

TISCO Financial Group Public Company Limited
and its subsidiary companies
Report and consolidated financial statements
31 March 2017



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 อาคารเลครัชดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ตู้ ป.ณ. 1047 กรุงเทพฯ 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 Financial Group Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of TISCO Financial Group Public Company Limited and its subsidiaries as at 31 March 2017, the related consolidated 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 consolidated financial statements. I have also reviewed the separate financial information of TISCO Financial Group Public Company Limited for the same period. 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

EY Office Limited
Bangkok: 8 May 2017

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash		1,097,161	1,149,005	70	70
Interbank and money market items - net		36,466,201	38,067,417	834,587	533,562
Investments - net	3.3, 3.7	8,766,123	7,188,845	815,228	781,885
Investment in subsidiaries and joint venture - net	3.4	469,439	442,750	19,469,082	19,469,082
Loans to customers and accrued interest receivables	3.5, 3.7				
Loans to customers		240,425,302	245,114,243	1,643,500	1,803,100
Accrued interest receivables		510,312	520,704	-	-
Total loans to customers and accrued interest receivables		240,935,614	245,634,947	1,643,500	1,803,100
Less: Deferred revenue		(19,902,606)	(20,180,240)	-	-
Less: Allowance for doubtful accounts	3.6	(8,550,781)	(7,973,890)	-	-
Less: Allowance for loss on debt restructuring	3.6	(9,548)	(9,748)	-	-
Loans to customers and accrued interest receivables - net		212,472,679	217,471,069	1,643,500	1,803,100
Properties foreclosed - net		29,997	7,366	-	-
Investment properties		32,157	32,157	778,245	778,245
Premises and equipment - net		2,619,154	2,652,515	906,174	922,233
Intangible assets - net		537,958	567,053	182,969	196,303
Deferred tax assets		630,804	513,602	131,260	147,654
Securities and derivatives business receivables - net		1,561,829	1,373,757	-	-
Dividend receivable from subsidiaries		-	-	-	2,762,188
Other assets	3.8	2,166,900	1,806,862	150,274	141,969
Total assets		266,850,402	271,272,398	24,911,389	27,536,291

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and equity					
Liabilities					
Deposits	3.9	155,999,045	155,067,524	-	-
Interbank and money market items - net		5,242,046	5,196,603	-	-
Liabilities payable on demand		266,403	180,242	-	-
Derivatives liabilities	3.2	30,446	34,118	-	-
Debts issued and borrowings	3.10	62,356,919	70,328,919	3,100,000	5,930,000
Provision for long-term employee benefits		587,178	576,114	126,249	124,230
Deferred tax liabilities		5,598	2,581	-	-
Securities and derivatives business payables - net		1,955,544	1,510,870	-	-
Accrued interest payable		794,293	753,021	8,796	18,574
Income tax payable		987,784	565,781	27,081	37,001
Other liabilities	3.11	5,722,468	5,731,082	1,282,223	1,190,304
Total liabilities		233,947,724	239,946,855	4,544,349	7,300,109

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2017

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Equity				
Share capital				
Registered				
	339	339	339	339
33,858 preference shares of Baht 10 each				
800,669,437 ordinary shares of Baht 10 each	8,006,694	8,006,694	8,006,694	8,006,694
	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>
Issued and paid-up				
9,859 preference shares of Baht 10 each (31 December 2016: 10,758 preference shares of Baht: 10 each)	99	108	99	108
800,645,624 ordinary shares of Baht 10 each (31 December 2016: 800,644,724 ordinary shares of Baht: 10 each)	8,006,456	8,006,447	8,006,456	8,006,447
	<u>8,006,555</u>	<u>8,006,555</u>	<u>8,006,555</u>	<u>8,006,555</u>
Share premium				
Share premium on preference shares	-	-	87	95
Share premium on ordinary shares	1,018,408	1,018,408	7,031,436	7,031,428
	<u>1,018,408</u>	<u>1,018,408</u>	<u>7,031,523</u>	<u>7,031,523</u>
Other components of equity	1,523,135	1,447,136	160,669	104,978
Retained earnings				
Appropriated-statutory reserve	801,000	801,000	801,000	801,000
Unappropriated	21,444,876	19,951,807	4,367,293	4,292,126
Equity attributable to owners of the Company	<u>32,793,974</u>	<u>31,224,906</u>	<u>20,367,040</u>	<u>20,236,182</u>
Non-controlling interests of the subsidiaries	108,704	100,637	-	-
Total equity	<u>32,902,678</u>	<u>31,325,543</u>	<u>20,367,040</u>	<u>20,236,182</u>
Total liabilities and equity	<u>266,850,402</u>	<u>271,272,398</u>	<u>24,911,389</u>	<u>27,536,291</u>

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

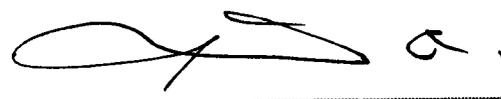


Mrs. Oranuch Apisaksirkul
(Chairperson of the Executive Board)



TISCO

บริษัท ทีเอสซีไฟแนนเชียลกรุป จำกัด (มหาชน)
TISCO Financial Group Public Company Limited



Mr. Suthas Ruangmanamongkol
(Group Chief Executive)

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 31 March 2017**

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Interest income	3.13	3,925,115	4,066,599	10,293	14,839
Interest expenses	3.14	(1,161,154)	(1,374,403)	(17,357)	(27,155)
Net interest income		2,763,961	2,692,196	(7,064)	(12,316)
Fee and service income		1,512,061	1,338,821	-	-
Fee and service expenses		(60,673)	(57,855)	(3,179)	(3,721)
Net fee and service income	3.15	1,451,388	1,280,966	(3,179)	(3,721)
Net losses on trading and foreign exchange transactions	3.16	(36,366)	(33,662)	(36,735)	(22,459)
Net gains on investments	3.17	25,087	9,550	-	-
Share of profit from investment accounted for under equity method	3.4.2	27,259	19,535	-	-
Dividend income		31,520	31,220	-	-
Penalty fee income from loans		91,687	93,800	-	-
Income from business promotion relating to the hire purchase business		73,840	82,873	-	-
Intercompany supporting fee income	3.25	-	-	488,491	506,094
Other operating income	3.19, 3.25	40,564	29,754	23,930	16,984
Total operating income		4,468,940	4,206,232	465,443	484,582
Expenses from business promotion relating to the hire purchase business		68,740	92,678	-	-
Total net operating income		4,400,200	4,113,554	465,443	484,582
Operating expenses					
Employee's expenses		1,247,742	1,067,780	253,432	302,566
Directors' remuneration		2,915	3,180	2,915	3,180
Premises and equipment expenses		249,056	225,667	102,617	87,289
Taxes and duties		55,192	50,601	1,941	1,623
Other operating expenses	3.20	243,263	219,110	22,290	14,246
Total operating expenses		1,798,168	1,566,338	383,195	408,904
Bad debt, doubtful accounts and impairment losses	3.18	752,514	981,484	-	-
Profit from operating before income tax expenses		1,849,518	1,565,732	82,248	75,678
Income tax expenses	3.21	350,843	308,883	7,452	15,301
Profit for the period		1,498,675	1,256,849	74,796	60,377

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income (continued)****For the three-month period ended 31 March 2017**

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Other comprehensive income	3.22				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gains (losses) on valuation in available-for-sale investments		100,075	29,156	70,077	(3,349)
Share of other comprehensive income of joint venture:					
Cash flow hedges of joint venture	3.4.2	(570)	20,796	-	-
Income tax effects	3.23	(21,045)	(5,831)	(14,015)	670
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		78,460	44,121	56,062	(2,679)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		-	(650)	-	-
Income tax effects	3.23	-	89	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(561)	-	-
Other comprehensive income for the period		78,460	43,560	56,062	(2,679)
Total comprehensive income for the period		1,577,135	1,300,409	130,858	57,698
Profit attributable to					
Equity holders of the Company	3.24	1,490,764	1,255,033	74,796	60,377
Non-controlling interests of the subsidiaries		7,911	1,816		
Total comprehensive income attributable to		1,498,675	1,256,849		
Equity holders of the Company		1,569,068	1,298,768	130,858	57,698
Non-controlling interests of the subsidiaries		8,067	1,641		
Earnings per share of equity holders of the Company					
Basic earnings per share	3.24	1.86	1.57	0.09	0.08

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Cash flows statement****For the three-month period ended 31 March 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before income tax	1,849,518	1,565,732	82,248	75,678
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	83,553	54,771	32,570	21,842
Bad debt and doubtful accounts	1,309,507	1,486,463	-	-
Share of profit from investment accounted for under equity method	(27,259)	(19,535)	-	-
Allowance for impairment of investments (reversal)	214	(116)	-	-
Allowance for impairment of properties foreclosed	329	47	-	-
Gain on disposal of investments in securities	(25,087)	(9,550)	-	-
Unrealised loss on foreign exchange transactions and trading derivatives	33,071	29,673	36,735	22,459
Gains on disposal of equipment and vehicle	(12,892)	(3,578)	(7,594)	(502)
Losses on written-off of equipment	214	-	-	-
Gains on disposal of properties foreclosed	(21,356)	(18,936)	-	-
Employee benefit expenses	15,926	13,244	2,851	2,512
Increase in accrued income	(1,186)	(17,282)	(12,809)	(6,528)
Increase in accrued expenses	275,333	98,611	135,469	198,095
Net interest income	(2,763,961)	(2,692,196)	7,064	12,315
Dividend income	(31,520)	(31,220)	-	-
Cash received on interest income	4,004,638	4,164,518	10,206	14,697
Cash paid on interest expenses	(886,480)	(1,096,712)	(27,135)	(31,225)
Cash received on dividend income	28,520	28,520	2,762,188	1,842,237
Cash paid on income tax expenses	(66,556)	(64,375)	(14,993)	(15,774)
Profit from operating activities before changes in operating assets and liabilities	3,764,526	3,488,079	3,006,800	2,135,806
Operating assets (increase) decrease				
Interbank and money market items	1,601,208	(5,493,995)	(301,024)	(388,718)
Loans to customers	3,119,535	3,193,365	159,600	238,400
Securities and derivative business receivables	(188,073)	(123,862)	-	-
Receivables from clearing house	(440,092)	(260,838)	-	-
Properties foreclosed	557,353	631,627	-	-
Other assets	-47,097	321,002	4,591	11,539

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Cash flows statement (continued)****For the three-month period ended 31 March 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Operating liabilities increase (decrease)				
Deposits	931,521	(5,471,557)	-	-
Interbank and money market items	45,443	2,274,393	-	-
Liability payable on demand	86,161	54,824	-	-
Securities and derevative business payables	444,674	294,947	-	-
Short-term debts issued and borrowings	(1,972,000)	(10,002,000)	(2,830,000)	(1,950,000)
Payable to clearing house	181,997	88,130	-	-
Provision for long-term employee benefits	(4,862)	(2,971)	(831)	(560)
Other liabilities	(634,653)	(935,251)	(43,552)	(33,671)
Net cash flows from (used in) operating activities	7,445,641	(11,944,107)	(4,416)	12,796
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(4,176,198)	(2,059,426)	-	-
Cash received from disposal of investment in securities held for investment	2,687,133	3,537,236	-	-
Cash paid for purchase of equipment	(17,057)	(35,595)	(1,403)	(9,198)
Cash paid for purchase of intangible assets	(4,255)	(8,999)	(1,775)	(4,100)
Cash received from disposal of equipment	12,892	3,578	7,594	502
Net cash flows from (used in) investing activities	(1,497,485)	1,436,794	4,416	(12,796)
Cash flows from financing activities				
Cash paid for the redemption of long-term debentures	(7,000,000)	-	-	-
Cash received from issuance of long-term debentures	1,000,000	10,500,000	-	-
Net cash flows from (used in) financing activities	(6,000,000)	10,500,000	-	-
Net decrease in cash	(51,844)	(7,313)	-	-
Cash at beginning of the period	1,149,005	1,101,291	70	70
Cash at end of the period	1,097,161	1,093,978	70	70
	-	-	-	-

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Consolidated financial statements												
	Equity attributable to owners of the Company												
	Other components of equity							Total other components of equity	Retained earnings		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of	
	Issued and paid-up		Share premium on ordinary shares	Deficit on changes in value of available-for-sale investments	Surplus on revaluation of assets	Share of other comprehensive income of joint venture	Adjustment from business combination of entities under common control under holding restructuring plan		Appropriated	Unappropriated		the subsidiaries	Total
Preference shares	Ordinary shares	Investments						of assets			joint venture		
Balance as at 1 January 2016	186	8,006,369	1,018,408	(166,292)	899,244	(30,443)	679,266	1,381,775	709,500	16,979,196	28,095,434	98,895	28,194,329
Profit for the period	-	-	-	-	-	-	-	-	-	1,255,033	1,255,033	1,816	1,256,849
Other comprehensive income for the period	-	-	-	23,325	-	20,796	-	44,121	-	(386)	43,735	(175)	43,560
Total comprehensive income for the period	-	-	-	23,325	-	20,796	-	44,121	-	1,254,647	1,298,768	1,641	1,300,409
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(2,481)	-	-	(2,481)	-	2,481	-	-	-
Preference shares converted to ordinary shares	(77)	77	-	-	-	-	-	-	-	-	-	-	(33)
Balance as at 31 March 2016	109	8,006,446	1,018,408	(142,967)	896,763	(9,647)	679,266	1,423,415	709,500	18,236,324	29,394,202	100,503	29,494,705
Balance as at 1 January 2017	108	8,006,447	1,018,408	(118,382)	889,264	(3,012)	679,266	1,447,136	801,000	19,951,807	31,224,906	100,637	31,325,543
Profit for the period	-	-	-	-	-	-	-	-	-	1,490,764	1,490,764	7,911	1,498,675
Other comprehensive income for the period	-	-	-	79,030	-	(570)	-	78,460	-	(156)	78,304	156	78,460
Total comprehensive income for the period	-	-	-	79,030	-	(570)	-	78,460	-	1,490,608	1,569,068	8,067	1,577,135
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(2,460)	-	-	(2,460)	-	2,460	-	-	-
Preference shares converted to ordinary shares	(9)	9	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	99	8,006,456	1,018,408	(39,352)	886,804	(3,582)	679,266	1,523,136	801,000	21,444,875	32,793,974	108,704	32,902,678

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and paid-up		Share premium		Other components of equity			Retained earnings		Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Deficit on change in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	Appropriated	Unappropriated	
Balance as at 1 January 2016	186	8,006,369	163	7,031,360	(133,973)	227,989	94,016	709,500	3,189,180	
Profit for the period	-	-	-	-	-	-	-	-	60,377	60,377
Other comprehensive income for the period	-	-	-	-	(2,679)	-	(2,679)	-	-	(2,679)
Total comprehensive income for the period	-	-	-	-	(2,679)	-	(2,679)	-	60,377	57,698
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	(374)	(374)	-	374	-
Preference shares converted to ordinary shares	(77)	77	(67)	67	-	-	-	-	-	-
Balance as at 31 March 2016	109	8,006,446	96	7,031,427	(136,652)	227,615	90,963	709,500	3,249,931	19,088,472
Balance as at 1 January 2017	108	8,006,447	95	7,031,428	(121,509)	226,487	104,978	801,000	4,292,126	20,236,182
Profit for the period	-	-	-	-	-	-	-	-	74,796	74,796
Other comprehensive income for the period	-	-	-	-	56,062	-	56,062	-	-	56,062
Total comprehensive income for the period	-	-	-	-	56,062	-	56,062	-	74,796	130,858
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	(371)	(371)	-	371	-
Preference shares converted to ordinary shares	(9)	9	(8)	8	-	-	-	-	-	-
Balance as at 31 March 2017	99	8,006,456	87	7,031,436	(65,447)	226,116	160,669	801,000	4,367,293	20,367,040

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

TISCO Financial Group Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month periods ended 31 March 2017

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 2016) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in equity and cash flows in 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 Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

1.2 Basis of interim consolidation

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2016. During the period, there was no change in the composition of the subsidiaries.

1.3 The separate financial statements

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

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as those were used for the financial statements for the year ended 31 December 2016.

2. General information

2.1 The Company's information

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

2.2 Related party transactions

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

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

3. Supplemental information

3.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 31 March 2017 and 31 December 2016 is provided below.

(Unit: Percent)

Company's name	Nature of Business	Country of incorporation	Percentage of shares held by the Company as at	
			31 March 2017	31 December 2016
<u>Subsidiaries directly held by the Company</u>				
TISCO Bank Public Company Limited	Banking	Thailand	99.99	99.99
TISCO Securities Co., Ltd.	Securities business	Thailand	99.99	99.99
TISCO Asset Management Co., Ltd.	Asset management	Thailand	99.99	99.99
Hi-Way Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
TISCO Information Technology Co., Ltd.	Services	Thailand	99.99	99.99
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
Primus Leasing Co., Ltd. (In the process of liquidation)	Hire purchase	Thailand	99.99	99.99
TISCO Learning Center Co., Ltd.	Services	Thailand	99.99	99.99
All-Ways Co., Ltd.	Services	Thailand	99.99	99.99
<u>Subsidiaries indirectly held by the Company</u>				
Deutsche TISCO Investment Advisory Co., Ltd.	Securities business	Thailand	51.00	51.00

3.2 Derivatives

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

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements as at					
	31 March 2017			31 December 2016		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Interest rate	-	30,446	1,200,000	-	34,118	1,200,000
Total	-	30,446	1,200,000	-	34,118	1,200,000

All counterparties of these derivative transactions are financial institutions.

3.3 Investments

3.3.1 Classified by type of investment

	(Unit: Thousand Baht)	
	Consolidated financial statements as at	
	31 March 2017	31 December 2016
Available-for-sale investments - fair value		
Government and state enterprise securities	5,783,657	4,253,685
Private sector debt securities	871,704	870,470
Foreign sector debt securities	412,860	414,163
Domestic marketable equity securities	416,864	405,147
Other securities - domestic unit trusts	28,935	28,870
Other securities - foreign unit trusts	815,228	781,885
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	8,327,788	6,752,760
Held-to-maturity debt securities - cost/amortised cost		
Investment in receivables	13,773	13,559
Less: Allowance for impairment	(13,757)	(13,543)
Total held-to-maturity debt securities	16	16
General investments - cost		
Domestic non-marketable equity securities	485,129	488,479
Less: Allowance for impairment	(46,810)	(52,410)
Total general investments	438,319	436,069
Investments - net	8,766,123	7,188,845
		(Unit: Thousand Baht)
	Separate financial statements as at	
	31 March 2017	31 December 2016
Available-for-sale investments - fair value		
Other securities - foreign unit trusts	815,228	781,885

3.3.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	Consolidated financial statements as at							
	31 March 2017				31 December 2016			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments								
Government and state enterprise securities	5,782	-	2	5,784	4,252	-	2	4,254
Private sector debt securities	182	1,102	-	1,284	182	1,102	-	1,284
Total	5,964	1,102	2	7,068	4,434	1,102	2	5,538
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	5,963	1,102	2	7,067	4,433	1,102	2	5,537
Held-to-maturity debt securities								
Investment in receivables	14	-	-	14	14	-	-	14
Less: Allowance for impairment	(14)	-	-	(14)	(14)	-	-	(14)
Total	-	-	-	-	-	-	-	-
Total debt securities	5,963	1,102	2	7,067	4,433	1,102	2	5,537

3.3.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at		Type of restriction
	31 March 2017	31 December 2016	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	1,450	-	Pledged for the use of credit balance on clearing position

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 March 2017		
	Cost	Fair value	Allowance for changes in value
Companies having problems with debt repayment or in default	1,460	-	1,460

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2016		
	Cost	Fair value	Allowance for changes in value
Companies having problems with debt repayment or in default	7,060	-	7,060

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

(Unit: Thousand Baht)

Securities' name	Consolidated financial statements as at					
	31 March 2017			31 December 2016		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
Trading import and export:						
Juki (Thailand) Co., Ltd.	331	-	10	331	-	10
PDTL Trading Co., Ltd.	4,265	-	10	4,265	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	3,233	-	10	3,233	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	17,622	-	10	17,622	-	10

3.4 Investment in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements as at		Separate financial statements as at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Investment in subsidiaries	-	-	19,395,837	19,395,837
Investment in joint venture	469,439	442,750	73,245	73,245
	<u>469,439</u>	<u>442,750</u>	<u>19,469,082</u>	<u>19,469,082</u>

3.4.1 Investment in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		Type of investment as at		Percentage of holding as at		Investment value - cost method as at		Dividend income for the three-month periods ended	
		31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 March 2016
				(%)	(%)				
Subsidiaries directly held by the Company									
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.99	17,641	17,641	-	-
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	-	-
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	-	-
Hi-Way Co., Ltd.	Hire purchase and retail loan	Preference shares	Preference shares	99.99	99.99	3	3	-	-
		Ordinary shares	Ordinary shares	99.99	99.99	270	270	-	-
TISCO Information Technology Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	22	22	-	-
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Ordinary shares	Ordinary shares	99.99	99.99	137	137	-	-
Primus Leasing Co., Ltd. (In the process of liquidation)	Hire purchase	Ordinary shares	Ordinary shares	99.99	99.99	142	142	-	-
TISCO Learning Center Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	5	5	-	-
All-Ways Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	100	100	-	-
						<u>19,505</u>	<u>19,505</u>	<u>-</u>	<u>-</u>
Less: Allowance for impairment						<u>(109)</u>	<u>(109)</u>		
Investment in subsidiaries - net						<u>19,396</u>	<u>19,396</u>		

3.4.2 Investment in joint venture

a) Details of investment in joint venture

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

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements						Carrying amounts based on equity method as at	
		Shareholding percentage as at		Cost as at		31 March 2017	31 December 2016	31 March 2017	31 December 2016
		31 March 2017	31 December 2016	31 March 2017	31 December 2016				
		(%)	(%)						
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	469,439	442,750		

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Separate financial statements						Carrying amounts based on cost method - net as at	
		Shareholding percentage as at		Cost as at		Allowance for impairment of investment as at		31 March 2017	31 December 2016
		31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016		
		(%)	(%)						
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	-	-	73,245	73,245

b) Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Jointly controlled entity	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investment in joint venture for the three-month periods ended		Share of other comprehensive income from investments in joint venture for the three-month periods ended		Dividend income for the three-month periods ended	
	31 March		31 March		31 March	
	2017	2016	2017	2016	2017	2016
TISCO Tokyo Leasing Co., Ltd.	27,259	19,535	(570)	20,795	-	-

3.5 Loans to customers and accrued interest receivables

3.5.1 Classified by loans to customers type

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	31 March 2017	31 December 2016
Loans to customers		
Loans	71,902,123	72,305,583
Hire purchase receivables	168,317,079	172,549,566
Finance lease receivables	406,008	472,172
Less: Deferred revenue	(19,902,606)	(20,180,240)
Advances received from finance lease receivables	(199,908)	(213,078)
Total loans to customers	220,522,696	224,934,003
Add: Accrued interest receivables	510,312	520,704
Less: Allowance for doubtful accounts	(8,550,781)	(7,973,890)
Allowance for loss on debt restructuring	(9,548)	(9,748)
Loans to customers and accrued interest receivables - net	<u>212,472,679</u>	<u>217,471,069</u>

(Unit: Thousand Baht)

	Separate financial statements as at	
	31 March 2017	31 December 2016
Loans to customers		
Loans	1,643,500	1,803,100
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	<u>1,643,500</u>	<u>1,803,100</u>

3.5.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements as at					
	31 March 2017			31 December 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	214,268,055	6,254,641	220,522,696	218,744,111	6,189,892	224,934,003
Total loans to customers net of deferred revenue	<u>214,268,055</u>	<u>6,254,641</u>	<u>220,522,696</u>	<u>218,744,111</u>	<u>6,189,892</u>	<u>224,934,003</u>

(Unit: Thousand Baht)

	Separate financial statements as at					
	31 March 2017			31 December 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,643,500	-	1,643,500	1,803,100	-	1,803,100
Total loans to customers net of deferred revenue	<u>1,643,500</u>	<u>-</u>	<u>1,643,500</u>	<u>1,803,100</u>	<u>-</u>	<u>1,803,100</u>

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

(Unit: Million Baht)

	As at					
	31 March 2017			31 December 2016		
	Net amount			Net amount		
Loans to customers and accrued interest receivables	used for setting up allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}	Loans to customers and accrued interest receivables	used for setting up allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}	
Provision under BOT's guidelines						
- Pass	196,992	175,256	2,060	200,399	177,089	2,658
- Special mention	15,983	14,512	2,551	16,458	15,567	2,041
- Sub-standard	2,237	2,218	709	2,569	2,534	827
- Doubtful	1,394	1,369	436	1,397	1,384	416
- Doubtful of loss	1,053	959	255	1,155	1,062	273
Allowance established in excess	-	-	2,090	-	-	1,276
Total	217,659	194,314	8,101	221,978	197,636	7,491

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

⁽²⁾ As at 31 March 2017, the provisions set aside by TISCO Bank exceeded the BOT's notification No. Sor Nor Sor 5/2559 minimum requirement by a total of Baht 3,946 million (As at 31 December 2016: total of Baht 3,158 million). TISCO Bank allocated Baht 1,856 million of the excess provision to specific provision for individual debtors (As at 31 December 2016: total of Baht 1,882 million) and so combined with the minimum provision requirement of Baht 4,155 million (As at 31 December 2016: total of Baht 4,333 million), the total provision set aside in accordance with BOT requirements is Baht 6,011 million (As at 31 December 2016: total of Baht 6,215 million).

Percentage of allowance for doubtful accounts set up (%)

	Loan against auto					
	Hire purchase receivables ⁽¹⁾		license receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at		As at		As at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Pass	0.80	0.80	1.58	1.57	1	1
Special mention	5.87	5.92	16.80	16.80	2	2
Sub-standard	27.61	28.21	35.11	34.57	100	100
Doubtful	26.54	24.19	35.11	34.57	100	100
Doubtful of loss	23.18	22.75	35.11	34.57	100	100

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

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

3.5.4 Hire purchase and finance lease receivables

As at 31 March 2017, receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 148,977 million (31 December 2016: Baht 152,906 million) and mostly comprise hire purchase agreements for cars, and finance lease agreements for machines and equipment for business operations. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2017					
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	56,811	99,420	4,913	7,688	168,832
Less: Deferred revenue ⁽¹⁾	(7,386)	(8,826)	(185)	(3,258)	(19,655)
Advances received from finance lease receivables	(91)	(106)	-	(3)	(200)
Present value of minimum lease pay from agreements	49,334	90,488	4,728	4,427	148,977
Allowance for doubtful accounts ⁽²⁾					(3,231)
Net hire purchase and finance lease receivables					145,746

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

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

(Unit: Million Baht)

Consolidated financial statements as at 31 December 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	58,191	101,931	4,783	8,117	173,022
Less: Deferred revenue ⁽¹⁾	(7,534)	(8,981)	(163)	(3,225)	(19,903)
Advances received from finance lease receivables	(89)	(121)	-	(3)	(213)
Present value of minimum lease pay from agreements	50,568	92,829	4,620	4,889	152,906
Allowance for doubtful accounts ⁽²⁾					(3,427)
Net hire purchase and finance lease receivables					149,479

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

⁽²⁾ These amounts of allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful

accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

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

TISCO Bank	(Unit: Million Baht)			
	Amounts calculated under BOT's guidelines ⁽²⁾		Amounts calculated under TISCO Bank's policy	
	as at		as at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	6,273	6,573	7,078	7,395

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

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

Other subsidiaries	(Unit: Million Baht)	
	As at	
	31 March 2017	31 December 2016
Hire purchase receivables, finance lease receivables and other loans and receivables for which the recognition of interest income has been ceased	605	650

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

	(Unit: Million Baht)	
	Consolidated financial statements	
	as at	
	31 March 2017	31 December 2016
Deferred revenue ⁽¹⁾	19,903	20,180

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

3.5.7 Troubled debt restructuring of a subsidiary company operating banking business

	For the three-month periods	
	ended 31 March	
	2017	2016
Debtors restructured during the period		
Number of debtors restructured by modification of terms (number)	1,070	2,093
Loan balances before restructuring (Million Baht)	332	572
Loan balances after restructuring (Million Baht)	334	578
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (year)		
Hire purchase receivables	5	5
Mortgage loan receivables	4	2
Loan against auto license receivables	4	4

Supplemental information for the three-month periods ended 31 March 2017 and 2016 relating to the restructured debts is as follows:

	(Unit: Million Baht)	
	For the three-month periods	
	ended 31 March	
	2017	2016
Interest income on restructured receivables	96	81
Receipt of principal and interest	360	223

As at 31 March 2017 and 31 December 2016, a subsidiary company operating banking business has the outstanding balances with troubled debt restructuring debtors as follows:

	(Unit: Million Baht)			
	As at			
	31 March 2017		31 December 2016	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	17,139	5,209	16,638	5,286

3.6 Allowance for doubtful accounts

3.6.1 Allowance for doubtful accounts - classified by receivables classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 March 2017							
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	2,775,661	2,123,183	935,111	494,702	369,707	1,275,526	7,973,890
Increase (decrease) in allowance for doubtful accounts during the period	(602,016)	510,189	(83,227)	303,529	367,165	814,067	1,309,707
Bad debt written-off	(222)	(5,691)	(48,861)	(291,623)	(386,419)	-	(732,816)
Balance - end of period	2,173,423	2,627,681	803,023	506,608	350,453	2,089,593	8,550,781

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2016							
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	1,986,095	1,269,078	1,073,807	712,133	815,222	311,935	6,168,270
Increase in allowance for doubtful accounts during the year	790,553	871,395	18,330	1,830,336	1,616,790	963,591	6,090,995
Bad debt written-off	(987)	(17,290)	(157,026)	(2,047,767)	(2,062,305)	-	(4,285,375)
Balance - end of year	2,775,661	2,123,183	935,111	494,702	369,707	1,275,526	7,973,890

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

(Unit: Thousand Baht)

Consolidated financial statements as at 31 March 2017				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	2,630,677	4,067,687	1,275,526	7,973,890
Increase in allowance for doubtful accounts during the period	24,838	470,802	814,067	1,309,707
Bad debt written-off	(66,531)	(666,285)	-	(732,816)
Balance - end of period	2,588,984	3,872,204	2,089,593	8,550,781

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2016				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	2,300,466	3,555,869	311,935	6,168,270
Increase in allowance for doubtful accounts during the year	601,511	4,525,893	963,591	6,090,995
Bad debt written-off	(271,300)	(4,014,075)	-	(4,285,375)
Balance - end of year	2,630,677	4,067,687	1,275,526	7,973,890

3.6.3 Allowance for loss on debt restructuring of a subsidiary company operating banking business

(Unit: Thousand Baht)

	Consolidate financial statement as at	
	31 March 2017	31 December 2016
Balance - beginning of period/year	9,748	-
Increase during the period/year	-	9,748
Amortisation during period/year	(200)	-
Balance - end of period/year	<u>9,548</u>	<u>9,748</u>

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

(Unit: Million Baht)

	As at	
	31 March 2017	31 December 2016
Non-performing loans to customers	4,684	5,121
Allowance for doubtful accounts ⁽¹⁾	1,400	1,516

⁽¹⁾ These amounts of allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific for individual debtors.

3.7 Classification of assets

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

(Unit: Million Baht)

	Cost as at		Fair value as at		Allowance for possible loss provided in the accounts as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016
Debt securities - debentures ⁽¹⁾	1	1	-	-	1	1
Equity securities - ordinary shares ⁽²⁾	-	6	-	-	-	6

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

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

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

As at 31 March 2017 and 31 December 2016, the quality of assets of a subsidiary company operating banking business classified in accordance with the Bank of Thailand's guidelines is as follows:

	(Unit: Million Baht)									
	Loans to customers ⁽¹⁾		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
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Pass	230,682	235,147	-	-	-	-	-	-	230,682	235,147
Special mention	15,818	16,277	-	-	-	-	-	-	15,818	16,277
Sub-standard	2,237	2,569	-	-	-	-	-	-	2,237	2,569
Doubtful	1,394	1,397	-	-	-	-	-	-	1,394	1,397
Doubtful of loss	1,053	1,155	48	54	14	14	12	12	1,127	1,235
Total	251,184	256,545	48	54	14	14	12	12	251,258	256,625

⁽¹⁾ 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).

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

3.7.3.1 Hire purchase receivables

	(Unit: Million Baht)							
	Debt balance		Net amount used for setting up allowance for doubtful accounts ⁽¹⁾		Percentage of allowance for doubtful account setup ⁽²⁾		Allowance for doubtful accounts ⁽³⁾	
	as at		as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016	2017	2016
					(%)	(%)		
Pass	129,336	131,798	129,336	131,798	0.80	0.80	1,041	1,052
Special mention	12,449	13,434	12,449	13,434	5.87	5.92	731	795
Sub-standard	1,852	2,134	1,852	2,134	27.61	28.21	511	602
Doubtful	1,157	1,168	1,157	1,168	26.54	24.19	307	283
Doubtful of loss	903	1,017	903	1,017	23.18	22.75	209	231
Total	145,697	149,551	145,697	149,551			2,799	2,963

⁽¹⁾ The subsidiary company operating banking business does not deduct the collateral value from the outstanding loan balance for calculation of allowance for doubtful accounts for hire purchase receivables.

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

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

3.7.3.2 Loan against auto license receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting the allowance for doubtful accounts		Percentage of allowance for doubtful account setup ⁽¹⁾		Allowance for doubtful accounts ⁽²⁾	
	as at		as at		as at		as at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
					(%)	(%)		
Pass	17,119	16,665	17,119	16,665	1.58	1.57	270	261
Special mention	1,470	1,527	1,470	1,527	16.80	16.80	247	257
Sub-standard	261	269	261	269	35.11	34.57	91	93
Doubtful	127	125	127	125	35.11	34.57	44	43
Doubtful of loss	19	9	19	9	35.11	34.57	7	3
Total	18,996	18,595	18,996	18,595			659	657

⁽¹⁾ 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.

⁽²⁾ These amounts of allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

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

(Unit: Million Baht)

	Debt balance		Allowance for doubtful accounts		Debt balance - net	
	as at		as at		as at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Pass	2,343	2,365	114	117	2,229	2,248
Special mention	459	486	76	82	383	404
Sub-standard	178	206	95	109	83	97
Doubtful	132	149	70	78	62	71
Doubtful of loss	227	234	95	97	132	137
Total	3,339	3,440	450	483	2,889	2,957

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts ⁽²⁾	
	as at		as at		as at		as at	
	31 March 2017	31 December 2016	31 March 2017 (Million Baht)	31 December 2016 (Million Baht)	31 March 2017 (Million Baht)	31 December 2016 (Million Baht)	31 March 2017 (Million Baht)	31 December 2016 (Million Baht)
1. Listed companies vulnerable to delisting from the SET ⁽¹⁾	1	1	805	821	656	656	805 ⁽³⁾	821 ⁽³⁾
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	3	4	383	577	61	249	5	7
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	4	5	1,188	1,398	717	905	810	828

⁽¹⁾ The Company is currently under rehabilitation.

⁽²⁾ The amount already includes the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

⁽³⁾ The amount already includes the allowance for loss on debt restructuring.

3.8 Other assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Receivable from clearing house	585,100	145,009	-	-
Value added tax - net	339,330	378,538	1,166	4,335
Accrued interest receivables	26,585	14,474	-	-
Fee and service receivables	269,299	268,114	119,257	106,448
Refundable income tax and prepaid income tax	35,318	33,050	-	-
Deposits	59,149	58,350	2,118	2,119
Other receivables	475,950	552,740	567	-
Other assets	376,169	356,587	27,166	29,067
Total other assets	2,166,900	1,806,862	150,274	141,969

3.9 Deposits

3.9.1 Classified by type of deposits

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	31 March 2017	31 December 2016
Deposits		
Current accounts	3,018,773	3,690,699
Saving accounts	51,625,302	51,928,032
Fixed accounts		
- not over 6 months	8,294,174	7,606,080
- over 6 months but not over 1 year	10,239,991	6,994,920
- over 1 year	194,210	238,889
Certificates of deposit/negotiable certificates of deposit	82,626,595	84,608,904
Total	155,999,045	155,067,524

3.9.2 Classified by remaining period of contract

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	31 March 2017	31 December 2016
Not over 1 year ⁽¹⁾	155,811,369	154,747,368
Over 1 year	187,676	320,156
Total deposits	155,999,045	155,067,524

⁽¹⁾ Including fully-mature deposit contracts

3.9.3 As at 31 March 2017 and 31 December 2016, all outstanding deposits are deposits from domestic depositors and in Baht.

3.10 Debt issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	7,323,000	7,323,000	-	-
Unsubordinated unsecured debentures	50,077,000	57,039,000	-	-
Bills of exchange	4,956,122	5,966,122	3,100,000	5,930,000
Promissory notes	797	797	-	-
Total	62,356,919	70,328,919	3,100,000	5,930,000

3.10.1 Subordinated unsecured debentures

As at 31 March 2017 and 31 December 2016, a subsidiary company operating banking business has long-term subordinated unsecured debentures as follows:

Issue year	Units as at		Face value per unit (Baht)	Balance in consolidated financial statements as at		Maturity in the year	Interest rate
	31 March 2017	31 December 2016		31 March 2017	31 December 2016		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2012	-	1.00	1,000	-	1,000	2022	4.85 percent per annum ⁽¹⁾
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	0.68	1,000	680	680	2026	3.875 percent per annum
2017	1.00	-	1,000	1,000	-	2027	4.00 percent per annum
Total				7,323	7,323		

⁽¹⁾ Subordinated unsecured debentures were early redeemed on 9 March 2017.

3.10.2 Unsubordinated unsecured debentures

As at 31 March 2017 and 31 December 2016, a subsidiary company operating banking business had short-term and long-term unsubordinated unsecured debentures as follows:

Issue year	Type of debentures	Units as at		Face value per unit (Baht)	Balance in consolidated financial statements as at		Maturity in the year	Interest rate
		31 March 2017	31 December 2016		31 March 2017	31 December 2016		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2015	Long-term debenture	9.68	15.68	1,000	9,680	15,680	2017	1.875 - 2.00 percent per annum
2016	Short-term debenture	3.059	16.859	1,000	3,059	16,859	2017	1.50 - 1.71 percent per annum
2016	Long-term debenture	5.50	5.50	1,000	5,500	5,500	2018	1.95 - 2.00 percent per annum
2016	Long-term debenture	10.00	10.00	1,000	10,000	10,000	2019	1.85 - 1.95 percent per annum
2016	Short-term debenture	9.00	9.00	1,000	9,000	9,000	2017	1.75 - 1.80 percent per annum
2017	Short-term debenture	10.338	-	1,000	10,338	-	2017	1.52 - 1.70 percent per annum
2017	Short-term debenture	2.50	-	1,000	2,500	-	2018	1.80 percent per annum
Total					50,077	57,039		

3.10.3 Bills of exchange

Bills of exchange comprise the fixed interest rate bearing are between 1.64 and 2.50 percent per annum which will gradually mature in 2017 - 2018.

3.11 Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Payable to clearing house	181,997	-	-	-
Withholding income tax and other tax payable	262,234	477,710	19,774	63,324
Accrued insurance premium	628,610	714,434	-	-
Deferred income	1,036,585	1,066,171	-	-
Accrued expenses	3,012,948	2,737,615	1,262,366	1,126,897
Suspense creditors	271,513	390,459	-	-
Other liabilities	328,581	344,693	83	83
Total other liabilities	5,722,468	5,731,082	1,282,223	1,190,304

The above accrued expenses included accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses included costs of annual bonus that are determined with reference to the Company's share price, paid to employees whose performance impacts the Company's operating results, as an incentive to work effectively and to build loyalty to the Company. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily price of the Company's shares over the period of five years from grant date to settlement date. As of 31 March 2017 and 31 December 2016, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 840 million and Baht 758 million, respectively (the Company only: Baht 488 million and Baht 390 million, respectively).

3.12 Capital funds

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

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

Regarding Capital fund as at 31 March 2017 and 31 December 2016, TISCO Bank has allocated the additional reserve from classification as part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under the BOT's regulation.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at	
	31 March 2017	31 December 2016
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	8,006,456	8,006,447
Premium on share capital	1,018,408	1,018,408
Statutory reserve	709,500	709,500
Net profits after appropriation	15,729,622	15,729,622
Other components of equity	1,519,503	1,439,760
Less: Deductions from Common Equity Tier I items	(1,180,569)	(955,206)
Total Common Equity Tier I capital	25,802,920	25,945,531
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	99	108
Total Tier I capital	25,803,019	25,948,639
<u>Tier II capital</u>		
Long-term subordinated debentures	7,323,000	7,323,000
Reserve for loans classified as pass	421,844	512,063
Surplus of provision	843,558	804,086
Total Tier II capital	8,588,402	8,639,149
Total capital funds	34,391,421	34,587,788

(Unit: Percent)

Capital fund ratios	As at			
	31 March 2017		31 December 2016	
	Financial Business Group	Requirement	Financial Business Group	Requirement
Common Equity Tier I capital to risk assets	13.92	5.75	13.77	5.125
Tier I capital to risk assets	13.92	7.25	13.77	6.625
Total capital to risk assets	18.55	9.75	18.36	9.125

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

	(Unit: Thousand Baht)	
	As at	
	31 March 2017	31 December 2016
<u>Common Equity Tier I capital</u>		
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	13,501,650	13,501,650
Other components of equity	221,900	218,920
Less : Deductions from Common Equity Tier I items	(685,519)	(481,432)
Total Common Equity Tier I capital	25,780,731	25,981,838
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	25,780,732	25,981,839
<u>Tier II Capital</u>		
Long-term subordinated debentures	7,323,000	7,323,000
Reserve for loans classified as pass	327,551	447,354
Surplus of provision	829,130	789,422
Total Tier II capital	8,479,681	8,559,776
Total capital funds	34,260,413	34,541,615

(Unit: Percent)

	As at			
	31 March 2017		31 December 2016	
Capital fund ratios	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	14.87	5.75	14.73	5.125
Tier I capital to risk assets	14.87	7.25	14.73	6.625
Total capital to risk assets	19.76	9.75	19.59	9.125

3.12.3 To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 5/2556 regarding "Public Disclosure of Capital Maintenance for Financial Business Group" the Company has disclosed capital maintenance information of financial business group as at 31 December 2016 on its website on 28 April 2017.

3.13 Interest income

Interest income in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Interbank and money market items	119,233	140,515
Investments in debt securities	51,482	45,544
Loans to customers	1,444,480	1,352,694
Hire purchase and finance lease	2,309,920	2,527,846
Total interest income	3,925,115	4,066,599

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Interbank and money market items	1,417	1,761
Loans to customers	8,876	13,078
Total interest income	10,293	14,839

3.14 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Deposits	558,695	676,963
Interbank and money market items	10,027	40,624
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	243,229	264,541
Issued debt instruments		
- Subordinated debentures	90,509	84,064
- Unsubordinated debentures	237,462	280,893
Borrowings	21,232	27,318
Total interest expenses	<u>1,161,154</u>	<u>1,374,403</u>

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Borrowings	17,357	27,155
Total interest expenses	<u>17,357</u>	<u>27,155</u>

3.15 Net fee and service income

Net fee and service income in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Fee and service income		
- Acceptance, aval and guarantees	1,937	2,573
- Insurance service	636,820	647,254
- Brokerage fees	213,109	192,939
- Fund management	244,878	216,349
- Financial advisory	6,000	9,988
- Underwriting fee	113,520	21,345
- Others	295,797	248,373
Total fee and service income	1,512,061	1,338,821
Fee and service expenses		
- Information service expenses	(6,349)	(6,553)
- Others	(54,324)	(51,302)
Total fee and service expenses	(60,673)	(57,855)
Net fee and service income	1,451,388	1,280,966

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Fee and service income	-	-
Fee and service expenses	(3,179)	(3,721)
Net fee and service income	(3,179)	(3,721)

3.16 Net losses on trading and foreign exchange transactions

Net losses on trading and foreign exchange transactions in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	(36,743)	(22,455)
- Derivatives on interest rates	(2,458)	(12,780)
- Debt securities	2,835	1,573
Net losses on trading and foreign exchange transactions	<u>(36,366)</u>	<u>(33,662)</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Losses on trading and foreign exchange transactions		
- Foreign currencies	(36,735)	(22,459)
Net losses on trading and foreign exchange transactions	<u>(36,735)</u>	<u>(22,459)</u>

3.17 Net gains on investments

Net gains on investments in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Gains on disposal		
- Available-for-sale investments	22,462	7,035
- General investments	2,625	2,515
Net gains on investments	<u>25,087</u>	<u>9,550</u>

3.18 Bad debt, doubtful accounts and impairment losses

Bad debt, doubtful accounts and impairment losses in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Reversal of held-to-maturity debt securities	214	(116)
Loans to customers	752,300	981,600
Total	752,514	981,484

3.19 Other operating income

Other operating income in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Gains on disposal of property foreclosed	21,356	18,936
Others	19,208	10,818
Total	40,564	29,754

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Rental income	15,966	16,102
Others	7,964	882
Total	23,930	16,984

3.20 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Mailing expenses	18,829	18,643
Software amortisation expenses	35,615	11,537
Legal expenses	79,197	84,620
Transportation expenses	24,654	21,043
Advertising and business promotion expenses	21,071	18,608
Expenses related to the repossession and the disposal of repossessed assets	27,531	27,039
Others	36,366	37,620
Total	243,263	219,110

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2017	2016
Mailing expenses	80	118
Software amortisation expenses	15,109	7,292
Transportation expenses	2,071	1,796
Advertising and business promotion expenses	515	203
Others	4,515	4,837
Total	22,290	14,246

3.21 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the three-month periods ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2017	2016	2017	2016
Current income tax:				
Income tax expenses for the periods	486,293	391,113	5,073	13,128
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	(135,450)	(82,230)	2,379	2,173
Income tax expenses reported in statements of comprehensive income	350,843	308,883	7,452	15,301

3.22 Components of other comprehensive income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2017	2016	2017	2016
Other comprehensive income				
Available-for-sale investments:				
Gains (losses) during the periods	122,537	36,191	70,077	(3,349)
Less: Reclassification adjustments for gains included in profit or loss	(22,462)	(7,035)	-	-
	100,075	29,156	70,077	(3,349)
Actuarial losses	-	(650)	-	-
Share of other comprehensive income of joint ventures:				
Cash flow hedges of joint ventures	(570)	20,796	-	-
Other comprehensive income	99,505	49,302	70,077	(3,349)
Income tax effects relating to components of other comprehensive income	(21,045)	(5,742)	(14,015)	670
Net other comprehensive income for the periods	78,460	43,560	56,062	(2,679)

3.23 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the three-month periods ended 31 March					
	2017			2016		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Gains on valuation in available-for-sale investments	100,075	(21,045)	79,030	29,156	(5,831)	23,325
Actuarial losses	-	-	-	(650)	89	(561)
	<u>100,075</u>	<u>(21,045)</u>	<u>79,030</u>	<u>28,506</u>	<u>(5,742)</u>	<u>22,764</u>

(Unit: Thousand Baht)

	Separate financial statements					
	For the three-month periods ended 31 March					
	2017			2016		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Gains (losses) on valuation in available-for-sale investments	70,077	(14,015)	56,062	(3,349)	670	(2,679)
	<u>70,077</u>	<u>(14,015)</u>	<u>56,062</u>	<u>(3,349)</u>	<u>670</u>	<u>(2,679)</u>

3.24 Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2017	2016	2017	2016
Profit attributable to equity holders of the Company (Thousand Baht)	1,490,764	1,255,033	74,796	60,377
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655
Basic earnings per share (Baht/share)	1.86	1.57	0.09	0.08

3.25 Related party transactions

As at 31 March 2017 and 31 December 2016, the balances of the accounts between the Company and its related companies are as follows:

	(Unit: Thousand Baht)	
	As at	
	31 March 2017	31 December 2016
<u>Outstanding balance</u>		
(Eliminated from the consolidated financial statements)		
Subsidiary companies		
Interbank and money market items (Assets):		
TISCO Bank Public Company Limited	834,587	533,562
Dividend receivables:		
TISCO Bank Public Company Limited	-	2,027,194
TISCO Asset Management Co., Ltd.	-	459,997
TISCO Securities Co., Ltd.	-	110,000
Hi-Way Co., Ltd.		100,000
TISCO Information Technology Co., Ltd.	-	24,999
TISCO Leasing Co., Ltd.	-	19,999
TISCO Learning Center Co., Ltd.	-	19,999
Other assets:		
TISCO Bank Public Company Limited	118,388	106,460
TISCO Learning Center Co., Ltd.	1,357	238
TISCO Securities Co., Ltd.	39	-
Deutsche TISCO Investment Advisory Co., Ltd.	15	-
Other liabilities:		
TISCO Learning Center Co., Ltd.	4	1,539

Loans to related companies

As at 31 March 2017 and 1 January 2017, the balances of loans between the Company and its related companies and their movements are as follows:

	(Unit: Thousand Baht)			
	As at 1 January 2017	Increase	Decrease	As at 31 March 2017
Subsidiary companies				
Loans to customers:				
Hi-Way Co., Ltd.	1,470,000	-	(60,000)	1,410,000
TISCO Leasing Co., Ltd.	333,100	-	(99,600)	233,500

(Unaudited but reviewed)

(Unit: Thousand Baht)

	<u>Separate financial statements</u>		<u>Terms and pricing policy</u>
	For the three-month		
	periods ended 31 March		
	<u>2017</u>	<u>2016</u>	
Transactions occurred during the periods			
(Eliminated from the consolidated financial statements)			
Subsidiary companies			
Risk and financial management fee income, human resources management fee income and office administration fee income	488,491	506,094	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest income	10,293	14,839	With reference to the terms and prices as offered to other customers
Rental income	15,699	15,858	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	43,750	40,750	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	1,217	591	With reference to the prices as offered from other service providers
Other expenses	570	579	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	<u>Consolidated financial statements as at</u>	
	<u>31 March 2017</u>	<u>31 December 2016</u>
Loans ⁽¹⁾	17,240	18,744

⁽¹⁾ Including employee welfare loans and normal loans

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	<u>Consolidated financial statements as at</u>	
	<u>31 March 2017</u>	<u>31 December 2016</u>
Deposits	154,058	178,804

Directors and management's benefits

During the three-month periods ended 31 March 2017 and 2016, the Company and its subsidiaries had short-term benefit paid to their directors and management during the periods and other employee benefit expenses payable to their directors and management as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2017	2016	2017	2016
Short-term benefits	57	59	40	38
Post-employment benefits	15	10	8	6
Total	72	69	48	44

3.26 Segment information

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

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2017 and 2016, respectively.

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated financial statements
For the three-month period ended 31 March 2017							
Revenue							
External customers	3,825	353	309	(18)	4,469	-	4,469
Inter-segment	41	71	-	602	714	(714)	-
Total revenue	3,866	424	309	584	5,183	(714)	4,469
Operating results:							
Net interest income	2,764	4	2	(6)	2,764	-	2,764
Net fee and service income	873	399	306	114	1,692	(241)	1,451
Other operating income	229	21	1	476	727	(473)	254
Total operating income	3,866	424	309	584	5,183	(714)	4,469
Premises, equipment and amortisation expenses	(240)	(24)	(7)	(136)	(407)	123	(284)
Other operating expenses	(1,470)	(251)	(119)	(363)	(2,203)	621	(1,582)
Bad debt, doubtful accounts and impairment losses	(753)	-	-	-	(753)	-	(753)
Total operating expenses	(2,463)	(275)	(126)	(499)	(3,363)	744	(2,619)
Segment profit	1,403	149	183	85	1,820	30	1,850
Income tax expenses							(351)
Non-controlling interests of the subsidiaries							(8)
Profit for the period - equity holders of the Company							1,491

(Unaudited but reviewed)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated financial statements
For the three-month period ended 31 March 2016							
Revenue							
External customers	3,762	224	254	(34)	4,206	-	4,206
Inter-segment	24	56	-	630	710	(710)	-
Total revenue	3,786	280	254	596	4,916	(710)	4,206
Operating results:							
Net interest income	2,699	3	2	(12)	2,692	-	2,692
Net fee and service income	857	272	251	108	1,488	(207)	1,281
Other operating income	230	5	1	500	736	(503)	233
Total operating income	3,786	280	254	596	4,916	(710)	4,206
Premises, equipment and amortisation expenses	(214)	(19)	(6)	(113)	(352)	115	(237)
Other operating expenses	(1,298)	(216)	(120)	(399)	(2,033)	611	(1,422)
Bad debt, doubtful accounts and impairment losses	(981)	-	-	-	(981)	-	(981)
Total operating expenses	(2,493)	(235)	(126)	(512)	(3,366)	726	(2,640)
Segment profit	1,293	45	128	84	1,550	16	1,566
Income tax expenses							(309)
Non-controlling interests of the subsidiaries							(2)
Profit for the period - equity holders of the Company							1,255

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment. During the three-month periods ended 31 March 2017 and 2016, the Company and its subsidiaries did not have income from any clients amounting to or over 10 percent of their income.

3.27 Commitments and contingent liabilities

3.27.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	31 March 2017	31 December 2016
Avals	-	268,042
Other guarantees	803,413	728,146
Undrawn client overdraft facilities	30,000	30,000
Interest rate swap agreements	1,200,000	1,200,000
Others	5,175,562	6,559,395
Total	<u>7,208,975</u>	<u>8,785,583</u>

3.27.2 Litigation

As at 31 March 2017 and 31 December 2016, the subsidiaries have been sued for compensation totaling approximately Baht 283 million and Baht 312 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believe that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

3.27.3 Other commitments

- a) The subsidiary companies have commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- b) The subsidiary companies have entered into several lease agreements in respect of the lease of office buildings and branch offices. The terms of the agreements are generally 3 - 10 years.

As at 31 March 2017 and 31 December 2016, the subsidiary companies have future minimum lease payments required under these non-cancellable operating lease contracts as follows:

	(Unit: Million Baht)	
	Consolidated financial statements as at	
	31 March 2017	31 December 2016
Payable within:		
Not over 1 year	146	164
Over 1 to 5 years	148	150
Over 5 years	43	46

3.28 Fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

(Unaudited but reviewed)

As of 31 March 2017 and 31 December 2016, the Company and its subsidiaries have the following financial assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements as at 31 March 2017				
	Book	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Available-for-sale investments					
Equity securities	417	417	-	-	417
Debt securities	7,067	-	7,067	-	7,067
Unit trusts	844	815	29	-	844
Financial liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	30	-	30	-	30

(Unit: Million Baht)

	Consolidated financial statements as at 31 December 2016				
	Book	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Available-for-sale investments					
Equity securities	405	405	-	-	405
Debt securities	5,538	-	5,538	-	5,538
Unit trusts	811	782	29	-	811
Financial liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	34	-	34	-	34

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements as at 31 March 2017

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Available-for-sale investments					
Unit trusts	815	815	-	-	815

(Unit: Million Baht)

Separate financial statements as at 31 December 2016

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Available-for-sale investments					
Unit trusts	782	782	-	-	782

Valuation techniques and inputs to Level 2 and Level 3 valuations

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

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

4. Significant event during the period

On 29 March 2017, the Bank of Thailand (“BOT”) has approved the transfer of retail banking business, considered to be part of important business, of Standard Chartered Bank (Thai) Public Company Limited including personal loan business, business client loan business, mortgage loan business, wealth management, retail deposits business and also branches to TISCO Bank Public Company Limited. The BOT also approved the transfer of credit card business, considered to be part of important business, from the Standard Chartered Bank (Thai) Public Company Limited to All-Ways Company Limited, the subsidiary of TISCO Group. The transaction shall be effective starting from 1 April 2017. TISCO Bank Public Company Limited, All-Ways Company Limited and Standard Chartered Bank (Thai) Public Company Limited will jointly determine the business transfer date, however, the transfer is expected to be completed within year 2017.

5. Event after the reporting period

On 20 April 2017, the 2017 Annual General Meeting of the shareholders of the Company, passed a resolution approving a dividend payment of Baht 3.50 per share from the operating results of the year 2016 to ordinary and preference shareholders listed in the share register as at 2 May 2017. The dividend is to be paid on 12 May 2017 and will be recorded in the accounts in the second quarter of year 2017.

6. Approval of interim financial statements

These interim financial statements were approved by the Company’s Audit Committee on 8 May 2017.