable which are considered to approximate their respective carrying value since the financial instruments are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions which are traded on an active and liquid market, such as investment in securities, have their fair values determined by the quoted market price.

b) Financial liabilities

The fair values of financial liabilities, including deposits, interbank and money market items (liabilities), liabilities payable on demand and borrowings are considered to approximate their respective carrying values for the same reasons as described above.

1.20 Earnings per share

Calculation of earnings per share is summarized below.

Basic earnings per share

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

Diluted earnings per share

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

In determining earnings per share for the three-month and six-month period, the amount of preference dividends as referred to above was arrived at on a time proportion basis.

1.21 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in setting up allowances for impairment of investments and property foreclosed, allowance for doubtful accounts and losses from troubled debt restructuring. Making such estimates and assumptions may affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

1.22 Basis for the preparation of the consolidated financial statements

The consolidated financial statements include the accounts of the Bank and its subsidiaries after eliminating material intercompany balances and transactions.

The financial statements of overseas subsidiaries have been translated to Thai Baht using the average Bank of Thailand ruling on the balance sheet date as to assets and liabilities, and at the average exchange rates ruling on the transaction dates as to revenues and expenses. The resultant difference has been shown under the caption of "Translation adjustments" within shareholders' equity.

1.23 Presentation

The presentation of the financial statements has been made in compliance with the requirement of the Notification of the Bank of Thailand relating to the format of the financial statements of commercial bank dated 10 May 2001.

Certain amounts in the financial statements as presented herein for comparative purposes have been reclassified to conform to the current period classifications, with no effect on previously reported net earnings or shareholders' equity.

2. GENERAL INFORMATION

2.1 The Bank's information

TISCO Bank Public Company Limited was incorporated as a public limited company under Thai laws. The Bank operates its business in Thailand and has been licensed by the Ministry of Finance to operate commercial banking business. The Bank's registered office is located at 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. The Bank has 14 branches in Thailand.

2.2 Share capital

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

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

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

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

2.3 Statutory reserve

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside as a statutory reserve at least 5% of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The statutory reserve could not be used for dividend payment.

2.4 Directors' remuneration

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

2.5 Provident fund

The Bank, its seven subsidiaries and their employees have jointly registered provident fund schemes under the Provident Fund Act B.E. 2530. The funds are contributed to by both the employees, the Bank and the subsidiary companies at rates of 5-10 percent of their employees' salaries depending on the number of years of service. The funds will be paid to the employees upon termination in accordance with the rules of the funds, and they are managed by Bangkok Bank Public Company Limited.

2.6 Related person and party transactions

The Bank has significant business transactions with its subsidiary and related companies (related by way of common shareholders and/or common directors). Such transactions have been concluded on the terms and basis as determined by the Bank and those companies, which are reference to the terms and price as charged to other customers.

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

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

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

3. DETAILS OF FINANCIAL STATEMENTS

3.1 Consolidated financial statements

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

(Unit : Percentage)

Company	Country of incorporation	Percentage of shares held by the Bank as at		Subsidiaries' total assets as a percentage to the consolidated total as at		Subsidiaries' total revenues as a percentage to the consolidated total for the six-month periods ended 30 June		Subsidiaries' net earnings (loss) as a percentage to the consolidated total for the six-month periods ended 30 June	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005	2006	2005	2006	2005
Subsidiaries directly owned by the Bank									
TISCO Securities Hong Kong Limited	China-Hong Kong	100.00	100.00	1.46	1.43	1.53	1.05	0.26	(0.96)
TISCO Securities Co., Ltd.	Thailand	99.99	99.99	3.54	1.91	16.19	14.10	21.25	12.35
TISCO Asset Management Co., Ltd.	Thailand	99.99	99.99	0.34	0.24	5.61	5.00	7.48	5.90
TISCO Leasing Co., Ltd.	Thailand	99.99	99.99	2.46	2.68	1.83	2.22	1.56	2.02
Hi-Way Co., Ltd.	Thailand	99.99	99.99	3.67	3.63	14.01	12.52	6.73	8.08
TISCO Information Technology Co., Ltd	Thailand	99.99	99.99	0.03	0.03	0.12	0.08	(4.48)	(3.80)
Thai Commercial Auto Co., Ltd.	Thailand	50.00	50.00	2.22	2.68	1.95	2.27	2.49	3.91
TISCO Group Co., Ltd.	Thailand	99.99	99.99	-	-	0.01	-	0.01	(0.15)
TISCO Corporation Public Co., Ltd.	Thailand	95.00	95.00	-	-	-	-	(0.04)	-
Subsidiaries indirectly owned by the Bank									
TISCO Global Securities Limited (Formerly known as "TISCO Global Investment Holding Limited")	China-Hong Kong	100.00	100.00	0.03	-	0.01	0.04	(0.03)	0.11
TISCO Securities UK Limited (Liquidation in 2005)	United Kingdom	-	-	-	-	-	-	-	0.01
TISCO Securities Singapore Pte. Ltd. (In process of being deregistered)	Singapore	100.00	100.00	-	-	-	-	-	(0.04)
VLT Leasing Co., Ltd.	Thailand	50.00	50.00	-	0.02	0.05	0.35	(0.11)	0.77

3.2 Interbank and money market items (assets)

(Unit : Baht)

	Consolidated as at					
	30 June 2006			31 December 2005		
	At call	Term	Total	At call	Term	Total
Bank of Thailand and Financial Institutions Development Fund	201,819,997	-	201,819,997	452,351,484	-	452,351,484
Commercial banks	1,574,474,930	2,092,702,181	3,667,177,111	1,015,267,489	10,600,184	1,025,867,673
Other banks and financial institutions	112,655,969	-	112,655,969	27,193,623	-	27,193,623
Total domestic	1,888,950,896	2,092,702,181	3,981,653,077	1,494,812,596	10,600,184	1,505,412,780
Add : Accrued interest	359,056	1,838,039	2,197,095	-	-	-
Total	1,889,309,952	2,094,540,220	3,983,850,172	1,494,812,596	10,600,184	1,505,412,780

(Unit : Baht)

	The Bank Only as at					
	30 June 2006			31 December 2005		
	At call	Term	Total	At call	Term	Total
Bank of Thailand and Financial Institutions Development Fund	201,148,253	-	201,148,253	452,351,484	-	452,351,484
Commercial banks	82,343,318	1,200,126,777	1,282,470,095	37,657,316	125,449	37,782,765
Total domestic	283,491,571	1,200,126,777	1,483,618,348	490,008,800	125,449	490,134,249
Add : Accrued interest	2,068	-	2,068	-	-	-
Total	283,493,639	1,200,126,777	1,483,620,416	490,008,800	125,449	490,134,249

(Unit : Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated		The Bank Only		Type of pledged
	As at		As at		
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	
Cash at banks of its local subsidiary	10	10	-	-	To secure facilities provided for bank overdraft
Promissory notes deposited in name of subsidiary for securities borrowing and lending	-	12	-	-	As collateral for borrowing securities, which a subsidiary received from a client under a securities borrowing and lending agreement.

3.3 Securities purchased under resale agreements

(Unit : Million Baht)

	Consolidated/The Bank Only as at	
	30 June 2006	31 December 2005
Bank of Thailand Bond	1,740	2,000

3.4 Investments

(Unit : Baht)

	Consolidated as at			
	30 June 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Current investment				
Trading securities				
Equity securities :				
Domestic marketable equity securities	1,021	835	712	1,000
Add (less) : Allowance for changes in value	(186)		288	
Net equity securities	835		1,000	
Total trading securities	835		1,000	
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	223,065,818	223,062,458	407,956,994	407,906,038
Debt securities of private sector	242,789,129	183,307,275	285,452,079	221,803,717
Total	465,854,947	406,369,733	693,409,073	629,709,755
Add (less) : Allowance for changes in value	928,786		(3,285,318)	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	406,369,733		629,709,755	
Equity securities :				
Domestic marketable equity securities	124,491,790	78,747,027	124,491,790	86,108,412
Less : Allowance for changes in value	(45,744,763)		(38,383,378)	
Net equity securities	78,747,027		86,108,412	
Total available-for-sales securities	485,116,760		715,818,167	

(Unit : Baht)

	Consolidated as at			
	30 June 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities-due within 1 year				
Government and state enterprise securities	786,159		1,570,129	
Foreign debt securities	101,299,671		109,203,835	
Total held-to-maturity debt securities-due within 1 year	102,085,830		110,773,964	
Net current investments	587,203,425		826,593,131	
Long-term investment				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000,000	102,099,610	100,000,000	100,523,500
Add : Allowance for changes in value	2,099,610		523,500	
Debt securities - net	102,099,610		100,523,500	
Equity securities :				
Domestic marketable equity securities	2,355,420,315	2,180,517,927	2,620,256,702	2,928,773,993
Other securities - unit trusts	106,132,790	125,165,181	188,945,143	209,833,092
Total	2,461,553,105	2,305,683,108	2,809,201,845	3,138,607,085
Add (less) : Allowance for changes in value	(155,869,997)		329,405,240	
Net equity securities	2,305,683,108		3,138,607,085	
Total available-for-sales securities	2,407,782,718		3,239,130,585	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	337,191,923		337,210,727	
Debt securities of private sector	4,000		4,000	
Total held-to-maturity debt securities	337,195,923		337,214,727	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,042,888,354		1,042,888,354	
Investment in receivables	6,352,324		7,626,324	
Less : Allowance for impairment	(245,623,815)		(248,080,148)	
Total other investment	803,616,863		802,434,530	
Net long-term investments	3,548,595,504		4,378,779,842	
Net investments	4,135,798,929		5,205,372,973	

(Unit : Baht)

	The Bank Only as at			
	30 June 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Current investment				
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	222,399,548	222,398,549	406,626,435	406,576,628
Debt securities of private sector	242,789,129	183,751,327	285,452,078	223,094,316
Total	465,188,677	406,149,876	692,078,513	629,670,944
Add (less) : Allowance for changes in value	1,375,199		(1,993,569)	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	406,149,876		629,670,944	
Equity securities :				
Domestic marketable equity securities	124,491,790	78,747,026	124,491,790	86,108,412
Less : Allowance for changes in value	(45,744,764)		(38,383,378)	
Net equity securities	78,747,026		86,108,412	
Total available-for-sales securities	484,896,902		715,779,356	
Net current investments	484,896,902		715,779,356	
Long-term investment				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000,000	102,099,610	100,000,000	100,523,500
Add : Allowance for changes in value	2,099,610		523,500	
Debt securities – net	102,099,610		100,523,500	
Equity securities :				
Domestic marketable equity securities	2,339,328,688	2,158,562,000	2,604,165,076	2,909,412,865
Other securities – unit trusts	2,974,744	2,988,605	5,948,876	5,977,197
Total	2,342,303,432	2,161,550,605	2,610,113,952	2,915,390,062
Add (less) : Allowance for changes in value	(180,752,827)		305,276,110	
Net equity securities	2,161,550,605		2,915,390,062	
Total available-for-sales securities	2,263,650,215		3,015,913,562	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	335,000,000		335,000,000	
Total held-to-maturity debt securities	335,000,000		335,000,000	

(Unit : Baht)

	The Bank Only as at			
	30 June 2006		31 December 2005	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,032,775,160		1,032,775,160	
Investment in receivables	8,979,247		10,253,247	
Less : Allowance for impairment	(245,623,815)		(248,080,148)	
Total other investment	<u>796,130,592</u>		<u>794,948,259</u>	
Net long-term investments	<u>3,394,780,807</u>		<u>4,145,861,821</u>	
Investment in subsidiaries				
Investment in subsidiaries	<u>3,868,737,057</u>		<u>3,566,055,931</u>	
Net investments	<u><u>7,748,414,766</u></u>		<u><u>8,427,697,108</u></u>	

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

(Unit : Million Baht)

	Consolidated/the Bank Only		Remark
	As at		
	30 June 2006	31 December 2005	
Government bonds	335	335	These bonds are redeemable within a 10-year period, maturing in 2009 and carry interest at rates of 4% and 5% per annum.

3.4.2 Investments subject to restriction

(Unit : Million Baht)

Type of investment	Consolidated		The Bank Only		Type of restriction
	As at		As at		
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	
Domestic marketable equity securities	29	35	29	35	Marketable equity securities may not be sold during the period stipulated as a condition of troubled debt restructuring agreements made with restructured receivables.
Domestic non-marketable equity securities	13	13	13	13	Pledged as security for short-term loan from a company
Government debt securities	5	5	3	3	Pledged for electricity usage
Government debt securities	63	63	63	63	Pledged under agreement to swap a floating interest rate for a fixed interest rate, described in Note 3.30.2
Foreign debt securities	101	109	-	-	Pledged to secure credit facility

3.4.3 Investment in debt securities classified by due date

(Unit : Baht)

	Consolidated as at 30 June 2006			
	Maturity			
	1 year	Over 1 - 5 years	Over 5 years	Total
Available-for-sale securities				
Government and state enterprise securities	223,065,818	-	-	223,065,818
Debt securities of private sector	80,342,044	262,447,085	-	342,789,129
Total	303,407,862	262,447,085	-	565,854,947
Add (less) : Allowance for changes in value	(560,870)	3,589,266	-	3,028,396
Less : Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	242,432,992	266,036,351	-	508,469,343
Held-to-maturities debt securities				
Government and state enterprise securities	786,159	337,191,923	-	337,978,082
Debt securities of private sector	-	4,000	-	4,000
Foreign debt securities	101,299,671	-	-	101,299,671
Total	102,085,830	337,195,923	-	439,281,753
Total debt securities	344,518,822	603,232,274	-	947,751,096

(Unit : Baht)

Consolidated as at 31 December 2005				
	Maturity			Total
	1 year	Over 1 - 5 years	Over 5 years	
Available-for-sale securities				
Government and state enterprise securities	407,956,994	-	-	407,956,994
Debt securities of private sector	80,254,236	107,500,500	197,697,343	385,452,079
Total	488,211,230	107,500,500	197,697,343	793,409,073
Add (less) : Allowance for changes in value	(1,475,444)	(2,323,991)	1,037,617	(2,761,818)
Less : Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	426,321,786	105,176,509	198,734,960	730,233,255
Held-to-maturities debt securities				
Government and state enterprise securities	1,570,129	337,210,727	-	338,780,856
Debt securities of private sector	-	4,000	-	4,000
Foreign debt securities	109,203,835	-	-	109,203,835
Total	110,773,964	337,214,727	-	447,988,691
Total debt securities	537,095,750	442,391,236	198,734,960	1,178,221,946

(Unit : Baht)

The Bank Only as at 30 June 2006				
	Maturity			Total
	1 year	Over 1 - 5 years	Over 5 years	
Available-for-sale securities				
Government and state enterprise securities	222,399,548	-	-	222,399,548
Debt securities of private sector	80,342,044	262,447,085	-	342,789,129
Total	302,741,592	262,447,085	-	565,188,677
Add (less) : Allowance for changes in value	(114,457)	3,589,266	-	3,474,809
Less : Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	242,213,135	266,036,351	-	508,249,486
Held-to-maturities debt securities				
Government and state enterprise securities	-	335,000,000	-	335,000,000
Total	-	335,000,000	-	335,000,000
Total debt securities	242,213,135	601,036,351	-	843,249,486

(Unit : Baht)

The Bank Only as at 31 December 2005				
	Maturity			Total
	1 year	Over 1 - 5 years	Over 5 years	
Available-for-sale securities				
Government and state enterprise securities	406,626,435	-	-	406,626,435
Debt securities of private sector	80,254,236	107,500,500	197,697,342	385,452,078
Total	486,880,671	107,500,500	197,697,342	792,078,513
Add (less) : Allowance for changes in value	(183,695)	(2,323,991)	1,037,617	(1,470,069)
Less : Allowance for impairment	(60,414,000)	-	-	(60,414,000)
Total	426,282,976	105,176,509	198,734,959	730,194,444
Held-to-maturities debt securities				
Government and state enterprise securities	-	335,000,000	-	335,000,000
Total	-	335,000,000	-	335,000,000
Total debt securities	426,282,976	440,176,509	198,734,959	1,065,194,444

3.4.4 Investment in companies which have weak financial standing or operating results

(Unit : Baht)

Consolidated / The Bank Only			
As at 30 June 2006			
	Cost	Fair value	Allowance for changes in Value ⁽¹⁾
Companies having problems with debt repayment or in default	67,873,030	-	67,873,030

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

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

(Unit : Baht)

Name	Consolidated as at					
	30 June 2006			31 December 2005		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
		%			%	
<u>Insurance :</u>						
GITC Co., Ltd.	13,200,000	-	40	13,200,000	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,016	-	11
<u>Services :</u>						
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	37,334,990	-	10
<u>Leasing and hire purchase :</u>						
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
<u>Trading import and export :</u>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,654,300	-	10	3,654,300	-	10
<u>Real estate :</u>						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	10,422,000	-	10	10,422,000	-	10
<u>Industrial :</u>						
Siam Art Ceramic Co., Ltd.	15,697,000	-	10	14,762,000	-	10

(Unit : Baht)

Name	The Bank Only as at					
	30 June 2006			31 December 2005		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
		%			%	
<u>Insurance :</u>						
GITC Co., Ltd.	13,200,000	-	40	13,200,000	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,016	-	11
<u>Services :</u>						
TISCO Securities Hong Kong Limited	228,236,015	-	100	243,097,170	-	100
TISCO Securities Co., Ltd.	1,738,065,876	-	99.99	1,581,799,090	-	99.99
TISCO Asset Management Co., Ltd.	175,718,005	-	99.99	118,057,131	-	99.99
TISCO Information Technology Co., Ltd.	22,572,257	-	99.99	7,669,227	-	99.99
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	37,334,990	-	10
<u>Leasing and hire purchase :</u>						
Thai Commercial Auto Co., Ltd.	432,905,835	100,000,000	50	430,843,955	100,000,000	50
Hi-Way Co., Ltd.						
(ordinary shares and preference shares)	171,767,957	-	99.99	114,575,472	-	99.99
TISCO Leasing Co., Ltd.	1,027,492,089	-	99.99	998,653,779	-	99.99
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
<u>Trading import and export :</u>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,654,300	-	10	3,654,300	-	10
<u>Real estate :</u>						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	10,422,000	-	10	10,422,000	-	10
<u>Industrial :</u>						
Siam Art Ceramic Co., Ltd.	15,697,000	-	10	14,762,000	-	10
<u>Holding :</u>						
TISCO Group Co., Ltd.	72,645,410	-	99.99	71,428,607	-	99.99
TISCO Corporation Plc.	(666,387)	-	95	(68,500)	-	95

3.4.6 The Bank does not record investments by the equity method for any investments which had been transferred as the result of debt restructuring, and the Bank holds not less than 20% of the equity. The Bank is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.

Name	Consolidated/The Bank Only	
	As at 30 June 2006	
	Book value	Percentage of holding
	Baht	%
GITC Co., Ltd.	13,200,000	40
Jiji Press (Thailand) Co., Ltd.	1,627,646	20
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	21

3.5 Investment in subsidiary companies

Company's name	Nature of Business	Paid-up share capital		Cost method		Equity method ⁽¹⁾		(Unit : Million Baht) Dividend received ⁽²⁾ for the six-month periods	
		As at		As at		As at		ended 30 June	
		30 June	31 December	30 June	31 December	30 June	31 December	2006	2005
		2006	2005	2006	2005	2006	2005	2006	2005
Subsidiary companies directly held by the Bank :									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	228	243	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,738	1,582	-	170
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	176	118	-	140
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,027	999	-	280
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	172	114	-	100
TISCO Information Technology Co., Ltd.	Services	20	20	44	44	23	8	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	433	431	11	10
TISCO Group Co., Ltd.	Holdings	150	150	150	150	73	71	-	-
TISCO Corporation Plc.	Holdings	-	-	-	-	(1)	-	-	-
						3,869	3,566	11	700

⁽¹⁾ Calculated by including share of profit in subsidiaries in which the Bank has indirect holdings.

⁽²⁾ Including dividend received from subsidiary companies which indirectly held by the Bank.

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

3.6 Loans, receivable and accrued interest receivable

3.6.1 Classified by type of loan and receivable

(Unit : Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
<u>Loans and receivable :</u>				
Loans	14,585,419,862	13,892,440,686	14,547,788,767	13,833,778,155
Hire - purchase and financial lease receivable	50,609,803,219	50,055,971,159	44,638,666,798	43,965,539,275
Total loans and receivable	65,195,223,081	63,948,411,845	59,186,455,565	57,799,317,430
Add : Accrued interest receivable	126,640,696	113,987,295	85,077,154	77,532,932
Less : Allowance for doubtful accounts	(3,113,021,347)	(3,122,949,106)	(2,829,340,581)	(2,865,571,288)
Less : Allowance for loss on debt restructuring	(278,240,577)	(303,731,217)	(278,240,577)	(303,731,217)
Net loans, receivable and accrued interest receivable	61,930,601,853	60,635,718,817	56,163,951,561	54,707,547,857
<u>Securities and derivative business receivable :</u>				
<u>Securities business receivable</u>				
Customer's cash accounts	1,187,631,746	1,207,205,796	-	-
Customer's securities borrowings and lending accounts	-	10,560,000	-	-
Other receivable :-				
Overdue customers' accounts	234,092	123,421	-	-
Installment receivable	2,657,635	57,380,118	-	-
Total securities business receivable	1,190,523,473	1,275,269,335	-	-
Less : Allowance for doubtful accounts	(3,752,236)	(58,052,235)	-	-
Net securities business receivable	1,186,771,237	1,217,217,100	-	-
Net loans, receivable and accrued interest receivable	63,117,373,090	61,852,935,917	56,163,951,561	54,707,547,857

3.6.2 Classified by remaining periods of contracts

(Unit : Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Loans and receivable				
Not over 1 year (included contract which are due)	9,401,061,666	9,167,098,100	8,114,432,458	7,860,977,349
Over 1 year	55,794,161,415	54,781,313,745	51,072,023,107	49,938,340,081
Total loans and receivable	65,195,223,081	63,948,411,845	59,186,455,565	57,799,317,430
Add : Accrued interest receivable	126,640,696	113,987,295	85,077,154	77,532,932
Total loans, receivable and accrued interest receivable	<u>65,321,863,777</u>	<u>64,062,399,140</u>	<u>59,271,532,719</u>	<u>57,876,850,362</u>

3.6.3 Classified by type of business

(Unit : Baht)

	Consolidated as at 30 June 2006						Subsidiaries	Total
	The Bank Only							
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total		
Agricultural and mining	99,208,663	1,292,481	613,193	1,257,546	327,103	102,698,986	-	102,698,986
Manufacturing and commerce	6,691,016,786	99,068,737	12,206,600	67,603,637	329,646,843	7,199,542,603	36,244,400	7,235,787,003
Real estate and construction	3,642,897,676	50,763,332	25,717,883	5,801,437	598,226,090	4,323,406,418	-	4,323,406,418
Public utilities and services	1,611,392,498	13,974,911	3,368,619	2,969,043	6,459,587	1,638,164,658	-	1,638,164,658
Personal use								
Hire - purchase	37,094,405,916	2,182,725,430	256,300,126	148,839,988	111,045,401	39,793,316,861	5,971,136,421	45,764,453,282
Housing loans	1,689,065,671	55,495,593	20,085,316	20,440,967	196,765,280	1,981,852,827	-	1,981,852,827
Securities	-	-	-	-	-	-	1,190,523,473	1,190,523,473
Others	3,103,147,354	30,136,656	361,492,137	18,466,239	634,230,826	4,147,473,212	1,386,695	4,148,859,907
Total loans, receivable and securities business receivable	53,931,134,564	2,433,457,140	679,783,874	265,378,857	1,876,701,130	59,186,455,565	7,199,290,989	66,385,746,554
Add : Accrued interest receivable	53,697,959	31,379,195	-	-	-	85,077,154	41,563,542	126,640,696
Total loans, receivable and securities business receivable and accrued interest receivable	<u>53,984,832,523</u>	<u>2,464,836,335</u>	<u>679,783,874</u>	<u>265,378,857</u>	<u>1,876,701,130</u>	<u>59,271,532,719</u>	<u>7,240,854,531</u>	<u>66,512,387,250</u>

(Unit : Baht)

	The Bank Only as at 30 June 2006					
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total
	Agricultural and mining	99,208,663	1,292,481	613,193	1,257,546	327,103
Manufacturing and commerce	6,691,016,786	99,068,737	12,206,600	67,603,637	329,646,843	7,199,542,603
Real estate and construction	3,642,897,676	50,763,332	25,717,883	5,801,437	598,226,090	4,323,406,418
Public utilities and services	1,611,392,498	13,974,911	3,368,619	2,969,043	6,459,587	1,638,164,658
Personal use						
Hire - purchase	37,094,405,916	2,182,725,430	256,300,126	148,839,988	111,045,401	39,793,316,861
Housing loans	1,689,065,671	55,495,593	20,085,316	20,440,967	196,765,280	1,981,852,827
Others	3,103,147,354	30,136,656	361,492,137	18,466,239	634,230,826	4,147,473,212
Total loans and receivable	53,931,134,564	2,433,457,140	679,783,874	265,378,857	1,876,701,130	59,186,455,565
Add : Accrued interest receivable	53,697,959	31,379,195	-	-	-	85,077,154
Total loans, receivable and accrued interest receivable	<u>53,984,832,523</u>	<u>2,464,836,335</u>	<u>679,783,874</u>	<u>265,378,857</u>	<u>1,876,701,130</u>	<u>59,271,532,719</u>

(Unit : Baht)

Consolidated as at 31 December 2005

	The Bank Only						Subsidiaries	Total
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total		
Manufacturing and commerce	6,253,538,280	89,443,787	35,559,494	32,225,147	311,436,943	6,722,203,651	57,182,642	6,779,386,293
Real estate and construction	3,485,656,094	61,787,700	6,806,840	5,083,530	589,489,581	4,148,823,745	-	4,148,823,745
Public utilities and services	1,626,220,139	15,359,737	4,743,668	3,869,538	5,426,503	1,655,619,585	-	1,655,619,585
Personal use								
Hire – purchase	36,537,560,414	1,932,716,890	268,879,049	143,132,988	101,347,000	38,983,636,341	6,090,431,883	45,074,068,224
Housing loans	1,826,070,709	35,253,718	13,565,038	14,515,558	285,412,455	2,174,817,478	-	2,174,817,478
Securities	-	-	-	-	-	-	1,275,269,335	1,275,269,335
Others	3,289,606,159	33,677,168	15,915,379	31,357,066	622,801,395	3,993,357,167	1,479,890	3,994,837,057
Total loans, receivable and securities								
business receivable	53,132,007,430	2,174,215,712	346,290,168	230,890,243	1,915,913,877	57,799,317,430	7,424,363,750	65,223,681,180
Add : Accrued interest receivable	48,962,617	28,570,315	-	-	-	77,532,932	36,454,363	113,987,295
Total loans, receivable and securities								
business receivable and accrued interest receivable	53,180,970,047	2,202,786,027	346,290,168	230,890,243	1,915,913,877	57,876,850,362	7,460,818,113	65,337,668,475

(Unit : Baht)

The Bank Only as at 31 December 2005

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total
Manufacturing and commerce	6,253,538,280	89,443,787	35,559,494	32,225,147	311,436,943	6,722,203,651
Real estate and construction	3,485,656,094	61,787,700	6,806,840	5,083,530	589,489,581	4,148,823,745
Public utilities and services	1,626,220,139	15,359,737	4,743,668	3,869,538	5,426,503	1,655,619,585
Personal use						
Hire – purchase	36,537,560,414	1,932,716,890	268,879,049	143,132,988	101,347,000	38,983,636,341
Housing loans	1,826,070,709	35,253,718	13,565,038	14,515,558	285,412,455	2,174,817,478
Others	3,289,606,159	33,677,168	15,915,379	31,357,066	622,801,395	3,993,357,167
Total loans and receivable	53,132,007,430	2,174,215,712	346,290,168	230,890,243	1,915,913,877	57,799,317,430
Add : Accrued interest receivable	48,962,617	28,570,315	-	-	-	77,532,932
Total loans, receivable and accrued interest receivable	53,180,970,047	2,202,786,027	346,290,168	230,890,243	1,915,913,877	57,876,850,362

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

(Unit : Million Baht)

The Bank	Amounts calculated under BOT's guideline ⁽²⁾				Amounts calculated under the Bank's policy	
	The Bank Only		The Bank Only		The Bank Only	
	As at		As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Loans and receivable for which the recognition of interest income has ceased ⁽¹⁾	2,522	2,229	3,606 ⁽²⁾	4,534 ⁽³⁾		

⁽¹⁾ These amounts are calculated on an account by account basis.⁽²⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.⁽³⁾ Loans and receivables totaling Baht 3,018 million (31 December 2005 : Baht 3,842 million), for which a 100 percent allowance for doubtful debts has been provided against the unsecured portion. The above amounts are calculated on an account-by-account basis.

Subsidiaries	(Unit : Million Baht)	
	As at	
	30 June 2006	31 December 2005
Securities business loans and receivables, hire-purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has ceased	457 ⁽¹⁾	446 ⁽¹⁾

⁽¹⁾ Baht 131 million of such amount being loans and receivables (31 December 2005 : Baht 108 million), for which a 100 percent allowance for doubtful debts has been provided.

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

	(Unit : Million Baht)			
	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Unearned interest income	6,723	6,308	5,306	4,986

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

	(Unit : Million Baht)	
	The Bank Only	
	As at 30 June 2006	
Restructured loans and receivable ⁽¹⁾	739	
Loans and receivable which are being restructured ⁽²⁾	140	

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

⁽²⁾ The Bank sets up an allowance for the possible loan loss of approximately Baht 111 million.

3.6.7 Troubled debt restructuring

- Debt restructuring during the period

	The Bank Only	
	For the six-month periods ended 30	
	June	
	2006	2005
Number of debtors (number)	13	33
Loan balances before restructuring (Million Baht)	1,038	377
Interest income on restructured receivables (Million Baht)	42	24
Receipt of principal and interest (Million Baht)	429	510
Loss on troubled debt restructuring (Million Baht)	-	-

- Debtors which were subjected to debt restructuring

The Bank Only as at 30 June 2006				
Type of restructuring	Number of receivables	Outstanding loan	Type of assets transferred	Fair value
		balance before restructuring		of transferred assets
		(Million Baht)	(Million Baht)	
Transfer of assets	23	2,600	Land	20
			Land and premises	2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification of terms	3	898	Land	198
			Equity securities	14
			Machinery	22
Transfer of equity securities and modification of terms	45	4,071	Equity securities	1,237
			Debt securities	21
Transfer of assets and modification of terms	12	2,191	Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	1,098	23,008		
Total	1,186	33,557		5,051

- The balance of the restructured debts

(Unit : Million Baht)		
The Bank Only		
As at		
	30 June 2006	31 December 2005
The balance of the restructured debts	2,808	3,135

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

(Unit : Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	The Bank Only	
	As at	
	30 June 2006	31 December 2005
Amounts to be provided under BOT's guidelines	2,223	2,276
Amounts already set up by the Bank	3,108 ⁽¹⁾	3,169 ⁽¹⁾
Amounts in excess of the required amount	885	893

⁽¹⁾ The allowance for doubtful debts consists of allowance for doubtful debts of Baht 1,817 million (31 December 2005 : Baht 2,293 million) set aside for the unsecured portion of loans amounting Baht 3,018 million (31 December 2005 : Baht 3,842 million) at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,291 million (31 December 2005 : Baht 876 million) set up for the other loans and receivables.

The Bank's management believes that this allowance is sufficient to cover possible losses on debt collection.

3.7.1 Allowance for doubtful accounts

(Unit : Baht)

	Consolidated as at 30 June 2006						
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of period	694,345,871	62,207,792	114,009,817	200,804,431	1,557,135,712	552,497,718	3,181,001,341
Increase (decrease) in allowance for doubtful accounts during the period	(2,660,399)	(1,956,728)	2,296,468	(18,866,249)	175,457,195	(32,727,078)	121,543,209
Bad debt written - off	(3,692,891)	-	(226,943)	(10,624,417)	(171,226,716)	-	(185,770,967)
Balance - end of period	687,992,581	60,251,064	116,079,342	171,313,765	1,561,366,191	519,770,640	3,116,773,583

(Unit : Baht)

	Consolidated as at 31 December 2005						
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of year	763,477,090	38,367,951	104,331,637	295,255,259	1,830,234,568	897,205,431	3,928,871,936
Increase (decrease) in allowance for doubtful accounts during the year	(69,131,219)	23,839,841	9,941,617	(88,783,272)	357,154,466	(344,707,713)	(111,686,280)
Bad debt written - off	-	-	(263,437)	(5,667,556)	(630,253,322)	-	(636,184,315)
Balance - end of year	694,345,871	62,207,792	114,009,817	200,804,431	1,557,135,712	552,497,718	3,181,001,341

(Unit : Baht)

The Bank Only as at 30 June 2006

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of period	641,958,818	51,792,603	79,230,554	145,897,725	1,449,193,869	497,497,719	2,865,571,288
Increase (decrease) in allowance for doubtful accounts during the period	248,856	(3,659,589)	(8,719,623)	(12,569,401)	121,247,384	21,412,413	117,960,040
Bad debt written - off	(3,692,891)	-	(226,943)	(10,624,417)	(139,646,496)	-	(154,190,747)
Balance - end of period	638,514,783	48,133,014	70,283,988	122,703,907	1,430,794,757	518,910,132	2,829,340,581

(Unit : Baht)

The Bank Only as at 31 December 2005

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of year	704,169,329	29,826,615	80,183,486	271,006,463	1,321,584,128	824,278,635	3,231,048,656
Increase (decrease) in allowance for doubtful accounts during the year	(62,210,511)	21,965,988	(689,495)	(119,535,412)	324,257,019	(326,780,916)	(162,993,327)
Bad debt written - off	-	-	(263,437)	(5,573,326)	(196,647,278)	-	(202,484,041)
Balance - end of year	641,958,818	51,792,603	79,230,554	145,897,725	1,449,193,869	497,497,719	2,865,571,288

3.7.2 Allowance for loss on debt restructuring

(Unit : Baht)

Consolidated/The Bank Only

As at

	30 June 2006	31 December 2005
Balance - beginning of period	303,731,217	359,502,073
Increase during the period	3,020,768	14,634,083
Written - off	(28,511,408)	(70,404,939)
Balance - end of period	278,240,577	303,731,217

3.7.3 Non - performing loans and receivables

(Unit : Million Baht)

The Bank Only

As at

	30 June 2006	31 December 2005
Non - performing loans and receivables	2,822	2,493
Allowance for doubtful accounts	1,668	1,660

3.8 Classification of assets

3.8.1 Investment in companies which have weak financial standing or operating results

(Unit : Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	As at		As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Debt instruments - debentures ⁽²⁾	60	60	-	-	60	60
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6
Equity instruments - preference shares ⁽³⁾	2	2	-	-	2	2

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

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

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

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

(Unit : Million Baht)

	Debt balance		Debt balance after net off collateral		Percentage required by BOT ⁽⁴⁾	Allowance for doubtful accounts			
	As at		As at			Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005		As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005		30 June 2006	31 December 2005	30 June 2006	31 December 2005
Loans and receivable⁽¹⁾⁽²⁾⁽³⁾									
Pass	55,131	53,132	44,801	43,060	1	447	421	639	642
Special mentioned	2,434	2,174	2,367	2,120	2	47	42	48	51
Substandard	681	346	296	326	20	60	74	70	79
Doubtful	265	231	233	209	50	117	136	123	146
Bad debts	1,876	1,916	1,274	1,299	100	1,274	1,299	1,431	1,449
Total	60,387	57,799	48,971	47,014		1,945	1,972	2,311	2,367
Loss on receivable under troubled debt restructuring	-	-	-	-		278	304	278	304
Total	60,387	57,799	48,971	47,014		2,223	2,276	2,589	2,671
General reserve								519	498
Total								3,108	3,169
Investment in securities									
Bad debts									
Debt instruments	61	62	61	62	100	61	62	61	62
Equity instruments	823	510	823	510	100	823	510	823	510
Total	884	572	884	572		884	572	884	572

(Unit : Million Baht)

	Debt balance		Debt balance after net off collateral		Percentage required by BOT ⁽⁴⁾	Allowance for doubtful accounts			
	As at		As at			Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	30 June	31 December	30 June	31 December		As at		As at	
	2006	2005	2006	2005		30 June	31 December	30 June	31 December
					2006	2005	2006	2005	
Investment in receivables									
Pass	-	4	-	4	1	-	-	-	-
Substandard	2	-	2	-	20	-	-	-	-
Bad debts	7	7	-	-	100	-	-	-	-
Total	9	11	2	4		-	-	-	-
Properties foreclosed									
Bad debts									
Land	6	51	6	51	100	6	51	6	51
Total classified assets	61,286	58,433	49,863	47,641		3,113	2,899	3,998	3,792

⁽¹⁾ Allowance for doubtful accounts for loans and receivable is determined based on debt balance less collateral value in accordance with the BOT's guidelines.

⁽²⁾ Interest receivable are not included in pass and special mentioned debt balance.

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

⁽⁴⁾ In accordance with BOT guidelines, provisioning rates for normal debt and special mentioned debt are at rates of at least 1 or 2 percent, respectively, or at a lower rate calculated in accordance with guidelines and conditions stipulated by the BOT. However, the Bank is still setting aside provision for normal debt and special mention debt at rates of at least 1 or 2 percent, respectively.

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at		As at	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2006	2005	2006	2005	2006	2005	2006	2005
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies vulnerable to delisting	-	-	-	-	-	-	-	-
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	15	13	789	868	252	313	519	552
3. Listed companies of which shares have been suspended for trading	1	1	15	15	-	-	15	15
4. Listed companies under rehabilitation	7	11	175	561	75	353	139	359
5. Companies having loan default problem	29	24	1,476	1,003	725	383	929	666
6. Companies having going concern issue as cited in auditors' report	1	-	3	-	-	-	3	-
Total	53	49	2,458	2,447	1,052	1,049	1,605	1,592

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

(Unit : Million Baht)

	Securities business receivable and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Substandard	-	55	-	-	-	-
Doubtful	3	3	3	3	3	3
Total	<u>3</u>	<u>58</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
General reserve					1	55
Total					<u>4</u>	<u>58</u>

Substandard debts represent the receivable balances with a value equivalent to that of their collateral.

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

(Unit : Million Baht)

	Debt balances		Percentage of allowance for doubtful accounts set up	Allowance for doubtful account		Debt balances - net	
	As at			As at		As at	
	30 June 2006	31 December 2005		30 June 2006	31 December 2005	30 June 2006	31 December 2005
Current	4,258	4,588	1	42	46	4,216	4,542
Overdue							
1 month	691	652	1	7	7	684	645
2 - 3 months	606	521	2	12	10	594	511
4 - 6 months	229	174	20	46	35	183	139
7 - 12 months	97	110	50	49	55	48	55
Over 12 months	86	62	100	86	62	-	-
Debtors under litigation	42	42	100	42	42	-	-
Total	<u>6,009</u>	<u>6,149</u>		<u>284</u>	<u>257</u>	<u>5,725</u>	<u>5,892</u>

3.9 Property foreclosed

(Unit : Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Foreclosed assets :				
Immovable assets				
Balance - beginning of the period	1,249,079,279	1,311,210,578	1,260,889,279	1,323,020,578
Addition	1,824	-	1,824	-
Disposal	(2,705,035)	(62,131,299)	(2,705,035)	(62,131,299)
Balance - end of the period	1,246,376,068	1,249,079,279	1,258,186,068	1,260,889,279
Movable assets				
Balance - beginning of the period	12,315,885	6,263,944	891,453	819,060
Addition	477,582,691	941,134,509	176,729,538	427,886,329
Disposal	(477,200,363)	(935,082,568)	(177,013,150)	(427,813,936)
Balance - end of the period	12,698,213	12,315,885	607,841	891,453
Allowance for impairment :				
Balance - beginning of the period	54,700,401	87,116,467	50,521,892	85,819,839
Increase	9,502,959	7,046,968	685,560	1,096,012
Decrease	(53,651,510)	(39,463,034)	(44,735,959)	(36,393,959)
Balance - end of the period	10,551,850	54,700,401	6,471,493	50,521,892
Property foreclosed - net	1,248,522,431	1,206,694,763	1,252,322,416	1,211,258,840

3.10 Land, premises and equipment

(Unit : Baht)

	Consolidated					Total
	Land	Building and office condominium unit	Furniture, fixtures and Equipment	Office improvement	Vehicles	
Cost :						
31 December 2005	491,717,671	988,420,329	504,684,208	386,812,337	100,449,924	2,472,084,469
Translation adjustment	-	-	(1,601,049)	-	-	(1,601,049)
Addition	-	-	69,672,202	14,498,649	6,052,990	90,223,841
Disposal	-	-	(21,765,054)	(2,722,223)	(1,580,157)	(26,067,434)
30 June 2006	491,717,671	988,420,329	550,990,307	398,588,763	104,922,757	2,534,639,827
Accumulated depreciation :						
31 December 2005	-	273,527,575	407,849,922	189,549,454	41,661,448	912,588,399
Translation adjustment	-	-	(1,042,161)	-	-	(1,042,161)
Depreciation charge for the period	-	28,837,912	31,935,067	14,984,723	9,607,993	85,365,695
Disposal	-	-	(20,977,468)	(2,257,716)	(1,580,157)	(24,815,341)
30 June 2006	-	302,365,487	417,765,360	202,276,461	49,689,284	972,096,592
Net book value :						
31 December 2005	491,717,671	714,892,754	96,834,286	197,262,883	58,788,476	1,559,496,070
30 June 2006	491,717,671	686,054,842	133,224,947	196,312,302	55,233,473	1,562,543,235
Depreciation charge included in statements of earnings for the six-month periods ended 30 June:						
2005						70,242,201
2006						85,365,695

(Unit : Baht)

	The Bank Only					Total
	Land	Building and office condominium unit	Furniture, fixtures and Equipment	Office improvement	Vehicles	
Cost :						
31 December 2005	314,682,491	634,618,749	249,846,227	290,542,999	65,020,549	1,554,711,015
Addition	-	-	63,197,668	10,356,998	6,052,990	79,607,656
Disposal	-	-	(1,336,875)	-	-	(1,336,875)
30 June 2006	314,682,491	634,618,749	311,707,020	300,899,997	71,073,539	1,632,981,796
Accumulated depreciation :						
31 December 2005	-	220,932,054	198,378,994	107,645,462	23,506,302	550,462,812
Depreciation charge for the period	-	17,257,183	22,592,996	12,582,468	6,371,101	58,803,748
Disposal	-	-	(1,282,132)	-	-	(1,282,132)
30 June 2006	-	238,189,237	219,689,858	120,227,930	29,877,403	607,984,428
Net book value :						
31 December 2005	314,682,491	413,686,695	51,467,233	182,897,537	41,514,247	1,004,248,203
30 June 2006	314,682,491	396,429,512	92,017,162	180,672,067	41,196,136	1,024,997,368
Depreciation charge included in statements of earnings for the six-month periods ended 30 June:						
2005						43,576,037
2006						58,803,748

3.11 Other assets

(Unit : Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Value added tax - net	186,315,252	450,470,841	180,602,598	442,981,610
Accrued interest receivable	11,966,276	16,569,309	11,713,568	15,871,270
Fee and charges receivable	137,749,174	207,662,041	73,668,423	153,852,931
Prepaid income tax	11,092,133	35,848,015	-	26,846,233
Deferred computer system development cost - net	74,032,209	61,513,787	62,939,339	44,487,005
Deposits	17,994,189	17,881,435	7,656,991	7,447,554
Other receivables	167,200,214	92,135,621	178,747,278	78,296,522
Other assets	201,398,039	122,769,505	113,991,583	64,096,230
Total other assets	807,747,486	1,004,850,554	629,319,780	833,879,355

3.12 Deposits

3.12.1 Classified by type of deposits

(Unit : Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Promissory notes and bills of exchange	8,415,889,593	13,327,892,554	8,415,889,593	13,327,892,554
Deposits :				
Current accounts	840,930,913	1,133,873,942	864,910,298	1,294,335,669
Saving accounts	612,599,455	259,871,948	612,599,455	259,871,948
Fixed accounts				
- not over 6 months	25,381,745	554,311,076	25,381,745	554,311,076
- over 6 months and less than 1 year	5,409,551	263,257,956	5,409,551	263,257,956
- over 1 year	10,932,441	110,058,551	10,932,441	110,058,551
Negotiate certificate deposit	26,120,324,556	18,801,535,208	26,120,324,556	18,801,535,208
Total	36,031,468,254	34,450,801,235	36,055,447,639	34,611,262,962

3.12.2 Classified by the remaining period of contract

(Unit : Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Not over 1 year	32,339,748,807	28,862,182,333	32,363,728,192	29,022,644,060
Over 1 year	3,691,719,447	5,588,618,902	3,691,719,447	5,588,618,902
Total deposits	36,031,468,254	34,450,801,235	36,055,447,639	34,611,262,962

3.13 Interbank and money market items (liabilities)

(Unit : Baht)

	Consolidated as at					
	30 June 2006			31 December 2005		
	At call	Term	Total	At call	Term	Total
Commercial banks	158,696,087	868,212,700	1,026,908,787	512,908,225	1,818,514,596	2,331,422,821
Other banks and financial institutions	2,636,120,000	964,275,678	3,600,395,678	2,513,830,000	1,570,000,000	4,083,830,000
Total	2,794,816,087	1,832,488,378	4,627,304,465	3,026,738,225	3,388,514,596	6,415,252,821

(Unit : Baht)

	The Bank Only as at					
	30 June 2006			31 December 2005		
	At call	Term	Total	At call	Term	Total
Commercial banks	52,313,448	-	52,313,448	347,393,970	1,800,000,000	2,147,393,970
Other banks and financial institutions	2,636,120,000	1,020,300,000	3,656,420,000	2,513,830,000	1,570,000,000	4,083,830,000
Total	2,688,433,448	1,020,300,000	3,708,733,448	2,861,223,970	3,370,000,000	6,231,223,970

3.14 Borrowings

(Unit : Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
<u>Domestic borrowings</u>				
Subordinated debentures	331,000,000	331,000,000	331,000,000	331,000,000
Unsubordinated unsecured debentures	18,929,000,000	15,608,000,000	18,449,000,000	14,798,000,000
Bill of exchange - fixed rate	2,045,551,127	1,538,339,648	-	-
Others	13,200,000	13,200,000	13,200,000	13,200,000
	21,318,751,127	17,490,539,648	18,793,200,000	15,142,200,000

3.14.1 Subordinated debentures

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

3.14.2 Unsubordinated and unsecured debentures

Year	Issuer	Type of debenture	Units	Face value (Baht)	Total amount as at (Million Baht)		Maturity date	Interest rate	Remark
					30 June 2006	31 December 2005			
2002	The Bank	Unsubordinated and unsecured	2 million	1,000	2,000	2,000	2007	At a rate of 4.25 percent per annum.	-
2002	The Bank	Unsubordinated and unsecured	1 million	1,000	1,000	1,000	2007	At a rate of 3.5 percent per annum in the first and second years and thereafter at a floating rate equivalent to the reference rate plus 0.5 percent per annum, which rate shall not be less than 3.75 percent per annum and shall not exceed 5 percent, 5.5 percent and 6 percent per annum in the third, fourth and fifth years, respectively.	The Bank entered into interest rate swap agreements to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.
2002	The Bank	Unsubordinated and unsecured	1.8 million	1,000	1,800	1,800	2007	At a floating rate equivalent to a rate of 6 percent minus the reference rate per annum in the first, second and third years and thereafter at a rate of 3.8 percent per annum.	The Bank entered into interest rate swap agreements to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.
2003	Subsidiary	Unsubordinated and unsecured	0.4 million	1,000	400	400	2006	At a rate of 3.25 percent per annum.	The subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio. In addition, an another subsidiary company has invested a total of Baht 90 million in these debentures.
2003	Subsidiary	Unsubordinated and unsecured installment debenture	0.5 million	1,000	250	500	2006	At a rate of 3.2 percent per annum.	The issuer will repay the principal of the debentures in four periods, the first of which will start on 6 January 2006 and interest will be paid quarterly beginning 6 January 2004. Such subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.
2005	The Bank	Unsubordinated and unsecured short term debenture	9.9 million	1,000	-	9,998	2006	At a rate between 2.5 to 4.0 percent per annum.	-
2006	The Bank	Unsubordinated and unsecured short term debenture	13.6 million	1,000	13,649	-	2006	At a rate between 3.5 to 5.5 percent per annum	A subsidiary company has invested a total of Baht 80 million in these debentures.

3.14.3 Bills of exchange - fixed rate

As of 30 June 2006, two subsidiary companies have outstanding bills of exchange amounting to Baht 2,046 million (31 December 2005 : Baht 1,538 million), bearing interest at fixed rates of 4.50 to 6.25 percent per annum and maturing between 2006 to 2007.

3.15 Other liabilities

(Unit : Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Liabilities under commercial papers sold	185,000,000	545,000,000	185,000,000	545,000,000
Corporate income tax payable	265,304,584	180,931,729	124,871,580	70,463,591
Withholding income tax and other tax payable	77,944,989	142,360,334	58,742,196	83,416,835
Accrued insurance premium	395,762,621	355,076,136	372,842,288	292,243,404
Other liabilities	368,890,888	212,928,303	228,245,294	110,889,261
Total other liabilities	<u>1,292,903,082</u>	<u>1,436,296,502</u>	<u>969,701,358</u>	<u>1,102,013,091</u>

3.16 Preference shares converted to ordinary shares

Up to 30 June 2006, 441,067,120 preference shares had been converted into ordinary shares, and such conversion registered with the Ministry of Commerce.

As at 30 June 2006, there remained a total of 184,355,130 preference shares which are eligible for conversion to ordinary shares.

3.17 Warrants

	The Bank Only as at					
	30 June 2006			31 December 2005		
	No. of shares	Exercised		No. of shares	Exercised	
		price	Total		price	Total
shares	Baht per share	Baht	shares	Baht per share	Baht	
Exercised warrants						
Allocation in year 2000	8,820,000	10.00	88,200,000	8,820,000	10.00	88,200,000
Allocation in year 2001	4,763,000	11.31	53,869,530	4,678,000	11.31	52,908,180
Allocation in year 2002	5,454,000	13.20	71,992,800	4,594,000	13.20	60,640,800
Allocation in year 2003	5,137,500	14.94	76,754,250	3,079,000	14.94	46,000,260
Allocation in year 2004	1,247,750	21.88	27,300,770	596,750	21.88	13,056,890
	25,422,250		318,117,350	21,767,750		260,806,130
Unexercised warrants	3,544,250			7,249,750		
Warrants received from resigned employees	920,000			872,500		
Expired warrants	113,500			110,000		
Allocated warrants	30,000,000			30,000,000		

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

3.18 Capital fund

	(Unit : Thousand Baht)	
	The Bank Only	
	As at	
	30 June 2006	31 December 2005
Tier I		
Issued and fully paid up share capital	7,256,223	7,219,677
Premium on share capital	100,395	79,629
Statutory reserve	344,800	344,800
Retained earnings - unappropriated	2,573,647	3,302,900
Total Tier I	10,275,065	10,947,006
Tier II		
Subordinated debentures	198,600	264,800
Reserve for loans classified as pass	638,514	641,959
Surplus for revaluation of equity securities - available for sales	-	120,177
Total Tier II	837,114	1,026,936
Less : Deficit for revaluation of equity securities - available for sales	(226,330)	-
Total capital fund	10,885,849	11,973,942

The capital ratios	The Bank Only as at			
	30 June 2006		31 December 2005	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	15.64%	4.25%	17.05%	4.25%
Total capital to risk assets	16.57%	8.50%	18.64%	8.50%
Total capital to issued and paid-up share capital	150.02%	75.00%	165.85%	75.00%

3.19 Surplus on changes in the value of investments

(Unit : Baht)

	Consolidated/The Bank Only	
	As at	
	30 June 2006	31 December 2005
Balance - beginning of the period	1,100,980,635	1,365,419,480
Increase (decrease) in changes in the value of securities during the period	(499,912,220)	(264,438,845)
	601,068,415	1,100,980,635
Add (less) : The effect of income tax liabilities	56,853,933	(89,199,989)
Balance - end of the period	657,922,348	1,011,780,646

3.20 Gain (loss) on investments

(Unit : Baht)

	Consolidated		The Bank Only	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2006	2005	2006	2005
Unrealised gain (loss) on investments	2,455,859	(5,169,828)	2,456,333	(5,257,554)
Realised gain on investments	288,209,595	134,287,750	277,753,105	5,050,703
Total	290,665,454	129,117,922	280,209,438	(206,851)

3.21 Other income

	(Unit : Baht)			
	Consolidated		The Bank Only	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2006	2005	2006	2005
Penalty fee income from loans	45,440,223	33,293,862	37,206,579	25,903,751
Reversal of allowance for impairment of property foreclosed	44,148,552	-	44,050,400	-
Rental income	7,814,042	9,267,169	9,249,032	12,852,007
Others	35,200,828	53,506,109	15,036,329	36,918,565
Total	132,603,645	96,067,140	105,542,340	75,674,323

3.22 Other expenses

	(Unit : Baht)			
	Consolidated		The Bank Only	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2006	2005	2006	2005
Contributions to the Financial Institutions				
Development Fund	66,381,677	63,656,332	66,381,677	63,656,332
Losses on disposal of property foreclosed	88,321,561	72,026,418	-	18,166,992
Mailing expenses	14,641,771	21,981,494	9,060,322	15,067,546
Loan losses from court - ordered execution	12,099,879	11,514,290	5,465,831	5,642,196
Transportation expenses	22,888,009	17,634,036	15,704,032	12,156,044
Advertising and promotion expenses	3,462,871	10,433,901	2,785,066	8,401,061
Others	87,777,932	65,722,514	29,508,474	16,229,891
Total	295,573,700	262,968,985	128,905,402	139,320,062

3.23 Corporate income tax

	(Unit : Baht)			
	Consolidated		The Bank Only	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2006	2005	2006	2005
Income tax payable on taxable profit for the period	286,428,881	249,720,110	137,731,604	99,866,475
Add (less) : Net decrease (increased) in deferred tax on temporary differences	(1,657,451)	52,619,310	10,981,486	79,332,535
Income tax expenses - net	284,771,430	302,339,420	148,713,090	179,199,010

Deferred tax assets and deferred tax liabilities arose from the following temporary differences are summarized below.

(Unit : Thousand Baht)

	Consolidated		The Bank Only	
	As at		As at	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Allowance for doubtful accounts (general reserve)	802,591	754,876	518,910	497,497
Allowance for doubtful accounts for VAT receivables	51,125	42,288	-	-
Allowance for impairment of investments	354,797	357,584	354,747	357,534
Allowance for impairment of property foreclosed	10,572	54,720	6,471	50,522
Non - accrual of interest income	1,042,999	1,045,296	966,422	981,402
Depreciation of assets	53,056	47,332	36,681	34,821
Financial leases	217,289	230,243	-	-
Revaluation deficit (surplus) on changes in the value of investment	222,856	(265,590)	222,856	(265,590)
Others	11,139	9,432	11,335	9,395
	<u>2,766,424</u>	<u>2,276,181</u>	<u>2,117,422</u>	<u>1,665,581</u>
Deferred tax assets (30%)	<u>829,927</u>	<u>682,854</u>	<u>635,227</u>	<u>499,674</u>
Non - accrual of interest income	(32)	(1,942)	-	-
Depreciation of assets	(8,577)	(7,744)	-	-
Revaluation surplus on changes in the value of investment	33,343	31,744	-	-
Others	(1,440)	3,364	-	-
	<u>23,294</u>	<u>25,422</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>6,988</u>	<u>7,627</u>	<u>-</u>	<u>-</u>

3.24 Provident fund

	Consolidated		The Bank Only	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2006	2005	2006	2005
Amounts contributed to the fund (Million Baht)	24	22	12	11

3.25 Employee expenses

	Consolidated		The Bank Only	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2006	2005	2006	2005
Number of employees at the end of period (persons)	1,561	1,413	848	745
Employee expenses for the period (Million Baht)	600	478	357	228

3.26 Reconciliation of diluted earnings per share

	For the three-month periods ended 30 June					
	Net earnings		Weighted average Number of shares		Earnings per share	
	2006	2005	2006	2005	2006	2005
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	351,167	400,047				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(46,074)	(46,182)				
	305,093	353,865	725,540	719,707	0.42	0.49
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	3,627	9,583		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion to ordinary shares	305,093	353,865	729,167	729,290	0.42	0.49
	For the six-month periods ended 30 June					
	Net earnings		Weighted average Number of shares		Earnings per share	
	2006	2005	2006	2005	2006	2005
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	895,171	917,165				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(91,610)	(92,404)				
	803,561	824,761	724,370	719,265	1.11	1.15
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	4,797	10,025		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion to ordinary shares	803,561	824,761	729,167	729,290	1.10	1.13

3.27 Related person and party transactions

(Unit : Thousand Baht)

	The Bank Only			Balance - end of the period
	Balance - beginning of the period	Increase	Decrease	
Outstanding balance as at 30 June 2006				
Subsidiary companies				
Dividend receivables from subsidiary companies :				
Hi-Way Co., Ltd.	490,000	-	-	490,000
TISCO Securities Co., Ltd.	225,000	-	-	225,000
TISCO Leasing Co., Ltd.	71,022	-	-	71,022
TISCO Asset Management Co., Ltd.	60,000	-	-	60,000
Other assets :				
TISCO Leasing Co., Ltd.	-	7,247	-	7,247
Thai Commercial Auto Co., Ltd.	-	14,682	-	14,682
TISCO Information Technology Co., Ltd.	8,000	42,340	(40,822)	9,518
Deposits in Baht :				
TISCO Securities Co., Ltd.	1,442,248	-	(1,390,773)	51,475
TISCO Group Co., Ltd.	83,481	-	(79,005)	4,476
Hi-Way Co., Ltd.	35,827	-	(34,274)	1,553
Other subsidiary companies	63,753	9,964	(51,217)	22,500
Borrowings :				
TISCO Group Co., Ltd.	-	80,000	-	80,000
Other liabilities :				
TISCO Securities Co., Ltd.	3,728	-	(3,728)	-
TISCO Leasing Co., Ltd.	-	1,198	-	1,198
Thai Commercial Auto Co., Ltd.	-	2,394	-	2,394

(Unit : Thousand Baht)

	The Bank Only		Terms and pricing policy
	2006	2005	(For the period 2006)
<u>Transactions occurred during the three-month periods ended 30 June</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	7,111	7,972	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	10,623	12,227	Reference to the terms and price as charged to other customers
Other income	1,146	1,900	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	20,824	12,101	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Insurance service expenses	5,226	-	Reference to the terms and price as charged to other customers
Other expenses	2,302	1,594	Reference to the terms and price as charged to other customers
<u>Transactions occurred during the six-month periods ended 30 June</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	14,223	15,945	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	21,838	24,724	Reference to the terms and price as charged to other customers
Other income	2,181	3,800	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	41,235	23,627	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Insurance service expenses	9,268	-	Reference to the terms and price as charged to other customers
Other expenses	7,268	3,498	Reference to the terms and price as charged to other customers

Loans to management - level employees (departmental managers upward)

(Unit : Thousand Baht)

	Consolidated	The Bank Only
	As at 30 June 2006	As at 30 June 2006
Loans	5,435	5,435

Besides the above transactions, the Bank has additional related party transactions with its subsidiary companies, which presented in Note 4.5 to the financial statements.

3.28 Financial information by segment

3.28.1 Financial information by business segment

(Unit : Million Baht)

	For the three-month periods ended 30 June									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest and dividend income after bad debt and doubtful accounts	628	808	84	12	-	-	-	-	712	820
Non - interest income	249	224	226	197	33	20	(52)	(51)	456	390
Non - interest expenses	(575)	(527)	(159)	(156)	(24)	(21)	65	51	(693)	(653)
Corporate income tax	(73)	(134)	(45)	(17)	-	-	-	-	(118)	(151)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(6)	(6)	(6)	(6)
Net earnings	229	371	106	36	9	(1)	7	(6)	351	400

(Unit : Million Baht)

	For the six-month periods ended 30 June									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest and dividend income after bad debt and doubtful accounts	1,353	2,207	104	22	1	-	(24)	(700)	1,434	1,529
Non - interest income	743	423	506	522	65	40	(103)	(3)	1,211	982
Non - interest expenses	(1,211)	(1,011)	(319)	(328)	(50)	(42)	128	103	(1,452)	(1,278)
Corporate income tax	(198)	(234)	(87)	(68)	-	-	-	-	(285)	(302)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(13)	(14)	(13)	(14)
Net earnings	687	1,385	204	148	16	(2)	(12)	(614)	895	917

(Unit : Million Baht)

	As at									
	Bank business/financial									
	service business		Securities business		Other business		Elimination		Total	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Investments	7,500	8,481	354	498	113	2	(3,831)	(3,776)	4,136	5,205
Loans, receivable and accrued interest receivable - net	62,046	60,846	1,420	1,217	-	-	(349)	(210)	63,117	61,853
Other assets	8,509	7,937	2,838	2,656	42	104	(947)	(2,472)	10,442	8,225
Total assets	78,055	77,264	4,612	4,371	155	106	(5,127)	(6,458)	77,695	75,283

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

3.28.2.1 Financial positions by activities

(Unit : Million Baht)

	As at							
	30 June 2006				31 December 2005			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Total assets	81,652	1,170	(5,127)	77,695	80,607	1,134	(6,458)	75,283
Interbank and money market items (assets)	3,407	657	(80)	3,984	2,369	762	(1,626)	1,505
Loans, receivable and accrued interest receivable - net	63,093	373	(349)	63,117	61,951	112	(210)	61,853
Investments	7,866	101	(3,831)	4,136	8,860	121	(3,776)	5,205
Deposits - Baht	36,055	-	(24)	36,031	34,611	-	(160)	34,451
Interbank and money market items (liabilities)	4,683	-	(56)	4,627	7,880	-	(1,465)	6,415
Borrowings	21,604	-	(285)	21,319	17,791	-	(300)	17,491
Commitments	5,682	-	-	5,682	5,646	-	-	5,646

3.28.2.2 Operating results by activities

(Unit : Million Baht)

	For the three-month periods ended 30 June							
	2006				2005			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income after								
bad debt and doubtful accounts	709	3	-	712	819	1	-	820
Non - interest income	489	19	(52)	456	428	13	(51)	390
Non - interest expenses	(737)	(21)	65	(693)	(686)	(18)	51	(653)
Corporate income tax	(118)	-	-	(118)	(151)	-	-	(151)
Minority interest in net earnings in								
subsidiary companies	-	-	(6)	(6)	-	-	(6)	(6)
Net earnings	343	1	7	351	410	(4)	(6)	400

(Unit : Million Baht)

	For the six-month periods ended 30 June							
	2006				2005			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
Net interest and dividend income after								
bad debt and doubtful accounts	1,453	5	(24)	1,434	2,227	2	(700)	1,529
Non - interest income	1,278	36	(103)	1,211	960	25	(3)	982
Non - interest expenses	(1,541)	(39)	128	(1,452)	(1,346)	(35)	103	(1,278)
Corporate income tax	(285)	-	-	(285)	(302)	-	-	(302)
Minority interest in net earnings in								
subsidiary companies	-	-	(13)	(13)	-	-	(14)	(14)
Net earnings	905	2	(12)	895	1,539	(8)	(614)	917

3.29 Commitments and contingent liabilities

3.29.1 Avals, guarantees and commitments

(Unit : Thousand Baht)

Consolidated/The Bank Only

As at

	30 June 2006	31 December 2005
Avals	604,634	361,000
Guarantees of loans	200,000	200,000
Other guarantees	127,318	135,318
Obligations covering principal under interest rate swap agreement (as mentioned in Note 3.30.2)	4,750,000	4,950,000
	<u>5,681,952</u>	<u>5,646,318</u>

3.29.2 Litigation

As at 30 June 2006, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 311 million. A final judgement has not yet been reached in respect of these cases.

In December 2005, a foreign subsidiary received a letter from the solicitor of one of its clients, requesting payment of damages amounting to HKD 46.6 million (equivalent to Baht 229 million as at 30 June 2006). However, the suit has not been filed with a court in respect of this claim.

The management of the Bank and its subsidiary companies believe that neither the Bank nor the subsidiary companies will suffer material loss as a result of the abovementioned lawsuits and request for damages.

3.29.3 Capital commitment

As at 30 June 2006, a subsidiary company has outstanding commitments of approximately Baht 100 million in respect of the uncalled portion of an investment in another subsidiary.

3.29.4 Other commitments

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

3.30 Financial instruments

As at 30 June 2006, the Bank and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

3.30.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation causing the Bank and subsidiary companies to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the balance sheet and the off-balance sheet transactions of aval and other guarantees.

In addition, the Bank and its subsidiary companies manage credit risk by the following means, in through careful consideration of credit approval process, analysis of the risk factors and the ability to service debt of customers and credit review process, which examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future.

3.30.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will change as a result of future changes in interest rates.

(Unit : Million Baht)

Consolidated				
As at 30 June 2006				
Outstanding balances of financial instruments				
<u>Transactions</u>	<u>Floating</u> <u>interest rate</u>	<u>Fixed</u> <u>interest rate</u>	<u>Without</u> <u>interest</u>	<u>Total</u>
<u>Financial assets</u>				
Cash	-	-	255	255
Interbank and money market items	719	2,902	363	3,984
Securities purchased under resale agreements	-	1,740	-	1,740
Investments - net	267	681	3,188	4,136
Receivable from clearing house	4	-	9	13
Loans and receivable	8,732	55,014	2,766	66,512
	<u>9,722</u>	<u>60,337</u>	<u>6,581</u>	<u>76,640</u>
<u>Financial liabilities</u>				
Deposits	1,388	34,578	65	36,031
Interbank and money market items	107	4,520	-	4,627
Liabilities payable on demand	-	-	355	355
Borrowings	-	21,306	13	21,319
Payable to clearing house	-	-	573	573
Securities and derivative business payables	485	24	653	1,162
	<u>1,980</u>	<u>60,428</u>	<u>1,659</u>	<u>64,067</u>

(Unit : Million Baht)

Consolidated

As at 31 December 2005

<u>Transactions</u>	<u>Outstanding balances of financial instruments</u>			
	<u>Floating</u> <u>interest rate</u>	<u>Fixed</u> <u>interest rate</u>	<u>Without</u> <u>interest</u>	<u>Total</u>
<u>Financial assets</u>				
Cash	-	-	204	204
Interbank and money market items	90	797	618	1,505
Securities purchased under resale agreements	-	2,000	-	2,000
Investments - net	199	979	4,027	5,205
Receivable from clearing house	-	-	61	61
Loans and receivable	3,681	58,570	3,087	65,338
	<u>3,970</u>	<u>62,346</u>	<u>7,997</u>	<u>74,313</u>
<u>Financial liabilities</u>				
Deposits	1,338	33,057	56	34,451
Interbank and money market items	98	6,317	-	6,415
Liabilities payable on demand	-	-	247	247
Borrowings	-	17,478	13	17,491
Payable to clearing house	-	-	566	566
Securities and derivative business payables	618	-	729	1,347
	<u>2,054</u>	<u>56,852</u>	<u>1,611</u>	<u>60,517</u>

(Unit : Million Baht)

The Bank Only
As at 30 June 2006

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash	-	-	254	254
Interbank and money market items	-	1,200	284	1,484
Securities purchased under resale agreements	-	1,740	-	1,740
Investments - net	266	577	6,905	7,748
Loans and receivable	8,694	48,999	1,579	59,272
	<u>8,960</u>	<u>52,516</u>	<u>9,022</u>	<u>70,498</u>
<u>Financial liabilities</u>				
Deposits	1,412	34,578	65	36,055
Interbank and money market items	53	3,656	-	3,709
Liabilities payable on demand	-	-	355	355
Borrowings	-	18,780	13	18,793
	<u>1,465</u>	<u>57,014</u>	<u>433</u>	<u>58,912</u>

(Unit : Million Baht)

The Bank Only
As at 31 December 2005

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash	-	-	202	202
Interbank and money market items	-	-	490	490
Securities purchased under resale agreements	-	2,000	-	2,000
Investments - net	199	866	7,363	8,428
Loans and receivable	3,567	52,441	1,869	57,877
	<u>3,766</u>	<u>55,307</u>	<u>9,924</u>	<u>68,997</u>
<u>Financial liabilities</u>				
Deposits	1,498	33,057	56	34,611
Interbank and money market items	47	6,184	-	6,231
Liabilities payable on demand	-	-	247	247
Borrowings	-	15,129	13	15,142
	<u>1,545</u>	<u>54,370</u>	<u>316</u>	<u>56,231</u>

The Bank has entered into interest rate swap agreements expiring in 2008 to swap a fixed rate interest for a floating interest rate for nominal principal of Baht 500 million, and to swap a floating interest rate for a fixed interest rate for nominal principal of Baht 500 million.

In addition, the Bank has entered into interest rate swap agreements expiring in 2007 to swap the floating interest rate on Baht 2,800 million of debentures for a fixed interest rate, and 2008 to swap the floating interest rates on borrowings and deposits amounting to Baht 950 million for fixed interest rate.

The balances of loans and receivable as presented in the above table include those on which interest recognition has been ceased, and they are presented before deducting provisions.

With respect to fixed rate financial instruments, the table show summarises their repricing or maturity date (whichever is the earlier) counting from the balance sheet date.

(Unit : Million Baht)

Consolidated
As at 30 June 2006

Transactions	Repricing or maturity date					Unspecified	Total	Interest Rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years			
Financial assets								
Interbank and money market items	831	2,071	-	-	-	-	2,902	4.7097
Securities purchased under resale agreements	-	1,740	-	-	-	-	1,740	4.8325
Investments - net	-	221	123	337	-	-	681	3.6344
Loans and receivable	946	9,209	16,868	27,863	127	1	55,014	8.4425
	1,777	13,241	16,991	28,200	127	1	60,337	
Financial liabilities								
Deposits	181	19,056	11,649	3,692	-	-	34,578	4.3554
Interbank and money market items	2,632	623	1,240	25	-	-	4,520	4.6086
Borrowings	-	15,023	1,152	5,131	-	-	21,306	4.8478
Securities and derivative business payables	-	-	-	-	-	24	24	2.0000
	2,813	34,702	14,041	8,848	-	24	60,428	

(Unit : Million Baht)

Consolidated
As at 31 December 2005

Transactions	Repricing or maturity date						Total	Interest Rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		
	Financial assets							
Interbank and money market items	82	705	10	-	-	-	797	0.0837
Securities purchased under resale agreements	-	2,000	-	-	-	-	2,000	3.1875
Investments - net	-	5	532	442	-	-	979	4.2461
Loans and receivable	1,904	8,534	16,311	29,804	2,016	1	58,570	8.0855
	<u>1,986</u>	<u>11,244</u>	<u>16,853</u>	<u>30,246</u>	<u>2,016</u>	<u>1</u>	<u>62,346</u>	
Financial liabilities								
Deposits	11	20,136	7,321	5,589	-	-	33,057	2.9308
Interbank and money market items	1,464	2,943	1,140	770	-	-	6,317	3.8490
Borrowings	-	10,612	1,711	5,155	-	-	17,478	4.0418
	<u>1,475</u>	<u>33,691</u>	<u>10,172</u>	<u>11,514</u>	<u>-</u>	<u>-</u>	<u>56,852</u>	

(Unit : Million Baht)

The Bank Only
As at 30 June 2006

Transactions	Repricing or maturity date						Total	Interest Rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		
	Financial assets							
Interbank and money market items	-	1,200	-	-	-	-	1,200	4.3997
Securities purchased under resale agreements	-	1,740	-	-	-	-	1,740	4.8325
Investments - net	-	120	122	335	-	-	577	4.2027
Loans and receivable	695	8,092	14,103	25,982	127	-	48,999	6.5599
	<u>695</u>	<u>11,152</u>	<u>14,225</u>	<u>26,317</u>	<u>127</u>	<u>-</u>	<u>52,516</u>	
Financial liabilities								
Deposits	181	19,056	11,649	3,692	-	-	34,578	4.3554
Interbank and money market items	2,636	240	755	25	-	-	3,656	4.5202
Borrowings	-	13,649	-	5,131	-	-	18,780	4.8459
	<u>2,817</u>	<u>32,945</u>	<u>12,404</u>	<u>8,848</u>	<u>-</u>	<u>-</u>	<u>57,014</u>	

(Unit : Million Baht)

The Bank Only
As at 31 December 2005

Transactions	Repricing or maturity date						Interest Rates (%)	
	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified		
		months	months	years	years			Total
Financial assets								
Securities purchased under resale agreements	-	2,000	-	-	-	-	2,000	3.1875
Investments - net	-	4	422	440	-	-	866	4.2382
Loans and receivable	1,825	7,469	13,941	27,190	2,016	-	52,441	6.4028
	<u>1,825</u>	<u>9,473</u>	<u>14,363</u>	<u>27,630</u>	<u>2,016</u>	<u>-</u>	<u>55,307</u>	
Financial liabilities								
Deposits	11	20,136	7,321	5,589	-	-	33,057	2.9308
Interbank and money market items	2,814	1,800	800	770	-	-	6,184	3.6548
Borrowings	-	9,998	-	5,131	-	-	15,129	3.9523
	<u>2,825</u>	<u>31,934</u>	<u>8,121</u>	<u>11,490</u>	<u>-</u>	<u>-</u>	<u>54,370</u>	

3.30.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 30 June 2006, counting from the balance sheet date, are as follows :-

(Unit : Million Baht)

Consolidated
As at 30 June 2006

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	loans	
Financial assets								
Cash	255	-	-	-	-	-	-	255
Interbank and money market items	1,891	2,093	-	-	-	-	-	3,984
Securities purchased under resale agreements	-	1,740	-	-	-	-	-	1,740
Investments - net	2,240	221	124	606	-	945	-	4,136
Receivable from clearing house	-	9	-	-	-	4	-	13
Loans and receivable	941	10,590	17,292	32,521	2,189	-	2,979	66,512
	<u>5,327</u>	<u>14,653</u>	<u>17,416</u>	<u>33,127</u>	<u>2,189</u>	<u>949</u>	<u>2,979</u>	<u>76,640</u>
Financial liabilities								
Deposits	1,634	19,056	11,649	3,692	-	-	-	36,031
Interbank and money market items	2,739	623	1,240	25	-	-	-	4,627
Liabilities payable on demand	355	-	-	-	-	-	-	355
Borrowings	-	15,023	1,152	5,131	-	13	-	21,319
Payable to clearing house	-	573	-	-	-	-	-	573
Securities and derivative business payables	505	633	-	-	-	24	-	1,162
	<u>5,233</u>	<u>35,908</u>	<u>14,041</u>	<u>8,848</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>64,067</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	605	-	-	-	-	-	805
Other commitments	-	-	19	4,750	-	108	-	4,877

(Unit : Million Baht)

Consolidated
As at 31 December 2005

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	loans	
Financial assets								
Cash	204	-	-	-	-	-	-	204
Interbank and money market items	790	705	10	-	-	-	-	1,505
Securities purchased under resale agreements	-	2,000	-	-	-	-	-	2,000
Investments - net	3,002	5	532	445	209	1,012	-	5,205
Receivable from clearing house	-	61	-	-	-	-	-	61
Loans and receivable	2,147	9,811	17,354	31,049	2,302	-	2,675	65,338
	<u>6,143</u>	<u>12,582</u>	<u>17,896</u>	<u>31,494</u>	<u>2,511</u>	<u>1,012</u>	<u>2,675</u>	<u>74,313</u>
Financial liabilities								
Deposits	1,405	20,136	7,321	5,589	-	-	-	34,451
Interbank and money market items	1,562	2,943	1,140	770	-	-	-	6,415
Liabilities payable on demand	247	-	-	-	-	-	-	247
Borrowings	-	10,612	1,711	5,155	-	13	-	17,491
Payable to clearing house	-	566	-	-	-	-	-	566
Securities and derivative business payables	576	771	-	-	-	-	-	1,347
	<u>3,790</u>	<u>35,028</u>	<u>10,172</u>	<u>11,514</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>60,517</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	311	50	-	-	-	-	561
Other commitments	-	-	215	4,751	-	119	-	5,085

(Unit : Million Baht)

The Bank Only
As at 30 June 2006

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing Loans*	
Financial assets								
Cash	254	-	-	-	-	-	-	254
Interbank and money market items	284	1,200	-	-	-	-	-	1,484
Securities purchased under resale agreements	-	1,740	-	-	-	-	-	1,740
Investments - net	2,240	120	122	601	-	4,665	-	7,748
Loans and receivable	731	8,287	14,896	30,647	2,189	-	2,522	59,272
	<u>3,509</u>	<u>11,347</u>	<u>15,018</u>	<u>31,248</u>	<u>2,189</u>	<u>4,665</u>	<u>2,522</u>	<u>70,498</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	1,658	19,056	11,649	3,692	-	-	-	36,055
Interbank and money market items	2,689	240	755	25	-	-	-	3,709
Liabilities payable on demand	355	-	-	-	-	-	-	355
Borrowings	-	13,649	-	5,131	-	13	-	18,793
	<u>4,702</u>	<u>32,945</u>	<u>12,404</u>	<u>8,848</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>58,912</u>
Off balance sheet items								
Aval to bills and guarantees of loans	200	605	-	-	-	-	-	805
Other commitments	-	-	19	4,750	-	108	-	4,877

(Unit : Million Baht)

The Bank Only
As at 31 December 2005

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing Loans*	
Financial assets								
Cash	202	-	-	-	-	-	-	202
Interbank and money market items	490	-	-	-	-	-	-	490
Securities purchased under resale agreements	-	2,000	-	-	-	-	-	2,000
Investments - net	3,002	4	422	440	209	4,351	-	8,428
Loans and receivable	2,110	7,482	14,974	28,780	2,302	-	2,229	57,877
	<u>5,804</u>	<u>9,486</u>	<u>15,396</u>	<u>29,220</u>	<u>2,511</u>	<u>4,351</u>	<u>2,229</u>	<u>68,997</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	1,565	20,136	7,321	5,589	-	-	-	34,611
Interbank and money market items	2,861	1,800	800	770	-	-	-	6,231
Liabilities payable on demand	247	-	-	-	-	-	-	247
Borrowings	-	9,998	-	5,131	-	13	-	15,142
	<u>4,673</u>	<u>31,934</u>	<u>8,121</u>	<u>11,490</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>56,231</u>
Off balance sheet items								
Aval to bills and guarantees of loans	200	311	50	-	-	-	-	561
Other commitments	-	-	215	4,751	-	119	-	5,085

3.30.4 Foreign exchange risk

As at 30 June 2006, the Bank did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 228 million.

3.30.5 Fair value

As at 30 June 2006, there are no material differences between the book value of financial instruments and their fair value.

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

4. SIGNIFICANT EVENTS DURING THE PERIODS AND OTHER INFORMATION

4.1 Plan to upgrade status to commercial bank

On 22 October 2004, the Ministry of Finance gave consent for the Bank to upgrade its status to commercial bank. The Bank was informed by the letter from the Bank of Thailand dated 29 June 2005 that the Ministry of Finance issued the Commercial Banking business license dated 23 June 2005 for the Bank to operate banking business in the name of “TISCO Bank Public Company Limited”. The Bank can operate commercial banking business and foreign exchange business and have to comply with the conditions under the letter from the Bank of Thailand and the attached conditions of license. The significant conditions are related to the return of finance business licenses of TISCO Finance Public Company Limited and Thai Permsap Finance Company Limited (a subsidiary) to the Ministry of Finance and the minimum requirement of total Tier 1 capital of Baht 5,000 million, as of the commenced date of banking operations.

The Bank and Thai Permsap Finance Company Limited (a subsidiary) returned their finance business licenses to the Ministry of Finance, effective on 1 July 2005.

The Bank registered the change of its name from “TISCO Finance Public Company Limited” to “TISCO Bank Public Company Limited” with the Ministry of Commerce on 1 July 2005, and commenced its banking operations on 4 July 2005.

4.2 Holding restructuring

- a) Resolutions of Meeting No. 7/2005 of the Bank's Board of Directors held on 27 October 2005 approved the holding company restructuring plan in principle and the delegation of authority to the Audit Committee to review the holding company restructuring plan in detail and to determine the schedule of the extraordinary general meeting of shareholders. Resolutions of Meeting No. 11/2548 of the Bank's Audit Committee held on 4 November 2005 passed the following matters :
- Approve the holding company restructuring plan, whereby a non-bank public company limited will be set up as a holding company, and will become the parent company of the group, acquiring all shares of the Bank and other subsidiary companies (at the same proportion as the Bank previously held), with the Bank to hold no shares in any subsidiary companies. The holding company is to make a tender offer for all shares of the Bank in exchange for its newly issued shares, and after the completion of the tender offer, the holding company will list its ordinary and preference shares on the Stock Exchange of Thailand in place of the ordinary and preference shares of the Bank, which will simultaneously be delisted.
 - Stipulate that the Extraordinary General Meeting No. 1/2005 of the Bank's shareholders be convened on 14 December 2005, to approve the holding restructuring plan, the disposition of shares of the subsidiaries and the listing plan of the holding company.
 - Stipulate that Extraordinary General Meeting No. 2/2005 of the Bank's shareholders be convened on 14 December 2005, to approve the plan to delist the Bank's shares from the Stock Exchange of Thailand in accordance with the holding restructuring plan.
- b) On 14 November 2005 the Bank submitted a formal request to restructure its shareholding to the Bank of Thailand, following preliminary consultation. The Bank of Thailand subsequently granted consent for the Bank to establish TISCO Corporation Public Company Limited as a holding company, and was considering approval of the restructuring of shareholding for proposal to the Ministry of Finance.
- c) On 21 November 2005, the Stock Exchange of Thailand granted preliminary consent for a restructuring of shareholding in the form of a holding company.

- d) By a resolution passed by Extraordinary General Meeting No.1/2005 of the shareholders of the Bank on 14 December 2005, the Bank was authorised to restructure its shareholding, set up TISCO Corporation Public Company Limited as a holding company, sell its investments in subsidiaries to the holding company and have the shares of TISCO Corporation Public Company Limited listed on the Stock Exchange of Thailand.

By a resolution passed by Extraordinary General Meeting No.2/2005 of the shareholders of the Bank on 14 December 2005, the Bank was authorised to have the shares of the Bank delisted from the Stock Exchange of Thailand, in accordance with the shareholding restructuring plan whereby TISCO Corporation Public Company Limited will list its shares on the Stock Exchange of Thailand in place of shares of the Bank. Since the resolution did not meet the conditions for voluntary delisting as stipulated in the notification of the Stock Exchange of Thailand, the shareholders asked the Bank to process the delisting in accordance with the regulation of the Stock Exchange of Thailand, after TISCO Corporation Public Company Limited has been listed on the Stock Exchange of Thailand.

- e) On 3 January 2006, the following resolutions were passed by the Extraordinary General Meeting No.1/2006 of the shareholders of TISCO Corporation Public Company Limited (holding company):-
- Approve the plan to restructure shareholding into a holding company structure as described in a).
 - Approve the receipt of shares in subsidiaries from the Bank and TISCO Securities Company Limited in accordance with the holding restructuring plan, with authority to implement the transfer and set conditions for its completion assigned to the Board of Directors.
 - Approve an increase in the registered share capital, and the issue and offer of warrants to purchase TISCO Corporation Public Company Limited preference shares, as follows:-
 - Increase registered share capital from Baht 18,000 (1,000 ordinary shares of Baht 18 each) to Baht 16,565,883,840 (730,674,000 ordinary shares and 189,652,880 preference shares, both with a par value of Baht 18 each) through the issue of 730,673,000 additional ordinary shares and 189,652,880 additional preference shares, both with a par value of Baht 18 each.

- Allot the new shares to shareholders of the Bank, with the shares of the Bank to be transferred in settlement in a ratio of 1:1 (Baht 18 each).
- Issue up to 4,727,250 warrants to purchase its preference shares (at an exercise price of Baht 21.88 each), exercisable under stipulated conditions and maturing on 30 August 2009, for exchange with the preference share warrants of the Bank belonging to warrant holders receiving warrant allocation from the Bank in 2004.

TISCO Corporation Public Company Limited registered the increase in its share capital with the Ministry of Commerce on 3 March 2006 in order to swap shares and preference share warrants with the shareholders of the Bank in the future.

- Approve a reduction in share capital, by canceling initial share capital of Baht 18,000 (1,000 ordinary shares), in order to prevent crossholding after the completion of TISCO Group shareholding restructuring plan.
 - Approve the listing of its shares on the Stock Exchange of Thailand in place of the shares of the Bank, in accordance with the procedures for the restructuring of the shareholding of TISCO Group.
- f) On 7 February 2006, the Bank of Thailand considered the holding restructuring plan and forwarded it to the Ministry of Finance for approval.

4.3 Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend
		Preference share	Ordinary share	dividend paid	Payment Period
		Baht per share	Baht per share	Million Baht	
Dividend for the year 2005	The 2005 Annual General Meeting of the shareholders on 26 April 2005	2.30	1.30	1,120	May 2005
Dividend for the year 2006	The 2006 Annual General Meeting of the shareholders on 28 April 2006	3.00	2.00	1,635	May 2006

4.4 Earnings per share

During the year 2005, the Bank has changed the calculation of earnings per share in order to comply with the calculation method stipulated in International Accounting Standards No. 33 (amended 2004) "Earnings per share", whereby the ordinary shares which will be issued upon the conversion of a mandatory convertible instrument are included in the calculation of basic earnings per share.

For comparative purpose, the Bank has recalculated basic earnings per share and diluted earnings per share for the three-month and six-month period ended 30 June 2005 according to the above method.

The calculation of diluted earnings per share is presented in Note 3.26 to the financial statements.

4.5 Related person and party transactions

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

For the six-month period ended 30 June 2005 :

The Bank acquired investments in listed securities amounting to Baht 1,156 million from a subsidiary company. This subsidiary company recorded gain from this sales of investments amounting to Baht 28 million.

Gains or loss from the above mentioned related party transactions between the Bank and its subsidiary companies have been eliminated in consolidated financial statements and the financial statements of the Bank under equity method.

4.6 Share capital reduction of a subsidiary

A special resolution passed by the Extraordinary General Meeting of shareholders of Thai Commercial Auto Co., Ltd. No. 2/2005 on 2 November 2005, approved the reduction of the company's registered share capital from Baht 1,000 million (10 million ordinary shares of Baht 100 each) to Baht 500 million (10 million ordinary shares of Baht 50 each). As a result, the balance of 80% paid-up capital was reduced from Baht 800 million to Baht 400 million. The company is in the process of registering the share capital reduction with the Ministry of Commerce.

4.7 Share capital increase of a subsidiary

A special resolution passed by the Extraordinary General Meeting of the shareholders of Hi-Way Co., Ltd. No. 2/2006 on 22 February 2006, authorised an increase in the company's registered share capital from Baht 100 million to Baht 500 million through the issue of 4,000,000 additional ordinary shares (fully paid up shares), with a par value of Baht 100 each. The company's Board of Directors have the authority to determine the number of shares to be additionally issued in each period and the schedule for such issues, dependent on business conditions in the future.

5. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Bank's Audit Committee on 10 August 2006.