

TISCO Bank Public Company Limited
Report and interim financial statements
For the six-month period ended 30 June 2009

Report of Independent Auditor

To the Shareholders of TISCO Bank Public Company Limited

I have audited the accompanying balance sheet of TISCO Bank Public Company Limited as at 30 June 2009, the related statements of income, changes in shareholders' equity and cash flows for the six-month period ended 30 June 2009. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Bank Public Company Limited as at 30 June 2009 and the results of its operations and cash flows for the six-month period ended 30 June 2009 in accordance with generally accepted accounting principles.

The financial statements of TISCO Bank Public Company Limited for the year ended 31 December 2008 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 6 February 2009, expressed an unqualified audit opinion on those statements. The balance sheet as at 31 December 2008, as presented herein for comparative purposes, formed an integral part of the financial statements which were audited and reported on by that auditor.

The accompanying statements of income, changes in shareholders' equity, and cash flows of TISCO Bank Public Company Limited for the six-month period ended 30 June 2008, as presented herein for comparative purposes, formed an integral part of the financial statements for the six-month period ended 30 June 2008 which were audited in accordance with generally accepted auditing standards by the aforementioned auditor of our firm who, under his report dated 8 August 2008, expressed an unqualified audit opinion on those statements based on his audit.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok: 7 August 2009

TISCO Bank Public Company Limited

Balance sheets

As at 30 June 2009 and 31 December 2008

		(Unit: Baht)	
	<u>Note</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Assets			
Cash		594,796,751	595,120,161
Interbank and money market items	3.1		
Domestic			
Interest bearing		5,760,344,704	13,113,647,326
Non-interest bearing		853,085,940	34,692,996
Total interbank and money market items - net		6,613,430,644	13,148,340,322
Investments	3.2,3.3,3.6		
Current investment - net		1,446,698,307	2,521,088,917
Long-term investment - net		5,559,746,725	1,841,528,286
Investment in subsidiaries - net		96,053,931	96,063,931
Net investments		7,102,498,963	4,458,681,134
Loans, receivables and accrued interest receivable	3.4,3.6		
Loans and receivables		109,361,811,616	101,530,926,903
Accrued interest receivable		101,800,716	110,754,580
Total loans, receivables and accrued interest receivable		109,463,612,332	101,641,681,483
Less: Allowance for doubtful accounts	3.5.1,3.5.2	(1,553,709,492)	(1,604,457,372)
Less: Allowance for loss on debt restructuring	3.5.3	(18,258)	(18,258)
Net loans, receivables and accrued interest receivable		107,909,884,582	100,037,205,853
Property foreclosed - net	3.7	896,729,388	1,003,254,030
Land, premises and equipment - net	3.8	686,795,381	701,210,952
Deferred tax assets	3.20	182,894,540	182,534,215
Other assets	3.9	1,170,933,005	1,425,798,806
Total assets		125,157,963,254	121,552,145,473

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

TISCO Bank Public Company Limited

Balance sheets (continued)

As at 30 June 2009 and 31 December 2008

		(Unit: Baht)	
	<u>Note</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Liabilities and shareholders' equity			
Deposits in baht	3.10	62,004,077,285	58,875,780,866
Interbank and money market items			
Domestic - Interest bearing	3.11	3,801,208,356	3,951,717,928
Liability payable on demand		352,022,087	496,740,597
Borrowings	3.12		
Short-term borrowings		39,949,360,274	40,028,191,682
Long-term borrowings		5,876,345,098	4,899,301,740
Total borrowings		45,825,705,372	44,927,493,422
Accrued interest payable		491,898,102	868,991,067
Other liabilities	3.13	1,668,576,383	1,097,305,714
Total liabilities		<u>114,143,487,585</u>	<u>110,218,029,594</u>

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

TISCO Bank Public Company Limited

Balance sheets (continued)

As at 30 June 2009 and 31 December 2008

(Unit: Baht)

	<u>Note</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Shareholders' equity			
Share capital			
Registered	2.2	<u>11,002,000,000</u>	<u>11,002,000,000</u>
Issued and fully paid-up			
183,500,430 preference shares of Baht 10 each			
(31 December 2008: 183,500,430 preference shares			
of Baht 10 each)			
		1,835,004,300	1,835,004,300
544,651,820 ordinary shares of Baht 10 each			
(31 December 2008: 544,651,820 ordinary shares			
of Baht 10 each)			
		<u>5,446,518,200</u>	<u>5,446,518,200</u>
		7,281,522,500	7,281,522,500
Share premium			
Share premium of preference shares			
		93,951,250	93,951,250
Share premium of ordinary shares			
		36,500,000	36,500,000
Revaluation surplus on changes in the value of investment	3.16	5,276,345	5,575,057
Retained earnings			
Appropriated - statutory reserve			
	2.3	547,000,000	547,000,000
Unappropriated			
		<u>3,050,225,574</u>	<u>3,369,567,072</u>
Total shareholders' equity		<u>11,014,475,669</u>	<u>11,334,115,879</u>
Total liabilities and shareholders' equity			
		<u>125,157,963,254</u>	<u>121,552,145,473</u>
		-	-
Off-balance sheet items - contingencies			
	3.25		
Aval to bills and guarantees of loans		64,421,622	70,696,967
Other commitments		1,724,439,143	6,224,774,821

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

.....
 Mr. Suthas Ruangmanamongkol
 (President)

.....
 Mrs. Oranuch Apisaksirikul
 (Director)

TISCO Bank Public Company Limited

Income statements

For the six-month periods ended 30 June 2009 and 2008

		(Unit: Baht)	
	<u>Note</u>	<u>2009</u>	<u>2008</u>
Interest and dividend income			
Loans		697,165,757	541,675,011
Interbank and money market items		95,132,428	121,565,650
Hire purchase income		2,811,576,860	2,401,341,597
Investments		<u>245,569,525</u>	<u>868,545,431</u>
Total interest and dividend income		3,849,444,570	3,933,127,689
Interest expenses			
Deposits		690,558,094	901,715,345
Interbank and money market items		60,648,101	75,174,136
Short-term borrowings		483,145,759	419,849,323
Long-term borrowings		<u>139,529,183</u>	<u>106,902,218</u>
Total interest expenses		<u>1,373,881,137</u>	<u>1,503,641,022</u>
Net interest and dividend income		2,475,563,433	2,429,486,667
Bad debt and doubtful accounts		<u>(361,607,365)</u>	<u>(372,471,895)</u>
Net interest and dividend income after bad debt and doubtful accounts		2,113,956,068	2,057,014,772
Non-interest income			
Gain on investments	3.17	34,127,988	57,532,765
Fees and service income			
Acceptances, aval and guarantees		3,457,864	3,817,341
Insurance service		297,924,183	319,091,116
Others		64,948,383	65,052,131
Gain on exchange		9,228,971	7,403,661
Other income	3.18	<u>218,734,320</u>	<u>135,864,829</u>
Total non-interest income		<u>628,421,709</u>	<u>588,761,843</u>
Total net income		<u>2,742,377,777</u>	<u>2,645,776,615</u>

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

TISCO Bank Public Company Limited

Income statements (continued)

For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Non-interest expenses			
Personnel expenses		423,111,194	523,229,031
Premises and equipment expenses		306,147,537	255,008,012
Taxes and duties		56,401,888	49,834,328
Fees and service expenses		597,970,152	91,497,112
Directors' remuneration	2.4	-	4,165,000
Other expenses	3.19	357,929,198	207,501,080
Total non-interest expenses		<u>1,741,559,969</u>	<u>1,131,234,563</u>
Income before income tax		1,000,817,808	1,514,542,052
Corporate income tax	3.20	<u>(294,914,223)</u>	<u>(215,837,841)</u>
Net income for the period		<u><u>705,903,585</u></u>	<u><u>1,298,704,211</u></u>
Earnings per share			
	3.22		
Basic earnings per share		<u>0.84</u>	<u>1.66</u>
Diluted earnings per share		<u>0.84</u>	<u>1.66</u>

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

TISCO Bank Public Company Limited

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2009 and 2008

(Unit: Baht)

	Issued and fully paid-up share capital		Share premium		Revaluation surplus (deficit) on changes in value of investments	Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares				
Balance as at 31 December 2007	1,827,753,800	5,446,171,200	84,925,420	36,500,000	38,216,329	486,800,000	3,717,135,265	11,637,502,014
Incomes (expenses) recognised in equity								
Decrease in fair value of investments	-	-	-	-	(525,101,153)	-	-	(525,101,153)
Deferred tax recognised in shareholders' equity	-	-	-	-	157,530,346	-	-	157,530,346
Incomes (expenses) recognised in equity	-	-	-	-	(367,570,807)	-	-	(367,570,807)
Net income for the period	-	-	-	-	-	-	1,298,704,211	1,298,704,211
Total incomes (expenses) for the period	-	-	-	-	(367,570,807)	-	1,298,704,211	931,133,404
Dividend paid (Note 4.2)	-	-	-	-	-	-	(1,489,771,452)	(1,489,771,452)
Income tax from unpaid dividend	-	-	-	-	-	-	(1,304,019)	(1,304,019)
Warrants converted to preference shares	7,597,500	-	9,025,830	-	-	-	-	16,623,330
Balance as at 30 June 2008	<u>1,835,351,300</u>	<u>5,446,171,200</u>	<u>93,951,250</u>	<u>36,500,000</u>	<u>(329,354,478)</u>	<u>486,800,000</u>	<u>3,524,764,005</u>	<u>11,094,183,277</u>
Balance as at 31 December 2008	1,835,004,300	5,446,518,200	93,951,250	36,500,000	5,575,057	547,000,000	3,369,567,072	11,334,115,879
Incomes (expenses) recognised in equity								
Decrease in fair value of investments	-	-	-	-	(426,731)	-	-	(426,731)
Deferred tax recognised in shareholders' equity	-	-	-	-	128,019	-	-	128,019
Incomes (expenses) recognised in equity	-	-	-	-	(298,712)	-	-	(298,712)
Net income for the period	-	-	-	-	-	-	705,903,585	705,903,585
Total incomes (expenses) for the period	-	-	-	-	(298,712)	-	705,903,585	705,604,873
Dividend paid (Note 4.2)	-	-	-	-	-	-	(1,025,244,064)	(1,025,244,064)
Income tax from unpaid dividend	-	-	-	-	-	-	(1,019)	(1,019)
Balance as at 30 June 2009	<u>1,835,004,300</u>	<u>5,446,518,200</u>	<u>93,951,250</u>	<u>36,500,000</u>	<u>5,276,345</u>	<u>547,000,000</u>	<u>3,050,225,574</u>	<u>11,014,475,669</u>

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

TISCO Bank Public Company Limited**Cash flow statements****For the six-month periods ended 30 June 2009 and 2008**

	<u>2009</u>	<u>2008</u>
		(Unit: Baht)
Cash flows from operating activities		
Income before corporate income tax	1,000,817,808	1,514,542,052
Adjustments to reconcile income before corporate income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	91,920,205	91,232,489
Bad debt and doubtful accounts	594,386,058	583,228,910
Reversal allowance for impairment of investments	(9,048,758)	(276,303)
Allowance for impairment of property foreclosed	102,856,962	6,666,953
Gain on disposal of investments	(25,079,230)	(57,256,462)
Unrealised gain on exchange rate	(9,228,971)	(7,403,662)
Gain on disposal of equipment	(3,561,536)	(92,502)
Loss (gain) on disposal of property foreclosed	(12,136,196)	3,848,403
Decrease in other accrued income	29,410,714	10,222,049
Increase (decrease) in accrued expenses	<u>(13,797,134)</u>	<u>99,315,416</u>
Income from operating activities before changes in operating assets and liabilities	1,746,539,922	2,244,027,343
Decrease (increase) in operating assets		
Interbank and money market items	6,534,909,678	(3,993,733,721)
Securities purchased under resale agreements	-	2,400,000,000
Loans and receivables	(9,430,616,791)	(10,263,373,344)
Property foreclosed	849,014,039	536,862,345
Other assets	(235,326,480)	(10,734,078)

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

TISCO Bank Public Company Limited

Cash flow statements (continued)

For the six-month periods ended 30 June 2009 and 2008

	(Unit: Baht)	
	<u>2009</u>	<u>2008</u>
Increase (decrease) in operating liabilities		
Deposits	3,128,296,419	987,179,442
Interbank and money market items	(146,375,079)	(799,421,946)
Liabilities payable on demand	(144,718,510)	40,338,928
Borrowings	(2,776,648,911)	12,692,812,861
Other liabilities	(56,560,346)	(81,500,091)
	(531,486,059)	3,752,457,739
Net interest and dividend income	(2,475,563,433)	(2,429,486,667)
Cash received from interest	3,989,019,288	3,244,827,835
Cash paid for interest	(1,750,672,977)	(1,514,451,911)
Cash paid for corporate income tax	(22,507,198)	(107,991,618)
Net cash flows from (used in) operating activities	<u>(791,210,379)</u>	<u>2,945,355,378</u>
Cash flows from investing activities		
Cash paid for purchase of investment in securities held for investment	(7,441,470,362)	(4,671,322,206)
Cash received from sales of investment in securities held for investment	5,071,634,657	2,732,948,900
Cash received from dividend	40,440,619	499,535,729
Cash paid for purchase of equipment	(63,956,757)	(75,121,877)
Cash received from sales of equipment	4,026,059	26,584
Cash received from capital returned from subsidiaries	168,010,000	1,370,466
Net cash flows used in investing activities	<u>(2,221,315,784)</u>	<u>(1,512,562,404)</u>
Cash flows from financing activities		
Dividend paid	(656,797,247)	(1,489,771,452)
Cash received from issue long-term debentures	4,000,000,000	-
Cash paid for redemption of long-term debentures	(331,000,000)	-
Cash received from exchange of warrants to purchase preference shares	-	16,623,330
Net cash flows from (used in) financing activities	<u>3,012,202,753</u>	<u>(1,473,148,122)</u>
Net decrease in cash	(323,410)	(40,355,148)
Cash at beginning of the period	595,120,161	439,197,848
Cash at end of the period	<u>594,796,751</u>	<u>398,842,700</u>

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

TISCO Bank Public Company Limited

Notes to interim financial statements

For the six-month periods ended 30 June 2009 and 2008

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

1.1 Basis of preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standards No. 34 (revised 2007) "Interim Financial Reporting" like an annual financial statements, a full presentation has been selected for an interim financial statements, with reference to the principles stipulated by the Bank of Thailand ("BOT") and the Office of the Securities and Exchange Commission.

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Bank of Thailand dated 3 August 2008 "Preparation and presentation of a commercial bank and a holding company which is the parent company of the financial business group".

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

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

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

1.2 Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

1.2.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued
Operations

Accounting Treatment Guidance for Leasehold right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management of the Bank has assessed the effect of these standards and believes that the new accounting standards, financial reporting standard and accounting treatment guidance will not have any significant impact on the financial statements for the current period.

1.2.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allows early adoption by the entity before the effective date. The management of the Bank has assessed the effect of these standards and believes that the new accounting standards will not have any significant impact on the financial statements for the year in which they are initially applied. TAS 20 is not relevant to the business of the Bank.

1.3 Significant accounting policies

1.3.1 Income recognition

a) Interest and discounts on loans

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

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

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

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

b) Interest and dividends on investment in securities

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

c) Gain (loss) on trading in securities

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

d) Fees and service income

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

1.3.2 Expense recognition

a) Interest expenses

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

b) Commissions and direct expenses of the hire purchase business

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

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

1.3.3 Investments in securities

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

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

c) Investments in debt securities, both due within one year and expected to be held to maturity, are stated at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.

d) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment (if any).

e) Investments in subsidiaries in the separate financial statements are determined at cost net of allowance for impairment (if any).

- f) The Bank does not record investments which the Bank holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The Bank is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.
- g) The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rate quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.
- h) The Bank will record losses on impairment (if any) of the investments in available-for-sale securities, debt securities due within one year or expected to be held to maturity and other investments are included in determining income.
- i) The moving average method is used for computation of the cost of investments.
- j) In the event the Bank reclassifies their investments in securities, the investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as a surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

1.3.4 Investments in receivable purchased or transferred in

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

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

1.3.5 Securities purchased under resale agreements according to private repurchase transactions

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

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

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

1.3.6 Loans and receivables

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

Hire purchase receivables are stated at outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

1.3.7 Allowance for doubtful accounts and losses from troubled debt restructuring

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

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

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

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

The Bank has already set provision for all loans and receivables in accordance with the BOT’s guidelines issued on 3 August 2008.

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

1.3.8 Troubled debt restructuring

The Bank records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard No. 34 (previous version) "Accounting for Troubled Debts Restructuring". The Bank records the assets or equities transferred to the Bank for debt settlement at the fair values of the assets less estimated selling expenses (if any), providing that this does not exceed the legally claimable amount of outstanding debt.

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

1.3.9 Property foreclosed

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

Loss on impairment is recognised in the income statement. Gains or losses from disposal of property foreclosed are recognised upon disposal.

1.3.10 Depreciation and amortisation

- a) Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation.

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

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

No depreciation is provided on land.

Depreciation is included in determining income.

- b) Software license fees are deferred and amortised over the estimated useful lives of 3 years, which are calculated using the sum-of-the-year-digits method.

1.3.11 Income tax

- a) Current tax

The Bank calculates corporate income tax in accordance with tax legislation.

- b) Deferred tax

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

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

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

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

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

1.3.12 Impairment of assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that based on information available, reflects the amount that the Bank could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Impairment losses are recognised in the income statement.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's recoverable amount. An impairment loss recognised in prior periods for an asset other than goodwill shall be reversed.

1.3.13 Derecognition of financial assets and financial liabilities

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

1.3.14 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date and off-balance sheets transactions are translated into Baht at the average exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

1.3.15 Employee benefits

The Bank records salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses on an accrual basis.

1.3.16 Provisions

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

1.3.17 Derivatives

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

The recording of derivatives using fair value method is in accordance with the principles for recording derivatives under IAS 39 "Financial Instruments: Recognition and Measurement".

1.3.18 Financial instruments

a) Financial risk management

The Bank's financial instruments, as defined under Thai Accounting Standard No. 48 (previous version) "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), investments, loans and receivables and accrued interest receivable, deposits, interbank and money market items (liabilities), liability payable on demand and borrowings. The financial risks associated with these financial instruments and how they are managed is described in Note 3.26 to the financial statements.

b) Fair value of financial instruments

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

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

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

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), deposits, interbank and money market items (liabilities), and liabilities payable on demand, the carrying amounts in the balance sheet approximate their fair value.
- The fair value of debts and equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

- Loans and accrued interest, except for hire purchase receivables and other retail loans, are presented at fair value, which is the book value, less allowance for doubtful accounts, since most loans carry interest at floating rates. Hire purchase receivables and other retail loans are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.
- The fair value of debentures and borrowings is estimated by discounting expected future cash flow by the current market interest rates of the borrowings with similar terms and conditions.
- The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.

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

1.3.19 Earnings per share

Basis of computation of earnings per share is summarised below.

Basic earnings per share

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

Diluted earnings per share

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

In determining earnings per share for the period, the amount of preferential dividends as referred to above was arrived at on a time proportion basis.

1.3.20 Offsetting financial assets and financial liabilities

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

1.3.21 Significant accounting judgements and estimates

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

Allowance for doubtful accounts for loans and receivables

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

Fair value of financial instruments

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

Impairment of investments

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

Deferred tax assets

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

Recognition and derecognition of assets and liabilities

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

2. General information

2.1 The Bank’s information

The Bank is a public company incorporated and domiciled in Thailand. Its parent company is TISCO Financial Group Public Company Limited, which was incorporated in Thailand. The Bank has been licensed by the Ministry of Finance to operate commercial banking business. Its registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 30 June 2009, the Bank has 37 branches in Thailand.

2.2 Share capital

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

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

2.3 Statutory reserve

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

2.4 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 Provident fund

The Bank and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Bank and the employees contribute to the fund monthly at the rates of 5 - 10 percent of the employees' salaries, depending on the number of years of service. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules.

2.6 Related party transactions

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

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

The Bank has neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10 percent of the common shares of paid up capital are held by the Bank, the Bank's directors or management-level employees, with the exception of loans to parent company and loans to employees under the employee welfare scheme, as mentioned in Note 3.23 to the financial statements.

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

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

3. Details of financial statements

3.1 Interbank and money market items (assets)

(Unit: Baht)

	As at					
	30 June 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial						
Institutions Development Fund	805,233,722	4,760,000,000	5,565,233,722	6,353,554	13,110,000,000	13,116,353,554
Commercial banks	47,852,218	1,000,000,000	1,047,852,218	28,339,442	-	28,339,442
Total	853,085,940	5,760,000,000	6,613,085,940	34,692,996	13,110,000,000	13,144,692,996
Add: Accrued interest	-	344,704	344,704	-	3,647,326	3,647,326
Total	853,085,940	5,760,344,704	6,613,430,644	34,692,996	13,113,647,326	13,148,340,322

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

(Unit: Million Baht)

	Securities purchase under resale agreements according to private repurchase transactions as at	
	30 June 2009	31 December 2008
	Commercial Bank	1,000

Fair value of securities received as collateral is as follow:

(Unit: Million Baht)

	As at	
	30 June 2009	31 December 2008
	Fair value of securities received as collateral	1,010

3.2 Investments

(Unit: Baht)

	As at			
	30 June 2009		31 December 2008	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investments</u>				
Available-for-sales securities				
Debt securities:				
Government and state enterprise securities	908,342,124	907,599,379	416,231,175	417,580,327
Debt securities of private sector	532,068,767	539,098,928	101,616,915	100,007,500
Foreign debt securities	-	-	1,869,822,358	1,668,501,090
Total	1,440,410,891	1,446,698,307	2,387,670,448	2,186,088,917
Add (less): Allowance for changes in value	7,747,416		8,069,337	
Exchange difference	-		(208,190,868)	
Less: Allowance for impairment	(1,460,000)		(1,460,000)	
Debt securities - net	1,446,698,307		2,186,088,917	
Total available-for-sales securities	1,446,698,307		2,186,088,917	
Held-to-maturity debt securities - due within 1 year				
Debt Securities:				
Government and state enterprise securities	-		335,000,000	
Total held-to-maturity debt securities - due within 1 year	-		335,000,000	
Net current investments	1,446,698,307		2,521,088,917	
<u>Long-term investments</u>				
Available-for-sales securities				
Debt securities:				
Debt securities of private sector	23,200,000	22,990,220	100,000,000	99,895,030
Less: Allowance for changes in value	(209,780)		(104,970)	
Debt securities - net	22,990,220		99,895,030	
Total available-for-sales securities	22,990,220		99,895,030	

(Unit: Baht)

	As at			
	30 June 2009		31 December 2008	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Other investments				
Equity securities:				
Domestic non-marketable equity securities	701,797,590		705,797,590	
Investment in receivables	4,928,832,029		1,138,771,537	
Total	5,630,629,619		1,844,569,127	
Less: Allowance for impairment	(93,873,114)		(102,935,871)	
Total other investments	5,536,756,505		1,741,633,256	
Net long-term investments	5,559,746,725		1,841,528,286	
Investment in subsidiaries				
Investments in subsidiaries (cost method)	96,053,931		96,063,931	
Investments in subsidiaries - net	96,053,931		96,063,931	
Net investments	7,102,498,963		4,458,681,134	

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

(Unit: Million Baht)

	As at		Remark
	30 June 2009	31 December 2008	
Government bonds	-	331	These bonds are redeemable within a 10-year period, maturing in February 2009 and May 2009, and carry interest at rates of 4% and 5% per annum.

3.2.2 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restriction
	30 June 2009	31 December 2008	
Government debt securities	1	4	Pledged for electricity usage

3.2.3 Investments in debt securities classified by remaining periods of contracts

(Unit: Baht)

	As at 30 June 2009			
	Maturity			Total
	Less than	Over		
	1 year	1 - 5 years	5 years	
Available-for-sale securities				
Government and state enterprise securities	907,252,608	1,089,516	-	908,342,124
Debt securities of private sector	64,248,257	291,954,318	199,066,192	555,268,767
Total	971,500,865	293,043,834	199,066,192	1,463,610,891
Add (less): Allowance for changes in value	(560,403)	3,630,465	4,467,574	7,537,636
Less: Allowance for impairment	(1,460,000)	-	-	(1,460,000)
Total debt securities	969,480,462	296,674,299	203,533,766	1,469,688,527

(Unit: Baht)

	As at 31 December 2008			
	Maturity			Total
	Less than	Over		
	1 year	1 - 5 years	5 years	
Available-for-sale securities				
Government and state enterprise securities	415,133,679	-	1,097,496	416,231,175
Debt securities of private sector	31,552,767	170,064,148	-	201,616,915
Foreign debt securities	1,869,822,358	-	-	1,869,822,358
Total	2,316,508,804	170,064,148	1,097,496	2,487,670,448
Add (less): Allowance for changes in value	8,152,524	(242,597)	54,440	7,964,367
Exchange difference	(208,190,868)	-	-	(208,190,868)
Less: Allowance for impairment	(1,460,000)	-	-	(1,460,000)
Total	2,115,010,460	169,821,551	1,151,936	2,285,983,947
Held-to-maturities debt securities				
Government and state enterprise securities	335,000,000	-	-	335,000,000
Total	335,000,000	-	-	335,000,000
Total debt securities	2,450,010,460	169,821,551	1,151,936	2,620,983,947

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

(Unit: Baht)

	As at 30 June 2009		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
	Companies having problems with debt repayment or in default	7,060,000	-

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

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

(Unit: Baht)

Name	As at					
	30 June 2009			31 December 2008		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid Amounts	Percentage of holding
	(Cost method)		%	(Cost method)		%
<u>Insurance:</u>						
AXA Insurance Plc.	53,168,806	-	10	53,168,806	-	10
<u>Services:</u>						
TISCO Securities Hong Kong Limited (in the process of liquidation)	66,482,955	-	100	66,482,955	-	100
Jiji Press (Thailand) Co., Ltd.	813,823	300,000	10	813,823	300,000	10
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	37,334,990	-	10
<u>Leasing and hire purchase:</u>						
TISCO Leasing Co., Ltd.	29,570,976	-	99.99	29,570,976	-	99.99
<u>Trading import and export:</u>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	9,269,807	-	10	9,269,807	-	10
Wattana Inter-Trade Co., Ltd.	3,796,500	-	10	4,291,200	-	10
<u>Real estate:</u>						
Prosperity Industrial Estate Co., Ltd.	45,156,456	-	10	45,227,553	-	10
UMI Property Co., Ltd.	8,085,000	-	10	8,842,500	-	10
<u>Industrial:</u>						
Siam Art Ceramic Co., Ltd.	16,753,000	-	10	16,555,000	-	10

3.3 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Paid-up share capital		Cost		Dividend received	
		as at		as at		for the six-month periods ended	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	30 June 2008
<u>Subsidiaries directly held by the Bank:</u>							
TISCO Securities Hong Kong Limited (In the process of liquidation)	Securities business	HKD 20 million	HKD 20 million	66	66	-	-
TISCO Leasing Co., Ltd.	Leasing	56	56	30	30	-	122
				<u>96</u>	<u>96</u>	<u>-</u>	<u>122</u>

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

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

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

On 22 August 2008, the Bank set up TISCO Financial Group Public Company Limited and holds 95% of its called-up share capital of Baht 10,000. This company was established as a holding company, to be the parent company of TISCO Group instead of the Bank, in accordance with the restructuring plan, as mentioned in Note 4.1 to the financial statements. On 16 January 2009, the initial capital of Baht 10,000 of TISCO Financial Group Public Company Limited was returned to the Bank with respect to the decrease in the company's registered initial capital in order to prevent crossholding after the completion of the shareholding restructuring of TISCO Group.

3.4 Loans, receivables and accrued interest receivable

3.4.1 Classified by type of loan and receivable

(Unit: Baht)

	As at	
	30 June 2009	31 December 2008
<u>Loans and receivables</u>		
Loans	24,265,811,394	20,799,531,372
Hire purchase		
Hire purchase	97,091,749,339	92,232,993,997
Add (less): Unearned income	(12,690,327,314)	(12,123,019,770)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	694,578,197	621,421,304
Net hire purchase receivables	<u>85,096,000,222</u>	<u>80,731,395,531</u>
Total loans and receivables	109,361,811,616	101,530,926,903
Add: Accrued interest receivable	101,800,716	110,754,580
Less: Allowance for doubtful accounts	(1,553,709,492)	(1,604,457,372)
Less: Allowance for loss on debt restructuring	<u>(18,258)</u>	<u>(18,258)</u>
Net loans, receivables and accrued interest receivable	<u>107,909,884,582</u>	<u>100,037,205,853</u>

3.4.2 Classified by remaining periods of contracts

(Unit: Baht)

	As at	
	30 June 2009	31 December 2008
Loans and receivables		
Not over 1 year (included contract which are due)	14,703,780,060	12,074,778,031
Over 1 year	<u>94,658,031,556</u>	<u>89,456,148,872</u>
Total loans and receivables	109,361,811,616	101,530,926,903
Add: Accrued interest receivable	<u>101,800,716</u>	<u>110,754,580</u>
Total loans, receivables and accrued interest receivable	<u>109,463,612,332</u>	<u>101,641,681,483</u>

3.4.3 Classified by type of business

(Unit: Baht)

As at 30 June 2009						
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	116,114,843	5,447,502	1,463,684	635,039	-	123,661,068
Manufacturing and commerce	10,945,555,874	159,360,495	55,974,805	27,146,252	68,273,713	11,256,311,139
Real estate and construction	7,959,232,606	107,550,040	25,999,796	16,506,541	410,890,643	8,520,179,626
Public utilities and services	2,503,211,538	220,292,133	36,959,241	30,476,069	15,871,051	2,806,810,032
Personal use						
Hire purchase	69,544,074,187	6,374,872,870	899,949,354	299,286,707	235,286,204	77,353,469,322
Housing loans	1,284,105,505	49,165,914	37,086,805	18,131,136	141,803,962	1,530,293,322
Others	7,129,203,875	157,068,329	28,813,827	14,750,849	441,250,227	7,771,087,107
Total loans and receivables	99,481,498,428	7,073,757,283	1,086,247,512	406,932,593	1,313,375,800	109,361,811,616
Add: Accrued interest receivable	14,456,461	87,344,255	-	-	-	101,800,716
Total loans, receivables and accrued interest receivable	99,495,954,889	7,161,101,538	1,086,247,512	406,932,593	1,313,375,800	109,463,612,332

(Unit: Baht)

As at 31 December 2008						
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	121,834,907	3,269,345	-	245,991	-	125,350,243
Manufacturing and commerce	7,074,285,218	165,700,977	33,375,457	17,300,664	51,547,354	7,342,209,670
Real estate and construction	8,265,099,280	107,521,231	19,458,732	27,785,108	387,851,106	8,807,715,457
Public utilities and services	3,031,153,439	112,714,616	44,193,625	12,350,173	12,384,335	3,212,796,188
Personal use						
Hire purchase	65,794,611,089	6,010,762,700	837,776,039	284,162,006	181,876,230	73,109,188,064
Housing loans	1,479,727,790	38,356,878	25,644,460	24,382,016	137,914,535	1,706,025,679
Others	6,635,184,664	124,621,782	17,229,940	12,236,841	438,368,375	7,227,641,602
Total loans and receivables	92,401,896,387	6,562,947,529	977,678,253	378,462,799	1,209,941,935	101,530,926,903
Add: Accrued interest receivable	26,633,480	84,121,100	-	-	-	110,754,580
Total loans, receivables and accrued interest receivable	92,428,529,867	6,647,068,629	977,678,253	378,462,799	1,209,941,935	101,641,681,483

3.4.4 Hire purchase receivables

As at 30 June 2009, net receivables of the Bank under hire purchase agreements amount to Baht 85,096 million (31 December 2008: Baht 80,731 million) and mostly comprise hire purchase agreements for cars, machine and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

	As at 30 June 2009				
	Amounts of installments due under the long-term lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Hire purchase receivables	31,155	62,147	1,323	2,467	97,092
Unearned income*	(4,944)	(6,219)	(32)	(801)	(11,996)
Hire purchase receivables - net	<u>26,211</u>	<u>55,928</u>	<u>1,291</u>	<u>1,666</u>	<u>85,096</u>
Allowance for doubtful accounts					<u>833</u>

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

(Unit: Million Baht)

	As at 31 December 2008				
	Amounts of installments due under the long-term lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Hire purchase receivables	29,438	59,164	1,505	2,126	92,233
Unearned income*	(4,743)	(6,084)	(46)	(629)	(11,502)
Hire purchase receivables - net	<u>24,695</u>	<u>53,080</u>	<u>1,459</u>	<u>1,497</u>	<u>80,731</u>
Allowance for doubtful accounts					<u>822</u>

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

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

(Unit: Million Baht)

The Bank	Amounts calculated under BOT's guidelines ⁽²⁾ as at		Amounts calculated under the Bank's policy as at	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	Loans and receivables for which the recognition of interest income has ceased ⁽¹⁾	3,799	3,241	3,953 ⁽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 1,138 million (31 December 2008: Baht 1,396 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.

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

	(Unit: Million Baht)	
	As at	
	30 June 2009	31 December 2008
Unearned interest income ⁽¹⁾	12,245	11,751

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

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

	(Unit: Million Baht)	
	As at 30 June 2009	
Restructured loans and receivables ⁽¹⁾		308
Loans and receivables which are being restructured		33

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

3.4.8 Troubled debt restructuring

- Debt restructuring during the period

	For the six-month periods ended 30 June	
	2009	2008
Debtors restructured during the period		
Number of debtors (number)	15	16
Loan balances before restructuring (million Baht)	316	510
Loss on troubled debt restructuring (million Baht)	-	-
Interest income on restructured receivables (million Baht)	16	31
Receipt of principal and interest (million Baht)	112	224

- The balance of the restructured debts

	(Unit: Million Baht)	
	As at	
	30 June 2009	31 December 2008
The balance of the restructured debts	1,377	1,142

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

(Unit: Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	As at	
	30 June 2009	31 December 2008
Amount to be provided under BOT's guidelines	1,321	1,270
Amount already recorded by the Bank	1,554 ⁽¹⁾	1,604 ⁽¹⁾
Amount in excess of the required amount	233	334

⁽¹⁾ The allowance for doubtful debts consists of allowance for doubtful debts of Baht 458 million (31 December 2008: Baht 758 million) set aside for the unsecured portion of loans amounting to Baht 1,138 million (31 December 2008: Baht 1,396 million) at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,096 million (31 December 2008: Baht 846 million) set up for the other loans and receivables.

3.5.1 Allowance for doubtful accounts - Classified by the receivables classification

(Unit: Baht)

	As at 30 June 2009						
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of period	396,655,603	29,591,085	146,883,527	138,905,074	625,833,199	266,588,884	1,604,457,372
Increase (decrease) in allowance for doubtful accounts during the period	114,163,444	43,123,817	340,405,174	283,176,523	(141,285,061)	(45,341,639)	594,242,258
Bad debt written-off	(409,025)	(12,196,028)	(247,907,784)	(333,137,891)	(9,269,418)	(42,069,992)	(644,990,138)
Balance - end of period	<u>510,410,022</u>	<u>60,518,874</u>	<u>239,380,917</u>	<u>88,943,706</u>	<u>475,278,720</u>	<u>179,177,253</u>	<u>1,553,709,492</u>

(Unit: Baht)

	As at 31 December 2008						
	Pass	Special- mentioned	Sub- standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of year	183,195,309	95,077,204	226,052,602	122,397,251	1,627,783,257	210,411,437	2,464,917,060
Increase (decrease) in allowance for doubtful accounts during the year	218,819,025	(35,268,528)	264,641,065	486,606,437	122,806,855	56,177,447	1,113,782,301
Bad debt written-off	(5,358,731)	(30,217,591)	(343,810,140)	(470,098,614)	(1,124,756,913)	-	(1,974,241,989)
Balance - end of year	<u>396,655,603</u>	<u>29,591,085</u>	<u>146,883,527</u>	<u>138,905,074</u>	<u>625,833,199</u>	<u>266,588,884</u>	<u>1,604,457,372</u>

3.5.2 Allowance for doubtful - Classified by loan loss provisioning method

(Unit: Baht)

	As at 30 June 2009			
	Individual impairment	Collective impairment	General reserve	Total
Balance - beginning of period	515,366,089	822,502,399	266,588,884	1,604,457,372
Increase (decrease) in allowance for doubtful accounts during the period	26,411,970	613,171,927	(45,341,639)	594,242,258
Bad debt written-off	(102,166)	(602,817,980)	(42,069,992)	(644,990,138)
Balance - end of period	<u>541,675,893</u>	<u>832,856,346</u>	<u>179,177,253</u>	<u>1,553,709,492</u>

(Unit: Baht)

	As at 31 December 2008			
	Individual impairment	Collective impairment	General reserve	Total
Balance - beginning of year	1,800,240,062	454,265,561	210,411,437	2,464,917,060
Increase (decrease) in allowance for doubtful accounts during the year	(209,861,855)	1,267,466,709	56,177,447	1,113,782,301
Bad debt written-off	(1,075,012,118)	(899,229,871)	-	(1,974,241,989)
Balance - end of year	<u>515,366,089</u>	<u>822,502,399</u>	<u>266,588,884</u>	<u>1,604,457,372</u>

3.5.3 Allowance for loss on debt restructuring

(Unit: Baht)

	As at	
	30 June	31 December
	2009	2008
Balance - beginning of period	18,258	538,175
Increase during the period	-	18,258
Write off/transfer to general reserve	-	(538,175)
Balance - end of period	18,258	18,258

3.5.4 Non-performing loans and receivables

(Unit: Million Baht)

	As at	
	30 June	31 December
	2009	2008
Non-performing loans and receivables	2,806	2,566
Allowance for doubtful accounts	803	911

3.6 Classification of assets

3.6.1 Investments 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 June	31 December	30 June	31 December	30 June	31 December
	2009	2008	2009	2008	2009	2008
Debt instruments - debentures ⁽²⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6

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

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

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

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

(Unit: Million Baht)

	Debt balance		Debt balance after net of collateral		Allowance for doubtful accounts			
	as at		as at		Amounts to be provided under BOT's guidelines		Amounts already set up by the Bank	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	as at		as at	
					30 June 2009	31 December 2008	30 June 2009	31 December 2008
Loans and receivables ⁽¹⁾⁽²⁾⁽³⁾								
Pass	105,241	105,512	88,773	92,419	508	380	511	396
Special mentioned	7,074	6,563	7,000	6,489	61	30	61	30
Substandard	1,086	978	1,022	954	239	147	239	147
Doubtful	407	378	384	337	89	139	89	139
Doubtful of loss	1,313	1,210	670	588	424	575	475	625
Total	115,121	114,641	97,849	100,787	1,321	1,271	1,375	1,337
Loss on receivables under troubled debt restructuring	-	-	-	-	-	-	-	-
Total	115,121	114,641	97,849	100,787	1,321	1,271	1,375	1,337
General reserve							179	267
Total							1,554	1,604
Investments in securities								
Doubtful of loss								
Debt instruments	3	203	3	203	3	203	3	203
Equity instruments	68	67	68	67	68	67	68	67
Total	71	270	71	270	71	270	71	270
Investments in receivables								
Doubtful of loss	26	36	26	36	26	36	26	36
Properties foreclosed								
Doubtful of loss	145	43	145	43	145	43	145	43
Total classified assets	115,363	114,990	98,091	101,136	1,563	1,620	1,796	1,953

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

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

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

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

(Unit: Million Baht)

	Debt balance		Debt balance		Percentage of allowance		Allowance for doubtful	
	as at		after net of collateral value		for doubtful account set up ⁽²⁾		account as at	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Hire purchase receivables⁽¹⁾								
Pass	76,568	72,859	76,568	72,859	0.58	0.43	433	316
Special mentioned	6,863	6,375	6,863	6,375	0.58	0.43	58	27
Substandard	992	937	992	937	20.57	32.00	210	130
Doubtful	369	324	369	324	20.57	32.00	73	126
Doubtful of loss	304	236	304	236	20.57	32.00	59	223

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

⁽²⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts.

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful	
	as at		as at		as at		accounts provided	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
			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	2	3	279	279	182	182	146	147
3. Listed companies whose shares have been suspended from trading	-	-	-	-	-	-	-	-
4. Listed companies under rehabilitation	2	2	86	92	12	12	75	81
5. Companies which have loan settlement problems or have defaulted on payment of debts	2	2	345	339	276	276	69	63
6. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	6	7	710	710	470	470	290	291

3.7 Property foreclosed

(Unit: Baht)

	As at	
	30 June 2009	31 December 2008
Foreclosed assets		
Immovable assets		
Balance - beginning of period	986,728,283	1,017,130,703
Additions	-	1,502,192
Disposals	(11,003,251)	(31,904,612)
Balance - end of period	975,725,032	986,728,283
Movable assets		
Balance - beginning of period	60,013,965	43,967,955
Additions	1,302,139,264	1,967,415,635
Disposals	(1,295,806,943)	(1,951,369,625)
Balance - end of period	66,346,286	60,013,965
Allowance for impairment		
Balance - beginning of period	14,539,402	14,242,630
Increase	3,263,403	5,823,399
Decrease	(3,623,173)	(5,526,627)
Balance - end of period	14,179,632	14,539,402
Property foreclosed - net	1,027,891,686	1,032,202,846
Less: General reserve for declining in value of property foreclosed in accordance with the notification of the Bank of Thailand	(131,162,298)	(28,948,816)
Property foreclosed - net, after reserve for declining in value in accordance with the notification of the Bank of Thailand	896,729,388	1,003,254,030

3.8 Land, premises and equipment

(Unit: Baht)

	Land	Buildings and office condominium units	Furniture, fixtures and equipment	Office improvements	Motor vehicles	Total
Cost:						
31 December 2008	160,495,583	300,868,586	527,387,309	375,361,680	76,114,054	1,440,227,212
Additions	-	-	40,140,168	22,367,839	998,670	63,506,677
Disposals	-	-	(52,455,895)	(4,485,239)	(2,020,491)	(58,961,625)
30 June 2009	160,495,583	300,868,586	515,071,582	393,244,280	75,092,233	1,444,772,264
Accumulated depreciation:						
31 December 2008	-	145,431,443	368,797,791	166,288,376	58,498,650	739,016,260
Depreciation for the period	-	8,047,637	37,512,223	26,282,436	5,414,957	77,257,253
Depreciation on disposals	-	-	(52,441,452)	(3,834,687)	(2,020,491)	(58,296,630)
30 June 2009	-	153,479,080	353,868,562	188,736,125	61,893,116	757,976,883
Net book value:						
31 December 2008	160,495,583	155,437,143	158,589,518	209,073,304	17,615,404	701,210,952
30 June 2009	160,495,583	147,389,506	161,203,020	204,508,155	13,199,117	686,795,381

Depreciation for the six-month periods ended 30 June:

2008	78,958,206
2009	77,257,253

3.9 Other assets

(Unit: Baht)

	As at	
	30 June 2009	31 December 2008
Value added tax - net	431,970,162	243,749,262
Accrued interest receivable	15,125,606	24,812,518
Fee and charges receivable	62,514,605	91,925,319
Prepaid income tax	94,022,711	93,786,049
Deferred computer system development cost - net	129,388,151	111,730,218
Deposits	19,418,533	21,137,048
Other receivables	239,713,205	539,343,766
Financial derivatives assets	-	197,909,233
Other assets	178,780,032	101,405,393
Total other assets	1,170,933,005	1,425,798,806

3.10 Deposits in Baht

3.10.1 Classified by type of deposits

(Unit: Baht)

	As at	
	30 June 2009	31 December 2008
Promissory notes	2,375,651	2,399,539
Deposits		
Current accounts	9,765,442,564	6,467,619,839
Saving accounts	14,672,376,252	5,140,404,361
Fixed accounts		
- not over 6 months	1,325,875,273	727,196,529
- over 6 months and less than 1 year	820,360,158	2,297,400,375
- over 1 year	665,073,906	1,019,142,113
Certificates of deposit/negotiable certificates of deposit	34,752,573,481	43,221,618,110
Total	62,004,077,285	58,875,780,866

3.10.2 Classified by the remaining period of contract

(Unit: Baht)

	As at	
	30 June 2009	31 December 2008
Not over 1 year*	61,006,997,470	56,972,419,521
Over 1 year	997,079,815	1,903,361,345
Total deposits	62,004,077,285	58,875,780,866

*Including fully-mature deposit contract

3.11 Interbank and money market items (liabilities)

(Unit: Baht)

	As at					
	30 June 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
Commercial banks	6,776,687	-	6,776,687	13,144,133	-	13,144,133
Other banks and financial institutions	825,550,952	2,968,880,717	3,794,431,669	842,280,991	3,096,292,804	3,938,573,795
Total	832,327,639	2,968,880,717	3,801,208,356	855,425,124	3,096,292,804	3,951,717,928

The Bank has entered into an interest rate swap agreement to swap the floating interest rate on Baht 300 million of bill of exchange for a fixed interest rate, as mentioned in Note 3.26.5 to the financial statements.

3.12 Borrowings

(Unit: Baht)

	As at	
	30 June 2009	31 December 2008
<u>Domestic borrowings</u>		
Subordinated debentures	-	331,000,000
Subordinated unsecured debentures	4,000,000,000	-
Unsubordinated unsecured debentures	4,000,000,000	4,000,000,000
Bills of exchange	37,825,705,372	40,558,889,537
Promissory note	-	37,603,885
Total	45,825,705,372	44,927,493,422

3.12.1 Subordinated debentures

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

During the current period, the Bank redeemed such debentures in full.

3.12.2 Subordinated unsecured debentures

Year	Type of debenture	Units		Face value per unit (Baht)	Balance as at (Million Baht)		Maturity in the year	Interest rate
		30 June 2009	31 December 2008		30 June 2009	31 December 2008		
		2009	subordinated and unsecured long-term debentures		2 million	-		
2009	subordinated and unsecured long-term debentures	2 million	-	1,000	2,000	-	2019	5.0 percent per annum in first year to third years. 5.5 percent per annum in the forth to seventh years and 6.0 percent per annum in the eighth to tenth years
Total					4,000	-		

3.12.3 Unsubordinated unsecured debentures

Year	Type of debenture	Units		Face value per unit (Baht)	Balance as at (Million Baht)		Maturity in the year	Interest rate
		30 June 2009	31 December 2008		30 June 2009	31 December 2008		
		2007	Unsubordinated and unsecured long-term debentures		3 million	3 million		
2007	Unsubordinated and unsecured long-term debentures	1 million	1 million	1,000	1,000	1,000	2012	4.04 percent per annum.
Total					4,000	4,000		

3.12.4 Bills of exchange

Bills of exchange bear fixed interest rates and float interest rates between 0.75 and 4.96 percent per annum and mature in 2009 and 2011.

The Bank has entered into interest rate swap agreements to swap the floating interest rate on Baht 380 million of bills of exchange for a fixed interest rate, as mentioned in Note 3.26.5 to the financial statements.

3.13 Other liabilities

(Unit: Baht)

	As at	
	30 June 2009	31 December 2008
Corporate income tax payable	272,877,010	-
Withholding income tax and other tax payable	41,579,827	123,432,700
Accrued insurance premium	454,504,088	623,428,234
Deferred income	140,239,330	125,302,374
Accrued expense	93,176,719	25,120,979
Dividend payable	368,446,816	-
Other liabilities	297,752,593	200,021,427
Total other liabilities	<u>1,668,576,383</u>	<u>1,097,305,714</u>

3.14 Preference shares converted to ordinary shares

Up to 30 June 2009, the 444,451,820 preference shares have been converted into ordinary shares, and such conversion has been registered with the Ministry of Commerce.

As at 30 June 2009, there are 183,500,430 preference shares which are convertible to ordinary shares. However, since 30 June 2009, the rights and benefits of the preference shareholders are equal to those of the ordinary shareholders (as mentioned in Note 2.2 to the financial statements).

3.15 Capital funds

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

Capital funds of the Bank are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2009	31 December 2008
<u>Tier I</u>		
Issued and fully paid up share capital	7,281,523	7,281,523
Premium on share capital	130,451	130,451
Statutory reserve	547,000	486,800
Retained earnings-unappropriated	2,527,613	2,491,136
Total Tier I	10,486,587	10,389,910
<u>Tier II</u>		
Subordinated debentures	4,000,000	66,200
Reserve for loans classified as pass	377,805	380,640
Total Tier II	4,377,805	446,840
Total capital fund	14,864,392	10,836,750

	As at			
	30 June 2009		31 December 2008	
Capital ratios	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	10.09%	4.25%	11.23%	4.25%
Total capital to risk assets	14.30%	8.50%	11.71%	8.50%

3.16 Surplus on changes in the value of investments

	(Unit: Baht)	
	As at	
	30 June 2009	31 December 2008
Balance - beginning of period	7,964,366	54,594,756
Decrease from changes in the value of investments during the period	(426,731)	(46,630,390)
	7,537,635	7,964,366
Less: The effect of deferred tax assets / liabilities	(2,261,290)	(2,389,309)
Balance - end of period	5,276,345	5,575,057

3.17 Gain on investments

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2009	2008
Reverse allowance for impairment of investments	9,048,758	276,303
Realised gain on investments	25,079,230	57,256,462
Total	<u>34,127,988</u>	<u>57,532,765</u>

3.18 Other income

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2009	2008
Penalty fee income from loans	86,025,407	57,625,413
Gains on disposal of property foreclosed	12,136,196	-
Rental income	3,726,501	11,661,426
Others	116,846,216	66,577,990
Total	<u>218,734,320</u>	<u>135,864,829</u>

3.19 Other expenses

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2009	2008
Contributions to the Financial Institutions		
Development Fund	98,734,479	70,408,747
Impairment of property foreclosed	102,856,962	6,666,953
Losses on disposal of property foreclosed	-	3,848,403
Mailing expenses	16,939,251	13,903,043
Loan losses from court - ordered execution	19,540,490	5,972,641
Transportation expenses	25,505,143	27,575,819
Advertising and promotion expenses	47,877,478	15,955,144
Others	46,475,395	63,170,330
Total	<u>357,929,198</u>	<u>207,501,080</u>

3.20 Corporate income tax

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2009	2008
Income tax payable on taxable profit for the period	295,287,007	180,590,552
Add (less): Net decrease (increase) in deferred tax on temporary differences	(382,900)	29,724,781
Adjustment in respect of current income tax of prior period	10,116	5,522,508
Income tax expenses - net	<u>294,914,223</u>	<u>215,837,841</u>

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

	(Unit: Thousand Baht)	
	As at	
	30 June 2009	31 December 2008
Allowance for doubtful accounts (general reserve)	179,177	266,589
Allowance for impairment of investments	144,373	190,122
Allowance for impairment of property foreclosed	145,342	43,488
Non-accrual of interest income	614,705	606,620
Depreciation of assets	70,598	78,998
Leased assets	67,026	-
Revaluation surplus on changes in the value of investments	(7,538)	(7,964)
Unrealised loss (gain) on derivatives	25	(866)
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(694,578)	(621,421)
Deferred subsidised income	90,456	52,273
Others	62	608
	<u>609,648</u>	<u>608,447</u>
Deferred tax assets (30%)	<u>182,895</u>	<u>182,534</u>

3.21 Provident fund

	For the six-month periods ended 30 June	
	2009	2008
Amounts contributed to the provident fund (Million Baht)	18	17

3.22 Earnings per share

The computation of basic and diluted earnings per share is listed below.

	For the six-month periods ended 30 June					
	Net income		Weighted average		Earnings per share	
	2009	2008	Number of ordinary shares		2009	2008
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income	705,904	1,298,704				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period	(91,750)	(91,650)				
	614,154	1,207,054	728,152	727,917	0.84	1.66
Effect of dilutive potential ordinary shares						
Warrants to purchase preferences shares	-	-	-	1,206		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion to ordinary shares	614,154	1,207,054	728,152	729,123	0.84	1.66

Dividend paid to preference shares in preference to the ordinary shares for the year 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 are equal to those of the ordinary shareholders (as mentioned in Note 2.2 to the financial statements).

In calculating diluted earnings per share for the six-month period ended 30 June 2009, the number of potential ordinary shares that the Bank may have to issue, has not been taken into account since warrants to purchase preference shares of the Bank were cancelled according to the holding restructuring plan of TISCO group.

3.23 Related party transactions

(Unit: Thousand Baht)

	Balance - beginning of period	Increase	Decrease	Balance - end of period
<u>Outstanding balance as at 30 June 2009</u>				
Parent company				
Loan to:				
TISCO Financial Group Plc.	2,600,000	100,000	-	2,700,000
Deposits in Baht:				
TISCO Financial Group Plc.	27,992	-	(23,967)	4,025
Borrowings:				
TISCO Financial Group Plc.	-	239,000	-	239,000
Dividend payable:				
TISCO Financial Group Plc.	-	367,064	-	367,064
Subsidiary company				
Other assets:				
TISCO Leasing Co., Ltd.	168,000	-	(168,000)	-
Deposits in Baht:				
TISCO Leasing Co., Ltd.	2,150	1,900	-	4,050
Borrowings:				
TISCO Leasing Co., Ltd.	-	87,277	-	87,277
Related companies				
Other assets:				
TISCO Securities Co., Ltd.	34,266	-	(32,016)	2,250
TISCO Information Technology Co., Ltd.	-	42,500	-	42,500
Primus Leasing Co.,Ltd.	-	914	-	914
Deposits in Baht:				
Hi-Way Co., Ltd.	17,839	-	(10,658)	7,181
TISCO Information Technology Co., Ltd.	5,079	-	(1,114)	3,965
Primus Leasing Co.,Ltd.	-	27,369	-	27,369
TISCO Tokyo Leasing Co., Ltd.	-	103	-	103
Interbank and money market items (liabilities):				
TISCO Securities Co., Ltd.	128,962	-	(105,056)	23,906
TISCO Asset Management Co., Ltd.	27,094	-	(17,874)	9,220
Borrowings:				
Hi-Way Co., Ltd.	23,000	-	(5,000)	18,000
TISCO Information Technology Co., Ltd.	2,000	50,000	-	52,000

	(Unit: Thousand Baht)		
	2009	2008	Terms and pricing policy
			(For the period 2009)
<u>Transactions occurred during the six-month periods ended 30 June</u>			
Subsidiary companies			
Risk and financial management fee income and human resources management fee income	-	14,223	In accordance with the centralised policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	-	8,445	With reference to the terms and prices as offered to other customers
Interest income	59,007	-	With reference to the terms and prices as offered to other customers
Other income	522	1,482	With reference to the terms and prices as offered to other customers
Computer system advisory services expenses and office administration expenses	85,000	60,000	In accordance with the centralised policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Risk and financial management expenses and human resources management expenses	495,000	-	In accordance with the centralised policy for supporting activities of the Bank and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Underwriting fee for issuing subordinate debentures	8,000	-	With reference to the terms and prices as offered to other customers
Insurance service expenses	-	1,684	With reference to the terms and prices as offered to other customers
Interest expenses	3,140	2,667	With reference to the terms and prices as offered to other customers
Other expenses	1,384	1,321	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

	(Unit: Thousand Baht)	
	As at	
	30 June 2009	31 December 2008
Loans	2,241	2,939

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

Directors and management's remuneration

During the six-month period ended 30 June 2009, the Bank paid monthly remuneration, meeting allowances, salaries, provident fund contributions and bonuses to their directors and key managements totaling Baht 48 million.

3.24 Financial information by segment

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

3.25 Commitments and contingent liabilities

3.25.1 Avals, guarantees and commitments

	(Unit: Thousand Baht)	
	As at	
	30 June 2009	31 December 2008
Avals	64,422	70,697
Other guarantees	1,038,650	984,125
Obligations covering principal under interest rate swap agreements (Note 3.26.5)	680,000	1,045,000
Obligations covering principal under call option agreements	-	15,960
Obligations for cross currency swap agreements	-	4,179,690
Undrawn client overdraft facilities	5,789	-
	1,788,861	6,295,472

3.25.2 Litigation

As at 30 June 2009, the Bank has been sued for compensation totaling approximately Baht 148 million. Final judgments have not yet been reached in respect of these cases.

In December 2005, a foreign subsidiary received a letter from the solicitor of one of its clients, requesting payment of damages amounting to HKD 46.6 million (equivalent to Baht 205 million as at 30 June 2009). During the current period, this case is currently under consideration of the court.

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

3.25.3 Other commitments

- a) The Bank has commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- b) The Bank has entered into several lease agreements in respect of the lease of office building and branch office. The terms of the agreements are generally 3 years.

As at 30 June 2009, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	<u>Million Baht</u>
Payable within:	
Less than 1 year	53
1 to 5 years	54

3.26 Financial instruments

3.26.1 Credit risk

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

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

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

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

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

Credit risk of hire purchase receivables classified by quality as follow:

(Unit: Thousand Baht)

	As at	
	30 June 2009	31 December 2008
Neither past due nor impaired		
Very high grade	58,246	53,755
High grade	14,227	16,642
Medium grade	4,095	2,462
Sub total	76,568	72,859
Hire purchase receivable - overdue 31 - 90 days	6,863	6,375
Hire purchase receivable - overdue more than 90 days	1,665	1,497
Total	85,096	80,731

3.26.2 Market risk

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

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

3.26.2.1 Market risk - Marketable portfolio

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

(Unit: Million Baht)

	Market Risk as at	
	30 June	31 December
	2009	2008
Marketable financial assets		
Debts securities	49	6
Foreign currencies	13	18

3.26.2.2 Market risk sensitivity - Interest bearing assets and liabilities

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

(Unit: Million Baht)

	Increase (decrease) in sensitivity of net interest income as at	
	30 June	31 December
	2009	2008
Change in interest rate		
Increase 1 percent	(233.23)	(250.91)
Decrease 1 percent	233.23	250.91

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

3.26.2.3 Interest rate risk

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

(Unit: Million Baht)

As at 30 June 2009				
Outstanding balances of financial instruments				
<u>Transactions</u>	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash	-	-	595	595
Interbank and money market items	-	5,760	853	6,613
Investment - net	39	6,327	736	7,102
Loans and receivables	9,948	99,006	510	109,464
	<u>9,987</u>	<u>111,093</u>	<u>2,694</u>	<u>123,774</u>
<u>Financial liabilities</u>				
Deposits	23,893	37,566	545	62,004
Interbank and money market items	25	3,776	-	3,801
Liabilities payable on demand	-	-	352	352
Borrowings	-	45,826	-	45,826
	<u>23,918</u>	<u>87,168</u>	<u>897</u>	<u>111,983</u>

(Unit: Million Baht)

As at 31 December 2008				
Outstanding balances of financial instruments				
<u>Transactions</u>	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash	-	-	595	595
Interbank and money market items	-	13,113	35	13,148
Investment - net	200	3,517	742	4,459
Loans and receivables	10,380	90,867	395	101,642
	<u>10,580</u>	<u>107,497</u>	<u>1,767</u>	<u>119,844</u>
<u>Financial liabilities</u>				
Deposits	11,519	47,268	89	58,876
Interbank and money market items	30	3,922	-	3,952
Liabilities payable on demand	-	-	497	497
Borrowings	-	44,927	-	44,927
	<u>11,549</u>	<u>96,117</u>	<u>586</u>	<u>108,252</u>

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)

As at 30 June 2009							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	5,760	-	-	-	5,760	1.1339
Investment - net	84	347	1,390	4,263	243	6,327	5.8415
Loans and receivables	3,750	12,534	21,144	60,203	1,375	99,006	7.1062
	<u>3,834</u>	<u>18,641</u>	<u>22,534</u>	<u>64,466</u>	<u>1,618</u>	<u>111,093</u>	
Financial liabilities							
Deposits	2,592	21,750	12,227	997	-	37,566	3.3823
Interbank and money market items	807	1,130	1,078	761	-	3,776	2.7055
Borrowings	5,424	26,700	7,826	1,876	4,000	45,826	2.2240
	<u>8,823</u>	<u>49,580</u>	<u>21,131</u>	<u>3,634</u>	<u>4,000</u>	<u>87,168</u>	

(Unit: Million Baht)

As at 31 December 2008							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	13,113	-	-	-	13,113	2.7258
Investment - net	39	2,115	797	565	1	3,517	5.3980
Loans and receivables	3,669	9,301	19,603	56,726	1,568	90,867	7.3760
	<u>3,708</u>	<u>24,529</u>	<u>20,400</u>	<u>57,291</u>	<u>1,569</u>	<u>107,497</u>	
Financial liabilities							
Deposits	2,485	30,060	12,820	1,825	78	47,268	3.3823
Interbank and money market items	825	1,071	716	1,310	-	3,922	3.9940
Borrowings	3,383	30,401	6,168	4,974	1	44,927	3.7406
	<u>6,693</u>	<u>61,532</u>	<u>19,704</u>	<u>8,109</u>	<u>79</u>	<u>96,117</u>	

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

3.26.3 Liquidity risk

Counting from the balance sheet date, as at 30 June 2009 and 31 December 2008, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Transactions	As at 30 June 2009							Total
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing Loans*	
Financial assets								
Cash	595	-	-	-	-	-	-	595
Interbank and money market items	853	5,760	-	-	-	-	-	6,613
Investments - net	669	396	1,390	4,302	243	102	-	7,102
Loans and receivables	3,707	11,578	22,319	65,440	2,621	-	3,799	109,464
	<u>5,824</u>	<u>17,734</u>	<u>23,709</u>	<u>69,742</u>	<u>2,864</u>	<u>102</u>	<u>3,799</u>	<u>123,774</u>
* Non performing loans according to the BOT's guidelines								
Financial liabilities								
Deposits	27,030	21,750	12,227	997	-	-	-	62,004
Interbank and money market items	832	1,130	1,078	761	-	-	-	3,801
Liabilities payable on demand	352	-	-	-	-	-	-	352
Borrowings	5,424	26,700	7,826	1,876	4,000	-	-	45,826
	<u>33,638</u>	<u>49,580</u>	<u>21,131</u>	<u>3,634</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>111,983</u>
Off-balance sheet items								
Aval to bills and guarantees of loans	-	52	-	12	-	-	-	64
Other commitments	-	410	510	300	-	505	-	1,725

(Unit: Million Baht)

Transactions	As at 31 December 2008							Total
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing Loans*	
Financial assets								
Cash	595	-	-	-	-	-	-	595
Interbank and money market items	35	13,113	-	-	-	-	-	13,148
Investments - net	678	2,115	827	735	1	103	-	4,459
Loans and receivables	2,762	9,433	21,644	61,432	3,130	-	3,241	101,642
	<u>4,070</u>	<u>24,661</u>	<u>22,471</u>	<u>62,167</u>	<u>3,131</u>	<u>103</u>	<u>3,241</u>	<u>119,844</u>
* Non performing loans according to the BOT's guidelines								
Financial liabilities								
Deposits	14,093	30,060	12,820	1,825	78	-	-	58,876
Interbank and money market items	855	1,071	716	1,310	-	-	-	3,952
Liabilities payable on demand	497	-	-	-	-	-	-	497
Borrowings	3,383	30,401	6,168	4,974	1	-	-	44,927
	<u>18,828</u>	<u>61,532</u>	<u>19,704</u>	<u>8,109</u>	<u>79</u>	<u>-</u>	<u>-</u>	<u>108,252</u>
Off-balance sheet items								
Aval to bills and guarantees of loans	-	15	46	12	-	-	-	73
Other commitments	28	4,587	511	680	-	419	-	6,225

3.26.4 Foreign exchange risk

As at 30 June 2009, the Bank had the significant financial instruments in foreign currencies which are investment in a subsidiary company amounting to HKD 20 million (under the cost method equivalent to Baht 66 million).

3.26.5 Derivatives

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

As at 30 June 2009, the Bank has the following financial derivative instruments.

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

		(Unit: Million Baht)
Maturity	Notional amount	Fair value gain (loss)
2010	380	(10)
2012	300	9

3.26.6 Fair value of financial instruments

The fair values of significant financial instruments of the Bank as follows:

	(Units: Million Baht)			
	As at			
	30 June 2009		31 December 2008	
<u>Transactions</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
<u>Financial assets</u>				
Interbank and money market items	6,613	6,613	13,148	13,148
Investments - net	7,102	7,102	4,459	4,459
Loans and receivables	107,910	109,936	100,037	100,784
<u>Financial liabilities</u>				
Deposits	62,004	62,004	58,876	58,876
Interbank and money market items	3,801	3,801	3,952	3,952
Liabilities payable on demand	352	352	497	497
Borrowings	45,826	45,818	44,927	44,902

In determining the fair value of financial instruments, the estimated fair value will be adjusted by reserve with respective risk. The book value of financial instruments is the net value, after adjusting for loan loss reserve.

4. Significant events during the period and other information

4.1 Holding restructuring

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

On 5 August 2008, the Bank submitted a formal holding restructuring plan to the Bank of Thailand and on 13 November 2008, the holding restructuring plan was approved by the Bank of Thailand.

TISCO Financial Group Public Company Limited, which was set up as a holding company and to be a parent company, made a tender offer for all securities (ordinary shares, preference shares and warrants to purchase preference shares) of the Bank, with an offer period from 1 December 2008 to 9 January 2009, and issued shares to those the Bank shareholders who had expressed an intention to sell their shares. On 9 January 2009, the company reported that it held 99.51% of the securities of the Bank and implementation of the holding restructuring plan was completed in accordance with the conditions approved by regulators.

On 15 January 2009, the Bank delisted its securities from the Stock Exchange of Thailand in accordance with the TISCO Group shareholding restructuring plan, and the securities of TISCO Financial Group Public Company Limited were listed on the Stock Exchange of Thailand in place of those of the Bank. On 16 January 2009, the initial capital of Baht 10,000 of TISCO Financial Group Public Company Limited was returned to the Bank with respect to the decrease in the company's registered initial capital in order to prevent crossholding after the completion of the shareholding restructuring of TISCO Group.

On 24 April 2009, the 2009 Annual General Meeting of Shareholders of TISCO Financial Group Public Company Limited passed the resolution to approve the acquisition of the remaining 0.49 percent of shares in the Bank from the minority shareholders after the completion of shareholding restructuring plan of TISCO Group. The shareholders delegated the authority to the company's Board of Directors to determine the share swap process as appropriate. Nevertheless, the swap price or the cash purchase price shall not exceed the book value of the Bank as at the transaction date and shall not exceed the previous swap price.

4.2 Dividend payment

	Approved by	Dividend per share		Amounts of dividend paid	Dividend payment period
		Preference share	Ordinary share		
		Baht per share	Baht per share		
Final dividends for 2007	The 2008 Annual General Meeting of the shareholders on 25 April 2008	2.80	1.80	1,490	May 2008
Total				<u>1,490</u>	
Final dividends for 2008	The 2009 Annual General Meeting of the Shareholders on 24 April 2009	1.65	0.65	657	April 2009
Interim dividend for 2009	The Board of Directors' Meeting No.4/2009 on 19 June 2009	0.88	0.38	368	July 2009
Total				<u>1,025</u>	

4.3 Related party transactions

Besides the related party transactions as described in Note 3.23 to the financial statements, during the current period, the Bank had additional related party transactions with its related companies, as presented below.

On 2 March 2009, TISCO Bank entered into an assignment agreement to acquire rights of claim over hire purchase receivables, lease receivables and property foreclosed of Primus Leasing Company Limited for a total consideration of approximately Baht 5,144 million, which was at fair value. The fair value of receivables was calculated by discounting cash flow projections under the hire purchase and lease contracts. The discount rate applied was the current new business (new car) rate of TISCO Bank. The fair value of property foreclosed was reference from market price. The purchase price was paid to that company on 24 April 2009.

As at 30 June 2009, the Bank had an outstanding loan totaling Baht 2,700 million to TISCO Financial Group Public Company Limited under a call promissory note, carrying interest at a fixed rate of 3.65 percent per annum and maturing within 2009. The Bank recorded this loan under "Loans and receivables" in the balance sheet.

4.4 Significant events of subsidiaries

4.4.1 Capital returns from subsidiaries

In January 2009, the Bank received returns of capital from TISCO Leasing Company Limited (due to capital reduction) totaling Baht 168 million.

4.5 Economic crisis

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

5. Subsequent event

On 2 July 2009, the Bank entered into an assignment agreement to acquire rights of claim over hire purchase receivables from a company for a total consideration of approximately Baht 1,537 million. The purchase price was paid to that company on 14 July 2009. The transaction was ratified by the Board of Directors' Meeting of the Bank No.3/2009 on 19 June 2009.

6. Approval of interim financial statements

These interim financial statements were approved by the Bank's Audit Committee on 7 August 2009.