

TISCO Bank Public Company Limited  
Report and interim financial statements  
For the three-month and nine-month periods ended  
30 September 2011

## **Review Report of Independent Auditor**

To the Shareholders of TISCO Bank Public Company Limited

I have reviewed the accompanying statement of financial position of TISCO Bank Public Company Limited as at 30 September 2011, the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011, changes in shareholders' equity, and cash flows for the nine-month period ended 30 September 2011. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

The financial statements of TISCO Bank Public Company Limited for the year ended 31 December 2010 were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified audit opinion on those statements, under her report dated 4 February 2011. The statement of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The statements of income of TISCO Bank Public Company Limited for the three-month and nine-month periods ended 30 September 2010, changes in shareholders' equity, and cash flows for the nine-month period ended 30 September 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on 11 November 2011, that nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

As described in Note 1.2 to the financial statements, since the first quarter of the current year, the Bank adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the interim financial statements.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 1 November 2011

**TISCO Bank Public Company Limited**

**Statements of financial position**

**As at 30 September 2011 and 31 December 2010**

(Unit: Thousand Baht)

<u>Note</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
	(Unaudited but reviewed)	(Audited)
<b>Assets</b>		
Cash	979,313	902,816
Interbank and money market items - net	18,502,755	12,360,491
Derivatives assets	5.1 11,852	12,800
Investments - net	5.2,5.6 3,508,153	4,964,602
Investments in subsidiaries - net	5.3 47,127	135,312
Loans to customers and accrued interest receivables - net	5.4, 5.6	
Loans to customers	193,287,482	159,427,815
Accrued interest receivable	158,016	115,567
Total loans to customers and accrued interest receivables	193,445,498	159,543,382
Less: Deferred revenue	(16,869,924)	(14,239,270)
Less: Allowance for doubtful accounts	5.5 (4,346,455)	(3,859,412)
Less: Allowance for loss on debt restructuring	(3)	(3)
Loans to customers and accrued interest receivables - net	172,229,116	141,444,697
Property foreclosed - net	20,460	17,963
Premises and equipment - net	529,814	575,272
Intangible assets - net	108,312	121,279
Deferred tax assets	5.21 1,071,148	954,833
Other assets	5.7 908,122	856,271
<b>Total assets</b>	<b>197,916,172</b>	<b>162,346,336</b>

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

**TISCO Bank Public Company Limited**  
**Statements of financial position (continued)**  
**As at 30 September 2011 and 31 December 2010**

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Deposits		37,993,606	48,606,378
Interbank and money market items - net		9,360,792	8,867,299
Liability payable on demand		462,015	532,448
Derivatives liabilities	5.1	136,570	-
Debts issued and borrowings	5.8	132,753,237	87,976,147
Provision for long-term employee benefits		81,156	-
Accrued interest payable		1,133,978	445,505
Corporate income tax payables		292,191	686,197
Dividend payable		-	1,019,409
Other liabilities	5.9	2,123,315	2,001,560
<b>Total liabilities</b>		<u>184,336,860</u>	<u>150,134,943</u>

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

**TISCO Bank Public Company Limited**  
**Statements of financial position (continued)**  
**As at 30 September 2011 and 31 December 2010**

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 September 2011</u>	<u>31 December 2010</u>
		(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>			
Share capital			
Registered	5		
372,047,854 preference shares of Baht 10 each (31 December 2010: 1,000,000,000 preference shares of Baht 10 each)		3,720,479	10,000,000
728,152,146 ordinary shares of Baht 10 each (31 December 2010: 100,200,000 ordinary shares of Baht 10 each)		7,281,521	1,002,000
		<u>11,002,000</u>	<u>11,002,000</u>
Issued and fully paid-up			
104 preference shares of Baht 10 each		1	1
728,152,146 ordinary shares of Baht 10 each		7,281,521	7,281,521
		<u>7,281,522</u>	<u>7,281,522</u>
Share premium on ordinary shares		130,451	130,451
Other components of shareholders' equity		71,496	14,311
Retained earnings			
Appropriated-statutory reserve		714,600	714,600
Unappropriated		5,381,243	4,070,509
<b>Total shareholders' equity</b>		<u>13,579,312</u>	<u>12,211,393</u>
<b>Total liabilities and shareholders' equity</b>		<u>197,916,172</u>	<u>162,346,336</u>
		-	-

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****Statements of comprehensive income****For the three-month periods ended 30 September 2011 and 2010**

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

	<u>Note</u>	<u>2011</u>	<u>2010</u>
Interest incomes	5.13	3,098,714	2,222,934
Interest expenses	5.14	(1,510,356)	(613,292)
<b>Net interest incomes</b>		<u>1,588,358</u>	<u>1,609,642</u>
Fees and service incomes		405,892	347,379
Fees and service expenses		(14,764)	(15,573)
<b>Net fees and service incomes</b>	5.15	<u>391,128</u>	<u>331,806</u>
Gains on tradings and foreign exchange transactions	5.16	52,481	4,244
Gains (losses) on investments	5.17	(6,538)	137,207
Penalty fee income from loans		51,238	44,081
Income from business promotion relating to the business		198,721	64,962
Other operating incomes	5.19	39,705	38,744
<b>Total operating incomes</b>		<u>2,315,093</u>	<u>2,230,686</u>
<b>Other operating expenses</b>			
Employee's expenses		316,782	348,932
Directors' remuneration		120	-
Premises and equipment expenses		167,044	163,287
Taxes and duties		57,122	38,662
Supporting service expenses	5.25	222,697	227,420
Expenses to business promotion relating to the business		189,821	68,255
Others	5.20	119,208	88,671
<b>Total other operating expenses</b>		<u>1,072,794</u>	<u>935,227</u>
Bad debt and doubtful accounts and impairment loss			
of debt securities	5.18	263,325	563,808
<b>Profit before income tax expense</b>		<u>978,974</u>	<u>731,651</u>
Income tax expense	5.21	289,362	218,342
<b>Profit for the period</b>		<u>689,612</u>	<u>513,309</u>
<b>Other comprehensive income</b>	5.22		
Investment in available for sale securities		(1,837)	(84,202)
Actuarial gains or losses arising from			
post - employment benefits		(11,124)	-
Cash flow hedges		90,770	-
Income tax (charge)/credit relating to components			
of other comprehensive income	5.21, 5.23	(23,342)	25,261
<b>Other comprehensive incomes for the period - net</b>		<u>54,467</u>	<u>(58,941)</u>
<b>Total comprehensive income for the period</b>		<u><u>744,079</u></u>	<u><u>454,368</u></u>
<b>Earnings per share</b>			
Basic earning per share	5.24	<u>0.95</u>	<u>0.70</u>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited****Statements of comprehensive income****For the nine-month periods ended 30 September 2011 and 2010**

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

	<u>Note</u>	<u>2011</u>	<u>2010</u>
Interest incomes	5.13	8,430,694	6,372,469
Interest expenses	5.14	(3,447,280)	(1,694,457)
<b>Net interest incomes</b>		<u>4,983,414</u>	<u>4,678,012</u>
Fees and service incomes		1,207,124	929,445
Fees and service expenses		(49,265)	(46,344)
<b>Net fees and service incomes</b>	5.15	<u>1,157,859</u>	<u>883,101</u>
Gains on tradings and foreign exchange transactions	5.16	46,424	7,697
Gains on investments	5.17	54,520	157,330
Penalty fee income from loans		149,387	130,185
Income from business promotion relating to the business		414,810	170,276
Other operating incomes	5.19	147,066	262,854
<b>Total operating incomes</b>		<u>6,953,480</u>	<u>6,289,455</u>
<b>Other operating expenses</b>			
Employee's expenses		1,059,369	1,037,987
Directors' remuneration		360	-
Premises and equipment expenses		500,893	494,744
Taxes and duties		166,332	106,226
Supporting service expenses	5.25	722,760	711,945
Expense to business promotion relating to the business		437,578	194,897
Others	5.20	338,408	283,615
<b>Total other operating expenses</b>		<u>3,225,700</u>	<u>2,829,414</u>
Bad debt and doubtful accounts and impairment loss of debt securities	5.18	858,930	1,221,907
<b>Profit before income tax expense</b>		<u>2,868,850</u>	<u>2,238,134</u>
Income tax expense	5.21	836,633	665,061
<b>Profit for the period</b>		<u>2,032,217</u>	<u>1,573,073</u>
<b>Other comprehensive incomes</b>	5.22		
Investment in available for sale securities		(9,076)	16,680
Actuarial gains or losses arising from post - employment benefits		(11,124)	-
Cash flow hedges		90,770	-
Income tax (charge)/credit relating to components of other comprehensive income	5.21, 5.23	(21,171)	(5,004)
<b>Other comprehensive incomes for the period - net</b>		<u>49,399</u>	<u>11,676</u>
<b>Total comprehensive income for the period</b>		<u>2,081,616</u>	<u>1,584,749</u>
<b>Earnings per share</b>			
Basic earning per share	5.24	<u>2.79</u>	<u>2.16</u>

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



(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Statements of cash flows**

**For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Profit before income tax	2,868,850	2,238,134
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	132,397	146,848
Bad debts and doubtful accounts	1,383,414	1,692,272
Reversal (losses) on impairment of investments	(2,468)	14,586
Allowance for impairment of property foreclosed	152	98
Gain on sale of investments	(53,374)	(163,163)
Unrealised gain on foreign exchange transactions and trading derivatives	(38,300)	(449)
Gain on disposal of equipment	(6,492)	(10,512)
Loss on written-off of equipment	-	671
Gain on disposal of property foreclosed	(50,500)	(181,381)
Provision for long-term employee benefits	7,465	-
Decrease in other accrued incomes	8,896	6,127
Increase in accrued expenses	226,240	500,581
Net interest income	(4,983,414)	(4,678,162)
Dividend income	(75,126)	(56,168)
Cash received on interest income	8,201,654	6,659,925
Cash paid on interest expense	(2,635,021)	(1,290,050)
Cash received on dividend income	75,126	56,168
Cash paid on income tax expense	(1,349,354)	(1,197,775)
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>3,710,145</b>	<b>3,737,750</b>
Decrease (increase) in operating assets		
Interbank and money market items	(5,967,499)	5,220,321
Loans to customers	(32,738,425)	(27,877,279)
Property foreclosed	702,422	1,284,747
Intangible assets	(22,344)	(17,267)
Other assets	(9,699)	64,764

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Statements of cash flows (continued)**

**For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	<u>2011</u>	<u>2010</u>
Increase (decrease) in operating liabilities		
Deposits	(10,612,772)	1,598,162
Interbank and money market items	494,615	1,110,422
Liability payable on demand	(70,433)	257,298
Other liabilities	(51,529)	46,555
<b>Net cash flows used in operating activities</b>	<u>(44,565,519)</u>	<u>(14,574,527)</u>
<b>Cash flows from investing activities</b>		
Cash paid for purchase of investment in securities held for investment	(2,143,826)	(3,022,381)
Cash received from disposal of investment in securities held for investment	3,604,596	6,395,199
Cash paid for purchase of equipment	(49,608)	(65,578)
Cash received from disposal of equipment	6,418	10,997
Cash received from disposal of investment in subsidiaries	136,655	(1)
<b>Net cash flows from investing activities</b>	<u>1,554,235</u>	<u>3,318,236</u>
<b>Cash flows from financing activities</b>		
Borrowings	44,777,090	13,636,470
Cash received from issued long-term borrowing securities	-	1,000,000
Cash paid for long-term borrowing securities	-	(3,000,000)
Dividend paid	(1,689,309)	(436,889)
<b>Net cash flows from financing activities</b>	<u>43,087,781</u>	<u>11,199,581</u>
<b>Net increase (decrease) in cash</b>	<u>76,497</u>	<u>(56,710)</u>
Cash at beginning of the period	902,816	826,096
<b>Cash at end of the period</b>	<u><u>979,313</u></u>	<u><u>769,386</u></u>
	-	-
<b>Supplemental cash flows information</b>		
Non-cash transaction		
Transfer of property foreclosed from receivables for debt settlement	3,382	-

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 2011 and 2010

(Unit: Thousand Baht)

	Issued and fully paid-up share capital		Share premium		Other components fo shareholders' equity		Total other components of shareholders' equity	Retained earnings		Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Surplus (deficit) on change in value of available-for-sale investments	Cash flow hedges		Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2009</b>	732	7,280,790	37	130,414	7,927	-	7,927	614,900	3,196,595	11,231,395
Total comprehensive income for the period	-	-	-	-	11,676	-	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>-</u>	<u>19,603</u>	<u>614,900</u>	<u>4,769,668</u>	<u>12,816,144</u>
<b>Balance as at 31 December 2010</b>	1	7,281,521	-	130,451	14,311	-	14,311	714,600	4,070,509	12,211,393
Cumulative effect of change in accounting policy for employee benefit (Note 2)	-	-	-	-	-	-	-	-	(43,797)	(43,797)
Dividend paid	-	-	-	-	-	-	-	-	(669,900)	(669,900)
Total comprehensive income for the period	-	-	-	-	(6,354)	63,539	57,185	-	2,024,431	2,081,616
<b>Balance as at 30 September 2011</b>	<u>1</u>	<u>7,281,521</u>	<u>-</u>	<u>130,451</u>	<u>7,957</u>	<u>63,539</u>	<u>71,496</u>	<u>714,600</u>	<u>5,381,243</u>	<u>13,579,312</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 2011 and 2010**

**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 2009) “Interim Financial Reporting”, with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the statements of financial position, comprehensive income, changes in shareholders’ equity and cash flows in accordance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 11/2553 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 3 December 2010, which is effective for fiscal years beginning on or after 1 January 2011.

The 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 such Thai language financial statements.

No consolidated financial statements of the Bank and its subsidiaries (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 Application of new accounting standards during the period

Since the first quarter of the current year, the Bank adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

### Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
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 11 (revised 2009)	Construction Contracts
TAS 12	Corporate Income Tax
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
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

### Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources



For the first-time adoption of TAS 19 Employee Benefits, the Bank elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

**2. The effect of the change in accounting policy due to an adoption of new accounting standards**

In the first quarter of the current year, the Bank made the change to its significant accounting policy as mentioned in Note 1.2 and 1.3 to financial statements, as a result of the adoption of revised and new accounting standards.

**TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make provision for post-employment benefits using actuarial techniques. The Bank previously accounted for such employee benefits when they were incurred.

The Bank has changed this accounting policy since the beginning of the current year and has recognised the liability in the transitional period through an adjustment to the beginning balance of retained earnings in the current period. This resulted in the decrease in the retained earnings brought forward as at 1 January 2011 in the financial statements by Baht 44 million (long-term employee benefit obligations of Baht 63 million net of related deferred tax of Baht 19 million). The cumulative effect of such changes in the accounting policy has already been presented as “Cumulative effect of the change in accounting policy for employee benefits” in the statements of changes in shareholders’ equity.

In addition, the change in such accounting policy has the effect of decreasing the profit of the Bank for the three-month and nine-month periods ended 30 September 2011 by Baht 2 million (0.003 Baht per share) and Baht 7 million (0.010 Baht per share), respectively.

**3. New accounting standards issued during the period not yet effective**

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

#### **4. General information**

##### **4.1 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 2011, the Bank has 46 branches in Thailand.

##### **4.2 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 5.25 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.



## 5. Supplemental information

### 5.1 Derivatives

#### 5.1.1 Trading derivatives

(Unit: Thousand Baht)

<u>Type of risk</u>	30 September 2011			31 December 2010		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	-	81,508	3,116,735	11,190	-	180,908
Interest rate	7,075	-	3,032,000	1,610	-	300,000
Total	7,075	81,508	6,148,735	12,800	-	480,908

All counter parties of these derivative transactions are financial institutions.

#### 5.1.2 Hedging derivatives

(Unit: Thousand Baht)

<u>Type of risk</u>	30 September 2011			31 December 2010		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	4,237	55,062	4,117,144	-	-	-
Interest rate	540	-	300,000	-	-	-
Total	4,777	55,062	4,417,144	-	-	-

All counter parties of these derivative transactions are financial institutions.

(Unaudited but reviewed)

## 5.2 Investments

(Unit: Thousand Baht)

	As at	
	30 September 2011	31 December 2010
<b>Available-for-sales securities- fair value</b>		
Government and state enterprise securities	1,079,373	1,419,765
Debt securities of private sector	831,460	841,460
Foreign debt securities	195,917	196,430
Add: Allowance for changes in value	4,097	6,991
Less: Allowance for impairment	(1,460)	(1,460)
<b>Total available-for-sales securities</b>	<b>2,109,387</b>	<b>2,463,186</b>
<b>Held-to-maturity debt securities - cost/amortised cost</b>		
Investment in receivables	886,180	1,903,199
Less: Allowance for impairment	(21,284)	(22,606)
<b>Total held-to-maturity debt securities</b>	<b>864,896</b>	<b>1,880,593</b>
<b>Other investments - cost</b>		
Domestic non-marketable equity securities	598,083	688,370
Less: Allowance for impairment	(64,213)	(67,547)
<b>Total other investments</b>	<b>533,870</b>	<b>620,823</b>
<b>Investments - net</b>	<b>3,508,153</b>	<b>4,964,602</b>

### 5.2.1 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restriction
	30 September 2011	31 December 2010	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	501	-	Pledged for the use of credit balance on clearing positions

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

(Unit: Thousand Baht)

	As at 30 September 2011		
	Cost	Fair value	Allowance for changes in value <sup>(1)</sup>
Companies having problems with debt repayment or in default	7,060	-	7,060

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

(Unaudited but reviewed)

(Unit: Thousand Baht)

As at 31 December 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.

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

(Unit: Thousand Baht)

Securities' name	As at					
	30 September 2011			31 December 2010		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
						%
<b>Insurance:</b>						
AXA Insurance Plc.	53,169	-	10	53,169	-	10
<b>Services:</b>						
TISCO Securities Hong Kong Limited (in the process of liquidation)	47,127	-	100	49,315	-	100
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K. Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
<b>Leasing and hire purchase:</b>						
TISCO Leasing Co., Ltd.	-	-	-	85,998	-	99.99
<b>Trading import and export:</b>						
Shin Thai Enterprises Co., Ltd.	4,019	-	10	4,592	-	10
PDTL Trading Co., Ltd.	8,703	-	10	9,270	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	3,957	-	10
<b>Real estate:</b>						
Prosperity Industrial Estate Co., Ltd.	45,095	-	10	45,095	-	10
UMI Property Co., Ltd.	6,843	-	10	7,454	-	10
<b>Industrial:</b>						
Siam Art Ceramic Co., Ltd.	17,028	-	10	16,588	-	10

### 5.3 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Type of share as at		Percentage of holding as at		Investment value - cost method as at		Dividend received for the nine-month periods ended	
		30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	30 September 2010
				%	%				
<b><u>Subsidiaries directly held by the Bank:</u></b>									
TISCO Leasing Co., Ltd.	Leasing	Ordinary shares	Ordinary shares	-	99.99	-	86	23	-
TISCO Securities Hong Kong Limited (In the process of liquidation)	Securities business	Ordinary shares	Ordinary shares	100	100	66	66	-	-
Less: Allowance for impairment						(19)	(17)	-	-
						47	49	-	-
Investments in subsidiaries - net						47	135	23	-

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.

On 27 June 2011, the Bank disposed of all of its investment in TISCO Leasing Company Limited to TISCO Financial Group Public Company Limited as mentioned in Note 6.1 to financial statements.

(Unaudited but reviewed)

**5.4 Loans to customers and accrued interest receivable****5.4.1 Classified by loan type**

(Unit: Thousand Baht)

	As at	
	30 September 2011	31 December 2010
<b>Loans to customers</b>		
Loans	43,072,050	32,880,931
Hire purchase receivables	149,858,667	126,432,187
Financial lease receivables	426,389	133,664
Less: Deferred revenue	(16,869,924)	(14,239,270)
Advances received from financial lease receivables	(69,624)	(18,967)
Total loans to customers	176,417,558	145,188,545
Add: Accrued interest receivable	158,016	115,567
Less: Allowance for doubtful accounts		
BOT's minimum requirement provision		
- Individual	(619,896)	(547,072)
- Collective	(1,107,352)	(961,515)
Excess over minimum requirement provision	(2,619,207)	(2,350,825)
	(4,346,455)	(3,859,412)
Less: Allowance for loss on debt restructuring	(3)	(3)
Loans to customers and accrued interest receivables - net	172,229,116	141,444,697

**5.4.2 Classified by currency and residency of debtors**

(Unit: Thousand Baht)

	30 September 2011			31 December 2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	173,300,818	-	173,300,818	145,188,545	-	145,188,545
US Dollars	-	3,116,740	3,116,740	-	-	-
Total loans to customers from						
deferred revenue - net	173,300,818	3,116,740	176,417,558	145,188,545	-	145,188,545

## 5.4.3 Classified by loan classification

(Unit: Million Baht)

	30 September 2011			31 December 2010		
	Loans to customers and accrued interest receivable	Balance net of collateral	Allowance provided in the accounts <sup>(1)</sup>	Loans to customers and accrued interest receivable	Balance net of collateral	Allowance provided in the accounts <sup>(1)</sup>
BOT's minimum requirement provision						
Pass	167,480	153,774	1,069	136,253	122,958	794
Special mention	7,086	6,967	66	6,692	6,547	59
Sub-standard	903	894	222	788	768	178
Doubtful	207	178	54	267	239	51
Doubtful of loss	899	532	316	1,304	789	426
Provision in excess of BOT's minimum rates required <sup>(2)</sup>						
	-	-	2,619	-	-	2,351
Total	176,575	162,345	4,346	145,304	131,301	3,859

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

<sup>(2)</sup> 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.

	Percentage of allowance for doubtful account set up			
	Hire purchase receivables <sup>(1)</sup>		Other loan	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Pass	0.64	0.60	1	1
Special mention	0.64	0.60	2	2
Sub-standard	20.44	20.31	100	100
Doubtful	20.44	20.31	100	100
Doubtful of loss	20.44	20.31	100	100

<sup>(1)</sup> These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts.

## 5.4.4 Hire purchase and financial lease receivables

As at 30 September 2011, net receivables of the Bank under hire purchase and financial lease agreements amount to Baht 133,528 million (31 December 2010: Baht 112,491 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 September 2011				
	Amounts of installments due under the long-term lease agreements				
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Gross investment in the agreements	46,278	98,231	3,356	2,420	150,285
Less: Deferred revenue*	(6,602)	(8,871)	(92)	(1,122)	(16,687)
Advances received from financial lease receivables	-	(69)	(1)	-	(70)
Present value of minimum lease pay from agreements	39,676	89,291	3,263	1,298	133,528
Allowance for doubtful accounts					(1,110)
Net hire purchase and financial lease receivables					132,418

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

(Unit: Million Baht)

	As at 31 December 2010				
	Amounts of installments due under the long-term lease agreements				
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Gross investment in the agreements	39,912	81,746	2,318	2,590	126,566
Less: Deferred revenue*	(5,676)	(7,194)	(56)	(1,130)	(14,056)
Advances received from financial lease receivables	-	(19)	-	-	(19)
Present value of minimum lease pay from agreements	34,236	74,533	2,262	1,460	112,491
Allowance for doubtful accounts					(963)
Net hire purchase and financial lease receivables					111,528

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

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

(Unit: Million Baht)

The Bank	Amounts calculated under BOT's guidelines <sup>(2)</sup>		Amounts calculated under the Bank's policy	
	as at		as at	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Loans to customers for which the recognition of interest income has ceased <sup>(1)</sup>	2,000	3,618	2,440	3,941

<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.

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

(Unit: Million Baht)

	As at	
	30 September 2011	31 December 2010
	Deferred revenue <sup>(1)</sup>	16,870

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

## 5.4.7 Troubled debt restructuring

## - Debt restructuring during the period

	For the nine-month periods ended 30 September	
	2011	2010
Debtors restructured during the period:		
Number of debtors restructured by modification of terms (number)	210	379
Loan balances before restructuring (million Baht)	590	222
Loan balances after restructuring (million Baht)	590	222
Loss on troubled debt restructuring (million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	3	3
Corporate loan receivables	2	-



(Unaudited but reviewed)

Supplemental information for the nine-month periods ended 30 September 2011 and 2010 relating to the restructured debts is as follows:

(Unit: Million Baht)

	For the nine-month periods ended 30 September	
	2011	2010
Interest income on restructured receivables (million Baht)	48	45
Receipt of principal and interest (million Baht)	509	297

As at 30 September 2011 and 31 December 2010, the Bank have the outstanding balance with troubled debt restructuring debtors, as follows:

(Unit: Million Baht)

	As at			
	30 September 2011		31 December 2010	
	Number of debts	Outstanding balance	Number of debts	Outstanding balance
The balance of the restructured debts	1,427	1,424	1,289	1,711

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

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

(Unit: Thousand Baht)

	As at 30 September 2011						Total
	Pass	Special- Mentioned	Sub-standard	Doubtful	Doubtful of loss	Reserve for counter cyclical business factors*	
Balance - beginning of period	794,419	59,208	177,958	51,122	425,880	2,350,825	3,859,412
Increase (decrease) in allowance for doubtful accounts during the period	274,784	7,078	319,772	437,398	89,287	255,095	1,383,414
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	13,287	13,287
Bad debt written-off	(778)	(91)	(275,274)	(434,783)	(198,732)	-	(909,658)
Balance - end of period	<u>1,068,425</u>	<u>66,195</u>	<u>222,456</u>	<u>53,737</u>	<u>316,435</u>	<u>2,619,207</u>	<u>4,346,455</u>

\* 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 including economic factors, and other risk that may affect the quality of assets.

## (Unaudited but reviewed)

(Unit: Thousand Baht)

As at 31 December 2010

	Pass	Special- Mentioned	Sub-standard	Doubtful	Doubtful of loss	Reserve for counter cyclical business factors*	Total
Balance - beginning of year	594,905	60,643	162,254	71,475	471,292	727,847	2,088,416
Increase (decrease) in allowance for doubtful accounts during the year	199,919	2,879	292,377	449,408	28,287	1,411,876	2,384,746
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	211,125	211,125
Bad debt written-off	(405)	(4,314)	(276,673)	(469,761)	(73,699)	(23)	(824,875)
Balance - end of year	<u>794,419</u>	<u>59,208</u>	<u>177,958</u>	<u>51,122</u>	<u>425,880</u>	<u>2,350,825</u>	<u>3,859,412</u>

\* 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 including economic factors, and other risk that may affect the quality of assets.

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

(Unit: Thousand Baht)

As at 30 September 2011

	Individual impairment	Collective impairment	Reserve for counter cyclical business factors*	Total
Balance - beginning of period	547,072	961,515	2,350,825	3,859,412
Increase (decrease) in allowance for doubtful accounts during the period	73,150	1,055,169	255,095	1,383,414
Transfer from allowance for declining in value of property foreclosed	-	-	13,287	13,287
Bad debt written-off	(326)	(909,332)	-	(909,658)
Balance - end of period	<u>619,896</u>	<u>1,107,352</u>	<u>2,619,207</u>	<u>4,346,455</u>

\* 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 including economic factors, and other risk that may affect the quality of assets.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at 31 December 2010			
	Individual impairment	Collective impairment	Reserve for counter cyclical business factors*	Total
Balance - beginning of year	507,902	852,667	727,847	2,088,416
Increase (decrease) in allowance for doubtful accounts during the year	78,972	893,898	1,411,876	2,384,746
Transfer from allowance for declining in value of property foreclosed	-	-	211,125	211,125
Bad debt written-off	(39,802)	(785,050)	(23)	(824,875)
Balance - end of year	547,072	961,515	2,350,825	3,859,412

\* 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 including economic factors, and other risk that may affect the quality of assets.

### 5.5.3 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 2011	31 December 2010
Amount to be provided under BOT's guidelines	1,704	1,485
Amount already recorded by the Bank	4,346	3,859
Amount in excess of the required amount under BOT's guidelines	2,619	2,351

<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-assets in the statement of financial position).

### 5.5.4 Non-performing loans to customers

(Unit: Million Baht)

	As at	
	30 September 2011	31 December 2010
Non-performing loans to customers	2,009	2,359
Allowance for doubtful accounts	593	655

## 5.6 Classification of assets

### 5.6.1 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 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	Debt instruments - debentures <sup>(2)</sup>	1	1	-	-	1
Equity instruments - ordinary shares <sup>(3)</sup>	6	6	-	-	6	6

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

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

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

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

As at 30 September 2011 and 31 December 2010, the quality of the Bank's assets is classified in accordance with the Bank of Thailand's guidelines are as follows:

(Unit: Million Baht)

	Loans and receivables <sup>(1)</sup>		Investments in securities		Investments in receivables		Property foreclosed		Total	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	Pass	180,206	139,279	-	-	-	-	-	-	180,206
Special mention	7,002	6,611	-	-	-	-	-	-	7,002	6,611
Sub-standard	903	788	-	-	-	-	-	-	903	788
Doubtful	207	267	-	-	-	-	-	-	207	267
Doubtful of loss	899	1,304	88	87	21	23	50	61	1,058	1,475
Total	189,217	148,249	88	87	21	23	50	61	189,376	148,420

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

### 5.6.3 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 for		Allowance for doubtful accounts	
	as at		after net of collateral value		doubtful account set up <sup>(2)</sup>		as at	
	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December
	2011	2010	2011	2010	2011	2010	2011	2010
<b>Hire purchase receivables<sup>(1)</sup></b>								
Pass	125,249	104,568	125,249	104,568	0.64	0.60	783	610
Special mentioned	6,660	6,360	6,660	6,360	0.64	0.60	59	55
Substandard	846	747	846	747	20.44	20.31	174	157
Doubtful	158	234	158	234	20.44	20.31	34	46
Doubtful of loss	295	479	295	479	20.44	20.31	57	94
<b>Total</b>	<b>133,208</b>	<b>112,388</b>	<b>133,208</b>	<b>112,388</b>			<b>1,107</b>	<b>962</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.

### 5.6.4 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 accounts provided	
	as at		as at		as at		in the accounts	
	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December
	2011	2010	2011	2010	2011	2010	2011	2010
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	1	249	254	145	148	124	127
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies which have loan settlement problems or have defaulted on payment of debts	2	2	138	349	125	269	13	80
5. Companies whose auditor's report cited going concern issues	3	3	468	506	415	453	53	53
<b>Total</b>	<b>6</b>	<b>6</b>	<b>855</b>	<b>1,109</b>	<b>685</b>	<b>870</b>	<b>190</b>	<b>260</b>

**5.7 Other assets**

(Unit: Thousand Baht)

	As at	
	30 September 2011	31 December 2010
Value added tax - net	378,872	343,017
Accrued interest receivable	21,108	18,370
Fee and charges receivable	22,499	31,395
Deposits	29,999	28,495
Other receivables	291,316	221,787
Other assets	164,328	213,207
<b>Total other assets</b>	<b>908,122</b>	<b>856,271</b>

**5.8 Debt issued and borrowings**

(Unit: Thousand Baht)

	As at	
	30 September 2011	31 December 2010
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	6,000,000	6,000,000
Unsubordinated unsecured debentures	1,000,000	1,000,000
Bills of exchange	125,752,203	80,973,771
Promissory Note	1,034	2,376
<b>Total</b>	<b>132,753,237</b>	<b>87,976,147</b>

**5.8.1 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 2011	31 December 2010		30 September 2011	31 December 2010		
2009	Subordinated and unsecured long-term debentures	2 million	2 million	1,000	2,000	2,000	2019	5.5 percent per annum in the first to third years, 6.0 percent per annum in the fourth to seventh years and 6.5 percent per annum in the eighth to tenth years.
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 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 million	1,000	1,000	1,000	2020	5.0 percent per annum in the first to tenth years.
2010	Subordinated and unsecured long-term debentures	1 million	1 million	1,000	1,000	1,000	2020	4.8 percent per annum in the first to tenth years.
<b>Total</b>					<b>6,000</b>	<b>6,000</b>		

### 5.8.2 Unsubordinated unsecured debentures

Year	Type of debenture	Units		Face value	Balance as at		Maturity in the year	Interest rate
		30 September	31 December	per unit	(Million Baht)			
		2011	2010	(Baht)	30 September	31 December		
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	1,000		

### 5.8.3 Bills of exchange

Bills of exchange comprised of the fixed interest rates bearing and float interest rate bearing, which will gradually mature in 2011 to 2014. The interest rates of the fixed interest rates bearing bills of exchange are between 1.05 and 4.50 percent per annum.

### 5.9 Other liabilities

	(Unit: Thousand Baht)	
	As at	
	30 September 2011	31 December 2010
Withholding income tax and other tax payable	44,409	77,298
Accrued insurance premium	326,481	370,212
Deferred income	496,302	233,226
Accrued expenses	910,878	651,749
Other liabilities	345,245	669,075
Total other liabilities	2,123,315	2,001,560

### 5.10 Preference shares converted to ordinary shares

Up to 30 September 2011, 627,952,146 preference shares have been converted into ordinary shares, and such conversion has been registered with the Ministry of Commerce.

As at 30 September 2011, there are 104 preference shares which are convertible to ordinary shares. However, since 30 June 2009, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

## 5.11 Capital funds

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

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

Regarding to Capital fund as of 30 September 2011 and 31 December 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.

Capital funds of the Bank are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 September 2011	31 December 2010
<u>Tier I</u>		
Issued and fully paid up share capital	7,281,522	7,281,522
Premium on share capital	130,451	130,451
Statutory reserve	714,600	614,900
Retained earnings - unappropriated	4,691,630	3,196,596
Less : Deferred tax assets	(1,078,013)	(960,966)
Total Tier I	<u>11,740,190</u>	<u>10,262,503</u>
<u>Tier II</u>		
Subordinated long-term debentures	5,870,095	5,131,251
Reserve for loans classified as pass	791,194	552,695
Add: Excess provision according to IRB	151,503	280,332
Total Tier II	<u>6,812,792</u>	<u>5,964,278</u>
Total capital fund	<u><u>18,552,982</u></u>	<u><u>16,226,781</u></u>

Capital ratios	As at			
	30 September 2011		31 December 2010	
	The Bank	Requirement	The Bank	Requirement
Tier I capital to risk assets	9.88% <sup>(1)</sup>	4.25%	11.29% <sup>(1)</sup>	4.25%
Total capital to risk assets	14.00% <sup>(2)</sup>	8.50%	15.23% <sup>(2)</sup>	8.50%

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

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



(Unaudited but reviewed)

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

## 5.12 Surplus on changes in the value of investments

(Unit: Thousand Baht)

	As at	
	30 September 2011	31 December 2010
Balance - beginning of period	20,444	11,324
Increase (decrease) from changes in the value of securities during the period	(9,076)	9,120
	11,368	20,444
Less: The effect of deferred tax assets / liabilities	(3,411)	(6,133)
Balance - end of period	7,957	14,311

## 5.13 Interest incomes

Interest incomes in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods ended	
	30 September	
	2011	2010
Interbank and money market items	162,275	42,245
Investments in debt securities	54,310	95,396
Loans to customers	923,120	437,651
Hire purchase and financial lease	1,959,009	1,647,642
Total interest income	3,098,714	2,222,934

(Unit: Thousand Baht)

	For the nine-month periods ended	
	30 September	
	2011	2010
Interbank and money market items	332,805	119,217
Investments in debt securities	182,156	352,811
Loans to customers	2,321,385	1,122,443
Hire purchase and financial lease income	5,594,348	4,777,998
Total interest income	8,430,694	6,372,469

**5.14 Interest expenses**

Interest expenses in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended	
	30 September	
	2011	2010
Deposits	231,255	207,062
Interbank and money market items	60,093	32,270
Contribution fee to the Deposit Protection Agency	37,480	65,390
Issues debt instruments		
- Subordinated debentures	77,633	65,157
- Unsubordinated debentures	10,183	10,560
Borrowings	1,093,712	232,853
Total interest expenses	<u>1,510,356</u>	<u>613,292</u>

	(Unit: Thousand Baht)	
	For the nine-month periods ended	
	30 September	
	2011	2010
Deposits	565,693	621,684
Interbank and money market items	145,633	74,792
Contribution fee to the Deposit Protection Agency	124,005	201,950
Issues debt instruments		
- Subordinated debentures	230,367	175,836
- Unsubordinated debentures	30,217	74,977
Borrowings	2,351,365	545,218
Total interest expenses	<u>3,447,280</u>	<u>1,694,457</u>

**5.15 Fees and service income - net**

Fees and services incomes in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended	
	30 September	
	2011	2010
Fees and service incomes		
- Acceptance, aval and guarantees	9,538	3,830
- Insurance service	276,544	198,230
- Others	119,810	145,319
Total fees and service incomes	405,892	347,379
Fees and service expenses	(14,764)	(15,573)
Fees and service income - net	391,128	331,806

	(Unit: Thousand Baht)	
	For the nine-month periods ended	
	30 September	
	2011	2010
Fees and service incomes		
- Acceptance, aval and guarantees	18,480	7,979
- Insurance service	839,959	540,377
- Financial advisory fees	1,000	-
- Others	347,685	381,089
Total fees and service incomes	1,207,124	929,445
Fees and service expenses	(49,265)	(46,344)
Fees and service income - net	1,157,859	883,101

**5.16 Gains on trading and foreign exchange transactions**

Gains on trading and foreign exchange transactions in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended	
	30 September	
	2011	2010
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	9,032	1,776
- Derivatives on interest rates	40,616	(263)
- Debt securities	2,833	2,731
Total	<u>52,481</u>	<u>4,244</u>

	(Unit: Thousand Baht)	
	For the nine-month periods ended	
	30 September	
	2011	2010
Gains on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	30,643	298
- Derivatives on interest rates	7,657	151
- Debt securities	8,124	7,248
Total	<u>46,424</u>	<u>7,697</u>

**5.17 Gains (losses) on investments**

Gains (losses) on investments in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended	
	30 September	
	2011	2010
Gains (losses) on disposal		
- Available-for-sale securities	-	129,413
- Held-to-maturity securities	31	(122)
- General investments	(9,904)	7,051
Total	(9,873)	136,342
Reversal (losses) on impairment		
- General investments	3,951	5,338
- Investments in subsidiaries	(616)	(4,473)
Total	3,335	865
Gains (losses) on investment	(6,538)	137,207

	(Unit: Thousand Baht)	
	For the nine-month periods ended	
	30 September	
	2011	2010
Gains (losses) on disposal		
- Available-for-sale securities	50,872	130,373
- Held-to-maturity securities	157	(427)
- General investments	2,345	33,217
Total	53,374	163,163
Reversal (losses) on impairment		
- General investments	3,334	3,150
- Investments in subsidiaries	(2,188)	(8,983)
Total	1,146	(5,833)
Gains on investment	54,520	157,330

**5.18 Bad debt, doubtful accounts and impairment loss of debt securities**

Bad debt, doubtful accounts and impairment loss of debt securities in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended	
	30 September	
	2011	2010
Interbank and money market items	-	11,000
Held-to-maturity debt securities	(7,763)	5,389
Loans to customers	271,088	547,419
<b>Total</b>	<b>263,325</b>	<b>563,808</b>

	(Unit: Thousand Baht)	
	For the nine-month periods ended	
	30 September	
	2011	2010
Interbank and money market items	-	15,000
Held-to-maturity debt securities	(1,322)	8,753
Loans to customers	860,252	1,198,154
<b>Total</b>	<b>858,930</b>	<b>1,221,907</b>

**5.19 Other operating incomes**

Other operating incomes in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended	
	30 September	
	2011	2010
Gains on disposal of property foreclosed	15,686	19,140
Dividend income	13,297	11,700
Others	10,722	7,904
<b>Total</b>	<b>39,705</b>	<b>38,744</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month periods ended

30 September

	2011	2010
Gains on disposal of property foreclosed	50,500	181,381
Dividend income	75,126	56,168
Others	21,440	25,305
Total	147,066	262,854

## 5.20 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

(Unit: Thousand Baht)

For the three-month periods ended

30 September

	2011	2010
Mailing expenses	9,971	8,095
Software amortisation expenses	14,211	10,720
Loan losses from court - ordered executions	30,730	32,874
Transportation expenses	20,584	16,289
Others	43,712	20,693
Total	119,208	88,671

(Unit: Thousand Baht)

For the nine-month periods ended

30 September

	2011	2010
Mailing expenses	29,559	25,823
Software amortisation expenses	35,311	31,924
Legal expenses	93,580	100,478
Transportation expenses	59,153	48,953
Others	120,805	76,437
Total	338,408	283,615

**5.21 Income tax expense**

Income tax expense of the Bank of the three-month and nine-month periods ended 30 September 2011 and 2010 are as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended	
	30 September	
	2011	2010
Income tax payable on taxable profit for the period	309,801	341,809
Add (less): Net increase in deferred tax on temporary differences	(20,439)	(123,467)
Income tax expenses	<u>289,362</u>	<u>218,342</u>

	(Unit: Thousand Baht)	
	For the nine-month periods ended	
	30 September	
	2011	2010
Income tax payable on taxable profit for the period	954,051	939,644
Add (less): Net increase in deferred tax on temporary differences	(118,715)	(274,601)
Adjustment in respect of current income tax of prior year	1,297	18
Income tax expense	<u>836,633</u>	<u>665,061</u>

Deferred taxes are recorded directly to other comprehensive income during the three-month and nine-month periods ended 30 September 2011 and 2010 as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended	
	30 September	
	2011	2010
Decrease in surplus on change in value of investments	551	25,261
Cash flow hedges	(27,231)	-
Actuarial gains or losses arising from post - employment benefits	3,338	-
Deferred taxes are recorded directly to other comprehensive income	<u>(23,342)</u>	<u>25,261</u>



(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month periods ended

30 September

	2011	2010
Decrease (increase) in surplus on change in value of investments	2,722	(5,004)
Cash flow hedges	(27,231)	-
Actuarial gains or losses arising from post - employment benefits	3,338	-
Deferred taxes are recorded directly to other comprehensive income	(21,171)	(5,004)

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

(Unit: Thousand Baht)

For the three-month periods ended

30 September

	2011	2010
Accounting profit before income tax expenses	978,974	731,651
Income tax rate of 30%	293,692	219,495
Tax effect of net tax-exempt income and net disallowed expenses	(4,330)	(1,153)
Income tax expense	289,362	218,342

(Unit: Thousand Baht)

For the nine-month periods ended

30 September

	2011	2010
Accounting profit before income tax expenses	2,868,850	2,238,134
Income tax rate of 30%	860,655	671,440
Tax effect of net tax-exempt income and net disallowed expenses	(25,319)	(6,397)
Adjustment in respect of income tax expenses of prior year	1,297	18
Income tax expense	836,633	665,061

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

Change in deferred tax  
assets/deferred tax liabilities  
reported in the statements of  
comprehensive income for the nine-  
month periods ended

	As at		month periods ended	
	30 September 2011	31 December 2010	30 September 2011	30 September 2010
Allowance for doubtful debts - reserve for counter cyclical business factors	785,762	705,247	80,515	368,477
Allowance for impairment of investments	46,606	47,390	(784)	4,355
Allowance for impairment of property foreclosed	89,470	97,919	(8,449)	(63,308)
Non-accrual of interest income	176,435	177,497	(1,062)	(2,768)
Depreciation of assets	20,579	21,521	(942)	(240)
Financial leases	10,948	13,910	(2,962)	(2,703)
Revaluation surplus on investments	(3,411)	(6,133)	-	-
Unrealised gain or loss on derivatives	(2,443)	(146)	(2,297)	(45)
Cash flow hedges	(27,231)	-	-	-
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(356,807)	(296,388)	(60,419)	(51,051)
Deferred income	122,993	67,017	55,976	17,281
Accrued expenses	118,405	118,405	-	-
Employee benefits	24,348	-	2,239	-
Others	65,494	8,594	56,900	4,603
<b>Deferred tax assets</b>	<b>1,071,148</b>	<b>954,833</b>	<b>118,715</b>	<b>274,601</b>

## 5.22 Components of other comprehensive income

(Unit: Thousand Baht)

	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2011	2010	2011	2010
<b>Other comprehensive income</b>				
Available-for-sale securities:				
Gain (loss) arising during the period	(1,837)	45,211	41,796	147,053
Less: Reclassification adjustments for gain included in profit or loss	-	(129,413)	(50,872)	(130,373)
	(1,837)	(84,202)	(9,076)	16,680
Actuarial gain or losses arising from post- employment benefits	(11,124)	-	(11,124)	-
Cash flow hedges:				
Gain arising during the period	82,142	-	82,142	-
Add: Reclassification adjustments for gain included in profit or loss	8,628	-	8,628	-
	90,770	-	90,770	-
Other comprehensive income	77,809	(84,202)	70,570	16,680
Income tax relating to components of other comprehensive income	(23,342)	25,261	(21,171)	(5,004)
Other comprehensive income for the periods - net	54,467	(58,941)	49,399	11,676

**5.23 Income tax effects relating to components of other comprehensive income**

(Unit: Thousand Baht)

	For the three-month periods ended 30 September					
	2011			2010		
	Before tax amount	Tax benefit (expense)	Net of tax amount	Before tax amount	Tax benefit (expense)	Net of tax amount
Decrease in surplus on change in value of investments	(1,837)	551	(1,286)	(84,202)	25,261	(58,941)
Actuarial gains or losses arising from post-employment benefits	(11,124)	3,338	(7,786)	-	-	-
Cash flow hedges	90,770	(27,231)	63,539	-	-	-
	<u>77,809</u>	<u>(23,342)</u>	<u>54,467</u>	<u>(84,202)</u>	<u>25,261</u>	<u>(58,941)</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September					
	2011			2010		
	Before tax amount	Tax benefit (expense)	Net of tax amount	Before tax amount	Tax benefit (expense)	Net of tax amount
Decrease (increase) in surplus on change in value of investments	(9,076)	2,722	(6,354)	16,680	(5,004)	11,676
Actuarial gains or losses arising from post-employment benefits	(11,124)	3,338	(7,786)	-	-	-
Cash flow hedges	90,770	(27,231)	63,539	-	-	-
	<u>70,570</u>	<u>(21,171)</u>	<u>49,399</u>	<u>16,680</u>	<u>(5,004)</u>	<u>11,676</u>

**5.24 Earnings per share**

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

	For the three-month periods ended	
	30 September	
	2011	2010
Profit for the periods (Thousand Baht)	689,612	513,309
Weighted average number of shares (Thousand shares)	728,152	728,152
Earnings per share for the periods (Baht/share)	0.95	0.70
	For the nine-month periods ended	
	30 September	
	2011	2010
Profit for the periods (Thousand Baht)	2,032,217	1,573,073
Weighted average number of shares (Thousand shares)	728,152	728,152
Earnings per share for the periods (Baht/share)	2.79	2.16

**5.25 Related party transactions**

	(Unit: Thousand Baht)			
	As at 31 December 2010	Increase	Decrease	As at 30 September 2011
<b><u>Outstanding balance</u></b>				
<b>Parent company:</b>				
TISCO Financial Group Plc.				
Other assets	2,344	-	-	2,344
Deposits	6,461	2,295	(2,207)	6,549
Accrued interest payable	93	575	(236)	432
Borrowings	387,000	1,096,000	(681,000)	802,000
Dividend payable	1,019,246	669,900	(1,689,146)	-
Other liabilities	74,588	22,302	(28,940)	67,950

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at 31 December 2010	Increase	Decrease	As at 30 September 2011
<b><u>Outstanding balance</u></b>				
<b>Related companies (under the same parent company)</b>				
Loans:				
TISCO Tokyo Leasing Co., Ltd.	100,000	200,000	(295,000)	5,000
Dividend receivable:				
TISCO Leasing Co., Ltd.	-	22,499	(22,499)	-
Other Assets:				
TISCO Securities Co., Ltd.	-	154	(47)	107
TISCO Learning Center Co., Ltd.	-	5,654	(5,654)	-
Deposits:				
Hi-Way Co., Ltd.	21,993	12,876	(18,433)	16,436
TISCO Information Technology Co., Ltd.	7,054	-	(4,747)	2,307
Primus Leasing Co., Ltd.	33,699	-	(3,576)	30,123
TISCO Tokyo Leasing Co., Ltd.	23	706	(652)	77
TISCO Learning Center Co., Ltd.	-	6,451	(2,337)	4,114
TISCO Investment Advisory Co., Ltd.	-	1,000	(99)	901
TISCO Leasing Co., Ltd.	3,925	6,701	(3,208)	7,418
Interbank and money market items (liabilities):				
TISCO Securities Co., Ltd.	515,701	455,855	(503,229)	468,327
TISCO Asset Management Co., Ltd.	54,139	-	(48,258)	5,881
Borrowings:				
TISCO Information Technology Co., Ltd.	30,000	50,000	-	80,000
TISCO Leasing Co., Ltd.	10,000	25,000	(10,000)	25,000
TISCO Learning Center Co., Ltd.	-	21,000	(14,000)	7,000
Accrued interest payable:				
TISCO Securities Co., Ltd.	51	32	(83)	-
TISCO Asset Management Co., Ltd.	98	-	(97)	1
Hi-Way Co., Ltd.	-	114	(39)	75
TISCO Information Technology Co., Ltd.	7	48	(20)	35
TISCO Leasing Co., Ltd.	1	72	(34)	39
TISCO Learning Center Co., Ltd.	-	17	-	17
Other liabilities:				
TISCO Learning Center Co., Ltd.	-	2,030	(752)	1,278

## (Unaudited but reviewed)

(Unit Thousand Baht)

	For the three-month periods ended		For the nine-month periods ended		Terms and pricing policy  (For the period 2011)
	30 September		30 September		
	2011	2010	2011	2010	
<b>Transactions occurred during the</b>					
<b><u>three-month and nine-month</u></b>					
<b><u>periods ended 30 September</u></b>					
<b>Parent company</b>					
Risk and financial management fee income, human resources management fee income and office administration fee income	222,697	227,420	722,760	711,945	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest expenses	3,114	616	11,979	2,980	With reference to the terms and prices as offered to other customers
Others expenses	2,344	2,344	7,032	5,806	With reference to the terms and prices as offered to other customers
<b>Related companies (under the same parent company)</b>					
Interest incomes	1,842	412	3,723	1,083	With reference to the terms and prices as offered to other customers
Other incomes	449	423	1,305	1,268	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	53,250	52,750	159,750	158,250	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	6,737	-	21,096	-	With reference to the prices as offered from other service providers
Interest expenses	926	493	2,015	1,756	With reference to the terms and prices as offered to other customers
Others expenses	318	2,844	978	4,295	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 2011	31 December 2010
Loans	119	196

Liabilities payable to directors and management

(Unit: Thousand Baht)

	As at 30 September 2011
Deposits	30,226
Debt issued and Borrowings	21,610

Besides the above transactions, the Bank has additional related party transaction with its parent company, which is presented in Note 6.1 to the financial statements.

#### Directors and management's remuneration

For the three-month and nine-month periods ended 30 September 2011, the Bank paid directors and management's remuneration totaling Baht 20 million and Baht 53 million, respectively. This is composed of monthly remuneration, meeting allowances, salaries, bonus and provident fund contributions.

In addition, the Bank recorded directors' and management's post-employment benefit expenses for the three-month and nine-month periods ended 30 September 2011 totaling Baht 0.4 million and Baht 1.2 million, respectively.

#### **5.26 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.



**5.27 Commitments and contingent liabilities**

## 5.27.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	30 September 2011	31 December 2010
Avals	11,880	194,136
Other guarantees	4,838,046	888,386
Undrawn client overdraft facilities	35,167	33,273
Interest rate swap agreements	3,332,000	300,000
Cross currency swap agreements	7,233,879	180,908
	<u>15,450,972</u>	<u>1,596,703</u>

## 5.27.2 Litigation

As at 30 September 2011, the Bank has been sued for compensation totaling approximately Baht 146 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 184 million as at 30 September 2011). 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.

## 5.27.3 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 2011, 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	78
1 to 3 years	95

## 6. Significant events during the period

On 25 February 2011, the 2011 Annual General Meeting of Shareholders of the Bank passed the resolutions as follows:

- Approval for the disposal of TISCO Leasing Company Limited to TISCO Financial Group Public Company Limited at a price equal to the book value as at 31 December 2010 net the dividend payment made from retain earning of TISCO Leasing Company Limited up to the end of the year 2010. In this regard, the Bank disposed of all of its investment in TISCO Leasing Company Limited to TISCO Financial Group Public Company Limited on 27 June 2011. The Bank received payment of Baht 137 million and recorded a gain from the sale of Baht 51 million.
- Approval an amendment on the Bank's memorandum of association "No.4 registered capital" to accord with the Bank's fully paid-up registered capital. The Bank's issued and fully paid-up registered capital is Baht 11,002 million which consists of 728,152,146 ordinary shares of Baht 10 each and 372,047,854 preference shares of Baht 10 each. On 1 March 2011, the Bank registered the amendment with the Ministry of Commerce.

## 7. Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend
		Preference share	Ordinary share	dividend paid	payment period
		(Baht per share)	(Baht per share)	(Million Baht)	
Interim dividends for 2011	The Board of Directors' Meeting of TISCO Bank No.6/2011 on 30 August 2011	0.92	0.92	670	September 2011
Total dividend payment in year 2011				670	

## **8. Subsequent event**

### **8.1 The impact of the floods**

In October 2011, there was severe and widespread flooding in Thailand which has impacted business plans, operating results and financial positions, including asset values, of entrepreneurs in the country. Despite government efforts to resolve these issues, it remains uncertain whether when the situation will return to normal. The Bank are in the process of estimating the impact of the floods to the Bank.

### **8.2 Change in corporate income tax rate**

As at 30 September 2011, the Bank have deferred tax assets of Baht 1,071 million and which were recorded based on the applicable corporate income tax rate of 30% that was in effect at the end of the reporting period. However, on 11 October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% in 2012, and then to 20% from 2013. If the Bank were to apply these new rates in its tax calculation, its deferred tax assets and deferred tax liabilities outstanding as at 30 September 2011 would be affected.

The Bank will utilise tax benefit from some deferred tax assets within year 2011. The outstanding balance of deferred tax assets and deferred tax liabilities will be reduced in accordance with the new tax rate when effective. In this respect, deferred tax assets net of deferred tax liabilities is estimated to be reduced by approximately Baht 60 - 120 million.

## **9. Reclassification**

The Bank has reclassified certain amounts in the financial statements as at 31 December 2010 and for the three-month and nine-month periods ended 30 September 2010 to conform to the current period's classifications, which are in accordance with the format stipulated by the BOT under its Notification No. Sor Nor Sor. 11/2553 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", which is effective for fiscal years beginning on or after 1 January 2011, and comply with new accounting standards, as mentioned in Note 1.2 to the financial statements. These reclassifications have no effect to previously reported profit and shareholders' equity. Reclassifications are as follows:

(Unaudited but reviewed)

(Units: Million Baht)

As at 31 December 2010

	After reclassification	As previously report
<b>Statements of financial position</b>		
Derivatives assets	13	-
Investments - net	4,965	5,100
Investments in subsidiaries - net	135	-
Intangible assets - net	121	-
Other assets	856	990
Other components of shareholders' equity	14	-
Revaluation surplus on investments	-	14

(Unit: Million Baht)

For the three-month period ended

30 September 2010

	After reclassification	As previously report
<b>Statements of comprehensive income</b>		
Interest incomes	2,223	-
Interest and dividend incomes	-	2,234
Interest expenses	613	548
Fee and service incomes	347	347
Fee and service expenses	16	-
Gain on trading and foreign exchange transactions	4	-
Gain on exchange	-	2
Gain on investments	137	134
Penalty fee income from loans	44	-
Income from business promotion relating to the business	65	-
Other operating incomes	39	-
Other incomes	-	136
Other operating expenses	935	-
Non-interest expenses	-	1,016
Bad debts, doubtful accounts and impairment loss of debt securities	564	-
Bad debts and doubtful accounts	731	558

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended

30 September 2010

	After reclassification	As previously report
<b>Statements of comprehensive income</b>		
Interest incomes	6,372	-
Interest and dividend incomes	-	6,429
Interest expenses	1,694	1,492
Fee and service incomes	929	929
Fee and service expenses	46	-
Gain on trading and foreign exchange transactions	8	-
Gain on investments	157	156
Penalty fee income from loans	130	-
Income from business promotion relating to the business	170	-
Other operating incomes	263	-
Other incomes	-	507
Other operating expenses	2,829	-
Non-interest expenses	-	3,078
Bad debts, doubtful accounts and impairment loss of debt securities	1,222	-
Bad debts and doubtful accounts	2,238	2,238

#### 10. Approval of interim financial statements

These financial statements were approved by the Bank's Audit Committee on 1 November 2011.