

TISCO Financial Group Public Company Limited
and its subsidiary companies
Report and consolidated financial statements
31 December 2013

Independent Auditor's Report

To the Shareholders of TISCO Financial Group Public Company Limited

I have audited the accompanying consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of TISCO Financial Group Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Financial Group Public Company Limited and its subsidiaries and of TISCO Financial Group Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 1.4 to the financial statements regarding the change in accounting policy on the measurement of investment properties, from cost model to fair value model and Note 1.5 to the financial statements regarding the change in accounting policy on the measurement of premises and equipment, from cost model to revaluation model. My opinion is not qualified in respect of this matter.

A handwritten signature in black ink, appearing to be 'R. Jala'.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 13 February 2014

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements			
	Note	31 December 2013	31 December 2012	31 December 2013	31 December 2012	1 January 2012
						(Restated)
Assets						
Cash		1,131,004	1,046,330	70	50	50
Interbank and money market items - net	3.2	53,241,962	31,196,279	510,072	565,984	169,447
Derivatives assets	3.3	32,857	41,863	-	-	-
Investments - net	3.4, 3.8	11,489,596	7,015,518	763,957	812,737	-
Investments in subsidiaries - net	3.5	-	-	16,923,874	15,021,895	15,021,902
Loans to customers and accrued interest receivables	3.6, 3.8					
Loans to customers		320,767,368	273,311,973	3,986,000	3,841,000	944,000
Accrued interest receivable		535,851	352,769	-	-	-
Total loans to customers and accrued interest receivables		321,303,219	273,664,742	3,986,000	3,841,000	944,000
Less: Deferred revenue		(28,616,716)	(24,996,296)	-	-	-
Less: Allowance for doubtful accounts	3.7	(6,354,337)	(5,121,518)	-	-	-
Less: Allowance for loss on debt restructuring		-	(3)	-	-	-
Loans to customers and accrued interest receivables - net		286,332,166	243,546,925	3,986,000	3,841,000	944,000
Property foreclosed - net	3.9	124,757	272,533	-	-	-
Investment properties	1.4, 3.10	16,856	304	783,170	764,271	647,355
Premises and equipment - net	1.5, 3.11	2,511,745	1,384,381	629,039	380,272	410,367
Intangible assets - net	3.12	111,964	126,709	56,952	45,208	62,427
Deferred tax assets		245,383	306,126	108,845	108,143	97,200
Securities and derivatives business receivables - net		1,546,662	2,223,792	-	-	-
Dividend receivable from subsidiaries		-	-	1,457,244	1,832,654	735,317
Other assets	3.13	2,477,567	3,336,175	155,560	126,988	39,256
Total assets		359,262,519	290,496,935	25,374,783	23,499,202	18,127,321

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 31 December 2013

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements		
		31 December	31 December	31 December	31 December	1 January
		2013	2012	2013	2012	2012
						(Restated)
Liabilities and shareholders' equity						
Liabilities						
Deposits	3.14	264,640,753	219,823,339	-	-	-
Interbank and money market items - net	3.15	16,702,692	13,970,608	-	200,000	-
Liability payable on demand		344,864	652,310	-	-	-
Payable under securities borrowing		-	163	-	-	-
Derivatives liabilities	3.3	315,668	747	-	-	-
Debts issued and borrowings	3.16	44,083,619	27,877,250	6,128,000	6,311,631	1,808,832
Provision for long-term employee benefits	3.17	334,539	324,357	71,836	71,086	49,069
Deferred tax liabilities		159,797	158,583	-	-	-
Securities and derivatives business payables		1,511,017	1,523,645	-	-	-
Accrued interest payable		1,710,574	1,773,793	36,756	31,087	8,465
Income tax payable		470,457	428,307	73,364	66,129	50,348
Other liabilities	3.18	5,770,481	5,583,583	1,021,863	744,487	676,258
Total liabilities		336,044,461	272,116,685	7,331,819	7,424,420	2,592,972

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 31 December 2013

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements		
		31 December 2013	31 December 2012	31 December 2013	31 December 2012	1 January 2012
						(Restated)
Shareholders' equity						
Share capital	5.2					
Registered						
33,858 preference shares of Baht 10 each						
		(31 December 2012: 372,289,914 shares of Baht 10 each)	339	3,722,879	339	3,722,879
800,669,437 ordinary shares of Baht 10 each						
		(31 December 2012: 727,912,086 shares of Baht 10 each)	8,006,694	7,279,121	8,006,694	7,279,121
			8,007,033	11,002,000	8,007,033	11,002,000
Issued and paid-up						
33,858 preference shares of Baht 10 each						
		(31 December 2012: 33,858 shares of Baht 10 each)	339	339	339	339
800,621,625 ordinary shares of Baht 10 each						
		(31 December 2012: 727,878,228 shares of Baht 10 each)	8,006,216	7,278,782	8,006,216	7,278,782
			8,006,555	7,279,121	8,006,555	7,279,121
Share premium						
Share premium on preference shares						
			-	-	298	298
Share premium on ordinary shares						
			1,018,408	-	7,031,225	6,012,817
			1,018,408	-	7,031,523	6,013,115
Other components of shareholders' equity						
			1,570,190	1,040,375	158,104	11,571
Retained earnings						
Appropriated-statutory reserve						
			496,200	405,200	496,200	405,200
Unappropriated						
			11,895,567	9,471,665	2,350,582	2,365,775
			22,986,920	18,196,361	18,042,964	16,074,782
Equity attributable to owners of the Company						
			231,138	183,889	-	-
Non-controlling interest of the subsidiaries						
			231,138	183,889	-	-
Total shareholders' equity						
			23,218,058	18,380,250	18,042,964	16,074,782
			23,218,058	18,380,250	18,042,964	15,534,349
Total liabilities and shareholders' equity						
			359,262,519	290,496,935	25,374,783	23,499,202
			359,262,519	290,496,935	25,374,783	18,127,321

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



Mrs. Oranuch Apisaksirikul

(Group Chief Executive, TISCO Group)



บริษัท ทีเอสซี ฟنانเชียล กรุ๊ป จำกัด (มหาชน)
TISCO Financial Group Public Company Limited

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

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

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
					(Restated)
Interest income	3.22	19,271,733	15,210,612	174,064	86,047
Interest expenses	3.23	(10,303,571)	(8,166,146)	(221,293)	(129,589)
Net interest income		8,968,162	7,044,466	(47,229)	(43,542)
Fee and service income		5,415,720	4,407,551	-	-
Fee and service expenses		(225,870)	(278,919)	(14,318)	(9,958)
Net fees and service income	3.24	5,189,850	4,128,632	(14,318)	(9,958)
Net gains (losses) on trading and foreign exchange transactions	3.25	74,647	167,256	56,800	(4,847)
Net gains (losses) on investments	3.26	353,774	120,532	-	(7)
Gain on changes in value of investment properties	3.10	16,850	-	18,898	116,916
Dividend income		99,144	82,856	1,459,449	1,834,859
Penalty fee income from loans		285,288	256,662	-	-
Income from business promotion relating to the hire purchase business		736,858	1,259,511	-	-
Intercompany supporting fee income	3.34	-	-	1,563,477	1,529,999
Other operating income	3.28, 3.34	76,997	122,972	67,498	64,934
Total operating income		15,801,570	13,182,887	3,104,575	3,488,354
Expense from business promotion relating to the hire purchase business		900,370	1,422,668	-	-
Total net operating income		14,901,200	11,760,219	3,104,575	3,488,354
Other operating expenses					
Employee's expenses		3,449,241	3,223,511	751,414	660,165
Directors' remuneration		13,095	13,345	12,615	12,385
Premises and equipment expenses		915,649	843,452	338,303	325,779
Taxes and duties		216,185	174,668	1,619	1,442
Other operating expenses	3.29	746,010	769,330	90,888	109,845
Total other operating expenses		5,340,180	5,024,306	1,194,839	1,109,616
Bad debt, doubtful accounts and impairment losses	3.27	4,141,224	1,922,244	-	-
Profit from operation before income tax expenses		5,419,796	4,813,669	1,909,736	2,378,738
Income tax expenses	3.30	1,064,050	1,080,661	91,019	129,738
Profit for the year		4,355,746	3,733,008	1,818,717	2,249,000

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2013

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

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
					(Restated)
Other comprehensive income	3.31				
Losses arising from translating the financial statements of a foreign operation		(81,795)	(1,467)	-	-
Surplus (deficit) on change in value of available-for-sale investments		(397,546)	174,090	(105,580)	14,464
Actuarial gains (losses)		13,098	(61,777)	3,670	(11,955)
Gain on revaluation of assets	3.21	1,176,123	-	288,745	-
Cash flow hedges		(22,587)	(112,575)	-	-
Income tax effect	3.24, 3.32	(156,216)	73	(37,367)	(502)
Other comprehensive income for the year		<u>531,077</u>	<u>(1,656)</u>	<u>149,468</u>	<u>2,007</u>
Total comprehensive income for the year		<u>4,886,823</u>	<u>3,731,352</u>	<u>1,968,185</u>	<u>2,251,007</u>
Profit attributable to					
Equity holders of the Company	3.33	4,249,050	3,705,180	<u>1,818,717</u>	<u>2,249,000</u>
Non-controlling interests of the subsidiaries		<u>106,696</u>	<u>27,828</u>		
		<u>4,355,746</u>	<u>3,733,008</u>		
Total comprehensive income attributable to					
Equity holders of the Company		4,790,562	3,696,488	<u>1,968,185</u>	<u>2,251,007</u>
Non-controlling interests of the subsidiaries		<u>96,261</u>	<u>34,864</u>		
		<u>4,886,823</u>	<u>3,731,352</u>		
Earnings per share of equity holders of the Company					
Basic earnings per share	3.33	<u>5.55</u>	<u>5.09</u>	<u>2.37</u>	<u>3.09</u>

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

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012 (Restated)
Cash flows from operating activities				
Profit before income tax	5,419,796	4,813,669	1,909,736	2,378,738
Adjustments to reconcile income before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	300,592	325,414	86,552	98,241
Bad debts and doubtful accounts	5,011,844	2,749,722	-	-
Allowance for impairment of investments (reversal)	(4,987)	(66,896)	(18,898)	7
Allowance for impairment of property foreclosed (reversal)	(17)	(315)	-	-
Gain on disposal of investments in securities	(351,862)	(50,892)	-	-
Unrealised (gain) loss on trading derivatives and foreign exchange transactions	(51,436)	(24,420)	(56,800)	4,847
Loss (gain) on disposal of equipment	(5,443)	(5,964)	(925)	1
Loss on written-off of equipment	-	870	-	10
Gain on changes in value of investment properties	(16,850)	-	-	(116,916)
Unrealised loss from trading securities	-	21,688	-	-
Gain on disposal of property foreclosed	(14,557)	(54,938)	-	-
Gain on cash flow hedge	-	(100,761)	-	-
Long-term employee benefit expenses	48,050	62,657	8,217	10,061
Decrease (increase) in accrued income	66,325	(95,410)	14,651	(87,862)
Increase in accrued expenses	349,361	647,418	294,042	80,608
Net interest income	(8,968,162)	(7,044,466)	47,230	43,542
Dividend income	(99,144)	(82,856)	(1,459,449)	(1,834,859)
Cash received on interest income	18,857,411	14,987,139	174,014	85,841
Cash paid on interest expenses	(9,129,292)	(7,788,807)	(215,624)	(106,967)
Cash received on dividend income	95,144	82,856	1,834,859	737,522
Cash paid on income tax expenses	(775,818)	(653,584)	(121,854)	-125,401
Profit from operating activities before changes in operating assets and liabilities	10,730,955	7,722,124	2,495,751	1,167,413
Operating assets (increase) decrease				
Interbank and money market items	(22,041,794)	(634,472)	55,912	(396,538)
Loans to customers	(50,029,964)	(67,212,737)	(145,000)	(2,897,000)
Securities and derivative business receivables	677,130	(1,499,141)	-	-
Receivables from clearing house	(135,450)	-	-	-
Property foreclosed	2,906,231	1,808,696	-	-
Other assets	628,429	(1,266,506)	-42,978	236

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

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012 (Restated)
Operating liabilities increase (decrease)				
Deposits	44,817,414	181,844,344	-	-
Interbank and money market items	2,717,872	(505,287)	(200,000)	200,000
Liability payable on demand	(307,446)	204,261	-	-
Securities and derivative business payables	(12,628)	1,054,105	-	-
Short-term debts issued and borrowings	15,317,069	(114,123,148)	(183,631)	4,502,799
Payable to clearing house	(553,494)	567,939	-	-
Provision for long-term employee benefits	(24,770)	-	(3,797)	-
Other liabilities	(705,880)	468,353	(16,666)	(12,379)
Net cash flows from operating activities	3,983,674	8,428,531	1,959,591	2,564,531
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(16,647,618)	(5,874,225)	-	(803,120)
Cash received from disposal of investment in securities held for investment	12,186,959	2,831,237	-	-
Cash paid for purchase of equipment	(215,411)	(170,057)	(22,589)	(43,350)
Cash paid for purchase of intangible assets	(49,012)	(22,325)	(36,306)	(7,505)
Cash received from disposal of equipment	18,580	8,959	1,307	17
Cash paid for share capital increase of subsidiaries	-	-	(1,901,980)	-
Cash received from capital increase of a subsidiary	-	49,000	-	-
Net cash flows used in investing activities	(4,706,502)	(3,177,411)	(1,959,568)	(853,958)
Cash flows from financing activities				
Long-term debts issued and borrowings	(110,700)	(3,639,200)	-	-
Cash received from issuance of long-term debentures	1,000,000	1,243,000	-	-
Cash paid for the redemption of long-term debentures	-	(1,000,000)	-	-
Dividend paid	(1,745,845)	(1,710,573)	(1,745,845)	(1,710,573)
Cash received from increase in share capital	1,745,842	-	1,745,842	-
Net cash flows from (used in) financing activities	889,297	(5,106,773)	(3)	(1,710,573)
Exchange differences on translation of financial statements	(81,795)	(1,467)	-	-
Net increase in cash	84,674	142,880	20	-
Cash at beginning of the year	1,046,330	903,450	50	50
Cash at end of the year	1,131,004	1,046,330	70	50
	-	-	-	-
Supplemental cash flows information				
Non-cash transaction				
Revaluation adjustment of assets	1,176,123	-	288,745	-

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
	Note	Issued and paid-up		Other components of shareholders' equity					Adjustment from business combination		Retained earnings		Equity attributable to non-controlling interests of		Total
		Preference shares	Ordinary shares	Share premium on ordinary shares	Surplus (deficit) on change in value of available-for-sale investments	Surplus on revaluation of assets	Cash flow hedges	Exchange differences on translation of financial statements in foreign currency	of entities under common control under holding restructuring plan	Total other components of shareholders' equity	Appropriated	Unappropriated	Total equity attributable to owners of the Company	the subsidiaries	
Balance as at 1 January 2012		339	7,278,782	-	139,135	-	97,374	83,262	679,266	999,037	297,900	7,634,389	16,210,447	101,145	16,311,592
Dividend paid	4	-	-	-	-	-	-	-	-	-	-	(1,710,574)	(1,710,574)	-	(1,710,574)
Transfer unappropriated retained earnings															
to statutory reserve		-	-	-	-	-	-	-	-	-	107,300	(107,300)	-	-	-
Total comprehensive income for the year		-	-	-	139,272	-	(96,467)	(1,467)	-	41,338	-	3,655,150	3,696,488	34,864	3,731,352
Increase in non-controlling interests															
of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	47,880	47,880
Balance as at 31 December 2012		339	7,278,782	-	278,407	-	907	81,795	679,266	1,040,375	405,200	9,471,665	18,196,361	183,889	18,380,250
Balance as at 1 January 2013		339	7,278,782	-	278,407	-	907	81,795	679,266	1,040,375	405,200	9,471,665	18,196,361	183,889	18,380,250
Dividend paid	4	-	-	-	-	-	-	-	-	-	-	(1,745,845)	(1,745,845)	-	(1,745,845)
Transfer unappropriated retained earnings															
to statutory reserve		-	-	-	-	-	-	-	-	-	91,000	(91,000)	-	-	-
Total comprehensive income for the year		-	-	-	(320,435)	940,899	(8,854)	(81,795)	-	529,815	-	4,260,747	4,790,562	96,261	4,886,823
Issue ordinary shares	5.2	-	727,434	1,018,408	-	-	-	-	-	-	-	-	1,745,842	-	1,745,842
Decrease in non-controlling interests															
of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(49,012)	(49,012)
Balance as at 31 December 2013		339	8,006,216	1,018,408	(42,028)	940,899	(7,947)	-	679,266	1,570,190	496,200	11,895,567	22,986,920	231,138	23,218,058

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Thousand Baht)

		Separate financial statements									
		Other components of shareholders' equity									
		Other comprehensive income									
Note	Issued and fully paid-up		Share premium		Surplus (deficit) on change in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of shareholder's equity	Retained earnings		Total	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares				Appropriated	Unappropriated		
	Balance as at 31 December 2011 - as previously reported	339	7,278,782	298	6,012,817	-	-	-	297,900	1,715,391	15,305,527
	Cumulative effect of change in accounting policy on investment properties										
1.5		-	-	-	-	-	-	-	-	228,822	228,822
	Balance as at 31 December 2011 - after restated	339	7,278,782	298	6,012,817	-	-	-	297,900	1,944,213	15,534,349
4	Dividend paid	-	-	-	-	-	-	-	-	(1,710,574)	(1,710,574)
	Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	107,300	(107,300)	-
	Total comprehensive income for the year	-	-	-	-	11,571	-	11,571	-	2,239,436	2,251,007
	Balance as at 31 December 2012 - after restated	339	7,278,782	298	6,012,817	11,571	-	11,571	405,200	2,365,775	16,074,782
	Balance as at 31 December 2012 - as previously reported	339	7,278,782	298	6,012,817	11,571	-	11,571	405,200	2,032,821	15,741,828
	Cumulative effect of change in accounting policy on investment properties										
1.5		-	-	-	-	-	-	-	-	332,954	332,954
	Balance as at 31 December 2012 - after restated	339	7,278,782	298	6,012,817	11,571	-	11,571	405,200	2,365,775	16,074,782
4	Dividend paid	-	-	-	-	-	-	-	-	(1,745,845)	(1,745,845)
	Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	91,000	(91,000)	-
	Total comprehensive income for the year	-	-	-	-	(84,463)	230,996	146,533	-	1,821,652	1,968,185
5.2	Issue ordinary shares	-	727,434	-	1,018,408	-	-	-	-	-	1,745,842
	Balance as at 31 December 2013	339	8,006,216	298	7,031,225	(72,892)	230,996	158,104	496,200	2,350,582	18,042,964

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

TISCO Financial Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2013

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

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 11/2553 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 3 December 2010, which is effective for fiscal years beginning on or after 1 January 2011.

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

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

The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

1.2 Basis of consolidation

- a) The consolidated financial statements of TISCO Group include the financial statements of TISCO Financial Group Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) as mentioned in Note 3.1 to the financial statements.
- b) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of TISCO Tokyo Leasing Company Limited are included in the consolidated financial statements, even though the Company holds 49% of equity, because the Company has management control of this company by virtue of having more than half of the votes of the Board of Directors.
- d) The financial statements of the subsidiaries are prepared for the same reporting period and using the same significant accounting policies as the Company.

- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated into Baht using the exchange rate prevailing on the end of reporting period, and the revenues and expenses are translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

1.3 New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

a) Accounting standards that became effective in the current accounting period

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except Thai Accounting Standard No. 20 (revised 2009) and Accounting Standard Interpretation No. 10, which are not relevant to the business of the Company and its subsidiaries. The Company and its subsidiaries already early adopted Thai Accounting Standard No. 12 regarding Income Taxes before the effective date.

b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014

Effective date

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 " <i>Financial Reporting in Hyperinflationary Economies</i> "	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Company and its subsidiaries have assessed the effect of the above accounting standards, financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believes that they will not have any significant impact on the financial statements for the year when they are initially applied, except TFRS 4, TSIC 29, TFRIC 1, TFRIC 5, TFRIC 7, TFRIC 12, TFRIC 17 and TFRIC 18, which are not relevant to the business of the Company and its subsidiaries.

1.4 Change in accounting policy on recording of investment properties from cost model to fair value model and cumulative effect of change in accounting policy

During the current year, the Company and its subsidiaries changed their accounting policy regarding measurement of investment properties to accord with Thai Accounting Standard No. 40, switching from the cost model to the fair value model in order to reflect the fair value of the assets. The cumulative effect of the change in accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)					
	As at 31 December 2013		As at 31 December 2012		As at 1 January 2012	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Statement of financial position						
Increase in investment properties	16,850	448,302	-	416,192	-	286,029
Decrease in deferred tax assets	3,370	89,660	-	83,238	-	57,206
Increase in unappropriated retained earnings	13,480	358,642	-	332,954	-	228,823

	(Unit: Thousand Baht)			
	For the year ended 31 December 2013		For the year ended 31 December 2012	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Statement of comprehensive income				
Profit or loss:				
Decrease in depreciation	-	13,212	-	13,248
Gain on changes in value of investment properties	16,850	18,898	-	116,916
Increase in income tax expenses	3,370	6,422	-	26,033
Increase in profit for the year	13,480	25,688	-	104,131
Increase in basic earnings per share (Baht)	0.02	0.03	-	0.14

The effect of the change in the accounting policy on the consolidated financial statements for the year 2012 and past years was immaterial. Therefore, the Company and its subsidiaries did not retrospectively adjust the consolidated financial statements for the year 2012 and do not present the consolidated financial statements as at 1 January 2012 for the purpose of comparison.

1.5 Change in accounting policy on recording of premises and equipment from cost model to revaluation model

As at 31 December 2013, the Company and its subsidiaries reviewed and changed their accounting policy regarding measurement of premises and equipment as it relates to office condominiums, switching from the previously applied cost model to the revaluation model, which presents the fair value of the assets at the appraisal date.

In changing this accounting policy, the Company and its subsidiaries followed Thai Accounting Standard No. 8, which does not require the retrospective application of the new policy to the previous period's financial statements. Therefore, the prospective method is used.

The effects of the change on the statement of financial position as at 31 December 2013 and the statement of comprehensive income for the year then ended are as follows:

	(Unit: Thousand Baht)	
	As at 31 December 2013	
	Consolidated	Separate
	financial statements	financial statements
Statement of financial position		
Increase in premises and equipment - net	1,176,123	288,745
Decrease in deferred tax assets	235,224	57,749
Increase in other components of shareholders' equity	940,899	230,996

	(Unit: Thousand Baht)	
	For the year ended 31 December 2013	
	Consolidated	Separate
	financial statements	financial statements
Statement of comprehensive income		
Other comprehensive income:		
Gain on revaluation of assets - net of tax expense	940,899	230,996

However, the change would not have a material impact on net profit for the year had the new policy been adopted since the beginning of the year.

1.6 Significant accounting policies

1.6.1 Income recognition

a) Interest and discounts on loans

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

The subsidiaries have policies for corporate loans on which interest payments have been defaulted for more than one month, it is the policy of its subsidiaries to cease accruing income. For other loans accounts which are overdue for more than three months, the recognition of interest income is ceased, already recorded accrued interest is reversed from accounts and after that interest will be recognised as income on a cash basis.

Accrual of interest is ceased for margin loans on which interest is overdue by more than two months and interest is then recognised on a cash basis.

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

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

b) Interest and dividends on investment in securities

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

c) Brokerage fees

Brokerage fees on securities and derivative trading are recognised as income on the transaction dates.

d) Gains (losses) on trading in securities and derivatives

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

e) Fees and service income

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

1.6.2 Expense recognition

a) Interest expenses

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

b) Commissions and direct expenses of the hire purchase business

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

Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

1.6.3 Securities purchased under resale agreements according to private repurchase transactions

The subsidiary company operating banking business has purchased securities under resale agreements according to private repurchase transactions, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of "Interbank and money market items" in the statements of financial position and the securities purchased are used as collateral.

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

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

1.6.4 Investments

- a) Investments in trading securities are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recognised as part of profit or loss when the securities are sold.
- c) Held to maturity debt securities are recorded at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).
- f) The subsidiary company does not record investments which the subsidiary company holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The subsidiary company is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.
- g) The subsidiary company does not consider the investments in mutual funds to be investments in associated companies by the equity method in the consolidated financial statements, even if the company holds not less than 20% of the equity, because the company does not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager accorded to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.
- h) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities are determined by using the formula quoted by the Bank of Thailand, which is based on the yield rates quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.

- i) Losses on impairment (if any) of the investments in available-for-sale securities, held-to-maturity debt securities and other investments are recognised in profit or loss.
- j) The weighted average method is used for computation of the cost of investments.
- k) In the event the subsidiaries reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The differences between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.
- l) Purchases and sales of investments are recorded on settlement date.

1.6.5 Investments in receivable purchased or transferred in

Investments in receivable purchased or transferred in, which are classified as held-to-maturity securities, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are included in profit or loss.

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

1.6.6 Receivable from Clearing House/Payable to Clearing House

Receivable from Clearing House comprises the net balance receivable from Thailand Securities Depository (TSD) in respect of securities trades settled through the Clearing House of TSD, and the net balance receivable from Thailand Clearing House (TCH), including amounts pledged with TCH as security for derivatives trading.

Payable to Clearing House comprises the net balance payable to Thailand Securities Depository in relation to securities trading settlements made through the Clearing House of TSD, and the net derivatives balance payable to Thailand Clearing House.

1.6.7 Loans to customers

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

Hire purchase and financial lease receivables are stated at outstanding balance, net of deferred revenue. Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of hire purchase contract and advances received from financial lease receivable.

1.6.8 Securities and derivative business receivables

Securities and derivative business receivables comprise the net balance of securities business receivables and derivative business receivables, after deducting allowance for doubtful accounts. Securities business receivables comprise the net receivable balances of cash accounts, securities borrowing and lending receivables, and other receivables such as securities receivables that are subject to legal proceeding, undergoing restructuring or setting in installments.

1.6.9 Allowance for doubtful accounts and losses from troubled debt restructuring

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

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

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

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

The subsidiary company has already set provision for all loans to customers in accordance with the BOT's Notifications issued on 3 August 2008.

- b) For the securities business of a subsidiary, an allowance for doubtful accounts is based on a review of debtors' ability to make repayment, taking into consideration of recovery risk and the value of the collateral. An allowance is set aside for doubtful debts that their collaterals are not fully covered and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notification of the Office of the Securities and Exchange Commission and consideration of other relevant factors.
- c) For the subsidiary companies operating hire purchase business, allowance for doubtful accounts is made using a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.
- d) For the subsidiary company operating leasing business, allowance for doubtful accounts is estimated based on a review of all outstanding amounts at the end of reporting period. The amount of the allowance is the difference between the carrying amount of the leasing agreement receivable and the recoverable amount. Bad debts written off during the year are recorded as expenses when the write off occurs.
- e) Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the end of reporting period.
- f) Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are credited to bad debt and doubtful accounts in the period of recovery.

1.6.10 Troubled debt restructuring

The subsidiary company operating banking business records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard regarding "Accounting for Troubled Debts Restructuring". The subsidiary records the assets or equities transferred to the subsidiary for debt settlement at the fair values of the assets less estimated selling expenses (if any), providing that this does not exceed the legally claimable amount of outstanding debt.

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

1.6.11 Recognition and derecognition of customer deposits

Cash which customers have placed with a subsidiary company in cash accounts for securities trading and derivative trading is recorded as an asset of the subsidiary company for the customers' position for internal control purposes. At the financial statement date, the subsidiary company writes the amounts which are unsecured off from both assets and liabilities and presents only those assets which belong to the subsidiary company.

1.6.12 Borrowing and lending of securities

A subsidiary company operating securities business is engaged in securities borrowing and lending transactions through agreements made with borrowers and lenders of securities, which are the subsidiary company's customers.

A subsidiary company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the statement of financial position. At the end of the year, the balances of securities borrowing payables and securities borrowing receivables are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the year. Gains or losses arising from such adjustments are included in part of profit or loss in the statement of comprehensive income. The subsidiary company records cash paid or received as collateral for securities borrowing and lending as "Guarantee deposit receivables" or "Guarantee deposit payables". Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

1.6.13 Property foreclosed

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

The subsidiary company will recognise loss on impairment in profit or loss. And gains or losses from disposal of property foreclosed are recognised upon disposal.

1.6.14 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised (if any).

1.6.15 Premises and equipment/Depreciation

Land is stated at cost. Office condominiums and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Office condominiums are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company and its subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Surplus on revaluation of assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The surplus on revaluation of assets is amortised to retained earnings on a straight-line basis over the remaining life of the related assets. The revaluation surplus which is transferred to retained earnings is the difference between the depreciation calculated on book value of the revalued assets and the depreciation calculated on original cost of the assets. The revaluation surplus can neither be offset against deficit nor used for dividend payment.

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

Buildings and office condominiums	-	20 years
Office improvements	-	5, 20 years
Furniture, fixtures and equipments	-	3, 5 years
Motor vehicles	-	5 years

Leased assets under operating lease agreements - according to the period of lease agreement

The depreciation is dealt with in the financial statements as follows:

- Depreciation attributed to the original cost portion is included in determining income.
- Depreciation attributed to the surplus portion is included in determining income.

No depreciation is provided on land and assets under installation.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

1.6.16 Intangible assets

The Company and its subsidiaries initially recognised intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The Company and its subsidiaries reviewed the amortisation period and the amortisation method of such intangible assets at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives are software license fees that the Company and its subsidiaries amortised over the following estimated useful lives:

- | | | |
|--|---|---|
| The license agreements specified number of year of usage | - | according to the period of license agreement by the straight-line basis |
| The license agreements not specified number of year of usage | - | 5 years by the straight-line basis |
| No license agreements | - | 3 years by the sum-of-the-year-digits method |

1.6.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

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

The Company and its subsidiaries recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that the Company and its subsidiaries will generate future taxable profits will be available against which such deductible deferred tax assets can be utilised. The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences.

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

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

At the end of reporting period, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

1.6.18 Impairment of assets

The Company and its subsidiaries assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

1.6.19 Derecognition of financial assets and financial liabilities

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

1.6.20 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

1.6.21 Employee benefits

Short-term employee benefits

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Part of bonus expense of the Company and its subsidiaries is annual bonus, which is remuneration for employees' annual performance that is paid in cash, and determined with reference to the parent company's share price. The Company and its subsidiaries record this expense and accrued bonus when employees receive the right as service is deemed to have already been rendered by the employees. It is recorded based on the average daily share price from the grant date to the end of each reporting date and any increase or decrease in the expense according to changes in the share price is recognised in order to reflect the fair value of accrued bonus liability at the end of each reporting period, until the bonuses are settled.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plan. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan is determined by the Company and its subsidiaries based on actuarial techniques.

Actuarial gains or losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains or losses arising from other long-term benefits are recognised immediately in profit or loss.

1.6.22 Provisions

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

1.6.23 Derivatives and hedge accounting

The recording of derivatives and hedge accounting are based on the principles for recording derivatives and hedge accounting under IAS 39 “Financial Instruments: Recognition and Measurement”.

- a) A subsidiary operating banking business has recorded derivatives held for trading in fair value method. The subsidiary records gains (losses) from changes in the fair value of derivatives which is stated in profit or loss. The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.
- b) A subsidiary operating securities business recognises gains (losses) from changes in the fair value of the future contracts held for trading in profit or loss, with fair value determined based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.
- c) Subsidiaries have recorded derivatives for cash flow hedged by using hedge accounting, as follow:

The subsidiaries document, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The subsidiaries also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in shareholders' equity are recycled to profit or loss in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recognised in profit or loss.

1.6.24 Financial instruments

a) Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), derivatives assets, investments, securities and derivatives business receivable, receivable from clearing house, loans to customers and accrued interest receivable, deposits, interbank and money market items (liabilities), liability payable on demand, derivatives liabilities, debts issued and borrowings, securities and derivative business payables and payable to clearing house. The financial risks associated with these financial instruments and how they are managed is described in Note 3.39 to the financial statements.

b) Fair value of financial instruments

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

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

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

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

- Loans to customers and accrued interest, except for hire purchase receivables and other retail loans, are presented at fair value which is the book value less allowance for doubtful accounts, since most loans carry interest at floating rates. Hire purchase receivables and other retail loans to customers are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.
- The fair value of debts issued and borrowings is estimated by discounting expected future cash flow by the current market interest rates of the borrowings with similar terms and conditions.
- The fair value of derivatives is derived from the quoted market price, or based on generally accepted pricing models when no market price is available.

1.6.25 Offsetting financial assets and financial liabilities

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

1.6.26 Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimate. Significant judgments and estimates are as follows:

Recognition and derecognition of assets and liabilities

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

Allowance for doubtful accounts for loans to customers

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

Fair value of financial instruments

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

Impairment of investments

The Company and its subsidiaries treat available-for-sale securities and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognise changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 3.10.

Premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of premises and equipment and to review estimated useful lives and residual values when there are any changes.

At the end of 2013, the Company and its subsidiaries measure office condominiums at revalued amounts. Such amounts are determined by the independent appraiser using the income approach. The valuation involves certain assumptions and estimates.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

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

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefits plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, staff turnover rate.

Leases

In determining whether a lease is to be classified as an operating lease or financial lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

Consolidation and deconsolidation of subsidiaries

In preparation of the consolidated financial statements, the management is required to make judgment whether the Company has control over the subsidiaries that are included in the consolidated financial statements or not.

2. General information

2.1 The Company's information

TISCO Financial Group Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is a holding company and 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 Share capital

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

2.3 Statutory reserve

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

2.4 Directors' remuneration

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

2.5 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the 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 31 December 2013 and 2012 is provided below.

Company's name	Nature of Business	Country of incorporation	(Unit: Percent)	
			Percentage of shares held by the Company as at 31 December	
			2013	2012
<u>Subsidiaries directly held by the Company</u>				
TISCO Bank Public Company Limited	Banking	Thailand	99.99	99.98
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 Tokyo Leasing Co., Ltd.	Leasing	Thailand	49.00	49.00
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	-
<u>Subsidiaries indirectly held by the Company</u>				
Deutsche TISCO Investment Advisory Co., Ltd.	Securities business	Thailand	51.00	51.00
TISCO Securities Hong Kong Limited Co., Ltd. (in the process of liquidation)	Securities business	China-Hongkong	-	100.00

During the year 2013, there was the following change in the composition of the subsidiary.

- A) In February 2013, the Company invested in 9,997 ordinary shares of T Troop Company Limited at a price of Baht 100 per share, for a total of Baht 1 million. The Company holds 99.97 percent of shares of this Company, which registered its incorporations with the Ministry of Commerce on 15 February 2013. In March 2013, T Troop Company Limited registered the change in its name to “All-Ways Company Limited” (as referred to in Note 5.1 to the financial statements).
- B) In October 2013, TISCO Bank Public Company Limited received the return of capital amounting to Baht 40 million as a result of the dissolution of TISCO Securities Hong Kong Limited.

3.2 Interbank and money market items - net (assets)

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2013			2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development						
Fund	3,121,140	800,000	3,921,140	3,394,757	230,000	3,624,757
Commercial banks	316,291	45,189,504	45,505,795	325,240	25,132,533	25,457,773
Specialised financial institutions	761	3,778,884	3,779,645	997	2,050,000	2,050,997
Total	3,438,192	49,768,388	53,206,580	3,720,994	27,412,533	31,133,527
Add: Accrued interest	11,886	26,459	38,345	8,395	9,340	17,735
Less: Allowance for doubtful accounts	-	(3,000)	(3,000)	-	-	-
Total domestic	3,450,078	49,791,847	53,241,925	3,729,389	27,421,873	31,151,262
Foreign						
Hong Kong dollar	30	-	30	5,679	-	5,679
US dollar	7	-	7	39,338	-	39,338
Total	37	-	37	45,017	-	45,017
Add: Accrued interest	-	-	-	-	-	-
Total foreign	37	-	37	45,017	-	45,017
Total domestic and foreign	3,450,115	49,791,847	53,241,962	3,774,406	27,421,873	31,196,279

(Unit: Thousand Baht)

	Separate financial statements as at 31 December					
	2013			2012		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	509,783	-	509,783	565,745	-	565,745
Total	509,783	-	509,783	565,745	-	565,745
Add: Accrued interest	289	-	289	239	-	239
Total domestic	510,072	-	510,072	565,984	-	565,984

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at 31 December		Type of pledge
	2013	2012	
	Cash at banks of local subsidiary	10	

The subsidiary company operating banking business entered into securities purchase under resale agreements according to private repurchase transactions. Securities received under resale agreements are used as collateral. Details of transactions are as follows:

(Unit: Million Baht)

	Securities purchase under resale agreements according to private repurchase transactions as at 31 December	
	2013	2012
	Commercial bank	47,800
Specialised financial institution	-	2,000

Fair value of securities received as collateral is as follow:

(Unit: Million Baht)

	Fair value of securities received as collateral as at 31 December	
	2013	2012
	Commercial bank	47,873
Specialised financial institution	-	1,973

3.3 Derivatives

3.3.1 Trading derivative

The subsidiary company operating banking business entered into interest rate swap agreements and cross currency swap agreements to manage the risk associated with its loan to customers, as follows:

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December						
Type of risk	2013			2012		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	-	310,945	3,315,434	14,882	-	3,063,160
Interest rate	28,220	-	2,274,303	26,981	-	3,032,000
Total	28,220	310,945	5,589,737	41,863	-	6,095,160

All counter parties of these derivative transactions are financial institutions.

3.3.2 Hedging derivatives

The subsidiary operating leasing business entered into cross currency swap agreements to manage the risk associated with borrowings, as follows:

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December						
Type of risk	2013			2012		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	4,637	4,723	343,081	-	747	639,410
Total	4,637	4,723	343,081	-	747	639,410

All counter parties of these derivative transactions are financial institutions.

3.4 Investments

3.4.1 Classified by type of investment

		(Unit: Thousand Baht)	
		Consolidated financial statements as at	
		31 December	
		2013	2012
Trading investments - fair value			
Domestic marketable equity securities		-	23
Add: Allowance for changes in value		-	-
Total trading investments		-	23
Available-for-sales investments - fair value			
Government and state enterprise securities		5,637,810	4,139,976
Private sector debt securities		938,819	172,137
Domestic marketable equity securities		658,492	1,202,853
Other securities - domestic unit trusts		27,604	26,965
Other securities - foreign unit trusts		763,957	812,737
Less: Allowance for impairment		(1,460)	(1,460)
Total available-for-sales investments		8,025,222	6,353,208
Held-to-maturity debt securities - cost/amortised cost			
Government and state enterprise securities		3,000,000	49,929
Investment in receivables		33,872	186,847
Less: Allowance for impairment		(17,722)	(20,801)
Total held-to-maturity debt securities		3,016,150	215,975
Other investments - cost			
Domestic non-marketable equity securities		494,053	494,053
Less: Allowance for impairment		(45,829)	(47,741)
Total other investments		448,224	446,312
Investments - net		11,489,596	7,015,518

		(Unit: Thousand Baht)	
		Separate financial statements	
		as at 31 December	
		2013	2012
Available-for-sales investments - fair value			
Other securities - foreign unit trusts		763,957	812,737

3.4.2 Classified by remaining period to maturity of the debt securities

(Unit: Million Baht)

	Consolidated financial statements as at 31 December							
	2013				2012			
	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
Available-for-sale investments								
Government and state enterprise securities	5,435	203	-	5,638	4,136	3	-	4,139
Private sector debt securities	31	907	-	938	143	30	-	173
Total	5,466	1,110	-	6,576	4,279	33	-	4,312
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	5,465	1,110	-	6,575	4,278	33	-	4,311
Held-to-maturity debt securities								
Government and state enterprise securities	-	3,000	-	3,000	50	-	-	50
Investment in receivables	32	2	-	34	129	58	-	187
Less: Allowance for impairment	(18)	-	-	(18)	(16)	(5)	-	(21)
Total	14	3,002	-	3,016	163	53	-	216
Total debt securities	5,479	4,112	-	9,591	4,441	86	-	4,527

3.4.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Type of restriction
	as at 31 December		
	2013	2012	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	1,758	-	Pledge for the use of credit balance on clearing position

3.4.4 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 31 December 2013		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	7,060	-	7,060

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

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2012		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	7,060	-	7,060

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

3.4.5 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 31 December					
	2013			2012		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K. Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
Trading import and export:						
Shin Thai Enterprises Co., Ltd.	5,707	-	10	5,377	-	10
PDTL Trading Co., Ltd.	6,925	-	10	8,316	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	4,647	-	10	5,697	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	17,083	-	10	16,940	-	10

3.5 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		Type of investments as at 31 December		Percentage of holding as at 31 December		Investment value - cost method as at 31 December		Dividend received for the years ended 31 December	
		2013	2012	2013	2012	2013	2012	2013	2012
Subsidiaries directly held by the Company				(%)	(%)				
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.98	15,195	13,294	655	1,238
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	458	260
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	309	335
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	15	-
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Ordinary shares	Ordinary shares	99.99	99.99	137	137	-	-
TISCO Tokyo Leasing Co., Ltd.	Leasing	Ordinary shares	Ordinary shares	49.00	49.00	73	73	2	2
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	20	-
All-Ways Co., Ltd.	Services	Ordinary shares	-	99.97	-	1	-	-	-
						17,033	15,131	1,459	1,835
Less: Allowance for impairment						(109)	(109)		
Investment in subsidiaries - net						16,924	15,022		

3.6 Loans to customers and accrued interest receivables

3.6.1 Classified by loans to customers type

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at 31 December	
	2013	2012
Loans to customers		
Loans	80,719,897	66,608,275
Hire purchase receivables	232,863,826	201,220,750
Financial lease receivables	7,996,365	6,020,564
Less: Deferred revenue	(28,616,716)	(24,996,296)
Advances received from financial lease receivables	(812,720)	(537,616)
Total loans to customers	292,150,652	248,315,677
Add: Accrued interest receivables	535,851	352,769
Less: Allowance for doubtful accounts	(6,354,337)	(5,121,518)
Less: Allowance for loss on debt restructuring	-	(3)
Loans to customers and accrued interest receivables - net	286,332,166	243,546,925

(Unit: Thousand Baht)

Separate financial statements

as at 31 December

	2013	2012
Loans to customers		
Loans	3,986,000	3,841,000
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	3,986,000	3,841,000

3.6.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December

	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	288,869,292	-	288,869,292	245,252,517	-	245,252,517
US Dollars	-	3,281,360	3,281,360	-	3,063,160	3,063,160
Total loans to customers						
net of deferred revenue	288,869,292	3,281,360	292,150,652	245,252,517	3,063,160	248,315,677

(Unit: Thousand Baht)

Separate financial statements as at 31 December

	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	3,986,000	-	3,986,000	3,841,000	-	3,841,000
Total loans to customers						
net of deferred revenue	3,986,000	-	3,986,000	3,841,000	-	3,841,000

3.6.3 Classified by type of business and loan classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2013

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special	Sub-standard	Doubtful	Doubtful	Total		
		mention			of loss			
Agricultural and mining	1,441,228	71,195	23,157	2,795	-	1,538,375	-	1,538,375
Manufacturing and commerce	38,468,365	538,751	140,002	39,767	16,035	39,202,920	-	39,202,920
Real estate and construction	11,749,451	152,775	25,901	10,997	11,912	11,951,036	-	11,951,036
Public utilities and services	31,235,584	630,004	97,881	78,089	1,777	32,043,335	-	32,043,335
Personal consumption								
Hire purchase	160,187,190	14,723,922	2,584,821	824,665	66,641	178,387,239	10,772,161	189,159,400
Auto cash loan	12,707,215	948,514	188,453	27,427	822	13,872,431	552,065	14,424,496
Housing loans	1,302,535	56,425	2,355	9,294	57,583	1,428,192	-	1,428,192
Others	2,230,065	124,769	23,695	2,860	21,509	2,402,898	-	2,402,898
Total loans to customers	259,321,633	17,246,355	3,086,265	995,894	176,279	280,826,426	11,324,226	292,150,652
Add: Accrued interest receivables	272,962	220,093	-	-	-	493,055	42,796	535,851
Total loans to customers and accrued interest receivables	259,594,595	17,466,448	3,086,265	995,894	176,279	281,319,481	11,367,022	292,686,503

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2012

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special	Sub-standard	Doubtful	Doubtful	Total		
		mention			of loss			
Agricultural and mining	1,575,255	43,949	5,272	679	-	1,625,155	-	1,625,155
Manufacturing and commerce	33,359,833	373,478	52,954	12,397	29,385	33,828,047	-	33,828,047
Real estate and construction	10,104,095	115,489	23,251	10,735	248,997	10,502,567	-	10,502,567
Public utilities and services	21,255,301	424,872	35,029	14,633	3,967	21,733,802	-	21,733,802
Personal consumption								
Hire purchase	142,042,315	10,431,471	1,632,472	426,854	29,087	154,562,199	7,632,443	162,194,642
Auto cash loan	9,299,338	491,263	74,922	11,347	1,110	9,877,980	2,015,355	11,893,335
Housing loans	1,329,435	20,509	18,981	3,808	82,862	1,455,595	-	1,455,595
Securities	-	-	-	-	-	-	1,432	1,432
Others	4,881,940	143,840	18,370	7,303	29,649	5,081,102	-	5,081,102
Total loans to customers	223,847,512	12,044,871	1,861,251	487,756	425,057	238,666,447	9,649,230	248,315,677
Add: Accrued interest receivables	172,180	150,086	-	-	-	322,266	30,503	352,769
Total loans to customers and accrued interest receivables	224,019,692	12,194,957	1,861,251	487,756	425,057	238,988,713	9,679,733	248,668,446

3.6.4 Classified by loan classification of a subsidiary company operating banking business

(Unit: Million Baht)

	As at 31 December					
	2013			2012		
	Loans to customers and accrued interest receivable	Net amount used for setting the allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}	Loans to customers and accrued interest receivable	Net amount used for setting the allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}
Provision under BOT's guideline						
- Pass	259,595	235,950	3,259	224,020	203,954	2,752
- Special mention	17,466	17,189	1,121	12,195	11,873	1,024
- Sub-standard	3,086	3,083	944	1,861	1,845	556
- Doubtful	996	988	279	488	477	136
- Doubtful of loss	176	107	63	425	193	216
Allowance established in excess	-	-	109	-	-	4
Total	281,319	257,317	5,775	238,989	218,342	4,688

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

⁽²⁾ As at 31 December 2013, 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 2,345 million (As at 31 December 2012: total of Baht 2,045 million). TISCO Bank allocated Baht 2,236 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2012: total of Baht 2,041 million) and so combined with the minimum provision requirement of Baht 3,430 million (As at 31 December 2012: total of Baht 2,643 million), the total provision set aside in accordance with BOT requirements is Baht 5,666 million (As at 31 December 2012: total of Baht 4,684 million).

	Percentage of allowance for doubtful accounts set up			
	Hire purchase receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Pass	0.58	0.77	1	1
Special mention	4.67	6.56	2	2
Sub-standard	22.95	24.24	100	100
Doubtful	23.13	24.65	100	100
Doubtful of loss	22.75	21.90	100	100

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

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

3.6.5 Hire purchase and financial lease receivables

As at 31 December 2013, net receivables of the subsidiaries under hire purchase and financial lease agreements amount to Baht 211,655 million (31 December 2012: Baht 181,900 million) and mostly comprise hire purchase agreements for cars, and financial lease agreements for machine and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013					
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	71,354	155,991	7,216	6,300	240,861
Less: Deferred revenue*	(11,012)	(15,307)	(225)	(1,848)	(28,392)
Advances received from financial lease receivables	(93)	(719)	-	(1)	(813)
Present value of minimum lease pay from agreements	60,249	139,965	6,991	4,451	211,656
Allowance for doubtful accounts**					(3,204)
Net hire purchase and financial lease receivables					208,451

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

** These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning the provisions in exceed of BOT's minimum requirement to specific provisions for an individual debtor.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012					
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	61,807	134,904	6,579	3,951	207,241
Less: Deferred revenue*	(9,833)	(13,650)	110	(1,430)	(24,803)
Advances received from financial lease receivables	(30)	(505)	(2)	(1)	(538)
Present value of minimum lease pay from agreements	51,944	120,749	6,687	2,520	181,900
Allowance for doubtful accounts**					(2,915)
Net hire purchase and financial lease receivables					178,985

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

** These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning the provisions in exceed of BOT's minimum requirement to specific provisions for an individual debtor.

3.6.6 Loans to customers of subsidiary companies for which the recognition of interest income has ceased

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines ⁽²⁾ as at 31 December		Amounts calculated under TISCO Bank's policy as at 31 December	
	2013	2012	2013	2012
	Loans to customers for which the recognition of interest income has ceased ⁽¹⁾	5,328	3,441	5,328

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

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

(Unit: Million Baht)

Other subsidiaries	As at 31 December	
	2013	2012
Hire purchase receivables, financial lease receivables and other loans receivables for which the recognition of interest income has ceased	752	333

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

(Unit: Million Baht)

	Consolidated financial statements as at 31 December	
	2013	2012
	Deferred revenue ⁽¹⁾	28,617

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

3.6.8 Troubled debt restructuring of a subsidiary company operating banking business

	For the years ended 31 December	
	2013	2012
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	388	159
Loan balances before restructuring (Million Baht)	376	120
Loan balances after restructuring (Million Baht)	376	120
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	2	3
Corporate loan receivables	-	2

Supplemental information for the years ended 31 December 2013 and 2012 relating to the restructured debts is as follows:

(Unit: Million Baht)

	For the years ended 31 December	
	2013	2012
Interest income on restructured receivables	38	53
Receipt of principal and interest	266	487

As at 31 December 2013 and 2012, a subsidiary company operating banking business has the outstanding balance with troubled debt restructuring debtors as follows:

(Unit: Million Baht)

	As at 31 December			
	2013		2012	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	1,099	665	1,135	735

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

3.7.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2013

	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Allowance	Total
						established in excess	
Balance - beginning of year	2,948,779	1,112,046	631,044	177,401	248,808	3,440	5,121,518
Increase in allowance for doubtful accounts during the year	484,378	175,311	1,191,378	2,806,117	246,149	105,511	5,008,844
Bad debt written-off	(1,458)	(36,569)	(735,664)	(2,606,025)	(396,309)	-	(3,776,025)
Balance - end of year	3,431,699	1,250,788	1,086,758	377,493	98,648	108,951	6,354,337

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2012

	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Allowance	Total
						established in excess	
Balance - beginning of year	3,393,569	237,316	469,683	95,954	219,966	3,863	4,420,351
Increase (decrease) in allowance for doubtful accounts during the year	(443,520)	892,124	708,783	1,469,707	135,095	(10,058)	2,752,131
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	9,635	9,635
Bad debt written-off	(1,270)	(17,394)	(547,422)	(1,388,260)	(106,253)	-	(2,060,599)
Balance - end of year	2,948,779	1,112,046	631,044	177,401	248,808	3,440	5,121,518

3.7.2 Allowance for doubtful accounts - classified by loan loss provisioning method

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2013				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	2,255,585	2,862,493	3,440	5,121,518
Increase in allowance for doubtful accounts during the year	1,319,471	3,583,862	105,511	5,008,844
Bad debt written-off	(493,474)	(3,282,551)	-	(3,776,025)
Balance - end of year	3,081,582	3,163,804	108,951	6,354,337

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2012				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	1,874,151	2,542,337	3,863	4,420,351
Increase (decrease) in allowance for doubtful accounts during the year	490,531	2,271,658	(10,058)	2,752,131
Transfer from allowance for declining in value of property foreclosed	-	-	9,635	9,635
Bad debt written-off	(109,097)	(1,951,502)	-	(2,060,599)
Balance - end of year	2,255,585	2,862,493	3,440	5,121,518

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

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Non-performing loans to customers	4,258	2,774
Allowance for doubtful accounts	1,285	908

3.8 Classification of assets

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

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	as at 31 December		as at 31 December		as at 31 December	
	2013	2012	2013	2012	2013	2012
Debt instruments - debentures ⁽²⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6

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

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

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

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

As at 31 December 2013 and 2012, 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 customer ⁽¹⁾		Investments in securities		Investments in receivables		Property foreclosed		Total	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Pass	307,922	251,348	-	-	-	-	-	-	307,922	251,348
Special mention	17,246	12,045	-	-	-	-	-	-	17,246	12,045
Sub-standard	3,086	1,861	-	-	-	-	-	-	3,086	1,861
Doubtful	996	488	-	-	-	-	-	-	996	488
Doubtful of loss	176	425	47	72	18	21	18	18	259	536
Total	329,426	266,167	47	72	18	21	18	18	329,509	266,278

⁽¹⁾ Loans to customer include 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).

3.8.3 Classification of assets under the Bank of Thailand's guidelines for hire purchase receivables on which a subsidiary company operating banking business sets aside provision using a collective approach

(Unit: Million Baht)

	Debt balance		Net amount used for setting the allowance for doubtful accounts ⁽¹⁾		Percentage of allowance for doubtful account set up ⁽²⁾		Allowance for doubtful accounts ⁽³⁾	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2013	2012	2013	2012	2013	2012	2013	2012
					(%)	(%)		
Pass	180,736	159,472	180,736	159,472	0.58	0.77	1,049	1,227
Special mention	15,660	10,939	15,660	10,939	4.67	6.56	732	717
Sub-standard	2,777	1,707	2,777	1,707	22.95	24.24	637	414
Doubtful	922	452	922	452	23.13	21.65	213	111
Doubtful of loss	69	38	69	38	22.75	21.90	16	9
Total	200,164	172,608	200,164	172,608			2,647	2,478

⁽¹⁾ 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.

⁽²⁾ 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.

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

3.8.4 Loans to customers with weak financial position and operating results of a subsidiary company operating banking business

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2013	2012	2013	2012	2013	2012	2013	2012
				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	-	250	-	142	-	132
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies which have loan settlement problems or have defaulted on payment of debts	-	-	-	-	-	-	-	-
5. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	-	2	-	250	-	142	-	132

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

(Unit: Million Baht)

	Securities business		Allowance		Allowance for doubtful	
	receivables and		for doubtful accounts		accounts provided	
	accrued interest		as required by SEC		in the accounts	
	as at 31 December		as at 31 December		as at 31 December	
	2013	2012	2013	2012	2013	2012
Doubtful of loss	-	1	-	1	-	1

3.8.6 Hire purchase receivables/financial lease receivables and other loan receivables of the other subsidiaries classified in accordance with the Bank of Thailand's guidelines

(Unit: Million Baht)

	Debt balance		Allowance for		Debt balance - net	
	as at 31 December		doubtful account		as at 31 December	
	2013	2012	2013	2012	2013	2012
Pass	9,632	8,768	172	199	9,460	8,569
Special mention	984	556	130	92	854	464
Sub-standard	353	180	143	76	210	104
Doubtful	270	98	99	41	171	57
Doubtful of loss	86	46	36	25	50	21
Total	11,325	9,648	580	433	10,745	9,215

3.9 Property foreclosed

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2013	2012
Acquisition of assets for debt repayment		
Immovable assets		
<u>Appraisal by an external appraiser</u>		
Balance - beginning of year	239,700	239,700
Disposals	(236,296)	-
Balance - end of year	3,403	239,700
<u>Appraisal by an internal appraiser</u>		
Balance - beginning of year	25,453	37,551
Additions	48,272	-
Disposals	-	(12,098)
Balance - end of year	73,725	25,453
Total property foreclosed - Immovable assets	77,129	265,153
Movable assets		
Balance - beginning of year	25,578	30,479
Additions	4,822,600	3,169,985
Disposals	(4,782,369)	(3,174,886)
Balance - end of year	65,809	25,578
Total property foreclosed	142,938	290,731
Less: Allowance for impairment		
Balance - beginning of year	18,198	49,861
Increase	918	1,268
Decrease	(936)	(32,931)
Balance - end of year	18,180	18,198
Total Property foreclosed - net	124,758	272,533

3.10 Investment properties

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2013	2012	2013	2012
				(Restated)
Book value - beginning of years	304	952	764,271	647,355
Gain from fair value adjustment	16,850	-	18,899	116,916
Others	(298)	(648)	-	-
Book value - end of years	<u>16,856</u>	<u>304</u>	<u>783,170</u>	<u>764,271</u>

The investment property is an office building for rent and stated at fair value. The fair value of investment properties was determined based on the valuation performed by an independent appraiser at the end of the year 2013 using the discounted cash flow method under the income approach. The main assumptions applied in the valuation included the utilisation rate of property, the capitalisation rate, the discount rate, long-term growth in rental rates and other related items.

3.11 Premises and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis				Assets for operating lease agreements			
	Operating assets	Operating assets				Assets held for future lease and for sale	Computer and equipment	Motor vehicles	Total
	Office condominium and building improvements	Land	Building, office condominium and building improvements	Furniture fixtures computer and equipment	Motor vehicles				
Cost:									
As at 1 January 2012	-	17,509	2,257,556	853,668	137,758	1,646	55,756	4,282	3,328,175
Additions/transfers in	-	-	46,528	89,727	2,076	3,816,519	29,106	2,825	3,986,781
Disposals/written-off/transfers out	-	-	(13,515)	(17,163)	(8,869)	(3,801,243)	(9,561)	(1,060)	(3,851,411)
As at 31 December 2012	-	17,509	2,290,569	926,232	130,965	16,922	75,301	6,047	3,463,545
Additions/transfers in	1,320,127	-	78,028	80,180	28,423	5,519,475	18,849	7,716	7,052,798
Transfer accumulated depreciation to deduct cost	(344,250)	-	-	-	-	-	-	-	(344,250)
Surplus on revaluation	1,176,123	-	-	-	-	-	-	-	1,176,123
Disposals/written-off/transfers out	-	-	(1,583,805)	(7,561)	(14,991)	(5,533,845)	(19,833)	(3,222)	(7,163,257)
As at 31 December 2013	2,152,000	17,509	784,792	998,851	144,397	2,552	74,317	10,541	4,184,959
Accumulated depreciation:									
As at 1 January 2012	-	-	1,059,793	714,616	70,719	-	31,017	1,129	1,877,274
Depreciation for the year	-	-	106,993	102,190	19,199	-	17,649	1,553	247,584
Depreciation on disposals/written-off/transfers out	-	-	(9,901)	(16,515)	(8,869)	-	(9,561)	(848)	(45,694)
As at 31 December 2012	-	-	1,156,885	800,291	81,049	-	39,105	1,834	2,079,164
Depreciation for the year	-	-	90,248	86,797	21,248	-	20,712	3,518	222,523
Depreciation transferred in	344,250	-	-	-	-	-	-	-	344,250
Transfer accumulated depreciation to deduct cost	(344,250)	-	-	-	-	-	-	-	(344,250)
Depreciation on disposals/written-off transfers out	-	-	(585,238)	(6,523)	(14,625)	-	(19,831)	(2,256)	(628,473)
As at 31 December 2013	-	-	661,895	880,565	87,672	-	39,986	3,096	1,673,214
Net book value:									
As at 1 January 2012	-	17,509	1,197,763	139,052	67,039	1,646	24,739	3,153	1,450,901
As at 31 December 2012	-	17,509	1,133,684	125,941	49,916	16,922	36,196	4,213	1,384,381
As at 31 December 2013	2,152,000	17,509	122,897	118,286	56,725	2,552	34,331	7,445	2,511,745
Depreciation for years ended 31 December:									
2012									247,584
2013									222,523

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis		Cost basis		
	Office condominium and building improvements	Office condominium and building improvements	Furniture, fixtures and equipment	Motor vehicles	Total
Cost:					
As at 1 January 2012	-	351,623	105,037	56,742	513,402
Additions/transfers in	-	1,700	40,360	1,390	43,450
Disposals/written-off/transfers out	-	-	(30)	-	(30)
As at 31 December 2012	-	353,323	145,367	58,132	556,822
Additions/transfers in	313,088	1,123	19,052	2,414	335,677
Transfer accumulated depreciation to deduct cost	(30,136)	-	-	-	(30,136)
Surplus on revaluation	288,745	-	-	-	288,745
Disposals/written-off/transfers out	-	(344,950)	(258)	(1,670)	(346,878)
As at 31 December 2013	571,697	9,496	164,161	58,876	804,230
Accumulated depreciation:					
As at 1 January 2012	-	43,245	46,935	12,855	103,035
Depreciation for the year	-	14,074	47,952	11,491	73,517
Depreciation on disposals	-	-	(2)	-	(2)
As at 31 December 2012	-	57,319	94,885	24,346	176,550
Depreciation for the year	-	14,175	36,064	11,751	61,990
Accumulated depreciation transferred in	30,136	-	-	-	30,137
Transfer accumulated depreciation to deduct cost	(30,136)	-	-	-	(30,137)
Depreciation on disposals/transfers out	-	(61,998)	(47)	(1,304)	(63,349)
As at 31 December 2013	-	9,496	130,902	34,793	175,191
Net book value:					
As at 1 January 2012	-	308,378	58,102	43,887	410,367
As at 31 December 2012	-	296,004	50,482	33,786	380,272
As at 31 December 2013	571,697	-	33,259	24,083	629,039
Depreciation for the years ended 31 December:					
2012					73,517
2013					61,990

As at 31 December 2013, the Company and its subsidiaries reviewed and changed their accounting policy regarding measurement of premises and equipment as it relates to office condominiums, switching from the previously applied cost model to the revaluation model, which presents the fair value of the assets at the appraisal date. The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of the office condominium on 11 November 2013, using the Income Approach. The change in the accounting policy on the measurement of office condominiums was adopted on a prospective basis. Therefore, depreciation of the office condominium for the year 2013 is calculated based on the cost model. Depreciation will be calculated based on the revalued amounts as from the beginning of the year 2014. However, the change in accounting policy would not have had a material impact on net profit for the year had the new policy been adopted since the beginning of the year.

Had the office condominium been carried in the financial statements based on the cost model, their net book value as at 31 December 2013 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>as at 31 December 2013</u>	<u>as at 31 December 2013</u>
Office condominiums - net of accumulated depreciation	975,877	282,952

3.12 Intangible assets

The book value of intangible assets as at 31 December 2013 and 2012 is presented as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>Computer software</u>	<u>Computer software</u>
As at 31 December 2013:		
Cost	724,472	213,586
Less: Accumulated amortisation	(612,508)	(156,634)
Net book value	<u>111,964</u>	<u>56,952</u>
As at 31 December 2012:		
Cost	675,460	177,280
Less: Accumulated amortisation	(548,751)	(132,072)
Net book value	<u>126,709</u>	<u>45,208</u>

A reconciliation of net book value of intangible assets for the years ended 31 December 2013 and 2012 is presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2013	2012	2013	2012
Net book value at beginning of years	126,709	182,317	45,208	62,427
Acquisitions of computer software	49,012	22,325	36,306	7,505
Disposals of computer software	-	(750)	-	-
Amortisation	(63,757)	(77,183)	(24,562)	(24,724)
Book value at end of year	<u>111,964</u>	<u>126,709</u>	<u>56,952</u>	<u>45,208</u>

3.13 Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2013	2012	2013	2012
Receivables from clearing house	271,516	136,065	-	-
Value added tax - net	577,447	1,551,171	1,086	6,256
Accrued interest receivables	53,518	31,867	-	-
Fee and charge receivables	210,915	277,240	74,000	88,652
Refundable income tax and prepaid				
income tax	21,302	367,904	-	-
Deposits	47,628	41,403	4,080	4,080
Other receivables	603,072	594,595	8,025	-
Dividend receivables	4,000	-	-	-
Other assets	688,169	335,930	68,369	28,000
Total other assets	<u>2,477,567</u>	<u>3,336,175</u>	<u>155,560</u>	<u>126,988</u>

3.14 Deposits

3.14.1 Classified by type of deposits

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2013	2012
Deposits		
Current accounts	2,480,901	2,762,373
Savings accounts	40,751,442	28,140,151
Fixed accounts		
- not over 6 months	12,917,074	14,063,664
- over 6 months but not over 1 year	20,938,222	1,153,580
- over 1 year	201,249	167,791
Certificates of deposit/negotiable certificates of deposit	187,351,865	173,535,780
Total	<u>264,640,753</u>	<u>219,823,339</u>

3.14.2 Classified by the remaining period of contract

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2013	2012
Not over 1 year*	264,152,811	219,591,744
Over 1 year	487,942	231,595
Total deposits	<u>264,640,753</u>	<u>219,823,339</u>

*Including fully-mature deposit contract

3.14.3 As at 31 December 2013 and 2012, all outstanding deposits are deposits from domestic depositors and in Baht.

3.15 Interbank and money market items - net (liabilities)

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2013			2012		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	-	26,118	26,118	-	28,857	28,857
Commercial banks	4,192,940	1,222,224	5,415,164	3,401,343	1,723,541	5,124,884
Specialised financial institutions	-	532,520	532,520	-	1,915,131	1,915,131
Other financial institutions	2,482,474	8,246,416	10,728,890	444,380	6,457,356	6,901,736
Total	6,675,414	10,027,278	16,702,692	3,845,723	10,124,885	13,970,608

(Unit: Thousand Baht)

	Separate financial statements as at 31 December					
	2013			2012		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Other financial institutions	-	-	-	-	200,000	200,000
Total	-	-	-	-	200,000	200,000

3.16 Debt issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2013	2012	2013	2012
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	8,243,000	8,243,000	-	-
Unsubordinated unsecured debentures	28,566,000	5,828,200	-	-
Unsubordinated guaranteed debentures	1,000,000	-	-	-
Bills of exchange	6,273,822	13,805,253	6,128,000	6,311,631
Promissory notes	797	797	-	-
Total	44,083,619	27,877,250	6,128,000	6,311,631

3.16.1 Subordinated unsecured debentures

Year	Issuer	Type of debenture	Units as at 31 December		Face value per unit (Baht)	Balance in consolidated financial statements as at 31 December		Maturity in the year	Interest rate
			2013	2012		2013	2012		
			(Units)	(Units)		(Million Baht)	(Million Baht)		
2009	TISCO Bank	Long-term subordinated unsecured debentures	2 million	2 million	1,000	2,000	2,000	2019	5.50 percent per annum in the first to third year, 6.00 percent per annum in the forth to seventh year and 6.50 percent per annum in the eighth to tenth year.
2009	TISCO Bank	Long-term subordinated unsecured debentures	2 million	2 million	1,000	2,000	2,000	2019	5.00 percent per annum in the first to third year, 5.50 percent per annum in the forth to seventh year and 6.00 percent per annum in the eighth to tenth year.
2010	TISCO Bank	Long-term subordinated unsecured debentures	1 million	1 million	1,000	1,000	1,000	2020	5.00 percent per annum.
2010	TISCO Bank	Long-term subordinated unsecured debentures	1 million	1 million	1,000	1,000	1,000	2020	4.80 percent per annum.
2012	TISCO Bank	Long-term subordinated unsecured debentures	1 million	1 million	1,000	1,000	1,000	2022	4.85 percent per annum.
2012	TISCO Bank	Long-term subordinated unsecured debentures	1,243,000	1,243,000	1,000	1,243	1,243	2022	4.60 percent per annum.
Total						<u>8,243</u>	<u>8,243</u>		

3.16.2 Unsubordinated unsecured debentures

Year	Issuer	Type of debenture	Units as at 31 December		Face value per unit (Baht)	Balance in consolidated financial statements as at 31 December		Maturity in the year	Interest rate	
			2013	2012		2013	2012			
			(Unit)	(Unit)		(Million Baht)	(Million Baht)			
2012	TISCO Bank	Shot-term unsubordinated unsecured debentures	-	4,324,300	1,000	-	4,324	2013	3.50 percent per annum	
2012	TISCO Bank	Shot-term unsubordinated unsecured debentures	-	1 million	1,000	-	1,000	2013	3.50 percent per annum	
2012	TISCO Bank	Shot-term unsubordinated unsecured debentures	-	503,900	1,000	-	504	2013	3.50 percent per annum	
2013	TISCO Bank	Shot-term unsubordinated unsecured debentures	16,166,000	-	1,000	16,166	-	2014	2.80 - 3.15 percent per annum	
2013	TISCO Bank	Shot-term unsubordinated unsecured debentures	3,000,000	-	1,000	3,000	-	2014	3.15 percent per annum	
2013	TISCO Bank	Shot-term unsubordinated unsecured debentures	3,500,000	-	1,000	3,500	-	2014	3.15 percent per annum	
2013	TISCO Bank	Shot-term unsubordinated unsecured debentures	3,000,000	-	1,000	3,000	-	2014	3.10 percent per annum	
2013	TISCO Bank	Shot-term unsubordinated unsecured debentures	2,600,000	-	1,000	2,600	-	2014	3.05 percent per annum	
2013	TISCO Bank	Shot-term unsubordinated unsecured debentures	300,000	-	1,000	300	-	2014	3.10 percent per annum	
Total							<u>28,566</u>	<u>5,828</u>		

3.16.3 Unsubordinated guaranteed debentures

As at 31 December 2013 and 2012, a subsidiary company operating leasing business had long term unsubordinated guaranteed debentures as follows:

Year	Issuer	Units as at 31 December		Face value per unit (Baht)	Balance in consolidated financial statements as at 31 December		Maturity in the year	Interest rate
		2013	2012		2013	2012		
		(Units)	(Units)		(Million Baht)	(Million Baht)		
2013	TISCO Tokyo Leasing Co., Ltd.	350,000	-	1,000	350	-	2015	3.88 percent per annum
2013	TISCO Tokyo Leasing Co., Ltd.	650,000	-	1,000	650	-	2017	4.37 percent per annum
Total					1,000	-		

3.16.4 Bills of exchange

Bills of exchange comprised of the fixed interest rates bearing and float interest rate bearing, which will gradually mature in 2013 to 2015. The interest rates of the fixed interest rates bearing bills of exchange are between 2.50 and 4.25 percent per annum.

3.17 Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other long-term benefits as at 31 December 2013 and 2012 was as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2013	2012
Defined post employment benefit obligation at beginning of year	242,830	205,141
Current service cost	18,889	22,468
Interest cost	9,150	8,342
Benefits paid during the year	(6,258)	(5,218)
Actuarial (gains) losses	(13,055)	12,097
Defined post employment benefit obligation at end of year	251,556	242,830
Other long-term benefits	82,983	81,527
Total provision for long-term employee benefits at end of year	334,539	324,357

(Unit: Thousand Baht)

	Separate financial statements	
	as at 31 December	
	2013	2012
Defined post employment benefit obligation at beginning of year	59,889	49,069
Current service cost	3,542	3,866
Interest cost	2,212	1,745
Benefits paid during the year	(1,684)	-
Actuarial (gains) losses	(3,670)	5,209
Defined post employment benefit obligation at end of year	60,289	59,889
Other long-term benefits	11,547	11,197
Total provision for long-term employee benefits at end of year	<u>71,836</u>	<u>71,086</u>

Long-term employee benefits expenses included in the profit or loss for the years ended 31 December 2013 and 2012 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
Current service cost	28,259	53,284	4,560	8,168
Interest cost	11,411	9,373	2,539	1,894
Actuarial losses	8,380	-	1,118	-
Total employee benefits expenses	<u>48,050</u>	<u>62,657</u>	<u>8,217</u>	<u>10,062</u>

The cumulative amount of actuarial gains or losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2013 and 2012 amounted to Baht 57 million and Baht 70 million, respectively (The Company only: Baht 11 million and Baht 14 million, respectively).

Principal actuarial assumptions at the valuation date were as follows:

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2013		2012	
	2013	2012	2013	2012
Discount rate	2.36 - 4.64	3.09 - 4.21	2.36 - 4.64	3.09 - 4.20
Average salary increase rate	3.80	4.39	3.80	4.39
Average inflation rate	2.92	3.50	2.92	3.50

3.18 Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2013	2012	2013	2012
Payable to clearing housing	298,874	852,369	-	-
Withholding income tax and other				
tax payable	315,964	353,942	44,506	61,177
Accrued insurance premium	819,656	885,727	-	-
Deferred income	950,012	550,733	-	-
Accrued expenses	2,438,450	2,089,089	977,292	683,250
Suspense creditors	583,941	579,873	-	-
Other payables	95,479	59,271	-	-
Other liabilities	268,105	212,579	65	60
Total other liabilities	5,770,481	5,583,583	1,021,863	744,487

The above accrued expenses included accrued bonus expenses which are remuneration paid to the management and employees based on annual performance. These accrued bonus expenses include costs of annual bonus that are determined with reference to the Company's share price, paid to employees whose performance impacts on the Company's operation 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 31 December 2013 and 2012, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 408 million and Baht 355 million, respectively (The Company only: Baht 230 million and Baht 206 million, respectively)

3.19 Capital funds

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

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

Regarding to Capital fund as of 31 December 2013 and 2012 under Basel III framework, 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 BOT's regulation.

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

(Unit: Thousand Baht)

	As at 31 December	
	2013	2012 ⁽¹⁾
<u>Common Equity Tier I capital</u>		
Issued and fully paid up share capital	8,191,712	7,281,522
Premium on share capital	1,120,738	130,451
Statutory reserve	984,000	846,100
Net profits after appropriation	7,943,322	6,089,582
Less: Deficit provision according to IRB	(620,222)	(279,825)
Total Common Equity Tier I capital	17,619,550	14,067,830
<u>Financial Instrument Tier I capital</u>		
Issued and paid up share capital - non cumulative preferred shares	-	-
Total Tier I capital	17,619,550	14,067,830
<u>Tier II capital</u>		
Subordinated long-term debentures	7,518,700	6,858,434
Reserve for loans classified as pass	608,075	490,337
Less: Deficit provision according to IRB	-	(279,825)
Total Tier II capital	8,126,775	7,068,946
Total capital funds	25,746,325	21,136,776

⁽¹⁾ Capital funds as at 31 December 2012 were calculated under Basel II principle

(Unit: Percent)

Capital fund ratios	As at 31 December			
	2013		2012 ⁽¹⁾	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	9.15	4.50	-	-
Tier I capital to risk assets	9.15	6.00	8.51	4.25
Total capital to risk assets	13.37	8.50	12.79	8.50

⁽¹⁾ Capital fund ratios as at 31 December 2012 were calculated under Basel II principle

3.19.3 To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 6/2553 regarding "Consolidated Supervision" dated 18 June 2010, the Company has disclosed capital maintenance information of financial business group as at 30 June 2013 on its website on 29 October 2013.

3.20 Surplus (deficit) on changes in value of investments

(Unit: Thousand Baht)

Consolidated financial statements		
as at 31 December		
	2013	2012
Balance - beginning of year	361,941	187,851
Increase (decrease) from changes in value of investments during the year	(397,546)	174,090
	(35,605)	361,941
Less: The effect of deferred tax assets / liabilities	(6,423)	(83,534)
Balance - end of year	(42,028)	278,407

(Unit: Thousand Baht)

Separate financial statements		
as at 31 December		
	2013	2012
Balance - beginning of year	14,464	-
Increase (decrease) from changes in value of investments during the year	(105,579)	14,464
	(91,115)	14,464
Less: The effect of deferred tax assets / liabilities	18,223	(2,893)
Balance - end of year	(72,892)	11,571

3.21 Surplus on revaluation of assets

This represents surplus arising from revaluation of office condominiums. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
	As at 31 December 2013	As at 31 December 2013
Balance - beginning of year	-	-
Add: Revaluation	1,176,123	288,745
	1,176,123	288,745
Less: The effect of deferred tax assets/liabilities	(235,225)	(57,749)
Balance - end of year	940,898	230,996

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

3.22 Interest income

Interest income in the statements of comprehensive income for the years ended 31 December 2013 and 2012 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2013	2012
Interbank and money market items	996,514	730,845
Investments in debt securities	216,747	174,956
Loans to customers	5,895,645	4,477,681
Hire purchase and financial lease	12,162,827	9,827,130
Total interest income	19,271,733	15,210,612

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2013	2012
Interbank and money market items	23,852	17,662
Loans to customers	150,212	68,385
Total interest income	174,064	86,047

3.23 Interest expenses

Interest expenses in the statements of comprehensive income for the years ended 31 December 2013 and 2012 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2013	2012
Deposits	7,396,269	3,436,914
Interbank and money market items	463,900	514,431
Contribution fee to the Deposit Protection Agency and Bank of Thailand	1,254,479	718,198
Issued debt instruments		
- Subordinated debentures	433,678	365,272
- Unsubordinated debentures	354,475	182,529
Borrowings	400,770	2,948,802
Total interest expenses	10,303,571	8,166,146

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2013	2012
Interbank and money market items	322	675
Borrowings	220,971	128,914
Total interest expenses	221,293	129,589

3.24 Net fee and service income

Net fee and service income in the statements of comprehensive income for the years ended 31 December 2013 and 2012 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2013	2012
Fee and service income		
- Acceptance, aval and guarantees	10,498	13,288
- Insurance service	2,642,820	1,967,272
- Brokerage fees	1,066,101	786,176
- Fund management	728,040	754,465
- Financial advisory fees	17,150	33,800
- Others	951,111	852,550
Total fee and service income	5,415,720	4,407,551
Fee and service expenses		
- Information service expenses	(22,582)	(102,933)
- Others	(203,288)	(175,986)
Total fee and service expenses	(225,870)	(278,919)
Net fee and service income - net	5,189,850	4,128,632

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2013	2012
Fee and service income	-	-
Fee and service expenses	(14,318)	(9,958)
Net fee and service income - net	(14,318)	(9,958)

3.25 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 years ended 31 December 2013 and 2012 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2013	2012
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	50,197	(15,369)
- Derivatives on interest rates	11,039	39,789
- Debt securities	13,416	15,946
- Equity securities	-	26,129
- Others	(5)	-
Gains on cash flow hedges	-	100,761
Total	74,647	167,256

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2013	2012
Gain (losses) on trading and foreign exchange transactions		
- Foreign currencies	56,800	(4,847)
Total	56,800	(4,847)

3.26 Net gains (losses) on investments

Net gains (losses) on investments in the statements of comprehensive income for the years ended 31 December 2013 and 2012 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2013	2012
Gains on disposal		
- Available-for-sale securities	233,899	1,156
- Held-to-maturity securities	155	449
- General investments	39,570	49,287
Total	273,624	50,892
Reversal of losses on impairment		
- General investments	1,912	69,640
Total	1,912	69,640
Gain on return of capital from a subsidiary company (Note 3.1)	78,238	-
Net gains on investments	<u>353,774</u>	<u>120,532</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2013	2012
Losses on impairment		
- Investments in subsidiaries	-	(7)
Net losses on investments	<u>-</u>	<u>(7)</u>

3.27 Bad debt, doubtful accounts and impairment losses

Bad debt, doubtful accounts and impairment losses in the statements of comprehensive income for the years ended 31 December 2013 and 2012 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2013	2012
Interbank and money market items	3,000	5,000
Investment in receivables	(3,074)	2,744
Loans to customers	4,141,298	1,914,500
Total	<u>4,141,224</u>	<u>1,922,244</u>

3.28 Other operating income

Other operating income in the statements of comprehensive income for the years ended 31 December 2013 and 2012 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2013	2012
Gains on disposal of property foreclosed	14,556	54,938
Rental income	29,521	22,762
Others	32,920	44,957
Total	<u>76,997</u>	<u>122,657</u>

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2013	2012
Rental income	65,540	63,881
Others	1,958	1,053
Total	<u>67,498</u>	<u>64,934</u>

3.29 Other operating expenses

Other operating expenses in the statements of comprehensive income for the years ended 31 December 2013 and 2012 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2013	2012
Mailing expenses	55,266	50,106
Software amortisation expenses	63,757	77,182
Legal expenses	181,805	145,668
Transportation expenses	99,944	86,534
Others	345,238	409,840
Total	<u>746,010</u>	<u>769,330</u>

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2013	2012
Mailing expenses	261	306
Software amortisation expenses	24,562	24,723
Transportation expenses	8,511	8,236
Others	57,554	89,828
Total	90,888	123,093

3.30 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
				(Restated)
Current income tax:				
Income tax expenses for the year	1,162,447	930,872	130,038	141,671
Adjustment in respect of current income tax of previous year	(4,220)	3,198	(950)	(489)
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	(94,177)	146,591	(38,069)	(11,444)
Income tax expenses reported in statements of comprehensive income	1,064,050	1,080,661	91,019	129,738

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
				(Restated)
Decrease (increase) in surplus on change in value of investments	77,112	(34,818)	21,116	(2,893)
Surplus on revaluation of assets	(235,225)	-	(57,749)	-
Cash flow hedges	4,517	22,515	-	-
Actuarial gains (losses)	(2,620)	12,376	(734)	2,391
Income tax expenses recorded directly to other comprehensive income	<u>(156,216)</u>	<u>73</u>	<u>(37,367)</u>	<u>(502)</u>

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 is as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
				(Restated)
Accounting profit before tax	<u>5,419,796</u>	<u>4,813,669</u>	<u>1,909,736</u>	<u>2,378,738</u>
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	1,083,959	1,107,144	381,947	547,109
Adjustment in respect of current income tax of previous year	(4,220)	3,198	(950)	(489)
Income tax effect:				
Tax effect of net tax-exempt income and net disallowed expenses	(5,602)	1,167	(289,978)	(420,502)
Effects of tax rate used for deferred tax	-	(26,279)	-	3,620
Others	(10,087)	(4,569)	-	-
Total	<u>(15,689)</u>	<u>(29,681)</u>	<u>(289,978)</u>	<u>(416,882)</u>
Income tax expenses reported in the statement of comprehensive income	<u>1,064,050</u>	<u>1,080,661</u>	<u>91,019</u>	<u>129,738</u>

The components of deferred tax assets and deferred tax liabilities are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2013	2012	2013	2012
Allowance for doubtful accounts	110,337	80,742	29,595	20,478
Allowance for impairment of investments	21,742	21,742	-	(41,078)
Allowance for impairment of property foreclosed	2	2	-	(9,970)
Non-accrual of interest income	18,889	11,719	7,170	(27,378)
Depreciation of assets	(2,540)	5,241	(7,781)	(7,601)
Financial leases	-	-	-	(8,468)
Gain on changes in value of investment properties	-	-	-	-
Surplus on revaluation of assets	(147,409)	-	-	-
Surplus (deficit) on changes in value of investments	18,223	(2,893)	-	-
Unrealised gain or loss on derivatives	-	-	-	1,652
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(31,595)	(12,587)	(19,008)	230,667
Loss on disposal of property foreclosed	18,834	5,762	13,072	(4,016)
Unearned interest income on hire purchase	-	-	-	(82,735)
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Tax loss carried forward	-	1,496	(1,496)	1,496
Accrued expenses	189,346	141,487	47,859	(83,626)
Employee benefits	27,467	31,386	(2,066)	(9,848)
Others	652	594	58	(57,430)
Deferred tax assets	245,383	306,126	67,402	(77,857)

(Unit: Thousand Baht)

Consolidated financial statements				
	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2013	2012	2013	2012
	Allowance for doubtful accounts	(25,004)	(882)	(24,122)
Allowance for impairment of investments	(26,928)	(28,313)	1,385	(28,313)
Allowance for impairment of property foreclosed	(3,634)	(3,637)	3	(3,637)
Allowance for revaluation of other assets	(180)	(180)	-	-
Non-accrual of interest income	(25,773)	(17,541)	(8,232)	(17,537)
Depreciation of assets	(7,372)	(9,610)	2,238	(9,022)
Financial leases	(8,330)	66,544	(74,874)	(9,812)
Gain on changes in value of investment properties	3,370	-	3,370	-
Surplus on revaluation of assets	87,816	-	-	-
Surplus on changes in value of investments	24,645	80,641	-	-
Unrealised gain or loss on derivatives	5,858	5,610	248	5,610
Cash flow hedges	(4,054)	463	-	-
Gain on changes in value of investments in trading securities	-	-	-	(3,886)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	522,672	403,875	118,797	403,875
Unearned interest income on hire purchase	(134,183)	(60,671)	(73,512)	(60,671)
Tax loss carried forwards	-	(35,901)	35,901	21,526
Accrued expenses	(130,190)	(139,943)	9,753	(133,910)
Employee benefits	(39,412)	(33,257)	(6,840)	(21,020)
Others	(79,504)	(68,615)	10,889	(73,834)
Deferred tax liabilities	159,797	158,583	(26,774)	68,734

(Unit: Thousand Baht)

Separate financial statements					
	As at			Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	31 December 2013	31 December 2012	1 January 2012	2013	2012
			(Restated)		
Allowance for impairment of investments	21,742	21,742	21,740	-	2
Depreciation of assets	(3,629)	4,348	1,153	(7,977)	3,195
Gain on changes in value of investment properties	(89,660)	(83,238)	(57,206)	(6,432)	(26,032)
Surplus on changes in value of investment properties	(57,749)	-	-	-	-
Surplus (deficit) on changes in value of investments	18,223	(2,893)	-	-	-
Reduction of subsidiaries' share capital	21,435	21,435	21,435	-	-
Accrued expenses	183,755	132,097	99,164	51,658	32,933
Employee benefits	14,367	14,217	9,813	883	2,012
Others	362	435	1,101	(73)	(666)
Deferred tax assets	108,845	108,143	97,200	38,069	11,444

3.31 Components of other comprehensive income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2013	2012	2013	2012
				(Restated)
Other comprehensive income				
Gains (losses) on translation adjustment in foreign operations:				
Losses during the year	-	(1,467)	-	-
Less: Reclassification adjustments for gains included in profit or loss	(81,795)	-	-	-
Investment in available-for-sale securities:				
Gains (losses) during the year	(163,647)	175,246	(105,580)	14,464
Less: Reclassification adjustments for gains included in profit or loss	(233,899)	(1,156)	-	-
	(397,546)	174,090	(105,580)	14,464
Surplus on revaluation of assets	1,176,123	-	288,745	-
Actuarial gains (losses)	13,098	(61,777)	3,670	(11,955)
Cash flow hedges:				
Losses during the year	(22,587)	(21,208)	-	-
Add: Reclassification adjustments for gains included in profit or loss	-	(91,367)	-	-
	(22,587)	(112,575)	-	-
Total other comprehensive income	687,293	(1,729)	186,835	2,509
Income tax effect	(156,216)	73	(37,367)	(502)
Net other comprehensive income for the year	531,077	(1,656)	149,468	2,007

3.32 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the years ended 31 December					
	2013			2012		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Gains (losses) on valuation in available-for-sale securities	(397,546)	77,112	(320,434)	174,090	(34,818)	139,272
Surplus on revaluation of assets	1,176,123	(235,225)	940,898	-	-	-
Actuarial gains (losses)	13,098	(2,620)	10,478	(61,777)	12,376	(49,401)
Cash flow hedges	(22,587)	4,517	(18,070)	(112,575)	22,515	(90,060)
	<u>769,088</u>	<u>(156,216)</u>	<u>612,872</u>	<u>(262)</u>	<u>73</u>	<u>(189)</u>

(Unit: Thousand Baht)

	Separate financial statements					
	For the years ended 31 December					
	2013			2012		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit (Restated)	Net of tax amount
Gains (losses) on valuation in available-for-sale securities	(105,580)	21,116	(84,464)	14,464	(2,893)	11,571
Surplus on revaluation of assets	288,745	(57,749)	230,996	-	-	-
Actuarial gains (losses)	3,670	(734)	2,936	(11,955)	2,391	(9,564)
	<u>186,835</u>	<u>(37,367)</u>	<u>149,468</u>	<u>2,509</u>	<u>(502)</u>	<u>2,007</u>

3.33 Earnings per share

Basic earnings per share is calculated by dividing profit for the year 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 year. The rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
				(Restated)
Profit attributable to equity holders of the Company (Thousand Baht)	4,249,050	3,705,180	1,818,717	2,248,999
Weighted average number of shares (Thousand shares)	765,181	727,912	765,181	727,912
Basic earnings per share (Baht/share)	5.55	5.09	2.37	3.09

3.34 Related party transactions

	(Unit: Thousand Baht)			
	As at			As at
	1 January			31 December
	2013	Increase	Decrease	2013
<u>Outstanding balance</u>				
(Eliminated in consolidated financial statements)				
Subsidiary companies:				
Interbank and money market items (assets):				
TISCO Bank Public Company Limited	565,984	1,940,055	(1,995,967)	510,072
Loans:				
Hi-Way Co., Ltd.	1,196,000	345,000	(55,000)	1,486,000
TISCO Leasing Co., Ltd.	2,645,000	670,000	(815,000)	2,500,000
Dividend receivable:				
TISCO Bank Public Company Limited	1,237,656	655,248	(1,237,656)	655,248
TISCO Securities Co., Ltd.	260,000	458,000	(260,000)	458,000
TISCO Asset Management Co., Ltd.	334,998	308,998	(334,998)	308,998
TISCO Information Technology Co., Ltd.	-	15,000	-	15,000
TISCO Learning Center Co., Ltd.	-	19,999	-	19,999
TISCO Tokyo Leasing Co., Ltd.	-	2,205	(2,205)	-
Other assets:				
TISCO Bank Public Company Limited	87,293	73,003	(86,611)	73,685
TISCO Information Technology Co., Ltd.	104	1,160	(962)	302
Deutsche TISCO Investment Advisory Co., Ltd.	1,250	8,025	(1,250)	8,025
All-Ways Co., Ltd.	-	120	(120)	-
Interbank and money market items (Liability):				
TISCO Securities Co., Ltd.	200,000	-	(200,000)	-
Borrowings:				
TISCO Information Technology Co., Ltd.	-	65,000	(65,000)	-
Interest payable:				
TISCO Information Technology Co., Ltd.	-	113	(113)	-
TISCO Securities Co., Ltd.	107	-	(107)	-
Other liabilities:				
TISCO Securities Co., Ltd.	-	1,151	(151)	1,000
TISCO Learning Center Co., Ltd.	88	385	(345)	128

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policy
	For the year ended 31 December		
	2013	2012	
Transactions occurred during the years			
(Eliminated from the in consolidated financial statements)			
Subsidiary companies			
Risk and financial management fee income, human resources management fee income and office administration fee income	1,563,477	1,529,999	Determined on market price/terms of BOT
Interest income	173,912	85,702	With reference to the terms and prices as offered to other customers
Rental income	64,525	62,913	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	170,000	160,000	Determined on market price/terms of BOT
Interest expenses	601	2,308	With reference to the terms and prices as offered to other customers
Training expenses	3,482	3,007	With reference to the prices as offered from other service providers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at 31 December	
	2013	2012
Loans ⁽¹⁾	27,778	29,927

⁽¹⁾ Including employee welfare loan and normal loan

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at 31 December 2013	
	2013	2012
Deposits	212,539	195,678

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had short-term benefit paid to their directors and management during the years and other employee benefit expenses payable to their directors and management as below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Short-term benefits	421	432	274	304
Post-employment benefits	6	5	4	3
Other long-term benefits	67	67	52	52
Total	494	504	330	359

3.35 Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Group chief Executive, TISCO Group.

For management purposes, the Company and its subsidiaries operate four main businesses as follows:

1. Commercial banking business: Provides financial services under the Commercial Banking Business license. Banking services are provided through the TISCO Bank Public Company Limited headquarters and its branches.
2. Securities business: Provides securities business services under the Securities Business license. These businesses are serviced through the headquarters and branches of subsidiaries across the country.
3. Asset management business: Provides asset management services.
4. Support business: Provides all governance and support functions of the Group.

The Company and its subsidiaries have aggregated operating segments that have similar economic characteristics and are similar in the other respects required by the Thai Financial Reporting Standard.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Company's and its subsidiaries' income taxes are managed on a group basis. Therefore, these expenses are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries did not have income from any customer amounting to or over 10 percent of their income.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012, respectively.

(Unit: Million Baht)

For the year ended 31 December 2013	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated
Revenue							
External customers	13,737	1,394	849	(178)	15,802	-	15,802
Inter-segment	(199)	414	1	4,197	4,413	(4,413)	-
Total revenue	13,538	1,808	850	4,019	20,215	(4,413)	15,802
Operating results:							
Net interest income	8,967	36	8	(43)	8,968	-	8,968
Net fee and service income	3,340	1,458	837	466	6,101	(911)	5,190
Other operating income	1,231	314	4	3,596	5,145	(3,501)	1,644
Total operating income	13,538	1,808	849	4,019	20,214	(4,412)	15,802
Depreciation and amortisation	(900)	(86)	(26)	(444)	(1,456)	477	(979)
Other operating expenses	(4,724)	(982)	(423)	(1,203)	(7,332)	2,070	(5,262)
Bad debt, doubtful accounts and impairment losses	(4,141)	-	-	-	(4,141)	-	(4,141)
Total operating expenses	(9,765)	(1,068)	(449)	(1,647)	(12,929)	2,547	(10,382)
Segment profit	3,773	740	400	2,372	7,285	(1,865)	5,420
Income tax expenses							(1,064)
Non-controlling interests of the subsidiaries							(107)
Profit for the year - equity holders of the Company							4,249
As at 31 December 2013							
Segment total assets	353,495	4,363	726	25,600	384,184	(24,921)	359,263
Premises and equipment - net	843	14	230	638	1,725	787	2,512

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and elimination	Consolidated
For the year ended 31 December 2012							
Revenue							
External customers	11,597	898	828	(140)	13,183	-	13,183
Inter-segment	(89)	40	1	3,945	3,897	(3,897)	-
Total revenue	11,508	938	829	3,805	17,080	(3,897)	13,183
Operating results:							
Net interest income	7,051	28	6	(40)	7,045	-	7,045
Net fee and service income	2,503	855	821	420	4,599	(470)	4,129
Other operating income	1,954	55	2	3,425	5,436	(3,427)	2,009
Total operating income	11,508	938	829	3,805	17,080	(3,897)	13,183
Depreciation and amortisation	(836)	(74)	(26)	(428)	(1,364)	443	(921)
Other operating expenses	(5,138)	(523)	(365)	(1,127)	(7,153)	1,627	(5,526)
Bad debt, doubtful accounts and impairment losses	(1,927)	-	-	-	(1,927)	5	(1,922)
Total operating expenses	(7,901)	(597)	(391)	(1,555)	(10,444)	2,075	(8,369)
Segment profit	3,607	341	438	2,250	6,636	(1,822)	4,814
Income tax expenses							(1,081)
Non-controlling interests of the subsidiaries							(28)
Profit for the year - equity holders of the Company							3,705
As at 31 December 2012							
Segment total assets	284,893	5,019	601	23,312	313,825	(23,328)	290,497
Premises and equipment - net	477	16	100	381	974	410	1,384

3.36 Financial information classified by domestic and foreign operations

3.36.1 Financial position

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2013			
	Domestic operations	Foreign operations	Elimination	Total
Total assets	384,184	-	(24,921)	359,263
Interbank and money market items (assets)	55,556	-	(2,314)	53,242
Investments - net	11,490	-	-	11,490
Loans to customers and accrued interest				
receivables - net	290,318	-	(3,986)	286,332
Deposits	265,547	-	(906)	264,641
Interbank and money market items (liabilities)	18,113	-	(1,410)	16,703
Debt issued and borrowings	48,070	-	(3,986)	44,084

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2012			
	Domestic operations	Foreign operations	Elimination	Total
Total assets	313,780	45	(23,328)	290,497
Interbank and money market items (assets)	33,348	45	(2,197)	31,196
Investments - net	7,016	-	-	7,016
Loans to customers and accrued interest				
receivables - net	247,588	-	(4,041)	243,547
Deposits	220,634	-	(811)	219,823
Interbank and money market items (liabilities)	15,561	-	(1,590)	13,971
Debt issued and borrowings	31,718	-	(3,841)	27,877

3.36.2 Results of operations

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2013				
	Domestic operations	Foreign operations	Elimination	Total
Interest income	19,489	-	(217)	19,272
Interest expenses	(10,521)	-	217	(10,304)
Net interest income	8,968	-	-	8,968
Net fee and service income	6,101	-	(911)	5,190
Other operating income	4,245	-	(3,502)	743
Total operating income	19,314	-	(4,413)	14,901
Total other operating expenses	(7,888)	-	2,548	(5,340)
Bad debt, doubtful accounts and impairment losses	(4,141)	-	-	(4,141)
Income tax expenses	(1,155)	-	91	(1,064)
Non-controlling interests of the subsidiaries	-	-	(107)	(107)
Profit for equity holders of the Company	6,130	-	(1,881)	4,249

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2012				
	Domestic operations	Foreign operations	Elimination	Total
Interest income	15,309	-	(99)	15,210
Interest expenses	(8,265)	-	99	(8,166)
Net interest income	7,044	-	-	7,044
Net fee and service income	4,598	-	(469)	4,129
Other operating income	4,014	-	(3,427)	587
Total operating income	15,656	-	(3,896)	11,760
Total other operating expenses	(7,092)	(2)	2,070	(5,024)
Bad debt, doubtful accounts and impairment losses	(1,927)	-	5	(1,922)
Income tax expenses	(1,081)	-	-	(1,081)
Non-controlling interests of the subsidiaries	-	-	(28)	(28)
Profit for equity holders of the Company	5,556	(2)	(1,849)	3,705

3.37 Provident fund

The Company, its ten subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiaries and the employees contribute to the fund monthly at the rates of 5 to 10 percent of the employees' salaries, depending on the number of years of service. The provident funds of the Company and its nine subsidiaries are managed by TISCO Asset Management Company Limited, and the fund of another subsidiary is managed by Bangkok Bank Public Company Limited. The funds will be paid to the employees upon termination in accordance with the fund rules. During the year 2013 and 2012, the Company and its subsidiaries paid provident fund contributions totaling Baht 127 million and Baht 113 million, respectively (the Company only: Baht 20 million and Baht 18 million, respectively).

3.38 Commitments and contingent liabilities

3.38.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2013	2012
Avals	42,552	155,388
Other guarantees	753,815	722,348
Undrawn client overdraft facilities	54,041	47,905
Interest rate swap agreements (Note 3.39.5)	2,274,303	3,032,000
Cross currency swap agreements (Note 3.39.5)	3,658,515	3,702,570
	<u>6,783,226</u>	<u>7,660,211</u>

3.38.2 Litigation

As at 31 December 2013 and 2012, the subsidiary has been sued for compensation totaling approximately Baht 356 million and Baht 165 million, respectively. Final judgments have not yet been reached in respect of these cases. The management of the Company and its subsidiary believe that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

3.38.3 Other commitments

- a) The subsidiary company operating banking business has commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.

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

As at 31 December 2013 and 2012, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

		(Unit: Million Baht)	
		As at 31 December	
Payable within:		2013	2012
Not over 1 year		133	110
Over 1 to 5 years		101	128
Over 5 years		5	-

3.39 Financial instruments

3.39.1 Credit risk

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

TISCO Group is exposed to credit risk primarily with respect to loans to customers and guarantees of loans and others.

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

Quality of risk from provision of hire purchase receivables by a subsidiary company operating banking business, which comprises the largest portion of credit granted by the Group, is as detailed below.

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

Credit risk of hire purchase receivables classified by quality of credit is as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2013	2012
Neither past due nor impaired		
Very high grade	110,130	93,334
High grade	60,983	56,496
Medium grade	9,623	9,642
Subtotal	180,736	159,472
Hire purchase receivables - overdue 31-90 days	15,660	10,939
Hire purchase receivables - overdue more than 90 days	3,768	2,197
Total	200,164	172,608

3.39.2 Market risk

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

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

3.39.2.1 Market risk - Marketable portfolio

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

(Unit: Million Baht)

	Market risk as at 31 December	
	2013	2012
Marketable financial assets		
Equity securities	270	164
Debt securities	39	4
Foreign currencies	51	38

3.39.2.2 Market risk sensitivity - Interest bearing assets and liabilities

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

(Unit: Million Baht)

	Increase (decrease) in sensitivity of net interest income as at 31 December	
	2013	2012
Change in interest rate		
Increase 1 percent	(670.55)	(718.38)
Decrease 1 percent	670.55	718.38

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

3.39.2.3 Interest rate risk

The Company and its subsidiaries have the following significant exposures to interest rate risk related to financial instruments.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013				
Outstanding balances of financial instruments				
<u>Transactions</u>	<u>Floating</u>	<u>Fixed</u>	<u>Non-interest</u>	<u>Total</u>
	<u>interest rate</u>	<u>interest rate</u>	<u>bearing</u>	
<u>Financial assets</u>				
Cash	-	-	1,131	1,131
Interbank and money market items	109	49,803	3,330	53,242
Derivatives assets	-	-	33	33
Investments - net	-	5,878	5,612	11,490
Loans to customers ⁽¹⁾	15,993	272,382	4,311	292,686
Securities and derivative business receivables	-	-	1,547	1,547
Receivables from clearing house	-	-	271	271
	<u>16,102</u>	<u>328,063</u>	<u>16,235</u>	<u>360,400</u>
<u>Financial liabilities</u>				
Deposits	42,375	222,080	186	264,641
Interbank and money market items	342	16,211	149	16,702
Liabilities payable on demand	-	-	345	345
Derivatives liabilities	-	-	316	316
Debts issued and borrowings	-	44,083	-	44,083
Securities and derivative business payables	-	-	1,511	1,511
Payables to clearing house	-	-	299	299
	<u>42,717</u>	<u>282,374</u>	<u>2,806</u>	<u>327,897</u>

⁽¹⁾Loans to customers with floating rates and fixed interest rates include non-performing loans to customers on accrual basis.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012

<u>Transactions</u>	Outstanding balances of financial instruments			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
<u>Financial assets</u>				
Cash	-	-	1,046	1,046
Interbank and money market items	148	27,440	3,608	31,196
Derivatives assets	-	-	42	42
Investments - net	-	4,527	2,489	7,016
Loans to customers ⁽¹⁾	11,558	235,887	1,224	248,669
Securities and derivative business receivables	-	-	2,224	2,224
Receivables from clearing house	-	-	136	136
	<u>11,706</u>	<u>267,854</u>	<u>10,769</u>	<u>290,329</u>
<u>Financial liabilities</u>				
Deposits	30,686	188,921	216	219,823
Interbank and money market items	672	13,186	113	13,971
Liabilities payable on demand	-	-	652	652
Derivatives liabilities	-	-	1	1
Debts issued and borrowings	-	27,877	-	27,877
Securities and derivative business payables	-	-	1,524	1,524
Payables to clearing house	-	-	852	852
	<u>31,358</u>	<u>229,984</u>	<u>3,358</u>	<u>264,700</u>

⁽¹⁾Loans to customers with floating rates and fixed interest rates include non-performing loans to customers on accrual basis.

(Unit: Million Baht)

Separate financial statements as at 31 December 2013

<u>Transactions</u>	Outstanding balances of financial instruments			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
<u>Financial assets</u>				
Interbank and money market items	2	508	-	510
Investments - net	-	-	764	764
Investment in subsidiaries	-	-	16,924	16,924
Loans to customers	-	3,986	-	3,986
	<u>2</u>	<u>4,494</u>	<u>17,688</u>	<u>22,184</u>
<u>Financial liabilities</u>				
Debts issued and borrowings	-	6,128	-	6,128
	<u>-</u>	<u>6,128</u>	<u>-</u>	<u>6,128</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2012

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating Interest rate	Fixed Interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	6	560	-	566
Investments - net	-	-	813	813
Investment in subsidiaries	-	-	15,022	15,022
Loans to customers	-	3,841	-	3,841
	<u>6</u>	<u>4,401</u>	<u>15,835</u>	<u>20,242</u>
<u>Financial liabilities</u>				
Interbank and money market items	-	200	-	200
Debts issued and borrowings	-	6,312	-	6,312
	<u>-</u>	<u>6,512</u>	<u>-</u>	<u>6,512</u>

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

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items	-	49,803	-	-	-	49,803	2.2405
Investments - net	2	432	1,332	4,112	-	5,878	3.9485
Loans to customers	<u>23,602</u>	<u>26,646</u>	<u>58,337</u>	<u>156,260</u>	<u>7,537</u>	<u>272,382</u>	7.1559
	<u>23,604</u>	<u>76,881</u>	<u>59,669</u>	<u>160,372</u>	<u>7,537</u>	<u>328,063</u>	
<u>Financial liabilities</u>							
Deposits	6,588	161,925	53,079	488	-	222,080	3.0432
Interbank and money market items	5,417	7,749	3,019	26	-	16,211	2.8990
Debts issued and borrowings	<u>37</u>	<u>18,143</u>	<u>17,660</u>	<u>-</u>	<u>8,243</u>	<u>44,083</u>	3.5232
	<u>12,042</u>	<u>187,817</u>	<u>73,758</u>	<u>514</u>	<u>8,243</u>	<u>282,374</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	10	27,430	-	-	-	27,440	2.7424
Investments - net	9	2,739	1,692	87	-	4,527	3.1941
Loans to customers	15,702	25,009	45,629	142,451	7,096	235,887	7.1002
	<u>15,721</u>	<u>55,178</u>	<u>47,321</u>	<u>142,538</u>	<u>7,096</u>	<u>267,854</u>	
Financial liabilities							
Deposits	7,257	135,578	45,855	231	-	188,921	3.1821
Interbank and money market items	3,253	6,352	2,007	1,572	2	13,186	3.2138
Debts issued and borrowings	58	9,247	10,218	111	8,243	27,877	3.9265
	<u>10,568</u>	<u>151,177</u>	<u>58,080</u>	<u>1,914</u>	<u>8,245</u>	<u>229,984</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2013

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	508	-	-	-	-	508	1.8977
Loans to customers	3,986	-	-	-	-	3,986	3.5800
	<u>4,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,494</u>	
Financial liabilities							
Debts issued and borrowings	-	5,223	905	-	-	6,128	3.2555
	<u>-</u>	<u>5,223</u>	<u>905</u>	<u>-</u>	<u>-</u>	<u>6,128</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2012

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	560	-	-	-	-	560	2.5000
Loans to customers	3,841	-	-	-	-	3,841	3.6200
	<u>4,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,401</u>	
Financial liabilities							
Interbank and money market items	-	200	-	-	-	200	2.8000
Debts issued and borrowings	-	3,281	3,031	-	-	6,312	3.4724
	<u>-</u>	<u>3,481</u>	<u>3,031</u>	<u>-</u>	<u>-</u>	<u>6,512</u>	

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

3.39.3 Liquidity risk

Liquidity risk is uncertainty that the subsidiary operating banking business is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy of the subsidiary operating banking business and regulatory requirement. On the other hand, Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserve assets and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the subsidiary operating banking business's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserve assets. The procurement and concentration of funding sources will be well-planned to optimise risk/return. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation. In addition to the liquidity risk measurement, the subsidiary operating banking business set the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the Risk Management Committee and other relevant functions.

Additionally, the subsidiary operating banking business has set stress testing scenarios for liquidity risk where the scenarios cover the subsidiary's specific scenario and industry-based scenario, which cause unusual cash outflow from the subsidiary operating banking business.

The main sources of fund came from deposits. In the past, there was high rollover rate for matured deposits. Besides, the subsidiary also issued subordinated debentures as another source of fund. On the use of fund, the majority of fund is used in lending business while a proportion of fund is maintained as liquidity reserve assets as cushion against liquidity risk. Moreover, the subsidiary provides credit line to other companies TISCO Group to support liquidity position if required.

3.39.3.1 Remaining contractual maturity of liabilities

(Unit: Million Baht)

	As at 31 December 2013			
	Remaining contractual maturity			
	Less than	More than		Total
	3 months	3 - 12 months	1 year	
Liabilities	241,377	72,323	8,757	322,457

(Unit: Million Baht)

	As at 31 December 2012			
	Remaining contractual maturity			
	Less than	More than		Total
	3 months	3 - 12 months	1 year	
Liabilities	195,384	54,922	9,614	259,920

The matured liabilities are generally rolled-over with 90% average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity less than three months comprised current deposit and saving deposit. Both current deposit and saving deposit are considered to be more stable than term deposit in terms of cash outflow.

3.39.3.2 Volume and composition of highly liquid assets and internal ratio

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Composition of highly liquid assets		
Cash	1,130	1,046
Interbank and money market - net	52,778	31,370
Current investments - net	6,575	4,311
Total liquid assets ⁽¹⁾	60,483	36,727
Liquid asset requirement ⁽¹⁾	16,600	14,202

⁽¹⁾ Highly liquid assets and liquid asset requirement are based on internal measurement.

The subsidiary operating banking business has a policy in maintaining the highly liquid assets higher than internal liquid asset requirement. As at 31 December 2013 and 2012, the subsidiary operating banking business has highly liquid assets, which are daily calculated, at Baht 60,483 million and Baht 36,727 million, respectively, higher than internal liquid asset requirement, which is daily considered, of Baht 16,600 million and Baht 14,202 million, respectively. In addition, the subsidiary operating banking business has contingency credit line, operating cash inflow from business, and available credit line from other financial institutions which is available to support uncertain liquidity requirement.

3.39.3.3 Counting from the financial statement date, as at 31 December 2013 and 2012, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013								
Transactions	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		Months	months	years	years		performing	
							Loans*	
Financial assets								
Cash	1,131	-	-	-	-	-	-	1,131
Interbank and money market items	3,439	49,803	-	-	-	-	-	53,242
Derivatives assets	-	3	-	30	-	-	-	33
Investments - net	2	4,146	1,332	4,112	-	1,898	-	11,490
Loans to customers	30,234	28,447	58,760	160,704	8,346	-	6,195	292,686
Securities and derivative business								
receivables	-	1,547	-	-	-	-	-	1,547
Receivable from clearing house	-	271	-	-	-	-	-	271
	<u>34,806</u>	<u>84,217</u>	<u>60,092</u>	<u>164,846</u>	<u>8,346</u>	<u>1,898</u>	<u>6,195</u>	<u>360,400</u>
Financial liabilities								
Deposits	49,149	161,925	53,079	488	-	-	-	264,641
Interbank and money market items	5,531	7,857	3,097	217	-	-	-	16,702
Liabilities payable on demand	345	-	-	-	-	-	-	345
Derivatives liabilities	-	311	-	5	-	-	-	316
Debts issued and borrowings	37	18,143	17,660	-	8,243	-	-	44,083
Securities and derivative business								
payables	-	1,511	-	-	-	-	-	1,511
Payables to clearing house	-	299	-	-	-	-	-	299
	<u>55,062</u>	<u>190,046</u>	<u>73,836</u>	<u>710</u>	<u>8,243</u>	<u>-</u>	<u>-</u>	<u>327,897</u>
Contingent liability								
Aval to bills and guarantees of								
loans	5	19	12	7	-	-	-	43
Other commitments	14	3,513	83	2,545	13	573	-	6,741

* Non-performing loan according to the BOT's guidelines

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012

<u>Transactions</u>	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		Months	months	years	years		performing	
							Loans*	
Financial assets								
Cash	1,046	-	-	-	-	-	-	1,046
Interbank and money market items	3,767	27,429	-	-	-	-	-	31,196
Derivatives assets	-	15	-	27	-	-	-	42
Investments - net	10	2,739	1,692	86	-	2,489	-	7,016
Loans to customers	21,198	26,357	46,168	143,333	7,839	-	3,774	248,669
Securities and derivative business								
receivables	-	2,224	-	-	-	-	-	2,224
Receivables from clearing house	-	136	-	-	-	-	-	136
	<u>26,021</u>	<u>58,900</u>	<u>47,860</u>	<u>143,446</u>	<u>7,839</u>	<u>2,489</u>	<u>3,774</u>	<u>290,329</u>
Financial liabilities								
Deposits	38,159	135,578	45,855	231	-	-	-	219,823
Interbank and money market items	3,151	6,508	2,389	1,921	2	-	-	13,971
Liabilities payable on demand	652	-	-	-	-	-	-	652
Derivatives liabilities	-	-	-	1	-	-	-	1
Debts issued and borrowings	58	9,247	10,218	111	8,243	-	-	27,877
Securities and derivative business								
payables	-	1,524	-	-	-	-	-	1,524
Payables to clearing house	-	852	-	-	-	-	-	852
	<u>42,020</u>	<u>153,709</u>	<u>58,462</u>	<u>2,264</u>	<u>8,245</u>	<u>-</u>	<u>-</u>	<u>264,700</u>
Contingent liability								
Aval to bills and guarantees of								
loans	-	4	147	4	-	-	-	155
Other commitments	9	3,080	30	3,605	100	681	-	7,505

* Non-performing loan according to the BOT's guidelines

(Unit: Million Baht)

Separate financial statements as at 31 December 2013

<u>Transactions</u>	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		months	months	years	years		performing	
							Loans	
Financial assets								
Interbank and money market items	510	-	-	-	-	-	-	510
Investments - net	-	-	-	-	-	764	-	764
Investments in subsidiaries - net	-	-	-	-	-	16,924	-	16,924
Loans to customers	3,986	-	-	-	-	-	-	3,986
	<u>4,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,688</u>	<u>-</u>	<u>22,184</u>
Financial liabilities								
Debts issued and borrowings	-	5,223	905	-	-	-	-	6,128
	<u>-</u>	<u>5,223</u>	<u>905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,128</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2012

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-	Total
							performing Loans	
Financial assets								
Interbank and money market items	566	-	-	-	-	-	-	566
Investments - net	-	-	-	-	-	813	-	813
Investments in subsidiaries - net	-	-	-	-	-	15,022	-	15,022
Loans to customers	3,841	-	-	-	-	-	-	3,841
	<u>4,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,835</u>	<u>-</u>	<u>20,242</u>
Financial liabilities								
Interbank and money market items	-	200	-	-	-	-	-	200
Debts issued and borrowings	-	3,281	3,031	-	-	-	-	6,312
	<u>-</u>	<u>3,481</u>	<u>3,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,512</u>

3.39.4 Foreign exchange risk

The status of the subsidiaries foreign currency balance as at 31 December 2013 and 2012 is as follows:

TISCO Bank Public Company Limited

- a) As at 31 December 2012, investment in a subsidiary company indirectly owned by the Company amounting to HKD 20 million (under the cost method net of allowance for impairment equivalent to Baht 44 million).
- b) Loans in foreign currency amounting to USD 100 million (31 December 2012: USD 100 million) (equivalent to Baht 3,281million and Baht 3,063 million as at 31 December 2013 and 2012, respectively), of which TISCO Bank entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 3.39.5 to the financial statements.

TISCO Tokyo Leasing Company Limited

- c) Borrowing in foreign country amounting to USD 11 million (31 December 2012: USD 21 million) (amortised cost amounting to Baht 346 million (31 December 2012: Baht 645 million)), of which the subsidiary company entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 3.39.5 to the financial statements.

3.39.5 Derivatives

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

As at 31 December 2013 and 2012, the subsidiaries have the following financial derivative instruments.

a) Financial derivative instruments classified as derivatives held for trading

a.1) Interest rate swap agreement

The subsidiary operating banking business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial assets as follows:

(Unit: Million Baht)

As at 31 December 2013		
Maturity	Notional amount	Fair value gain (loss)
2016	2,274	28

(Unit: Million Baht)

As at 31 December 2012		
Maturity	Notional amount	Fair value gain (loss)
2016	3,032	27

a.2) Cross currency swap agreement/Foreign exchange contract

The subsidiary operating banking business entered into cross currency swap agreements/Foreign exchange contracts to manage risk associated with financial assets as follows:

(Unit: Million Baht)

As at 31 December 2013		
Maturity	Notional amount	Fair value gain (loss)
2014	3,315	(311)

(Unit: Million Baht)

As at 31 December 2012		
Maturity	Notional amount	Fair value gain (loss)
2013	3,063	15

b) Financial derivative instruments classified as cash flow hedge derivatives

Cross currency swap agreement

The subsidiary operating leasing business entered into cross currency swap agreements to manage the risk associated with its interest-bearing financial liabilities, as follows:

(Unit: Million Baht)

As at 31 December 2013			
Maturity	Number of contracts	Notional amount	Fair value gain (loss)
2014	4	80	2.73
2015	1	39	(0.63)
2016	2	124	(4.09)
2018	1	100	1.91

(Unit: Million Baht)

As at 31 December 2012			
Maturity	Number of contracts	Notional amount	Fair value gain (loss)
2014	4	309	(0.20)
2015	1	61	(0.09)
2016	2	170	(0.30)
2018	1	100	(0.16)

3.39.6 Fair value of financial instruments

The fair value of significant financial instruments of the Company and its subsidiaries is as follows:

(Unit: Million Baht)

<u>Transactions</u>	Consolidated financial statements			
	As at 31 December			
	2013		2012	
	Book Value	Fair Value	Book Value	Fair Value
<u>Financial assets</u>				
Cash	1,131	1,131	1,046	1,046
Interbank and money market items - net	53,242	53,242	31,196	31,196
Investments - net	11,490	11,490	7,016	7,016
Loan to customers and accrued interest receivables - net	286,332	291,765	243,547	250,268
Securities and derivatives business receivables	1,547	1,547	2,224	2,224
Receivable from clearing house	272	272	136	136
<u>Financial liabilities</u>				
Deposits	264,641	264,641	219,823	219,823
Interbank and money market items - net	16,703	16,703	13,971	13,971
Liabilities payable on demand	345	345	652	652
Debt issued and borrowings	44,084	44,210	27,877	27,790
Securities and derivatives business payables	1,511	1,511	1,524	1,524
Payable to clearing house	299	299	852	852

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

4. Dividend payment

	<u>Approved by</u>	<u>Dividend per share</u>		<u>Amounts of dividend paid</u>	<u>Dividend payment period</u>
		<u>Preference share</u>	<u>Ordinary share</u>		
		(Baht per share)	(Baht per share)		
Annual dividends for 2011	The 2012 Annual General Meeting of the Shareholders on 26 April 2012	2.35	2.35	1,711	May 2012
Total dividend payment in year 2012				1,711	
Annual dividends for 2012	The 2013 Annual General Meeting of the Shareholders on 25 April 2013	2.40	2.40	1,746	May 2013
Total dividend payment in year 2013				1,746	

5. Significant events during the year

5.1 Registration of the establishment of a subsidiary company and change in the subsidiary's name

By virtue of a resolution passed by the Executive Board of TISCO Financial Group Public Company Limited No.10/2012, on 30 October 2012, the Company was to register the incorporation of T Troop Company Limited to provide recruitment and human resource services to companies in TISCO Group, with a registered share capital of Baht 1 million (10,000 ordinary shares of Baht 100 each) of which the Company was to hold 99.97%. On 15 February 2013, the Company registered the establishment of this company with the Ministry of Commerce.

A resolution passed by the Extraordinary General Meeting of the Shareholders of T Troop Company Limited No. 1/2013, on 29 March 2013, approved a change in that company's name and the amendment of item No.1 in the memorandum of association, to state that the company's name is "All-Ways Company Limited". On 29 March 2013, the company registered the amendment of its memorandum of association with the Ministry of Commerce.

5.2 Share capital

a) Issuance and allocation of Transferable Subscription Rights (TSRs)

The Annual General Meeting of the Company's shareholders for the year 2013, convened on 25 April 2013, passed the resolutions to approve the issuance and allocation of up to 72,791,209 units of Transferable Subscription Rights (TSRs) at no cost to the existing shareholders of the Company pro rata to their shareholding at an offering ratio of 1 TSRs for every 10 existing shares (common shares and preferred shares). Each TSR conveys the right to purchase 1 newly issued common share of the Company at a price of Baht 24 per share. The closing date of the share register to determine which shareholders are entitled to receive the TSRs is 7 May 2013. In addition, the meeting approved the delegation of authority to determine other relevant details in connection with the issuance and allocation of the TSRs to the existing shareholders of the Company to the Board of Directors or the Group Chief Executive, including without limitation, the offering period, offering price, payment period, and other terms and conditions.

Following the exercise of TSRs on 26 June, 2013, 72,743,397 additional shares had been allocated, 2 additional shares were unallocated, and 47,810 units of TSRs had not been allocated to shareholders due to holding of incorrect type of shares according to shareholder's nationality. The Company registered the correspondingly increase in its paid-up capital to Baht 8,006,554,830 with Ministry of Commerce on 28 June 2013. Paid-up capital consists of 800,621,625 common shares and 33,858 preferred shares, both with par value of Baht 10 per share.

b) Reduction of the Company's registered capital by cancelling unissued preferred shares

The Annual General Meeting of the Company's shareholders for the year 2013, convened on 25 April 2013, passed the resolutions to approve the reduction of the Company's registered capital from Baht 11,002,000,000 to Baht 7,279,120,860, by cancelling 372,287,914 unissued preferred shares with a par value of Baht 10 per share. In order to reflect the reduction of the registered capital, the meeting approved the amendment of Clause 4 of the Company's Memorandum of Association, to state that the registered capital is Baht 7,279,120,860, consisting of 33,858 preference shares and 727,878,228 common shares of Baht 10 each.

c) Increase in the Company's registered capital to support the exercise of the Transferable Subscription Rights (TSRs)

The Annual General Meeting of the Company's shareholders for the year 2013, convened on 25 April 2013, passed resolutions to approve the increase of the Company's registered capital from Baht 7,279,120,860 to Baht 8,007,032,950, to support the exercise of the Transferable Subscription Rights (TSRs). The additional registered capital of Baht 727,912,090 consists of 72,791,209 common shares with a par value of Baht 10 per share. In order to reflect the increase in the Company's registered capital, the meeting approved an amendment to Clause 4 of the Company's Memorandum of Association, to state that the registered capital is Baht 8,007,032,950, consisting of 33,858 preference shares and 800,669,437 common shares of Baht 10 each. On 28 June 2013, the Company registered the increase in its registered share capital and the amendment of its memorandum of association with the Ministry of Commerce.

5.3 Increase of the subsidiary's registered capital

The 2013 Annual General Meeting of the shareholders of TISCO Bank Public Company Limited ("the Bank"), a subsidiary of the Company, which convened on 25 April 2013, passed a resolution approving the increase of the Bank's registered capital in order to accommodate the allocation of new common shares to the existing shareholders of the Bank named in the share register as of 7 May 2013, pro rata to their shareholding. The additional registered capital of Baht 910,190,320 will consist of 91,019,032 common shares with a par value of Baht 10 per share, to be allocated in a ratio of 1 new share for every 8 existing shares (both common and preferred shares), at an offer price of Baht 20.88 per share, for a total of approximately Baht 1,900 million. The offer price was calculated based on the book value of shareholders' equity as of 31 December 2012. This capital increase will support future business growth.

On 28 May 2013, the Bank registered the increase in its registered share capital with the Ministry of Commerce.

5.4 Return of capital from a subsidiary company

In October 2013, TISCO Bank Public Company Limited received the return of capital amounting to Baht 40 million as a result of the dissolution of TISCO Securities Hong Kong Limited (a subsidiary company).

6. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 13 February 2014.