

TISCO Bank Public Company Limited  
Report and interim financial statements  
30 September 2016



Building a better  
working world

**EY Office Limited**  
33rd Floor, Lake Rajada Office Complex  
193/136-137 Rajadapisek Road  
Klongtoey, Bangkok 10110  
G.P.O.Box 1047, Bangkok 10501, Thailand  
Tel: +66 2264 9090  
Fax: +66 2264 0789-90  
ey.com

บริษัท สำนักงาน อีวาย จำกัด  
ชั้น 33 อาคารเลควีซ่า  
193/136-137 ถนนรัชดาภิเษก  
คลองเตย กรุงเทพฯ 10110  
ตู้ ป.ณ. 1047 กรุงเทพมหานคร 10501  
โทรศัพท์: +66 2264 9090  
โทรสาร: +66 2264 0789-90  
ey.com

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

To the Shareholders of TISCO Bank Public Company Limited

I have reviewed the accompanying statement of financial position of TISCO Bank Public Company Limited as at 30 September 2016, the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2016, changes in equity, and cash flows for the nine-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, 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

**TISCO Bank Public Company Limited**

**Statement of financial position**

**As at 30 September 2016**

(Unit: Thousand Baht)

Note	30 September 2016	31 December 2015
	(Unaudited but reviewed)	(Audited)
<b>Assets</b>		
Cash	1,014,435	1,100,349
Interbank and money market items - net	29,387,595	29,662,703
Investments - net	3.2, 3.5 5,327,789	7,185,422
Loans to customers and accrued interest receivables	3.3, 3.5	
Loans to customers	242,149,024	254,617,453
Accrued interest receivables	496,248	502,279
Total loans to customers and accrued interest receivables	242,645,272	255,119,732
Less: Deferred revenue	(19,274,321)	(20,351,171)
Less: Allowance for doubtful accounts	3.4 (6,849,770)	(5,570,490)
Loans to customers and accrued interest receivables - net	216,521,181	229,198,071
Property foreclosed - net	19,719	44,346
Investment properties	31,363	31,363
Premises and equipment - net	669,250	713,642
Intangible assets - net	324,726	279,091
Deferred tax assets	253,374	11,474
Other assets	3.6 1,042,246	1,573,698
<b>Total assets</b>	<u>254,591,678</u>	<u>269,800,159</u>

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

**TISCO Bank Public Company Limited**  
**Statement of financial position (continued)**  
**As at 30 September 2016**

(Unit: Thousand Baht)

	Note	30 September 2016 (Unaudited but reviewed)	31 December 2015 (Audited)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Deposits	3.7	154,309,229	159,046,427
Interbank and money market items - net		7,922,602	9,963,505
Liabilities payable on demand		352,899	356,335
Derivatives liabilities	3.1	41,305	41,898
Debts issued and borrowings	3.8	58,291,919	67,618,919
Provision for long-term employee benefits		287,381	205,542
Accrued interest payable		715,095	867,126
Income tax payable		259,951	228,591
Dividend payable		-	1,105,881
Other liabilities	3.9	3,872,414	4,551,186
<b>Total liabilities</b>		<b>226,052,795</b>	<b>243,985,410</b>
<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		231,254	242,398
Retained earnings			
Appropriated-statutory reserve		984,000	984,000
Unappropriated		15,564,928	12,829,650
<b>Total equity</b>		<b>28,538,883</b>	<b>25,814,749</b>
<b>Total liabilities and equity</b>		<b>254,591,678</b>	<b>269,800,159</b>

The accompanying notes are an integral part of the financial statements



(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Statement of comprehensive income**

**For the three-month period ended 30 September 2016**

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

	Note	2016	2015
Interest income	3.11	3,770,633	3,956,248
Interest expenses	3.12	(1,183,189)	(1,515,805)
<b>Net interest income</b>		<b>2,587,444</b>	<b>2,440,443</b>
Fee and service income		776,130	761,928
Fee and service expenses		(18,008)	(13,889)
<b>Net fee and service income</b>	3.13	<b>758,122</b>	<b>748,039</b>
Net gains on trading and foreign exchange transactions	3.14	3,320	10,927
Net gains on investments	3.15	2,838	4,352
Penalty fee income from loans		85,225	132,870
Income from business promotion relating to the hire purchase business		60,386	72,947
Other operating income	3.17	44,664	40,035
<b>Total operating income</b>		<b>3,541,999</b>	<b>3,449,613</b>
Expenses from business promotion relating to the hire purchase business		65,361	81,743
<b>Total net operating income</b>		<b>3,476,638</b>	<b>3,367,870</b>
<b>Operating expenses</b>			
Employee's expenses		586,833	277,954
Premises and equipment expenses		185,859	188,261
Taxes and duties		49,890	49,983
Intercompany supporting fee expenses	3.23	302,864	79,301
Other operating expenses	3.18	238,700	173,463
<b>Total operating expenses</b>		<b>1,364,146</b>	<b>768,962</b>
Bad debt, doubtful accounts and impairment losses	3.16	1,040,536	2,094,866
<b>Profit from operating before income tax expenses</b>		<b>1,071,956</b>	<b>504,042</b>
Income tax expenses	3.19	(219,770)	(99,735)
<b>Profit for the period</b>		<b>852,186</b>	<b>404,307</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 30 September 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>			
Losses on valuation in available-for-sale investments		(10,748)	(6,476)
Income tax effects	3.21	2,150	1,295
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(8,598)	(5,181)
<b>Other comprehensive income for the period</b>		(8,598)	(5,181)
<b>Total comprehensive income for the period</b>		<u>843,588</u>	<u>399,126</u>
<b>Earnings per share</b>			
Basic earnings per share	3.22	<u>0.92</u>	<u>0.44</u>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Statement of comprehensive income**

**For the nine-month period ended 30 September 2016**

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

	Note	2016	2015
Interest income	3.11	11,426,043	12,138,360
Interest expenses	3.12	(3,794,701)	(5,193,913)
<b>Net interest income</b>		<b>7,631,342</b>	<b>6,944,447</b>
Fee and service income		2,352,327	2,237,972
Fee and service expenses		(64,441)	(48,240)
<b>Net fee and service income</b>	3.13	<b>2,287,886</b>	<b>2,189,732</b>
Net gains (losses) on trading and foreign exchange transactions	3.14	(8,449)	22,006
Net gains on investments	3.15	8,800	18,054
Penalty fee income from loans		257,338	330,232
Income from business promotion relating to the hire purchase business		210,263	235,643
Other operating income	3.17	145,919	135,846
<b>Total operating income</b>		<b>10,533,099</b>	<b>9,875,960</b>
Expenses from business promotion relating to the hire purchase business		228,476	269,170
<b>Total net operating income</b>		<b>10,304,623</b>	<b>9,606,790</b>
<b>Operating expenses</b>			
Employee's expenses		1,692,121	1,185,313
Premises and equipment expenses		556,419	572,447
Taxes and duties		147,299	152,928
Intercompany supporting fee expenses	3.23	996,683	734,029
Other operating expenses	3.18	617,536	538,610
<b>Total operating expenses</b>		<b>4,010,058</b>	<b>3,183,327</b>
Bad debt, doubtful accounts and impairment losses	3.16	2,830,387	4,057,647
<b>Profit from operating before income tax expenses</b>		<b>3,464,178</b>	<b>2,365,816</b>
Income tax expenses	3.19	(691,067)	(467,486)
<b>Profit for the period</b>		<b>2,773,111</b>	<b>1,898,330</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 nine-month period ended 30 September 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>			
Losses on valuation in available-for-sale investments		(11,379)	(1,764)
Income tax effects	3.21	2,276	353
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(9,103)	(1,411)
<b><i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i></b>			
Actuarial loss		(49,842)	(6,659)
Income tax effects	3.21	9,968	1,332
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(39,874)	(5,327)
<b>Other comprehensive income for the period</b>		(48,977)	(6,738)
<b>Total comprehensive income for the period</b>		<u>2,724,134</u>	<u>1,891,592</u>
<b>Earnings per share</b>			
Basic earnings per share	3.22	<u>3.01</u>	<u>2.06</u>

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



(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Cash flow statement**

**For the nine-month period ended 30 September 2016**

	(Unit: Thousand Baht)	
	2016	2015
<b>Cash flows from operating activities</b>		
Profit before income tax	3,464,178	2,365,816
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	70,239	65,233
Bad debt and doubtful accounts	4,356,668	5,332,710
Allowance for impairment of investments (reversal)	4,467	(804)
Allowance for impairment of properties foreclosed	11,233	66
Gain on disposal of investments in securities	(13,888)	(20,415)
Gain on disposal of equipment	(4,463)	(1,220)
Loss on written-off of equipment	-	380
Unrealised gain on foreign exchange transactions and trading derivatives	(593)	(268,759)
Gain on disposal of properties foreclosed	(54,034)	(36,767)
Employee benefit expenses	36,844	29,978
(Increase) decrease in accrued income	15,547	(85,523)
Increase (decrease) in accrued expenses	120,362	(401,015)
Net interest income	(7,631,342)	(6,944,447)
Dividend income	(65,825)	(78,528)
Cash received on interest income	11,562,420	12,299,078
Cash paid on interest expenses	(3,183,482)	(4,437,959)
Cash received on dividend income	63,339	78,528
Cash paid on income tax expenses	(889,364)	(869,419)
Profit from operating activities before changes in operating assets and liabilities	7,862,306	7,026,933
Operating assets (increase) decrease		
Interbank and money market items	275,107	3,459,472
Loans to customers	6,479,971	16,814,515
Properties foreclosed	1,594,469	1,905,605
Other assets	518,700	(63,657)

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**

**Cash flow statement (continued)**

**For the nine-month period ended 30 September 2016**

	(Unit: Thousand Baht)	
	2016	2015
Operating liabilities increase (decrease)		
Deposits	(4,737,198)	(43,080,605)
Interbank and money market items	(2,040,903)	(1,505,828)
Liabilities payable on demand	(3,436)	(23,959)
Short-term debts issued and borrowings	(25,507,000)	(1,458,900)
Provision for long-term employee benefits	(4,847)	(9,267)
Other liabilities	(1,385,858)	(963,148)
<b>Net cash flows used in operating activities</b>	<b>(16,948,689)</b>	<b>(17,898,839)</b>
<b>Cash flows from investing activities</b>		
Cash paid for purchase of investment in securities held for investment	(3,991,418)	(15,142,497)
Cash received from disposal of investment in securities held for investment	5,847,093	21,103,195
Cash paid for purchase of equipment	(32,715)	(18,849)
Cash paid for purchase of intangible assets	(39,123)	(64,076)
Cash received from disposal of equipment	4,819	1,220
<b>Net cash flows from investing activities</b>	<b>1,788,656</b>	<b>5,878,993</b>
<b>Cash flows from financing activities</b>		
Cash received from issuance of long-term debentures	16,180,000	13,900,000
Cash paid for redemption of long-term debentures	-	(1,000,000)
Dividend paid	(1,105,881)	(1,105,881)
<b>Net cash flows from financing activities</b>	<b>15,074,119</b>	<b>11,794,119</b>
<b>Net decrease in cash</b>	<b>(85,914)</b>	<b>(225,727)</b>
Cash at beginning of the period	1,100,349	1,179,613
<b>Cash at end of the period</b>	<b>1,014,435</b>	<b>953,886</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 nine-month period ended 30 September 2016**

(Unit: Thousand Baht)

	Issued and fully paid-up		Share premium on ordinary shares	Other components of equity			Retained earnings		Total
	Preference shares	Ordinary shares		Surplus on change in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	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	-	-	-	-	-	-	-	1,898,330	1,898,330
Other comprehensive income for the period	-	-	-	(1,411)	-	(1,411)	-	(5,327)	(6,738)
Total comprehensive income for the period	-	-	-	(1,411)	-	(1,411)	-	1,893,003	1,891,592
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(2,065)	(2,065)	-	2,065	-
<b>Balance as at 30 September 2015</b>	<u>1</u>	<u>9,215,676</u>	<u>2,543,024</u>	<u>31,190</u>	<u>212,328</u>	<u>243,518</u>	<u>984,000</u>	<u>12,909,137</u>	<u>25,895,356</u>
<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	-	-	-	-	-	-	-	2,773,111	2,773,111
Other comprehensive income for the period	-	-	-	(9,103)	-	(9,103)	-	(39,874)	(48,977)
Total comprehensive income for the period	-	-	-	(9,103)	-	(9,103)	-	2,733,237	2,724,134
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(2,041)	(2,041)	-	2,041	-
<b>Balance as at 30 September 2016</b>	<u>1</u>	<u>9,215,676</u>	<u>2,543,024</u>	<u>21,654</u>	<u>209,600</u>	<u>231,254</u>	<u>984,000</u>	<u>15,564,928</u>	<u>28,538,883</u>

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

**TISCO Bank Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 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’s 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 estimation as follows:

#### Allowance for doubtful accounts

During the first quarter of the year 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 10 June 2016.

The effect of this change in accounting estimate used in recording allowance for doubtful accounts was to decrease the outstanding balance of allowance for doubtful accounts for loans against auto license receivables as at 30 September 2016 by Baht 209 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 30 September 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					
	30 September 2016			31 December 2015		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Interest rate	-	41,305	1,200,000	-	41,898	1,200,000
Total	-	41,305	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	
	30 September 2016	31 December 2015
<b>Available-for-sale investments - fair value</b>		
Government and state enterprise securities	3,606,823	5,352,523
Private sector debt securities	1,289,395	1,398,187
Domestic marketable equity securities	7,040	-
Less: Allowance for impairment	(1,460)	(1,460)
<b>Total available-for-sale investments</b>	<b>4,901,798</b>	<b>6,749,250</b>
<b>Held-to-maturity debt securities - cost/amortised cost</b>		
Investment in receivables	13,688	14,402
Less: Allowance for impairment	(13,590)	(14,211)
<b>Total held-to-maturity debt securities</b>	<b>98</b>	<b>191</b>
<b>General investments - cost</b>		
Domestic non-marketable equity securities	478,303	483,303
Less: Allowance for impairment	(52,410)	(47,322)
<b>Total general investments</b>	<b>425,893</b>	<b>435,981</b>
<b>Investments - net</b>	<b>5,327,789</b>	<b>7,185,422</b>

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

(Unit: Million Baht)

	As at							
	30 September 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	3,605	-	2	3,607	4,605	747	-	5,352
Private sector debt securities	182	1,107	-	1,289	107	1,291	-	1,398
<b>Total</b>	<b>3,787</b>	<b>1,107</b>	<b>2</b>	<b>4,896</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>3,786</b>	<b>1,107</b>	<b>2</b>	<b>4,895</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>3,786</b>	<b>1,107</b>	<b>2</b>	<b>4,895</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
	30 September 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 30 September 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					
	30 September 2016			31 December 2015		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
<b>Services:</b>						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
<b>Trading import and export:</b>						
Shin Thai Enterprises Co., Ltd.	331	-	10	5,707	-	10
PDTL Trading Co., Ltd.	4,265	-	10	4,372	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
<b>Real estate:</b>						
UMI Property Co., Ltd.	3,233	-	10	3,468	-	10
<b>Industrial:</b>						
Siam Art Ceramic Co., Ltd.	17,622	-	10	17,127	-	10



(Unaudited but reviewed)

### 3.3 Loans to customers and accrued interest receivables

#### 3.3.1 Classified by loans to customers type

(Unit: Thousand Baht)

	As at	
	30 September 2016	31 December 2015
<b>Loans to customers</b>		
Loans	69,375,114	67,269,299
Hire purchase receivables	172,458,888	186,823,686
Finance lease receivables	536,186	783,003
Less: Deferred revenue	(19,274,321)	(20,351,171)
Advances received from finance lease receivables	(221,164)	(258,535)
Total loans to customers	222,874,703	234,266,282
Add: Accrued interest receivables	496,248	502,279
Less: Allowance for doubtful accounts	(6,849,770)	(5,570,490)
Loans to customers and accrued interest receivables - net	<u>216,521,181</u>	<u>229,198,071</u>

#### 3.3.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	As at					
	30 September 2016			31 December 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	<u>222,874,703</u>	-	<u>222,874,703</u>	<u>234,266,282</u>	-	<u>234,266,282</u>
Total loans to customers						
net of deferred revenue	<u>222,874,703</u>	-	<u>222,874,703</u>	<u>234,266,282</u>	-	<u>234,266,282</u>

## 3.3.3 Classified by loan classification

(Unit: Million Baht)

	As at					
	30 September 2016			31 December 2015		
	Net amount			Net amount		
	Loans to customers and accrued interest receivables	used for setting up allowance for doubtful accounts	Allowance for doubtful accounts <sup>(1) (2)</sup>	Loans to customers and accrued interest receivables	used for setting up allowance for doubtful accounts	Allowance for doubtful accounts <sup>(1) (2)</sup>
Provision under BOT's guidelines						
- Pass	201,206	179,480	2,039	211,415	189,112	1,871
- Special mention	15,908	15,668	1,225	16,448	16,195	1,163
- Sub-standard	2,826	2,779	1,038	2,713	2,690	931
- Doubtful	1,454	1,395	418	1,938	1,931	599
- Doubtful of loss	1,977	1,455	640	2,255	1,695	694
Allowance established in excess	-	-	1,490	-	-	312
Total	223,371	200,777	6,850	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 30 September 2016, the provision set aside by the Bank exceeded the BOT's notification No. Sor Nor Sor 5/2559 minimum requirement by a total of Baht 2,253 million (As at 31 December 2015: total of Baht 1,131 million). The Bank allocated Baht 763 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 4,597 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 5,360 million (As at 31 December 2015: total of Baht 5,258 million).

## Percentage of allowance for doubtful accounts set up (%)

	Loan against auto					
	Hire purchase receivables <sup>(1)</sup>		license receivables <sup>(1)</sup>		Other loans <sup>(2)</sup>	
	As at		As at		As at	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015 <sup>(3)</sup>	30 September 2016	31 December 2015
Pass	0.78	0.68	1.53	1.12	1	1
Special mention	5.80	5.34	16.80	16.80	2	2
Sub-standard	28.62	23.38	33.74	100	100	100
Doubtful	23.68	22.91	33.74	100	100	100
Doubtful of loss	22.91	22.57	33.74	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 30 September 2016, receivables of the Bank under hire purchase and finance lease agreements amount to Baht 153,672 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 30 September 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	57,587	103,454	4,713	7,240	172,994
Less: Deferred revenue <sup>(1)</sup>	(7,183)	(8,956)	(150)	(2,812)	(19,101)
Advances received from finance lease receivables	(78)	(140)	-	(3)	(221)
Present value of minimum lease pay from agreements	<u>50,326</u>	<u>94,358</u>	<u>4,563</u>	<u>4,425</u>	153,672
Allowance for doubtful accounts <sup>(2)</sup>					(3,010)
Net hire purchase and finance lease receivables					<u>150,662</u>

<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	<u>53,119</u>	<u>103,615</u>	<u>5,104</u>	<u>5,332</u>	167,170
Allowance for doubtful accounts <sup>(2)</sup>					(3,008)
Net hire purchase and finance lease receivables					<u>164,162</u>

<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.

(Unaudited but reviewed)

## 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	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Loans to customers for which the recognition of interest income has been ceased <sup>(1)</sup>	7,418	7,315	7,418	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	
	30 September 2016	31 December 2015
Deferred revenue <sup>(1)</sup>	19,274	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		For the nine-month periods ended	
	30 September		30 September	
	2016	2015	2016	2015
Debtors restructured during the periods				
Number of debtors restructured by modification of terms (number)	1,578	3,269	5,027	7,261
Loan balances before restructuring (Million Baht)	462	1,141	1,416	2,541
Loan balances after restructuring (Million Baht)	465	1,148	1,428	2,557
Loss on troubled debt restructuring (Million Baht)	-	-	-	-
Average contract period of debt restructuring (years)				
Hire purchase receivables	5	5	5	5
Mortgage loan receivables	2	3	2	3
Loan against auto license receivables	4	4	4	4
Commercial lending receivables	-	-	-	2

(Unaudited but reviewed)

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

(Unit: Million Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Interest income on restructured receivables	89	53	254	112
Receipt of principal and interest	277	132	730	284

As at 30 September 2016 and 31 December 2015, the Bank has the outstanding balances with troubled debt restructuring debtors as follows:

(Unit: Million Baht)

	As at			
	30 September 2016		31 December 2015	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	15,712	4,374	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 30 September 2016						
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	1,871,788	1,163,592	930,747	598,793	693,635	311,935	5,570,490
Increase in allowance for doubtful accounts during the period	167,844	61,770	178,869	1,401,525	1,375,072	1,177,568	4,362,648
Bad debt written-off	-	-	(71,968)	(1,582,621)	(1,428,779)	-	(3,083,368)
Balance - end of period	<u>2,039,632</u>	<u>1,225,362</u>	<u>1,037,648</u>	<u>417,697</u>	<u>639,928</u>	<u>1,489,503</u>	<u>6,849,770</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 year	1,821,820	2,494,274	1,072,978	623,641	176,873	190,751	6,380,337
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 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 30 September 2016			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	2,259,045	2,999,510	311,935	5,570,490
Increase (decrease) in allowance for doubtful accounts during the period	(418,645)	3,603,725	1,177,568	4,362,648
Bad debt written-off	(114,340)	(2,969,028)	-	(3,083,368)
Balance - end of period	1,726,060	3,634,207	1,489,503	6,849,770

(Unit: Thousand Baht)

	As at 31 December 2015			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of 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 year	2,259,045	2,999,510	311,935	5,570,490

### 3.4.3 Non-performing loans to customers

(Unit: Million Baht)

	As at	
	30 September 2016	31 December 2015
Non-performing loans to customers	6,257	6,906
Allowance for doubtful accounts <sup>(1)</sup>	2,096	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)

	Cost as at		Fair value as at		Allowance for possible loss provided in the accounts as at	
	30 September	31 December	30 September	31 December	30 September	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 30 September 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:

(Unit: Million Baht)

	Loans to customers <sup>(1)</sup>		Investments in securities		Investments in receivables		Properties foreclosed		Total	
	as at		as at		as at		as at		as at	
	30	31	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December	September	December
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Pass	229,395	238,906	-	-	-	-	-	-	229,395	238,906
Special mention	15,723	16,254	-	-	-	-	-	-	15,723	16,254
Sub-standard	2,826	2,713	-	-	-	-	-	-	2,826	2,713
Doubtful	1,454	1,938	-	-	-	-	-	-	1,454	1,938
Doubtful of loss	1,977	2,255	54	49	14	14	12	1	2,057	2,319
Total	251,375	262,066	54	49	14	14	12	1	251,455	262,130

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

### 3.5.3 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	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
					(%)	(%)		
Pass	135,242	146,900	135,242	146,900	0.78	0.68	1,057	1,000
Special mention	13,716	14,458	13,716	14,458	5.80	5.34	796	772
Sub-standard	2,192	2,296	2,192	2,296	28.62	23.38	627	537
Doubtful	1,182	1,728	1,182	1,728	23.68	22.91	280	396
Doubtful of loss	1,046	1,306	1,046	1,306	22.91	22.57	240	295
<b>Total</b>	<b>153,378</b>	<b>166,688</b>	<b>153,378</b>	<b>166,688</b>			<b>3,000</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 included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

#### 3.5.3.2 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	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
					(%)	(%)		
Pass	15,955	14,772	15,955	14,772	1.53	1.12	243	165
Special mention	1,528	1,331	1,528	1,331	16.80	16.80	257	223
Sub-standard	267	296	267	296	33.74	100	90	296
Doubtful	115	116	115	116	33.74	100	39	116
Doubtful of loss	16	20	16	20	33.74	100	5	20
<b>Total</b>	<b>17,881</b>	<b>16,535</b>	<b>17,881</b>	<b>16,535</b>			<b>634</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 included 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 includes debts due from companies with weak financial position and operating results.

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	as at		as at		as at		as at	
	30 September 2016	31 December 2015	30 September 2016 (Million Baht)	31 December 2015 (Million Baht)	30 September 2016 (Million Baht)	31 December 2015 (Million Baht)	30 September 2016 (Million Baht)	31 December 2015 (Million Baht)
1. Listed companies vulnerable to delisting from the SET <sup>(1)</sup>	1	-	821	-	479	-	342	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	2	-	288	-	208	-	3	-
3. Listed companies under rehabilitation	-	1	-	821	-	497	-	324
4. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>1</b>	<b>1,109</b>	<b>821</b>	<b>687</b>	<b>497</b>	<b>345</b>	<b>324</b>

<sup>(1)</sup> Those company under rehabilitation

### 3.6 Other assets

(Unit: Thousand Baht)

	As at	
	30 September 2016	31 December 2015
Value added tax - net	250,296	667,366
Accrued interest receivables	30,724	19,911
Fee and service receivables	39,054	54,600
Deposits	46,207	45,979
Other receivables	462,865	553,865
Other assets	213,100	231,977
<b>Total other assets</b>	<b>1,042,246</b>	<b>1,573,698</b>

### 3.7 Deposits

#### 3.7.1 Classified by type of deposits

(Unit: Thousand Baht)

	As at	
	30 September 2016	31 December 2015
Deposits		
Current accounts	3,073,348	3,245,280
Saving accounts	53,129,707	48,272,465
Fixed accounts		
- not over 6 months	11,859,385	15,505,231
- over 6 months but not over 1 year	2,175,961	1,859,691
- over 1 year	135,941	369,246
Certificates of deposit/negotiable certificates of deposit	83,934,887	89,794,514
<b>Total</b>	<b>154,309,229</b>	<b>159,046,427</b>

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

(Unit: Thousand Baht)

	As at	
	30 September 2016	31 December 2015
Not over 1 year <sup>(1)</sup>	153,146,190	158,546,485
Over 1 year	1,163,039	499,942
<b>Total deposits</b>	<b>154,309,229</b>	<b>159,046,427</b>

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

3.7.3 As at 30 September 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	
	30 September 2016	31 December 2015
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	7,323,000	6,643,000
Unsubordinated unsecured debentures	50,932,000	60,939,000
Bills of exchange	36,122	36,122
Promissory notes	797	797
<b>Total</b>	<b>58,291,919</b>	<b>67,618,919</b>

### 3.8.1 Subordinated unsecured debentures

As at 30 September 2016 and 31 December 2015, the Bank has long-term subordinated unsecured debentures as follows:

Issue year	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
	30 September 2016	31 December 2015		30 September 2016	31 December 2015		
	(Million units)	(Million units)		(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.
2016	0.68	-	1,000	680	-	2026	3.875 percent per annum.
Total				7,323	6,643		

### 3.8.2 Unsubordinated unsecured debentures

As at 30 September 2016 and 31 December 2015, the Bank has short-term and long-term unsubordinated unsecured debentures as follows:

Issue year	Type of debentures	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
		30 September 2016	31 December 2015		30 September 2016	31 December 2015		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2015	Short-term debenture	-	5.60	1,000	-	5,600	2016	1.75 percent per annum
2015	Short-term debenture	19.752	39.659	1,000	19,752	39,659	2016	1.50 - 1.65 percent per annum
2015	Long-term debenture	15.68	15.68	1,000	15,680	15,680	2017	1.875 - 2.00 percent per annum
2016	Long-term debenture	5.50	-	1,000	5,500	-	2018	1.95 - 2.00 percent per annum
2016	Long-term debenture	10.00	-	1,000	10,000	-	2019	1.85 - 1.95 percent per annum
Total					50,932	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	
	30 September 2016	31 December 2015
Withholding income tax and other tax payables	197,403	339,816
Accrued insurance premium	504,232	768,266
Deferred income	1,054,463	1,125,804
Accrued expenses	1,402,484	1,282,122
Suspense creditors	338,989	620,420
Other liabilities	374,843	414,758
Total other liabilities	<u>3,872,414</u>	<u>4,551,186</u>

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 30 September 2016 and 31 December 2015, the Bank has issued bonus under this scheme amounting to Baht 247 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 30 September 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	
	30 September 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	13,501,649	11,761,069
Other components of equity	221,863	223,944
Less: Deductions from Common Equity Tier I items	(490,863)	(738,189)
<b>Total Common Equity Tier I capital</b>	<b>25,975,349</b>	<b>23,989,524</b>
<b><u>Financial Instrument Tier I capital</u></b>		
Issued and paid-up share capital - non cumulative preferred shares	1	1
<b>Total Tier I capital</b>	<b>25,975,350</b>	<b>23,989,525</b>
<b><u>Tier II capital</u></b>		
Long-term subordinated debentures	7,323,000	6,643,000
Reserve for loans classified as pass	358,709	268,512
Surplus of provision	249,667	-
<b>Total Tier II capital</b>	<b>7,931,376</b>	<b>6,911,512</b>
<b>Total capital funds</b>	<b>33,906,726</b>	<b>30,901,037</b>

(Unit: Percent)

Capital fund ratios	As at			
	30 September 2016		31 December 2015	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	15.18	5.125	13.98	4.50
Tier I capital to risk assets	15.18	6.625	13.98	6.00
Total capital to risk assets	19.81	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 30 June 2016 on its website on 31 October 2016.

**3.11 Interest income**

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

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Interbank and money market items	107,389	129,202	373,055	368,382
Investments in debt securities	36,776	45,976	109,806	200,815
Loans to customers	1,378,474	1,396,908	4,029,007	4,221,021
Hire purchase and finance lease	2,247,994	2,384,162	6,914,175	7,348,142
<b>Total interest income</b>	<b>3,770,633</b>	<b>3,956,248</b>	<b>11,426,043</b>	<b>12,138,360</b>

**3.12 Interest expenses**

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

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Deposits	579,638	847,826	1,865,293	3,153,249
Interbank and money market items	29,218	52,926	113,991	176,518
Contribution fee to the Deposit Protection				
Agency and Bank of Thailand	243,229	281,657	763,251	870,357
Issued debt instruments				
- Subordinated debentures	88,741	86,374	256,868	255,962
- Unsubordinated debentures	242,134	246,792	794,614	737,346
Borrowings	229	230	684	481
<b>Total interest expenses</b>	<b>1,183,189</b>	<b>1,515,805</b>	<b>3,794,701</b>	<b>5,193,913</b>

### 3.13 Net fee and service income

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

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Fee and service income				
- Acceptance, aval and guarantees	1,442	2,197	6,628	6,847
- Insurance service	562,332	546,958	1,724,651	1,605,774
- Management	3,498	-	13,247	-
- Financial advisory	2,100	1,000	3,700	1,000
- Others	206,758	211,773	604,101	624,351
Total fee and service income	776,130	761,928	2,352,327	2,237,972
Fee and service expenses	(18,008)	(13,889)	(64,441)	(48,240)
Net fee and service income	758,122	748,039	2,287,886	2,189,732

### 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 and nine-month periods ended 30 September 2016 and 2015 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	-	8,203	-	32,903
- Derivatives on interest rates	2,193	3,393	(12,882)	(12,466)
- Debt securities	1,127	(669)	4,433	1,569
Net gains (losses) on trading and foreign exchange transactions	3,320	10,927	(8,449)	22,006

**3.15 Net gains on investments**

Net gains on investments in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Gains on disposal				
- Available-for-sale investments	196	2,509	5,989	11,255
- Held-to-maturity debt securities	-	17	-	59
- General investments	2,518	2,468	7,899	9,101
Total	2,714	4,994	13,888	20,415
Reversal of losses (losses) on impairment				
- General investments	124	(642)	(5,088)	(2,361)
Total	124	(642)	(5,088)	(2,361)
Net gains on investments	2,838	4,352	8,800	18,054

**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 and nine-month periods ended 30 September 2016 and 2015 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Interbank and money market items	-	3,500	-	8,000
Held-to-maturity debt securities	(43)	(32)	(621)	(3,164)
Loans to customers	1,040,579	2,091,398	2,831,008	4,052,811
Total	1,040,536	2,094,866	2,830,387	4,057,647



**3.17 Other operating income**

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

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Gains on disposal of properties foreclosed	18,164	20,305	54,034	36,767
Dividend income	19,087	14,553	65,825	78,528
Others	7,413	5,177	26,060	20,551
<b>Total</b>	<b>44,664</b>	<b>40,035</b>	<b>145,919</b>	<b>135,846</b>

**3.18 Other operating expenses**

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

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Mailing expenses	12,835	12,640	39,192	39,387
Software amortisation expenses	10,987	3,028	17,360	9,477
Legal expenses	94,544	70,347	264,410	226,894
Transportation expenses	18,085	18,737	53,933	54,418
Advertising and business promotion expenses	19,460	12,091	57,992	45,309
Others	82,789	56,620	184,649	163,125
<b>Total</b>	<b>238,700</b>	<b>173,463</b>	<b>617,536</b>	<b>538,610</b>

### 3.19 Income tax expenses

Income tax expenses of the Bank for the three-month and nine-month periods ended 30 September 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Income tax expenses for the periods	286,267	33,797	920,723	455,017
<b>Deferred tax:</b>				
Deferred tax on temporary differences and reversion of temporary differences	(66,497)	65,938	(229,656)	12,469
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>219,770</u>	<u>99,735</u>	<u>691,067</u>	<u>467,486</u>

### 3.20 Components of other comprehensive income

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
<b>Other comprehensive income</b>				
Available-for-sale investments:				
Gains (losses) during the periods	(10,552)	(3,967)	(5,390)	9,491
Less: Reclassification adjustments for gains included in profit or loss	(196)	(2,509)	(5,989)	(11,255)
	(10,748)	(6,476)	(11,379)	(1,764)
Actuarial losses	-	-	(49,842)	(6,659)
Other comprehensive income	(10,748)	(6,476)	(61,221)	(8,423)
Income tax effects relating to components of other comprehensive income	2,150	1,295	12,244	1,685
Net other comprehensive income for the periods	<u>(8,598)</u>	<u>(5,181)</u>	<u>(48,977)</u>	<u>(6,738)</u>

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 September					
	2016			2015		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Losses on valuation in available-for-sale investments	(10,748)	2,150	(8,598)	(6,476)	1,295	(5,181)
	<u>(10,748)</u>	<u>2,150</u>	<u>(8,598)</u>	<u>(6,476)</u>	<u>1,295</u>	<u>(5,181)</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September					
	2016			2015		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Losses on valuation in available-for-sale investments	(11,379)	2,276	(9,103)	(1,764)	353	(1,411)
Actuarial losses	(49,842)	9,968	(39,874)	(6,659)	1,332	(5,327)
	<u>(61,221)</u>	<u>12,244</u>	<u>(48,977)</u>	<u>(8,423)</u>	<u>1,685</u>	<u>(6,738)</u>

**3.22 Earnings per share**

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

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2016	2015	2016	2015
	Profit attributable to equity holders of the Bank (Thousand Baht)	852,186	404,307	2,773,111
Weighted average number of shares (Thousand shares)	921,568	921,568	921,568	921,568
Basic earnings per share (Baht/share)	0.92	0.44	3.01	2.06

**3.23 Related party transactions**

As at 30 September 2016 and 31 December 2015, the balance of the accounts between the Bank and related companies are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 September 2016	31 December 2015
<b><u>Outstanding balance</u></b>		
<b>Parent company</b>		
TISCO Financial Group Plc.		
Deposits	537,273	416,681
Accrued interest payable	92	42
Dividend payable	-	1,105,742
Other liabilities	74,605	101,343
<b>Related companies (related by common shareholder)</b>		
Interbank and money market items (Asset):		
TISCO Securities Co., Ltd.	297,000	297,000
Other assets:		
TISCO Securities Co., Ltd.	660	1,948
TISCO Leasing Co., Ltd.	2,945	4,585
TISCO Asset Management Co., Ltd.	28	-
Deposits:		
Hi-Way Co., Ltd.	58,350	62,293
TISCO Information Technology Co., Ltd.	154,863	155,594
Primus Leasing Co., Ltd.	32,899	32,899
TISCO Learning Center Co., Ltd.	30,279	31,189
TISCO Leasing Co., Ltd.	5,009	2,760
All-Ways Co., Ltd.	1,103	821
TISCO Tokyo Leasing Co., Ltd.	3,308	1,250
Interbank and money market items (Liabilities):		
TISCO Securities Co., Ltd.	215	12,389
TISCO Asset Management Co., Ltd.	97,843	160,126
Deutsche TISCO Investment Advisory Co., Ltd.	229,447	219,013
Accrued interest payable:		
TISCO Asset Management Co., Ltd.	202	344
TISCO Securities Co., Ltd.	6	-
TISCO Information Technology Co., Ltd.	300	258
TISCO Learning Center Co., Ltd.	78	34
Hi-Way Co., Ltd.	59	-
TISCO Leasing Co., Ltd.	9	-
Deutsche TISCO Investment Advisory Co., Ltd.	129	-
All-Ways Co., Ltd.	3	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at	
	30 September 2016	31 December 2015
Other liabilities:		
Hi-Way Co., Ltd.	42,360	34,800
TISCO Learning Center Co., Ltd.	2,619	3,443
TISCO Securities Co., Ltd.	135	-
TISCO Leasing Co., Ltd.	563	-
All-Ways Co., Ltd.	395	637
<b>Commitments: Guarantees</b>		
<b>Parent company</b>		
TISCO Financial Group Plc.	1,184	1,184
<b>Related companies (related by common shareholder)</b>		
TISCO Securities Co., Ltd.	13,540	540
TISCO Asset Management Co., Ltd.	440	440
TISCO Information Technology Co., Ltd.	1,070	1,070

#### Loans to related companies

As at 30 September 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		As at	
	1 January 2016	Increase	Decrease	30 September 2016
<b>Related companies (related by common shareholder)</b>				
Interbank and money market items				
(Assets):				
TISCO Securities Co., Ltd.	297,000	-	-	297,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Terms and pricing policy
	2016	2015	2016	2015	
	<b>Transactions occurred during the periods</b>				
<b>Parent company</b>					
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	260,504	45,101	881,483	633,269	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest expenses	913	1,199	4,399	6,623	With reference to the terms and prices as offered to other customers
Other income	500	-	1,000	1,000	With reference to the terms and prices as offered to other customers
Other expenses	2,316	2,316	6,947	6,947	With reference to the terms and prices as offered to other customers
<b>Related companies</b>					
Interest income	2,496	2,496	7,432	7,985	With reference to the terms and prices as offered to other customers
Service income involving to loans	599	926	2,059	3,030	With reference to the terms and prices as offered to other customers
Other service income	2,500	2,226	6,983	6,300	Determined on the basis on actual cost
Other income	1,017	1,095	3,011	4,451	With reference to the terms and prices as offered to other customers
Expenses involving to loans	42,360	34,200	115,200	100,760	Determined on the basis on actual cost
Computer system advisory service expenses	61,750	63,000	185,250	189,000	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	9,087	14,544	30,817	30,231	With reference to the prices as offered from other service providers
Interest expenses	1,017	1,376	3,000	5,322	With reference to the terms and prices as offered to other customers
Other expenses	1,576	1,622	4,992	4,972	With reference to the terms and prices as offered to other customers

(Unaudited but reviewed)

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	As at	
	30 September 2016	31 December 2015
Loans <sup>(1)</sup>	4,296	5,456

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

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	As at	
	30 September 2016	31 December 2015
Deposits	70,441	65,446

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 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		For the nine-month periods	
	ended 30 September		ended 30 September	
	2016	2015	2016	2015
Short-term benefits	41	35	85	78
Post-employment benefits	4	4	12	11
Other long-term benefits	21	19	21	19
Total	66	58	118	108

**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 and nine-month periods ended 30 September 2016 and 2015, respectively.

(Unit: Million Baht)

	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statement
<b>For the three-month period ended 30 September 2016</b>						
<b>Revenue</b>						
External customers	2,996	460	86	3,542	-	3,542
Inter-segment	-	-	522	522	(522)	-
<b>Total revenue</b>	<b>2,996</b>	<b>460</b>	<b>608</b>	<b>4,064</b>	<b>(522)</b>	<b>3,542</b>
<b>Operating results:</b>						
Net interest income	2,091	434	62	2,587	-	2,587
Net fee and service income	736	22	-	758	-	758
Other operating income	169	4	546	719	(522)	197
<b>Total operating income</b>	<b>2,996</b>	<b>460</b>	<b>608</b>	<b>4,064</b>	<b>(522)</b>	<b>3,542</b>
Premises and equipment expenses and amortisation	(58)	(8)	(131)	(197)	-	(197)
Other operating expenses	(1,193)	(162)	(400)	(1,755)	522	(1,233)
Bad debt, doubtful accounts and impairment losses	(312)	(400)	(328)	(1,040)	-	(1,040)
<b>Total operating expenses</b>	<b>(1,563)</b>	<b>(570)</b>	<b>(859)</b>	<b>(2,992)</b>	<b>522</b>	<b>(2,470)</b>
<b>Segment profit</b>	<b>1,433</b>	<b>(110)</b>	<b>(251)</b>	<b>1,072</b>	<b>-</b>	<b>1,072</b>
Income tax expenses						(220)
<b>Profit for the period</b>						<b>852</b>



(Unaudited but reviewed)

(Unit: Million Baht)

	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statement
<b>For the nine-month period ended 30 September 2016</b>						
<b>Revenue</b>						
External customers	8,875	1,362	296	10,533	-	10,533
Inter-segment	-	-	1,667	1,667	(1,667)	-
<b>Total revenue</b>	<b>8,875</b>	<b>1,362</b>	<b>1,963</b>	<b>12,200</b>	<b>(1,667)</b>	<b>10,533</b>
<b>Operating results:</b>						
Net interest income	6,117	1,275	239	7,631	-	7,631
Net fee and service income	2,223	74	(9)	2,288	-	2,288
Other operating income	535	13	1,733	2,281	(1,667)	614
<b>Total operating income</b>	<b>8,875</b>	<b>1,362</b>	<b>1,963</b>	<b>12,200</b>	<b>(1,667)</b>	<b>10,533</b>
Premises and equipment expenses and amortisation	(182)	(24)	(368)	(574)	-	(574)
Other operating expenses	(3,529)	(483)	(1,320)	(5,332)	1,667	(3,665)
Bad debt, doubtful accounts and impairment losses	(1,275)	(456)	(1,099)	(2,830)	-	(2,830)
<b>Total operating expenses</b>	<b>(4,986)</b>	<b>(963)</b>	<b>(2,787)</b>	<b>(8,736)</b>	<b>1,667</b>	<b>(7,069)</b>
<b>Segment profit</b>	<b>3,889</b>	<b>399</b>	<b>(824)</b>	<b>3,464</b>	<b>-</b>	<b>3,464</b>
Income tax expenses						(691)
<b>Profit for the period</b>						<b>2,773</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statement
<b>For the three-month period ended 30 September 2015</b>						
<b>Revenue</b>						
External customers	2,696	645	109	3,450	-	3,450
Inter-segment	-	-	15	15	(15)	-
<b>Total revenue</b>	<b>2,696</b>	<b>645</b>	<b>124</b>	<b>3,465</b>	<b>(15)</b>	<b>3,450</b>
<b>Operating results:</b>						
Net interest income	1,811	539	90	2,440	-	2,440
Net fee and service income	719	31	(2)	748	-	748
Other operating income	166	75	36	277	(15)	262
<b>Total operating income</b>	<b>2,696</b>	<b>645</b>	<b>124</b>	<b>3,465</b>	<b>(15)</b>	<b>3,450</b>
Premises and equipment expenses and amortisation	(61)	(8)	(123)	(192)	-	(192)
Other operating expenses	(672)	(103)	101	(674)	15	(659)
Bad debt, doubtful accounts and impairment losses	(888)	(256)	(951)	(2,095)	-	(2,095)
<b>Total operating expenses</b>	<b>(1,621)</b>	<b>(367)</b>	<b>(973)</b>	<b>(2,961)</b>	<b>15</b>	<b>(2,946)</b>
<b>Segment profit</b>	<b>1,075</b>	<b>278</b>	<b>(849)</b>	<b>504</b>	<b>-</b>	<b>504</b>
Income tax expenses						(100)
<b>Profit for the period</b>						<b>404</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statement
<b>For the nine-month period ended 30 September 2015</b>						
<b>Revenue</b>						
External customers	7,807	1,683	386	9,876	-	9,876
Inter-segment	-	-	993	993	(993)	-
<b>Total revenue</b>	<b>7,807</b>	<b>1,683</b>	<b>1,379</b>	<b>10,869</b>	<b>(993)</b>	<b>9,876</b>
<b>Operating results:</b>						
Net interest income	5,158	1,480	306	6,944	-	6,944
Net fee and service income	2,124	69	(3)	2,190	-	2,190
Other operating income	525	134	1,076	1,735	(993)	742
<b>Total operating income</b>	<b>7,807</b>	<b>1,683</b>	<b>1,379</b>	<b>10,869</b>	<b>(993)</b>	<b>9,876</b>
Premises and equipment expenses and amortisation	(189)	(26)	(367)	(582)	-	(582)
Other operating expenses	(2,774)	(445)	(644)	(3,863)	993	(2,870)
Bad debt, doubtful accounts and impairment losses	(2,131)	(393)	(1,534)	(4,058)	-	(4,058)
<b>Total operating expenses</b>	<b>(5,094)</b>	<b>(864)</b>	<b>(2,545)</b>	<b>(8,503)</b>	<b>993</b>	<b>(7,510)</b>
<b>Segment profit</b>	<b>2,713</b>	<b>819</b>	<b>(1,166)</b>	<b>2,366</b>	<b>-</b>	<b>2,366</b>
Income tax expenses						(468)
<b>Profit for the period</b>						<b>1,898</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 and nine-month periods end 30 September 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	
	30 September 2016	31 December 2015
Avals	11,233	414,867
Other guarantees	698,018	691,788
Undrawn client overdraft facilities	30,000	30,000
Interest rate swap agreements	1,200,000	1,200,000
Others	6,271,009	13,364,596
<b>Total</b>	<b>8,210,260</b>	<b>15,701,251</b>

## 3.25.2 Litigation

As at 30 September 2016 and 31 December 2015, the Bank has been sued for compensation totaling approximately Baht 345 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 30 September 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	
	30 September 2016	31 December 2015
Payable within		
Not over 1 year	117	93
Over 1 to 5 years	67	72
Over 5 years	4	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 30 September 2016 and 31 December 2015, the Bank has the following financial assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 30 September 2016				Total
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Equity instruments	7	7	-	-	7
Debt instruments	4,895	-	4,895	-	4,895
<b>Financial liabilities measured at fair value</b>					
Derivatives					
Interest rate swap agreements	41	-	41	-	41

(Unaudited but reviewed)

(Unit: Million 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. Approval of interim financial statements**

These interim financial statements were approved by the Bank's Audit Committee on 7 November 2016.