

TISCO Financial Group Public Company Limited  
and its subsidiary companies  
Report and interim financial statements  
30 June 2016



Building a better  
working world

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## Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of TISCO Financial Group Public Company Limited

I have reviewed the accompanying consolidated statements of financial position of TISCO Financial Group Public Company Limited and its subsidiaries as at 30 June 2016, the related consolidated statements of comprehensive income for the three-month and six-month period ended 30 June 2016, the related consolidated statements of changes in equity, and cash flows for the six-month period then ended as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of TISCO Financial Group Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Somjai Khunapasut  
Certified Public Accountant (Thailand) No. 4499

EY Office Limited  
Bangkok: 8 August 2016

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 30 June 2016**

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Assets</b>					
Cash	974,371	1,101,291	70	70	
Interbank and money market items - net	28,869,591	31,162,645	672,968	416,723	
Investments - net	3.3, 3.7	7,131,268	8,332,419	762,774	773,250
Investments in subsidiaries and joint venture - net	3.4	346,441	284,107	19,370,076	19,370,077
Loans to customers and accrued interest receivables	3.5, 3.7				
Loans to customers		251,678,411	259,724,989	2,241,400	2,699,200
Accrued interest receivables		521,451	542,488	-	-
Total loans to customers and accrued interest receivables		252,199,862	260,267,477	2,241,400	2,699,200
Less: Deferred revenue		(20,845,754)	(21,465,152)	-	-
Less: Allowance for doubtful accounts	3.6	(6,792,370)	(6,168,270)	-	-
Loans to customers and accrued interest receivables - net		224,561,738	232,634,055	2,241,400	2,699,200
Properties foreclosed - net		9,296	47,390	-	-
Investment properties		32,157	32,157	778,245	778,245
Premises and equipment - net		2,601,115	2,633,339	880,161	877,253
Intangible assets - net		431,242	379,659	85,294	90,562
Deferred tax assets		469,431	317,686	126,897	130,154
Securities and derivatives business receivables - net		1,828,246	1,130,190	-	-
Dividend receivable from subsidiaries		-	-	-	1,842,237
Other assets	3.8	2,968,296	2,238,741	126,040	152,048
<b>Total assets</b>		<b>270,223,192</b>	<b>280,293,679</b>	<b>25,043,925</b>	<b>27,129,819</b>

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

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 30 June 2016**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits	3.9	152,001,229	158,344,190	-	-
Interbank and money market items - net		11,361,294	10,030,060	-	-
Liabilities payable on demand		282,215	356,335	-	-
Derivatives liabilities	3.2	49,391	41,898	-	-
Debts issued and borrowings	3.10	67,045,919	74,518,919	6,350,000	6,900,000
Provision for long-term employee benefits		613,938	466,933	130,398	106,791
Deferred tax liabilities		-	1,748	-	-
Securities and derivatives business payables - net		3,284,564	1,275,029	-	-
Accrued interest payable		760,157	896,969	17,784	30,285
Income tax payable		623,890	312,895	2,698	28,176
Other liabilities	3.11	5,476,862	5,854,374	1,285,342	1,033,793
<b>Total liabilities</b>		<b>241,499,459</b>	<b>252,099,350</b>	<b>7,786,222</b>	<b>8,099,045</b>

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2016

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	30 June 2016 (Unaudited but reviewed)	31 December 2015 (Audited)	30 June 2016 (Unaudited but reviewed)	31 December 2015 (Audited)
<b>Equity</b>				
<b>Share capital</b>				
<b>Registered</b>				
	339	339	339	339
33,858 preference shares of Baht 10 each				
800,669,437 ordinary shares of Baht 10 each	8,006,694	8,006,694	8,006,694	8,006,694
	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>
<b>Issued and paid-up</b>				
10,858 preference shares of Baht 10 each				
(31 December 2015 18,558 shares of Baht 10 each)	109	186	109	186
800,644,625 ordinary shares of Baht 10 each	8,006,446	8,006,369	8,006,446	8,006,369
(31 December 2015 800,636,925 shares of Baht 10 each)	8,006,555	8,006,555	8,006,555	8,006,555
<b>Share premium</b>				
Share premium on preference shares	-	-	96	163
Share premium on ordinary shares	1,018,408	1,018,408	7,031,427	7,031,360
	1,018,408	1,018,408	7,031,523	7,031,523
<b>Other components of equity</b>	1,440,417	1,381,775	104,200	94,016
<b>Retained earnings</b>				
Appropriated-statutory reserve	709,500	709,500	709,500	709,500
Unappropriated	17,447,737	16,979,196	1,405,925	3,189,180
<b>Equity attributable to owners of the Company</b>	<u>28,622,617</u>	<u>28,095,434</u>	<u>17,257,703</u>	<u>19,030,774</u>
<b>Non-controlling interest of the subsidiaries</b>	101,116	98,895	-	-
<b>Total equity</b>	<u>28,723,733</u>	<u>28,194,329</u>	<u>17,257,703</u>	<u>19,030,774</u>
<b>Total liabilities and equity</b>	<u>270,223,192</u>	<u>280,293,679</u>	<u>25,043,925</u>	<u>27,129,819</u>

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



Mrs. Oranuch Apisaksirikul

(Group Chief Executive, TISCO Group)



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TISCO Financial Group Public Company Limited

(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Statement of comprehensive income****For the three-month period ended 30 June 2016**

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

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Interest income	3.13	3,991,014	4,263,148	13,400	21,591
Interest expenses	3.14	(1,300,398)	(1,814,881)	(24,354)	(38,200)
<b>Net interest income</b>		<b>2,690,616</b>	<b>2,448,267</b>	<b>(10,954)</b>	<b>(16,609)</b>
Fee and service income		1,237,435	1,347,730	-	-
Fee and service expenses		(52,799)	(45,896)	(3,881)	(3,557)
<b>Net fee and service income</b>	3.15	<b>1,184,636</b>	<b>1,301,834</b>	<b>(3,881)</b>	<b>(3,557)</b>
Net gains (losses) on trading and foreign exchange transactions	3.16	(2,238)	35,313	(1,682)	31,840
Net gains (losses) on investments	3.17	(2,347)	12,470	-	(12)
Share of profit from investment accounted for under equity method		19,954	35,205	-	-
Dividend income		23,084	13,319	-	-
Penalty fee income from loans		90,158	87,945	-	-
Income from business promotion relating to the hire purchase business		67,004	111,947	-	-
Intercompany supporting fee income	3.25	-	-	424,062	391,820
Other operating income	3.19, 3.25	28,369	18,222	16,634	16,338
<b>Total operating income</b>		<b>4,099,236</b>	<b>4,064,522</b>	<b>424,179</b>	<b>419,820</b>
Expenses from business promotion relating to the hire purchase business		70,437	134,756	-	-
<b>Total net operating income</b>		<b>4,028,799</b>	<b>3,929,766</b>	<b>424,179</b>	<b>419,820</b>
<b>Operating expenses</b>					
Employee's expenses		1,058,841	888,778	196,439	161,607
Directors' remuneration		3,180	3,100	3,180	3,100
Premises and equipment expenses		232,538	236,602	87,707	86,698
Taxes and duties		52,441	53,167	1	1,643
Other operating expenses	3.20	258,068	251,868	24,505	28,523
<b>Total operating expenses</b>		<b>1,605,068</b>	<b>1,433,515</b>	<b>311,832</b>	<b>281,571</b>
Bad debt, doubtful accounts and impairment losses	3.18	925,534	1,243,912	-	-
<b>Profit from operating before income tax expenses</b>		<b>1,498,197</b>	<b>1,252,339</b>	<b>112,347</b>	<b>138,249</b>
Income tax expenses	3.21	289,040	243,262	21,951	28,042
<b>Profit for the period</b>		<b>1,209,157</b>	<b>1,009,077</b>	<b>90,396</b>	<b>110,207</b>

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

(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Statement of comprehensive income (continued)****For the three-month period ended 30 June 2016**

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

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Other comprehensive income</b>	3.22				
<b><i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i></b>					
Gains on valuation in available-for-sale investments		21,793	60,317	17,014	40,809
Share of other comprehensive income of joint venture:					
Cash flow hedges of joint venture		2,049	(5,670)	-	-
Income tax effects	3.23	(4,359)	(12,063)	(3,403)	(8,162)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		19,483	42,584	13,611	32,647
<b><i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i></b>					
Actuarial losses		(98,741)	(19,280)	(17,732)	(11,649)
Share of other comprehensive income of joint venture:					
Actuarial gains of joint venture		-	26	-	-
Income tax effects	3.23	19,718	3,821	3,546	2,330
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(79,023)	(15,433)	(14,186)	(9,319)
<b>Other comprehensive income for the period</b>		(59,540)	27,151	(575)	23,328
<b>Total comprehensive income for the period</b>		1,149,617	1,036,228	89,821	133,535
<b>Profit attributable to</b>					
Equity holders of the Company	3.24	1,207,637	1,003,957	90,396	110,207
Non-controlling interests of the subsidiaries		1,520	5,120		
		1,209,157	1,009,077		
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		1,149,005	1,030,882	89,821	133,535
Non-controlling interests of the subsidiaries		612	5,346		
		1,149,617	1,036,228		
<b>Earnings per share of equity holders of the Company</b>					
Basic earnings per share	3.24	1.51	1.25	0.11	0.14

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

(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Statement of comprehensive income****For the six-month period ended 30 June 2016**

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

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Interest income	3.13	8,057,613	8,636,912	28,239	47,615
Interest expenses	3.14	(2,674,800)	(3,789,113)	(51,508)	(84,444)
<b>Net interest income</b>		<b>5,382,813</b>	<b>4,847,799</b>	<b>(23,269)</b>	<b>(36,829)</b>
Fee and service income		2,576,256	2,650,226	-	-
Fee and service expenses		(110,653)	(104,299)	(7,602)	(7,272)
<b>Net fee and service income</b>	3.15	<b>2,465,603</b>	<b>2,545,927</b>	<b>(7,602)</b>	<b>(7,272)</b>
Net gains (losses) on trading and foreign exchange transactions	3.16	(35,900)	32,400	(24,140)	21,218
Net gains on investments	3.17	7,202	118,581	-	47
Share of profit from investment accounted for under equity method	3.4	39,489	55,904	-	-
Dividend income		54,304	73,539	-	-
Penalty fee income from loans		183,957	207,101	-	-
Income from business promotion relating to the hire purchase business		149,877	162,696	-	-
Intercompany supporting fee income	3.25	-	-	930,156	884,544
Other operating income	3.19, 3.25	58,123	35,469	33,618	32,835
<b>Total operating income</b>		<b>8,305,468</b>	<b>8,079,416</b>	<b>908,763</b>	<b>894,543</b>
Expenses from business promotion relating to the hire purchase business		163,115	187,427	-	-
<b>Total net operating income</b>		<b>8,142,353</b>	<b>7,891,989</b>	<b>908,763</b>	<b>894,543</b>
<b>Operating expenses</b>					
Employee's expenses		2,126,620	1,879,046	499,005	456,887
Directors' remuneration		6,360	6,230	6,360	6,230
Premises and equipment expenses		458,206	468,017	174,997	173,387
Taxes and duties		103,042	108,720	1,624	1,645
Other operating expenses	3.20	477,179	472,071	38,751	43,580
<b>Total operating expenses</b>		<b>3,171,407</b>	<b>2,934,084</b>	<b>720,737</b>	<b>681,729</b>
Bad debt, doubtful accounts and impairment losses	3.18	1,907,018	2,215,463	-	-
<b>Profit from operating before income tax expenses</b>		<b>3,063,928</b>	<b>2,742,442</b>	<b>188,026</b>	<b>212,814</b>
Income tax expenses	3.21	597,922	534,933	37,253	43,431
<b>Profit for the period</b>		<b>2,466,006</b>	<b>2,207,509</b>	<b>150,773</b>	<b>169,383</b>

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



(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Statement of comprehensive income (continued)****For the six-month period ended 30 June 2016**

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

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Other comprehensive income</b>	3.22				
<b><i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i></b>					
Gains on valuation in available-for-sale investments		50,949	37,346	13,665	55,815
Share of other comprehensive income of joint venture:					
Cash flow hedges of joint venture		22,845	(15,696)	-	-
Income tax effects	3.23	(10,190)	(7,469)	(2,733)	(11,163)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		63,604	14,181	10,932	44,652
<b><i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i></b>					
Actuarial losses		(99,391)	(20,938)	(17,732)	(11,649)
Share of other comprehensive income of joint venture:					
Actuarial gains of joint venture		-	26	-	-
Income tax effects	3.23	19,807	4,152	3,546	2,330
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(79,584)	(16,760)	(14,186)	(9,319)
<b>Other comprehensive income for the period</b>		(15,980)	(2,579)	(3,254)	35,333
<b>Total comprehensive income for the period</b>		2,450,026	2,204,930	147,519	204,716
<b>Profit attributable to</b>					
Equity holders of the Company	3.24	2,462,670	2,196,424	150,773	169,383
Non-controlling interests of the subsidiaries		3,336	11,085		
		2,466,006	2,207,509		
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		2,447,773	2,193,619	147,519	204,716
Non-controlling interests of the subsidiaries		2,253	11,311		
		2,450,026	2,204,930		
<b>Earnings per share of equity holders of the Company</b>					
Basic earnings per share	3.24	3.08	2.74	0.19	0.21

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

(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Cash flow statement****For the six-month period ended 30 June 2016**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before income tax	3,063,928	2,742,442	188,026	212,814
Adjustments to reconcile profit before income tax				
to net cash provided by (paid from) operating activities				
Depreciation and amortisation	110,229	105,651	43,529	37,495
Share of profit from investment accounted for under equity method	(39,489)	(55,904)	-	-
Bad debts and doubtful accounts	2,935,904	3,024,549	-	-
Reversal allowance for impairment of investments	4,634	(1,414)	-	(47)
Allowance for impairment of properties foreclosed	11,289	50	-	-
Gain on disposal of investments in securities	(12,414)	(120,300)	-	-
Unrealised (gain) loss on foreign exchange transactions				
and trading derivatives	31,623	(97,168)	24,140	(21,218)
Gain on disposal of equipment	(4,656)	(1,500)	(502)	-
Loss on written-off of equipment	207	972	-	-
Gain on disposal of properties foreclosed	(37,541)	(17,195)	-	-
Employee benefit expenses	50,586	43,345	6,435	6,469
Decrease in accrued income	15,777	9,870	35,683	26,838
Increase in accrued expenses	715,196	550,118	295,172	252,744
Net interest income	(5,382,813)	(4,847,799)	23,269	36,829
Dividend income	(54,304)	(73,539)	-	-
Cash received on interest income	8,222,335	8,808,216	28,200	47,704
Cash paid on interest expenses	(2,292,425)	(3,456,868)	(64,009)	(97,702)
Cash received on dividend income	51,991	72,227	1,842,237	1,693,238
Cash paid on income tax expenses	(432,218)	(682,338)	(58,659)	(59,469)
Profit from operating activities before changes				
in operating assets and liabilities	6,957,839	6,003,415	2,363,521	2,135,695
Operating assets (increase) decrease				
Interbank and money market items	2,293,063	1,059,268	(256,245)	39,646
Loans to customers	3,964,558	9,858,051	457,800	(300)
Securities and derivatives business receivables	(698,056)	182,313	-	-
Receivables from clearing house	(1,222,040)	(760,861)	-	-
Properties foreclosed	1,215,142	1,391,825	-	-
Other assets	215,477	-196,093	-9,634	35,386

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

(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the six-month period ended 30 June 2016**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Operating liabilities increase (decrease)				
Deposits	(6,342,962)	(21,029,646)	-	-
Interbank and money market items	1,331,235	2,019,785	-	-
Liabilities payable on demand	(74,120)	79,950	-	-
Securities and derivatives business payables	2,009,535	1,390,944	-	-
Short-term debts issued and borrowings	(22,973,000)	(2,673,000)	(550,000)	(310,900)
Payable to clearing house	(96,576)	(815,988)	-	-
Provision for long-term employee benefits	(2,971)	(8,012)	(560)	(858)
Other liabilities	(1,394,023)	(714,206)	(43,625)	(47,075)
<b>Net cash flows from (used in) operating activities</b>	<b>(14,816,899)</b>	<b>(4,212,255)</b>	<b>1,961,257</b>	<b>1,851,594</b>
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(3,073,533)	(9,060,386)	-	-
Cash received from disposal of investment in securities held for investment	4,309,241	14,985,509	-	-
Cash paid for purchase of equipment	(80,220)	(247,122)	(32,297)	(228,984)
Cash paid for purchase of intangible assets	(49,616)	(24,701)	(8,872)	(21,306)
Cash received from disposal of equipment	4,697	1,500	502	-
<b>Net cash flows from (used in) investing activities</b>	<b>1,110,569</b>	<b>5,654,800</b>	<b>(40,667)</b>	<b>(250,290)</b>
<b>Cash flows from financing activities</b>				
Cash received from issuance of long-term debentures	15,500,000	1,000,000	-	-
Cash paid for redemption of long-term debentures	-	(1,000,000)	-	-
Dividend paid	(1,920,590)	(1,601,443)	(1,920,590)	(1,601,304)
<b>Net cash flows from (used in) financing activities</b>	<b>13,579,410</b>	<b>(1,601,443)</b>	<b>(1,920,590)</b>	<b>(1,601,304)</b>
<b>Net decrease in cash</b>	<b>(126,920)</b>	<b>(158,898)</b>	<b>-</b>	<b>-</b>
Cash at beginning of the period	1,101,291	1,180,482	70	70
<b>Cash at end of the period</b>	<b>974,371</b>	<b>1,021,584</b>	<b>70</b>	<b>70</b>

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

(Unaudited but reviewed)

## TISCO Financial Group Public Company Limited and its subsidiaries

## Statement of changes in equity

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
Other components of equity													
Note	Issued and paid-up		Share premium on ordinary shares	Surplus (deficit) on changes in value of available-for-sale investments	Surplus on revaluation of assets	Share of other comprehensive income of joint venture	Adjustment from business combination of entities under common control under holding restructuring plan	Total other components of equity	Retained earnings		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
	Preference shares	Ordinary shares							Appropriated	Unappropriated			
<b>Balance as at 1 January 2015</b>	336	8,006,219	1,018,408	101,480	909,249	(9,641)	679,266	1,680,354	596,300	14,429,068	25,730,685	93,008	25,823,693
Dividend paid	4	-	-	-	-	-	-	-	-	(1,601,304)	(1,601,304)	-	(1,601,304)
Profit for the period	-	-	-	-	-	-	-	-	-	2,196,424	2,196,424	11,085	2,207,509
Other comprehensive income for the period	-	-	-	29,877	-	(15,696)	-	14,181	-	(16,986)	(2,805)	226	(2,579)
Total comprehensive income for the period	-	-	-	29,877	-	(15,696)	-	14,181	-	2,179,438	2,193,619	11,311	2,204,930
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(4,970)	-	-	(4,970)	-	4,970	-	-	-
<b>Balance as at 30 June 2015</b>	336	8,006,219	1,018,408	131,357	904,279	(25,337)	679,266	1,689,565	596,300	15,012,172	26,323,000	104,319	26,427,319
<b>Balance as at 1 January 2016</b>	186	8,006,369	1,018,408	(166,292)	899,244	(30,443)	679,266	1,381,775	709,500	16,979,196	28,095,434	98,895	28,194,329
Dividend paid	4	-	-	-	-	-	-	-	-	(1,920,590)	(1,920,590)	-	(1,920,590)
Profit for the period	-	-	-	-	-	-	-	-	-	2,462,670	2,462,670	3,336	2,466,006
Other comprehensive income for the period	-	-	-	40,759	-	22,845	-	63,604	-	(78,501)	(14,897)	(1,083)	(15,980)
Total comprehensive income for the period	-	-	-	40,759	-	22,845	-	63,604	-	2,384,169	2,447,773	2,253	2,450,026
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(4,962)	-	-	(4,962)	-	4,962	-	-	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(32)	(32)
Preference shares converted to ordinary shares	(77)	77	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2016</b>	109	8,006,446	1,018,408	(125,533)	894,282	(7,598)	679,266	1,440,417	709,500	17,447,737	28,622,617	101,116	28,723,733

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

(Unaudited but reviewed)

## TISCO Financial Group Public Company Limited and its subsidiaries

## Statement of changes in equity (continued)

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

	Separate financial statements										
	Other components of equity										
	Issued and paid-up		Share premium		Surplus (deficit) on change in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	Retained earnings		Total	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares				Appropriated	Unappropriated		
Note											
<b>Balance as at 1 January 2015</b>		336	8,006,219	295	7,031,228	(12,198)	229,490	217,292	596,300	2,646,851	18,498,521
Dividend paid	4	-	-	-	-	-	-	-	-	(1,601,304)	(1,601,304)
Profit for the period		-	-	-	-	-	-	-	-	169,383	169,383
Other comprehensive income for the period		-	-	-	-	44,652	-	44,652	-	(9,319)	35,333
Total comprehensive income for the period		-	-	-	-	44,652	-	44,652	-	160,064	204,716
Transfer surplus on revaluation of assets to retained earnings		-	-	-	-	-	(744)	(744)	-	744	-
<b>Balance as at 30 June 2015</b>		<u>336</u>	<u>8,006,219</u>	<u>295</u>	<u>7,031,228</u>	<u>32,454</u>	<u>228,746</u>	<u>261,200</u>	<u>596,300</u>	<u>1,206,355</u>	<u>17,101,933</u>
<b>Balance as at 1 January 2016</b>		186	8,006,369	163	7,031,360	(133,973)	227,989	94,016	709,500	3,189,180	19,030,774
Dividend paid	4	-	-	-	-	-	-	-	-	(1,920,590)	(1,920,590)
Profit for the period		-	-	-	-	-	-	-	-	150,773	150,773
Other comprehensive income for the period		-	-	-	-	10,932	-	10,932	-	(14,186)	(3,254)
Total comprehensive income for the period		-	-	-	-	10,932	-	10,932	-	136,587	147,519
Transfer surplus on revaluation of assets to retained earnings		-	-	-	-	-	(748)	(748)	-	748	-
Preference shares converted to ordinary shares		(77)	77	(67)	67	-	-	-	-	-	-
<b>Balance as at 30 June 2016</b>		<u>109</u>	<u>8,006,446</u>	<u>96</u>	<u>7,031,427</u>	<u>(123,041)</u>	<u>227,241</u>	<u>104,200</u>	<u>709,500</u>	<u>1,405,925</u>	<u>17,257,703</u>

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

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2016**

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

**1.1 Basis of preparation of interim financial statements**

These interim financial statements have been prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in equity and cash flows in accordance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 21/2558 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 4 December 2015.

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 Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

**1.2 Basis of consolidation**

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2015. During the period, there was no change in the composition of the subsidiaries.

**1.3 The separate financial statements**

The Company prepares the separate financial statements, which present investments in subsidiaries and joint venture under the cost method.

#### **1.4 New financial reporting standards**

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **1.5 Significant accounting policies**

The interim financial statements have been prepared using the same accounting policies and method of computation as were used for the financial statements for the year ended 31 December 2015, except for the changes in significant accounting estimation as follows:

##### Allowance for doubtful accounts

During the first quarter of the year 2016, TISCO Bank changed an accounting estimate used for recording allowance for doubtful accounts for loan against auto license receivables, as follows:

TISCO Bank changed to setting aside allowance for doubtful accounts for loan against auto license receivables using a collective approach, based on historical loss and behavioral grading of the loan against auto license receivables, rather than rates of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivables for loans classified as pass and special mention, respectively, and at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the year of collateral disposal being set with reference to BOT's Notifications, for non-performing loans that are classified as sub-standard, doubtful and doubtful of loss.

Such allowances are set aside in accordance with the BOT's Notifications issued on 3 August 2008.

The effect of this change in accounting estimate used in recording allowance for doubtful accounts was to decrease the outstanding balance of allowance for doubtful accounts for loans against auto license receivables as at 30 June 2016 by Baht 215 million. However, TISCO Bank did not reverse the decrease in allowance for doubtful accounts to revenue and instead retained the allowance as excess reserves.

## 2. General information

### 2.1 The Company's information

TISCO Financial Group Public Company Limited (“the Company”) was incorporated as a holding company. The Company is the parent company of TISCO Group. Its registered address is 48/49 TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

### 2.2 Related party transactions

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

The Company 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 Company and those related parties, which are reference to the terms and price as charged to other customers.

## 3. Supplemental information

### 3.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 30 June 2016 and 31 December 2015 is provided below.

Company's name	Nature of Business	Country of incorporation	(Unit: Percent)	
			Percentage of shares held by the Company as at	
			30 June 2016	31 December 2015
<b><u>Subsidiaries directly held by the Company</u></b>				
TISCO Bank Public Company Limited	Banking	Thailand	99.99	99.99
TISCO Securities Co., Ltd.	Securities business	Thailand	99.99	99.99
TISCO Asset Management Co., Ltd.	Asset management	Thailand	99.99	99.99
Hi-Way Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
TISCO Information Technology Co., Ltd.	Services	Thailand	99.99	99.99
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
Primus Leasing Co., Ltd. (In the process of liquidation)	Hire purchase	Thailand	99.99	99.99
TISCO Learning Center Co., Ltd.	Services	Thailand	99.99	99.99
All-Ways Co., Ltd.	Services	Thailand	99.97	99.97
<b><u>Subsidiaries indirectly held by the Company</u></b>				
Deutsche TISCO Investment Advisory Co., Ltd.	Securities business	Thailand	51.00	51.00



### 3.2 Derivatives

The subsidiary company operating banking business entered into interest rate swap agreements to manage the risk associated with its loans to customers as follows:

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements as at					
	30 June 2016			31 December 2015		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Interest rate	-	49,391	1,200,000	-	41,898	1,200,000
Total	-	49,391	1,200,000	-	41,898	1,200,000

All counterparties of these derivative transactions are financial institutions.

### 3.3 Investments

#### 3.3.1 Classified by type of investment

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 June 2016	31 December 2015
<b>Available-for-sale investments - fair value</b>		
Government and state enterprise securities	4,221,085	5,352,523
Private sector debt securities	1,287,358	1,398,187
Foreign sector debt securities	-	5
Domestic marketable equity securities	391,671	335,047
Other securities - domestic unit trusts	28,709	28,519
Other securities - foreign unit trusts	762,774	773,250
Less: Allowance for impairment	(1,460)	(1,460)
<b>Total available-for-sale investments</b>	<b>6,690,137</b>	<b>7,886,071</b>
<b>Held-to-maturity debt securities - cost/amortised cost</b>		
Investment in receivables	13,819	14,402
Less: Allowance for impairment	(13,633)	(14,211)
<b>Total held-to-maturity debt securities</b>	<b>186</b>	<b>191</b>
<b>General investments - cost</b>		
Domestic non-marketable equity securities	493,479	493,479
Less: Allowance for impairment	(52,534)	(47,322)
<b>Total general investments</b>	<b>440,945</b>	<b>446,157</b>
<b>Investments - net</b>	<b>7,131,268</b>	<b>8,332,419</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements as at	
	30 June 2016	31 December 2015
<b>Available-for-sale investments - fair value</b>		
Other securities - foreign unit trusts	762,774	773,250

### 3.3.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	Consolidated financial statements as at							
	30 June 2016				31 December 2015			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>								
Government and state enterprise securities	4,219	-	2	4,221	4,605	747	-	5,352
Private sector debt securities	183	1,104	-	1,287	107	1,291	-	1,398
<b>Total</b>	<b>4,402</b>	<b>1,104</b>	<b>2</b>	<b>5,508</b>	<b>4,712</b>	<b>2,038</b>	<b>-</b>	<b>6,750</b>
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
<b>Total</b>	<b>4,401</b>	<b>1,104</b>	<b>2</b>	<b>5,507</b>	<b>4,711</b>	<b>2,038</b>	<b>-</b>	<b>6,749</b>
<b>Held-to-maturity debt securities</b>								
Investment in receivables	14	-	-	14	14	-	-	14
Less: Allowance for impairment	(14)	-	-	(14)	(14)	-	-	(14)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total debt securities</b>	<b>4,401</b>	<b>1,104</b>	<b>2</b>	<b>5,507</b>	<b>4,711</b>	<b>2,038</b>	<b>-</b>	<b>6,749</b>

### 3.3.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at		Type of restriction
	30 June 2016	31 December 2015	
Government debt securities	2	2	Pledged for electricity usage

(Unaudited but reviewed)

### 3.3.4 Investments in companies with weak financial positions and poor operating results of a subsidiary company operating banking business

(Unit: Thousand Baht)

	Consolidated financial statements as at 30 June 2016		
	Cost	Fair value	Allowance for changes in value
Companies having problems with debt repayment or in default	7,060	-	7,060

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2015		
	Cost	Fair value	Allowance for changes in value
Companies having problems with debt repayment or in default	7,060	-	7,060

### 3.3.5 Investments in which a subsidiary company operating banking business holds not less than 10 percent of the equity of the investees

(Unit: Thousand Baht)

Securities' name	Consolidated financial statements as at					
	30 June 2016			31 December 2015		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
<b>Services:</b>						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
<b>Trading import and export:</b>						
Shin Thai Enterprises Co., Ltd.	331	-	10	5,707	-	10
PDTL Trading Co., Ltd.	4,265	-	10	4,372	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
<b>Real estate:</b>						
UMI Property Co., Ltd.	3,233	-	10	3,468	-	10
<b>Industrial:</b>						
Siam Art Ceramic Co., Ltd.	17,622	-	10	17,127	-	10

### 3.4 Investment in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements as at		Separate financial statements as at	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Investment in subsidiaries	-	-	19,296,831	19,296,832
Investment in joint venture	346,441	284,107	73,245	73,245
	<u>346,441</u>	<u>284,107</u>	<u>19,370,076</u>	<u>19,370,077</u>

#### 3.4.1 Investment in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		Type of investment as at		Percentage of holding as at		Investment value - cost method as at		Dividend received for the six-month periods ended	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015
				(%)	(%)				
<b>Subsidiaries directly held by the Company</b>									
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.99	17,641	17,641	-	-
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	-	-
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	-	-
Hi-Way Co., Ltd.	Hire purchase and retail loan	Preference shares	Preference shares	99.99	99.99	3	3	-	-
		Ordinary shares	Ordinary shares	99.99	99.99	270	270	-	-
TISCO Information Technology Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	22	22	-	-
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Ordinary shares	Ordinary shares	99.99	99.99	137	137	-	-
Primus Leasing Co., Ltd. (In the process of liquidation)	Hire purchase	Ordinary shares	Ordinary shares	99.99	99.99	142	142	-	-
TISCO Learning Center Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	5	5	-	-
All-Ways Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.97	99.97	1	1	-	-
						<u>19,406</u>	<u>19,406</u>	<u>-</u>	<u>-</u>
Less: Allowance for impairment						<u>(109)</u>	<u>(109)</u>		
Investment in subsidiaries - net						<u>19,297</u>	<u>19,297</u>		

## 3.4.2 Investment in joint venture

## a) Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

		(Unit: Thousand Baht)							
		Consolidated financial statements							
Jointly controlled entity	Nature of business	Shareholding percentage as at				Cost as at		Carrying amounts based on equity method as at	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
		(%)	(%)						
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	346,441	284,107		
		(Unit: Thousand Baht)							
		Separate financial statements							
Jointly controlled entity	Nature of business	Shareholding percentage as at				Allowance for impairment of investment as at		Carrying amounts based on cost method - net as at	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
		(%)	(%)						
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	-	-	73,245	73,245

## b) Share of profit/loss and dividend received

During the period, the Company recognised its share of profit/loss from investment in joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

		(Unit: Thousand Baht)					
		Consolidated financial statements				Separate financial statements	
Jointly controlled entity		Share of profit/loss from investment in joint venture for the three-month periods ended 30 June		Share of other comprehensive income from investments in joint venture for the three-month periods ended 30 June		Dividend received for the three-month periods ended 30 June	
		2016	2015	2016	2015	2016	2015
TISCO Tokyo Leasing Co., Ltd.		19,954	35,205	2,049	(5,644)	-	-

(Unaudited but reviewed)

Jointly controlled entity	Consolidated financial statements				(Unit: Thousand Baht) Separate financial statements	
			Share of other			
	Share of profit/loss from investment in joint venture for the six-month periods ended 30 June		comprehensive income from investments in joint venture for the six-month periods ended 30 June		Dividend received for the six-month periods ended 30 June	
	2016	2015	2016	2015	2016	2015
TISCO Tokyo Leasing Co., Ltd.	39,489	55,904	22,845	(15,670)	-	-

### 3.5 Loans to customers and accrued interest receivables

#### 3.5.1 Classified by loans to customers type

	(Unit: Thousand Baht)	
	Consolidated financial statements as at	
	30 June 2016	31 December 2015
<b>Loans to customers</b>		
Loans	69,128,402	67,597,088
Hire purchase receivables	182,158,571	191,591,969
Finance lease receivables	630,066	794,467
Less: Deferred revenue	(20,845,754)	(21,465,152)
Advances received from finance lease receivables	(238,628)	(258,535)
Total loans to customers	230,832,657	238,259,837
Add: Accrued interest receivables	521,451	542,488
Less: Allowance for doubtful accounts	(6,792,370)	(6,168,270)
Loans to customers and accrued interest receivables - net	224,561,738	232,634,055

	(Unit: Thousand Baht)	
	Separate financial statements as at	
	30 June 2016	31 December 2015
<b>Loans to customers</b>		
Loans	2,241,400	2,699,200
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	2,241,400	2,699,200

## 3.5.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements as at					
	30 June 2016			31 December 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	230,832,657	-	230,832,657	238,259,837	-	238,259,837
Total loans to customers net of deferred revenue	230,832,657	-	230,832,657	238,259,837	-	238,259,837

(Unit: Thousand Baht)

	Separate financial statements as at					
	30 June 2016			31 December 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,241,400	-	2,241,400	2,699,200	-	2,699,200
Total loans to customers net of deferred revenue	2,241,400	-	2,241,400	2,699,200	-	2,699,200

## 3.5.3 Classified by loan classification of a subsidiary company operating banking business

(Unit: Million Baht)

	As at					
	30 June 2016			31 December 2015		
	Net amount			Net amount		
	Loans to customers and accrued interest receivables	used for setting up allowance for doubtful accounts	Allowance for doubtful accounts <sup>(1) (2)</sup>	Loans to customers and accrued interest receivables	used for setting up allowance for doubtful accounts	Allowance for doubtful accounts <sup>(1) (2)</sup>
Provision under BOT's guidelines						
- Pass	205,202	183,843	2,027	211,415	189,112	1,871
- Special mention	16,137	15,889	1,223	16,448	16,195	1,163
- Sub-standard	2,667	2,586	763	2,713	2,690	931
- Doubtful	1,544	1,539	432	1,938	1,931	599
- Doubtful of loss	2,105	1,583	676	2,255	1,695	694
Allowance established in excess	-	-	1,134	-	-	312
Total	227,655	205,440	6,255	234,769	211,623	5,570

<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 finance lease receivables, for which TISCO Bank does not deduct the collateral value from the outstanding loan balance).

<sup>(2)</sup> As at 30 June 2016, the provisions set aside by TISCO Bank exceeded the BOT's notification No. Sor Nor Sor 31/2551 minimum requirement by a total of Baht 1,901 million (As at 31 December 2015: total of Baht 1,131 million). TISCO Bank allocated Baht 767 million of the excess provision to specific provision for individual debtors (As at 31 December 2015: total of Baht 819 million) and so combined with the minimum provision requirement of Baht 4,354 million (As at 31 December 2015: total of Baht 4,439 million), the total provision set aside in accordance with BOT requirements is Baht 5,121 million (As at 31 December 2015: total of Baht 5,258 million).

	Percentage of allowance for doubtful accounts set up					
	Hire purchase receivables <sup>(1)</sup>		Loan against auto		Other loans <sup>(2)</sup>	
			license receivables <sup>(1)</sup>			
	As at		As at		As at	
30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	
Pass	0.77	0.68	1.51	1.12	1	1
Special mention	5.71	5.34	16.80	16.80	2	2
Sub-standard	24.19	23.38	32.96	100	100	100
Doubtful	23.63	22.91	32.96	100	100	100
Doubtful of loss	22.79	22.57	32.96	100	100	100

<sup>(1)</sup> These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

<sup>(2)</sup> These percentages are the rates used to set aside allowance for doubtful accounts in accordance with the BOT's minimum requirement.

<sup>(3)</sup> As at 31 December 2015, TISCO Bank did not use collective approach for loan against auto license receivables.

### 3.5.4 Hire purchase and finance lease receivables

As at 30 June 2016, receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 161,957 million (31 December 2015: Baht 170,900 million) and mostly comprise hire purchase agreements for cars, and finance lease agreements for machines and equipment for business operations. 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)

	Consolidated financial statements as at 30 June 2016				
	Amounts of installments due under the long-term lease agreements				
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	60,907	108,614	4,974	8,294	182,789
Less: Deferred revenue <sup>(1)</sup>	(7,965)	(9,520)	(154)	(2,954)	(20,593)
Advances received from finance lease receivables	(42)	(195)	-	(2)	(239)
Present value of minimum lease pay from agreements	52,900	98,899	4,820	5,338	161,957
Allowance for doubtful accounts <sup>(2)</sup>					(3,494)
Net hire purchase and finance lease receivables					158,463

<sup>(1)</sup> Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

<sup>(2)</sup> These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.



(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015

	Amounts of installments due under the long-term lease agreements				
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	63,210	115,256	5,267	8,653	192,386
Less: Deferred revenue <sup>(1)</sup>	(8,390)	(10,115)	(163)	(2,559)	(21,227)
Advances received from finance lease receivables	(37)	(222)	-	-	(259)
Present value of minimum lease pay from agreements	54,783	104,919	5,104	6,094	170,900
Allowance for doubtful accounts <sup>(2)</sup>					(3,571)
Net hire purchase and finance lease receivables					167,329

<sup>(1)</sup> Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.<sup>(2)</sup> These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

### 3.5.5 Loans to customers of subsidiary companies for which the recognition of interest income has been ceased

(Unit: Million Baht)

	Amounts calculated under BOT's guidelines <sup>(2)</sup> as at		Amounts calculated under TISCO Bank's policy as at	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	TISCO Bank			
Loans to customers for which the recognition of interest income has been ceased <sup>(1)</sup>	7,797	7,315	7,797	8,184

<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.

(Unit: Million Baht)

	As at	
	30 June 2016	31 December 2015
Other subsidiaries		
Hire purchase receivables, finance lease receivables and other loans and receivables for which the recognition of interest income has been ceased	763	880

(Unaudited but reviewed)

3.5.6 Deferred revenue which is presented as a deduction against loans to customers of subsidiary companies

(Unit: Million Baht)

	Consolidated financial statements as at	
	30 June	31 December
	2016	2015
Deferred revenue <sup>(1)</sup>	20,846	21,465

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

3.5.7 Troubled debt restructuring of a subsidiary company operating banking business

	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Debtors restructured during the period				
Number of debtors restructured by modification of terms (number)	1,356	2,302	3,449	3,992
Loan balances before restructuring (Million Baht)	382	791	954	1,400
Loan balances after restructuring (Million Baht)	385	796	963	1,409
Loss on troubled debt restructuring (Million Baht)	-	-	-	-
Average contract period of debt restructuring (years)				
Hire purchase receivables	5	5	5	5
Mortgage loan receivables	2	9	2	4
Loan against auto license receivables	4	4	4	4
Commercial lending receivables	-	2	-	2

Supplemental information for the three-month and six-month periods ended 30 June 2016 and 2015 relating to the restructured debts is as follows:

(Unit: Million Baht)

	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Interest income on restructured receivables	84	34	165	59
Receipt of principal and interest	230	121	453	207

(Unaudited but reviewed)

As at 30 June 2016 and 31 December 2015, a subsidiary company operating banking business has the outstanding balances with troubled debt restructuring debtors as follows:

(Unit: Million Baht)

	As at			
	30 June 2016		31 December 2015	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	14,624	4,240	11,757	3,754

### 3.6 Allowance for doubtful accounts

#### 3.6.1 Allowance for doubtful accounts - classified by receivables classification

(Unit: Thousand Baht)

Consolidated financial statements as at 30 June 2016							
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	1,986,095	1,269,078	1,073,807	712,133	815,222	311,935	6,168,270
Increase (decrease) in allowance for doubtful accounts during the period	154,503	53,429	(108,902)	1,017,812	997,377	821,685	2,935,904
Bad debt written-off	(349)	(6,990)	(80,407)	(1,200,325)	(1,023,733)	-	(2,311,804)
Balance - end of period	2,140,249	1,315,517	884,498	529,620	788,866	1,133,620	6,792,370

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2015							
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	1,953,919	2,599,444	1,208,484	734,070	263,755	190,751	6,950,423
Increase in allowance for doubtful accounts during the year	34,373	2,327,517	543,692	2,743,797	1,317,153	121,184	7,087,716
Transfer in (transfer out)	-	(3,636,960)	-	-	3,636,960	-	-
Bad debt written-off	(2,197)	(20,923)	(678,369)	(2,765,734)	(4,402,646)	-	(7,869,869)
Balance - end of year	1,986,095	1,269,078	1,073,807	712,133	815,222	311,935	6,168,270

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

(Unit: Thousand Baht)

Consolidated financial statements as at 30 June 2016				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	2,300,466	3,555,869	311,935	6,168,270
Increase (decrease) in allowance for doubtful accounts during the period	(646,108)	2,760,327	821,685	2,935,904
Bad debt written-off	(84,158)	(2,227,646)	-	(2,311,804)
Balance - end of period	1,570,200	4,088,550	1,133,620	6,792,370

(Unaudited but reviewed)

(Unit: Thousand Baht)

## Consolidated financial statements as at 31 December 2015

	Individual impairment	Collective impairment	Allowance	Total
			established in excess	
Balance - beginning of year	3,492,971	3,266,701	190,751	6,950,423
Increase in allowance for doubtful accounts during the year	3,060,470	3,906,062	121,184	7,087,716
Bad debt written-off	(4,252,975)	(3,616,894)	-	(7,869,869)
Balance - end of year	2,300,466	3,555,869	311,935	6,168,270

### 3.6.3 Non-performing loans to customers of a subsidiary company operating banking business

(Unit: Million Baht)

	As at	
	30 June 2016	31 December 2015
Non-performing loans to customers	6,316	6,906
Allowance for doubtful accounts <sup>(1)</sup>	1,871	2,224

<sup>(1)</sup> These allowance for doubtful accounts included the allowance for doubtful account from assigning provision in excess of BOT's minimum requirement to specific for individual debtors.

## 3.7 Classification of assets

### 3.7.1 Investments in companies with weak financial position and poor operating results of a subsidiary company operating banking business

(Unit: Million Baht)

	Cost as at		Fair value as at		Allowance for possible loss provided in the accounts as at	
	30 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015
Debt securities - debentures <sup>(1)</sup>	1	1	-	-	1	1
Equity securities - ordinary shares <sup>(2)</sup>	6	6	-	-	6	6

<sup>(1)</sup> Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

<sup>(2)</sup> Investments in securities of companies which are vulnerable to delisting, of companies whose auditors have expressed opinions citing the going concern issue, or of companies which have defaulted on interest payment.

### 3.7.2 Classification of assets under the Bank of Thailand's guidelines of a subsidiary company operating banking business

As at 30 June 2016 and 31 December 2015, the quality of assets of a subsidiary company operating banking business classified in accordance with the Bank of Thailand's guidelines is as follows:

	(Unit: Million Baht)									
	Loans to customers <sup>(1)</sup>		Investments in securities		Investments in receivables		Properties foreclosed		Total	
	as at		as at		as at		as at		as at	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Pass	231,905	238,906	-	-	-	-	-	-	231,905	238,906
Special mention	15,949	16,254	-	-	-	-	-	-	15,949	16,254
Sub-standard	2,667	2,713	-	-	-	-	-	-	2,667	2,713
Doubtful	1,544	1,938	-	-	-	-	-	-	1,544	1,938
Doubtful of loss	2,105	2,255	54	49	14	14	12	1	2,185	2,319
<b>Total</b>	<b>254,170</b>	<b>262,066</b>	<b>54</b>	<b>49</b>	<b>14</b>	<b>14</b>	<b>12</b>	<b>1</b>	<b>254,250</b>	<b>262,130</b>

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

### 3.7.3 Classification of assets under the Bank of Thailand's guidelines which a subsidiary company operating banking business sets aside provision using a collective approach

#### 3.7.3.1 Hire purchase receivables

	(Unit: Million Baht)							
	Debt balance		Net amount used for setting up allowance for doubtful accounts <sup>(1)</sup>		Percentage of allowance for doubtful account setup <sup>(2)</sup>		Allowance for doubtful accounts <sup>(3)</sup>	
	as at		as at		as at		as at	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Pass	139,532	146,900	139,532	146,900	0.77	0.68	1,069	1,000
Special mention	13,998	14,458	13,998	14,458	5.71	5.34	799	772
Sub-standard	2,168	2,296	2,168	2,296	24.19	23.38	525	537
Doubtful	1,345	1,728	1,345	1,728	23.63	22.91	318	396
Doubtful of loss	1,163	1,306	1,163	1,306	22.79	22.57	265	295
<b>Total</b>	<b>158,206</b>	<b>166,688</b>	<b>158,206</b>	<b>166,688</b>			<b>2,976</b>	<b>3,000</b>

<sup>(1)</sup> The subsidiary company operating banking business does not deduct the collateral value from the outstanding loan balance for calculation of 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, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

<sup>(3)</sup> These allowance for doubtful accounts included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

## 3.7.3.2 Loan against auto license receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting the allowance for doubtful accounts		Percentage of allowance for doubtful account setup <sup>(1) (2)</sup>		Allowance for doubtful accounts <sup>(3)</sup>	
	as at		as at		as at		as at	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
					(%)	(%)		
Pass	15,470	14,772	15,470	14,772	1.51	1.12	233	165
Special mention	1,449	1,331	1,449	1,331	16.80	16.80	243	223
Sub-standard	269	296	269	296	32.96	100	89	296
Doubtful	119	116	119	116	32.96	100	39	116
Doubtful of loss	17	20	17	20	32.96	100	6	20
Total	17,324	16,535	17,324	16,535			610	820

<sup>(1)</sup> These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

<sup>(2)</sup> As at 31 December 2015, TISCO Bank did not use collective approach for loans against auto license receivables.

<sup>(3)</sup> These allowance for doubtful accounts included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

3.7.4 Hire purchase receivables/finance lease receivables and other loan receivables of the other subsidiaries classified in accordance with the Bank of Thailand's guidelines are as follows:

(Unit: Million Baht)

	Debt balance		Allowance for doubtful accounts		Debt balance - net	
	as at		as at		as at	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Pass	2,436	2,576	113	114	2,323	2,462
Special mention	543	623	92	105	451	518
Sub-standard	229	276	122	143	107	133
Doubtful	184	220	98	113	86	107
Doubtful of loss	271	299	113	122	158	177
Total	3,663	3,994	538	597	3,125	3,397

### 3.7.5 Loans to customers includes debts due from companies with weak financial position and operating results of a subsidiary company operating banking business

	Number of debtors as at		Debt balance as at		Collateral value as at		Allowance for doubtful accounts provided in the accounts as at	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015	2016	2015
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	2	-	289	-	205	-	3	-
3. Listed companies under rehabilitation	1	1	821	821	479	497	342	324
4. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>1</b>	<b>1,110</b>	<b>821</b>	<b>684</b>	<b>497</b>	<b>345</b>	<b>324</b>

### 3.8 Other assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Receivable from clearing house	1,470,176	248,136	-	-
Value added tax - net	300,063	675,142	2,154	1,089
Accrued interest receivables	16,448	19,911	-	-
Fee and service receivables	232,450	248,227	76,220	111,903
Refundable income tax and prepaid income tax	32,056	29,362	-	-
Deposits	57,278	55,982	2,112	2,106
Other receivables	434,276	558,646	679	54
Other assets	425,549	403,335	44,875	36,896
<b>Total other assets</b>	<b>2,968,296</b>	<b>2,238,741</b>	<b>126,040</b>	<b>152,048</b>

### 3.9 Deposits

#### 3.9.1 Classified by type of deposits

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 June 2016	31 December 2015
Deposits		
Current accounts	3,121,378	3,122,043
Saving accounts	48,330,177	48,272,465
Fixed accounts		
- not over 6 months	14,563,383	15,505,231
- over 6 months but not over 1 year	1,592,276	1,859,691
- over 1 year	114,681	369,246
Certificates of deposit/negotiable certificates of deposit	84,279,334	89,215,514
<b>Total</b>	<b>152,001,229</b>	<b>158,344,190</b>

#### 3.9.2 Classified by remaining period of contract

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 June 2016	31 December 2015
Not over 1 year <sup>(1)</sup>	151,627,119	157,844,248
Over 1 year	374,110	499,942
<b>Total deposits</b>	<b>152,001,229</b>	<b>158,344,190</b>

<sup>(1)</sup> Including fully-mature deposit contracts

3.9.3 As at 30 June 2016 and 31 December 2015, all outstanding deposits are deposits from domestic depositors and in Baht.

### 3.10 Debt issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,643,000	6,643,000	-	-
Unsubordinated unsecured debentures	54,016,000	60,939,000	-	-
Bills of exchange	6,386,122	6,936,122	6,350,000	6,900,000
Promissory notes	797	797	-	-
<b>Total</b>	<b>67,045,919</b>	<b>74,518,919</b>	<b>6,350,000</b>	<b>6,900,000</b>



### 3.10.1 Subordinated unsecured debentures

As at 30 June 2016 and 31 December 2015, a subsidiary company operating banking business has long-term subordinated unsecured debentures as follows:

Year	Units as at		Face value per unit (Baht)	Balance in consolidated financial statements as at		Maturity in the year	Interest rate
	30 June 2016	31 December 2015		30 June 2016	31 December 2015		
	(Million units)	(Million units)	(Million Baht)	(Million Baht)	(Million Baht)		
2012	1.00	1.00	1,000	1,000	1,000	2022	4.85 percent per annum
2012	1.24	1.24	1,000	1,243	1,243	2022	4.60 percent per annum
2014	1.60	1.60	1,000	1,600	1,600	2024	6.00 percent per annum
2014	0.80	0.80	1,000	800	800	2024	6.00 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.50 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.25 percent per annum
Total				<u>6,643</u>	<u>6,643</u>		

### 3.10.2 Unsubordinated unsecured debentures

As at 30 June 2016 and 31 December 2015, a subsidiary company operating banking business had short-term and long-term unsubordinated unsecured debentures as follows:

Year	Type of debentures	Units as at		Face value per unit (Baht)	Balance in consolidated financial statements as at		Maturity in the year	Interest rate
		30 June 2016	31 December 2015		30 June 2016	31 December 2015		
		(Million units)	(Million units)	(Million Baht)	(Million Baht)	(Million Baht)		
2015	Short-term debenture	0.60	5.60	1,000	600	5,600	2016	1.75 percent per annum
2015	Short-term debenture	22.236	39.659	1,000	22,236	39,659	2016	1.43 - 1.75 percent per annum
2015	Long-term debenture	15.68	15.68	1,000	15,680	15,680	2017	1.875 - 2.00 percent per annum
2016	Long-term debenture	5.50	-	1,000	5,500	-	2018	1.95 - 2.00 percent per annum
2016	Long-term debenture	10.00	-	1,000	10,000	-	2019	1.85 - 1.95 percent per annum
Total					<u>54,016</u>	<u>60,939</u>		

### 3.10.3 Bills of exchange

Bills of exchange comprise the fixed interest rate bearing are between 1.60 and 2.50 percent per annum which will gradually mature in 2016.

**3.11 Other liabilities**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Payable to clearing house	-	96,576	-	-
Withholding income tax and other tax payable	234,110	449,453	10,612	54,246
Accrued insurance premium	516,034	769,773	-	-
Deferred income	1,117,111	1,148,667	-	-
Accrued expenses	3,039,299	2,324,103	1,274,650	979,477
Suspense creditors	262,875	620,419	-	-
Other liabilities	307,433	445,383	80	70
<b>Total other liabilities</b>	<b>5,476,862</b>	<b>5,854,374</b>	<b>1,285,342</b>	<b>1,033,793</b>

The above accrued expenses included accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses included costs of annual bonus that are determined with reference to the Company's share price, paid to employees whose performance impacts the Company's operating results, as an incentive to work effectively and to build loyalty to the Company. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily price of the Company's shares over the period of five years from grant date to settlement date. As of 30 June 2016 and 31 December 2015, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 621 million and Baht 584 million, respectively (the Company only: Baht 325 million and Baht 307 million, respectively).

**3.12 Capital funds**

3.12.1 The primary objectives of the Group's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio, cash liquidity and others in accordance with the regulations of the Bank of Thailand or relevant regulatory agencies.

3.12.2 TISCO Bank maintains capital adequacy ratio in compliance with Basel III principles by implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, corporate lending, equity exposure and other assets.

Regarding Capital fund as at 30 June 2016 and 31 December 2015, TISCO Bank has allocated the additional reserve from classification as part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under the BOT's regulation.

(Unaudited but reviewed)

Capital funds of the Financial Business Group (under Basel III principles) are as follows:

(Unit: Thousand Baht)

	As at	
	30 June 2016	31 December 2015
<b><u>Common Equity Tier I capital</u></b>		
Issued and fully paid-up share capital	8,006,446	8,006,369
Premium on share capital	1,018,408	1,018,408
Statutory reserve	709,500	596,300
Net profits after appropriation	15,057,622	13,574,757
Other components of equity	1,430,928	1,363,340
Less: Deductions from Common Equity Tier I items	(893,504)	(1,176,479)
<b>Total Common Equity Tier I capital</b>	<b>25,329,400</b>	<b>23,382,695</b>
<b><u>Financial Instrument Tier I capital</u></b>		
Issued and paid-up share capital - non cumulative preferred shares	109	185
<b>Total Tier I capital</b>	<b>25,329,509</b>	<b>23,382,880</b>
<b><u>Tier II capital</u></b>		
Long-term subordinated debentures	6,643,000	6,643,000
Reserve for loans classified as pass	327,031	289,818
<b>Total Tier II capital</b>	<b>6,970,031</b>	<b>6,932,818</b>
<b>Total capital funds</b>	<b>32,299,540</b>	<b>30,315,698</b>

(Unit: Percent)

Capital fund ratios	As at			
	30 June 2016		31 December 2015	
	Financial Business Group	Requirement	Financial Business Group	Requirement
Common Equity Tier I capital to risk assets	13.74	5.125	12.71	4.50
Tier I capital to risk assets	13.74	6.625	12.71	6.00
Total capital to risk assets	17.52	9.125	16.48	8.50

Capital funds of TISCO Bank (under Basel III principles) are as follows:

(Unit: Thousand Baht)

	As at	
	30 June 2016	31 December 2015
<b><u>Common Equity Tier I capital</u></b>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	12,829,649	11,761,069
Other components of equity	222,954	223,944
Less : Deductions from Common Equity Tier I items	(467,399)	(738,189)
<b>Total Common Equity Tier I capital</b>	<b>25,327,904</b>	<b>23,989,524</b>
<b><u>Financial Instrument Tier I capital</u></b>		
Issued and paid-up share capital - non cumulative preferred shares	1	1
<b>Total Tier I capital</b>	<b>25,327,905</b>	<b>23,989,525</b>
<b><u>Tier II Capital</u></b>		
Long-term subordinated debentures	6,643,000	6,643,000
Reserve for loans classified as pass	290,000	268,512
<b>Total Tier II capital</b>	<b>6,933,000</b>	<b>6,911,512</b>
<b>Total capital funds</b>	<b>32,260,905</b>	<b>30,901,037</b>

(Unit: Percent)

Capital fund ratios	As at			
	30 June 2016		31 December 2015	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	14.65	5.125	13.98	4.50
Tier I capital to risk assets	14.65	6.625	13.98	6.00
Total capital to risk assets	18.66	9.125	18.01	8.50

3.12.3 To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 5/2556 regarding “Public Disclosure of Capital Maintenance for Financial Business Group” the Company has disclosed capital maintenance information of financial business group as at 31 December 2015 on its website on 29 April 2016.

**3.13 Interest income**

Interest income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Interbank and money market items	133,452	142,579	273,966	282,982
Investments in debt securities	43,925	76,949	89,470	154,839
Loans to customers	1,347,443	1,416,012	2,700,137	2,871,776
Hire purchase and finance lease	2,466,194	2,627,608	4,994,040	5,327,315
<b>Total interest income</b>	<b>3,991,014</b>	<b>4,263,148</b>	<b>8,057,613</b>	<b>8,636,912</b>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Interbank and money market items	1,725	1,975	3,486	5,515
Loans to customers	11,675	19,616	24,753	42,100
<b>Total interest income</b>	<b>13,400</b>	<b>21,591</b>	<b>28,239</b>	<b>47,615</b>

**3.14 Interest expenses**

Interest expenses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Deposits	619,550	1,100,599	1,296,513	2,323,471
Interbank and money market items	45,072	66,288	85,696	132,105
Contribution fee to the Deposit Protection				
Agency and Bank of Thailand	255,481	297,102	520,022	588,700
Issued debt instruments				
- Subordinated debentures	84,064	83,860	168,127	169,588
- Unsubordinated debentures	271,586	228,610	552,479	490,554
Borrowings	24,645	38,422	51,963	84,695
Total interest expenses	<u>1,300,398</u>	<u>1,814,881</u>	<u>2,674,800</u>	<u>3,789,113</u>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Borrowings	24,354	38,200	51,508	84,444
Total interest expenses	<u>24,354</u>	<u>38,200</u>	<u>51,508</u>	<u>84,444</u>

**3.15 Net fee and service income**

Net fee and service income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Fee and service income				
- Acceptance, aval and guarantees	2,612	2,520	5,185	4,651
- Insurance service	561,254	562,777	1,202,180	1,089,554
- Brokerage fees	187,606	194,498	380,545	444,649
- Fund management	225,833	216,377	442,182	425,479
- Financial advisory	8,300	3,700	18,288	6,350
- Others	251,830	367,858	527,876	679,543
Total fee and service income	1,237,435	1,347,730	2,576,256	2,650,226
Fee and service expenses				
- Information service expenses	(6,649)	(6,492)	(13,202)	(12,587)
- Others	(46,150)	(39,404)	(97,451)	(91,712)
Total fee and service expenses	(52,799)	(45,896)	(110,653)	(104,299)
Net fee and service income	1,184,636	1,301,834	2,465,603	2,545,927

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Fee and service income	-	-	-	-
Fee and service expenses	(3,881)	(3,557)	(7,602)	(7,272)
Net fee and service income	(3,881)	(3,557)	(7,602)	(7,272)

### 3.16 Net gains (losses) on trading and foreign exchange transactions

Net gains (losses) on trading and foreign exchange transactions in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	(1,676)	40,856	(24,131)	46,024
- Derivatives on interest rates	(2,295)	(6,885)	(15,075)	(15,859)
- Debt securities	1,733	1,344	3,306	2,238
- Others	-	(2)	-	(3)
Net gains (losses) on trading and foreign exchange transactions	<u>(2,238)</u>	<u>35,313</u>	<u>(35,900)</u>	<u>32,400</u>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies	(1,682)	31,840	(24,140)	21,218
Net gains (losses) on trading and foreign exchange transactions	<u>(1,682)</u>	<u>31,840</u>	<u>(24,140)</u>	<u>21,218</u>



**3.17 Net gains (losses) on investments**

Net gains (losses) on investments in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Gains on disposal				
- Available-for-sale investments	-	8,399	7,034	113,625
- Held-to-maturity debt securities	-	-	-	42
- General investments	2,865	4,281	5,380	6,633
Total	2,865	12,680	12,414	120,300
Losses on impairment				
- General investments	(5,212)	(210)	(5,212)	(1,719)
Total	(5,212)	(210)	(5,212)	(1,719)
Net gains (losses) on investments	(2,347)	12,470	7,202	118,581

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Reversal of losses (losses) on impairment				
- Investment in subsidiaries	-	(12)	-	47
Net gains (losses) on investments	-	(12)	-	47

### 3.18 Bad debt, doubtful accounts and impairment losses

Bad debt, doubtful accounts and impairment losses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Interbank and money market items	-	4,500	-	4,500
Held-to-maturity debt securities	(462)	(88)	(578)	(3,133)
Loans to customers	925,996	1,239,500	1,907,596	2,214,096
<b>Total</b>	<b>925,534</b>	<b>1,243,912</b>	<b>1,907,018</b>	<b>2,215,463</b>

### 3.19 Other operating income

Other operating income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Gains on disposal of properties foreclosed	18,605	8,240	37,541	17,195
Others	9,764	9,982	20,582	18,274
<b>Total</b>	<b>28,369</b>	<b>18,222</b>	<b>58,123</b>	<b>35,469</b>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Rental income	16,173	15,993	32,275	32,174
Others	461	345	1,343	661
<b>Total</b>	<b>16,634</b>	<b>16,338</b>	<b>33,618</b>	<b>32,835</b>

**3.20 Other operating expenses**

Other operating expenses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Mailing expenses	13,508	14,045	32,151	32,927
Software amortisation expenses	11,638	12,555	23,174	24,678
Legal expenses	91,199	76,457	175,819	159,354
Transportation expenses	24,193	22,441	45,236	45,177
Others	117,530	126,370	200,799	209,935
<b>Total</b>	<b>258,068</b>	<b>251,868</b>	<b>477,179</b>	<b>472,071</b>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Mailing expenses	26	26	144	122
Software amortisation expenses	6,848	8,229	14,141	15,814
Transportation expenses	2,147	2,058	3,943	4,240
Others	15,484	18,210	20,523	23,404
<b>Total</b>	<b>24,505</b>	<b>28,523</b>	<b>38,751</b>	<b>43,580</b>

### 3.21 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Income tax expenses for the period	349,437	263,812	740,550	601,772
Adjustment in respect of current income tax of previous year	10	-	(31)	-
<b>Deferred tax:</b>				
Deferred tax on temporary differences and reversion of temporary differences	(60,407)	(20,550)	(142,597)	(66,839)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>289,040</u>	<u>243,262</u>	<u>597,922</u>	<u>534,933</u>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Income tax expenses for the period	20,095	27,495	33,223	41,787
Adjustment in respect of current income tax of previous year	-	-	(41)	-
<b>Deferred tax:</b>				
Deferred tax on temporary differences and reversion of temporary differences	1,856	547	4,071	1,644
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>21,951</u>	<u>28,042</u>	<u>37,253</u>	<u>43,431</u>

**3.22 Components of other comprehensive income**

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
<b>Other comprehensive income</b>				
Available-for-sale investments:				
Gains during the period	21,792	68,716	57,983	150,971
Less: Reclassification adjustments for (gains) losses included in profit or loss	1	(8,399)	(7,034)	(113,625)
	21,793	60,317	50,949	37,346
Actuarial losses	(98,741)	(19,280)	(99,391)	(20,938)
Share of other comprehensive income of joint venture:				
Actuarial gains of joint venture	-	26	-	26
Cash flow hedges of joint venture	2,049	(5,670)	22,845	(15,696)
Other comprehensive income	(74,899)	35,393	(25,597)	738
Income tax effects relating to components of other comprehensive income	15,359	(8,242)	9,617	(3,317)
Net other comprehensive income for the period	(59,540)	27,151	(15,980)	(2,579)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
<b>Other comprehensive income</b>				
Available-for-sale investments:				
Gains during the period	17,014	40,809	13,665	55,815
Actuarial losses	(17,732)	(11,649)	(17,732)	(11,649)
Other comprehensive income	(718)	29,160	(4,067)	44,166
Income tax effects relating to components of other comprehensive income	143	(5,832)	813	(8,833)
Net other comprehensive income for the period	(575)	23,328	(3,254)	35,333

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

(Unit: Thousand Baht)

Consolidated financial statements						
For the three-month periods ended 30 June						
2016			2015			
Tax			Tax			
Before tax	(expense)	Net of tax	Before tax	(expense)	Net of tax	
amount	benefit	amount	amount	benefit	amount	
Gains on valuation in						
available-for-sale investments	21,793	(4,359)	17,434	60,317	(12,063)	48,254
Actuarial losses	(98,741)	19,718	(79,023)	(19,280)	3,821	(15,459)
	(76,948)	15,359	(61,589)	41,037	(8,242)	32,795

(Unit: Thousand Baht)

Consolidated financial statements						
For the six-month periods ended 30 June						
2016			2015			
Tax			Tax			
Before tax	(expense)	Net of tax	Before tax	(expense)	Net of tax	
amount	benefit	amount	amount	benefit	amount	
Gains on valuation in						
available-for-sale investments	50,949	(10,190)	40,759	37,346	(7,469)	29,877
Actuarial losses	(99,391)	19,807	(79,584)	(20,938)	4,152	(16,786)
	(48,442)	9,617	(38,825)	16,408	(3,317)	13,091

(Unit: Thousand Baht)

Separate financial statements						
For the three-month periods ended 30 June						
2016			2015			
Tax			Tax			
Before tax	(expense)	Net of tax	Before tax	(expense)	Net of tax	
amount	benefit	amount	amount	benefit	amount	
Gains on valuation in						
available-for-sale investments	17,014	(3,403)	13,611	40,809	(8,162)	32,647
Actuarial losses	(17,732)	3,546	(14,186)	(11,649)	2,330	(9,319)
	(718)	143	(575)	29,160	(5,832)	23,328

(Unit: Thousand Baht)

	Separate financial statements					
	For the six-month periods ended 30 June					
	2016			2015		
	Tax			Tax		
	Before tax	(expense)	Net of tax	Before tax	(expense)	Net of tax
	amount	benefit	amount	amount	benefit	amount
Gains on valuation in						
available-for-sale investments	13,665	(2,733)	10,932	55,815	(11,163)	44,652
Actuarial losses	(17,732)	3,546	(14,186)	(11,649)	2,330	(9,319)
	(4,067)	813	(3,254)	44,166	(8,833)	35,333

### 3.24 Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (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.

	Consolidated financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Profit attributable to equity holders of the Company (Thousand Baht)	1,207,637	1,003,957	2,462,670	2,196,424
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655
Earnings per share (Baht/share)	1.51	1.25	3.08	2.74

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Profit attributable to equity holders of the Company (Thousand Baht)	90,396	110,207	150,773	169,383
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655
Earnings per share (Baht/share)	0.11	0.14	0.19	0.21

**3.25 Related party transactions**

As at 30 June 2016 and 31 December 2015, the balances of the accounts between the Company and its related companies are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2016	31 December 2015
<b><u>Outstanding balance</u></b>		
(Eliminated from the consolidated financial statements)		
<b>Subsidiary companies</b>		
Interbank and money market items (Assets):		
TISCO Bank Public Company Limited	672,968	416,723
Dividend receivables:		
TISCO Bank Public Company Limited	-	1,105,742
TISCO Securities Co., Ltd.	-	175,000
TISCO Asset Management Co., Ltd.	-	504,997
TISCO Information Technology Co., Ltd.	-	47,999
TISCO Learning Center Co., Ltd.	-	8,499
Other assets:		
TISCO Bank Public Company Limited	74,107	101,343
TISCO Learning Center Co., Ltd.	2,701	671
Deutsche TISCO Investment Advisory Co., Ltd.	53	10,106
Other liabilities:		
TISCO Bank Public Company Limited	83	-
TISCO Learning Center Co., Ltd.	509	1,352

**Loans to related companies**

As at 30 June 2016 and 1 January 2016, the balances of loans between the Company and its related companies and their movements are as follows:

	(Unit: Thousand Baht)			
	As at			As at
	1 January 2016	Increase	Decrease	30 June 2016
<b>Subsidiary companies</b>				
Loans to customers:				
Hi-Way Co., Ltd.	1,820,000	-	(160,000)	1,660,000
TISCO Leasing Co., Ltd.	879,200	-	(297,800)	581,400



(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements				Terms and pricing policy
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		
	2016	2015	2016	2015	
<b>Transactions occurred during the periods</b>					
(Eliminated from the consolidated financial statements)					
<b>Subsidiary companies</b>					
Risk and financial management fee income, human resources management fee income and office administration fee income	424,062	391,820	930,156	884,544	Determined on the basis on actual cost in compliance with the criteria specified by the bank of Thailand
Interest income	13,400	21,556	28,239	47,524	With reference to the terms and prices as offered to other customers
Rental income	15,921	15,741	31,779	31,668	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	40,750	42,000	81,500	84,000	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	976	1,059	1,567	1,657	With reference to the prices as offered from other service providers
Other expenses	506	1,068	1,085	1,532	With reference to the terms and prices as offered to other customers

## Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 June 2016	31 December 2015
Loans <sup>(1)</sup>	21,771	29,228

<sup>(1)</sup> Including employee welfare loans and normal loans

## Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 June 2016	31 December 2015
Deposits	158,107	190,299

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2016 and 2015, the Company and its subsidiaries had short-term benefit paid to their directors and management during the periods and other employee benefit expenses payable to their directors and management as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Short-term benefits	62	61	121	118
Post-employment benefits	10	9	20	19
Total	72	70	141	137

(Unit: Million Baht)

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Short-term benefits	40	39	78	75
Post-employment benefits	6	6	12	12
Total	46	45	90	87

**3.26 Segment information**

The Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2016 and 2015, respectively.

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated financial statement
(Unit: Million Baht)							
<b>For the three-month period ended 30 June 2016</b>							
<b>Revenue</b>							
External customers	3,659	192	258	(9)	4,100	-	4,100
Inter-segment	27	57	-	557	641	(641)	-
<b>Total revenue</b>	<b>3,686</b>	<b>249</b>	<b>258</b>	<b>548</b>	<b>4,741</b>	<b>(641)</b>	<b>4,100</b>
<b>Operating results:</b>							
Net interest income	2,697	3	1	(10)	2,691	-	2,691
Net fee and service income	787	244	255	118	1,404	(219)	1,185
Other operating income	202	2	2	440	646	(422)	224
<b>Total operating income</b>	<b>3,686</b>	<b>249</b>	<b>258</b>	<b>548</b>	<b>4,741</b>	<b>(641)</b>	<b>4,100</b>
Premises and equipment expenses and amortisation	(216)	(24)	(7)	(114)	(361)	116	(245)
Other operating expenses	(1,337)	(222)	(112)	(302)	(1,973)	542	(1,431)
Bad debt, doubtful accounts and impairment losses	(926)	-	-	-	(926)	-	(926)
<b>Total operating expenses</b>	<b>(2,479)</b>	<b>(246)</b>	<b>(119)</b>	<b>(416)</b>	<b>(3,260)</b>	<b>658</b>	<b>(2,602)</b>
<b>Segment profit</b>	<b>1,207</b>	<b>3</b>	<b>139</b>	<b>132</b>	<b>1,481</b>	<b>17</b>	<b>1,498</b>
Income tax expenses							(289)
Non-controlling interests of the subsidiaries							(1)
<b>Profit for the period - equity holders of the Company</b>							<b>1,208</b>

(Unaudited but reviewed)

	(Unit: Million Baht)						
	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated financial statement
<b>For the six-month period ended 30 June 2016</b>							
<b>Revenue</b>							
External customers	7,422	416	512	(44)	8,306	-	8,306
Inter-segment	50	113	-	1,188	1,351	(1,351)	-
<b>Total revenue</b>	<u>7,472</u>	<u>529</u>	<u>512</u>	<u>1,144</u>	<u>9,657</u>	<u>(1,351)</u>	<u>8,306</u>
<b>Operating results:</b>							
Net interest income	5,396	6	3	(22)	5,383	-	5,383
Net fee and service income	1,644	516	506	226	2,892	(426)	2,466
Other operating income	432	7	3	940	1,382	(925)	457
<b>Total operating income</b>	<u>7,472</u>	<u>529</u>	<u>512</u>	<u>1,144</u>	<u>9,657</u>	<u>(1,351)</u>	<u>8,306</u>
Premises and equipment expenses and amortisation	(430)	(43)	(13)	(227)	(713)	231	(482)
Other operating expenses	(2,635)	(438)	(232)	(701)	(4,006)	1,153	(2,853)
Bad debt, doubtful accounts and impairment losses	(1,907)	-	-	-	(1,907)	-	(1,907)
<b>Total operating expenses</b>	<u>(4,972)</u>	<u>(481)</u>	<u>(245)</u>	<u>(928)</u>	<u>(6,626)</u>	<u>1,384</u>	<u>(5,242)</u>
<b>Segment profit</b>	2,500	48	267	216	3,031	33	3,064
Income tax expenses							(598)
Non-controlling interests of the subsidiaries							(3)
<b>Profit for the period - equity holders of the Company</b>							<u>2,463</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated financial statement
<b>For the three-month period ended 30 June 2015</b>							
<b>Revenue</b>							
External customers	3,474	246	318	27	4,065	-	4,065
Inter-segment	15	66	1	508	590	(590)	-
<b>Total revenue</b>	<b>3,489</b>	<b>312</b>	<b>319</b>	<b>535</b>	<b>4,655</b>	<b>(590)</b>	<b>4,065</b>
<b>Operating results:</b>							
Net interest income	2,456	7	2	(17)	2,448	-	2,448
Net fee and service income	794	300	313	112	1,519	(217)	1,302
Other operating income	239	5	4	440	688	(373)	315
<b>Total operating income</b>	<b>3,489</b>	<b>312</b>	<b>319</b>	<b>535</b>	<b>4,655</b>	<b>(590)</b>	<b>4,065</b>
Premises and equipment expenses and amortisation	(223)	(27)	(8)	(110)	(368)	118	(250)
Other operating expenses	(1,197)	(226)	(129)	(271)	(1,823)	504	(1,319)
Bad debt, doubtful accounts and impairment losses	(1,244)	-	-	-	(1,244)	-	(1,244)
<b>Total operating expenses</b>	<b>(2,664)</b>	<b>(253)</b>	<b>(137)</b>	<b>(381)</b>	<b>(3,435)</b>	<b>622</b>	<b>(2,813)</b>
<b>Segment profit</b>	<b>825</b>	<b>59</b>	<b>182</b>	<b>154</b>	<b>1,220</b>	<b>32</b>	<b>1,252</b>
Income tax expenses							(243)
Non-controlling interests of the subsidiaries							(5)
<b>Profit for the period - equity holders of the Company</b>							<b>1,004</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated financial statement
<b>For the six-month period ended 30 June 2015</b>							
<b>Revenue</b>							
External customers	6,868	607	619	(15)	8,079	-	8,079
Inter-segment	24	133	1	1,142	1,300	(1,300)	-
<b>Total revenue</b>	<b>6,892</b>	<b>740</b>	<b>620</b>	<b>1,127</b>	<b>9,379</b>	<b>(1,300)</b>	<b>8,079</b>
<b>Operating results:</b>							
Net interest income	4,862	17	4	(35)	4,848	-	4,848
Net fee and service income	1,538	612	611	223	2,984	(438)	2,546
Other operating income	492	111	5	939	1,547	(862)	685
<b>Total operating income</b>	<b>6,892</b>	<b>740</b>	<b>620</b>	<b>1,127</b>	<b>9,379</b>	<b>(1,300)</b>	<b>8,079</b>
Premises and equipment expenses and amortisation	(439)	(47)	(16)	(226)	(728)	236	(492)
Other operating expenses	(2,384)	(453)	(245)	(660)	(3,742)	1,112	(2,630)
Bad debt, doubtful accounts and impairment losses	(2,215)	-	-	-	(2,215)	-	(2,215)
<b>Total operating expenses</b>	<b>(5,038)</b>	<b>(500)</b>	<b>(261)</b>	<b>(886)</b>	<b>(6,685)</b>	<b>1,348</b>	<b>(5,337)</b>
<b>Segment profit</b>	<b>1,854</b>	<b>240</b>	<b>359</b>	<b>241</b>	<b>2,694</b>	<b>48</b>	<b>2,742</b>
Income tax expenses							(535)
Non-controlling interests of the subsidiaries							(11)
<b>Profit for the period - equity holders of the Company</b>							<b>2,196</b>

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment. During the three-month and six-month periods ended 30 June 2016 and 2015, the Company and its subsidiaries did not have income from any clients amounting to or over 10 percent of their income

### 3.27 Commitments and contingent liabilities

#### 3.27.1 Avals, guarantees and commitments

	(Unit: Thousand Baht)	
	Consolidated financial statements as at	
	30 June 2016	31 December 2015
Avals	414,867	414,867
Other guarantees	728,762	691,788
Undrawn client overdraft facilities	30,000	30,000
Interest rate swap agreements	1,200,000	1,200,000
Others	6,967,223	13,364,596
Total	<u>9,340,852</u>	<u>15,701,251</u>

#### 3.27.2 Litigation

As at 30 June 2016 and 31 December 2015, the subsidiaries have been sued for compensation totaling approximately Baht 360 million and Baht 368 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believe that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

#### 3.27.3 Other commitments

- a) The subsidiary companies have 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 subsidiary companies have entered into several lease agreements in respect of the lease of office buildings and branch offices. The terms of the agreements are generally 3 - 10 years.

As at 30 June 2016 and 31 December 2015, the subsidiary companies have future minimum lease payments required under these non-cancellable operating lease contracts as follows:

	(Unit: Million Baht)	
	As at	
	30 June 2016	31 December 2015
Payable within:		
Not over 1 year	140	126
Over 1 to 5 years	121	118
Over 5 years	50	50

### 3.28 Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

#### Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to maximise the use of observable inputs that are relevant to the assets or liabilities to be measured at fair value. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising the inputs used in the valuation techniques into three levels to determine their fair value, as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows



(Unaudited but reviewed)

As of 30 June 2016 and 31 December 2015, the Company and its subsidiaries have the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements as at 30 June 2016				
	Book	Fair Value			Total
	Value	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Equity securities	392	392	-	-	392
Debt securities	5,508	-	5,508	-	5,508
Unit trusts	792	763	29	-	792
<b>Financial liabilities measured at fair value</b>					
Derivatives					
Interest rate swap agreements	49	-	49	-	49

(Unit: Million Baht)

	Consolidated financial statements as at 31 December 2015				
	Book	Fair Value			Total
	Value	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Equity securities	335	335	-	-	335
Debt securities	6,749	-	6,749	-	6,749
Unit trusts	802	773	29	-	802
<b>Financial liabilities measured at fair value</b>					
Derivatives					
Interest rate swap agreements	42	-	42	-	42

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements as at 30 June 2016

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Unit trusts	763	763	-	-	763

(Unit: Million Baht)

Separate financial statements as at 31 December 2015

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Unit trusts	773	773	-	-	773

Valuation techniques and inputs to Level 2 and Level 3 valuations

- The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association.
- The fair value of investments in non-marketable unit trusts has been determined by using the net asset value per unit amounted by fund manager.
- The fair value of derivatives has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves.

During the current period, there were no transfers within the fair value hierarchy.

**4. Dividend payment**

	Approved by	Dividend per share		Amounts of	Dividend payment
		Preference	Ordinary	dividend paid	period
		share	share	(Million Baht)	
		(Baht per share)	(Baht per share)		
Annual dividends for 2014	The 2015 Annual General Meeting of the Shareholders on 23 April 2015	2.00	2.00	1,601	May 2015
Total dividend payment in year 2015				<u>1,601</u>	
Annual dividends for 2015	The 2016 Annual General Meeting of the Shareholders on 21 April 2016	2.40	2.40	1,921	May 2016
Total dividend payment in year 2016				<u>1,921</u>	

**5. Approval of interim financial statements**

These interim financial statements were approved by the Company's Audit Committee on 8 August 2016.