

TISCO Bank Public Company Limited  
Report and interim financial statements  
For the three-month period ended  
31 March 2016

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

To the Shareholders of TISCO Bank Public Company Limited

I have reviewed the accompanying statements of financial position of TISCO Bank Public Company Limited as at 31 March 2016, the related statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Conclusion**

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



Somjai Khunapasut  
Certified Public Accountant (Thailand) No. 4499

EY Office Limited  
Bangkok: 9 May 2016

**TISCO Bank Public Company Limited**

**Statement of financial position**

**As at 31 March 2016**

(Unit: Thousand Baht)

	Note	31 March 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash		1,093,016	1,100,349
Interbank and money market items - net		35,689,000	29,662,703
Investments - net	3.2, 3.5	5,716,629	7,185,422
Loans to customers and accrued interest receivables	3.3, 3.5		
Loans to customers		249,433,928	254,617,453
Accrued interest receivables		466,768	502,279
Total loans to customers and accrued interest receivables		249,900,696	255,119,732
Less: Deferred revenue		(20,069,159)	(20,351,171)
Less: Allowance for doubtful accounts	3.4	(5,834,896)	(5,570,490)
Loans to customers and accrued interest receivables - net		223,996,641	229,198,071
Property foreclosed - net		61,151	44,346
Investment properties		31,363	31,363
Premises and equipment - net		684,116	713,642
Intangible assets - net		301,311	279,091
Deferred tax assets		107,439	11,474
Other assets	3.6	1,145,278	1,573,698
<b>Total assets</b>		<b>268,825,944</b>	<b>269,800,159</b>

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

**TISCO Bank Public Company Limited****Statement of financial position (continued)**

As at 31 March 2016

(Unit: Thousand Baht)

	Note	31 March 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Deposits	3.7	153,914,221	159,046,427
Interbank and money market items - net		12,232,461	9,963,505
Liabilities payable on demand		411,159	356,335
Derivatives liabilities	3.1	49,116	41,898
Debts issued and borrowings	3.8	70,066,919	67,618,919
Provision for long-term employee benefits		210,243	205,542
Accrued interest payable		904,946	867,126
Income tax payable		537,044	228,591
Dividend payable		-	1,105,881
Other liabilities	3.9	3,704,220	4,551,186
<b>Total liabilities</b>		<b>242,030,329</b>	<b>243,985,410</b>

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

**TISCO Bank Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 March 2016**

	Note	31 March 2016 (Unaudited but reviewed)	(Unit: Thousand Baht) 31 December 2015 (Audited)
<b>Equity</b>			
Share capital			
Registered			
104 preference shares of Baht 10 each		1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Issued and fully paid-up			
104 preference shares of Baht 10 each		1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Share premium on ordinary shares		2,543,024	2,543,024
Other components of equity		242,358	242,398
Retained earnings			
Appropriated-statutory reserve		984,000	984,000
Unappropriated		13,810,556	12,829,650
<b>Total equity</b>		<u>26,795,615</u>	<u>25,814,749</u>
<b>Total liabilities and equity</b>		<u>268,825,944</u>	<u>269,800,159</u>

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

*Chin Chanday*



**ธนาคารทีเอสบี จำกัด (มหาชน)**  
**TISCO Bank Public Company Limited**

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(Unaudited but reviewed)

**TISCO Bank Public Company Limited**  
**Statement of comprehensive income**  
**For the three-month period ended 31 March 2016**

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

	Note	2016	2015
Interest income	3.11	3,864,387	4,143,409
Interest expenses	3.12	(1,341,870)	(1,913,783)
<b>Net interest income</b>		<b>2,522,517</b>	<b>2,229,626</b>
Fee and service income		827,789	718,246
Fee and service expenses		(25,101)	(21,783)
<b>Net fee and service income</b>	3.13	<b>802,688</b>	<b>696,463</b>
Net gains (losses) on trading and foreign exchange transactions	3.14	(11,207)	7,690
Net gains on investments	3.15	8,309	885
Penalty fee income from loans		87,790	114,101
Income from business promotion relating to the hire purchase business		82,873	50,749
Other operating income	3.17	55,391	74,063
<b>Total operating income</b>		<b>3,548,361</b>	<b>3,173,577</b>
Expenses from business promotion relating to the hire purchase business		92,678	52,671
<b>Total net operating income</b>		<b>3,455,683</b>	<b>3,120,906</b>
<b>Operating expenses</b>			
Employee's expenses		504,746	448,639
Premises and equipment expenses		184,724	188,622
Taxes and duties		47,280	53,580
Intercompany supporting fee expenses	3.23	387,340	377,543
Other operating expenses	3.18	176,184	173,601
<b>Total operating expenses</b>		<b>1,300,274</b>	<b>1,241,985</b>
Bad debt, doubtful accounts and impairment losses	3.16	932,970	855,681
<b>Profit from operation before income tax expenses</b>		<b>1,222,439</b>	<b>1,023,240</b>
Income tax expenses	3.19	242,211	200,653
<b>Profit for the period</b>		<b>980,228</b>	<b>822,587</b>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**  
**Statement of comprehensive income (continued)**  
**For the three-month period ended 31 March 2016**

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

	Note	2016	2015
<b>Other comprehensive income</b>	3.20		
<b><i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i></b>			
Gain on valuation in available-for-sale investments		797	11,695
Income tax effects	3.21	(159)	(2,339)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		638	9,356
<b>Other comprehensive income for the period</b>		638	9,356
<b>Total comprehensive income for the period</b>		980,866	831,943
<b>Earnings per share</b>			
Basic earnings per share	3.22	1.06	0.89

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Cash flows statement**

**For the three-month period ended 31 March 2016**

	(Unit: Thousand Baht)	
	2016	2015
<b>Cash flows from operating activities</b>		
Profit before income tax expenses	1,222,439	1,023,240
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities		
Depreciation and amortisation	20,668	22,218
Bad debt and doubtful accounts	1,418,618	1,242,295
Reversal of allowance for impairment of investments	(116)	(1,536)
Allowance for impairment of properties foreclosed	47	79
Gain on disposal of investments in securities	(8,308)	(2,394)
Unrealised loss on foreign exchange transactions and trading derivatives	7,218	34,695
Gain on disposal of equipment	(2,564)	(1,132)
Loss on written-off of equipment	-	331
Gain on disposal of properties foreclosed	(18,259)	(8,567)
Employee benefit expenses	6,499	6,557
(Increase) decrease in accrued income	(13,562)	11,091
Decrease in accrued expenses	(141,601)	(197,489)
Net interest income	(2,522,517)	(2,229,626)
Dividend income	(28,620)	(58,220)
Cash received on interest income	3,931,331	4,221,352
Cash paid on interest expenses	(1,039,510)	(1,557,804)
Cash received on dividend income	28,520	28,520
Cash paid on income tax expenses	(29,883)	(25,507)
Profit from operating activities before changes in operating assets and liabilities	2,830,400	2,508,103
Operating assets (increase) decrease		
Interbank and money market items	-6,026,298	7,646,196
Loans to customers	3,132,775	6,282,912
Properties foreclosed	550,851	724,754
Other assets	415,746	5,083

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



(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Cash flows statement (continued)**

**For the three-month period ended 31 March 2016**

	(Unit: Thousand Baht)	
	2016	2015
Operating liabilities increase (decrease)		
Deposits	(5,132,206)	(4,859,711)
Interbank and money market items	2,268,957	692,024
Liabilities payable on demand	54,824	44,065
Short-term debts issued and borrowings	(8,052,000)	(10,824,000)
Provision for long-term employee benefits	(1,797)	(3,633)
Other liabilities	(909,921)	(406,757)
<b>Net cash flows from (used in) operating activities</b>	<b>(10,868,669)</b>	<b>1,809,036</b>
<b>Cash flows from investing activities</b>		
Cash paid for purchase of investment in securities held for investment	(2,059,338)	(7,638,309)
Cash received from disposal of investment in securities held for investment	3,537,352	6,840,251
Cash paid for purchase of equipment	(12,029)	(4,848)
Cash paid for purchase of intangible assets	(1,332)	(268)
Cash received from disposal of equipment	2,564	1,132
<b>Net cash flows from (used in) investing activities</b>	<b>1,467,217</b>	<b>(802,042)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(1,105,881)	(1,105,881)
Cash received from issuance of long-term debentures	10,500,000	-
<b>Net cash flows from (used in) financing activities</b>	<b>9,394,119</b>	<b>(1,105,881)</b>
<b>Net decrease in cash</b>	<b>(7,333)</b>	<b>(98,887)</b>
Cash at beginning of the period	1,100,349	1,179,613
<b>Cash at end of the period</b>	<b>1,093,016</b>	<b>1,080,726</b>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Statement of changes in equity**

**For the three-month period ended 31 March 2016**

(Unit: Thousand Baht)

	Other components of equity								
	Issued and fully paid-up		Share premium on ordinary shares	Surplus on change		Total other components of equity	Retained earnings		Total
	Preference shares	Ordinary shares		in value of available-for-sale investments	Surplus on revaluation of assets		Appropriated	Unappropriated	
<b>Balance as at 1 January 2015</b>	1	9,215,676	2,543,024	32,601	214,393	246,994	984,000	11,014,069	24,003,764
Profit for the period	-	-	-	-	-	-	-	822,587	822,587
Other comprehensive income for the period	-	-	-	9,356	-	9,356	-	-	9,356
Total comprehensive income for the period	-	-	-	9,356	-	9,356	-	822,587	831,943
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(683)	(683)	-	683	-
<b>Balance as at 31 March 2015</b>	1	9,215,676	2,543,024	41,957	213,710	255,667	984,000	11,837,339	24,835,707
<b>Balance as at 1 January 2016</b>	1	9,215,676	2,543,024	30,757	211,641	242,398	984,000	12,829,650	25,814,749
Profit for the period	-	-	-	-	-	-	-	980,228	980,228
Other comprehensive income for the period	-	-	-	638	-	638	-	-	638
Total comprehensive income for the period	-	-	-	638	-	638	-	980,228	980,866
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(678)	(678)	-	678	-
<b>Balance as at 31 March 2016</b>	1	9,215,676	2,543,024	31,395	210,963	242,358	984,000	13,810,556	26,795,615

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

**TISCO Bank Public Company Limited**  
**Notes to interim financial statements**  
**For the three-month period ended 31 March 2016**

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

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

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

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

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

**1.2 New financial reporting standards**

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

### **1.3 Significant accounting policies**

The interim financial statements have been prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015, except for the following changes in accounting estimates.

#### Allowance for doubtful accounts

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

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

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

The effect of this change in accounting estimate used in recording allowance for doubtful accounts was to decrease the outstanding balance of allowance for doubtful accounts for loans against auto license receivables as at 31 March 2016 by Baht 237 million. However, the Bank did not reverse the decrease in allowance for doubtful accounts to revenue and instead retained the allowance as excess reserves.

## **2. General information**

### **2.1 The Bank's information**

TISCO Bank Public Company Limited ("the Bank") is a public company incorporated and domiciled in Thailand. Its parent company is TISCO Financial Group Public Company Limited, which was incorporated in Thailand. The Bank has been licensed by the Ministry of Finance to operate commercial banking business. Its registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 31 March 2016, the Bank has 60 branches in Thailand (31 December 2015: 60 branches in Thailand).

## 2.2 Related party transactions

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

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

## 3. Supplemental information

### 3.1 Derivatives

The Bank entered into interest rate swap agreements to manage the risk associated with its loans to customers, as follows:

(Unit: Thousand Baht)

Type of risk	As at					
	31 March 2016			31 December 2015		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Interest rate	-	49,116	1,200,000	-	41,898	1,200,000
Total	-	49,116	1,200,000	-	41,898	1,200,000

All counterparties of these derivative transactions are financial institutions.

(Unaudited but reviewed)

## 3.2 Investments

### 3.2.1 Classified by type of investment

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
<b>Available-for-sale investments - fair value</b>		
Government and state enterprise securities	3,973,740	5,352,523
Private sector debt securities	1,299,417	1,398,187
Domestic marketable equity securities	8,760	-
Less: Allowance for impairment	(1,460)	(1,460)
<b>Total available-for-sale investments</b>	<b>5,280,457</b>	<b>6,749,250</b>
<b>Held-to-maturity debt securities - cost/amortised cost</b>		
Investment in receivables	14,286	14,402
Less: Allowance for impairment	(14,095)	(14,211)
<b>Total held-to-maturity debt securities</b>	<b>191</b>	<b>191</b>
<b>General investments - cost</b>		
Domestic non-marketable equity securities	483,303	483,303
Less: Allowance for impairment	(47,322)	(47,322)
<b>Total general investments</b>	<b>435,981</b>	<b>435,981</b>
<b>Investments - net</b>	<b>5,716,629</b>	<b>7,185,422</b>

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

(Unit: Million Baht)

	As at							
	31 March 2016				31 December 2015			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investments</b>								
Government and state enterprise securities	3,974	-	-	3,974	4,605	747	-	5,352
Private sector debt securities	106	1,193	-	1,299	107	1,291	-	1,398
<b>Total</b>	<b>4,080</b>	<b>1,193</b>	<b>-</b>	<b>5,273</b>	<b>4,712</b>	<b>2,038</b>	<b>-</b>	<b>6,750</b>
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
<b>Total</b>	<b>4,079</b>	<b>1,193</b>	<b>-</b>	<b>5,272</b>	<b>4,711</b>	<b>2,038</b>	<b>-</b>	<b>6,749</b>
<b>Held-to-maturity debt securities</b>								
Investment in receivables	14	-	-	14	14	-	-	14
Less: Allowance for impairment	(14)	-	-	(14)	(14)	-	-	(14)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total debt securities</b>	<b>4,079</b>	<b>1,193</b>	<b>-</b>	<b>5,272</b>	<b>4,711</b>	<b>2,038</b>	<b>-</b>	<b>6,749</b>

(Unaudited but reviewed)

## 3.2.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restriction
	31 March 2016	31 December 2015	
Government debt securities	2	2	Pledged for electricity usage

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

(Unit: Thousand Baht)

	As at 31 March 2016		
	Cost	Fair value	Allowance for changes in value
Companies having problems with debt repayment or in default	7,060	-	7,060

(Unit: Thousand Baht)

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

## 3.2.5 Investments in which the Bank holds not less than 10 percent of the equity of the investees

(Unit: Thousand Baht)

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

**3.3 Loans to customers and accrued interest receivables**

## 3.3.1 Classified by loans to customers type

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
<b>Loans to customers</b>		
Loans	66,259,716	67,269,299
Hire purchase receivables	182,722,791	186,823,686
Finance lease receivables	704,414	783,003
Less: Deferred revenue	(20,069,159)	(20,351,171)
Advances received from finance lease receivables	(252,993)	(258,535)
Total loans to customers	229,364,769	234,266,282
Add: Accrued interest receivables	466,768	502,279
Less: Allowance for doubtful accounts	(5,834,896)	(5,570,490)
Loans to customers and accrued interest receivables - net	<u>223,996,641</u>	<u>229,198,071</u>

## 3.3.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	As at					
	31 March 2016			31 December 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	229,364,769	-	229,364,769	234,266,282	-	234,266,282
Total loans to customers						
net of deferred revenue	<u>229,364,769</u>	<u>-</u>	<u>229,364,769</u>	<u>234,266,282</u>	<u>-</u>	<u>234,266,282</u>



## 3.3.3 Classified by loan classification

(Unit: Million Baht)

	As at					
	31 March 2016			31 December 2015		
	Net amount		Allowance	Net amount		Allowance
Loans to customers and accrued interest receivables	used for setting up allowance for doubtful accounts	Loans to customers and accrued interest receivables		used for setting up allowance for doubtful accounts		
Provision under BOT's guidelines						
- Pass	207,734	186,592	1,994	211,415	189,112	1,871
- Special mention	15,667	15,402	1,148	16,448	16,195	1,163
- Sub-standard	2,650	2,588	726	2,713	2,690	931
- Doubtful	1,631	1,627	447	1,938	1,931	599
- Doubtful of loss	2,150	1,611	654	2,255	1,695	694
Allowance established in excess	-	-	866	-	-	312
Total	229,832	207,820	5,835	234,769	211,623	5,570

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

<sup>(2)</sup> As at 31 March 2016, the provision set aside by the Bank exceeded the BOT's notification No. Sor Nor Sor 31/2551 minimum requirement by a total of Baht 1,651 million (As at 31 December 2015: total of Baht 1,131 million). The Bank allocated Baht 786 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2015: total of Baht 819 million) and so combined with the minimum provision requirement of Baht 4,183 million (As at 31 December 2015: total of Baht 4,439 million), the total provision set aside in accordance with BOT's requirement is Baht 4,969 million (As at 31 December 2015: total of Baht 5,258 million).

## Percentage of allowance for doubtful accounts set up

	Loan against auto license					
	Hire purchase receivables <sup>(1)</sup>		receivables <sup>(1)</sup>		Other loans <sup>(2)</sup>	
	As at		As at		As at	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015 <sup>(3)</sup>	31 March 2016	31 December 2015
Pass	0.75	0.68	1.39	1.12	1	1
Special mention	5.47	5.34	16.80	16.80	2	2
Sub-standard	23.57	23.38	31.98	100	100	100
Doubtful	23.32	22.91	31.98	100	100	100
Doubtful of loss	22.69	22.57	31.98	100	100	100

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

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

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

## 3.3.4 Hire purchase and finance lease receivables

As at 31 March 2016, receivables of the Bank under hire purchase and finance lease agreements amount to Baht 163,278 million (31 December 2015: Baht 167,170 million) and mostly comprise hire purchase agreements for cars, and finance lease agreements for machines and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

As at 31 March 2016					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non- performing loans	Total
Gross investment in the agreements	60,037	110,942	5,164	7,284	183,427
Less: Deferred revenue <sup>(1)</sup>	(7,638)	(9,675)	(160)	(2,423)	(19,896)
Advances received from finance lease receivables	(46)	(205)	-	(2)	(253)
Present value of minimum lease pay from agreements	52,353	101,062	5,004	4,859	163,278
Allowance for doubtful accounts <sup>(2)</sup>					(2,970)
Net hire purchase and finance lease receivables					160,308

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

<sup>(2)</sup> These allowance for doubtful accounts included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

(Unit: Million Baht)

As at 31 December 2015					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non- performing loans	Total
Gross investment in the agreements	60,971	113,753	5,267	7,616	187,607
Less: Deferred revenue <sup>(1)</sup>	(7,815)	(9,916)	(163)	(2,284)	(20,178)
Advances received from finance lease receivables	(37)	(222)	-	-	(259)
Present value of minimum lease pay from agreements	53,119	103,615	5,104	5,332	167,170
Allowance for doubtful accounts <sup>(2)</sup>					(3,008)
Net hire purchase and finance lease receivables					164,162

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

<sup>(2)</sup> These allowance for doubtful accounts included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

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

(Unit: Million Baht)

	Amounts calculated under BOT's guidelines <sup>(2)</sup>		Amounts calculated under the Bank's policy	
	as at		as at	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Loans to customers for which the recognition of interest income has been ceased <sup>(1)</sup>	7,653	7,315	7,702	8,184

<sup>(1)</sup> These amounts are calculated on an account by account basis.<sup>(2)</sup> Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

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

(Unit: Million Baht)

	As at	
	31 March 2016	31 December 2015
Deferred revenue <sup>(1)</sup>	20,069	20,351

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

## 3.3.7 Troubled debt restructuring

	For the three-month periods ended 31 March	
	2016	2015
Debtors restructured during the period		
Number of debtors restructured by modification of terms (number)	2,093	1,690
Loan balances before restructuring (Million Baht)	572	609
Loan balances after restructuring (Million Baht)	578	613
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (year)		
Hire purchase receivables	5	5
Mortgage loan receivables	2	2
Loan against auto license receivables	4	4

(Unaudited but reviewed)

Supplemental information for the three-month period ended 31 March 2016 and 2015 relating to the restructured debts is as follows:

(Unit: Million Baht)

For the three-month periods ended

	31 March	
	2016	2015
Interest income on restructured receivables	81	26
Receipt of principal and interest	223	83

As at 31 March 2016 and 31 December 2015, the Bank has the outstanding balances with troubled debt restructuring debtors as follows:

(Unit: Million Baht)

As at

	31 March 2016		31 December 2015	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured receivables	13,661	4,091	11,757	3,754

### 3.4 Allowance for doubtful accounts

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

(Unit: Thousand Baht)

As at 31 March 2016

	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
	Balance - beginning of the period	1,871,788	1,163,592	930,747	598,793	693,635	311,935
Increase (decrease) in allowance for doubtful accounts during the period	122,118	(15,359)	(171,697)	488,970	440,370	554,216	1,418,618
Bad debt written-off	-	-	(33,342)	(640,443)	(480,427)	-	(1,154,212)
Balance - end of the period	<u>1,993,906</u>	<u>1,148,233</u>	<u>725,708</u>	<u>447,320</u>	<u>653,578</u>	<u>866,151</u>	<u>5,834,896</u>

(Unit: Thousand Baht)

As at 31 December 2015

	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
	Balance - beginning of the year	1,821,820	2,494,274	1,072,978	623,641	176,873	190,751
Increase in allowance for doubtful accounts during the year	50,533	2,306,736	457,368	2,614,728	1,063,200	121,184	6,613,749
Transfer in (transfer out)	-	(3,636,960)	-	-	3,636,960	-	-
Bad debt written-off	(565)	(458)	(599,599)	(2,639,576)	(4,183,398)	-	(7,423,596)
Balance - end of the year	<u>1,871,788</u>	<u>1,163,592</u>	<u>930,747</u>	<u>598,793</u>	<u>693,635</u>	<u>311,935</u>	<u>5,570,490</u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at 31 March 2016			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of the period	2,259,045	2,999,510	311,935	5,570,490
Increase (decrease) in allowance for doubtful accounts during the period	(773,494)	1,637,896	554,216	1,418,618
Bad debt written-off	(37,647)	(1,116,565)	-	(1,154,212)
Balance - end of the period	<u>1,447,904</u>	<u>3,520,841</u>	<u>866,151</u>	<u>5,834,896</u>

(Unit: Thousand Baht)

	As at 31 December 2015			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of the year	3,446,373	2,743,213	190,751	6,380,337
Increase in allowance for doubtful accounts during the year	3,036,334	3,456,231	121,184	6,613,749
Bad debt written-off	(4,223,662)	(3,199,934)	-	(7,423,596)
Balance - end of the year	<u>2,259,045</u>	<u>2,999,510</u>	<u>311,935</u>	<u>5,570,490</u>

### 3.4.3 Non-performing loans to customers

(Unit: Million Baht)

	As at	
	31 March 2016	31 December 2015
Non-performing loans to customers	6,431	6,906
Allowance for doubtful accounts <sup>(1)</sup>	1,827	2,224

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

### 3.5 Classification of assets

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

(Unit: Million Baht)

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

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

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

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

As at 31 March 2016 and 31 December 2015, the quality of the Bank's assets classified in accordance with the Bank of Thailand's guidelines is as follows:

	Loans to customers <sup>(1)</sup>		Investments in securities		Investments in receivables		Properties foreclosed		Total	
	as at		as at		as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Pass	241,639	238,906	-	-	-	-	-	-	241,639	238,906
Special mention	15,485	16,254	-	-	-	-	-	-	15,485	16,254
Sub-standard	2,650	2,713	-	-	-	-	-	-	2,650	2,713
Doubtful	1,631	1,938	-	-	-	-	-	-	1,631	1,938
Doubtful of loss	2,150	2,255	49	49	14	14	1	1	2,214	2,319
<b>Total</b>	<b>263,555</b>	<b>262,066</b>	<b>49</b>	<b>49</b>	<b>14</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>263,619</b>	<b>262,130</b>

<sup>(1)</sup> Loans to customers 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).

### 3.5.3 Classification of assets under the Bank of Thailand's guidelines which the Bank sets aside provision using a collective approach

#### 3.5.3.1 Hire purchase receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting up allowance for doubtful accounts <sup>(1)</sup>		Percentage of allowance for doubtful account setup <sup>(2)</sup>		Allowance for doubtful accounts <sup>(3)</sup>	
	as at		as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015	2016	2015
					(%)	(%)		
Pass	144,329	146,900	144,329	146,900	0.75	0.68	1,082	1,000
Special mention	13,677	14,458	13,677	14,458	5.47	5.34	748	772
Sub-standard	2,184	2,296	2,184	2,296	23.57	23.38	515	537
Doubtful	1,445	1,728	1,445	1,728	23.32	22.91	337	396
Doubtful of loss	1,226	1,306	1,226	1,306	22.69	22.57	278	295
<b>Total</b>	<b>162,861</b>	<b>166,688</b>	<b>162,861</b>	<b>166,688</b>			<b>2,960</b>	<b>3,000</b>

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

<sup>(2)</sup> These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

<sup>(3)</sup> 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.

#### 3.5.3.2 Loan against auto license receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting up allowance for doubtful accounts		Percentage of allowance for doubtful account setup <sup>(1)(2)</sup>		Allowance for doubtful accounts <sup>(3)</sup>	
	as at		as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015	2016	2015
					(%)	(%)		
Pass	15,147	14,772	15,147	14,772	1.39	1.12	211	165
Special mention	1,307	1,331	1,307	1,331	16.80	16.80	220	223
Sub-standard	285	296	285	296	31.98	100	91	296
Doubtful	105	116	105	116	31.98	100	33	116
Doubtful of loss	18	20	18	20	31.98	100	6	20
<b>Total</b>	<b>16,862</b>	<b>16,535</b>	<b>16,862</b>	<b>16,535</b>			<b>561</b>	<b>820</b>

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

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

<sup>(3)</sup> 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.

(Unaudited but reviewed)

### 3.5.4 Loans to customers due from companies with weak financial position and operating results.

	Number of debtors as at		Debt balance as at		Collateral value as at		Allowance for doubtful accounts provided in the accounts as at	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
3. Listed companies under rehabilitation	1	1	821	821	497	497	324	324
4. Companies which have loan settlement problems or have defaulted on payment of debts	-	-	-	-	-	-	-	-
5. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>821</b>	<b>821</b>	<b>497</b>	<b>497</b>	<b>324</b>	<b>324</b>

### 3.6 Other assets

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
Value added tax - net	318,650	667,366
Accrued interest receivables	30,747	19,911
Fee and service receivables	68,162	54,600
Deposits	46,412	45,979
Other receivables	435,276	553,865
Other assets	246,031	231,977
<b>Total other assets</b>	<b>1,145,278</b>	<b>1,573,698</b>



(Unaudited but reviewed)

### 3.7 Deposits

#### 3.7.1 Classified by type of deposits

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
Deposits		
Current accounts	4,074,555	3,245,280
Saving accounts	45,941,086	48,272,465
Fixed accounts		
- not over 6 months	14,790,584	15,505,231
- over 6 months but not over 1 year	1,986,474	1,859,691
- over 1 year	392,387	369,246
Certificates of deposit/negotiable certificates of deposit	86,729,135	89,794,514
Total	<u>153,914,221</u>	<u>159,046,427</u>

#### 3.7.2 Classified by the remaining period of contract

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
Not over 1 year <sup>(1)</sup>	153,417,487	158,546,485
Over 1 year	496,734	499,942
Total deposits	<u>153,914,221</u>	<u>159,046,427</u>

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

3.7.3 As at 31 March 2016 and 31 December 2015, all outstanding deposits are deposits from domestic depositors and in Baht.

### 3.8 Debt issued and borrowings

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	6,643,000	6,643,000
Unsubordinated unsecured debentures	63,387,000	60,939,000
Bills of exchange	36,122	36,122
Promissory notes	797	797
Total	<u>70,066,919</u>	<u>67,618,919</u>

### 3.8.1 Subordinated unsecured debentures

As at 31 March 2016 and 31 December 2015, the Bank had long-term subordinated unsecured debentures as follows:

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

### 3.8.2 Unsubordinated unsecured debentures

As at 31 March 2016 and 31 December 2015, the Bank had short-term and long-term unsubordinated unsecured debentures as follows:

Year	Type of debentures	Units		Face value	Balance		Maturity in the year	Interest rate
		as at		per unit	as at			
		31 March	31 December	(Baht)	31 March	31 December		
		2016	2015		2016	2015		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2015	Short-term debenture	5.60	5.60	1,000	5,600	5,600	2016	1.75 percent per annum
2015	Short-term debenture	10.294	39.659	1,000	10,294	39,659	2016	1.55 - 1.76 percent per annum
2015	Long-term debenture	15.68	15.68	1,000	15,680	15,680	2017	1.875 - 2.00 percent per annum
2016	Short-term debenture	21.313	-	1,000	21,313	-	2016	1.48 - 1.75 percent per annum
2016	Long-term debenture	5.50	-	1,000	5,500	-	2018	1.95 - 2.00 percent per annum
2016	Long-term debenture	5.00	-	1,000	5,000	-	2019	1.95 percent per annum
Total					63,387	60,939		

### 3.8.3 Bills of exchange

Bills of exchange comprise the fixed interest rate bearing at 2.50 percent per annum, which will gradually mature in 2016.

**3.9 Other liabilities**

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
Withholding income tax and other tax payables	208,575	339,816
Accrued insurance premium	526,050	768,266
Deferred income	1,079,662	1,125,804
Accrued expenses	1,140,521	1,282,122
Suspense creditors	420,142	620,420
Other liabilities	329,270	414,758
<b>Total other liabilities</b>	<b>3,704,220</b>	<b>4,551,186</b>

The above accrued expenses included accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses included costs of annual bonus that are determined with reference to the parent company's share price, paid to employees whose performance impacts the Bank's operating results, as an incentive to work effectively and to build loyalty to the Bank. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily price of the parent company's shares over the period of five years from grant date to settlement date. As of 31 March 2016 and 31 December 2015, the Bank has issued bonus under this scheme amounting to Baht 205 million and Baht 198 million, respectively.

**3.10 Capital funds**

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

The 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, loan against auto license receivables, corporate lending, equity exposure and other assets.

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

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
<b><u>Common Equity Tier I capital</u></b>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	11,761,069	11,761,069
Other components of equity	229,622	223,944
Less: Deduction from Common Equity Tier I items	(566,552)	(738,189)
<b>Total Common Equity Tier I capital</b>	<b>24,166,839</b>	<b>23,989,524</b>
<b><u>Financial Instrument Tier I capital</u></b>		
Issued and paid-up share capital - non cumulative preferred shares	1	1
<b>Total Tier I capital</b>	<b>24,166,840</b>	<b>23,989,525</b>
<b><u>Tier II capital</u></b>		
Long-term subordinated debentures	6,643,000	6,643,000
Reserve for loans classified as pass	262,817	268,512
<b>Total Tier II capital</b>	<b>6,905,817</b>	<b>6,911,512</b>
<b>Total capital funds</b>	<b>31,072,657</b>	<b>30,901,037</b>

(Unit: Percent)

Capital fund ratios	As at			
	31 March 2016		31 December 2015	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	13.98	5.125	13.98	4.50
Tier I capital to risk assets	13.98	6.625	13.98	6.00
Total capital to risk assets	17.98	9.125	18.01	8.50

To comply with the Notification of the Bank of Thailand No. Sor Nor Sor 4/2556 regarding “Public Disclosure of Capital Maintenance for Commercial Banks”, the Bank has disclosed capital maintenance information as at 31 December 2015 on its website on 29 April 2016.

**3.11 Interest income**

Interest income in the statements of comprehensive income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
Interbank and money market items	135,249	115,280
Investments in debt securities	38,208	77,890
Loans to customers	1,328,391	1,431,207
Hire purchase and finance lease	2,362,539	2,519,032
Total interest income	<u>3,864,387</u>	<u>4,143,409</u>

**3.12 Interest expenses**

Interest expenses in the statements of comprehensive income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
Deposits	672,029	1,213,013
Interbank and money market items	40,181	61,470
Contribution fee to the Deposit Protection Agency and Bank of Thailand	264,541	291,598
Issued debt instruments		
- Subordinated debentures	84,064	85,729
- Unsubordinated debentures	280,893	261,944
Borrowings	162	29
Total interest expenses	<u>1,341,870</u>	<u>1,913,783</u>

**3.13 Net fee and service income**

Net fee and service income in the statements of comprehensive income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
Fee and service income		
- Acceptance, aval and guarantees	2,573	2,131
- Insurance service	627,029	512,572
- Others	198,187	203,543
Total fee and service income	827,789	718,246
Fee and service expenses	(25,101)	(21,783)
Net fee and service income	802,688	696,463

**3.14 Net gains (losses) on trading and foreign exchange transactions**

Net gains (losses) on trading and foreign exchange transactions in the statements of comprehensive income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	-	15,770
- Derivatives on interest rates	(12,780)	(8,975)
- Debt securities	1,573	895
Net gains (losses) on trading and foreign exchange transactions	(11,207)	7,690

**3.15 Net gains on investments**

Net gains on investments in the statements of comprehensive income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
Gains on disposal		
- Available-for-sale investments	5,794	-
- Held-to-maturity debt securities	-	42
- General investments	2,515	2,352
Total	8,309	2,394
Losses on impairment		
- General investments	-	(1,509)
Total	-	(1,509)
Net gains on investments	8,309	885

**3.16 Bad debt, doubtful accounts and impairment losses**

Bad debt, doubtful accounts and impairment losses in the statements of comprehensive income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
Reversal of held-to-maturity debt securities	(116)	(3,045)
Loans to customers	933,086	858,726
Total	932,970	855,681

**3.17 Other operating income**

Other operating income in the statements of comprehensive income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
Gains on disposal of properties foreclosed	18,259	8,568
Dividend income	28,620	58,220
Others	8,512	7,275
<b>Total</b>	<b>55,391</b>	<b>74,063</b>

**3.18 Other operating expenses**

Other operating expenses in the statements of comprehensive income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
Mailing expenses	15,260	15,191
Software amortisation expenses	2,984	3,345
Legal expenses	81,759	81,458
Transportation expenses	16,555	17,662
Advertising and business promotion expenses	15,649	7,337
Others	43,977	48,608
<b>Total</b>	<b>176,184</b>	<b>173,601</b>



**3.19 Income tax expenses**

Income tax expenses of the Bank for the three-month periods ended 31 March 2016 and 2015 are as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
<b>Current income tax:</b>		
Income tax expenses for the period	338,335	243,907
<b>Deferred tax:</b>		
Deferred tax on temporary differences and reversion of temporary differences	(96,124)	(43,254)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>242,211</u>	<u>200,653</u>

**3.20 Components of other comprehensive income**

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2016	2015
<b>Other comprehensive income</b>		
Available-for-sale investments:		
Gains during the period	6,591	11,695
Less: Reclassification adjustments for gains included in profit or loss	(5,794)	-
Other comprehensive income	797	11,695
Income tax effects relating to components of other comprehensive income	(159)	(2,339)
Net other comprehensive income for the period	<u>638</u>	<u>9,356</u>

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

(Unit: Thousand Baht)

	For the three-month periods ended 31 March					
	2016			2015		
	Before tax amount	Tax benefit (expense)	Net of tax amount	Before tax amount	Tax benefit (expense)	Net of tax amount
Gains on valuation in available- for-sale investments	797	(159)	638	11,695	(2,339)	9,356
	<u>797</u>	<u>(159)</u>	<u>638</u>	<u>11,695</u>	<u>(2,339)</u>	<u>9,356</u>

**3.22 Earnings per share**

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

	For the three-month periods ended 31 March	
	2016	2015
Profit attributable to shareholders of the Bank (Thousand Baht)	980,228	822,587
Weighted average number of shares (Thousand shares)	921,568	921,568
Basic earnings per share (Baht/share)	1.06	0.89

**3.23 Related party transactions**

As at 31 March 2016 and 31 December 2015, the balance of the accounts between the Bank and related companies are as follows:

	(Unit: Thousand Baht)	
	As at	
	31 March 2016	31 December 2015
<b><u>Outstanding balance</u></b>		
<b>Parent company</b>		
TISCO Financial Group Plc.		
Deposits	805,257	416,681
Accrued interest payable	184	42
Dividend payable	-	1,105,742
Other liabilities	117,325	101,343
<b>Related companies (related by common shareholder)</b>		
Other assets:		
TISCO Securities Co., Ltd.	287	1,948
TISCO Leasing Co., Ltd.	886	4,585
Deposits:		
Hi-Way Co., Ltd.	42,108	62,293
TISCO Information Technology Co., Ltd.	129,910	155,594
Primus Leasing Co., Ltd.	32,899	32,899
TISCO Learning Center Co., Ltd.	24,841	31,189
TISCO Leasing Co., Ltd.	5,537	2,760
All-Ways Co., Ltd.	1,035	821
TISCO Tokyo Leasing Co., Ltd.	484	1,250
Interbank and money market items (Liabilities):		
TISCO Securities Co., Ltd.	177,850	12,389
TISCO Asset Management Co., Ltd.	15,901	160,126
Deutsche TISCO Investment Advisory Co., Ltd.	191,617	219,013
Accrued interest payable:		
TISCO Asset Management Co., Ltd.	19	344
TISCO Information Technology Co., Ltd.	83	258
TISCO Learning Center Co., Ltd.	49	34
Hi-Way Co., Ltd.	72	-
TISCO Leasing Co., Ltd.	14	-
Deutsche TISCO Investment Advisory Co., Ltd.	121	-
All-Ways Co., Ltd.	4	-
Other liabilities:		
Hi-Way Co., Ltd.	35,640	34,800
TISCO Learning Center Co., Ltd.	2,049	3,443
All-Ways Co., Ltd.	392	637

(Unaudited but reviewed)

(Unit: Thousand Baht)

As at

	31 March 2016	31 December 2015
<b>Commitments: Guarantees</b>		
<b>Parent company</b>		
TISCO Financial Group Plc.	1,184	1,080
<b>Related companies (related by common shareholder)</b>		
TISCO Securities Co., Ltd.	540	540
TISCO Asset Management Co., Ltd.	440	440
TISCO Information Technology Co., Ltd.	1,070	1,070

Loans to related companies

As at 31 March 2016 and 1 January 2016, the balance of loans between the Bank and its related companies and their movement are as follows:

	(Unit: thousand Baht)			
	As at 1 January 2016	Increase	Decrease	As at 31 March 2016
<b>Related companies (related by common shareholder)</b>				
Interbank and money market items				
(Assets):				
TISCO Securities Co., Ltd.	297,000	-	-	297,000

(Unit: Thousand Baht)

	For the three-month periods ended 31 March		
	2016	2015	Terms and pricing policy
<b>Transactions occurred during the period</b>			
<b>Parent company</b>			
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	351,700	344,543	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest expenses	1,761	3,485	With reference to the terms and prices as offered to other customers
Other income	250	167	With reference to the terms and prices as offered to other customers
Other expenses	2,316	2,316	With reference to the terms and prices as offered to other customers

(Unaudited but reviewed)

(Unit Thousand Baht)

	For the three-month periods		Terms and pricing policy
	ended 31 March		
	2016	2015	
<b><u>Transactions occurred during the periods</u></b>			
<b><u>(continued)</u></b>			
<b>Related companies</b>			
Interest income	2,468	2,811	With reference to the terms and prices as offered to other customers
Service income involving to loans	769	1,088	With reference to the terms and prices as offered to other customers
Other income	975	1,395	With reference to the terms and prices as offered to other customers
Expenses involving to loans	35,640	33,000	Determined on the basis on actual cost
Computer system advisory service expenses	61,750	63,000	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	5,872	8,331	With reference to the prices as offered from other service providers
Interest expenses	1,114	2,207	With reference to the terms and prices as offered to other customers
Other expenses	1,729	1,802	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
	Loans <sup>(1)</sup>	4,964

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

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
	Deposits	62,986

Directors and management's benefits

During the three-month periods ended 31 March 2016 and 2015, the Bank had short-term benefit expenses paid to their directors and key management during the period and other employee benefit expenses payable to their directors and management as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March	
	2016	2015
Short-term benefits	21	21
Post-employment benefits	4	4
Total	25	25

**3.24 Segment information**

The Bank is organised into business units based on its products and services. During the current period, the Bank has not changed the organisation of its reportable segments.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Bank's operating segments for the three-month periods ended 31 March 2016 and 2015, respectively.

(Unit: Million Baht)

	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statements
<b>For the three-month period ended 31 March 2016</b>						
<b>Revenue</b>						
External customers	2,979	455	114	3,548	-	3,548
Inter-segment	-	-	561	561	(561)	-
<b>Total revenue</b>	<b>2,979</b>	<b>455</b>	<b>675</b>	<b>4,109</b>	<b>(561)</b>	<b>3,548</b>
<b>Operating results:</b>						
Net interest income	1,996	434	92	2,522	-	2,522
Net fee and service income	791	17	(5)	803	-	803
Other operating income	192	4	588	784	(561)	223
<b>Total operating income</b>	<b>2,979</b>	<b>455</b>	<b>675</b>	<b>4,109</b>	<b>(561)</b>	<b>3,548</b>
Premises and equipment expenses and amortisation	(62)	(9)	(117)	(188)	-	(188)
Other operating expenses	(1,165)	(151)	(450)	(1,766)	561	(1,205)
Bad debt, doubtful accounts and impairment losses	(408)	(6)	(519)	(933)	-	(933)
<b>Total operating expenses</b>	<b>(1,635)</b>	<b>(166)</b>	<b>(1,086)</b>	<b>(2,887)</b>	<b>561</b>	<b>(2,326)</b>
<b>Segment profit</b>	<b>1,344</b>	<b>289</b>	<b>(411)</b>	<b>1,222</b>	<b>-</b>	<b>1,222</b>
Income tax expenses						(242)
<b>Profit for the period</b>						<b>980</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Total segments
<b>For the three-month period ended 31 March 2015</b>						
<b>Revenue</b>						
External customers	2,466	554	154	3,174	-	3,174
Inter-segment	-	-	545	545	(545)	-
<b>Total revenue</b>	<b>2,466</b>	<b>554</b>	<b>699</b>	<b>3,719</b>	<b>(545)</b>	<b>3,174</b>
<b>Operating results:</b>						
Net interest income	1,641	487	102	2,230	-	2,230
Net fee and service income	680	17	(1)	696	-	696
Other operating income	145	50	598	793	(545)	248
<b>Total operating income</b>	<b>2,466</b>	<b>554</b>	<b>699</b>	<b>3,719</b>	<b>(545)</b>	<b>3,174</b>
Premises and equipment expenses and amortisation	(62)	(9)	(121)	(192)	-	(192)
Other operating expenses	(1,032)	(187)	(429)	(1,648)	545	(1,103)
Bad debt, doubtful accounts and impairment losses	(637)	(22)	(197)	(856)	-	(856)
<b>Total operating expenses</b>	<b>(1,731)</b>	<b>(218)</b>	<b>(747)</b>	<b>(2,696)</b>	<b>545</b>	<b>(2,151)</b>
<b>Segment profit</b>	<b>735</b>	<b>336</b>	<b>(48)</b>	<b>1,023</b>	<b>-</b>	<b>1,023</b>
Income tax expenses						(200)
<b>Profit for the period</b>						<b>823</b>

The Bank operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statement pertain exclusively to this geographical reportable segment.

During the three-month periods end 31 March 2016 and 2015, the Bank does not have income from any clients amounting to or over 10 percent of its income.



**3.25 Commitments and contingent liabilities**

## 3.25.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	31 March 2016	31 December 2015
Avals	414,867	414,867
Other guarantees	734,496	691,788
Undrawn client overdraft facilities	30,000	30,000
Interest rate swap agreements	1,200,000	1,200,000
Others	9,644,075	13,364,596
<b>Total</b>	<b>12,023,438</b>	<b>15,701,251</b>

## 3.25.2 Litigation

As at 31 March 2016 and 31 December 2015, the Bank has been sued for compensation totaling approximately Baht 360 million and Baht 363 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Bank believes that no material losses to the financial statements will be incurred as a result of the mentioned lawsuits.

## 3.25.3 Other commitments

- a) The Bank has commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- b) The Bank has entered into several lease agreements in respect of the lease of office buildings and branch offices. The terms of the agreements are generally 3 - 9 years.

As at 31 March 2016 and 31 December 2015, the Bank has future minimum lease payments required under these non-cancellable operating leases contracts as follows:

(Unit: Million Baht)

	As at	
	31 March 2016	31 December 2015
Payable within		
Not over 1 year	97	93
Over 1 to 5 years	68	72
Over 5 years	5	1

### 3.26 Fair value of financial instruments

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

#### Fair value hierarchy

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

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

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

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

As of 31 March 2016, the Bank has the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	As at 31 March 2016				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Debt instruments	5,273	-	5,273	-	5,273
Equity instruments	9	9	-	-	9
<b>Financial liabilities measured at fair value</b>					
Derivatives					
Interest rate swap agreements	49	-	49	-	49

(Unit: Thousand Baht)

	As at 31 December 2015				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Debt instruments	6,749	-	6,749	-	6,749
<b>Financial liabilities measured at fair value</b>					
Derivatives					
Interest rate swap agreements	42	-	42	-	42

Valuation techniques and inputs to Level 2 and Level 3 valuations

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

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

**4. Dividend payment**

	Approved by	Dividend per share		Amounts of	Dividend
		Preference share	Ordinary share	dividend paid	payment period
		(Baht per share)	(Baht per share)	(Million Baht)	
Interim dividend for 2015	The Board of Directors' Meeting of TISCO Bank No. 6/2015 on 18 December 2015	1.20	1.20	1,106	January 2016
Total dividend payment in year 2015				1,106	

**5. Approval of interim financial statements**

These interim financial statements were approved by the Bank's Audit Committee on 9 May 2016.