

TISCO Financial Group Public Company Limited
and its subsidiary companies
Report and consolidated financial statements
31 December 2014

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 2014, 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 judgement, 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 2014, 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 1.3 and 1.4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Financial Reporting Standard prior to the effective dates. The Company has restated the consolidated financial statements for the year ended 31 December 2013, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented herein, as comparative information, consolidated statement of financial position as at 1 January 2013 applying the newly adopted accounting policies. My opinion is not qualified in respect of this matter.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 10 February 2015

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	
	Note	2014	2013	2013	2014	2013
			(Restated)			
Assets						
Cash		1,180,482	1,130,971	1,046,297	70	70
Interbank and money market items - net	3.2	38,057,993	53,214,350	31,177,538	529,181	510,072
Derivatives assets	3.3	-	28,220	41,863	-	-
Investments - net	3.4, 3.8	14,795,457	11,489,593	7,015,515	843,774	763,957
Investments in subsidiaries and joint venture - net	3.5	207,228	157,283	124,580	19,370,029	16,923,874
Loans to customers and accrued interest receivables	3.6, 3.8					
Loans to customers		286,017,305	314,332,796	268,268,767	3,154,300	3,986,000
Accrued interest receivables		572,383	535,851	352,769	-	-
Total loans to customers and accrued interest receivables		286,589,688	314,868,647	268,621,536	3,154,300	3,986,000
Less: Deferred revenue		(23,233,476)	(27,918,134)	(24,461,207)	-	-
Less: Allowance for doubtful accounts	3.7	(6,950,423)	(6,331,224)	(5,098,907)	-	-
Less: Allowance for loss on debt restructuring		-	-	(3)	-	-
Loans to customers and accrued interest receivables - net		256,405,789	280,619,289	239,061,419	3,154,300	3,986,000
Property foreclosed - net	3.8, 3.9	120,905	124,757	271,133	-	-
Investment properties	3.10	17,267	16,856	304	778,245	783,170
Premises and equipment - net	1.5, 3.11	2,483,759	2,456,855	1,321,404	663,751	629,039
Intangible assets - net	3.12	324,927	111,964	126,709	89,997	56,952
Deferred tax assets	3.30	296,074	245,383	306,126	110,157	108,845
Securities and derivatives business receivables - net		1,819,258	1,546,662	2,223,792	-	-
Dividend receivable from subsidiaries		-	-	-	1,693,238	1,457,244
Other assets	3.13	1,964,366	2,264,128	3,215,305	190,777	155,560
Total assets		317,673,505	353,406,311	285,931,985	27,423,519	25,374,783

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 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements	
		31 December	31 December	1 January	31 December	31 December
		2014	2013	2013	2014	2013
			(Restated)			
Liabilities and shareholders' equity						
Liabilities						
Deposits	3.14	205,383,788	264,642,177	219,824,303	-	-
Interbank and money market items - net	3.15	10,897,493	12,182,921	9,673,297	-	-
Liability payable on demand		399,916	344,864	652,310	-	-
Payable under securities borrowing		-	-	163	-	-
Derivatives liabilities	3.3	40,729	310,945	-	-	-
Debts issued and borrowings	3.16	65,406,219	43,083,619	27,877,250	7,669,400	6,128,000
Provision for long-term employee benefits	3.17	403,572	332,602	321,743	85,823	71,836
Deferred tax liabilities	3.30	30,155	144,962	116,315	-	-
Securities and derivatives business payables		1,250,067	1,511,017	1,523,645	-	-
Accrued interest payable		1,129,253	1,688,431	1,758,073	40,712	36,756
Income tax payable		566,574	457,100	428,307	30,373	73,364
Other liabilities	3.18	6,342,046	5,653,318	5,505,994	1,098,690	1,021,863
Total liabilities		291,849,812	330,351,956	267,681,400	8,924,998	7,331,819

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 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements	
		31 December 2014	31 December 2013 (Restated)	1 January 2013	31 December 2014	31 December 2013
Shareholders' equity						
Share capital	5					
Registered						
33,858 preference shares of Baht 10 each (1 January 2013: 372,287,914 shares of Baht 10 each)		339	339	3,722,879	339	339
800,669,437 ordinary shares of Baht 10 each (1 January 2013: 727,912,086 shares of Baht 10 each)		8,006,694	8,006,694	7,279,121	8,006,694	8,006,694
		<u>8,007,033</u>	<u>8,007,033</u>	<u>11,002,000</u>	<u>8,007,033</u>	<u>8,007,033</u>
Issued and paid-up						
33,558 preference shares of Baht 10 each (31 December 2013: 33,858 shares of Baht 10 each)		336	339	339	336	339
800,621,925 ordinary shares of Baht 10 each (31 December 2013: 800,621,625 shares of Baht 10 each) (1 January 2013: 727,878,228 shares of Baht 10 each)		8,006,219	8,006,216	7,278,782	8,006,219	8,006,216
		<u>8,006,555</u>	<u>8,006,555</u>	<u>7,279,121</u>	<u>8,006,555</u>	<u>8,006,555</u>
Share premium						
Share premium on preference shares		-	-	-	295	298
Share premium on ordinary shares		1,018,408	1,018,408	-	7,031,228	7,031,225
		<u>1,018,408</u>	<u>1,018,408</u>	<u>-</u>	<u>7,031,523</u>	<u>7,031,523</u>
Other components of shareholders' equity		1,680,354	1,570,190	1,040,375	217,292	158,104
Retained earnings						
Appropriated-statutory reserve		596,300	496,200	405,200	596,300	496,200
Unappropriated		14,429,068	11,895,567	9,471,665	2,646,851	2,350,582
Equity attributable to owners of the Company		<u>25,730,685</u>	<u>22,986,920</u>	<u>18,196,361</u>	<u>18,498,521</u>	<u>18,042,964</u>
Non-controlling interest of the subsidiaries		93,008	67,435	54,224	-	-
Total shareholders' equity		<u>25,823,693</u>	<u>23,054,355</u>	<u>18,250,585</u>	<u>18,498,521</u>	<u>18,042,964</u>
Total liabilities and shareholders' equity		<u>317,673,505</u>	<u>353,406,311</u>	<u>285,931,985</u>	<u>27,423,519</u>	<u>25,374,783</u>

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

Mrs. Oranuch Apisaksirikul
(Group Chief Executive, TISCO Group)



บริษัท ทีเอสซีไฟแนนเชียลกรุ๊ป 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 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
			(Restated)		
Interest income	3.22	18,890,867	18,960,910	137,379	174,064
Interest expenses	3.23	(9,351,077)	(10,144,033)	(226,747)	(221,293)
Net interest income		9,539,790	8,816,877	(89,368)	(47,229)
Fee and service income		5,187,250	5,416,910	-	-
Fee and service expenses		(211,639)	(225,837)	(18,244)	(14,318)
Net fee and service income	3.24	4,975,611	5,191,073	(18,244)	(14,318)
Net gains on trading and foreign exchange transactions	3.25	27,612	74,647	3,949	56,800
Net gains on investments	3.26	263,716	353,774	-	-
Share of profit from investments accounted for under equity method	3.5.2	52,129	45,689	-	-
Dividend income		96,930	99,090	1,693,238	1,459,449
Penalty fee income from loans		344,030	283,731	-	-
Income from business promotion relating to the hire purchase business		268,333	736,858	-	-
Intercompany supporting fee income	3.34	-	-	1,549,850	1,563,477
Other operating income	3.28	55,638	53,298	66,327	86,396
Total operating income		15,623,789	15,655,037	3,205,752	3,104,575
Expense from business promotion relating to the hire purchase business		274,765	900,370	-	-
Total net operating income		15,349,024	14,754,667	3,205,752	3,104,575
Operating expenses					
Employee's expenses		3,550,195	3,419,752	646,117	751,414
Directors' remuneration		13,240	13,095	13,240	12,615
Premises and equipment expenses		919,076	883,767	344,498	338,303
Taxes and duties		224,003	216,170	1,715	1,619
Other operating expenses	3.29	898,432	732,381	119,055	90,888
Total operating expenses		5,604,946	5,265,165	1,124,625	1,194,839
Bad debt, doubtful accounts and impairment losses	3.27	4,426,460	4,140,603	-	-
Profit from operating before income tax expenses		5,317,618	5,348,899	2,081,127	1,909,736
Income tax expenses	3.30	1,043,443	1,040,706	80,400	91,019
Profit for the year		4,274,175	4,308,193	2,000,727	1,818,717

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 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
			(Restated)		
Other comprehensive income	3.31				
Losses arising from translating the financial statements					
of a foreign operation		-	(81,795)	-	-
Gains (losses) on valuation in					
available-for-sale investments	3.20	184,533	(397,546)	75,868	(105,580)
Actuarial gains (losses)		(28,716)	12,984	(5,713)	3,670
Gains (losses) on revaluation of assets	3.21	(27,000)	1,176,123	-	288,745
Share of other comprehensive income of joint venture:					
Actuarial gains (losses) of joint venture		(443)	55	-	-
Cash flow hedges of joint venture		(2,117)	(11,067)	-	-
Income tax effect	3.30, 3.32	(29,399)	(158,508)	(14,031)	(37,367)
Other comprehensive income for the year		96,858	540,246	56,124	149,468
Total comprehensive income for the year		4,371,033	4,848,439	2,056,851	1,968,185
Profit attributable to					
Equity holders of the Company	3.33	4,249,515	4,249,050	2,000,727	1,818,717
Non-controlling interests of the subsidiaries		24,660	59,143		
		4,274,175	4,308,193		
Total comprehensive income attributable to					
Equity holders of the Company		4,345,059	4,790,562	2,056,851	1,968,185
Non-controlling interests of the subsidiaries		25,974	57,877		
		4,371,033	4,848,439		
Earnings per share of equity holders of the Company					
Basic earnings per share	3.33	5.31	5.55	2.50	2.37

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 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
		(Restated)		
Cash flows from operating activities				
Profit before income tax	5,317,618	5,348,899	2,081,127	1,909,736
Adjustments to reconcile profit before income tax				
to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	230,494	274,984	74,987	86,552
Bad debts and doubtful accounts	5,642,990	5,011,222	-	-
Share of profit from investments accounted for under equity method	(52,129)	(45,689)	-	-
Reversal of allowance for impairment of investments	(13,058)	(4,987)	-	-
Reversal of allowance for impairment of property foreclosed	(67)	(17)	-	-
Gain on disposal of investments in securities	(262,848)	(351,862)	-	-
Unrealised (gain) loss on foreign exchange				
transactions and trading derivatives	17,467	(51,436)	(3,949)	(56,800)
Gain on disposal of equipment	(6,140)	(5,443)	(216)	(925)
Loss on written-off of equipment	1,759	-	-	-
Loss on written-off intangible assets	5,282	-	-	-
Gain on changes in value of investment properties	(412)	(16,850)	-	(18,899)
Gain on disposal of property foreclosed	(22,841)	(5,789)	-	-
Employee benefit expenses	65,002	47,651	11,969	8,217
Decrease (increase) in accrued income	(22,658)	66,325	(23,688)	14,651
Increase in accrued expenses	167,932	348,623	64,141	294,042
Net interest income	(9,539,790)	(8,816,877)	89,368	47,230
Dividend income	(96,930)	(99,090)	(1,693,238)	(1,459,449)
Cash received on interest income	18,639,189	18,546,588	137,553	174,014
Cash paid on interest expenses	(8,626,107)	(8,976,177)	(222,790)	(215,624)
Cash received on dividend income	100,930	97,295	1,457,244	1,834,859
Cash paid on income tax expenses	(1,129,610)	(739,873)	(138,733)	(121,854)
Profit from operating activities before changes				
in operating assets and liabilities	10,416,073	10,627,497	1,833,775	2,495,750
Operating assets (increase) decrease				
Interbank and money market items	15,151,442	(22,032,922)	(19,109)	55,912
Loans to customers	15,236,649	(48,818,894)	831,700	(145,000)
Securities and derivative business receivables	(272,596)	677,130	-	-
Receivables from clearing house	(20,527)	(135,450)	-	-
Property foreclosed	3,138,099	2,899,962	-	-
Other assets	337,517	721,070	-11,703	-42,977

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 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
		(Restated)		
Operating liabilities increase (decrease)				
Deposits	(59,258,389)	44,817,874	-	-
Interbank and money market items	(1,285,429)	2,509,624	-	(200,000)
Liability payable on demand	55,052	(307,446)	-	-
Securities and derivative business payables	(260,950)	(12,628)	-	-
Short-term debts issued and borrowings	23,922,600	15,317,069	1,541,400	(183,631)
Payable to clearing house	554,382	(553,494)	-	-
Provision for long-term employee benefits	(22,749)	(23,807)	(3,696)	(3,797)
Other liabilities	(1,100,336)	(736,404)	12,686	(16,666)
Net cash flows from operating activities	6,590,838	4,949,181	4,185,053	1,959,591
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(28,880,497)	(16,643,600)	-	-
Cash received from disposal of investment in securities held for investment	26,038,728	12,186,959	-	-
Cash paid for purchase of equipment	(230,236)	(180,334)	(74,948)	(22,589)
Cash paid for purchase of intangible assets	(274,208)	(49,012)	(62,912)	(36,306)
Cash received from disposal of equipment	6,180	13,978	256	1,307
Cash paid for share capital increase of subsidiaries	-	-	(2,446,155)	(1,901,980)
Net cash flows used in investing activities	(3,340,033)	(4,672,009)	(2,583,759)	(1,959,568)
Cash flows from financing activities				
Cash received from issuance of long-term debentures	2,400,000	1,243,000	-	-
Cash paid for the redemption of long-term debentures	(4,000,000)	(1,353,700)	-	-
Dividend paid	(1,601,294)	(1,745,845)	(1,601,294)	(1,745,845)
Cash received from increase in share capital	-	1,745,842	-	1,745,842
Net cash flows used in financing activities	(3,201,294)	(110,703)	(1,601,294)	(3)
Exchange differences on translation of financial statements	-	(81,795)	-	-
Net increase in cash	49,511	84,674	-	20
Cash at beginning of the year	1,130,971	1,046,297	70	50
Cash at end of the year	1,180,482	1,130,971	70	70
	-	-	-	-
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 2014

(Unit: Thousand Baht)

Consolidated financial statements																
Equity attributable to owners of the Company																
Other components of shareholders' equity																
Note	Issued and paid-up		Share premium on ordinary shares	Other comprehensive income			Share of other comprehensive income of joint venture	Exchange differences on translation of financial statements in foreign currency	Adjustment from business combination of entities under common control under holding restructuring plan	Total other components of shareholders' equity	Retained earnings		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	
	Preference shares	Ordinary shares		Surplus (deficit) on change in value of available-for-sale investments	Surplus on revaluation of assets	Cash flow hedges					Appropriated	Unappropriated				
Balance as at 31 December 2012																
- as previously reported																
	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	
Cumulative effect of change in accounting policy due to the adoption of new accounting standard	1.4	-	-	-	-	(907)	907	-	-	-	-	-	-	(129,665)	(129,665)	
Balance as at 31 December 2012																
- after restated																
	339	7,278,782	-	278,407	-	-	907	81,795	679,266	1,040,375	405,200	9,471,665	18,196,361	54,224	18,250,585	
Dividend paid	4	-	-	-	-	-	-	-	-	-	-	(1,745,845)	(1,745,845)	-	(1,745,845)	
Transfer unappropriated retained earnings to statutory reserve		-	-	-	-	-	-	-	-	-	91,000	(91,000)	-	-	-	
Issue ordinary shares		-	727,434	1,018,408	-	-	-	-	-	-	-	-	1,745,842	-	1,745,842	
Total comprehensive income for the year		-	-	-	(320,435)	940,899	-	(8,854)	(81,795)	-	529,815	-	4,260,747	4,790,562	57,877	4,848,439
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(44,666)	(44,666)	
Balance as at 31 December 2013																
- after restated																
	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	67,435	23,054,355	
Balance as at 31 December 2013																
- as previously reported																
	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	
Cumulative effect of change in accounting policy due to the adoption of new accounting standard	1.4	-	-	-	-	7,947	(7,947)	-	-	-	-	-	-	(163,703)	(163,703)	
Balance as at 31 December 2013 - after restated																
	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	67,435	23,054,355	
Dividend paid	4	-	-	-	-	-	-	-	-	-	-	(1,601,294)	(1,601,294)	-	(1,601,294)	
Transfer unappropriated retained earnings to statutory reserve		-	-	-	-	-	-	-	-	-	100,100	(100,100)	-	-	-	
Total comprehensive income for the year		-	-	-	143,508	(21,600)	-	(1,694)	-	120,214	-	4,224,845	4,345,059	25,974	4,371,033	
Transferred surplus on revaluation of assets to retained earnings		-	-	-	(10,050)	-	-	-	-	(10,050)	-	10,050	-	-	-	
Preference shares converted to ordinary shares		(3)	3	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(401)	(401)	
Balance as at 31 December 2014																
	336	8,006,219	1,018,408	101,480	909,249	-	(9,641)	-	679,266	1,680,354	596,300	14,429,068	25,730,685	93,008	25,823,693	

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 2014

(Unit: Thousand Baht)

		Separate financial statements									
		Other components of shareholders' equity									
		Other comprehensive income									
		Issued and paid-up		Share premium		Surplus (deficit) on change in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of shareholder's equity	Retained earnings		Total
Note		Preference shares	Ordinary shares	Preference shares	Ordinary shares				Appropriated	Unappropriated	
	Balance as at 1 January 2013	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)	-
	Issue ordinary shares	-	727,434	-	1,018,408	-	-	-	-	-	1,745,842
	Total comprehensive income for the year	-	-	-	-	(84,463)	230,996	146,533	-	1,821,652	1,968,185
	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
	Balance as at 1 January 2014	339	8,006,216	298	7,031,225	(72,892)	230,996	158,104	496,200	2,350,582	18,042,964
4	Dividend paid	-	-	-	-	-	-	-	-	(1,601,294)	(1,601,294)
	Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	100,100	(100,100)	-
	Total comprehensive income for the year	-	-	-	-	60,694	-	60,694	-	1,996,157	2,056,851
	Transfer surplus on revaluation of assets to retained earning	-	-	-	-	-	(1,506)	(1,506)	-	1,506	-
	Preference shares converted to ordinary shares	(3)	3	(3)	3	-	-	-	-	-	-
	Balance as at 31 December 2014	336	8,006,219	295	7,031,228	(12,198)	229,490	217,292	596,300	2,646,851	18,498,521

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 2014

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 the subsidiaries are prepared for the same reporting period and using the same significant accounting policies as the Company.

- d) 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.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) 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 financial reporting standards

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

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

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

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. The management of the Company and its subsidiaries believes that they will not have any significant impact on the financial statements for the year in which they are adopted. However, some of these financial reporting standard will result in changes to key principles, and the management of the Company and its subsidiaries has elected to early adopt 5 TFRS as follows:

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

TFRS 10 requires companies to reassess their investments in order to reach a conclusion as to whether they have control over those investments. The Company consequently changed its conclusion as a result of the reassessment of its investment in TISCO Tokyo Leasing Company Limited as of the date that TFRS 10 was initially adopted from presenting it as an investment in a subsidiary to presenting it as a joint venture company because it does not meet the definition of control specified in TFRS 10. As a result, TISCO Tokyo Leasing Company Limited has been a joint venture company since December 2008, which is when the Company acquired the investment. The reason for this assessment is that the Company does not have absolute control over the joint venture company. In addition, the remaining 49% voting rights are held by another major shareholder and the Company has entered into a shareholders' agreement with the major shareholder to make collective decisions concerning the business operations. Therefore, considering the requirements of TFRS 10, the Company has deconsolidated TISCO Tokyo Leasing Company Limited from its consolidated financial statements for the year 2014 and restated the consolidated financial statements for the year 2013, presented as comparative information. The amounts of the adjustments affecting the financial statements are presented in notes to the financial statements no.1.4.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

In addition to the five above Thai Financial Reporting Standards adopted by the Company prior to the effective date, there are also other new and revised standards that have changes in principles. The management of the Company and its subsidiaries has assessed the effect of these standards on the financial statements for the years when they are initially applied as follows:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries financial statements.

1.4 Cumulative effect of changes in accounting policies due to the adoption of new financial reporting standard

During the current year, the Company and its subsidiaries made the changes described in Note 1.3 to the financial statements to its significant accounting policies, as a result of the early adoption of TFRS 10.

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 2014		As at 31 December 2013		As at 1 January 2013	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Statements of financial position						
Increase in investment in joint venture	207,228	73,245	157,283	73,245	124,580	73,245
Decrease in investments in subsidiaries	-	73,245	-	73,245	-	73,245
Decrease in loans to customers and accrued interest receivables - net	7,574,672	-	5,712,877	-	4,485,506	-
Decrease in interbank and money market items - net (liabilities)	5,936,558	-	4,519,771	-	4,297,311	-
Decrease in debts issued and borrowings	1,000,000	-	1,000,000	-	-	-
Decrease in non-controlling interests in subsidiaries	215,687	-	163,703	-	129,665	-

	(Unit: Thousand Baht)			
	For the year ended 31 December 2014		For the year ended 31 December 2013	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Statements of comprehensive income				
Profit or loss:				
Increase in share of profit from investments accounted for under equity method	52,129	-	45,689	-
Decrease in net operating income	170,341	-	146,533	-
Decrease in other operating expenses	78,564	-	75,015	-
Other comprehensive income:				
Decrease in share of other comprehensive income of joint venture	2,560	-	11,012	-
Profit attributable to				
Decrease in non-controlling interests	54,257	-	47,553	-
Total comprehensive income attributable to				
Decrease in non-controlling interests	52,126	-	38,384	-

Such changes in accounting policies have no effect on profit attributable to equity holders of the Company in the consolidated financial statements.

1.5 Change in accounting estimation and the recording of depreciation of revalued assets

At the end of 2013, the Company and its subsidiaries changed its 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, and at the same time had the useful lives of its office condominiums estimated by an independent professional appraiser. In this regard, effective from 1 January 2014, the Company and its subsidiaries have changed remaining useful lives of office condominiums from 4 - 15 years to 20 years in order to align with the estimated useful lives of the assets determined using a prospective method.

The amounts affecting the statements of comprehensive income are summarised below.

	Consolidated financial statements		Separate financial statements	
	Increase (decrease) in profit after tax (Thousand Baht)	Increase (decrease) in basic earnings per share (Baht per share)	Increase (decrease) in profit after tax (Thousand Baht)	Increase (decrease) in basic earnings per share (Baht per share)
For the year 2014	33,697	0.042	2,821	0.004
For the year 2015	33,697	0.042	2,821	0.004
For the year 2016	33,697	0.042	2,821	0.004
For the year 2017	30,664	0.038	2,821	0.004
For the years 2018 - 2033	(131,754)	(0.165)	(11,285)	(0.014)

The effect of the change in the accounting policy of the Company and its subsidiaries regarding measurement of premises and equipment as it relates to office condominiums, from the previously applied cost model to the revaluation model to the consolidated financial statements and separated financial statements for the year 2014 is to decrease profit after tax by approximately Baht 21 million and increase profit after tax by approximately Baht 1 million, respectively, and decrease basic earnings per share by Baht 0.0257 per share and increase basic earnings per share by Baht 0.0006 per share, respectively. The changes were the result of increasing value of the asset base used for determining depreciation to fair value.

The net effect of the change from the previously applied cost model to the revaluation model and in the estimations of useful lives to the consolidated financial statements and separated financial statements for the year 2014 is to increase profit after tax by approximately Baht 13 million and Baht 3 million, respectively, and increase basic earnings per share by Baht 0.0164 per share and Baht 0.0042 per share, respectively.

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 for 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 income 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 derivatives 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) Fee and service income

Fee 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 record 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 deduct them from deferred revenue over the installment period to reflect the effective rate of return of hire purchase agreements, and record 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) Investments in 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 and joint venture are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any). Investment in joint venture is accounted for in the consolidated financial statements using the equity method.
- 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 the period stipulated in the Bank of Thailand's regulations.
- g) The Company and its subsidiaries 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 and its subsidiaries do not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager according 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 is 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 Company and its 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 derivatives business receivables

Securities and derivatives 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 mention 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) 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.
- e) 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 records 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 have defaulted or restructured receivables. The values of the repossessed assets are stated at the lower of cost (fair value of assets at the transfer date, not exceeding the legally claimable amount of outstanding debt) or 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 companies will recognise loss on impairment in profit or loss. 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 year 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 the revaluation of the Company and its subsidiaries' assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the 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 the revaluation of the Company and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the 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 equipment	-	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 with specified number of years of usage	-	according to the period of license agreement by the straight-line basis
The license agreements with no specified number of years 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 that 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 each 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 each 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 when 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 each 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 period 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 is based on the principles for recording derivatives and hedge accounting under IAS 39 “Financial Instruments: Recognition and Measurement”.

- a) A subsidiary operating banking business records derivatives held for trading under fair value method. The subsidiary records gains (losses) from changes in fair value of derivatives 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) Subsidiary company operating banking business records derivatives for cash flow hedge by using hedge accounting, detailed as follows:

The subsidiary documents, 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 subsidiary also documents its 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 is designated and qualified 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 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 the rates used for 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 to customers carry interest at floating rates. Hire purchase receivables and other retail loans are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.
- The fair value of 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 is 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 judgements and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimate. Significant judgements 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 judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

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 judgement to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, 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 quoted 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 general investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement 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.

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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future 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 judgement 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 judgement 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 each reporting period.

Consolidation and deconsolidation of subsidiaries

In preparation of the consolidated financial statements, the management is required to make judgement 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 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 2014 and 2013 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	
			2014	2013
<u>Subsidiaries directly held by the Company</u>				
TISCO Bank Public Company Limited	Banking	Thailand	99.99	99.99
TISCO Securities Co., Ltd.	Securities business	Thailand	99.99	99.99
TISCO Asset Management Co., Ltd.	Asset management	Thailand	99.99	99.99
Hi-Way Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
TISCO Information Technology Co., Ltd.	Services	Thailand	99.99	99.99
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	Thailand	99.99	99.99
TISCO Learning Center Co., Ltd.	Services	Thailand	99.99	99.99
All-Ways Co., Ltd.	Services	Thailand	99.97	99.97
<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 (in the process of liquidation)	Securities business	China-Hong Kong	100.00	100.00

In October 2013, the subsidiary operating banking business received the return of capital from the dissolution of TISCO Securities Hong Kong Limited amounting to Baht 40 million and TISCO Securities Hong Kong Limited already completed the liquidation in January 2015.

3.2 Interbank and money market items - net (assets)

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December						
	2014			2013 (Restated)		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions Development Fund	1,788,596	-	1,788,596	3,121,140	800,000	3,921,140
Commercial banks	417,037	31,946,178	32,363,215	288,679	45,189,504	45,478,183
Specialised financial institutions	92	3,875,557	3,875,649	761	3,778,884	3,779,645
Total	2,205,725	35,821,735	38,027,460	3,410,580	49,768,388	53,178,968
Add: Accrued interest	13,811	15,197	29,008	11,886	26,459	38,345
Less: Allowance for doubtful accounts	-	-	-	-	(3,000)	(3,000)
Total domestic	2,219,536	35,836,932	38,056,468	3,422,466	49,791,847	53,214,313
<u>Foreign</u>						
Hong Kong dollar	35	-	35	30	-	30
US dollar	1,490	-	1,490	7	-	7
Total foreign	1,525	-	1,525	37	-	37
Total domestic and foreign	2,221,061	35,836,932	38,057,993	3,422,503	49,791,847	53,214,350

(Unit: Thousand Baht)

Separate financial statements as at 31 December						
	2014			2013		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	529,065	-	529,065	509,783	-	509,783
Total	529,065	-	529,065	509,783	-	509,783
Add: Accrued interest	116	-	116	289	-	289
Total domestic	529,181	-	529,181	510,072	-	510,072

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at 31 December		Type of pledge
	2014	2013	
	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	
	2014	2013
	Commercial bank	34,400

Fair value of securities received as collateral is as follow:

(Unit: Million Baht)

	Fair value of securities received as collateral as at 31 December	
	2014	2013
	Commercial bank	34,218

3.3 Derivative

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)

Type of risk	Consolidated financial statements as at 31 December					
	2014			2013		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	5,219	3,296,300	-	310,945	3,315,434
Interest rate	-	35,510	1,200,000	28,220	-	2,274,303
Total	-	40,729	4,496,300	28,220	310,945	5,589,737

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	
		2014	2013
		(Restated)	
Available-for-sale investments - fair value			
Government and state enterprise securities		12,060,173	5,637,810
Private sector debt securities		811,472	938,819
Domestic marketable equity securities		604,417	658,492
Other securities - domestic unit trusts		28,141	27,604
Other securities - foreign unit trusts		843,774	763,957
Less: Allowance for impairment		(1,460)	(1,460)
Total available-for-sale investments		14,346,517	8,025,222
Held-to-maturity debt securities - cost/amortised cost			
Government and state enterprise securities		-	3,000,000
Investment in receivables		17,816	33,872
Less: Allowance for impairment		(17,394)	(17,722)
Total held-to-maturity debt securities		422	3,016,150
General investments - cost			
Domestic non-marketable equity securities		493,479	494,050
Less: Allowance for impairment		(44,961)	(45,829)
Total general investments		448,518	448,221
Investments - net		14,795,457	11,489,593

		(Unit: Thousand Baht)	
		Separate financial statements	
		as at 31 December	
		2014	2013
Available-for-sale investments - fair value			
Other securities - foreign unit trusts		843,774	763,957

In August 2014, TISCO Bank reclassified part of its investment portfolio, transferring certain long-term held-to-maturity debt securities to short-term available-for-sale securities at the fair value at the transfer date, to bring them in line with the Bank's liquidity management strategy. The amortised cost of the transferred debt securities at the transfer date was approximately Baht 3,001 million. TISCO Bank recorded the difference between this amortised cost and the fair value, amounting to Baht 73 million, as unrealised gain on transfer of investment portfolio and presented it under shareholders' equity in the statement of financial position. TISCO Bank disposed of Baht 2,960 million of these investments, with a realised gain of Baht 72 million. The balance of unrealised gain as at 31 December 2014 was Baht 1 million.

3.4.2 Classified by remaining period to maturity of the debt securities

(Unit: Million Baht)

Consolidated financial statements as at 31 December								
2014				2013				
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	11,087	973	-	12,060	5,435	203	-	5,638
Private sector debt securities	1	810	-	811	31	907	-	938
Total	11,088	1,783	-	12,871	5,466	1,110	-	6,576
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	11,087	1,783	-	12,870	5,465	1,110	-	6,575
Held-to-maturity debt securities								
Government and state								
enterprise securities	-	-	-	-	-	3,000	-	3,000
Investment in receivables	13	5	-	18	32	2	-	34
Less: Allowance for impairment	(12)	(5)	-	(17)	(18)	-	-	(18)
Total	1	-	-	1	14	3,002	-	3,016
Total debt securities	11,088	1,783	-	12,871	5,479	4,112	-	9,591

3.4.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at 31 December		Type of restrictions
	2014	2013	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	-	1,758	Pledged 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 2014		
	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 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.

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)

Consolidated financial statements as at 31 December						
Securities' name	2014			2013		
	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	5,707	-	10
PDTL Trading Co., Ltd.	5,894	-	10	6,925	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	4,110	-	10	4,647	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	17,358	-	10	17,083	-	10

3.5 Investment in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2014	2013	2014	2013
Investments in subsidiaries	-	-	19,296,784	16,850,629
Investment in joint venture	207,228	157,283	73,245	73,245
	<u>207,228</u>	<u>157,283</u>	<u>19,370,029</u>	<u>16,923,874</u>

3.5.1 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		Type of investments as at		Percentage of holding		Investment value - cost		Dividend received for the	
		31 December		as at 31 December		method as at 31 December		years ended 31 December	
		2014	2013	2014	2013	2014	2013	2014	2013
Subsidiaries directly held by the Company				(%)	(%)	(Restated)		(Restated)	
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.99	17,641	15,195	1,106	655
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	150	458
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	400	309
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	17	15
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Ordinary shares	Ordinary shares	99.99	99.99	137	137	-	-
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	Ordinary shares	Ordinary shares	99.99	99.99	142	142	-	-
TISCO Learning Center Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	5	5	20	20
All-Ways Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.97	99.97	1	1	-	-
						19,406	16,960	1,693	1,457
Less: Allowance for impairment						(109)	(109)		
Investment in subsidiaries - net						19,297	16,851		

3.5.2 Investment in joint venture

A. Details of investment in joint venture:

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

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding percentage as at		Cost as at		Carrying amounts based on equity method as at	
		31 December		31 December		31 December	
		2014	2013	2014	2013	2014	2013
		(%)	(%)		(Restated)		(Restated)
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	207,228	157,283

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Separate financial statements							
		Shareholding percentage as at		Cost as at		Allowance for impairment of investment as at		Carrying amounts based on cost method as at	
		31 December		31 December		31 December		31 December	
		2014	2013	2014	2013	2014	2013	2014	2013
		(%)	(%)		(Restated)		(Restated)		(Restated)
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	-	-	73,245	73,245

B. Share of profit/loss and dividend received

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

(Unit: Thousand Baht)

Jointly controlled entity	Consolidated financial statements		Separate financial statements	
	Share of profit/loss from investment in joint venture during the year		Dividend received during the year	
	2014	2013	2014	2013
TISCO Tokyo Leasing Co., Ltd.	52,129	45,689	-	2,205

C. Summarised financial information of jointly controlled entity

The Company holds a 49% interest in TISCO Tokyo Leasing Co., Ltd, which is a joint venture operating a leasing business, and accounts for this investment in the consolidated financial statements using the equity method. Summary of financial information of the jointly controlled entity is presented as follows:

(Unit: Million Baht)

	As at		
	31 December 2014	31 December 2013	1 January 2013
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	20	22	16
Current portion of receivables	2,268	1,606	1,560
Other current assets	49	216	138
Total current assets	2,337	1,844	1,714
Non-current assets:			
Receivables - net of current portion	5,309	4,099	2,916
Other non-current assets	167	72	60
Total non-current assets	5,476	4,171	2,976
Total assets	7,813	6,015	4,690
<u>Liabilities</u>			
Current liabilities:			
Short-term loans from financial institutions	5,220	4,090	3,170
Current portion of long-term loans from financial institutions	426	215	726
Other current liabilities	307	132	87
Total current liabilities	5,953	4,437	3,983
Non-current liabilities:			
Long-term loans from financial institutions - net of current portion	1,291	1,207	398
Other non-current liabilities	146	50	55
Total non-current liabilities	1,437	1,257	453
Total liabilities	7,390	5,694	4,436
Net assets	423	321	254
The Company's proportionate of shareholding	49%	49%	49%
Carrying amounts based on equity method	207	157	125

	(Unit: Million Baht)	
	For the year ended 31 December	
	2014	2013
Finance lease and hire purchase income	353	311
Other income	43	42
Total revenues	396	353
Depreciation and amortisation	24	26
Interest expenses	168	160
Other expenses	71	51
Total expenses	263	237
Profit before income tax expenses	133	116
Income tax expenses	(27)	(23)
Profit for the year	106	93
Share of profit from investment under equity method	52	46

D. Commitments and contingent liabilities of joint venture

Avals, guarantees and commitments

	(Unit: Million Baht)	
	As at 31 December	
	2014	2013
Cross currency swap agreements	692	343

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	
	2014	2013
		(Restated)
Loans to customers		
Loans	76,978,228	80,719,897
Hire purchase receivables	208,226,729	232,791,241
Financial lease receivables	1,077,970	1,044,972
Less: Deferred revenue	(23,233,476)	(27,918,134)
Advances received from financial lease receivables	(265,622)	(223,314)
Total loans to customers	262,783,829	286,414,662
Add: Accrued interest receivables	572,383	535,851
Less: Allowance for doubtful accounts	(6,950,423)	(6,331,224)
Loans to customers and accrued interest receivables - net	256,405,789	280,619,289

(Unit: Thousand Baht)

Separate financial statements

as at 31 December

	2014	2013
Loans to customers		
Loans	3,154,300	3,986,000
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	<u>3,154,300</u>	<u>3,986,000</u>

3.6.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December

	2014			2013 (Restated)		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	259,487,529	-	259,487,529	283,133,302	-	283,133,302
US Dollars	-	3,296,300	3,296,300	-	3,281,360	3,281,360
Total loans to customers						
net of deferred revenue	<u>259,487,529</u>	<u>3,296,300</u>	<u>262,783,829</u>	<u>283,133,302</u>	<u>3,281,360</u>	<u>286,414,662</u>

(Unit: Thousand Baht)

Separate financial statements as at 31 December

	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	3,154,300	-	3,154,300	3,986,000	-	3,986,000
Total loans to customers						
net of deferred revenue	<u>3,154,300</u>	<u>-</u>	<u>3,154,300</u>	<u>3,986,000</u>	<u>-</u>	<u>3,986,000</u>

3.6.3 Classified by type of business and loan classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total		
	Agricultural and mining	678,918	4,782	1,925	-	-	685,625	-
Manufacturing and commerce	26,649,756	4,418,127	82,187	68,003	22,557	31,240,630	-	31,240,630
Real estate and construction	12,581,620	121,227	33,574	21,681	14,989	12,773,091	-	12,773,091
Public utilities and services	30,290,942	542,126	147,555	40,706	51,002	31,072,331	-	31,072,331
Personal consumption								
Hire purchase	141,491,289	15,130,448	2,595,705	1,737,303	388,553	161,343,298	4,362,953	165,706,251
Auto cash loan	13,237,195	1,121,072	253,833	84,965	12,087	14,709,152	379,192	15,088,344
Housing loans	1,163,235	51,545	22,652	22,019	51,366	1,310,817	-	1,310,817
Others	4,146,317	511,022	129,270	82,407	37,724	4,906,740	-	4,906,740
Total loans to customers	230,239,272	21,900,349	3,266,701	2,057,084	578,278	258,041,684	4,742,145	262,783,829
Add: Accrued interest receivables	315,385	212,121	-	-	-	527,506	44,877	572,383
Total loans to customers and accrued interest receivables	230,554,657	22,112,470	3,266,701	2,057,084	578,278	258,569,190	4,787,022	263,356,212

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2013

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total	(Restated)	
	Agricultural and mining	1,441,228	71,195	23,157	2,795	-	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	5,036,171	183,423,410
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	5,588,236	286,414,662
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	5,631,032	286,950,513

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

(Unit: Million Baht)

	As at 31 December					
	2014			2013		
	Loans to customers and accrued interest receivables	Net amount used for setting the allowance for doubtful accounts	Allowance for doubtful accounts ⁽¹⁾ ⁽²⁾	Loans to customers and accrued interest receivables	Net amount used for setting the allowance for doubtful accounts	Allowance for doubtful accounts ⁽¹⁾ ⁽²⁾
Provision under BOT's guideline						
- Pass	230,555	207,633	1,822	259,595	235,950	3,259
- Special mention	22,112	17,843	2,494	17,466	17,189	1,121
- Sub-standard	3,267	3,242	1,073	3,086	3,083	944
- Doubtful	2,057	2,033	623	996	988	279
- Doubtful of loss	578	524	177	176	107	63
Allowance established in excess	-	-	191	-	-	109
Total	258,569	231,275	6,380	281,319	257,317	5,775

⁽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 2014, 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 2,826 million (As at 31 December 2013: total of Baht 2,345 million). TISCO Bank allocated Baht 2,635 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2013: total of Baht 2,236 million) and so combined with the minimum provision requirement of Baht 3,554 million (As at 31 December 2013: total of Baht 3,430 million), the total provision set aside in accordance with BOT requirements is Baht 6,189 million (As at 31 December 2013: total of Baht 5,666 million).

	Percentage of allowance for doubtful accounts set up			
	Hire purchase receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at 31 December		As at 31 December	
	2014	2013	2014	2013
Pass	0.58	0.58	1	1
Special mention	3.84	4.67	2	2
Sub-standard	23.24	22.95	100	100
Doubtful	23.39	23.13	100	100
Doubtful of loss	23.33	22.75	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 2014, net receivables of the subsidiaries under hire purchase and financial lease agreements amount to Baht 186,036 million (31 December 2013: Baht 205,919 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 2014					
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	66,902	129,550	4,746	8,107	209,305
Less: Deferred revenue*	(9,289)	(11,508)	(38)	(2,168)	(23,003)
Advances received from financial lease receivables	(119)	(146)	-	(1)	(266)
Present value of minimum lease pay from agreements	57,494	117,896	4,708	5,938	186,036
Allowance for doubtful accounts**					(3,285)
Net hire purchase and financial lease receivables					182,751

* 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 2013 (Restated)					
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	69,394	150,929	7,216	6,297	233,836
Less: Deferred revenue*	(10,719)	(14,901)	(225)	(1,848)	(27,693)
Advances received from financial lease receivables	(42)	(181)	-	(1)	(224)
Present value of minimum lease pay from agreements	58,633	135,847	6,991	4,448	205,919
Allowance for doubtful accounts**					(3,181)
Net hire purchase and financial lease receivables					202,738

* 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

TISCO Bank	(Unit: Million Baht)			
	Amounts calculated under BOT's guidelines ⁽²⁾ as at 31 December		Amounts calculated under TISCO Bank's policy as at 31 December	
	2014	2013	2014	2013
Loans to customers for which the recognition of interest income has ceased ⁽¹⁾	7,308	5,328	11,494	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.

Other subsidiaries	(Unit: Million Baht)	
	As at 31 December	
	2014	2013
Hire purchase receivables, financial lease receivables and other loans receivables for which the recognition of interest income has been ceased	793	749

(Restated)

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	
	2014	2013
Deferred revenue ⁽¹⁾	23,233	27,918

(Restated)

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

3.6.8 Troubled debt restructuring of a subsidiary company operating banking business

	For the years ended 31 December	
	2014	2013
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	2,657	133
Loan balances before restructuring (Million Baht)	981	138
Loan balances after restructuring (Million Baht)	981	138
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	5	4
Mortgage loan receivables	3	2
Auto cash loan receivables	4	-

Supplemental information for the years ended 31 December 2014 and 2013 relating to the restructured debts is as follows.

(Unit: Million Baht)

	For the years ended 31 December	
	2014	2013
Interest income on restructured receivables	60	32
Receipt of principal and interest	366	217

As at 31 December 2014 and 2013, a subsidiary company operating banking business has the outstanding balance with troubled debt restructuring debtors as follows.

(Unit: Million Baht)

	As at 31 December			
	2014		2013	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	2,767	1,152	545	390

3.7 Allowance for doubtful accounts

3.7.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014							
	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	3,411,073	1,250,788	1,086,758	377,493	96,161	108,951	6,331,224
Increase in allowance for doubtful accounts during the year	(1,453,621)	1,375,573	1,337,125	3,864,061	443,052	81,800	5,647,990
Bad debt written-off	(3,533)	(26,917)	(1,215,399)	(3,507,484)	(275,458)	-	(5,028,791)
Balance - end of year	<u>1,953,919</u>	<u>2,599,444</u>	<u>1,208,484</u>	<u>734,070</u>	<u>263,755</u>	<u>190,751</u>	<u>6,950,423</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2013 (Restated)							
	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	2,936,329	1,112,046	631,044	177,401	238,647	3,440	5,098,907
Increase in allowance for doubtful accounts during the year	476,202	175,311	1,191,378	2,806,117	252,271	105,511	5,006,790
Bad debt written-off	(1,458)	(36,569)	(735,664)	(2,606,025)	(394,757)	-	(3,774,473)
Balance - end of year	<u>3,411,073</u>	<u>1,250,788</u>	<u>1,086,758</u>	<u>377,493</u>	<u>96,161</u>	<u>108,951</u>	<u>6,331,224</u>

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

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	3,058,468	3,163,805	108,951	6,331,224
Increase in allowance for doubtful accounts during the year	968,218	4,597,972	81,800	5,647,990
Bad debt written-off	(533,715)	(4,495,076)	-	(5,028,791)
Balance - end of year	<u>3,492,971</u>	<u>3,266,701</u>	<u>190,751</u>	<u>6,950,423</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2013 (Restated)				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	2,232,973	2,862,494	3,440	5,098,907
Increase in allowance for doubtful accounts during the year	1,317,417	3,583,862	105,511	5,006,790
Bad debt written-off	(491,922)	(3,282,551)	-	(3,774,473)
Balance - end of year	<u>3,058,468</u>	<u>3,163,805</u>	<u>108,951</u>	<u>6,331,224</u>

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

(Unit: Million Baht)

	As at 31 December	
	2014	2013
	Non-performing loans to customers	5,902
Allowance for doubtful accounts	1,873	1,285

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	
	2014	2013	2014	2013	2014	2013
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 whose 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 2014 and 2013, 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Pass	264,939	307,922	-	-	-	-	-	-	264,939	307,922
Special mention	21,900	17,246	-	-	-	-	-	-	21,900	17,246
Sub-standard	3,267	3,086	-	-	-	-	-	-	3,267	3,086
Doubtful	2,057	996	-	-	-	-	-	-	2,057	996
Doubtful of loss	578	176	46	47	17	18	18	18	659	259
Total	292,741	329,426	46	47	17	18	18	18	292,822	329,509

⁽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	
	2014	2013	2014	2013	2014	2013	2014	2013
					(%)	(%)		
Pass	159,758	180,736	159,758	180,736	0.58	0.58	933	1,049
Special mention	16,071	15,660	16,071	15,660	3.84	4.67	616	732
Sub-standard	2,826	2,777	2,826	2,777	23.24	22.95	657	637
Doubtful	1,840	922	1,840	922	23.39	23.13	430	213
Doubtful of loss	459	69	459	69	23.33	22.75	107	16
Total	180,954	200,164	180,954	200,164			2,743	2,647

⁽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 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 doubtful account		Debt balance - net	
	as at 31 December		as at 31 December		as at 31 December	
	2014	2013	2014	2013	2014	2013
		(Restated)		(Restated)		(Restated)
Pass	3,118	3,898	132	151	2,986	3,747
Special mention	776	984	105	130	671	854
Sub-standard	318	353	136	143	182	210
Doubtful	276	270	110	99	166	171
Doubtful of loss	254	83	87	33	167	50
Total	4,742	5,588	570	556	4,172	5,032

3.9 Property foreclosed

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2014	2013
Acquisition of assets for debt repayment		
Immovable assets		
<u>Appraisal by an external appraiser</u>		
Balance - beginning of year	3,404	239,700
Transfer type of appraiser	-	(48,272)
Disposals	-	(188,024)
Balance - end of year	3,404	3,404
<u>Appraisal by an internal appraiser</u>		
Balance - beginning of year	73,725	25,453
Transfer type of appraiser	-	48,272
Additions	83	-
Disposals	(6,728)	-
Balance - end of year	67,080	73,725
Total property foreclosed - Immovable assets	70,484	77,129
Movable assets		
Balance - beginning of year	65,808	25,578
Additions	6,445,795	4,822,600
Disposals	(6,443,081)	(4,782,370)
Balance - end of year	68,522	65,808
Total property foreclosed	139,006	142,937
Less: Allowance for impairment		
Balance - beginning of year	18,180	18,198
Increase	369	918
Decrease	(448)	(936)
Balance - end of year	18,101	18,180
Total Property foreclosed - net	120,905	124,757

3.10 Investment properties

The book value of investment properties as at 31 December 2014 and 2013 is as follows.

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2014	2013	2014	2013
Book value - beginning of year	16,856	304	783,170	764,271
Transfer type of asset	-	-	(4,925)	-
Gain from fair value adjustment	411	16,850	-	18,899
Others	-	(298)	-	-
Book value - end of year	<u>17,267</u>	<u>16,856</u>	<u>778,245</u>	<u>783,170</u>

The investment property is an office condominium for rent and stated at fair value at the end of 2014. The fair value of investment properties was calculated by the asset appraisal method based on the income approach. The income approach was made by the present value calculation of discounted cash flows on expected cash inflows, expected cash outflows, occupancy rate, capitalisation rate, discount rate and other relevant factors. These asset appraisal approach also made reference to data of assets in the market that are similar and comparable to the appraisal assets, taking into account past operation results and forecast returns of the appraisal assets, market demand and supply and other factors that would affect to the asset value. These valuations were made by in-house appraisers of the Bank who have professional experiences and are capable of the asset appraisal, and were based on the assets appraisal standard and professional ethics in Thailand.

3.11 Premises and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis		Cost basis				Assets for operating lease agreements
	Operating assets		Operating assets			Total	
	Building, office condominium and building improvements	Land	Building, office condominium and building improvements	Furniture fixtures computer and equipment	Motor vehicles	Computer and equipment	Total
Cost:							
As at 31 December 2012 (Restated)	-	17,509	2,288,596	911,855	130,965	19	3,348,944
Additions/transfers in	1,320,127	-	78,028	74,361	27,945	-	1,500,461
Transfer accumulated depreciation to deduct cost	(344,250)	-	-	-	-	-	(344,250)
Surplus on revaluation	1,176,123	-	-	-	-	-	1,176,123
Disposals/written-off/transfers out	-	-	(1,583,804)	(5,894)	(14,991)	(19)	(1,604,708)
As at 31 December 2013 (Restated)	2,152,000	17,509	782,820	980,322	143,919	-	4,076,570
Additions/transfers in	-	-	77,136	128,557	24,543	-	230,236
Adjustment item	(27,000)	-	-	-	-	-	(27,000)
Disposals/written-off/transfers out	-	-	(21,852)	(89,408)	(17,825)	-	(129,085)
As at 31 December 2014	2,125,000	17,509	838,104	1,019,471	150,637	-	4,150,721
Accumulated depreciation:							
As at 31 December 2012 (Restated)	-	-	1,155,137	790,411	81,975	17	2,027,540
Depreciation for the year	-	-	104,235	85,602	21,092	-	210,929
Depreciation on transfers in	344,250	-	-	-	-	-	344,250
Transfer accumulated depreciation to deduct cost	(344,250)	-	-	-	-	-	(344,250)
Depreciation on disposals/written-off/transfers out	-	-	(599,253)	(4,859)	(14,625)	(17)	(618,754)
As at 31 December 2013 (Restated)	-	-	660,119	871,154	88,442	-	1,619,715
Depreciation for the year	38,704	-	47,108	64,112	24,607	-	174,531
Depreciation on disposals/written-off transfers out	-	-	(20,567)	(88,934)	(17,783)	-	(127,284)
As at 31 December 2014	38,704	-	686,660	846,332	95,266	-	1,666,962
Net book value:							
As at 31 December 2012 (Restated)	-	17,509	1,133,459	120,518	49,916	2	1,321,404
As at 31 December 2013 (Restated)	2,152,000	17,509	122,701	109,168	55,477	-	2,456,855
As at 31 December 2014	2,086,296	17,509	151,444	173,139	55,371	-	2,483,759
Depreciation for years ended 31 December:							
2013 (Restated)							210,929
2014							174,531

(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 2013	-	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
Additions/transfers in	4,924	184	71,857	2,907	79,872
Disposals/written-off/transfers out	-	-	(593)	(620)	(1,213)
As at 31 December 2014	576,621	9,680	235,425	61,163	882,889
Accumulated depreciation:					
As at 1 January 2013	-	57,319	94,885	24,346	176,550
Depreciation for the year	-	14,175	36,064	11,751	61,990
Depreciation on transfers in	30,136	-	-	-	30,136
Transfer accumulated depreciation to deduct cost	(30,136)	-	-	-	(30,136)
Depreciation on disposals	-	(61,998)	(47)	(1,304)	(63,349)
As at 31 December 2013	-	9,496	130,902	34,793	175,191
Depreciation for the year	10,714	59	22,598	11,749	45,120
Depreciation on disposals/transfers out	-	-	(593)	(580)	(1,173)
As at 31 December 2014	10,714	9,555	152,907	45,962	219,138
Net book value:					
As at 31 December 2013	571,697	-	33,259	24,083	629,039
As at 31 December 2014	565,907	125	82,518	15,201	663,751
Depreciation for the years ended 31 December:					
2013					61,990
2014					45,120

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 condominiums been carried in the financial statements based on the cost model, their net book value as at 31 December 2014 and 2013 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	as at 31 December		as at 31 December	
	2014	2013	2014	2013
Office condominiums - net of accumulated depreciation	943,852	975,877	274,115	282,952

3.12 Intangible assets

The book value of intangible assets as at 31 December 2014 and 2013 is presented as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Computer software	Computer software
As at 31 December 2014:		
Cost	992,444	276,498
Less: Accumulated amortisation	(667,517)	(186,501)
Net book value	<u>324,927</u>	<u>89,997</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>

A reconciliation of net book value of intangible assets for the years ended 31 December 2014 and 2013 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	
	2014	2013	2014	2013
Net book value at beginning of year	111,964	126,709	56,952	45,208
Acquisitions of computer software	274,208	49,012	62,912	36,306
Disposals of computer software	(5,282)	-	-	-
Amortisation	(55,963)	(63,757)	(29,867)	(24,562)
Book value at end of year	<u>324,927</u>	<u>111,964</u>	<u>89,997</u>	<u>56,952</u>

3.13 Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2014	2013	2014	2013
		(Restated)		
Receivables from clearing house	292,043	271,516	-	-
Value added tax - net	366,442	423,514	1,043	1,086
Accrued interest receivables	61,426	53,518	-	-
Fee and charge receivables	233,573	210,915	97,688	74,000
Refundable income tax and prepaid				
income tax	24,368	21,302	-	-
Deposits	82,097	46,637	34,080	4,080
Other receivables	496,197	595,223	-	8,025
Dividend receivables	-	4,000	-	-
Other assets	<u>408,220</u>	<u>637,503</u>	<u>57,966</u>	<u>68,369</u>
Total other assets	<u>1,964,366</u>	<u>2,264,128</u>	<u>190,777</u>	<u>155,560</u>

3.14 Deposits

3.14.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2014	2013
		(Restated)
Deposits		
Current accounts	2,917,435	2,482,325
Savings accounts	49,606,051	40,751,442
Fixed accounts		
- not over 6 months	22,613,265	12,917,074
- over 6 months but not over 1 year	1,034,917	20,938,222
- over 1 year	313,129	201,249
Certificates of deposit/negotiable certificates of deposit	128,898,991	187,351,865
Total	205,383,788	264,642,177

3.14.2 Classified by the remaining period of contract

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2014	2013
		(Restated)
Not over 1 year*	204,878,240	264,154,235
Over 1 year	505,548	487,942
Total deposits	205,383,788	264,642,177

*Including fully-mature deposit contract

3.14.3 As at 31 December 2014 and 2013, 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					
	2014			2013 (Restated)		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	-	23,645	23,645	-	26,118	26,118
Commercial banks	46,458	1,300,000	1,346,458	95,393	800,000	895,393
Specialised financial institutions	-	500,000	500,000	-	532,520	532,520
Other financial institutions	1,333,577	7,693,813	9,027,390	2,482,474	8,246,416	10,728,890
Total	1,380,035	9,517,458	10,897,493	2,577,867	9,605,054	12,182,921

3.16 Debt issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2014	2013 (Restated)	2014	2013
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,643,000	8,243,000	-	-
Unsubordinated unsecured debentures	51,056,900	28,566,000	-	-
Bills of exchange	7,705,522	6,273,822	7,669,400	6,128,000
Promissory notes	797	797	-	-
Total	65,406,219	43,083,619	7,669,400	6,128,000

3.16.1 Subordinated unsecured debentures

As at 31 December 2014 and 2013, a subsidiary company operating banking business had long-term subordinated unsecured debentures as follows:

Year	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
	2014	2013		2014	2013		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2009	-	2.00	1,000	-	2,000	2019	5.50 percent per annum in the first to third year, 6.00 percent per annum in the fourth to seventh year and 6.50 percent per annum in the eighth to tenth year.
2009	-	2.00	1,000	-	2,000	2019	5.00 percent per annum in the first to third year, 5.50 percent per annum in the fourth to seventh year and 6.00 percent per annum in the eighth to tenth year.
2010	1.00	1.00	1,000	1,000	1,000	2020	5.00 percent per annum.
2010	1.00	1.00	1,000	1,000	1,000	2020	4.80 percent per annum.
2012	1.00	1.00	1,000	1,000	1,000	2022	4.85 percent per annum.
2012	1.24	1.24	1,000	1,243	1,243	2022	4.60 percent per annum.
2014	1.60	-	1,000	1,600	-	2024	6.00 percent per annum.
2014	0.80	-	1,000	800	-	2024	6.00 percent per annum.
Total				<u>6,643</u>	<u>8,243</u>		

3.16.2 Unsubordinated unsecured debentures

As at 31 December 2014 and 2013, a subsidiary company operating banking business had short-term unsubordinated unsecured debentures as follows:

Year	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
	2014	2013		2014	2013		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2013	-	16.166	1,000	-	16,166	2014	2.80 - 3.15 percent per annum
2013	-	3.00	1,000	-	3,000	2014	3.15 percent per annum
2013	-	3.50	1,000	-	3,500	2014	3.15 percent per annum
2013	-	3.00	1,000	-	3,000	2014	3.10 percent per annum
2013	-	2.60	1,000	-	2,600	2014	3.05 percent per annum
2013	-	0.30	1,000	-	300	2014	3.10 percent per annum
2014	51.057	-	1,000	51,057	-	2015	2.55 - 2.87 percent per annum
Total				51,057	28,566		

3.16.3 Bills of exchange

Bills of exchange comprise the fixed interest rates bearing and the floating interest rate bearing ones, which will gradually mature in 2014 to 2015. The interest rates of the fixed interest rates bearing bills of exchange are between 2.50 and 3.20 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 2014 and 2013 was as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2014	2013
		(Restated)
Defined post employment benefit obligation at beginning of year	249,619	240,216
Current service cost	23,783	18,637
Interest cost	11,637	9,040
Benefits paid during the year	(4,042)	(5,346)
Actuarial (gains) losses	28,716	(12,928)
Defined post employment benefit obligation at end of year	309,713	249,619
Other long-term benefits	93,859	82,983
Total provision for long-term employee benefits at end of year	403,572	332,602

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2014	2013
Defined post employment benefit obligation at beginning of year	60,289	59,889
Current service cost	4,242	3,542
Interest cost	2,707	2,212
Benefits paid during the year	(508)	(1,684)
Actuarial (gains) losses	5,713	(3,670)
Defined post employment benefit obligation at end of year	72,443	60,289
Other long-term benefits	13,380	11,547
Total provision for long-term employee benefits at end of year	85,823	71,836

Long-term employee benefits expenses included in the profit or loss for the years ended 31 December 2014 and 2013 were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
		(Restated)		
Current service cost	36,770	27,965	5,796	4,560
Interest cost	14,409	11,249	3,105	2,539
Actuarial losses	13,823	8,437	3,068	1,118
Total employee benefits expenses	<u>65,002</u>	<u>47,651</u>	<u>11,969</u>	<u>8,217</u>

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2014 and 2013 amounted to Baht 82 million and Baht 57 million, respectively (The Company only: Baht 16 million and Baht 11 million, respectively).

Principal actuarial assumptions at the valuation date were as follows:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Discount rate	2.13 - 4.27	2.36 - 4.64	2.13 - 4.27	2.36 - 4.64
Average salary increase rate	4.21	3.80	4.21	3.80
Average inflation rate	2.21	2.92	2.21	2.92

Amounts of defined benefit obligation and experience adjustments arising on the plan liabilities for the current years and previous four years are as follows:

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
	For the year	For the year	For the year	For the year
2014	403,572	85,823	22,866	6,506
2013	332,602	71,836	20,286	1,726
2012	321,743	71,086	35,181	5,064
2011	201,933	49,069	14,847	6,556
2010	155,817	39,651	-	-

3.18 Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2014	2013	2014	2013
		(Restated)		
Payable to clearing housing	853,257	298,875	-	-
Withholding income tax and other				
tax payables	469,830	315,964	57,189	44,506
Accrued insurance premium	668,113	819,656	-	-
Deferred income	1,176,646	941,497	-	-
Accrued expenses	2,603,923	2,435,991	1,041,433	977,292
Suspense creditors	345,707	583,942	-	-
Other liabilities	224,570	257,393	68	65
Total other liabilities	6,342,046	5,653,318	1,098,690	1,021,863

The above accrued expenses included accrued bonus expenses which are remunerations 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 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 share price of the Company's shares over the period of five years from grant date to settlement date. As of 31 December 2014 and 2013, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 561 million and Baht 408 million, respectively (The Company only: Baht 306 million and Baht 230 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 others in accordance with the regulations of Bank of Thailand or relevant regulatory agencies.
- 3.19.2 TISCO Bank maintains capital adequacy ratio in compliance with Basel III principles which is implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, corporate lending, equity exposure and other assets.

Regarding to Capital fund as of 31 December 2014 and 2013, 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	
	2014	2013
<u>Common Equity Tier I capital</u>		
Issued and fully paid up share capital	9,215,676	8,191,712
Premium on share capital	2,543,024	1,120,738
Statutory reserve	984,000	984,000
Net profits after appropriation	9,764,407	7,943,322
Other components of shareholders' equity	220,913	-
Less: Deductions from Common Equity Tier I items	(125,120)	(620,223)
Total Common Equity Tier I capital	22,602,900	17,619,549
<u>Financial Instrument Tier I capital</u>		
Issued and paid up share capital – non cumulative preferred shares	1	1
Total Tier I capital	22,602,901	17,619,550
<u>Tier II capital</u>		
Long-term subordinated debentures	6,643,000	7,518,700
Surplus of provision	340,851	-
Reserve for loans classified as pass	653,690	608,075
Total Tier II capital	7,637,541	8,126,775
Total capital funds	30,240,442	25,746,325

(Unit: Percent)

Capital fund ratios	As at 31 December			
	2014		2013	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	12.55	4.50	9.15	4.50
Tier I capital to risk assets	12.55	6.00	9.15	6.00
Total capital to risk assets	16.80	8.50	13.37	8.50

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 2014 on its website on 31 October 2014.

3.20 Surplus (deficit) on changes in value of investments

(Unit: Thousand Baht)

Consolidated financial statements	
as at 31 December	
2014	2013
	(Restated)
Balance - beginning of year	361,941
Increase (decrease) from changes in value of investments during the year	(397,546)
	148,928
Less: The effect of deferred tax assets / liabilities	(6,423)
Balance - end of year	(42,028)

(Unit: Thousand Baht)

Separate financial statements	
as at 31 December	
2014	2013
Balance - beginning of year	14,464
Increase (decrease) from changes in value of investments during the year	(105,580)
	(15,247)
Less: The effect of deferred tax assets / liabilities	18,222
Balance - end of year	(72,892)

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	
as at 31 December	
2014	2013
Balance - beginning of year	-
Revaluation	1,176,123
Adjustment	-
Transfer to retained earnings	-
	1,139,073
Less: The effect of deferred tax assets/liabilities	(235,224)
Balance - end of year	940,899

(Unit: Thousand Baht)

Separate financial statements
as at 31 December

	2014	2013
Balance - beginning of year	288,745	-
Revaluation	-	288,745
Transfer to retained earnings	(1,506)	-
	287,239	288,745
Less: The effect of deferred tax assets/liabilities	(57,749)	(57,749)
Balance - end of year	229,490	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 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

Consolidated financial statements

For the years ended 31 December

	2014	2013
		(Restated)
Interbank and money market items	674,759	996,398
Investments in debt securities	404,751	216,746
Loans to customers	6,157,309	5,896,028
Hire purchase and financial lease	11,654,048	11,851,738
Total interest income	18,890,867	18,960,910

(Unit: Thousand Baht)

Separate financial statements

For the years ended 31 December

	2014	2013
Interbank and money market items	21,720	23,852
Loans to customers	115,659	150,212
Total interest income	137,379	174,064

3.23 Interest expenses

Interest expenses in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Deposits	6,136,356	7,396,269
Interbank and money market items	270,456	304,362
Contribution fee to the Deposit Protection Agency and Bank of Thailand	1,284,148	1,254,479
Issued debt instruments		
- Subordinated debentures	422,938	433,678
- Unsubordinated debentures	1,007,531	354,475
Borrowings	229,648	400,770
Total interest expenses	<u>9,351,077</u>	<u>10,144,033</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Interbank and money market items	-	322
Borrowings	226,747	220,971
Total interest expenses	<u>226,747</u>	<u>221,293</u>

3.24 Net fee and service income

Net fee and service income in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Fee and service income		
- Acceptance, aval and guarantees	10,822	10,498
- Insurance service	2,363,830	2,642,820
- Brokerage fees	911,750	1,066,101
- Fund management	896,172	702,907
- Financial advisory	14,601	17,150
- Others	990,075	977,434
Total fee and service income	5,187,250	5,416,910
Fee and service expenses		
- Information service expenses	(24,760)	(51,815)
- Others	(186,879)	(174,022)
Total fee and service expenses	(211,639)	(225,837)
Net fee and service income	4,975,611	5,191,073

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Fee and service income	-	-
Fee and service expenses	(18,244)	(14,318)
Net fee and service income	(18,244)	(14,318)

3.25 Net gains on trading and foreign exchange transactions

Net gains on trading and foreign exchange transactions in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	54,147	50,197
- Derivatives on interest rates	(38,386)	11,039
- Debt securities	11,862	13,416
- Others	(11)	(5)
Total	<u>27,612</u>	<u>74,647</u>

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Gain on trading and foreign exchange transactions		
- Foreign currencies	3,949	56,800
Total	<u>3,949</u>	<u>56,800</u>

3.26 Net gains on investments

Net gains on investments in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
Gains on disposal		
- Available-for-sale investments	239,603	233,899
- Held-to-maturity securities	29	155
- General investments	22,387	39,570
Total	262,019	273,624
Reversal of losses on impairment		
- General investments	868	1,912
Total	868	1,912
Gain on return of capital from a subsidiary company	829	78,238
Net gains on investments	263,716	353,774

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 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Interbank and money market items (Reversal)	(5,000)	3,000
Investment in receivables (Reversal)	(328)	(3,075)
Loans to customers	4,431,788	4,140,678
Total	4,426,460	4,140,603

3.28 Other operating income

Other operating income in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Gains on disposal of property foreclosed	22,841	5,789
Gain on change in value of investment properties	412	16,850
Others	32,385	30,659
Total	55,638	53,298

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Rental income	64,432	65,540
Others	1,895	20,856
Total	66,327	86,396

3.29 Other operating expenses

Other operating expenses in the statements of comprehensive income for the years ended 31 December 2014 and 2013 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2014	2013
		(Restated)
Mailing expenses	58,900	55,266
Software amortisation expenses	55,963	63,757
Legal expenses	271,688	179,937
Transportation expenses	104,777	98,847
Advertising and business promotion expenses	126,070	101,029
Others	281,034	233,545
Total	898,432	732,381

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2014	2013
Mailing expenses	628	261
Software amortisation expenses	29,867	24,562
Transportation expenses	8,289	8,511
Others	80,271	57,554
Total	119,055	90,888

3.30 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
		(Restated)		
Current income tax:				
Income tax expenses for the year	1,238,198	1,112,056	95,743	130,038
Adjustment in respect of current income tax of previous year	656	(112)	-	(950)
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	(195,411)	(71,238)	(15,343)	(38,069)
Income tax expenses reported in statements of comprehensive income	1,043,443	1,040,706	80,400	91,019

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
		(Restated)		
Decrease (increase) in revaluation surplus in investments	(41,025)	77,112	(15,174)	21,116
Surplus on revaluation of assets	5,400	(235,225)	-	(57,749)
Actuarial gains (losses)	5,714	(2,597)	1,143	(734)
Share of other comprehensive income of joint ventures:				
Actuarial gains (losses) of joint venture	89	(11)	-	-
Cash flow hedges of joint venture	423	2,213	-	-
Income tax expenses recorded directly to other comprehensive income	<u>(29,399)</u>	<u>(158,508)</u>	<u>(14,031)</u>	<u>(37,367)</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 2014 and 2013 is as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
		(Restated)		
Accounting profit before tax	<u>5,317,618</u>	<u>5,348,899</u>	<u>2,081,127</u>	<u>1,909,736</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,063,523	1,069,780	416,225	381,947
Adjustment in respect of current income tax of previous year	656	(112)	-	(950)
Income tax effect:				
Tax effect of net tax-exempt income and net disallowed expenses	(3,726)	(5,629)	(335,825)	(289,978)
Others	(17,010)	(23,333)	-	-
Total	<u>(20,736)</u>	<u>(28,962)</u>	<u>(335,825)</u>	<u>(289,978)</u>
Income tax expenses reported in the statement of comprehensive income	<u>1,043,443</u>	<u>1,040,706</u>	<u>80,400</u>	<u>91,019</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	
	2014	2013	2014	2013
Allowance for doubtful accounts	151,477	110,337	41,140	29,595
Allowance for impairment of investments	48,430	21,742	26,688	-
Allowance for impairment of property foreclosed	3,622	2	3,620	-
Non-accrual of interest income	64,570	18,889	45,681	7,170
Depreciation of assets	(3,461)	(2,540)	(921)	(7,781)
Financial leases	12,631	-	12,631	-
Surplus on revaluation of assets	(203,190)	(147,408)	-	-
Surplus (deficit) on changes in value of investments	(5,101)	18,223	-	-
Unrealised loss on derivatives	6,888	-	6,888	-
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(480,706)	(31,595)	(449,111)	(19,008)
Loss on disposal of property foreclosed	31,849	18,834	13,015	13,072
Unearned interest income on hire purchase	146,753	-	146,753	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Tax loss carried forward	-	-	-	(1,496)
Accrued expenses	339,287	189,346	149,941	47,859
Employee benefits expenses	67,220	27,466	30,128	(2,066)
Others	94,370	652	93,718	58
Deferred tax assets	296,074	245,383	120,171	67,403

(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	
2014	2013	2014	2013
	(Restated)		(Restated)
Allowance for doubtful accounts	-	21,796	(21,108)
Allowance for impairment of investments	-	26,928	1,385
Allowance for impairment of property foreclosed	-	3,634	3
Non-accrual of interest income	-	25,773	(8,232)
Depreciation of assets	128	7,240	2,499
Financial leases	-	25,479	(10,445)
Gain on changes in value of investment properties	3,452	82	3,370
Surplus on revaluation of assets	26,634	-	-
Surplus on changes in value of investments	42,348	-	-
Unrealised (gain) or loss on derivatives	-	(5,858)	248
Gain on changes in value of investments in trading securities	(1)	-	-
Deferred commissions and direct expenses incurred at the initiation of hire purchase	-	(522,672)	118,797
Unearned interest income on hire purchase	-	134,183	(73,512)
Accrued expenses	(25,018)	104,734	10,191
Employee benefits expenses	(13,169)	21,726	(6,736)
Others	(4,219)	81,715	(20,295)
Deferred tax assets (liabilities)	30,155	(75,240)	(3,835)

(Unit: Thousand Baht)

Separate 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	
2014	2013	2014	2013
Allowance for impairment of investments	21,742	-	-
Depreciation of assets	(7,486)	(3,857)	(7,977)
Gain on changes in value of investment properties	(89,660)	-	(6,422)
Surplus on changes in value of investment properties	(57,749)	-	-
Surplus on changes in value of investments	3,049	-	-
Reduction of subsidiaries' share capital	21,435	-	-
Accrued expenses	201,372	17,617	51,658
Employee benefits expenses	17,164	1,655	883
Others	290	(72)	(73)
Deferred tax assets	110,157	15,343	38,069

3.31 Components of other comprehensive income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
		(Restated)		
Other comprehensive income				
Losses on translation adjustment in foreign operations	-	(81,795)	-	-
Available-for-sale investments:				
Gains (losses) during the year	424,136	(163,647)	75,868	(105,580)
Less: Reclassification adjustments for gains included in profit or loss	(239,603)	(233,899)	-	-
	184,533	(397,546)	75,868	(105,580)
Gain (losses) on revaluation of assets	(27,000)	1,176,123	-	288,745
Actuarial gains (losses)	(28,716)	12,984	(5,713)	3,670
Share of other comprehensive income of joint ventures:				
Actuarial gains (losses) of joint ventures	(443)	55	-	-
Cash flow hedges of joint ventures	(2,117)	(11,067)	-	-
Other comprehensive income	126,257	698,754	70,155	186,835
Income tax effects relating to components of other comprehensive income	(29,399)	(158,508)	(14,031)	(37,367)
Net other comprehensive income for the year	<u>96,858</u>	<u>540,246</u>	<u>56,124</u>	<u>149,468</u>

3.32 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

Consolidated financial statements						
For the years ended 31 December						
2014			2013 (Restated)			
	Tax			Tax		
	(expense)	Net of tax	Before tax	(expense)	Net of tax	
	benefit	amount	amount	benefit	amount	
	amount	amount	amount	amount	amount	
Gains (losses) on valuation in available-for-sale investments	184,533	(41,025)	143,508	(397,546)	77,112	(320,434)
Gains (losses) on revaluation of assets	(27,000)	5,400	(21,600)	1,176,123	(235,225)	940,898
Actuarial gains (losses)	(28,716)	5,714	(23,002)	12,984	(2,597)	10,387
Share of other comprehensive income of joint ventures:						
Actuarial gains (losses) of joint venture	(443)	89	(354)	55	(11)	44
Cash flow hedges of joint venture	(2,117)	423	(1,694)	(11,067)	2,213	(8,854)
	<u>126,257</u>	<u>(29,399)</u>	<u>96,858</u>	<u>780,549</u>	<u>(158,508)</u>	<u>622,041</u>

(Unit: Thousand Baht)

Separate financial statements						
For the years ended 31 December						
2014			2013			
	Tax			Tax		
	(expense)	Net of tax	Before tax	(expense)	Net of tax	
	benefit	amount	amount	benefit	amount	
	amount	amount	amount	amount	amount	
Gains (losses) on valuation in available-for-sale investments	75,868	(15,174)	60,694	(105,580)	21,116	(84,464)
Gains (losses) on revaluation of assets	-	-	-	288,745	(57,749)	230,996
Actuarial gains (losses)	(5,713)	1,143	(4,570)	3,670	(734)	2,936
	<u>70,155</u>	<u>(14,031)</u>	<u>56,124</u>	<u>186,835</u>	<u>(37,367)</u>	<u>149,468</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		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
Profit attributable to equity holders of the Company (Thousand Baht)	4,249,515	4,249,050	2,000,727	1,818,717
Weighted average number of shares (Thousand shares)	800,655	765,181	800,655	765,181
Basic earnings per share (Baht/share)	5.31	5.55	2.50	2.37

3.34 Related party transactions

	(Unit: Thousand Baht)			
	As at			As at
	1 January 2014	Increase	Decrease	31 December 2014
<u>Outstanding balance</u> (Eliminated in consolidated financial statements)				
Subsidiary companies				
Interbank and money market items (assets):				
TISCO Bank Public Company Limited	510,072	1,419,167	(1,400,058)	529,181
Loans:				
Hi-Way Co., Ltd.	1,486,000	92,000	(30,000)	1,548,000
TISCO Leasing Co., Ltd.	2,500,000	-	(893,700)	1,606,300
Dividend receivable:				
TISCO Bank Public Company Limited	655,248	1,105,742	(655,248)	1,105,742
TISCO Securities Co., Ltd.	458,000	150,000	(458,000)	150,000
TISCO Asset Management Co., Ltd.	308,998	399,998	(308,998)	399,998
TISCO Information Technology Co., Ltd.	15,000	17,499	(15,000)	17,499
TISCO Learning Center Co., Ltd.	19,999	19,999	(19,999)	19,999
Other assets:				
TISCO Bank Public Company Limited	73,685	46,130	(29,857)	89,958
TISCO Learning Center Co., Ltd.	302	1,740	(1,963)	79
Deutsche TISCO Investment Advisory Co., Ltd.	8,025	-	(150)	7,875
Other liabilities:				
TISCO Securities Co., Ltd.	1,000	-	(1,000)	-
TISCO Learning Center Co., Ltd.	128	444	(450)	122

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policy
	For the year ended 31 December		
	2014	2013	
<u>Transactions occurred during the years</u>			
(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	1,549,850	1,563,477	Determined on market price/terms of BOT
Interest income	137,219	173,912	With reference to the terms and prices as offered to other customers
Rental income	63,465	64,525	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	179,000	170,000	Determined on market price/terms of BOT
Interest expenses	-	601	With reference to the terms and prices as offered to other customers
Training expenses	5,172	3,482	With reference to the prices as offered from other service providers
Other expenses	750	-	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at 31 December	
	2014	2013
Loans ⁽¹⁾	22,506	27,778

⁽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	
	2014	2013
Deposits	224,784	212,539

Directors and management's benefits

During the years ended 31 December 2014 and 2013, 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: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2014	2013	2014	2013
Short-term benefits	458	421	310	274
Post-employment benefits	7	6	4	4
Other long-term benefits	86	67	67	52
Total	551	494	381	330

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 2014 and 2013, 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 2014 and 2013, respectively.

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated
For the year ended 31 December 2014							
Revenue							
External customers	13,672	1,075	1,069	(192)	15,624	-	15,624
Inter-segment	(11)	250	1	3,910	4,150	(4,150)	-
Total revenue	13,661	1,325	1,070	3,718	19,774	(4,150)	15,624
Operating results:							
Net interest income	9,579	38	8	(85)	9,540	-	9,540
Net fee and service income	3,183	1,158	1,058	489	5,888	(912)	4,976
Other operating income	899	129	4	3,314	4,346	(3,238)	1,108
Total operating income	13,661	1,325	1,070	3,718	19,774	(4,150)	15,624
Depreciation and amortisation	(896)	(86)	(25)	(460)	(1,467)	492	(975)
Other operating expenses	(4,449)	(915)	(451)	(1,114)	(6,929)	2,024	(4,905)
Bad debt, doubtful accounts and impairment losses	(4,424)	-	-	-	(4,424)	(2)	(4,426)
Total operating expenses	(9,769)	(1,001)	(476)	(1,574)	(12,820)	2,514	(10,306)
Segment profit	3,892	324	594	2,144	6,954	(1,636)	5,318
Income tax expenses							(1,043)
Non-controlling interests of the subsidiaries							(25)
Profit for the year - equity holders of the Company							4,250
As at 31 December 2014							
Segment total assets	310,536	4,379	945	27,649	343,509	(25,835)	317,674
Premises and equipment - net	801	16	228	670	1,715	769	2,484

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated
For the year ended 31 December 2013 (Restated)							
Revenue							
External customers	13,543	1,393	848	(224)	15,560	95	15,655
Inter-segment	(199)	414	1	4,197	4,413	(4,413)	-
Total revenue	13,344	1,807	849	3,973	19,973	(4,318)	15,655
Operating results:							
Net interest income	8,815	37	8	(43)	8,817	-	8,817
Net fee and service income	3,340	1,456	837	467	6,100	(909)	5,191
Other operating income	1,189	314	4	3,549	5,056	(3,409)	1,647
Total operating income	13,344	1,807	849	3,973	19,973	(4,318)	15,655
Depreciation and amortisation	(869)	(86)	(26)	(444)	(1,425)	477	(948)
Other operating expenses	(4,679)	(981)	(423)	(1,203)	(7,286)	2,069	(5,217)
Bad debt, doubtful accounts and impairment losses	(4,141)	-	-	-	(4,141)	-	(4,141)
Total operating expenses	(9,689)	(1,067)	(449)	(1,647)	(12,852)	2,546	(10,306)
Segment profit	3,655	740	400	2,326	7,121	(1,772)	5,349
Income tax expenses							(1,041)
Non-controlling interests of the subsidiaries							(59)
Profit for the year - equity holders of the Company							4,249
As at 31 December 2013 (Restated)							
Segment total assets	347,479	4,364	726	25,600	378,169	(24,763)	353,406
Premises and equipment - net	788	14	230	638	1,670	787	2,457

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 2014			
	Domestic operations	Foreign operations	Elimination	Total
Total assets	343,509	-	(25,835)	317,674
Interbank and money market items (assets)	39,629	-	(1,571)	38,058
Investments - net	14,795	-	-	14,795
Loans to customers and accrued interest				
receivables - net	259,560	-	(3,154)	256,406
Deposits	206,391	-	(1,007)	205,384
Interbank and money market items (liabilities)	11,463	-	(566)	10,897
Debt issued and borrowings	68,560	-	(3,154)	65,406

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2013 (Restated)			
	Domestic operations	Foreign operations	Elimination	Total
Total assets	378,169	-	(24,763)	353,406
Interbank and money market items (assets)	55,526	-	(2,312)	53,214
Investments - net	11,490	-	-	11,490
Loans to customers and accrued interest				
receivables - net	284,605	-	(3,986)	280,619
Deposits	265,547	-	(905)	264,642
Interbank and money market items (liabilities)	13,594	-	(1,411)	12,183
Debt issued and borrowings	47,070	-	(3,986)	43,084

3.36.2 Results of operations

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2014				
	Domestic	Foreign		
	operations	operations	Elimination	Total
Interest income	19,051	-	(160)	18,891
Interest expenses	(9,511)	-	160	(9,351)
Net interest income	9,540	-	-	9,540
Net fee and service income	5,888	-	(912)	4,976
Other operating income	4,071	-	(3,238)	833
Total operating income	19,499	-	(4,150)	15,349
Total other operating expenses	(8,121)	-	2,516	(5,605)
Bad debt, doubtful accounts and impairment losses	(4,424)	-	(2)	(4,426)
Income tax expenses	(1,043)	-	-	(1,043)
Non-controlling interests of the subsidiaries	-	-	(25)	(25)
Profit for equity holders of the Company	5,911	-	(1,661)	4,250

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2013 (Restated)				
	Domestic	Foreign		
	operations	operations	Elimination	Total
Interest income	19,178	-	(217)	18,961
Interest expenses	(10,361)	-	217	(10,144)
Net interest income	8,817	-	-	8,817
Net fee and service income	6,101	-	(910)	5,191
Other operating income	4,202	-	(3,455)	747
Total operating income	19,120	-	(4,365)	14,755
Total other operating expenses	(7,811)	-	2,546	(5,265)
Bad debt, doubtful accounts and impairment losses	(4,141)	-	-	(4,141)
Income tax expenses	(1,132)	-	91	(1,041)
Non-controlling interests of the subsidiaries	-	-	(59)	(59)
Profit for equity holders of the Company	6,036	-	(1,787)	4,249

3.37 Provident fund

The Company, its eight 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 15 percent of the employees' salaries, in accordance with the rules prescribed in the fund's articles. The provident funds of the Company and its seven 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 2014 and 2013, the Company and its subsidiaries paid provident fund contributions totaling Baht 151 million and Baht 126 million, respectively (the Company only: Baht 25 million and Baht 20 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	
	2014	2013
Avals	7,151	42,552
Other guarantees	628,138	753,815
Undrawn client overdraft facilities	34,070	54,041
Interest rate swap agreements (Note 3.39.5)	1,200,000	2,274,303
Cross currency swap agreements (Note 3.39.5)	3,296,300	3,315,434
	<u>5,165,659</u>	<u>6,440,145</u>

3.38.2 Litigation

As at 31 December 2014 and 2013, the subsidiary has been sued for compensation totaling approximately Baht 363 million and Baht 356 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believes 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 subsidiaries have commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.

- b) The subsidiary companies have entered into several lease agreements in respect of the lease of office building and branch office. The terms of the agreements are generally 3 - 13 years.

As at 31 December 2014 and 2013, the subsidiary companies have future minimum lease payments required under these non-cancellable operating leases contracts as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2014	2013
Payable within:		(Restated)
Not over 1 year	146	133
Over 1 to 5 years	183	101
Over 5 years	60	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	
	2014	2013
Neither past due nor impaired		
Very high grade	112,689	110,130
High grade	41,865	60,983
Medium grade	5,204	9,623
Subtotal	159,758	180,736
Hire purchase receivables - overdue for 31 to 90 days	16,071	15,660
Hire purchase receivables - overdue for more than 90 days	5,124	3,768
Total	180,953	200,164

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	
	2014	2013
Marketable financial assets		
Equity securities	208	270
Debt securities	15	39
Derivatives	22	-
Foreign currencies	32	51

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 the 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	
	2014	2013
Change in interest rate		
Increase 1 percent	(471.16)	(670.55)
Decrease 1 percent	471.16	670.55

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 2014				
Outstanding balances of financial instruments				
Transactions	Floating	Fixed	Non-interest	Total
	interest rate	interest rate	bearing	
Financial assets				
Cash	-	-	1,180	1,180
Interbank and money market items	187	35,750	2,121	38,058
Investments - net	-	7,892	6,903	14,795
Loans to customers ⁽¹⁾	12,446	245,972	4,938	263,356
Securities and derivatives business				
receivables	-	-	1,819	1,819
Receivables from clearing house	-	-	292	292
	<u>12,633</u>	<u>289,614</u>	<u>17,253</u>	<u>319,500</u>
Financial liabilities				
Deposits	51,587	153,533	264	205,384
Interbank and money market items	159	10,697	41	10,897
Liabilities payable on demand	-	-	400	400
Derivatives liabilities	-	-	41	41
Debts issued and borrowings	-	65,406	-	65,406
Securities and derivatives business payables	-	-	1,250	1,250
Payables to clearing house	-	-	853	853
	<u>51,746</u>	<u>229,636</u>	<u>2,849</u>	<u>284,231</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 2013 (Restated)

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	1,131	1,131
Interbank and money market items	109	49,775	3,330	53,214
Derivatives assets	-	-	28	28
Investments - net	-	5,878	5,612	11,490
Loans to customers ⁽¹⁾	15,993	266,647	4,311	286,951
Securities and derivatives business receivables	-	-	1,547	1,547
Receivables from clearing house	-	-	272	272
	<u>16,102</u>	<u>322,300</u>	<u>16,231</u>	<u>354,633</u>
<u>Financial liabilities</u>				
Deposits	42,376	222,080	186	264,642
Interbank and money market items	85	11,949	149	12,183
Liabilities payable on demand	-	-	345	345
Derivatives liabilities	-	-	311	311
Debts issued and borrowings	-	43,084	-	43,084
Securities and derivatives business payables	-	-	1,511	1,511
Payables to clearing house	-	-	299	299
	<u>42,461</u>	<u>277,113</u>	<u>2,801</u>	<u>322,375</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 2014

<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	7	522	-	529
Investments - net	-	-	844	844
Loans to customers	-	3,154	-	3,154
	<u>7</u>	<u>3,676</u>	<u>844</u>	<u>4,527</u>
<u>Financial liabilities</u>				
Debts issued and borrowings	-	7,669	-	7,669
	<u>-</u>	<u>7,669</u>	<u>-</u>	<u>7,669</u>

(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	
Financial assets				
Interbank and money market items	2	508	-	510
Investments - net	-	-	764	764
Loans to customers	-	3,986	-	3,986
	<u>2</u>	<u>4,494</u>	<u>764</u>	<u>5,260</u>
Financial liabilities				
Debts issued and borrowings	-	6,128	-	6,128
	<u>-</u>	<u>6,128</u>	<u>-</u>	<u>6,128</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 2014

<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	-	35,749	-	1	-	35,750	1.9947
Investments - net	-	2,077	4,031	1,784	-	7,892	3.3603
Loans to customers	<u>23,825</u>	<u>29,266</u>	<u>53,904</u>	<u>133,558</u>	<u>5,419</u>	<u>245,972</u>	<u>7.2327</u>
	<u>23,825</u>	<u>67,092</u>	<u>57,935</u>	<u>135,343</u>	<u>5,419</u>	<u>289,614</u>	
Financial liabilities							
Deposits	3,919	115,425	33,683	506	-	153,533	2.6197
Interbank and money market items	790	6,706	3,178	23	-	10,697	2.6339
Debts issued and borrowings	<u>37</u>	<u>37,110</u>	<u>21,616</u>	<u>-</u>	<u>6,643</u>	<u>65,406</u>	<u>2.8309</u>
	<u>4,746</u>	<u>159,241</u>	<u>58,477</u>	<u>529</u>	<u>6,643</u>	<u>229,636</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013 (Restated)

<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	-	49,775	-	-	-	49,775	2.2405
Investments - net	2	432	1,332	4,112	-	5,878	3.9485
Loans to customers	23,600	26,206	57,162	152,142	7,537	266,647	7.1559
	<u>23,602</u>	<u>76,413</u>	<u>58,494</u>	<u>156,254</u>	<u>7,537</u>	<u>322,300</u>	
Financial liabilities							
Deposits	6,588	161,925	53,079	488	-	222,080	3.0432
Interbank and money market items	1,250	7,684	2,989	26	-	11,949	2.8990
Debts issued and borrowings	38	17,143	17,660	-	8,243	43,084	3.5232
	<u>7,876</u>	<u>186,752</u>	<u>73,728</u>	<u>514</u>	<u>8,243</u>	<u>277,113</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2014

<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	522	-	-	-	-	522	1.5000
Loans to customers	3,154	-	-	-	-	3,154	3.0800
	<u>3,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,676</u>	
Financial liabilities							
Debts issued and borrowings	-	4,276	3,393	-	-	7,669	2.7673
	<u>-</u>	<u>4,276</u>	<u>3,393</u>	<u>-</u>	<u>-</u>	<u>7,669</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	3.2556
	<u>-</u>	<u>5,223</u>	<u>905</u>	<u>-</u>	<u>-</u>	<u>6,128</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 sets 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 operating banking business 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 in TISCO Group to support liquidity position if required.

3.39.3.1 Remaining contractual maturity of liabilities

(Unit: Million Baht)

As at 31 December 2014				
Remaining contractual maturity				
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	219,889	54,785	7,208	281,882

(Unit: Million Baht)

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

The matured liabilities are generally rolled-over with 90 percent 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	
	2014	2013
Composition of highly liquid assets		
Cash	1,180	1,130
Interbank and money market - net	36,853	52,778
Current investments - net	12,870	6,575
Total liquid assets ⁽¹⁾	50,903	60,483
Liquid asset requirement ⁽¹⁾	12,900	16,600

⁽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 2014 and 2013, the subsidiary operating banking business has highly liquid assets, which are daily calculated, at Baht 50,903 million and Baht 60,483 million, respectively, higher than internal liquid asset requirement, which is daily considered, of Baht 12,900 million and Baht 16,600 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 2014 and 2013, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014								
Transactions	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		Months	months	years	years		performing	
							Loans*	
Financial assets								
Cash	1,180	-	-	-	-	-	-	1,180
Interbank and money market items	2,308	35,749	-	1	-	-	-	38,058
Investments - net	-	6,233	4,853	1,784	-	1,925	-	14,795
Loans to customers	31,703	28,433	54,315	134,801	5,880	-	8,224	263,356
Securities and derivatives business								
receivables	-	1,819	-	-	-	-	-	1,819
Receivables from clearing house	-	292	-	-	-	-	-	292
	<u>35,191</u>	<u>72,526</u>	<u>59,168</u>	<u>136,586</u>	<u>5,880</u>	<u>1,925</u>	<u>8,224</u>	<u>319,500</u>
Financial liabilities								
Deposits	55,769	115,425	33,684	506	-	-	-	205,384
Interbank and money market items	990	6,706	3,178	23	-	-	-	10,897
Liabilities payable on demand	400	-	-	-	-	-	-	400
Derivatives liabilities	-	5	-	36	-	-	-	41
Debts issued and borrowings	37	37,110	21,616	-	6,643	-	-	65,406
Securities and derivatives business								
payables	-	1,250	-	-	-	-	-	1,250
Payables to clearing house	-	853	-	-	-	-	-	853
	<u>57,196</u>	<u>161,349</u>	<u>58,478</u>	<u>565</u>	<u>6,643</u>	<u>-</u>	<u>-</u>	<u>284,231</u>
Contingent liabilities								
Aval to bills and guarantees of								
loans	-	4	3	-	-	-	-	7
Other commitments	-	3,303	28	1,213	-	615	-	5,159

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

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013 (Restated)

Transactions	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-	Total
							performing Loans*	
Financial assets								
Cash	1,131	-	-	-	-	-	-	1,131
Interbank and money market items	3,411	49,803	-	-	-	-	-	53,214
Derivatives assets	-	3	-	25	-	-	-	28
Investments - net	2	4,146	1,332	4,112	-	1,898	-	11,490
Loans to customers	30,234	28,007	57,585	156,586	8,346	-	6,193	286,951
Securities and derivatives business receivables	-	1,547	-	-	-	-	-	1,547
Receivables from clearing house	-	272	-	-	-	-	-	272
	<u>34,778</u>	<u>83,778</u>	<u>58,917</u>	<u>160,723</u>	<u>8,346</u>	<u>1,898</u>	<u>6,193</u>	<u>354,633</u>
Financial liabilities								
Deposits	49,150	161,925	53,079	488	-	-	-	264,642
Interbank and money market items	1,484	7,684	2,989	26	-	-	-	12,183
Liabilities payable on demand	345	-	-	-	-	-	-	345
Derivatives liabilities	-	311	-	-	-	-	-	311
Debts issued and borrowings	38	17,143	17,660	-	8,243	-	-	43,084
Securities and derivatives business payables	-	1,511	-	-	-	-	-	1,511
Payables to clearing house	-	299	-	-	-	-	-	299
	<u>51,017</u>	<u>188,873</u>	<u>73,728</u>	<u>514</u>	<u>8,243</u>	<u>-</u>	<u>-</u>	<u>322,375</u>
Contingent liabilities								
Aval to bills and guarantees of loans	5	19	12	7	-	-	-	43
Other commitments	14	3,478	37	2,282	13	573	-	6,397

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

(Unit: Million Baht)

Separate financial statements as at 31 December 2014

Transactions	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	529	-	-	-	-	-	-	529
Investments - net	-	-	-	-	-	844	-	844
Loans to customers	3,154	-	-	-	-	-	-	3,154
	<u>3,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>844</u>	<u>-</u>	<u>4,527</u>
Financial liabilities								
Debts issued and borrowings	-	4,276	3,393	-	-	-	-	7,669
	<u>-</u>	<u>4,276</u>	<u>3,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,669</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2013

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-	Total
							performing Loans	
<u>Financial assets</u>								
Interbank and money market items	510	-	-	-	-	-	-	510
Investments - net	-	-	-	-	-	764	-	764
Loans to customers	3,986	-	-	-	-	-	-	3,986
	<u>4,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>764</u>	<u>-</u>	<u>5,260</u>
<u>Financial liabilities</u>								
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>

3.39.4 Foreign exchange risk

The status of the subsidiary operating banking business foreign currency balance as at 31 December 2014 and 2013 are as follow:

Loans in foreign currency amounting to USD 100 million (31 December 2013: USD 100 million) (equivalent to Baht 3,296 million and Baht 3,281 million as at 31 December 2014 and 2013, respectively), of which the subsidiaries 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 2014 and 2013, the subsidiaries have the following trading financial derivative instruments.

a) 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 2014		
Maturity	Notional amount	Fair value gain (loss)
2019	1,200	(36)

(Unit: Million Baht)

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

b) 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 2014		
Maturity	Notional amount	Fair value gain (loss)
2015	3,296	(5)

(Unit: Million Baht)

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

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			
	2014		2013 (Restated)	
	Book Value	Fair Value	Book Value	Fair Value
<u>Financial assets</u>				
Cash	1,180	1,180	1,131	1,131
Interbank and money market items - net	38,058	38,058	53,214	53,214
Investments - net	14,795	14,795	11,490	11,490
Loan to customers and accrued interest receivables - net	256,406	260,643	280,619	286,052
Securities and derivatives business receivables	1,819	1,819	1,547	1,547
Receivables from clearing house	292	292	272	272
<u>Financial liabilities</u>				
Deposits	205,384	205,384	264,642	264,642
Interbank and money market items - net	10,897	10,897	12,183	12,183
Liabilities payable on demand	400	400	345	345
Debt issued and borrowings	65,406	65,934	43,084	43,210
Securities and derivatives business payables	1,250	1,250	1,511	1,511
Payables to clearing house	853	853	299	299

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

	Approved by	Dividend per share		Amounts of dividend paid (Million Baht)	Dividend payment period
		Preference share	Ordinary share		
		(Baht per share)	(Baht per share)		
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				<u>1,746</u>	
Annual dividends for 2013	The 2014 Annual General Meeting of the Shareholders on 22 April 2014	2.00	2.00	1,601	May 2014
Total dividend payment in year 2014				<u>1,601</u>	

5. Significant events during the year

Increase of the subsidiary's registered capital

The 2014 Annual General Meeting of the shareholders of TISCO Bank Public Company Limited (“the Bank”), a subsidiary of the Company, which convened on 22 April 2014, passed a resolution approving the increase of the Bank’s registered capital to accommodate the allocation of new common shares to the existing shareholders of the Bank named in the share register as of 12 May 2014, pro rata to their shareholding. The bank will increase its registered capital to Baht 9,215,676,920. The additional registered capital of Baht 1,023,964,100 will consist of 102,396,410 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 23.89 per share, for a total of approximately Baht 2,446,250,235 million. The offer price was calculated based on the book value of shareholders’ equity as of 31 December 2013.

On 5 June 2014, the Bank registered the increase in its registered share capital with the Ministry of Commerce.

6. Events after the reporting period

In January 2015, TISCO Tokyo Leasing Company Limited, the Company’s joint venture has signed the joint venture agreement with Century Tokyo Leasing Corporation and Hitachi Construction Machinery Group with purpose to invest in HTC Leasing Company Limited. (Former name: Hitachi Construction /Machinery Leasing (Thailand) Company Limited), which has registered capital of Baht 100 million with share proportion of 51 percent.

7. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 10 February 2015.