

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

Review Report of Independent Auditor

To the Shareholders of TISCO Bank Public Company Limited

I have reviewed the accompanying consolidated balance sheet of TISCO Bank Public Company Limited and its subsidiaries as at 30 September 2007, and the related consolidated statements of income for the three-month and nine-month periods ended 30 September 2007 and 2006, the related consolidated statements of changes in shareholders' equity, and cash flows for the nine-month periods ended 30 September 2007 and 2006, and the separate financial statements of TISCO Bank Public Company Limited for the same periods. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

I have previously audited the consolidated financial statements of TISCO Bank Public Company Limited and its subsidiaries and the separate financial statements of TISCO Bank Public Company Limited for the year ended 31 December 2006 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those financial statements under my report dated 16 February 2007. The consolidated and separate balance sheets as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. The Bank has restated the separate financial statements to reflect the change in accounting policy for recording investments in subsidiaries from the equity method to the cost method as described in Note 5 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 9 November 2007

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	30 September 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
ASSETS					
CASH		345,921	210,225	344,326	209,088
INTERBANK AND MONEY MARKET ITEMS	3.1				
Domestic					
Interest bearing		1,647,815	201,922	-	-
Non-interest bearing		1,278,875	502,547	1,253,807	480,066
Foreign					
Interest bearing		93,964	187,329	-	-
Non-interest bearing		98,806	132,437	97,155	102,155
Total interbank and money market items - net		3,119,460	1,024,235	1,350,962	582,221
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	3.2	3,665,000	1,718,000	3,665,000	1,718,000
INVESTMENTS	3.3,3.4,3.7				
Current investment - net		956,263	774,661	903,282	723,292
Long-term investment - net		4,255,216	3,618,541	4,029,555	3,007,622
Investment in subsidiaries - net		-	-	2,966,664	3,468,644
Net investments		5,211,479	4,393,202	7,899,501	7,199,558
RECEIVABLE FROM CLEARING HOUSE		687,562	256,710	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	3.5,3.7				
Loans and receivable		83,655,992	74,641,231	79,353,478	68,880,668
Securities and derivative business receivables		781,988	667,250	-	-
Total loans and receivable		84,437,980	75,308,481	79,353,478	68,880,668
Accrued interest receivable		146,839	143,399	100,539	98,862
Total loans, receivable and accrued interest receivable		84,584,819	75,451,880	79,454,017	68,979,530
Less : Allowance for doubtful accounts	3.6.1	(2,798,750)	(2,771,223)	(2,450,473)	(2,463,411)
Less : Allowance for loss on debt restructuring	3.6.2	(592)	(22,404)	(592)	(22,404)
Net loans, receivable and accrued interest receivable		81,785,477	72,658,253	77,002,952	66,493,715
PROPERTY FORECLOSED - NET		1,074,448	1,042,803	1,060,804	1,044,941
LAND, PREMISES AND EQUIPMENT - NET		1,591,281	1,602,800	1,087,259	1,080,851
DEFERRED TAX ASSETS	3.18	430,569	655,772	239,609	451,323
DIVIDEND RECEIVABLES FROM SUBSIDIARIES	3.20	-	-	50,000	591,022
OTHER ASSETS	3.8	1,029,407	1,219,422	810,948	1,035,387
TOTAL ASSETS		98,940,604	84,781,422	93,511,361	80,406,106

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2007	31 December 2006	30 September 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS IN BAHT		55,197,571	40,567,860	55,254,056	40,668,116
INTERBANK AND MONEY MARKET ITEMS					
Domestic - Interest bearing		3,193,078	2,156,981	3,079,718	2,566,079
LIABILITY PAYABLE ON DEMAND		312,179	477,516	312,179	477,516
BORROWINGS					
Short-term borrowings	3.9	16,180,057	25,720,284	13,306,057	23,155,078
Long-term borrowings		8,192,299	361,700	8,192,299	361,700
Total borrowings		24,372,356	26,081,984	21,498,356	23,516,778
PAYABLE TO CLEARING HOUSE		-	365,138	-	-
SECURITIES AND DERIVATIVE BUSINESS PAYABLES		1,434,241	710,639	-	-
ACCRUED INTEREST PAYABLE		869,418	462,185	866,573	452,359
OTHER LIABILITIES	3.10	1,401,083	1,276,257	1,016,389	987,000
TOTAL LIABILITIES		86,779,926	72,098,560	82,027,271	68,667,848

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

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2007	31 December 2006	30 September 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered	2.2	11,002,000	11,002,000	11,002,000	11,002,000
Issued and fully paid-up					
184,685,380 preference shares of Baht 10 each (31 December 2006: 185,127,630 preference shares of Baht 10 each)		1,846,854	1,851,276	1,846,854	1,851,276
542,617,120 ordinary shares of Baht 10 each (31 December 2006: 541,277,120 ordinary shares of Baht 10 each)		5,426,171	5,412,771	5,426,171	5,412,771
		7,273,025	7,264,047	7,273,025	7,264,047
Share premium					
Share premium of preference shares		83,856	73,191	83,856	73,191
Share premium of ordinary shares		36,500	36,500	36,500	36,500
Revaluation surplus (deficit) on changes in the value of investments	3.14	954,817	662,956	130,533	(181,560)
Translation adjustment		76,493	82,147	-	-
Retained earnings					
Appropriated - statutory reserve	2.3	422,100	422,100	422,100	422,100
Unappropriated		3,313,887	3,715,080	3,538,076	4,123,980
Equity attributable to the Bank's shareholders		12,160,678	12,256,021	11,484,090	11,738,258
Minority interest - equity attributable to minority shareholders of subsidiaries		-	426,841	-	-
TOTAL SHAREHOLDERS' EQUITY		12,160,678	12,682,862	11,484,090	11,738,258
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		98,940,604	84,781,422	93,511,361	80,406,106
		0	0	0	0
OFF - BALANCE SHEET ITEMS - CONTINGENCIES					
	3.22				
Aval to bills and guarantees of loans		131,920	526,625	131,920	526,625
Other commitments		5,196,160	5,667,693	5,098,561	5,667,693

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

Mr. Pichai Chanvirachart
(President)

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

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

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

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
(Restated)					
INTEREST AND DIVIDEND INCOME					
Loans		215,539	265,321	216,094	264,780
Interbank and money market items		77,815	101,278	60,375	75,877
Hire purchase and financial lease income		1,316,852	1,024,555	1,081,599	741,232
Investments		74,130	52,866	71,036	158,628
Total interest and dividend income		1,684,336	1,444,020	1,429,104	1,240,517
INTEREST EXPENSES					
Deposit		480,479	645,955	478,664	645,562
Interbank and money market items		37,649	26,747	34,774	13,955
Short-term borrowings		191,395	87,091	155,055	52,341
Long-term borrowings		89,565	21,047	89,565	21,047
Total interest expenses		799,088	780,840	758,058	732,905
Net interest and dividend income		885,248	663,180	671,046	507,612
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		(182,433)	(2,903)	(144,279)	21,009
Net interest and dividend income after					
bad debt and doubtful accounts and loss on debt restructuring		702,815	660,277	526,767	528,621
NON-INTEREST INCOME					
Securities brokerage fees		200,286	132,016	-	-
Gain on investments	3.15	131,976	107,822	64,091	107,808
Gain on derivatives		20,091	-	-	-
Fees and service income					
Acceptances, aval and guarantees		4,026	2,542	4,026	2,542
Insurance services		121,278	89,595	121,169	88,945
Fund management		132,514	63,438	-	-
Others		59,061	54,175	28,980	33,938
Gain (loss) on exchange		201	1,468	(89)	209
Other income		54,308	58,504	41,460	43,467
Total non-interest income		723,741	509,560	259,637	276,909
Total net income		1,426,556	1,169,837	786,404	805,530
NON-INTEREST EXPENSES					
Personnel expenses		424,734	207,876	198,309	109,575
Premises and equipment expenses		139,581	116,968	134,276	97,466
Taxes and duties		25,481	26,380	23,589	23,765
Fee and service expenses		66,666	188,871	41,449	123,831
Directors' remuneration	2.4	1,970	1,820	1,970	1,760
Other expenses		161,798	155,434	69,408	69,262
Total non-interest expenses		820,230	697,349	469,001	425,659
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		606,326	472,488	317,403	379,871
CORPORATE INCOME TAX		(166,097)	(134,853)	(83,609)	(72,408)
INCOME BEFORE MINORITY INTEREST		440,229	337,635	233,794	307,463
MINORITY INTEREST IN NET INCOME IN SUBSIDIARY COMPANIES		-	(5,249)	-	-
NET INCOME FOR THE PERIOD		440,229	332,386	233,794	307,463
EARNINGS PER SHARE					
	3.19				
Basic earnings per share		0.54	0.39	0.26	0.36
Diluted earnings per share		0.54	0.39	0.26	0.35

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

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

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
INTEREST AND DIVIDEND INCOME					
Loans		779,326	681,956	781,469	679,711
Interbank and money market items		393,852	333,630	339,305	264,977
Hire purchase and financial lease income		3,828,417	2,956,019	3,086,540	2,121,850
Investments		250,743	235,482	589,481	349,392
Total interest and dividend income		5,252,338	4,207,087	4,796,795	3,415,930
INTEREST EXPENSES					
Deposit		1,751,037	1,666,516	1,746,627	1,665,072
Interbank and money market items		95,710	103,775	83,585	60,582
Short-term borrowings		700,705	152,512	588,557	67,248
Long-term borrowings		178,605	127,329	178,605	126,919
Total interest expenses		2,726,057	2,050,132	2,597,374	1,919,821
Net interest and dividend income		2,526,281	2,156,955	2,199,421	1,496,109
BAD DEBT AND DOUBTFUL ACCOUNTS					
Net interest and dividend income after		(312,020)	(62,475)	(192,071)	(39,502)
bad debt and doubtful accounts and loss on debt restructuring		2,214,261	2,094,480	2,007,350	1,456,607
NON-INTEREST INCOME					
Securities brokerage fees		451,283	478,194	-	-
Gain on investments	3.15	267,303	398,487	146,917	388,017
Gain on derivatives		20,091	-	-	-
Fees and service income					
Acceptances, aval and guarantees		5,550	2,863	5,550	2,863
Insurance services		350,384	266,576	349,399	265,069
Fund management		303,830	193,449	-	-
Others		175,916	181,620	89,584	126,467
Gain (loss) on exchange		(1,755)	7,926	(4,998)	209
Other income	3.16	161,892	191,108	117,609	149,010
Total non-interest income		1,734,494	1,720,223	704,061	931,635
Total net income		3,948,755	3,814,703	2,711,411	2,388,242
NON-INTEREST EXPENSES					
Personnel expenses		1,080,393	808,006	602,950	466,694
Premises and equipment expenses		374,571	332,027	341,893	275,593
Taxes and duties		90,992	67,749	85,257	61,293
Fees and service expenses		201,990	484,681	139,120	292,459
Directors' remuneration	2.4	6,045	5,540	6,045	5,360
Other expenses	3.17	495,994	451,007	248,575	198,168
Total non-interest expenses		2,249,985	2,149,010	1,423,840	1,299,567
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		1,698,770	1,665,693	1,287,571	1,088,675
CORPORATE INCOME TAX	3.18	(464,844)	(419,625)	(238,426)	(221,121)
INCOME BEFORE MINORITY INTEREST		1,233,926	1,246,068	1,049,145	867,554
MINORITY INTEREST IN NET INCOME IN SUBSIDIARY COMPANIES		(70)	(18,511)	-	-
NET INCOME FOR THE PERIOD		1,233,856	1,227,557	1,049,145	867,554
EARNINGS PER SHARE					
Basic earnings per share	3.19	1.51	1.50	1.25	1.01
Diluted earnings per share		1.50	1.49	1.25	1.00

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
Cash flows from operating activities				
Net income	1,233,856	1,227,557	1,049,145	867,554
Adjustments to reconcile net income to net cash provided by (paid from) operating activities				
Minority interest in income of subsidiary company	70	18,511	-	-
Dividend income from subsidiary companies	-	-	(349,999)	(117,174)
Depreciation and amortisation	168,680	151,868	123,027	107,289
Bad debt and doubtful accounts	505,655	157,986	365,422	123,497
Reversal of unrealised loss on investment	(13,842)	(6,577)	(13,842)	(6,577)
Allowance for impairment of property foreclosed (reversal)	11,650	(29,890)	8,902	(33,715)
Gain on disposal of investments	(253,461)	(391,910)	(133,075)	(381,440)
Unrealised loss on exchange rate	4,998	-	4,998	-
Unrealised gains on derivatives	(20,091)	-	-	-
Loss (gain) on disposal of equipments	(2,503)	(6,541)	5	(5,857)
Loss (gain) from disposal of property foreclosed	145,448	117,719	1,243	(10,909)
Decrease in deferred tax assets	88,757	3,258	77,960	22,024
Decrease (increase) in accrued interest and dividend receivable	6,057	(37,007)	7,390	(30,985)
Decrease (increase) in accrued income	(34,288)	37,173	21,332	55,567
Increase in accrued interest payable	415,976	257,842	414,214	257,999
Increase in accrued expenses	266,407	116,290	121,633	81,811
Income from operating activities before changes in operating assets and liabilities	2,523,369	1,616,279	1,698,355	929,084
Decrease (increase) in operating assets				
Interbank and money market items	(2,146,090)	(1,848,579)	(773,739)	(854,143)
Securities purchased under resale agreements	(1,947,000)	(2,100,000)	(1,947,000)	(2,100,000)
Receivable from clearing house	(410,761)	(416,486)	-	-
Loans and receivable	(11,962,451)	(5,056,625)	(11,694,683)	(4,789,858)
Securities and derivative business receivables	(114,738)	233,936	-	-
Property foreclosed	1,109,471	624,789	720,594	321,792
Other assets	275,791	128,569	282,802	129,320

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
				(Restated)
Increase (decrease) in operating liabilities				
Deposits	14,629,711	21,771,041	14,585,940	21,747,894
Interbank and money market items	1,287,504	(4,159,274)	513,640	(4,796,363)
Liabilities payable on demand	(165,337)	74,817	(165,337)	74,817
Borrowings	(6,594,460)	(9,300,235)	(6,903,254)	(9,618,000)
Payable to clearing house	(365,138)	(302,641)	-	-
Securities and derivative business payables	723,602	4,226	-	-
Other liabilities	(54,977)	(395,784)	(94,059)	(263,076)
Net cash flows from (used in) operating activities	<u>(3,211,504)</u>	<u>874,033</u>	<u>(3,776,741)</u>	<u>781,467</u>
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(9,794,506)	(840,379)	(9,563,932)	(800,102)
Cash received from disposal of investment in securities held for investment	9,495,843	1,809,390	8,913,560	1,698,892
Cash received from dividend of subsidiaries	-	-	891,022	117,174
Cash paid for purchase of land, premises and equipment	(134,995)	(180,043)	(112,417)	(170,728)
Cash received from disposal of equipment	2,811	6,768	45	6,084
Cash received from capital returned from subsidiaries (Note 4.5.3)	512,461	-	512,461	-
Net cash flows from (used in) investing activities	<u>81,614</u>	<u>795,736</u>	<u>640,739</u>	<u>851,320</u>
Cash flows from financing activities				
Dividend paid	(1,633,235)	(1,646,605)	(1,633,235)	(1,635,405)
Cash paid for the redemption of long-term debenture and debt instruments	(3,000,000)	-	(3,000,000)	-
Cash received from issue long-term debenture and debt instruments	7,884,832	-	7,884,832	-
Cash received from exchange of warrants to purchase preference shares	19,643	64,236	19,643	64,236
Net cash flows from (used in) financing activities	<u>3,271,240</u>	<u>(1,582,369)</u>	<u>3,271,240</u>	<u>(1,571,169)</u>
Translation adjustment	<u>(5,654)</u>	<u>(25,591)</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	135,696	61,809	135,238	61,618
Cash and cash equivalents at beginning of the period	210,225	203,953	209,088	202,325
Cash and cash equivalents at end of the period	<u>345,921</u>	<u>265,762</u>	<u>344,326</u>	<u>263,943</u>
	-	-	-	-
Supplemental cash flows information				
Cash paid during the period for				
Interest	2,319,662	1,793,097	2,183,160	1,661,822
Corporate income tax	412,599	478,483	152,682	212,558
Non-cash transactions				
Conversion of preference shares to ordinary shares	13,400	2,470	13,400	2,470
Transfer of property foreclosed to land, premises and equipment	-	20,018	-	20,018

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements										
	Issued and paid-up share capital		Share premium		Preference shares	Surplus (deficit)	Translation	Statutory	Unappropriated	Minority	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	subscription	from changes in the	adjustment	reserve	retained	interest - equity	
					received in advance	value of investments			earnings	attributable to	
									minority shareholders		
Balance as at 31 December 2005	1,809,476	5,410,201	43,129	36,500	-	1,011,781	112,560	344,800	3,882,251	430,968	13,081,666
Decrease in fair value of investments	-	-	-	-	-	(358,439)	-	-	-	-	(358,439)
Decrease in translation adjustments	-	-	-	-	-	-	(25,591)	-	-	-	(25,591)
Net income for the period	-	-	-	-	-	-	-	-	1,227,557	-	1,227,557
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	-	(1,635,405)	-	(1,635,405)
Warrants converted to preference shares	36,590	-	20,819	-	6,827	-	-	-	-	-	64,236
Preference shares converted to ordinary shares	(2,470)	2,470	-	-	-	-	-	-	-	-	-
Increase in minority interest in subsidiary company	-	-	-	-	-	-	-	-	-	7,311	7,311
Balance as at 30 September 2006	1,843,596	5,412,671	63,948	36,500	6,827	653,342	86,969	344,800	3,474,403	438,279	12,361,335
Balance as at 31 December 2006	1,851,276	5,412,771	73,191	36,500	-	662,956	82,147	422,100	3,715,080	426,841	12,682,862
Increase in fair value of investments	-	-	-	-	-	291,861	-	-	-	-	291,861
Decrease in translation adjustments	-	-	-	-	-	-	(5,654)	-	-	-	(5,654)
Net income for the period	-	-	-	-	-	-	-	-	1,233,856	-	1,233,856
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	-	(1,633,235)	-	(1,633,235)
Income tax from unpaid dividend	-	-	-	-	-	-	-	-	(1,814)	-	(1,814)
Warrants converted to preference shares	8,978	-	10,665	-	-	-	-	-	-	-	19,643
Preference shares converted to ordinary shares	(13,400)	13,400	-	-	-	-	-	-	-	-	-
Decrease in minority interest in subsidiary company	-	-	-	-	-	-	-	-	-	(426,841)	(426,841)
Balance as at 30 September 2007	1,846,854	5,426,171	83,856	36,500	-	954,817	76,493	422,100	3,313,887	-	12,160,678

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

	Separate financial statements									
	Issued and fully paid-up share capital		Share premium		Preference shares	Surplus (deficit)	Translation	Statutory	Unappropriated	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	subscription received in advance	from changes in the value of investments	adjustment	reserve	retained earnings	
Balance as at 31 December 2005 - as previously reported	1,809,476	5,410,201	43,129	36,500	-	1,011,781	112,560	344,800	3,882,251	12,650,698
Cumulative effect of the change in accounting policy for investments in subsidiaries (Note 5)	-	-	-	-	-	(825,868)	(112,560)	-	841,016	(97,412)
Balance as at 31 December 2005 - as restated	1,809,476	5,410,201	43,129	36,500	-	185,913	-	344,800	4,723,267	12,553,286
Decrease in fair value of investments	-	-	-	-	-	(345,293)	-	-	-	(345,293)
Net income for the period - restated	-	-	-	-	-	-	-	-	867,554	867,554
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	-	(1,635,405)	(1,635,405)
Warrants converted to preference shares	36,590	-	20,819	-	6,827	-	-	-	-	64,236
Preference shares converted to ordinary shares	(2,470)	2,470	-	-	-	-	-	-	-	-
Balance as at 30 September 2006	1,843,596	5,412,671	63,948	36,500	6,827	(159,380)	-	344,800	3,955,416	11,504,378
Balance as at 31 December 2006 - as previously reported	1,851,276	5,412,771	73,191	36,500	-	662,956	82,147	422,100	3,715,080	12,256,021
Cumulative effect of the change in accounting policy for investments in subsidiaries (Note 5)	-	-	-	-	-	(844,516)	(82,147)	-	408,900	(517,763)
Balance as at 31 December 2006 - as restated	1,851,276	5,412,771	73,191	36,500	-	(181,560)	-	422,100	4,123,980	11,738,258
Increase in fair value of investments	-	-	-	-	-	312,093	-	-	-	312,093
Net income for the period	-	-	-	-	-	-	-	-	1,049,145	1,049,145
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	-	(1,633,235)	(1,633,235)
Income tax from unpaid dividend	-	-	-	-	-	-	-	-	(1,814)	(1,814)
Warrants converted to preference shares	8,978	-	10,665	-	-	-	-	-	-	19,643
Preference shares converted to ordinary shares	(13,400)	13,400	-	-	-	-	-	-	-	-
Balance as at 30 September 2007	1,846,854	5,426,171	83,856	36,500	-	130,533	-	422,100	3,538,076	11,484,090

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

(UNAUDITED BUT REVIEWED)

TISCO BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

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

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the balance sheets, the statements of income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

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

1.2 Basis for the preparation of consolidated financial statements

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2006. There have been no changes in the shareholding structure during the period, except that, in March 2007 and April 2007, three subsidiary companies, TISCO Group Company Limited, Thai Commercial Auto Co., Ltd and VLT Leasing Co., Ltd., registered their dissolutions with the Ministry of Commerce and are in the process of liquidation.

The financial statements of the subsidiary company, which is included in the consolidated financial statements, were prepared by the managements of the subsidiary company and not reviewed by its auditor.

(Unit : Million Baht)

	Subsidiary’s total assets included in the consolidated financial statements as at 30 September 2007	Subsidiary’s total revenue included in the consolidated financial statements for the nine-month period ended 30 September 2007	Subsidiary’s net income include in the consolidated financial statements for the nine-month period ended 30 September 2007
<i>Subsidiary’s indirectly owned by the Bank</i>			
TISCO Global Securities Limited	27	-	-

The amounts of assets, revenue and net income of the above subsidiary are immaterial to the consolidated financial statements and the management believes that such amounts will not significantly differ if the financial statements were to be reviewed by an auditor.

1.3 Adoption of new accounting standards

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550 and 38/2550 regarding Thai Accounting Standards, and these have been published in the Royal Gazette. The Notifications mandate the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

a) Thai Accounting Standards (revised version) which are effective for the current year

TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures

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

b) Thai Accounting Standards (revised version) which are not effective for the current year

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 35	Presentation of Financial Statements
TAS 39	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41	Interim Financial Reporting
TAS 49	Construction Contracts

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

1.4 Significant accounting policies

These interim financial statements are prepared by using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2006, exceptional for the following:

a) Investment in subsidiaries

The Bank has changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, as described in Note 5 to the financial statements.

b) Commissions and direct expenses of the hire purchase business

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

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

c) Allowance for doubtful accounts

The Bank has changed its method of estimating allowance for doubtful accounts for loans and receivables classified as pass from using a minimum rate of 1% to the Credit Migration rate of the loan balances (excluding accrued interest receivables) net of collateral, except for hire purchase receivables, for which the Bank does not deduct the collateral value from the outstanding loan balance.

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

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

d) Derivatives - Futures contracts

The subsidiary company recognises gains (losses) from changes in the fair value of the future contracts held for trading in the income statements, with fair value determined based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

Amounts deposited as security for a futures contract are recorded as receivable from the clearing house.

1.5 Reclassification

In addition to the change in accounting policy mentioned in Note 5 to the financial statements, which affects previously reported net income and shareholders' equity, certain amounts in the financial statements for the prior period have been reclassified to conform to the current period's classifications, with no effect on previously reported net income or shareholders' equity, except for that as a result of the change in accounting policy.

2. GENERAL INFORMATION

2.1 The Bank's information

TISCO Bank Public Company Limited is a public company incorporated and domiciled in Thailand. The Bank has been licensed by the Ministry of Finance to operate commercial banking business. The Bank's registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 30 September 2007, the Bank has 25 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.

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

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

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

2.3 Statutory reserve

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

2.4 Directors' remuneration

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

2.5 Related party transactions

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

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

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

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

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

(UNAUDITED BUT REVIEWED)

3. DETAILS OF FINANCIAL STATEMENTS

3.1 Interbank and money market items (assets)

(Unit : Million Baht)

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

3.2 Securities purchased under resale agreements

(Unit : Million Baht)

	Consolidated financial statements / Separate financial statements	
	As at	
	30 September 2007	31 December 2006
Bank of Thailand Bond	3,665	1,718

3.3 Investments

(Unit : Thousand Baht)

	Consolidated financial statements as at			
	30 September 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investment</u>				
Trading securities				
Equity securities :				
Domestic marketable equity securities	1	1	1	1
Total trading securities	1		1	
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	656,805	656,807	460,230	460,112
Debt securities of private sector	229,866	169,626	237,569	178,609
Total	886,671	826,433	697,799	638,721
Add (less) : Allowance for changes in value	176		1,336	
Less : Allowance for impairment	(60,414)		(60,414)	
Debt securities - net	826,433		638,721	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements as at			
	30 September 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Equity securities :				
Domestic marketable equity securities	113,161	78,175	129,506	85,163
Add (less): Allowance for changes in value	(34,986)		(44,343)	
Net equity securities	78,175		85,163	
Total available-for-sales securities	904,608		723,884	
Held-to-maturity debt securities-due within 1 year				
Debt securities :				
Government and state enterprise securities	1,650		772	
Debt securities of private sector	4		4	
Total held-to-maturity debt securities-due within 1 year	1,654		776	
Other Investment				
Equity securities :				
Unit trusts	50,000		50,000	
Total other investment	50,000		50,000	
Total net current investments	956,263		774,661	
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000	100,197	100,000	101,820
Add (less) : Allowance for changes in value	197		1,820	
Debt securities - net	100,197		101,820	
Equity securities :				
Domestic marketable equity securities	2,076,504	2,355,498	2,502,412	2,335,941
Other securities - unit trusts	-	-	103,158	122,931
Total	2,076,504	2,355,498	2,605,570	2,458,872
Add (less) : Allowance for changes in value	278,994		(146,698)	
Net equity securities	2,355,498		2,458,872	
Total available-for-sales securities	2,455,695		2,560,692	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements as at			
	30 September 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	337,145		337,173	
Total held-to-maturity debt securities	337,145		337,173	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	949,884		956,702	
Investment in receivables	752,373		6,257	
Total	1,702,257		962,959	
Less : Allowance for impairment	(239,881)		(242,283)	
Total other investment	1,462,376		720,676	
Net long-term investments	4,255,216		3,618,541	
Net investments	5,211,479		4,393,202	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statements as at			
	30 September 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investment</u>				
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	655,479	655,481	459,638	459,520
Debt securities of private sector	229,866	169,626	237,568	178,609
Total	885,345	825,107	697,206	638,129
Add (less) : Allowance for changes in value	176		1,337	
Less : Allowance for impairment	(60,414)		(60,414)	
Debt securities - net	825,107		638,129	
Equity securities :				
Domestic marketable equity securities	113,161	78,175	129,506	85,163
Add (less) : Allowance for changes in value	(34,986)		(44,343)	
Net equity securities	78,175		85,163	
Total available-for-sales securities	903,282		723,292	
Net current investments	903,282		723,292	
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000	100,197	100,000	101,820
Add (less) : Allowance for changes in value	197		1,820	
Debt securities - net	100,197		101,820	
Equity securities :				
Domestic marketable equity securities	1,918,422	2,139,511	2,072,455	1,857,613
Add (less) : Allowance for changes in value	221,089		(214,842)	
Net equity securities	2,139,511		1,857,613	
Total available-for-sales securities	2,239,708		1,959,433	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statements as at			
	30 September 2007		31 December 2006	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	335,000		335,000	
Total held-to-maturity debt securities	335,000		335,000	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	939,728		946,589	
Investment in receivables	755,000		8,883	
Total	1,694,728		955,472	
Less : Allowance for impairment	(239,881)		(242,283)	
Total other investment	1,454,847		713,189	
Net long-term investments	4,029,555		3,007,622	
Investment in subsidiaries				
Investment in subsidiaries (cost method)	2,966,664		3,550,644	
Less : Allowance for impairment	-		(82,000)	
Net investment in subsidiaries	2,966,664		3,468,644	
Net investments	7,899,501		7,199,558	

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

	Consolidated financial statements / Separate financial statements		Remark
	As at		
	30 September 2007	31 December 2006	
Government bonds	335	335	These bonds are redeemable within a 10-year period, maturing in 2009 and carry interest at rates of 4% and 5% per annum.

3.3.2 Investments subject to restriction

(Unit : Million Baht)

Type of investment	Consolidated financial statements		Separate financial statements		Type of restriction
	As at		As at		
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	
Domestic marketable equity securities	24	21	24	21	Have a specific terms for being sold in accordance with a condition of troubled debt restructuring agreements made with restructured receivables
Domestic non-marketable equity securities	13	13	13	13	Pledged as security for short-term loan from a company
Government debt securities	5	5	3	3	Pledged for electricity usage
Government debt securities	63	63	63	63	Pledged under agreement to swap a floating interest rate for a fixed interest rate, described in Note 3.23.5

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

(Unit :Thousand Baht)

	Consolidated financial statements / Separate financial statements As at 30 September 2007		
	Cost	Fair value	Allowance for changes in Value ⁽¹⁾
	Companies having problems with debt repayment or in default	67,873	-

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

(UNAUDITED BUT REVIEWED)

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

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

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

Name	As at					
	30 September 2007			31 December 2006		
	Book value	Cost	Percentage of holding	Book value	Cost	Percentage of holding
	Thousand Baht	Thousand Baht	%	Thousand Baht	Thousand Baht	%
TISCO Aggressive Growth Fund	-	-	-	85,105	64,206	34
TISCO Cash Management Fund	-	-	-	20,946	20,000	28

(UNAUDITED BUT REVIEWED)

3.4 Investment in subsidiary companies

Company's name	Nature of Business	Paid-up share capital		Cost method		Impairment		Cost method- net		(Unit : Million Baht) Dividend received ⁽¹⁾ for the nine-month periods ended 30 September	
		As at		As at		As at		As at			
		30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	2007	2006
Subsidiary companies directly held by the Bank :											
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	-	-	66	66	-	106
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	-	-	1,500	1,500	240	-
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	-	-	220	220	110	-
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	-	-	864	864	-	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	-	-	273	273	-	-
TISCO Information Technology Co., Ltd.	Services	20	20	44	44	-	-	44	44	-	-
Thai Commercial Auto Co., Ltd. (in the process of liquidation)	Hire purchase	800	800	-	434	-	7	-	427	-	18
TISCO Group Co., Ltd. (in the process of liquidation)	Holdings	150	150	-	150	-	75	-	75	-	-
TISCO Corporation Plc. (disposal during the period)	Holdings	-	-	-	-	-	-	-	-	-	-
				2,967	3,551	-	82	2,967	3,469	350	124

⁽¹⁾ Including dividend received from subsidiary company which indirectly held by the Bank.

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

(UNAUDITED BUT REVIEWED)

3.5 Loans, receivable and accrued interest receivable

3.5.1 Classified by type of loan and receivable

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
<u>Loans and receivable</u>				
Loans	15,681,486	15,149,089	15,680,590	15,132,494
Hire - purchase and financial lease receivables				
Hire - purchase and financial lease receivables	78,132,247	68,429,380	72,447,344	61,055,286
Add (less) : Unearned income	(10,370,063)	(8,773,607)	(9,043,589)	(7,307,112)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	351,241	-	269,133	-
: Advances received from financial lease receivables	(138,919)	(163,631)	-	-
Hire - purchase and financial lease receivables - net	67,974,506	59,492,142	63,672,888	53,748,174
Total loans and receivable	83,655,992	74,641,231	79,353,478	68,880,668
Add : Accrued interest receivable	146,839	143,399	100,539	98,862
Less : Allowance for doubtful accounts	(2,795,108)	(2,767,471)	(2,450,473)	(2,463,411)
Less : Allowance for loss on debt restructuring	(592)	(22,404)	(592)	(22,404)
Net loans, receivable and accrued interest receivable	81,007,131	71,994,755	77,002,952	66,493,715
<u>Securities and derivative business receivable</u>				
<u>Securities business receivable</u>				
Customer's cash accounts	740,112	664,600	-	-
Customer's securities borrowings and lending accounts				
Guarantee deposit receivable	20,394	-	-	-
Securities borrowing receivable	19,372	-	-	-
Other receivable				
Overdue customers' accounts	-	34	-	-
Receivables under litigation	-	110	-	-
Installment receivable	2,110	2,506	-	-
Total securities business receivable	781,988	667,250	-	-
Less : Allowance for doubtful accounts	(3,642)	(3,752)	-	-
Net securities business receivable	778,346	663,498	-	-
Net loans, receivable and accrued interest receivable	81,785,477	72,658,253	77,002,952	66,493,715

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

The Bank	Amounts calculated under BOT's guideline ⁽²⁾		Amounts calculated under the Bank's policy	
	Separate financial statements		Separate financial statements	
	As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Loans and receivable for which the recognition of interest income has ceased ⁽¹⁾	2,494	2,340	3,208 ⁽³⁾	3,114 ⁽³⁾

⁽¹⁾ These amounts are calculated on an account by account basis.

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

⁽³⁾ Loans and receivables totaling Baht 2,572 million (31 December 2006 : Baht 2,602 million), for which a 100 percent allowance for doubtful debts has been provided against the unsecured portion. The above amounts are calculated on an account by account basis.

(Unit : Million Baht)

Subsidiaries	As at	
	30 September 2007	31 December 2006
Securities business loans and receivables, hire-purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has ceased	534 ⁽¹⁾	504 ⁽¹⁾

⁽¹⁾ Baht 78 million of such amount being loans and receivables (31 December 2006 : Baht 129 million), for which a 100 percent allowance for doubtful debts has been provided.

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

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Unearned interest income	10,268 ⁽¹⁾	8,774	9,023 ⁽¹⁾	7,307

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

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

(Unit : Million Baht)

	Separate financial statements
	As at 30 September 2007
Restructured loans and receivable ⁽¹⁾	648
Loans and receivable which are being restructured	-

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

(UNAUDITED BUT REVIEWED)

3.5.5 Troubled debt restructuring

- Debt restructuring during the period

	Separate financial statements	
	For the nine-month periods ended 30 September	
	2007	2006
Number of debtors (number)	24	17
Loan balances before restructuring (Million Baht)	689	1,077
Interest income on restructured receivables (Million Baht)	45	67
Receipt of principal and interest (Million Baht)	376	687
Loss on troubled debt restructuring (Million Baht)	-	-

- Debtors which were subjected to debt restructuring

Type of restructuring	Separate financial statements as at 30 September 2007			Fair value of transferred assets (Million Baht)
	Number of receivables	Outstanding loan	Type of assets	
		balance before restructuring (Million Baht)	transferred	
Transfer of assets	23	2,600	Land Land and premises	20 2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification of terms	3	898	Land Equity securities Machinery	198 14 22
Transfer of equity securities and modification of terms	45	4,071	Equity securities Debt securities	1,237 21
Transfer of assets and modification of terms	12	2,191	Land and premises Equity securities Air conditioners	465 190 2
Modification of terms	1,137	23,809		
Total	1,225	34,358		5,051

- The balance of the restructured debts

	(Unit : Million Baht)	
	Separate financial statements	
	As at	
	30 September 2007	31 December 2006
The balance of the restructured debts	2,126	2,389

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	Separate financial statements	
	As at	
	30 September 2007	31 December 2006
Amounts to be provided under BOT's guidelines	2,157	2,142
Amounts already set up by the Bank	2,451 ⁽¹⁾	2,486 ⁽¹⁾
Amounts in excess of the required amount	294	344

⁽¹⁾ The allowance for doubtful debts consists of allowance for doubtful debts of Baht 1,747 million (31 December 2006 : Baht 1,644 million) set aside for the unsecured portion of loans amounting Baht 2,572 million (31 December 2006 : Baht 2,602 million) at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 704 million (31 December 2006 : Baht 842 million) set up for the other loans and receivables.

3.6.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

	Consolidated financial statements as at 30 September 2007						
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
	Balance - beginning of the period	625,452	72,022	119,660	140,135	1,719,723	94,231
Increase (decrease) in allowance for doubtful accounts during the period	(316,069)	38,196	236,564	160,276	114,180	43,233	276,380
Bad debt written - off	(7,007)	(6,474)	(49,622)	(106,258)	(79,412)	(80)	(248,853)
Balance - end of the period	302,376	103,744	306,602	194,153	1,754,491	137,384	2,798,750

(Unit : Thousand Baht)

	Consolidated financial statements as at 31 December 2006						
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
	Balance - beginning of year	694,346	62,208	114,010	200,804	1,557,135	552,498
Increase (decrease) in allowance for doubtful accounts during the year	(41,751)	9,937	8,857	21,541	574,255	(445,362)	127,477
Bad debt written - off	(27,143)	(123)	(3,207)	(82,210)	(411,667)	(12,905)	(537,255)
Balance - end of year	625,452	72,022	119,660	140,135	1,719,723	94,231	2,771,223

(Unit : Thousand Baht)

	Separate financial statements as at 30 September 2007						
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
	Balance - beginning of the period	579,289	59,194	73,234	69,694	1,589,005	92,995
Increase (decrease) in allowance for doubtful accounts during the period	(301,198)	38,412	170,587	159,005	78,888	42,630	188,324
Bad debt written - off	(7,007)	(6,474)	(49,053)	(100,035)	(38,693)	-	(201,262)
Balance - end of the period	271,084	91,132	194,768	128,664	1,629,200	135,625	2,450,473

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Separate financial statements as at 31 December 2006

	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of year	641,959	51,792	79,230	145,898	1,449,194	497,498	2,865,571
Increase (decrease) in allowance for doubtful accounts during the year	(35,527)	7,525	(3,095)	2,182	480,869	(391,598)	60,356
Bad debt written - off	(27,143)	(123)	(2,901)	(78,386)	(341,058)	(12,905)	(462,516)
Balance - end of year	579,289	59,194	73,234	69,694	1,589,005	92,995	2,463,411

3.6.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

Consolidated financial statements /
Separate financial statements

As at

	30 September 2007	31 December 2006
Balance - beginning of the period	22,404	303,731
Increase during the period	-	3,021
Written - off/transfer to general reserve	(21,812)	(284,348)
Balance - end of the period	592	22,404

3.6.3 Non - performing loans and receivable

(Unit : Million Baht)

Separate financial statements

As at

	30 September 2007	31 December 2006
Non - performing loans and receivable	3,119	2,946
Allowance for doubtful accounts	1,953	1,732

(UNAUDITED BUT REVIEWED)

3.7 Classification of assets**3.7.1 Investment in companies with weak financial position and poor operating results**

(Unit : Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	As at		As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Debt instruments - debentures ⁽²⁾	60	60	-	-	60	60
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6
Equity instruments - preference shares ⁽³⁾	2	2	-	-	2	2

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

⁽²⁾ Investment in subordinated debentures issued by financial institutions 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.

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

(Unit : Million Baht)

	Debt balance		Debt balance after net of collateral		Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	As at		As at		As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Loans and receivable ⁽¹⁾⁽²⁾⁽³⁾								
Pass	72,062	63,000	61,071	52,019	247	520	271	580
Special mentioned	4,172	2,935	4,120	2,883	91	58	91	59
Substandard								
- Non apply with the new guidelines of the BOT	-	406	-	360	-	72	-	72
- Apply with the new guidelines of the BOT	592	1	568	1	195	1	195	1
Doubtful								
- Non apply with the new guidelines of the BOT	-	85	-	75	-	38	-	38
- Apply with the new guidelines of the BOT	229	46	184	32	129	32	129	32
Doubtful of loss								
- Non apply with the new guidelines of the BOT	-	1,111	-	343	-	343	-	517
- Apply with the new guidelines of the BOT	2,298	1,297	1,501	1,056	1,494	1,056	1,629	1,072
Total	79,353	68,881	67,444	56,769	2,156	2,120	2,315	2,371
Loss on receivable under troubled debt restructuring	-	-	-	-	1	22	1	22
Total	79,353	68,881	67,444	56,769	2,157	2,142	2,316	2,393
General reserve							135	93
Total							2,451	2,486

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Debt balance		Debt balance after		Allowance for doubtful accounts			
	As at		net of collateral		Amounts to be provided under		Amounts already set up	
			As at		BOT's guidelines		by the Bank	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2007	2006	2007	2006	2007	2006	2007	2006
Investment in securities								
Doubtful of loss								
Debt instruments	61	61	61	61	61	61	61	61
Equity instruments	452	717	452	717	452	717	452	717
Total	513	778	513	778	513	778	513	778
Investment in receivables								
Doubtful of loss	8	7	1	-	1	-	1	-
Total	8	7	1	-	1	-	1	-
Property foreclosed								
Doubtful of loss								
Land	24	16	24	16	24	16	24	16
Total	24	16	24	16	24	16	24	16
Total classified assets	79,898	69,682	67,982	57,563	2,695	2,936	2,989	3,280

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

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

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

For the financial statements as at 31 December 2006, the Bank set provision at 100% on receivables for which a court judgment has already been issued, for which a court order is being executed and against which legal actions have been brought, in accordance with the new guidelines of the BOT. For the remaining non-performing loans which are classified as doubtful of loss, doubtful and substandard loans, the Bank still apply provisioning rate of 100%, at least 50% and at least 20%, respectively, in accordance with the prior guidelines.

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

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

	Debt balance		Percentage of allowance for doubtful account set up	Allowance for doubtful accounts As at
	after net off collateral value			
	As at	As at		
	30 September 2007	30 September 2007		30 September 2007
<u>Hire purchase receivable</u>				
Substandard				
- Receivable enforced by courts	-	-	100	-
- Receivable not enforced by courts	549	549	32	177
Doubtful				
- Receivable enforced by courts	88	88	100	88
- Receivable not enforced by courts	81	81	32	25
Doubtful of loss				
- Receivable enforced by courts	122	122	100	122
- Receivable not enforced by courts	10	10	32	3
Total	850	850		415

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	As at		As at		As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non - listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	13	15	551	627	30	72	522	531
3. Listed companies of which shares have been suspended for trading	1	1	15	15	-	-	15	15
4. Listed companies under rehabilitation	6	4	137	58	16	5	121	46
5. Companies which have loan settlement problems or have defaulted on payment of debts	21	25	1,149	1,330	571	706	710	808
6. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	41	45	1,852	2,030	617	783	1,368	1,400

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

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

3.7.6 Hire - purchase receivable/financial lease receivable and other loan receivables 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 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2007	2006	2007	2006	2007	2006	2007	2006
Current	2,503	3,907	1	1	25	39	2,478	3,868
Overdue								
1 month	637	711	1	1	6	7	631	704
2 - 3 months	631	642	2	2	13	13	618	629
4 - 6 months	228	232	32, 50, 100*	20	112	46	116	186
7 - 12 months	125	141	32, 50, 100*	50	65	71	60	70
Over 12 months	148	89	32, 50, 100*	100	92	89	56	-
Debtors under litigation	31	39	100	100	31	39	-	-
Total	4,303	5,761			344	304	3,959	5,457

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

(UNAUDITED BUT REVIEWED)

3.8 Other assets

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Value added tax - net	198,930	523,590	197,592	519,857
Accrued interest receivable	14,588	22,513	14,438	22,499
Fee and charges receivable	215,543	176,481	79,690	101,022
Prepaid income tax	13,423	13,125	-	-
Deferred computer system development cost - net	98,223	88,760	82,548	73,345
Deposits	18,055	15,091	12,274	8,083
Other receivables	299,585	220,096	327,278	225,820
Other assets	171,060	159,766	97,128	84,761
Total	1,029,407	1,219,422	810,948	1,035,387

3.9 Borrowings

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
<u>Domestic borrowings</u>				
Subordinated debentures	331,000	331,000	331,000	331,000
Unsubordinated unsecured debentures	5,800,000	7,884,000	5,800,000	7,884,000
Bills of exchange	18,190,119	17,853,784	15,316,119	15,288,578
Promissory note	38,037	-	38,037	-
Others	13,200	13,200	13,200	13,200
Total	24,372,356	26,081,984	21,498,356	23,516,778

3.9.1 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.

3.9.2 Unsubordinated unsecured debentures

Year	Issuer	Type of debenture	Units		Face value per unit (Baht)	Balance as at (Million Baht)		Maturity in the year	Interest rate	Remark
			30 September	31 December		30 September	31 December			
			2007	2006		2007	2006			
2002	The Bank	Unsubordinated and unsecured	-	2 million	1,000	-	2,000	2007	At a rate of 4.25 percent per annum.	-
2002	The Bank	Unsubordinated and unsecured	-	1 million	1,000	-	1,000	2007	At a rate of 3.5 percent per annum in the first and second years and thereafter at a floating rate equivalent to the reference rate plus 0.5 percent per annum, which rate shall not be less than 3.75 percent per annum and shall not exceed 5 percent, 5.5 percent and 6 percent per annum in the third, fourth and fifth years, respectively.	The Bank entered into interest rate swap agreement to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.
2002	The Bank	Unsubordinated and unsecured	1.8 million	1.8 million	1,000	1,800	1,800	2007	At a floating rate equivalent to a rate of 6 percent minus the reference rate per annum in the first, second and third years and thereafter at a rate of 3.8 percent per annum.	The Bank entered into interest rate swap agreement to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.
2006	The Bank	Unsubordinated and unsecured short term debenture	-	3 million	1,000	-	3,084	2007	At a rate between 5.00 to 5.25 percent per annum.	-
2007	The Bank	Unsubordinated and unsecured long-term debenture	3 million	-	1,000	3,000	-	2010	At a rate of 3.75 percent per annum.	-
2007	The Bank	Unsubordinated and unsecured long-term debenture	1 million	-	1,000	1,000	-	2012	At a rate of 4.04 percent per annum.	-

(UNAUDITED BUT REVIEWED)

3.9.3 Bills of exchange

As of 30 September 2007, the Bank had outstanding bills of exchange amounting to Baht 15,316 million (31 December 2006 : Baht 15,289 million), bearing interest between 2.50 to 5.00 percent per annum and maturing between 2007 to 2010.

As of 30 September 2007, two subsidiary companies had outstanding bills of exchange amounting to Baht 2,874 million (31 December 2006 : Baht 2,565 million), bearing interest between 3.75 to 6.00 percent per annum and maturing between 2007 to 2008.

The Bank has entered into interest rate swap agreements to swap the floating interest rate on Baht 745 million of bills of exchange for a fixed interest rate, as mentioned in Note 3.23.5 to the financial statements.

3.9.4 Promissory note

As of 30 September 2007, the Bank had an outstanding promissory note amounting to Baht 38 million, carrying interest at a fixed rate of 1% plus a reference rate specified in the contract that is calculated based on the SET50 Index, and maturing in 2009.

The Bank enters into call option agreement, which rewards will reference to SET50 Index, so net returns are equal to issue fixed effective return rate promissory notes, as mentioned in Note 3.23.5 to the financial statements.

3.10 Other liabilities

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Liabilities under commercial papers sold	-	145,000	-	145,000
Corporate income tax payable	112,232	146,340	42,874	33,277
Withholding income tax and other tax payable	62,030	157,773	38,893	101,929
Accrued insurance premium	471,510	574,554	456,769	553,570
Other liabilities	755,311	252,590	477,853	153,224
Total	<u>1,401,083</u>	<u>1,276,257</u>	<u>1,016,389</u>	<u>987,000</u>

3.11 Preference shares converted to ordinary shares

Up to 30 September 2007, 442,417,120 preference shares had been converted into ordinary shares, and such conversion registered with the Ministry of Commerce.

As at 30 September 2007, there are 184,685,380 preference shares which are convertible to ordinary shares.

3.12 Warrants

	Separate financial statements as at					
	30 September 2007			31 December 2006		
	No. of shares	Exercised		No. of shares	Exercised	
		price	Total		price	Total
shares	Baht per share	Baht	shares	Baht per share	Baht	
Exercised warrants						
Allocation in year 2000	8,820,000	10.00	88,200,000	8,820,000	10.00	88,200,000
Allocation in year 2001	4,763,000	11.31	53,869,530	4,763,000	11.31	53,869,530
Allocation in year 2002	5,454,000	13.20	71,992,800	5,454,000	13.20	71,992,800
Allocation in year 2003	5,137,500	14.94	76,754,250	5,137,500	14.94	76,754,250
Allocation in year 2004	2,928,000	21.88	64,064,640	2,030,250	21.88	44,421,870
	<u>27,102,500</u>		<u>354,881,220</u>	<u>26,204,750</u>		<u>335,238,450</u>
Unexercised warrants	1,731,500			2,751,750		
Warrants received from resigned employees	940,000			930,000		
Expired warrants	<u>226,000</u>			<u>113,500</u>		
Allocated warrants	<u>30,000,000</u>			<u>30,000,000</u>		

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

(UNAUDITED BUT REVIEWED)

3.13 Capital fund

(Unit : Thousand Baht)

Separate financial statements

As at

	30 September 2007	31 December 2006
<u>Tier I</u>		
Issued and fully paid up share capital	7,273,025	7,264,048
Premium on share capital	120,356	109,691
Statutory reserve	422,100	344,800
Retained earnings - unappropriated	2,158,319	1,873,334
Total Tier I	9,973,800	9,591,873
<u>Tier II</u>		
Subordinated long - term debentures	132,400	198,600
Reserve for loans classified as pass	245,258	579,289
Surplus for revaluation of equity securities - available for sales	58,633	-
Total Tier II	436,291	777,889
Less : Deficit for revaluation of equity securities - available for sales	-	(262,528)
Total capital fund	10,410,091	10,107,234

Separate financial statements as at

The capital ratios	30 September 2007		31 December 2006	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	11.85%	4.25%	12.73%	4.25%
Total capital to risk assets	12.37%	8.50%	13.42%	8.50%
Total capital to issued and paid-up share capital	143.13%	75.00%	139.14%	75.00%

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Balance - beginning of the period	608,260	1,100,981	(259,372)	265,590
Increase (decrease) in changes in the value of securities during the period	422,543	(492,721)	445,848	(524,962)
	1,030,803	608,260	186,476	(259,372)
Add (less) : The effect of deferred tax liabilities	(75,986)	54,696	(55,943)	77,812
Balance - end of the period	954,817	662,956	130,533	(181,560)

(UNAUDITED BUT REVIEWED)

3.15 Gain on investments

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods		For the three-month periods	
	ended 30 September		ended 30 September	
	2007	2006	2007	2006
Unrealised gain (loss) on investments	(483)	4,121	(483)	4,121
Realised gain on sale of investments	132,459	103,701	64,574	103,687
Total	131,976	107,822	64,091	107,808

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2007	2006	2007	2006
Unrealised gain on investments	13,842	6,577	13,842	6,577
Realised gain on sale of investments	253,461	391,910	133,075	381,440
Total	267,303	398,487	146,917	388,017

3.16 Other income

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2007	2006	2007	2006
Penalty fee income from loans	84,744	71,508	71,058	58,476
Reversal of allowance for impairment of property foreclosed	-	33,715	-	33,715
Rental income	8,985	10,927	11,357	13,570
Others	68,163	74,958	35,194	43,249
Total	161,892	191,108	117,609	149,010

(UNAUDITED BUT REVIEWED)

3.17 Other expenses

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2007	2006	2007	2006
Contributions to the Financial Institutions				
Development Fund	123,226	101,742	123,226	101,742
Unrealised loss on revalue of property foreclosed	11,650	-	8,902	-
Loss on disposal of property foreclosed	145,448	129,505	1,243	-
Mailing expenses	24,283	21,836	16,520	13,424
Loan loss from court - ordered execution	18,126	20,126	6,820	9,346
Transportation expenses	43,276	36,549	33,581	25,077
Advertising and promotion expenses	14,232	6,282	12,529	5,299
Others	115,753	134,967	45,754	43,280
Total	<u>495,994</u>	<u>451,007</u>	<u>248,575</u>	<u>198,168</u>

3.18 Corporate income tax

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2007	2006	2007	2006
Income tax payable on taxable profit for the period	376,087	416,367	160,466	199,097
Add (less) : Net decrease (increase) in deferred tax on temporary differences	88,757	3,258	77,960	22,024
Income tax expenses - net	<u>464,844</u>	<u>419,625</u>	<u>238,426</u>	<u>221,121</u>

(UNAUDITED BUT REVIEWED)

The temporary differences of deferred tax assets and deferred tax liabilities arose from the following.

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September	31 December	30 September	31 December
	2007	2006	2007	2006
Allowance for doubtful accounts (general reserve)	480,260	397,056	135,625	92,995
Allowance for doubtful accounts for VAT receivables	76,010	61,110	-	-
Allowance for impairment of investments	349,335	350,228	349,335	350,177
Allowance for impairment of property foreclosed	32,193	21,210	24,530	16,294
Non - accrual of interest income	805,230	835,699	700,233	745,151
Depreciation of assets	76,267	61,389	52,332	42,023
Financial leases	151,342	201,170	-	-
Revaluation deficit (surplus) on changes in the value of investment	(186,476)	259,372	(186,476)	259,372
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(341,241)	-	(269,133)	-
Others	(7,692)	(1,328)	(7,750)	(1,602)
	<u>1,435,228</u>	<u>2,185,906</u>	<u>798,696</u>	<u>1,504,410</u>
Deferred tax assets (30%)	<u>430,569</u>	<u>655,772</u>	<u>239,609</u>	<u>451,323</u>
Non - accrual of interest income	(29)	(31)	-	-
Depreciation of assets	(10,487)	(9,960)	-	-
Unrealised gain on derivatives	20,093	-	-	-
Revaluation surplus on changes in the value of investment	66,811	77,050	-	-
Others	(2,851)	(2,236)	-	-
	<u>73,537</u>	<u>64,823</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>22,061</u>	<u>19,447</u>	<u>-</u>	<u>-</u>

(UNAUDITED BUT REVIEWED)

3.19 Reconciliation of diluted earnings per share

	Consolidated financial statements					
	For the three-month periods ended 30 September					
	Net income		Weighted average Number of shares		Earnings per share	
	2007	2006	2007	2006	2007	2006
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income	440,229	332,386				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(46,130)	(46,093)				
	394,099	286,293	727,131	725,625	0.54	0.39
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	1,903	3,539		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion to ordinary shares	394,099	286,293	729,034	729,164	0.54	0.39

	Consolidated financial statements					
	For the nine-month periods ended 30 September					
	Net income		Weighted average Number of shares		Earnings per share	
	2007	2006	2007	2006	2007	2006
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income	1,233,856	1,227,557				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(138,725)	(137,703)				
	1,095,131	1,089,854	726,861	724,793	1.51	1.50
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	2,173	4,371		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion to ordinary shares	1,095,131	1,089,854	729,034	729,164	1.50	1.49

(UNAUDITED BUT REVIEWED)

	Separate financial statements					
	For the three-month periods ended 30 September					
	Net income		Weighted average Number of shares		Earnings per share	
	2007	2006	2007	2006	2007	2006
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
	(Restated)				(Restated)	
Basic earnings per share						
Net income	233,794	307,463				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(46,130)	(46,093)				
	187,664	261,370	727,131	725,625	0.26	0.36
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	1,903	3,539		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion to ordinary shares	187,664	261,370	729,034	729,164	0.26	0.35

	Separate financial statements					
	For the nine-month periods ended 30 September					
	Net income		Weighted average Number of shares		Earnings per share	
	2007	2006	2007	2006	2007	2006
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
	(Restated)				(Restated)	
Basic earnings per share						
Net income	1,049,145	867,554				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(138,725)	(137,703)				
	910,420	729,851	726,861	724,793	1.25	1.01
Effect of dilutive securities						
Warrants to purchase preferences shares	-	-	2,173	4,371		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion to ordinary shares	910,420	729,851	729,034	729,164	1.25	1.00

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

(UNAUDITED BUT REVIEWED)

3.20 Related party transactions

(Unit : Thousand Baht)

	Separate financial statements			Balance - end of the period
	Balance - beginning of the period	Increase	Decrease	
<u>Outstanding balance as at 30 September 2007</u>				
Subsidiary companies				
Loans and receivable :				
Hi-Way Co., Ltd.	-	135,000	(135,000)	-
Dividend receivables from subsidiaries :				
Hi-Way Co., Ltd.	490,000	-	(490,000)	-
TISCO Securities Co., Ltd.	-	240,000	(240,000)	-
TISCO Leasing Co., Ltd.	71,022	-	(71,022)	-
TISCO Asset Management Co., Ltd.	30,000	110,000	(90,000)	50,000
Other assets :				
TISCO Leasing Co., Ltd.	6,903	-	(876)	6,027
Thai Commercial Auto Co., Ltd.	13,477	-	(13,477)	-
TISCO Information Technology Co., Ltd.	10,000	53,219	(63,219)	-
TISCO Securities Co., Ltd.	-	36,152	(450)	35,702
Deposits in Baht :				
TISCO Securities Co., Ltd.	1,203,881	-	(1,121,570)	82,311
TISCO Group Co., Ltd.	85,807	-	(85,807)	-
Hi-Way Co., Ltd.	1,552	36,839	-	38,391
TISCO Leasing Co., Ltd.	2,794	8,531	-	11,325
TISCO Asset Management Co., Ltd.	12,908	17,521	-	30,429
TISCO Information Technology Co., Ltd.	8,993	-	(2,223)	6,770
Other subsidiary companies	1,110	-	(1,110)	-
Borrowings :				
TISCO Leasing Co., Ltd.	-	20,000	(20,000)	-
Other liabilities :				
TISCO Leasing Co., Ltd.	1,143	-	(252)	891
Thai Commercial Auto Co., Ltd.	1,906	-	(1,906)	-
TISCO Information Technology Co., Ltd.	-	5,000	(5,000)	-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statements		Terms and pricing policy
	2007	2006	(For the period 2007)
<u>Transactions occurred during the three-month periods ended 30 September</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	7,112	7,112	In accordance with the centralized policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	3,838	10,061	Reference to the terms and price as charged to other customers
Other income	724	1,277	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	38,707	20,410	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 rebate expenses	991	2,048	Reference to the terms and price as charged to other customers
Other expenses	2,636	2,357	Reference to the terms and price as charged to other customers
<u>Transactions occurred during the nine-month periods ended 30 September</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	21,335	21,335	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	16,313	31,899	Reference to the terms and price as charged to other customers
Other income	2,388	3,458	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	91,121	61,645	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 rebate expenses	3,694	11,316	Reference to the terms and price as charged to other customers
Other expenses	5,640	9,625	Reference to the terms and price as charged to other customers

(UNAUDITED BUT REVIEWED)

Loans to management - level employees (departmental managers upward)

(Unit : Thousand Baht)

Consolidated financial statements /

Separate financial statements

As at

	30 September 2007	31 December 2006
Loans	3,854	4,758

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

3.21 Financial information by segment

3.21.1 Financial information by business segment

(Unit : Million Baht)

For the three-month periods ended 30 September

	Bank business/financial									
	service business		Securities business		Other business		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest and dividend income after bad debt and doubtful accounts	684	740	19	25	-	1	-	(106)	703	660
Non - interest income	292	320	442	219	49	32	(60)	(62)	723	509
Non - interest expenses	(607)	(593)	(241)	(138)	(45)	(27)	73	61	(820)	(697)
Corporate income tax	(99)	(98)	(67)	(37)	-	-	-	-	(166)	(135)
Minority interest in net income	-	-	-	-	-	-	-	(5)	-	(5)
Net income	270	369	153	69	4	6	13	(112)	440	332

(Unit : Million Baht)

For the nine-month periods ended 30 September

	Bank business/financial									
	service business		Securities business		Other business		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest and dividend income after bad debt and doubtful accounts	2,504	2,093	60	129	-	2	(350)	(130)	2,214	2,094
Non - interest income	815	1,063	972	725	122	97	(174)	(165)	1,735	1,720
Non - interest expenses	(1,794)	(1,804)	(531)	(457)	(116)	(78)	191	190	(2,250)	(2,149)
Corporate income tax	(310)	(296)	(155)	(123)	-	-	-	-	(465)	(419)
Minority interest in net income	-	-	-	-	-	-	-	(18)	-	(18)
Net income	1,215	1,056	346	274	6	21	(333)	(123)	1,234	1,228

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

As at

	Bank business/financial									
	service business		Securities business		Other business		Elimination		Total	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Investments in securities	7,903	7,351	343	670	2	69	(3,037)	(3,697)	5,211	4,393
Loans, receivable and accrued interest receivable - net	81,007	72,055	803	709	-	-	(25)	(106)	81,785	72,658
Other assets	9,228	7,400	2,925	2,141	32	119	(240)	(1,930)	11,945	7,730
Total assets	98,138	86,806	4,071	3,520	34	188	(3,302)	(5,733)	98,941	84,781

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

(Unit : Million Baht)

For the three-month periods ended 30 September

	2007				2006			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
	Net interest and dividend income after bad debt and doubtful accounts	702	1	-	703	764	2	(106)
Non - interest income	782	1	(60)	723	568	3	(62)	509
Non - interest expenses	(888)	(5)	73	(820)	(738)	(20)	61	(697)
Corporate income tax	(166)	-	-	(166)	(135)	-	-	(135)
Minority interest in net income	-	-	-	-	-	-	(5)	(5)
Net income	430	(3)	13	440	459	(15)	(112)	332

(Unit : Million Baht)

For the nine-month periods ended 30 September

	2007				2006			
	Domestics	Foreign	Elimination	Total	Domestics	Foreign	Elimination	Total
	Net interest and dividend income after bad debt and doubtful accounts	2,562	2	(350)	2,214	2,218	6	(130)
Non - interest income	1,902	7	(174)	1,735	1,846	39	(165)	1,720
Non - interest expenses	(2,424)	(17)	191	(2,250)	(2,280)	(59)	190	(2,149)
Corporate income tax	(462)	(3)	-	(465)	(419)	-	-	(419)
Minority interest in net income	-	-	-	-	-	-	(18)	(18)
Net income	1,578	(11)	(333)	1,234	1,365	(14)	(123)	1,228

(UNAUDITED BUT REVIEWED)

3.22 Commitments and contingent liabilities

3.22.1 Avals, guarantees and commitments

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at		As at	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Avals	131,920	326,625	131,920	326,625
Guarantees of loans	-	200,000	-	200,000
Other guarantees	787,601	617,693	787,601	617,693
Obligations covering principal under interest rate swap agreements (Note 3.23.5)	4,295,000	5,050,000	4,295,000	5,050,000
Obligations covering principal under call option agreements (Note 3.23.5)	15,960	-	15,960	-
SET50 Index Futures contracts (Note 3.23.5)	97,599	-	-	-
	<u>5,328,080</u>	<u>6,194,318</u>	<u>5,230,481</u>	<u>6,194,318</u>

3.22.2 Litigation

As at 30 September 2007, the Bank and its subsidiaries have been sued for compensation totaling approximately Baht 169 million. A final judgment has not yet been reached in respect of these cases.

In December 2005, a foreign subsidiary received a letter from the solicitor of one of its clients, requesting payment of damages amounting to HKD 46.6 million (equivalent to Baht 206 million as at 30 September 2007). However, no lawsuit has been filed with a court in respect of this claim.

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

3.22.3 Other commitments

- 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 services, as stipulated in the agreements.
- d) The Bank has outstanding commitments of approximately Baht 1.51 million per month relating to branch office rental agreements that expiring within 3 years.
- e) A subsidiary company has outstanding commitments of approximately Baht 53 million relating to an office rental agreement that terminates in 2016.

3.23 Financial instruments

3.23.1 Credit risk

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

The Bank and its subsidiaries manage credit risk by adopting appropriate credit control policies and procedures from the credit approval process, and the analysis of the risk factors and the ability of customers to service debt. For hire purchase receivables, the Bank and its subsidiaries have implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. They have also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. The Bank and its subsidiaries therefore do not expect to incur material financial losses from loans and guarantees of loans. In addition, the Bank and its subsidiaries are not exposed to concentrations of credit risk because they have a varied customer base and large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the balance sheet.

(UNAUDITED BUT REVIEWED)

3.23.2 Interest rate risk

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

(Unit : Million Baht)

Consolidated financial statements
As at 30 September 2007

<u>Transactions</u>	Outstanding balances of financial instruments			Total
	Floating interest rate	Fixed interest rate	Without interest	
<u>Financial assets</u>				
Cash	-	-	346	346
Interbank and money market items	216	1,525	1,378	3,119
Securities purchased under resale agreements	-	3,665	-	3,665
Investments - net	208	1,805	3,198	5,211
Receivable from clearing house	-	-	688	688
Loans and receivable	9,475	73,325	1,785	84,585
	<u>9,899</u>	<u>80,320</u>	<u>7,395</u>	<u>97,614</u>
<u>Financial liabilities</u>				
Deposits	8,839	46,291	68	55,198
Interbank and money market items	12	3,181	-	3,193
Liabilities payable on demand	-	-	312	312
Borrowings	-	24,359	13	24,372
Securities and derivative business payables	22	-	1,412	1,434
	<u>8,873</u>	<u>73,831</u>	<u>1,805</u>	<u>84,509</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Consolidated financial statements

As at 31 December 2006

<u>Transactions</u>	<u>Outstanding balances of financial instruments</u>			
	<u>Floating interest rate</u>	<u>Fixed interest rate</u>	<u>Without interest</u>	<u>Total</u>
<u>Financial assets</u>				
Cash	-	-	210	210
Interbank and money market items	357	32	635	1,024
Securities purchased under resale agreements	-	1,718	-	1,718
Investments - net	258	820	3,315	4,393
Receivable from clearing house	-	-	257	257
Loans and receivable	9,403	64,358	1,691	75,452
	<u>10,018</u>	<u>66,928</u>	<u>6,108</u>	<u>83,054</u>
<u>Financial liabilities</u>				
Deposits	2,784	37,713	71	40,568
Interbank and money market items	60	2,097	-	2,157
Liabilities payable on demand	-	-	478	478
Borrowings	-	26,069	13	26,082
Payable to clearing house	-	-	365	365
Securities and derivative business payables	121	-	590	711
	<u>2,965</u>	<u>65,879</u>	<u>1,517</u>	<u>70,361</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Separate financial statements

As at 30 September 2007

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash	-	-	344	344
Interbank and money market items	-	-	1,351	1,351
Securities purchased under resale agreements	-	3,665	-	3,665
Investments - net	208	1,800	5,892	7,900
Loans and receivable	9,473	68,975	1,006	79,454
	<u>9,681</u>	<u>74,440</u>	<u>8,593</u>	<u>92,714</u>
Financial liabilities				
Deposits	8,896	46,291	67	55,254
Interbank and money market items	57	3,023	-	3,080
Liabilities payable on demand	-	-	312	312
Borrowings	-	21,485	13	21,498
	<u>8,953</u>	<u>70,799</u>	<u>392</u>	<u>80,144</u>

(Unit : Million Baht)

Separate financial statements

As at 31 December 2006

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash	-	-	209	209
Interbank and money market items	-	-	582	582
Securities purchased under resale agreements	-	1,718	-	1,718
Investments - net	258	817	6,125	7,200
Loans and receivable	9,387	58,567	1,026	68,980
	<u>9,645</u>	<u>61,102</u>	<u>7,942</u>	<u>78,689</u>
Financial liabilities				
Deposits	2,884	37,713	71	40,668
Interbank and money market items	23	2,543	-	2,566
Liabilities payable on demand	-	-	478	478
Borrowings	-	23,504	13	23,517
	<u>2,907</u>	<u>63,760</u>	<u>562</u>	<u>67,229</u>

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

Consolidated financial statements as at 30 September 2007								
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	13	1,502	10	-	-	-	1,525	3.2631
Securities purchased under resale agreements	-	3,665	-	-	-	-	3,665	3.2500
Investments - net	20	282	909	594	-	-	1,805	4.7485
Loans and receivable	1,579	8,424	21,684	41,596	42	-	73,325	8.6787
	<u>1,612</u>	<u>13,873</u>	<u>22,603</u>	<u>42,190</u>	<u>42</u>	<u>-</u>	<u>80,320</u>	
Financial liabilities								
Deposits	5,980	20,041	14,079	6,191	-	-	46,291	3.3176
Interbank and money market items	165	195	573	2,248	-	-	3,181	4.4485
Borrowings	232	7,910	8,038	8,179	-	-	24,359	3.3669
	<u>6,377</u>	<u>28,146</u>	<u>22,690</u>	<u>16,618</u>	<u>-</u>	<u>-</u>	<u>73,831</u>	

(Unit : Million Baht)

Consolidated financial statements as at 31 December 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	21	11	-	-	-	-	32	4.5858
Securities purchased under resale agreements	-	1,718	-	-	-	-	1,718	4.8829
Investments - net	-	160	323	337	-	-	820	5.1418
Loans and receivable	1,161	9,966	18,528	34,616	86	1	64,358	8.6271
	<u>1,182</u>	<u>11,855</u>	<u>18,851</u>	<u>34,953</u>	<u>86</u>	<u>1</u>	<u>66,928</u>	
Financial liabilities								
Deposits	218	16,030	16,120	5,345	-	-	37,713	4.7018
Interbank and money market items	542	1,180	350	25	-	-	2,097	4.3204
Borrowings	1,710	14,232	9,778	349	-	-	26,069	4.9360
	<u>2,470</u>	<u>31,442</u>	<u>26,248</u>	<u>5,719</u>	<u>-</u>	<u>-</u>	<u>65,879</u>	

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Separate financial statements as at 30 September 2007

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								
Securities purchased under resale agreements	-	3,665	-	-	-	-	3,665	3.2500
Investments - net	20	281	907	592	-	-	1,800	4.7552
Loans and receivable	1,043	7,632	19,709	40,549	42	-	68,975	7.2670
	<u>1,063</u>	<u>11,578</u>	<u>20,616</u>	<u>41,141</u>	<u>42</u>	<u>-</u>	<u>74,440</u>	
Financial liabilities								
Deposits	5,980	20,041	14,079	6,191	-	-	46,291	3.3170
Interbank and money market items	202	-	573	2,248	-	-	3,023	4.4306
Borrowings	232	6,919	6,155	8,179	-	-	21,485	3.2377
	<u>6,414</u>	<u>26,960</u>	<u>20,807</u>	<u>16,618</u>	<u>-</u>	<u>-</u>	<u>70,799</u>	

(Unit : Million Baht)

Separate financial statements as at 31 December 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								
Securities purchased under resale agreements	-	1,718	-	-	-	-	1,718	4.8829
Investments - net	-	160	322	335	-	-	817	5.1492
Loans and receivable	1,077	8,759	16,283	32,362	86	-	58,567	6.9975
	<u>1,077</u>	<u>10,637</u>	<u>16,605</u>	<u>32,697</u>	<u>86</u>	<u>-</u>	<u>61,102</u>	
Financial liabilities								
Deposits	218	16,030	16,120	5,345	-	-	37,713	4.7018
Interbank and money market items	1,623	895	-	25	-	-	2,543	4.3962
Borrowings	1,710	13,441	8,004	349	-	-	23,504	4.7454
	<u>3,551</u>	<u>30,366</u>	<u>24,124</u>	<u>5,719</u>	<u>-</u>	<u>-</u>	<u>63,760</u>	

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

(UNAUDITED BUT REVIEWED)

3.23.3 Liquidity risk

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

(Unit : Million Baht)

Consolidated financial statements as at 30 September 2007								
<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing loans	Total
Financial assets								
Cash	346	-	-	-	-	-	-	346
Interbank and money market items	1,607	1,512	-	-	-	-	-	3,119
Securities purchased under resale agreements	-	3,665	-	-	-	-	-	3,665
Investments - net	799	332	911	802	-	2,367	-	5,211
Receivable from clearing house	-	688	-	-	-	-	-	688
Loans and receivable	1,190	9,499	22,952	45,728	2,189	-	3,027	84,585
	<u>3,942</u>	<u>15,696</u>	<u>23,863</u>	<u>46,530</u>	<u>2,189</u>	<u>2,367</u>	<u>3,027</u>	<u>97,614</u>
Financial liabilities								
Deposits	14,886	20,042	14,079	6,191	-	-	-	55,198
Interbank and money market items	177	195	573	2,248	-	-	-	3,193
Liabilities payable on demand	312	-	-	-	-	-	-	312
Borrowings	232	7,910	8,038	8,179	-	13	-	24,372
Securities and derivative business payables	22	1,412	-	-	-	-	-	1,434
	<u>15,629</u>	<u>29,559</u>	<u>22,690</u>	<u>16,618</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>84,509</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	-	132	-	-	-	-	-	132
Other commitments	356	1,942	1,525	1,061	-	312	-	5,196

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Consolidated financial statements as at 31 December 2006

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing loans	
Financial assets								
Cash	210	-	-	-	-	-	-	210
Interbank and money market items	1,013	11	-	-	-	-	-	1,024
Securities purchased under resale agreements	-	1,718	-	-	-	-	-	1,718
Investments - net	791	210	336	585	-	2,471	-	4,393
Receivable from clearing house	-	257	-	-	-	-	-	257
Loans and receivable	1,187	10,784	19,871	38,398	2,368	-	2,844	75,452
	<u>3,201</u>	<u>12,980</u>	<u>20,207</u>	<u>38,983</u>	<u>2,368</u>	<u>2,471</u>	<u>2,844</u>	<u>83,054</u>
Financial liabilities								
Deposits	3,073	16,030	16,120	5,345	-	-	-	40,568
Interbank and money market items	601	1,180	351	25	-	-	-	2,157
Liabilities payable on demand	478	-	-	-	-	-	-	478
Borrowings	1,710	14,232	9,778	349	-	13	-	26,082
Payable to clearing house	-	365	-	-	-	-	-	365
Securities and derivative business payables	148	563	-	-	-	-	-	711
	<u>6,010</u>	<u>32,370</u>	<u>26,249</u>	<u>5,719</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>70,361</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	316	10	-	-	-	-	526
Other commitments	15	1	3,230	1,950	300	172	-	5,668

(Unit : Million Baht)

Separate financial statements as at 30 September 2007

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing loans*	
Financial assets								
Cash	344	-	-	-	-	-	-	344
Interbank and money market items	1,351	-	-	-	-	-	-	1,351
Securities purchased under resale agreements	-	3,665	-	-	-	-	-	3,665
Investments - net	799	281	907	800	-	5,113	-	7,900
Loans and receivable	970	7,995	21,081	44,725	2,189	-	2,494	79,454
	<u>3,464</u>	<u>11,941</u>	<u>21,988</u>	<u>45,525</u>	<u>2,189</u>	<u>5,113</u>	<u>2,494</u>	<u>92,714</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	14,943	20,041	14,079	6,191	-	-	-	55,254
Interbank and money market items	259	-	573	2,248	-	-	-	3,080
Liabilities payable on demand	312	-	-	-	-	-	-	312
Borrowings	232	6,919	6,155	8,179	-	13	-	21,498
	<u>15,746</u>	<u>26,960</u>	<u>20,807</u>	<u>16,618</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>80,144</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	-	132	-	-	-	-	-	132
Other commitments	356	1,896	1,474	1,061	-	312	-	5,099

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Separate financial statements as at 31 December 2006

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing loans*	Total
Financial assets								
Cash	209	-	-	-	-	-	-	209
Interbank and money market items	582	-	-	-	-	-	-	582
Securities purchased under resale agreements	-	1,718	-	-	-	-	-	1,718
Investments - net	791	160	335	580	-	5,334	-	7,200
Loans and receivable	1,142	8,897	17,626	36,607	2,368	-	2,340	68,980
	<u>2,724</u>	<u>10,775</u>	<u>17,961</u>	<u>37,187</u>	<u>2,368</u>	<u>5,334</u>	<u>2,340</u>	<u>78,689</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Deposits	3,173	16,030	16,120	5,345	-	-	-	40,668
Interbank and money market items	1,646	895	-	25	-	-	-	2,566
Liabilities payable on demand	478	-	-	-	-	-	-	478
Borrowings	1,710	13,441	8,004	349	-	13	-	23,517
	<u>7,007</u>	<u>30,366</u>	<u>24,124</u>	<u>5,719</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>67,229</u>
Off - balance sheet items								
Aval to bills and guarantees of loans	200	316	10	-	-	-	-	526
Other commitments	15	1	3,230	1,950	300	172	-	5,668

3.23.4 Foreign exchange risk

As at 30 September 2007, the Bank did not have any financial instruments in foreign currencies except for its deposits at bank amounting to HKD 22 million (equivalent to Baht 97 million) and its investment in a subsidiary company amounting to HKD 20 million (under the cost method equivalent to Baht 66 million).

3.23.5 Derivatives

The Bank and its subsidiary have a policy to enter into transactions involving financial derivative instruments, for hedging risks and trading purposes.

As at 30 September 2007, the Bank and its subsidiary have the following financial derivative instruments:

a) Interest rate swap

The Bank entered into interest rate swap agreements to manage risk associated with the financial liabilities carrying interest. The details of the interest rate swap agreements outstanding are as follows:

- The Bank has entered into an interest rate swap agreement expiring in 2008 whereby it is to pay interest at a fixed rate and receive interest at a floating rate on a nominal principal amount of Baht 500 million.
- The Bank has entered into interest rate swap agreements expiring in 2007 whereby it is to pay interest at a fixed rate and receive interest at a floating rate on Baht 1,800 million of debentures, and agreements expiring in 2008 whereby it is to pay interest at a fixed rate and receive interest at a floating rate on borrowings and deposits amounting to Baht 950 million.
- The Bank has entered into interest rate swap agreements to pay interest at a fixed rate and receive interest at a floating rate on bills of exchange. Agreement covering Baht 365 million of principal expire in 2009, while agreement covering Baht 380 million of principal expire in 2010 and agreement covering Baht 300 million of principal expire in 2012.

b) Call option

The Bank entered into a call option contract, under which returns are linked to the SET50 Index, and the option can only be exercised at the maturity date (European-style). The notional amounts of the contract as of the contract date were Baht 15.96 million. The contract, which expires in 2009, is intended to hedge the risk associated with the promissory note mentioned in Note 3.9.4 to the financial statement.

(UNAUDITED BUT REVIEWED)

c) SET50 Index Futures

A subsidiary has entered into transactions involving financial derivative instruments, which comprise SET50 Index Futures that are traded on the Thailand Futures Exchange, as detailed below:

	Position	No. of contracts	Notional amount ⁽¹⁾	Fair value ⁽²⁾
			(Million Baht)	(Million Baht)
Future contracts of December 2007	Long	90	46	10
Future contracts of March 2008	Long	100	51	10
		190	97	20

(1) Notional amount is calculated by multiplying the trading price (point) by the contract multiplier, which is Baht 1,000.

(2) Fair value is calculated based on differences between the notional amounts and the SET50 Index at the maturity date, with reference to the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

3.23.6 Fair value of financial instruments

As at 30 September 2007, fair value of significant financial instruments approximate their carrying amounts, with no material differences. Gain or loss on determining the fair value of interest rate swaps and call option are immaterial.

4. SIGNIFICANT EVENTS DURING THE PERIODS AND OTHER INFORMATION

4.1 Holding restructuring

On 14 November 2005, the Bank submitted a formal request to restructure its shareholding by setting up TISCO Corporation Public Company Limited as a holding company. TISCO Corporation Public Company Limited would thus become the parent company of the group, acquiring all shares of the Bank and other subsidiary companies. The Bank of Thailand subsequently granted consent for the Bank, and on 7 February 2006, the Bank of Thailand forwarded the plan to the Ministry of Finance for approval.

On 18 January 2007, the Bank received a letter from the Bank of Thailand informing it that the Ministry of Finance had declined to approve the restructuring plan and that the Bank of Thailand would therefore subsequently discontinue consideration of the plan. The BOT also requested the Bank to reduce its shareholding in TISCO Corporation Public Company Limited. The Bank is either to restore the former structure whereby it is the parent company of the group, and to re-submit the plan for setting up TISCO Financial Group under a Consolidated Supervision to the Bank of Thailand.

(UNAUDITED BUT REVIEWED)

On 1 February 2007, the Bank reduced its shareholding in TISCO Corporation Public Company Limited in accordance with BOT conditions discussed in that letter.

In March 2007, the Bank resubmitted an application to the Bank of Thailand to set up TISCO Financial Group under the Consolidation Supervision Regulation.

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

4.2 Dividend payment

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

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

For the financial statements as at 30 September 2007, the Bank has already set provision for all non-performing loans and receivable in accordance with the new guidelines of the BOT. The Bank provided allowance for doubtful debt according to the guideline as described below.

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

(UNAUDITED BUT REVIEWED)

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

4.4 Related party transactions

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

During the nine-month period ended 30 September 2007

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

4.5 Significant events of subsidiaries

4.5.1 Share capital increase of a subsidiary

A special resolution passed by the Extraordinary General Meeting of the Shareholders of Hi-Way Co., Ltd. No.2/2006 on 22 February 2006, approved the increase in the company's registered share capital from Baht 100 million to Baht 500 million, through the issuance of 4,000,000 new ordinary shares with a par value of Baht 100 each, to be fully paid. The shareholders also delegated authority to the Board of Directors to determine the timing of the issue and the number of additional shares to be additionally issued each time, as they deem appropriate for the business in the future.

4.5.2 Dissolution registration of subsidiaries

TISCO Group Company Limited

On 26 March 2007, the Extraordinary General Meeting of the Shareholders of the company No.2/2007 passed a special resolution to dissolve the company. The company registered its dissolution with the Ministry of Commerce on 29 March 2007 and is currently in the process of liquidation.

Thai Commercial Auto Company Limited

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

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

VLT Leasing Company Limited

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

4.5.3 Capital returns from subsidiaries

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

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

During the first quarter of the current year, the Bank changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Bank has restated the previous period’s separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The change has the effect to net income in the separate income statements for the three-month and nine-month periods ended 30 September 2007 by decreasing Baht 206 million (Baht 0.28 per share) and Baht 185 million (Baht 0.25 per share), respectively (2006: decreasing by Baht 25 million (Baht 0.03 per share) and Baht 360 million (Baht 0.50 per shares), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries” in the separate statements of changes in shareholders’ equity.

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

6. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Bank’s Audit Committee on 9 November 2007.