

TISCO Bank Public Company Limited  
Report and interim financial statements  
For the three-month and nine-month periods ended  
30 September 2010

## **Report of Independent Auditor**

To the Shareholders of TISCO Bank Public Company Limited

I have reviewed the accompanying balance sheet of TISCO Bank Public Company Limited as at 30 September 2010, the related statements of income for the three-month and nine-month periods ended 30 September 2010 and 2009, and the related statements of changes in shareholders' equity, and cash flows for the nine-month period then ended. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

The financial statements of TISCO Bank Public Company Limited for the year ended 31 December 2009 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 8 February 2010, expressed an unqualified audit opinion on those statements. The balance sheet as at 31 December 2009, as presented herein for comparative purposes, formed an integral part of the financial statements which were audited and reported on by that auditor.

Rungnapa Lertsuwankul  
Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited  
Bangkok: 11 November 2010

**TISCO Bank Public Company Limited**

**Balance sheets**

**As at 30 September 2010 and 31 December 2009**

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 September 2010</u>	<u>31 December 2009</u>
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash		769,386	826,096
Interbank and money market items			
Domestic			
Interest bearing		6,090,191	9,900,794
Non-interest bearing		749,132	2,173,850
Total interbank and money market items - net		6,839,323	12,074,644
Investments	3.1, 3.2, 3.5		
Current investment - net		2,133,589	2,537,846
Long-term investment - net		3,006,127	5,811,724
Investment in subsidiaries - net		51,073	60,056
Net investments		5,190,789	8,409,626
Loans, receivables and accrued interest receivable			
Loans and receivables	3.3, 3.6	135,307,372	109,102,567
Accrued interest receivable		104,564	97,471
Total loans, receivables and accrued interest receivable		135,411,936	109,200,038
Less: Allowance for doubtful accounts	3.4.1, 3.4.2	(3,367,464)	(2,088,416)
Less: Allowance for loss on debt restructuring		(18)	(18)
Net loans, receivables and accrued interest receivable		132,044,454	107,111,604
Property foreclosed - net		31,393	47,242
Land, premises and equipment - net		600,121	649,627
Deferred tax assets	3.14	748,997	479,400
Other assets	3.16	861,356	1,042,483
<b>Total assets</b>		<b>147,085,819</b>	<b>130,640,722</b>

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

**TISCO Bank Public Company Limited****Balance sheets (continued)****As at 30 September 2010 and 31 December 2009**

		(Unit: Thousand Baht)	
	<u>Note</u>	<u>30 September 2010</u>	<u>31 December 2009</u>
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>			
Deposits in Baht		58,529,112	56,930,949
Interbank and money market items			
Domestic - Interest bearing		5,430,710	4,321,445
Liability payable on demand		602,468	345,170
Borrowings	3.7		
Short-term borrowings		52,735,211	50,117,255
Long-term borrowings		14,449,732	5,429,750
Total borrowings		67,184,943	55,547,005
Accrued interest payable		452,904	250,447
Other liabilities	3.8	2,069,538	2,014,311
<b>Total liabilities</b>		<b>134,269,675</b>	<b>119,409,327</b>

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

**TISCO Bank Public Company Limited**

**Balance sheets (continued)**

**As at 30 September 2010 and 31 December 2009**

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 September 2010</u>	<u>31 December 2009</u>
		(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>			
Share capital			
Registered		<u>11,002,000</u>	<u>11,002,000</u>
Issued and fully paid-up	4.1		
73,204 Preference shares of Baht 10 each		732	732
728,079,046 Ordinary shares of Baht 10 each		<u>7,280,790</u>	<u>7,280,790</u>
		7,281,522	7,281,522
Share premium			
Share premium of preference shares		37	37
Share premium of ordinary shares		130,414	130,414
Revaluation surplus on investment	3.10	19,603	7,927
Retained earnings			
Appropriated - statutory reserve		614,900	614,900
Unappropriated		<u>4,769,668</u>	<u>3,196,595</u>
<b>Total shareholders' equity</b>		<u>12,816,144</u>	<u>11,231,395</u>
<b>Total liabilities and shareholders' equity</b>		<u>147,085,819</u>	<u>130,640,722</u>
		-	-
<b><u>Off-balance sheet items - contingencies</u></b>	3.18		
Aval to bills and guarantees of loans		297,730	21,651
Other commitments		1,606,015	1,616,936

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

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

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Income statements**

**For the three-month periods ended 30 September 2010 and 2009**

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

	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>Interest and dividend income</b>			
Loans		437,651	311,855
Interbank and money market items		42,245	18,031
Hire purchase and financial lease income		1,647,642	1,471,676
Investments		<u>107,095</u>	<u>153,463</u>
<b>Total interest and dividend income</b>		<b>2,234,633</b>	<b>1,955,025</b>
<b>Interest expenses</b>			
Deposits		207,062	215,083
Interbank and money market items		32,534	25,559
Short-term borrowings		182,008	182,132
Long-term borrowings		<u>126,562</u>	<u>69,989</u>
<b>Total interest expenses</b>		<b>548,166</b>	<b>492,763</b>
<b>Net interest and dividend income</b>		<b>1,686,467</b>	<b>1,462,262</b>
<b>Bad debt and doubtful accounts</b>		<b>(558,419)</b>	<b>(284,924)</b>
<b>Net interest and dividend income after bad debt and doubtful accounts</b>		<b>1,128,048</b>	<b>1,177,338</b>
<b>Non-interest income</b>			
Gain on investments	3.11	134,549	10,609
Fees and service income			
Acceptances, aval and guarantees		3,830	4,127
Insurance service		234,079	159,167
Others		109,470	101,030
Gain on exchange		1,776	-
Other income	3.12	136,088	80,500
<b>Total non-interest income</b>		<b>619,792</b>	<b>355,433</b>
<b>Total net income</b>		<b>1,747,840</b>	<b>1,532,771</b>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Income statements (continued)**

**For the three-month periods ended 30 September 2010 and 2009**

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

	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>Non-interest expenses</b>			
Personnel expenses		348,932	222,703
Premises and equipment expenses		163,287	156,145
Taxes and duties		38,662	26,088
Fees and service expenses		277,255	291,595
Other expenses	3.13	188,053	375,206
<b>Total non-interest expenses</b>		<u>1,016,189</u>	<u>1,071,737</u>
<b>Income before income tax</b>		731,651	461,034
Income tax expenses	3.14	<u>(218,342)</u>	<u>(139,659)</u>
<b>Net income for the period</b>		<u><u>513,309</u></u>	<u><u>321,375</u></u>
<b>Earnings per share</b>	3.15		
Basic earnings per share		<u><u>0.70</u></u>	<u><u>0.44</u></u>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Income statements**

**For the nine-month periods ended 30 September 2010 and 2009**

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

	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>Interest and dividend income</b>			
Loans		1,122,443	1,009,021
Interbank and money market items		119,217	113,164
Hire purchase and financial lease income		4,777,998	4,283,253
Investments		<u>408,979</u>	<u>399,032</u>
<b>Total interest and dividend income</b>		<b>6,428,637</b>	<b>5,804,470</b>
<b>Interest expenses</b>			
Deposits		621,684	905,641
Interbank and money market items		79,323	86,207
Short-term borrowings		527,493	665,278
Long-term borrowings		<u>263,856</u>	<u>209,518</u>
<b>Total interest expenses</b>		<b>1,492,356</b>	<b>1,866,644</b>
<b>Net interest and dividend income</b>		<b>4,936,281</b>	<b>3,937,826</b>
<b>Bad debt and doubtful accounts</b>		<b>(1,213,154)</b>	<b>(646,532)</b>
<b>Net interest and dividend income after bad debt and doubtful accounts</b>		<b>3,723,127</b>	<b>3,291,294</b>
<b>Non-interest income</b>			
Gain on investments	3.11	155,825	44,737
Fees and service income			
Acceptances, aval and guarantees		7,979	7,585
Insurance service		603,875	457,091
Others		317,591	272,901
Gain on exchange		298	9,229
Other income	3.12	507,147	192,311
<b>Total non-interest income</b>		<b>1,592,715</b>	<b>983,854</b>
<b>Total net income</b>		<b>5,315,842</b>	<b>4,275,148</b>

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



(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Income statements (continued)**

**For the nine-month periods ended 30 September 2010 and 2009**

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

	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>Non-interest expenses</b>			
Personnel expenses		1,037,987	645,814
Premises and equipment expenses		494,744	462,292
Taxes and duties		106,226	82,490
Fees and service expenses		861,755	889,565
Other expenses	3.13	576,996	733,135
<b>Total non-interest expenses</b>		<u>3,077,708</u>	<u>2,813,296</u>
<b>Income before income tax</b>		2,238,134	1,461,852
Income tax expenses	3.14	<u>(665,061)</u>	<u>(434,573)</u>
<b>Net income for the period</b>		<u><u>1,573,073</u></u>	<u><u>1,027,279</u></u>
<b>Earnings per share</b>	3.15		
Basic earnings per share		<u><u>2.16</u></u>	<u><u>1.28</u></u>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Cash flow statements**

**For the nine-month periods ended 30 September 2010 and 2009**

(Unit: Thousand Baht)

	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>		
Income before income tax expenses	2,238,134	1,461,852
Adjustments to reconcile income before income tax expenses to net cash provided by (paid from) operating activities		
Depreciation and amortisation	146,848	141,614
Bad debt and doubtful accounts	1,692,272	1,025,122
Allowance for impairment of investments (reversal)	14,586	(15,536)
Allowance for impairment of property foreclosed	98	363,932
Gain on disposal of investments	(170,411)	(29,201)
Unrealised gain on exchange rate	(298)	(9,229)
Gain on disposal of equipment	(10,512)	(3,642)
Gain on disposal of property foreclosed	(181,381)	(38,403)
Loss from written-off of equipment	671	10
Decrease in other accrued income	6,127	76,900
Increase (decrease) in accrued expenses	<u>500,581</u>	<u>(265,827)</u>
Income from operating activities before changes in operating assets and liabilities	4,236,715	2,707,592
Decrease (increase) in operating assets		
Interbank and money market items	5,220,321	6,071,275
Loans and receivables	(27,877,279)	(8,746,988)
Property foreclosed	1,284,747	1,390,990
Other assets	47,498	(141,906)

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Cash flow statements (continued)**

**For the nine-month periods ended 30 September 2010 and 2009**

	(Unit: Thousand Baht)	
	<u>2010</u>	<u>2009</u>
Increase (decrease) in operating liabilities		
Deposits	1,598,162	(1,274,376)
Interbank and money market items	1,110,422	186,753
Liabilities payable on demand	257,298	(36,029)
Short-term borrowings	5,616,489	916,471
Other liabilities	248,505	36,446
	<u>(8,257,122)</u>	1,110,228
Net interest and dividend income	(4,936,281)	(3,937,826)
Cash received from interest income	6,659,925	6,016,324
Cash paid for interest expenses	(1,290,050)	(2,225,448)
Cash paid for income tax expenses	(1,197,775)	(302,908)
<b>Net cash flows from (used in) operating activities</b>	<u>(9,021,303)</u>	<u>660,370</u>
<b>Cash flows from investing activities</b>		
Cash paid for purchase of investment in securities held for investment	(3,015,285)	(8,787,997)
Cash received from sales of investment in securities held for investment	6,395,199	5,375,690
Cash received from dividend	56,168	48,560
Cash paid for purchase of equipment	(65,578)	(96,328)
Cash received from sales of equipment	10,997	5,945
Cash received from capital returned from subsidiaries	-	168,010
<b>Net cash flows from (used in) investing activities</b>	<u>3,381,501</u>	<u>(3,286,120)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(436,889)	(1,025,244)
Long-term borrowings	8,019,981	29,950
Cash received from issue long-term debentures	1,000,000	4,000,000
Cash paid for redemption of long-term debentures	(3,000,000)	(331,000)
<b>Net cash flows from financing activities</b>	<u>5,583,092</u>	<u>2,673,706</u>
<b>Net increase (decrease) in cash</b>	(56,710)	47,956
Cash at beginning of the period	826,096	595,120
<b>Cash at end of the period</b>	<u><u>769,386</u></u>	<u><u>643,076</u></u>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Statements of changes in shareholders' equity**

**For the nine-month periods ended 30 September 2010 and 2009**

(Unit: Thousand Baht)

	<u>Issued and fully paid-up share capital</u>		<u>Share premium</u>		Revaluation surplus (deficit) on investments	Statutory reserve	Unappropriated retained earnings	Total
	<u>Preference shares</u>	<u>Ordinary shares</u>	<u>Preference shares</u>	<u>Ordinary shares</u>				
<b>Balance as at 31 December 2008</b>	1,835,004	5,446,518	93,951	36,500	5,575	547,000	3,369,567	11,334,115
<b>Incomes (expenses) recognised in equity</b>								
Increase in fair value of investments	-	-	-	-	10,533	-	-	10,533
Deferred tax recognised in shareholders' equity	-	-	-	-	(3,160)	-	-	(3,160)
<b>Incomes (expenses) recognised in equity</b>	-	-	-	-	7,373	-	-	7,373
Net income for the period	-	-	-	-	-	-	1,027,279	1,027,279
<b>Total incomes (expenses) for the period</b>	-	-	-	-	7,373	-	1,027,279	1,034,652
Dividend paid (Note 4.3)	-	-	-	-	-	-	(1,025,244)	(1,025,244)
Income tax from unpaid dividend	-	-	-	-	-	-	(1)	(1)
<b>Balance as at 30 September 2009</b>	<u>1,835,004</u>	<u>5,446,518</u>	<u>93,951</u>	<u>36,500</u>	<u>12,948</u>	<u>547,000</u>	<u>3,371,601</u>	<u>11,343,522</u>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Statements of changes in shareholders' equity (continued)**

**For the nine-month periods ended 30 September 2010 and 2009**

(Unit: Thousand Baht)

	<u>Issued and fully paid-up share capital</u>		<u>Share premium</u>		Revaluation surplus (deficit) on investments	Statutory reserve	Unappropriated retained earnings	Total
	<u>Preference shares</u>	<u>Ordinary shares</u>	<u>Preference shares</u>	<u>Ordinary shares</u>				
<b>Balance as at 31 December 2009</b>	732	7,280,790	37	130,414	7,927	614,900	3,196,595	11,231,395
<b>Incomes (expenses) recognised in equity</b>								
Increase in fair value of investments	-	-	-	-	16,680	-	-	16,680
Deferred tax recognised in shareholders' equity	-	-	-	-	(5,004)	-	-	(5,004)
<b>Incomes (expenses) recognised in equity</b>	-	-	-	-	11,676	-	-	11,676
Net income for the period	-	-	-	-	-	-	1,573,073	1,573,073
<b>Total incomes (expenses) for the period</b>	-	-	-	-	11,676	-	1,573,073	1,584,749
<b>Balance as at 30 September 2010</b>	<u>732</u>	<u>7,280,790</u>	<u>37</u>	<u>130,414</u>	<u>19,603</u>	<u>614,900</u>	<u>4,769,668</u>	<u>12,816,144</u>

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

**TISCO Bank Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2010 and 2009**

**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 are prepared in accordance with Accounting Standard No. 34 (revised 2007) “Interim Financial Reporting”, with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the balance sheets, the statements of income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

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

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

During the current period, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that will become effective in the fiscal years beginning on or after 1 January 2011 (except for the Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Accounting standards relevant to the Bank:

Framework for the Preparation and Presentation of Financial Statements  
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 17 (revised 2009)	Leases
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations

Accounting standards not relevant to the Bank:

TAS 2 (revised 2009)	Inventories
TAS 11 (revised 2009)	Construction Contracts
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TFRS 6	Exploration for and Evaluation of Mineral Resources

- b) Accounting standards which are effective for the fiscal years beginning on or after 1 January 2013:

Accounting standards relevant to the Bank:

TAS 12                      Income Taxes

Accounting standards not relevant to the Bank:

TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of  
Government Assistance

The management of the Bank has assessed the effect of the accounting standards and financial reporting standards and believes that those standards that are relevant to the Bank will not have any significant impact on the financial statements for the year in which they are initially applied. For TAS 12: Income Tax, in line with its accounting policies, the Bank has recorded income tax transactions in compliance with this accounting standard before the effective date.

### **1.3 Significant accounting policies**

These interim financial statements are prepared by using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2009.

## **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 September 2010, the Bank has 45 branches in Thailand.

### **2.2 Related party transactions**

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



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

The Bank has neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10 percent of the common shares of paid up capital are held by the Bank, the Bank's directors or management-level employees, with the exception of loans to related parties and loans to employees under the employee welfare scheme, as mentioned in Note 3.16 to the financial statements.

### 3. Details of financial statements

#### 3.1 Investments

(Unit: Thousand Baht)

	As at			
	30 September 2010		31 December 2009	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Current investments</u></b>				
<b>Available-for-sales securities</b>				
Debt securities:				
Government and state enterprise securities	950,845	950,666	849,832	850,763
Debt securities of private sector	971,443	987,880	1,678,120	1,687,053
Foreign debt securities	196,612	195,043	-	-
Total	2,118,900	2,133,589	2,527,952	2,537,816
Add (less): Allowance for changes in value	28,005		11,324	
Difference from exchange rate	(11,856)		-	
Less: Allowance for impairment	(1,460)		(1,460)	
Debt securities - net	2,133,589		2,537,816	
Equity securities:				
Domestic marketable equity securities	-	-	30	30
Net equity securities	-		30	
<b>Total available-for-sales securities</b>	<b>2,133,589</b>		<b>2,537,846</b>	
<b>Net current investments</b>	<b>2,133,589</b>		<b>2,537,846</b>	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at			
	30 September 2010		31 December 2009	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b>Long-term investments</b>				
<b>Held-to-maturity debt securities</b>				
Debt securities:				
Government and state enterprise securities	-		698,561	
<b>Total held-to-maturity debt securities</b>	<b>-</b>		<b>698,561</b>	
<b>Other investments</b>				
Equity securities:				
Domestic non-marketable equity securities	691,226		696,655	
Investment in receivables	2,399,107		4,495,182	
Total	3,090,333		5,191,837	
Less: Allowance for impairment	(84,206)		(78,674)	
<b>Total other investments</b>	<b>3,006,127</b>		<b>5,113,163</b>	
<b>Net long-term investments</b>	<b>3,006,127</b>		<b>5,811,724</b>	
<b>Investment in subsidiaries</b>				
Investments in subsidiaries (cost method)	66,483		66,483	
Less: Allowance for impairment	(15,410)		(6,427)	
<b>Total investments in subsidiaries</b>	<b>51,073</b>		<b>60,056</b>	
<b>Net investments</b>	<b>5,190,789</b>		<b>8,409,626</b>	

### 3.1.1 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restriction
	30 September 2010	31 December 2009	
Government debt securities	2	1	Pledged for electricity usage
Government debt securities	897	-	Pledged for the use of credit balance on clearing positions

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

(Unit: Thousand Baht)

	As at 30 September 2010		
	Cost	Fair value	Allowance for changes in value <sup>(1)</sup>
Companies having problems with debt repayment or in default	7,060	-	7,060

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

### 3.2 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Paid-up share capital		Cost		Dividend received for	
		as at		as at		the nine-month periods ended	
		30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	30 September 2009
<b><u>Subsidiaries directly held by the Bank:</u></b>							
TISCO Leasing Co., Ltd.	Leasing	14	14	-	-	-	-
TISCO Securities Hong Kong Limited (In the process of liquidation)	Securities business	HKD 20 million	HKD 20 million	66	66	-	-
Less: Allowance for impairment				(15)	(6)	-	-
				51	60	-	-
Investments in subsidiaries - net				51	60	-	-

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

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

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

In year 2009, TISCO Leasing Company Limited decreased the company's registered share capital and the capital returned to the Bank exceeded the value of investment under the cost method. As a result, the book value of investment in that company is nil.

### 3.3 Loans, receivables and accrued interest receivable

#### 3.3.1 Classified by type of loan and receivable

(Unit: Thousand Baht)

	As at	
	30 September 2010	31 December 2009
<b>Loans and receivables</b>		
Loans	28,811,266	18,352,649
Hire purchase and financial lease receivables		
Hire purchase and financial lease receivables	120,042,954	103,027,010
Add (less) : Unearned income	(14,468,682)	(13,035,821)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	928,899	758,729
: Advances received from financial lease receivables	(7,065)	-
Net hire purchase and financial lease receivables	106,496,106	90,749,918
Total loans and receivables	135,307,372	109,102,567
Add: Accrued interest receivable	104,564	97,471
Less: Allowance for doubtful accounts	(3,367,464)	(2,088,416)
Less: Allowance for loss on debt restructuring	(18)	(18)
Net loans, receivables and accrued interest receivable	132,044,454	107,111,604

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

(Unit: Million Baht)

The Bank	Amounts calculated under BOT's guidelines <sup>(2)</sup> as at		Amounts calculated under the Bank's policy as at	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Loans and receivables for which the recognition of interest income has ceased <sup>(1)</sup>	3,540	4,084	3,945	4,262

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

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

(Unaudited but reviewed)

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

	(Unit: Million Baht)	
	As at	
	30 September 2010	31 December 2009
Unearned interest income <sup>(1)</sup>	13,723	12,525

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

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

	(Unit: Million Baht)
	As at 30 September 2010
Restructured loans and receivables <sup>(1)</sup>	268
Loans and receivables which are being restructured	111

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

3.3.5 Troubled debt restructuring of the Bank

- Debt restructuring during the period

	For the nine-month periods ended	
	30 September	
	2010	2009
Debtors restructured during the period		
Number of debtors restructured by modification of terms (numbers)	379	725
Loan balances before restructuring (million Baht)	222	625
Loss on troubled debt restructuring (million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	3	2
Corporate loan receivables	-	3
Interest income on restructured receivables (million Baht)	45	34
Receipt of principal and interest (million Baht)	297	173

- The balance of the restructured debts

	(Unit: Million Baht)	
	As at	
	30 September 2010	31 December 2009
The balance of the restructured debts	1,701	1,737

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

#### 3.4.1 Allowance for doubtful accounts - Classified by the receivables classification

(Unit: Thousand Baht)

	As at 30 September 2010						Total
	Pass	Special- mentioned	Sub-standard	Doubtful	Doubtful of loss	Reserve for counter cyclical business factors*	
Balance - beginning of period	594,906	60,643	162,254	71,475	471,291	727,847	2,088,416
Increase (decrease) in allowance for doubtful accounts during the period	115,072	(2,053)	201,476	355,313	(9,767)	1,017,155	1,677,196
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	211,125	211,125
Bad debt written - off	(406)	(3,915)	(209,367)	(361,482)	(34,080)	(23)	(609,273)
Balance - end of period	709,572	54,675	154,363	65,306	427,444	1,956,104	3,367,464

\* Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business factors including economic factors, and other risk that may affect the quality of assets.

#### 3.4.2 Allowance for doubtful account - Classified by loan loss provisioning method

(Unit: Thousand Baht)

	As at 30 September 2010			Total
	Individual impairment	Collective impairment	Reserve for counter cyclical business factors*	
Balance - beginning of period	507,903	852,666	727,847	2,088,416
Increase (decrease) in allowance for doubtful accounts during the period	37,084	622,957	1,017,155	1,677,196
Transfer from allowance for declining in value of property foreclosed	-	-	211,125	211,125
Bad debt written - off	(25,454)	(583,796)	(23)	(609,273)
Balance - end of period	519,533	891,827	1,956,104	3,367,464

\* Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business factors including economic factors, and other risk that may affect the quality of assets.

(Unaudited but reviewed)

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

(Unit: Million Baht)

Allowance for doubtful accounts/ Allowance for loss on debt restructuring <sup>(1)</sup>	As at	
	30 September 2010	31 December 2009
Amount to be provided under BOT's guidelines	1,404	1,327
Amount already recorded by the Bank	3,382	2,088
Amount in excess of the required amount under BOT's guidelines	1,978	761

<sup>(1)</sup> Include allowance for doubtful accounts for credit granted to financial institutions (which is presented as part of interbank and money market items (asset) in the balance sheet)

### 3.4.4 Non-performing loans and receivables

(Unit: Million Baht)

	As at	
	30 September 2010	31 December 2009
Non-performing loans and receivables	2,336	2,461
Allowance for doubtful accounts	647	705

## 3.5 Classification of assets

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

(Unit: Million Baht)

	Cost as at		Fair value as at		Allowance for possible loss provided in the accounts <sup>(1)</sup> as at	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009
	Debt instruments - debentures <sup>(2)</sup>	1	1	-	-	1
Equity instruments - ordinary shares <sup>(3)</sup>	6	6	-	-	6	6

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

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

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

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

(Unit: Million Baht)

	Debt balance		Debt balance after		Allowance for doubtful accounts			
	as at		net of collateral		Amounts to be provided under		Amounts already set up	
					BOT's guidelines		by the Bank	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
2010	2009	2010	2009	2010	2009	2010	2009	
<b>Loans and receivables</b> <sup>(1)(2)(3)</sup>								
Pass	131,120	109,926	115,414	89,825	724	594	724	595
Special mentioned	6,316	6,615	6,238	6,560	54	59	55	61
Substandard	712	774	697	745	154	162	154	162
Doubtful	313	354	279	309	64	71	64	71
Doubtful of loss	1,311	1,333	788	736	408	441	429	471
Total	139,772	119,002	123,416	98,175	1,404	1,327	1,426	1,360
Reserve for counter cyclical business factors <sup>(4)</sup>							1,956	728
Total							3,382	2,088
<b>Investments in securities</b>								
Doubtful of loss								
Debt instruments	2	2	2	2	2	2	2	2
Equity instruments	79	67	79	67	79	67	79	67
Total	81	69	81	69	81	69	81	69
<b>Investments in receivables</b>								
Doubtful of loss	21	12	21	12	21	12	21	12
<b>Properties foreclosed</b>								
Doubtful of loss	61	61	61	61	61	61	326	537
Total classified assets	139,935	119,144	123,579	98,317	1,567	1,469	3,810	2,706

<sup>(1)</sup> 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 and financial lease receivables for which the Bank does not deduct the collateral value from the outstanding loan balance).

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

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

<sup>(4)</sup> Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business factors including economic factors, and other risk that may affect the quality of assets.



### 3.5.3 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		after net of collateral value		Percentage of allowance for		Allowance for doubtful account	
	as at		as at		doubtful accounts set up <sup>(2)</sup>		as at	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009
<b>Hire purchase receivables<sup>(1)</sup></b>								
Pass	98,956	82,924	98,956	82,924	0.58	0.65	560	525
Special mentioned	6,104	6,440	6,104	6,440	0.58	0.65	51	57
Substandard	682	730	682	730	19.81	19.57	139	147
Doubtful	268	294	268	294	19.81	19.57	53	57
Doubtful of loss	468	362	468	362	19.81	19.57	89	67
<b>Total</b>	<b>106,478</b>	<b>90,750</b>	<b>106,478</b>	<b>90,750</b>			<b>892</b>	<b>853</b>

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

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

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	as at		as at		as at		as at	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	2	259	274	148	156	129	144
3. Listed companies under rehabilitation	-	1	-	78	-	10	-	72
4. Companies which have loan settlement problems or have defaulted on payment of debts	2	1	349	3	268	-	80	3
5. Companies whose auditor's report cited going concern issues	4	-	1,192	-	1,140	-	53	-
<b>Total</b>	<b>7</b>	<b>4</b>	<b>1,800</b>	<b>355</b>	<b>1,556</b>	<b>166</b>	<b>262</b>	<b>219</b>

(Unaudited but reviewed)

### 3.6 Other assets

(Unit: Thousand Baht)

	As at	
	30 September 2010	31 December 2009
Value added tax - net	339,933	291,149
Accrued interest and dividend receivable from investments	22,005	44,178
Fee and charges receivable	15,482	21,609
Deferred computer system development cost - net	122,150	136,807
Deposits	27,660	23,423
Other receivables	158,394	413,534
Financial derivatives assets	13,759	1,144
Other assets	161,973	110,639
Total other assets	<u>861,356</u>	<u>1,042,483</u>

### 3.7 Borrowings

(Unit: Thousand Baht)

	As at	
	30 September 2010	31 December 2009
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	5,000,000	4,000,000
Unsubordinated unsecured debentures	1,000,000	4,000,000
Bills of exchange	61,184,943	47,547,005
Total	<u>67,184,943</u>	<u>55,547,005</u>

## 3.7.1 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 September 2010	31 December 2009		30 September 2010	31 December 2009		
		2009	Subordinated and unsecured long-term debentures		2 million	2 million		
2009	Subordinated and unsecured long-term debentures	2 million	2 million	1,000	2,000	2,000	2019	5.0 percent per annum in the first year to third years, 5.5 percent per annum in the fourth to seventh years and 6.0 percent per annum in the eighth to tenth years.
2010	Subordinated and unsecured long-term debentures	1 million	-	1,000	1,000	-	2020	5.0 percent per annum in the first year to tenth years.
Total					5,000	4,000		

## 3.7.2 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 September 2010	31 December 2009		30 September 2010	31 December 2009		
		2007	Unsubordinated and unsecured long-term debentures		-	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					1,000	4,000		

## 3.7.3 Bills of exchange

Bills of exchange bear fixed interest rates and float interest rates between 0.75 and 3.50 percent per annum and mature between 2010 and 2013.

**3.8 Other liabilities**

(Unit: Thousand Baht)

	As at	
	30 September 2010	31 December 2009
Corporate income tax payable	313,107	571,219
Withholding income tax and other tax payable	20,949	160,841
Accrued insurance premium	254,963	279,018
Deferred income	211,869	172,066
Accrued expense	762,746	122,272
Dividend payable	-	436,890
Other liabilities	505,904	272,005
Total other liabilities	2,069,538	2,014,311

**3.9 Capital fund**

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.

TISCO Bank maintains capital adequacy ratio in comply with Basel II principles which is implementing capital requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, equity exposure and other assets, at the end of 2009.

Regarding to Capital fund as of 30 September 2010 under Basel II framework, the Bank has allocated the additional reserve from classification as a part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on pro rata method under BOT's regulation.

(Unaudited but reviewed)

Capital funds of the Bank are as follows:

(Unit: Thousand Baht)

	As at	
	30 September 2010	31 December 2009
<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	614,900	547,000
Retained earnings - unappropriated	3,196,595	3,050,225
Less : Deferred tax assets	(633,931)	(482,797)
Shortage provision according to IRB	-	(420,199)
Total Tier I	<u>10,589,538</u>	<u>10,106,203</u>
<u>Tier II</u>		
Subordinated long-term debentures	5,000,000	4,000,000
Reserve for loans classified as pass	529,403	71,892
Add (less) : Surplus (deficit) provision according to IRB	262,220	(420,199)
Total Tier II	<u>5,791,623</u>	<u>3,651,693</u>
Total capital fund	<u><u>16,381,161</u></u>	<u><u>13,757,896</u></u>

Capital ratios	As at			
	30 September 2010		31 December 2009	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	12.31% <sup>(1)</sup>	4.25%	14.46% <sup>(1)</sup>	4.25%
Total capital to risk assets	15.23% <sup>(2)</sup>	8.50%	16.96% <sup>(2)</sup>	8.50%

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

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

### 3.10 Revaluation surplus on investments

(Unit: Thousand Baht)

	As at	
	30 September 2010	31 December 2009
Balance - beginning of period	11,324	7,964
Increase from changes in the value of investments during the period	16,680	3,360
	<u>28,004</u>	<u>11,324</u>
Less: The effect of deferred tax assets / liabilities	(8,401)	(3,397)
Balance - end of period	<u><u>19,603</u></u>	<u><u>7,927</u></u>

(Unaudited but reviewed)

### 3.11 Gain on investments

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2010	2009	2010	2009
Reversal allowance for impairment of investments (loss)	(4,524)	6,487	(14,586)	15,536
Realised gain on investments	139,073	4,122	170,411	29,201
Total	134,549	10,609	155,825	44,737

### 3.12 Other income

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2010	2009	2010	2009
Penalty fee income from loans	44,081	48,048	130,185	134,074
Gains on disposal of property foreclosed	19,140	26,267	181,381	38,403
Income from business promotion relating to business	64,963	-	170,276	-
Rental income	477	910	1,428	4,637
Others	7,427	5,275	23,877	15,197
Total	136,088	80,500	507,147	192,311

(Unaudited but reviewed)

**3.13 Other expenses**

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2010	2009	2010	2009
Contributions to the Deposit Protection Agency	65,390	65,009	201,950	163,744
Allowance for impairment of property foreclosed	98	261,075	98	363,932
Mailing expenses	8,095	8,138	25,823	25,077
Software amortization expenses	10,720	8,429	31,924	22,441
Transportation expenses	16,357	14,148	49,099	39,653
Advertising and promotion expenses	75,722	5,568	214,162	53,446
Others	11,671	12,839	53,940	64,842
<b>Total</b>	<b>188,053</b>	<b>375,206</b>	<b>576,996</b>	<b>733,135</b>

**3.14 Corporate income tax**

Income tax expenses of the Bank of the three-month and nine-month periods ended 30 September 2010 and 2009 are as follows:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2010	2009	2010	2009
Income tax payable on taxable profit for the period	341,809	294,545	939,644	589,832
Add (less): Net increase in deferred tax on temporary differences	(123,467)	(154,886)	(274,601)	(155,269)
Adjustment in respect of current income tax of prior period	-	-	18	10
<b>Income tax expenses</b>	<b>218,342</b>	<b>139,659</b>	<b>665,061</b>	<b>434,573</b>

Deferred tax is recorded directly to equity during the three-month and nine-month periods ended 30 September 2010 and 2009 as follows:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2010	2009	2010	2009
Deferred tax on revaluation surplus (deficit) on investments	25,261	(3,288)	(5,004)	(3,160)

(Unaudited but reviewed)

A reconciliation between the tax expense and the accounting profit multiplied by the applicable tax rate is presented as follows:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2010	2009	2010	2009
Accounting profit before income tax expenses	731,651	461,034	2,238,134	1,461,852
Income tax rate of 30%	219,495	138,311	671,440	438,556
Tax effect of tax-exempt net income and net expense that are disallowed	(1,153)	1,348	(6,397)	(3,993)
Adjustment in respect of current income tax of prior period	-	-	18	10
Income tax expense reported in the income statements	218,342	139,659	665,061	434,573

The following table shows consist of deferred tax assets.

(Unit: Thousand Baht)

	As at		Change in deferred tax assets/deferred tax liabilities reported in the income statements for the three-month periods ended		Change in deferred tax assets/deferred tax liabilities reported in the income statements for the nine-month periods ended	
	30 September	31 December	30 September	30 September	30 September	30 September
	2010	2009	2010	2009	2010	2009
Allowance for doubtful accounts	586,831	218,354	137,911	38,867	368,477	12,643
Allowance for impairment of investments	45,083	40,680	1,405	(1,946)	4,403	(4,665)
Allowance for impairment of property foreclosed	97,871	161,180	29	78,322	(63,309)	108,879
Non-accrual of interest income	178,413	181,181	(858)	(1,356)	(2,768)	1,069
Depreciation of assets	21,053	21,294	(183)	72	(241)	(2,448)
Financial leases	16,857	19,559	(3,728)	(4)	(2,702)	9,098
Revaluation surplus on investments	(8,401)	(3,397)	-	-	-	-
Unrealised gain on derivatives	(66)	(20)	79	(55)	(46)	212
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(278,670)	(227,619)	(15,826)	(5,766)	(51,051)	(27,713)
Unrealised gain on disposal of property foreclosed	-	-	-	40,150	-	40,150
Deferred subsidized income	59,425	42,144	4,491	6,508	17,281	17,963
Accrued expenses	25,912	25,912	-	-	-	-
Others	4,689	132	147	94	4,557	81
<b>Deferred tax assets</b>	<b>748,997</b>	<b>479,400</b>	<b>123,467</b>	<b>154,886</b>	<b>274,601</b>	<b>155,269</b>



### 3.15 Earnings per share

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

For the three-month periods ended 30 September					
Net income		Weighted average		Earnings per share	
		Number of ordinary shares			
2010	2009	2010	2009	2010	2009
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>					
Net income	513,309	321,375			
Less: Dividend paid to preference shares in preference to the ordinary shares for the period <sup>(1)</sup>	-	-			
	<u>513,309</u>	<u>321,375</u>	<u>728,152</u>	<u>728,152</u>	<u>0.70</u> <u>0.44</u>

<sup>(1)</sup> Dividend paid to preference shares in preference to the ordinary shares for the period is calculated from the rights and benefits that the holders of preference shares receive dividend for each of the year that the Bank pays dividend prior to the holders of ordinary shares at the rate of Baht 1 per share on a time proportion basis. However, since 30 June 2009, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

For the nine-month periods ended 30 September					
Net income		Weighted average		Earnings per share	
		Number of ordinary shares			
2010	2009	2010	2009	2010	2009
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>					
Net income	1,573,073	1,027,279			
Less: Dividend paid to preference shares in preference to the ordinary shares for the period <sup>(1)</sup>	-	(91,750)			
	<u>1,573,073</u>	<u>935,529</u>	<u>728,152</u>	<u>728,152</u>	<u>2.16</u> <u>1.28</u>

<sup>(1)</sup> Dividend paid to preference shares in preference to the ordinary shares for the period is calculated from the rights and benefits that the holders of preference shares receive dividend for each of the year that the Bank pays dividend prior to the holders of ordinary shares at the rate of Baht 1 per share on a time proportion basis. However, since 30 June 2009, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

**3.16 Related party transactions**

(Unit: Thousand Baht)

	Balance - beginning of period	Increase	Decrease	Balance - end of period
<b><u>Outstanding balance as at 30 September</u></b>				
<b><u>2010</u></b>				
<b>Parent company: TISCO Financial Group Plc.</b>				
Other assets	-	2,344	-	2,344
Deposits in Baht	66,384	373,212	(432,163)	7,433
Accrued interest payable	21	155	(142)	34
Borrowings	360,000	7,849	(192,849)	175,000
Other liabilities	436,196	114,334	(456,721)	93,809
<b>Subsidiary company</b>				
Deposits in Baht:				
TISCO Leasing Co., Ltd.	5,560	236	(1,114)	4,682
Borrowings:				
TISCO Leasing Co., Ltd.	47,708	-	-	47,708
Accrued interest payable:				
TISCO Leasing Co., Ltd.	-	452	-	452
<b>Related companies</b>				
Loans:				
TISCO Information Technology Co., Ltd.	15,000	-	(15,000)	-
TISCO Tokyo Leasing Co., Ltd.	-	50,000	-	50,000
Other assets:				
TISCO Securities Co., Ltd.	1,350	-	(1,350)	-
Primus Leasing Co.,Ltd.	60	-	(60)	-
Deposits in Baht:				
Hi-Way Co., Ltd.	12,391	7,727	(8,376)	11,742
TISCO Information Technology Co., Ltd.	8,053	-	(7,820)	233
Primus Leasing Co.,Ltd.	29,630	4,114	(32)	33,712
TISCO Tokyo Leasing Co., Ltd.	464	-	(424)	40
Interbank and money market items (liabilities):				
TISCO Securities Co., Ltd.	2,072	241,250	-	243,322
TISCO Asset Management Co., Ltd.	55,308	63,378	(64,006)	54,680
Borrowings:				
TISCO Information Technology Co., Ltd.	-	49,000	-	49,000
Accrued interest payable:				
TISCO Asset Management Co., Ltd.	-	11	-	11
TISCO Information Technology Co., Ltd.	-	65	-	65

(Unaudited but reviewed)

(Unit: Thousand Baht)

	2010	2009	Terms and pricing policy
			(For the period 2010)
<b><u>Transactions occurred during the</u></b>			
<b><u>three-month periods ended 30 September</u></b>			
<b>Parent company, subsidiary companies and the related companies</b>			
Interest income	412	11,327	With reference to the terms and prices as offered to other customers
Other income	423	342	With reference to the terms and prices as offered to other customers
Computer system advisory services expenses	52,750	42,500	Determined on the base on actual cost and in compliance with the criteria specified by the Bank of Thailand
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	227,420	247,500	Determined on the base on actual cost and in compliance with the criteria specified by the Bank of Thailand
Interest expenses	1,109	931	With reference to the terms and prices as offered to other customers
Other expenses	3,187	707	With reference to the terms and prices as offered to other customers

(Unit: Thousand Baht)

	2010	2009	Terms and pricing policy
			(For the period 2010)
<b><u>Transactions occurred during the</u></b>			
<b><u>nine-month periods ended 30 September</u></b>			
<b>Parent company, subsidiary companies and the related companies</b>			
Interest income	1,083	70,334	With reference to the terms and prices as offered to other customers
Other income	1,268	864	With reference to the terms and prices as offered to other customers
Computer system advisory services expenses	158,250	127,500	Determined on the base on actual cost and in compliance with the criteria specified by the Bank of Thailand
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	711,945	742,500	Determined on the base on actual cost and in compliance with the criteria specified by the Bank of Thailand
Underwriting fee for issuing subordinate debentures	2,000	8,000	With reference to the terms and prices as offered to other customers
Interest expenses	4,736	4,071	With reference to the terms and prices as offered to other customers
Other expenses	8,101	2,091	With reference to the terms and prices as offered to other customers

(Unaudited but reviewed)

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	As at	
	30 September 2010	31 December 2009
Loans	222	1,949

### 3.17 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.

### 3.18 Commitments and contingent liabilities

#### 3.18.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	30 September 2010	31 December 2009
Avals	297,730	21,651
Other guarantees	1,092,538	928,884
Undrawn client overdraft facilities	30,981	8,052
Obligations covering principal under interest rate swap agreements (Note 3.19.5)	300,000	680,000
Obligations for cross currency swap agreements (Note 3.19.5)	182,496	-
	<u>1,903,745</u>	<u>1,638,587</u>

### 3.18.2 Litigation

As at 30 September 2010, the Bank has been sued for compensation totaling approximately Baht 153 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 194 million as at 30 September 2010). 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.

### 3.18.3 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 September 2010, 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	68
1 to 3 years	44

### 3.19 Financial instruments

There have been no significant changes in the risk management policy of the Bank during the current period.

#### 3.19.1 Credit risk

The Bank is exposed to credit risk primarily with respect to loans and receivables, guarantees of loans, and others. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the balance sheets.

Quality of risk 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: Million Baht)	
	As at	
	30 September 2010	31 December 2009
Neither past due nor impaired		
Very high grade	67,352	57,448
High grade	28,115	22,443
Medium grade	3,489	3,033
Sub total	98,956	82,924
Hire purchase receivable - overdue 31 - 90 days	6,104	6,440
Hire purchase receivable - overdue more than		
90 days	1,418	1,386
Total	106,478	90,750

## 3.19.2 Market risk

## 3.19.2.1 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 September 2010	31 December 2009
Marketable financial assets		
Debts securities	21	95
Foreign currencies	7	10

## 3.19.2.2 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 September 2010	31 December 2009
Change in interest rate		
Increase 1 percent	(144.96)	(279.80)
Decrease 1 percent	144.96	279.80

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.

## 3.19.2.3 Interest rate risk

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

(Unit: Million Baht)

<u>Transactions</u>	As at 30 September 2010			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<b><u>Financial assets</u></b>				
Cash	-	-	769	769
Interbank and money market items	-	6,090	749	6,839
Investment - net	102	4,404	685	5,191
Loans and receivables <sup>(1)</sup>	8,907	125,332	1,173	135,412
	<u>9,009</u>	<u>135,826</u>	<u>3,376</u>	<u>148,211</u>
<b><u>Financial liabilities</u></b>				
Deposits	39,206	18,893	430	58,529
Interbank and money market items	66	5,365	-	5,431
Liabilities payable on demand	-	-	602	602
Borrowings	-	67,185	-	67,185
	<u>39,272</u>	<u>91,443</u>	<u>1,032</u>	<u>131,747</u>

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

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)

<u>Transactions</u>	As at 30 September 2010						
	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b><u>Financial assets</u></b>							
Interbank and money market items	-	6,090	-	-	-	6,090	1.1978
Investment - net	52	268	1,365	2,714	5	4,404	5.8030
Loans and receivables	5,907	10,024	28,120	79,081	2,200	125,332	6.7099
	<u>5,959</u>	<u>16,382</u>	<u>29,485</u>	<u>81,795</u>	<u>2,205</u>	<u>135,826</u>	
<b><u>Financial liabilities</u></b>							
Deposits	1,628	14,033	2,778	454	-	18,893	1.5867
Interbank and money market items	596	1,478	19	3,272	-	5,365	2.6134
Borrowings	1,440	39,498	11,797	9,450	5,000	67,185	2.1272
	<u>3,664</u>	<u>55,009</u>	<u>14,594</u>	<u>13,176</u>	<u>5,000</u>	<u>91,443</u>	



(Unaudited but reviewed)

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.

### 3.19.3 Liquidity risk

Counting from the balance sheet date, as at 30 September 2010, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

<u>Transactions</u>	As at 30 September 2010						Non performing Loans*	Total
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		
<b><u>Financial assets</u></b>								
Cash	769	-	-	-	-	-	-	769
Interbank and money market items	749	6,090	-	-	-	-	-	6,839
Investments - net	52	370	1,365	2,714	5	685	-	5,191
Loans and receivables	6,693	8,866	30,174	82,434	3,705	-	3,540	135,412
	<u>8,263</u>	<u>15,326</u>	<u>31,539</u>	<u>85,148</u>	<u>3,710</u>	<u>685</u>	<u>3,540</u>	<u>148,211</u>
<b><u>Financial liabilities</u></b>								
Deposits	41,264	14,033	2,778	454	-	-	-	58,529
Interbank and money market items	662	1,478	19	3,272	-	-	-	5,431
Liabilities payable on demand	602	-	-	-	-	-	-	602
Borrowings	1,440	39,498	11,797	9,450	5,000	-	-	67,185
	<u>43,968</u>	<u>55,009</u>	<u>14,594</u>	<u>13,176</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>131,747</u>
<b><u>Off-balance sheet items</u></b>								
Aval to bills and guarantees of loans	-	162	124	12	-	-	-	298
Other commitments	392	33	34	483	-	664	-	1,606

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

### 3.19.4 Foreign exchange risk

As at 30 September 2010, the Bank had the significant financial instruments in foreign currencies are as follows:

- a) Investment in a subsidiary company amounting to HKD 20 million (under the cost method equivalent to Baht 66 million).
- b) Investment in foreign debt securities amounting to USD 6 million (amortised cost amounting to Baht 197 million), of which entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 3.19.5 to the financial statements.

### 3.19.5 Derivatives

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

As at 30 September 2010, the Bank has the following financial derivative instruments.

- a) Financial derivative instruments classified as derivatives held for trading

#### a.1) Interest rate swap agreement

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

			(Unit: Million Baht)
Maturity	Notional amount	Fair value gain (loss)	
2012	300	2	

#### a.2) Cross currency swap agreement

The Bank entered into cross currency swap agreements to manage risk associated with investments in foreign debt securities, as follow:

				(Unit: Million Baht)
Maturity	Number of contracts	Notional amount	Fair value gain (loss)	
2013	4	182	12	

## 3.19.6 Fair value of financial instruments

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

(Units: Million Baht)

<u>Transactions</u>	As at			
	30 September 2010		31 December 2009	
	Carrying amount	Fair Value	Carrying amount	Fair Value
<b><u>Financial assets</u></b>				
Cash	769	769	826	826
Interbank and money market items	6,839	6,839	12,075	12,075
Investments - net	5,191	5,191	8,410	8,410
Loans and receivables	132,044	135,594	107,112	110,444
<b><u>Financial liabilities</u></b>				
Deposits	58,529	58,529	56,931	56,931
Interbank and money market items	5,431	5,439	4,321	4,321
Liabilities payable on demand	602	602	345	345
Borrowings	67,185	67,708	55,547	55,488

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

#### 4. Significant events during the period and other information

##### 4.1 Holding restructuring

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 in January 2009. The shareholders delegated the authority to the company's Board of Directors to determine the share swap process as appropriate. However, the swap price or the cash purchase price are not to exceed the book value of the Bank as at 31 December 2008 adjusted with the dividend payment from the operation results of year 2008 and are not to exceed the previous swap price.

During the nine-month period ended 30 September 2010, TISCO Financial Group Public Company Limited undertook to issue the company's ordinary shares in exchange of the remaining 955,555 ordinary shares of the Bank at a price of Baht 14.66 per share, totaling Baht 14 million, from the minority shareholders. In addition, the company acquired the remaining 24 ordinary shares of the Bank at a price of Baht 14.66 per share, totaling Baht 352, from the minority shareholders. As a result, the company's shareholding in the Bank increased to 99.97 percent of the Bank's paid up shares and there are 203,064 shares of the Bank held by minority shareholders (194,960 ordinary shares and 8,104 preference shares), which is equivalent to 0.03 percent of the Bank's shares in issue.

**4.2 Dividend payment**

	Approved by	Dividend per share		Amounts of dividend paid (Million Baht)	Dividend payment period
		Preference share	Ordinary share		
		(Baht per share)	(Baht per share)		
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 dividend payment in year 2009				1,025	

**5. Subsequent event****Increase of its subsidiary's registered share capital**

A resolution passed by the Extraordinary General Meeting of the Shareholders of TISCO Leasing Company Limited No.1/2010, on 27 October 2010, approved an increase in that company's registered share capital from Baht 14 million (140,000 ordinary shares of Baht 100 each) to Baht 100 million (1,000,000 ordinary shares of Baht 100 each). On 29 October 2010, the company registered the increase in its registered share capital with the Ministry of Commerce.

**6. Approval of interim financial statements**

These interim financial statements were approved by the Bank's Audit Committee on 11 November 2010.