

TISCO Financial Group Public Company Limited  
and its subsidiary companies  
Report and consolidated interim financial statements  
31 March 2018



**TISCO Financial Group Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 March 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Assets</b>					
Cash		1,370,289	1,324,808	70	70
Interbank and money market items - net		43,046,500	44,647,149	426,182	237,201
Investments - net	3.3	8,516,945	7,547,143	847,657	869,582
Investments in subsidiaries and joint venture - net	3.4	721,448	573,925	20,069,104	20,069,104
Loans to customers and accrued interest receivables	3.5				
Loans to customers		260,555,640	271,125,255	3,288,000	3,540,000
Accrued interest receivables		644,621	715,653	-	-
Total loans to customers and accrued interest receivables		261,200,261	271,840,908	3,288,000	3,540,000
Less: Deferred revenue		(19,791,310)	(19,741,455)	-	-
Less: Allowance for doubtful accounts	3.6	(11,416,467)	(11,447,166)	-	-
Less: Allowance for loss on debt restructuring	3.6	(8,747)	(8,948)	-	-
Loans to customers and accrued interest receivables - net		229,983,737	240,643,339	3,288,000	3,540,000
Properties foreclosed - net		42,457	5,274	-	-
Investment properties - net		32,396	32,396	834,503	834,503
Premises and equipment - net		2,614,476	2,653,195	846,192	864,555
Intangible assets - net		502,046	537,696	169,323	182,482
Deferred tax assets		850,575	743,145	146,093	150,550
Securities and derivatives business receivables - net		1,604,470	2,342,040	-	-
Dividend receivable from subsidiaries		-	-	-	4,132,342
Assets classified as held for sale	4	5,583,580	-	-	-
Other assets	3.8	3,454,135	2,338,299	147,539	165,801
<b>Total assets</b>		<b>298,323,054</b>	<b>303,388,409</b>	<b>26,774,663</b>	<b>31,046,190</b>

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 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits	3.9	176,145,894	180,803,844	-	-
Interbank and money market items		3,806,174	4,017,507	-	-
Liabilities payable on demand		702,984	431,361	-	-
Derivatives liabilities	3.2	24,050	29,815	-	-
Debts issued and borrowings	3.10	67,615,919	71,078,619	3,030,000	7,440,000
Provision for long-term employee benefits		750,361	734,853	157,313	154,228
Deferred tax liabilities		9,134	15,633	-	-
Securities and derivatives business payables - net		2,755,954	2,216,256	-	-
Accrued interest payable		872,795	729,377	4,894	34,268
Income tax payable		1,278,288	849,052	14,881	24,690
Liabilities directly associated with asset classified					
as held for sale	4	285,595	-	-	-
Other liabilities	3.11	7,609,141	7,750,327	1,516,694	1,433,367
<b>Total liabilities</b>		<b>261,856,289</b>	<b>268,656,644</b>	<b>4,723,782</b>	<b>9,086,553</b>

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 2018

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Equity</b>				
Share capital				
Registered				
33,858 preference shares of Baht 10 each	339	339	339	339
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	99	99	99	99
800,645,624 ordinary shares of Baht 10 each	8,006,456	8,006,456	8,006,456	8,006,456
	8,006,555	8,006,555	8,006,555	8,006,555
Share premium				
Share premium on preference shares	-	-	87	87
Share premium on ordinary shares	1,018,408	1,018,408	7,031,436	7,031,436
	1,018,408	1,018,408	7,031,523	7,031,523
Other components of equity	1,628,734	1,653,202	254,614	241,442
Retained earnings				
Appropriated-statutory reserve	801,000	801,000	801,000	801,000
Unappropriated	24,893,640	23,125,364	5,957,189	5,879,117
Equity attributable to equity holders of the Company	<u>36,348,337</u>	<u>34,604,529</u>	<u>22,050,881</u>	<u>21,959,637</u>
Non-controlling interest of the subsidiaries	118,428	127,236	-	-
<b>Total equity</b>	<u>36,466,765</u>	<u>34,731,765</u>	<u>22,050,881</u>	<u>21,959,637</u>
<b>Total liabilities and equity</b>	<u>298,323,054</u>	<u>303,388,409</u>	<u>26,774,663</u>	<u>31,046,190</u>

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



Mrs. Oranuch Apisaksirikul  
(Chairperson of the Executive Board)



**TISCO**

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



Mr. Suthas Ruangmanamongkol  
(Group Chief Executive)

**TISCO Financial Group Public Company Limited and its subsidiaries****Statement of comprehensive income****For the three-month period ended 31 March 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Continuing operations</b>					
Interest income	3.13	4,490,985	3,925,115	20,764	10,293
Interest expenses	3.14	(1,243,834)	(1,161,154)	(19,764)	(17,357)
<b>Net interest income</b>		<b>3,247,151</b>	<b>2,763,961</b>	<b>1,000</b>	<b>(7,064)</b>
Fee and service income		1,774,934	1,512,061	-	-
Fee and service expenses		(62,936)	(60,673)	(3,712)	(3,179)
<b>Net fee and service income</b>	3.15	<b>1,711,998</b>	<b>1,451,388</b>	<b>(3,712)</b>	<b>(3,179)</b>
Net losses on trading and foreign exchange transactions	3.16	(36,336)	(36,366)	(38,853)	(36,735)
Net gains on investments	3.17	254,196	25,087	23	-
Share of profit from investments accounted for under equity method		145,777	27,259	-	-
Dividend income		32,320	31,520	-	-
Penalty fee income from loans		87,121	91,687	-	-
Income from business promotion relating to the business		433,560	73,840	-	-
Intercompany supporting fee income	3.25	-	-	523,667	488,491
Other operating income	3.19	40,143	40,564	18,266	23,930
<b>Total operating income</b>		<b>5,915,930</b>	<b>4,468,940</b>	<b>500,391</b>	<b>465,443</b>
Expense from business promotion relating to the business		486,280	68,740	-	-
<b>Total net operating income</b>		<b>5,429,650</b>	<b>4,400,200</b>	<b>500,391</b>	<b>465,443</b>
<b>Operating expenses</b>					
Employee's expenses		1,459,267	1,247,742	271,188	253,432
Directors' remuneration		3,230	2,915	3,230	2,915
Premises and equipment expenses		291,547	249,056	114,562	102,617
Taxes and duties		80,579	55,192	2,101	1,941
Other operating expenses	3.20	461,066	243,263	23,580	22,290
<b>Total operating expenses</b>		<b>2,295,689</b>	<b>1,798,168</b>	<b>414,661</b>	<b>383,195</b>
Bad debt, doubtful accounts and impairment losses	3.18	914,280	752,514	-	-
<b>Profit from operations before income tax expenses</b>		<b>2,219,681</b>	<b>1,849,518</b>	<b>85,730</b>	<b>82,248</b>
Income tax expenses	3.21	403,276	350,843	8,028	7,452
<b>Profit for the period from continuing operations</b>		<b>1,816,405</b>	<b>1,498,675</b>	<b>77,702</b>	<b>74,796</b>
<b>Discontinued operations</b>					
<b>Loss for the period from discontinued operations</b>	4	<b>(37,348)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the period</b>		<b>1,779,057</b>	<b>1,498,675</b>	<b>77,702</b>	<b>74,796</b>

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 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Other comprehensive income:</b>	3.22				
<b>Continuing operations</b>					
<b><i>Other comprehensive income to be reclassified to profit or loss in subsequent period</i></b>					
Gains (losses) on change in value of available-for-sale investments		(27,761)	100,075	16,928	70,077
Share of other comprehensive income of joint venture:					
Cash flow hedges of joint venture		1,746	(570)	-	-
Income tax effects	3.23	4,008	(21,045)	(3,386)	(14,015)
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income tax		(22,007)	78,460	13,542	56,062
<b>Other comprehensive income for the period from continuing operations</b>		(22,007)	78,460	13,542	56,062
<b>Total other comprehensive income for the period</b>		(22,007)	78,460	13,542	56,062
<b>Total comprehensive income</b>					
Total comprehensive income from continuing operations		1,794,398	1,577,135	91,244	130,858
Total comprehensive income from discontinued operations		(37,348)	-	-	-
<b>Total comprehensive income for the period</b>		<u>1,757,050</u>	<u>1,577,135</u>	<u>91,244</u>	<u>130,858</u>
<b>Profits attributable to</b>					
<b>Equity holders of the Company</b>					
Profit from continuing operations		1,803,163	1,490,764	77,702	74,796
Loss from discontinued operations		(37,348)	-	-	-
Profit attributable to the Company		<u>1,765,815</u>	<u>1,490,764</u>	<u>77,702</u>	<u>74,796</u>
<b>Non-controlling interests of the subsidiaries</b>					
Profit from continuing operations		13,242	7,911		
Profit from discontinued operations		-	-		
Profit attributable to non-controlling interests of the subsidiaries		<u>13,242</u>	<u>7,911</u>		
		<u>1,779,057</u>	<u>1,498,675</u>		

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 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Total comprehensive income attributable to</b>					
<b>Equity holders of the Company</b>					
Total comprehensive income from continuing operations		1,781,156	1,569,068	91,244	130,858
Total comprehensive income from discontinued operations		(37,348)	-	-	-
Total comprehensive income attributable to the Company		<u>1,743,808</u>	<u>1,569,068</u>	<u>91,244</u>	<u>130,858</u>
<b>Non-controlling interests of the subsidiaries</b>					
Total comprehensive income from continuing operations		13,242	8,067		
Total comprehensive income from discontinued operations		-	-		
Total comprehensive income attributable to non-controlling interests of the subsidiaries		<u>13,242</u>	<u>8,067</u>		
		<u>1,757,050</u>	<u>1,577,135</u>		
<b>Earnings per share of equity holders of the Company</b>					
Basic earnings per share (Baht per share)	3.24				
Equity holder of the Company					
Profit from continuing operations		2.25	1.86	0.10	0.09
Loss from discontinued operations		(0.04)	-	-	-
		<u>2.21</u>	<u>1.86</u>	<u>0.10</u>	<u>0.09</u>

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



(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Cash flow statement****For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before income tax expenses from continuing operations	2,219,681	1,849,518	85,730	82,248
Loss before income tax expense from discontinued operations	(28,174)	-	-	-
Profits before income tax expenses	2,191,507	1,849,518	85,730	82,248
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities				
Depreciation and amortisation	95,477	83,553	37,345	32,570
Bad debts and doubtful accounts	1,467,381	1,309,507	-	-
Share of profit from investments accounted for under equity method	(145,777)	(27,259)	-	-
Allowance for impairment of investments (reversal)	(129)	214	-	-
Allowance for impairment of properties foreclosed	326	329	-	-
Gains on disposal of investments in securities	(254,172)	(25,087)	-	-
Unrealised losses on foreign exchange transactions and trading derivatives	35,769	33,071	38,853	36,735
Gains on disposal of equipment	(1,061)	(12,892)	-	(7,594)
Losses on written-off of equipment and vehicle	61	214	-	-
Gains on disposal of properties foreclosed	(23,845)	(21,356)	-	-
Employee benefit expenses	20,569	15,926	3,495	2,851
(Increase) decrease in accrued income	266,096	(1,186)	5,495	(12,809)
Increase in accrued expenses	455,150	275,333	153,899	135,469
Net interest income	(3,324,579)	(2,763,961)	(1,000)	7,064
Dividend income	(32,320)	(31,520)	-	-
Cash received on interest income	4,669,405	4,004,638	20,733	10,206
Cash paid on interest expenses	(822,700)	(886,480)	(49,139)	(27,135)
Cash received on dividend income	28,520	28,520	4,132,342	2,762,188
Cash paid on income tax expenses	(96,796)	(66,556)	(16,767)	(14,993)
Profit from operating activities before changes in operating assets and liabilities	4,528,882	3,764,526	4,410,986	3,006,800
Operating assets (increase) decrease				
Interbank and money market items	1,600,655	1,601,208	(188,981)	(301,024)
Loans to customers	1,909,957	3,119,535	252,000	159,600
Securities and derivatives business receivables	737,570	(188,073)	-	-
Receivables from clearing house	(1,389,116)	(440,092)	-	-
Properties foreclosed	474,178	557,353	-	-
Assets classified as held for sale (Note 4)	1,199,363	-	-	-
Other assets	(149,082)	(47,097)	17,256	4,591

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

(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Operating liabilities increase (decrease)				
Deposits	(4,657,950)	931,521	-	-
Interbank and money market items	(211,333)	45,443	-	-
Liabilities payable on demand	271,623	86,161	-	-
Securities and derivatives business payables	539,698	444,674	-	-
Short-term debts issued and borrowings	(5,962,700)	(1,972,000)	(4,410,000)	(2,830,000)
Payable to clearing house	115,274	181,997	-	-
Provision for long-term employee benefits	(5,061)	(4,862)	(409)	(831)
Liabilities directly associated with assets classified as held for sale (Note 4)	(11,270)	-	-	-
Other liabilities	(642,983)	(634,653)	(75,029)	(43,552)
<b>Net cash flows from (used in) operating activities</b>	<b>(1,652,295)</b>	<b>7,445,641</b>	<b>5,823</b>	<b>(4,416)</b>
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(4,169,722)	(4,176,198)	-	-
Cash received from disposal of investment in securities held for investment	3,387,607	2,687,133	-	-
Cash paid for purchase of equipment	(16,252)	(17,057)	(1,511)	(1,403)
Cash paid for purchase of intangible assets	(5,155)	(4,255)	(4,312)	(1,775)
Cash received from disposal of equipment	1,298	12,892	-	7,594
<b>Net cash flows from (used in) investing activities</b>	<b>(802,224)</b>	<b>(1,497,485)</b>	<b>(5,823)</b>	<b>4,416</b>
<b>Cash flows from financing activities</b>				
Cash paid for the redemption of long-term debentures	(5,500,000)	(7,000,000)	-	-
Cash received from issuance of long-term debentures	8,000,000	1,000,000	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>2,500,000</b>	<b>(6,000,000)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>	<b>45,481</b>	<b>(51,844)</b>	<b>-</b>	<b>-</b>
Cash at beginning of the period	1,324,808	1,149,005	70	70
<b>Cash at end of the period</b>	<b>1,370,289</b>	<b>1,097,161</b>	<b>70</b>	<b>70</b>
	-	-	-	-

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 2018

(Unit: Thousand Baht)

	Consolidated financial statements												
	Equity attributable to owners of the Company												
	Other components of equity								Retained earnings		Total equity		Equity
	Issued and paid-up		Share premium on ordinary shares	Surplus (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	Total other components of equity	Appropriated	Unappropriated	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
Preference shares	Ordinary shares												
<b>Balance as at 1 January 2017</b>	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	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	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
<b>Balance as at 1 January 2018</b>	99	8,006,456	1,018,408	96,908	879,285	(2,257)	679,266	1,653,202	801,000	23,125,364	34,604,529	127,236	34,731,765
Profit for the period	-	-	-	-	-	-	-	-	-	1,765,815	1,765,815	13,242	1,779,057
Other comprehensive income for the period	-	-	-	(23,753)	-	1,746	-	(22,007)	-	-	(22,007)	-	(22,007)
Total comprehensive income for the period	-	-	-	(23,753)	-	1,746	-	(22,007)	-	1,765,815	1,743,808	13,242	1,757,050
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(2,461)	-	-	(2,461)	-	2,461	-	-	-
Decrease in non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(22,050)	(22,050)
<b>Balance as at 31 March 2018</b>	99	8,006,456	1,018,408	73,155	876,824	(511)	679,266	1,628,734	801,000	24,893,640	36,348,337	118,428	36,466,765

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 2018

(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	Surplus (Deficit) on change in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	Retained earnings		
								Appropriated	Unappropriated	
<b>Balance as at 1 January 2017</b>	108	8,006,447	95	7,031,428	(121,509)	226,487	104,978	801,000	4,292,126	
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	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<u>99</u>	<u>8,006,456</u>	<u>87</u>	<u>7,031,436</u>	<u>(65,447)</u>	<u>226,116</u>	<u>160,669</u>	<u>801,000</u>	<u>4,367,293</u>	<u>20,367,040</u>
<b>Balance as at 1 January 2018</b>	99	8,006,456	87	7,031,436	16,457	224,985	241,442	801,000	5,879,117	21,959,637
Profit for the period	-	-	-	-	-	-	-	-	77,702	77,702
Other comprehensive income for the period	-	-	-	-	13,542	-	13,542	-	-	13,542
Total comprehensive income for the period	-	-	-	-	13,542	-	13,542	-	77,702	91,244
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	(370)	(370)	-	370	-
<b>Balance as at 31 March 2018</b>	<u>99</u>	<u>8,006,456</u>	<u>87</u>	<u>7,031,436</u>	<u>29,999</u>	<u>224,615</u>	<u>254,614</u>	<u>801,000</u>	<u>5,957,189</u>	<u>22,050,881</u>

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 period ended 31 March 2018**

**1. Accounting 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 are prepared in accordance with Thai Accounting Standard No. 34 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 2017. 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**

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

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

### **(b) Financial reporting standard that will become effective in the future**

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

## **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and method of computation as those were used for the financial statements for the year ended 31 December 2017.

## 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 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 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 2018 and 31 December 2017 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 2018	31 December 2017
<b><u>Subsidiaries directly held by the Company</u></b>				
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 Insurance Solution Co., Ltd.	Insurance Broker	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.	Retail loan	Thailand	99.99	99.99
<b><u>Subsidiaries indirectly held by the Company</u></b>				
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 and foreign exchange contracts to manage the risk associated, as follows:

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements as at					
	31 March 2018			31 December 2017		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	66	100,698	-	-	-
Interest rate	-	23,984	1,200,000	-	29,815	1,200,000
Total	-	24,050	1,300,698	-	29,815	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 2018	31 December 2017
<b>Available-for-sale investments - fair value</b>		
Government and state enterprise securities	5,745,269	4,642,792
Private sector debt securities	691,658	692,187
Foreign sector debt securities	407,069	408,961
Domestic marketable equity securities	377,866	449,179
Other securities - domestic unit trusts	64,839	65,540
Other securities - foreign unit trusts	847,657	869,582
Less: Allowance for impairment	(1,460)	(1,460)
<b>Total available-for-sale investments</b>	<b>8,132,898</b>	<b>7,126,781</b>
<b>Held-to-maturity debt securities - cost/amortised cost</b>		
Investment in receivables	13,577	13,683
Less: Allowance for impairment	(13,577)	(13,683)
<b>Total held-to-maturity debt securities</b>	<b>-</b>	<b>-</b>
<b>General investments - cost</b>		
Domestic non-marketable equity securities	419,676	456,014
Less: Allowance for impairment	(35,629)	(35,652)
<b>Total general investments</b>	<b>384,047</b>	<b>420,362</b>
<b>Investments - net</b>	<b>8,516,945</b>	<b>7,547,143</b>



(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements as at	
	31 March 2018	31 December 2017
<b>Available-for-sale investments - fair value</b>		
Other securities - foreign unit trusts	847,657	869,582
<b>Investment - net</b>	<b>847,657</b>	<b>869,582</b>

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

(Unit: Million Baht)

	Consolidated financial statements as at							
	31 March 2018				31 December 2017			
	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	5,742	-	3	5,745	4,641	-	2	4,643
Private sector debt securities	809	290	-	1,099	812	289	-	1,101
Total	6,551	290	3	6,844	5,453	289	2	5,744
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
<b>Total</b>	<b>6,550</b>	<b>290</b>	<b>3</b>	<b>6,843</b>	<b>5,452</b>	<b>289</b>	<b>2</b>	<b>5,743</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>6,550</b>	<b>290</b>	<b>3</b>	<b>6,843</b>	<b>5,452</b>	<b>289</b>	<b>2</b>	<b>5,743</b>

### 3.3.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at		Type of restriction
	31 March 2018	31 December 2017	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	-	774	Pledge 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 2018		
	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 2017		
	Cost	Fair value	Allowance for changes in value
Companies having problems with debt repayment or in default	1,460	-	1,460

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 2018			31 December 2017		
	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
<b>Trading import and export:</b>						
Juki (Thailand) Co., Ltd.	3,240	-	10	3,240	-	10
PDTL Trading Co., Ltd.	4,275	-	10	4,275	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
<b>Real estate:</b>						
UMI Property Co., Ltd.	3,659	-	10	3,659	-	10
<b>Industrial:</b>						
Siam Art Ceramic Co., Ltd.	18,062	-	10	18,062	-	10

### 3.4 Investment in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements as at		Separate financial statements as at	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Investment in subsidiaries	-	-	19,995,859	19,995,859
Investment in joint venture	721,448	573,925	73,245	73,245
	<u>721,448</u>	<u>573,925</u>	<u>20,069,104</u>	<u>20,069,104</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 received for the three-month periods ended	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 March 2017
				(%)	(%)				
<b>Subsidiaries directly held by the Company</b>									
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 Insurance Solution Co., Ltd.	Insurance broker	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.	Retail loan	Ordinary shares	Ordinary shares	99.99	99.99	700	700	-	-
						<u>20,105</u>	<u>20,105</u>	<u>-</u>	<u>-</u>
Less: Allowance for impairment						(109)	(109)		
Investment in subsidiaries - net						<u>19,996</u>	<u>19,996</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					
		Shareholding percentage as at		Cost as at		Carrying amounts based on equity method as at	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(%)	(%)				
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	721,448	573,925

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Separate financial statements							
		Shareholding percentage as at		Cost as at		Allowance for impairment of investment as at		Carrying amounts based on cost method - net as at	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(%)	(%)						
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 comprehensive income 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 other				Dividend received	
	Share of profit/loss from investment in joint venture for the three-month periods ended		comprehensive income from investments in joint venture for the three-month periods ended		for the three-month periods ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
TISCO Tokyo Leasing Co., Ltd.	145,777	27,259	1,746	(570)	-	-

### 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 2018	31 December 2017
<b>Loans to customers</b>		
Overdrafts	522,008	551,542
Loans	99,136,240	109,917,587
Hire purchase receivables	160,838,166	160,573,930
Finance lease receivables	164,866	197,102
Less: Deferred revenue	(19,791,310)	(19,741,455)
Advances received from finance lease receivables	(105,640)	(114,906)
Total loans to customers	240,764,330	251,383,800
Add: Accrued interest receivables	644,621	715,653
Less: Allowance for doubtful accounts	(11,416,467)	(11,447,166)
Less: Allowance for loss on debt restructuring	(8,747)	(8,948)
Loans to customers and accrued interest receivables - net	229,983,737	240,643,339

(Unit: Thousand Baht)

	Separate financial statements as at	
	31 March 2018	31 December 2017
<b>Loans to customers</b>		
Loans	3,288,000	3,540,000
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	3,288,000	3,540,000

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

(Unit: Thousand Baht)

	Consolidated financial statements as at					
	31 March 2018			31 December 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	234,157,221	6,506,411	240,663,632	245,051,902	6,331,898	251,383,800
US Dollar	-	100,698	100,698	-	-	-
Total loans to customers net of deferred revenue	234,157,221	6,607,109	240,764,330	245,051,902	6,331,898	251,383,800

(Unit: Thousand Baht)

	Separate financial statements as at					
	31 March 2018			31 December 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	3,288,000	-	3,288,000	3,540,000	-	3,540,000
Total loans to customers net of deferred revenue	3,288,000	-	3,288,000	3,540,000	-	3,540,000

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

(Unit: Million Baht)

	As at					
	31 March 2018			31 December 2017		
	Net amount used for setting up allowance for doubtful accounts		Allowance for doubtful accounts <sup>(1) (2)</sup>	Net amount used for setting up allowance for doubtful accounts		Allowance for doubtful accounts <sup>(1) (2)</sup>
Loans to customers and accrued interest receivables			Loans to customers and accrued interest receivables			
Provision under BOT's guidelines						
- Pass	216,290	182,140	3,136	222,953	185,825	3,320
- Special mention	16,340	14,560	3,334	17,351	15,503	3,591
- Sub-standard	2,619	2,341	1,062	2,437	2,214	889
- Doubtful	1,411	1,185	494	1,400	1,170	423
- Doubtful of loss	1,096	741	316	1,465	852	389
Allowance established in excess	-	-	2,501	-	-	2,088
Total	237,756	200,967	10,843	245,606	205,564	10,700

<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 TISCO Bank does not deduct the collateral value from the outstanding loan balance).

<sup>(2)</sup> As at 31 March 2018, 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 6,186 million (As at 31 December 2017: total of Baht 6,140 million). TISCO Bank allocated Baht 3,685 million of the excess provision to specific provision for individual debtors (As at 31 December 2017: total of Baht 4,051 million) and so combined with the minimum provision requirement of Baht 4,657 million (As at 31 December 2017: total of Baht 4,561 million), the total provision set aside in accordance with BOT requirements is Baht 8,342 million (As at 31 December 2017: total of Baht 8,612 million).

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

	Percentage of allowance for doubtful accounts set up (%)					
	Hire purchase receivables <sup>(1)</sup>		Loan against auto license receivables <sup>(1)</sup>		Other loans <sup>(2)</sup>	
	As at		As at		As at	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Pass	0.94	0.94	1.62	1.63	1	1
Special mention	9.67	10.44	16.80	16.80	2	2
Sub-standard	26.39	30.33	36.59	35.75	100	100
Doubtful	31.92	26.43	36.59	35.75	100	100
Doubtful of loss	25.87	25.32	36.59	35.75	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 individual debtors.

<sup>(2)</sup> 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 2018, receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 141,291 million (31 December 2017: Baht 141,107 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 2018					
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	52,407	95,752	5,710	7,134	161,003
Less: Deferred revenue <sup>(1)</sup>	(7,008)	(8,708)	(218)	(3,672)	(19,606)
Advances received from finance lease receivables	(79)	(26)	-	(1)	(106)
Present value of minimum lease pay from agreements	45,320	87,018	5,492	3,461	141,291
Allowance for doubtful accounts <sup>(2)</sup>					(3,661)
Net hire purchase and finance lease receivables					137,630

<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 individual debtors.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 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	53,110	94,869	5,533	7,259	160,771
Less: Deferred revenue <sup>(1)</sup>	(7,082)	(8,677)	(212)	(3,578)	(19,549)
Advances received from finance lease receivables	(80)	(34)	-	(1)	(115)
Present value of minimum lease pay from agreements	45,948	86,158	5,321	3,680	141,107
Allowance for doubtful accounts <sup>(2)</sup>					(3,869)
Net hire purchase and finance lease receivables					137,238

<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 individual debtors.

(Unaudited but reviewed)

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

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines <sup>(2)</sup>		Amounts calculated under TISCO Bank's policy	
	as at		as at	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Loans to customers for which the recognition of interest income has been ceased <sup>(1)</sup>	5,911	6,122	6,615	6,860

<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.

(Unit: Million Baht)

Other subsidiaries	As at	
	31 March 2018	31 December 2017
Hire purchase receivables, finance lease receivables and other loans receivables for which the recognition of interest income has been ceased	564	559

### 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 2018	31 December 2017
Deferred revenue <sup>(1)</sup>	19,791	19,741

<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.



## 3.5.7 Troubled debt restructuring of a subsidiary company operating banking business

	For the three-month periods ended 31 March	
	2018	2017
Debtors restructured during the period		
Number of debtors restructured by modification of terms (number)	349	1,070
Loan balances before restructuring (Million Baht)	102	332
Loan balances after restructuring (Million Baht)	102	334
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	5
Mortgage loan receivables	4	4
Loan against auto license receivables	5	4

Supplemental information for the three-month periods ended 31 March 2018 and 2017 relating to the restructured debts is as follows:

	(Unit: Million Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Interest income on restructured receivables	80	96
Receipt of principal and interest	409	360

As at 31 March 2018 and 31 December 2017, a subsidiary company operating banking business has the outstanding balances with troubled debt restructuring debtors as follows:

	(Unit: Million Baht)			
	As at			
	31 March 2018		31 December 2017	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	16,601	4,272	17,265	4,646

### 3.6 Allowance for doubtful accounts/allowance for loss on debt restructuring

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

(Unit: Thousand Baht)

Consolidated financial statements as at 31 March 2018							
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	3,608,773	3,677,986	996,640	488,633	473,173	2,201,961	11,447,166
Increase (decrease) in allowance for doubtful accounts during the period	(172,973)	(249,304)	357,311	410,293	704,470	417,785	1,467,582
Bad debt written-off	(1,921)	(8,724)	(130,045)	(335,075)	(780,632)	-	(1,256,397)
Transfer to asset classified as held for sale	(166,414)	(9,089)	(65,898)	(481)	(2)	-	(241,884)
Balance - end of period	<u>3,267,465</u>	<u>3,410,869</u>	<u>1,158,008</u>	<u>563,370</u>	<u>397,009</u>	<u>2,619,746</u>	<u>11,416,467</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2017							
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	2,775,661	2,123,183	935,111	494,702	369,707	1,275,526	7,973,890
Increase in allowance for doubtful accounts during the year	835,353	1,578,102	276,639	1,327,506	2,012,151	926,435	6,956,186
Bad debt written-off	(2,241)	(23,299)	(215,110)	(1,333,575)	(1,908,685)	-	(3,482,910)
Balance - end of year	<u>3,608,773</u>	<u>3,677,986</u>	<u>996,640</u>	<u>488,633</u>	<u>473,173</u>	<u>2,201,961</u>	<u>11,447,166</u>

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

(Unit: Thousand Baht)

Consolidated financial statements as at 31 March 2018				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	4,528,536	4,716,669	2,201,961	11,447,166
Increase in allowance for doubtful accounts during the period	587,458	462,340	417,784	1,467,582
Bad debt written-off	(592,218)	(664,179)	-	(1,256,397)
Transfer to asset classified as held for sale	(241,884)	-	-	(241,884)
Balance - end of period	<u>4,281,892</u>	<u>4,514,830</u>	<u>2,619,745</u>	<u>11,416,467</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2017

	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	2,630,677	4,067,687	1,275,526	7,973,890
Increase in allowance for doubtful accounts during the year	2,553,187	3,476,564	926,435	6,956,186
Bad debt written-off	(655,328)	(2,827,582)	-	(3,482,910)
Balance - end of year	4,528,536	4,716,669	2,201,961	11,447,166

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

(Unit: Thousand Baht)

Consolidated financial statements as at

	31 March 2018	31 December 2017
Balance - beginning of period/year	8,948	9,748
Increase during the period/year	-	-
Amortisation during period/year	(201)	(800)
Balance - end of period/year	8,747	8,948

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

(Unit: Million Baht)

As at

	31 March 2018	31 December 2017
Non-performing loans to customers	5,126	5,300
Allowance for doubtful accounts <sup>(1)</sup>	1,874	1,701

<sup>(1)</sup> These allowance for doubtful accounts included the allowance for doubtful account 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)

Allowance for possible loss  
provided in the accounts

	Cost as at		Fair value as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2018	2017	2018	2017	2018	2017
Debt instruments - debentures <sup>(1)</sup>	1	1	-	-	1	1
Equity instruments - ordinary shares <sup>(2)</sup>	-	-	-	-	-	-

<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.

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

As at 31 March 2018 and 31 December 2017, 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 <sup>(1)</sup>		Investments in securities		Investments in receivables		Properties foreclosed		Total	
	as at		as at		as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Pass	256,757	263,479	-	-	-	-	-	-	256,757	263,479
Special mention	16,167	17,158	-	-	-	-	-	-	16,167	17,158
Sub-standard	2,619	2,435	-	-	-	-	-	-	2,619	2,435
Doubtful	1,411	1,400	-	-	-	-	-	-	1,411	1,400
Doubtful of loss	1,096	1,465	37	37	14	14	12	12	1,159	1,528
<b>Total</b>	<b>278,050</b>	<b>285,937</b>	<b>37</b>	<b>37</b>	<b>14</b>	<b>14</b>	<b>12</b>	<b>12</b>	<b>278,113</b>	<b>286,000</b>

<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).

### 3.7.3 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 <sup>(1)</sup>		Percentage of allowance for doubtful account setup <sup>(2)</sup>		Allowance for doubtful accounts <sup>(3)</sup>	
	as at		as at		as at		as at	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
					(%)	(%)		
Pass	123,099	122,116	123,099	122,116	0.94	0.94	1,154	1,142
Special mention	11,602	12,298	11,602	12,298	9.67	10.44	1,122	1,284
Sub-standard	1,457	1,638	1,457	1,638	26.39	30.33	384	497
Doubtful	890	891	890	891	31.92	26.43	284	236
Doubtful of loss	614	660	614	660	25.87	25.32	159	167
<b>Total</b>	<b>137,662</b>	<b>137,603</b>	<b>137,662</b>	<b>137,603</b>			<b>3,103</b>	<b>3,326</b>

<sup>(1)</sup> 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.

<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 individual debtors.

<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 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 <sup>(1)</sup>		Allowance for doubtful accounts <sup>(2)</sup>	
	as at		as at		as at		as at	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
					(%)	(%)		
Pass	20,991	20,027	20,991	20,027	1.62	1.63	340	327
Special mention	1,792	1,731	1,792	1,731	16.80	16.80	301	291
Sub-standard	325	288	325	288	36.59	35.75	119	103
Doubtful	133	143	133	143	36.59	35.75	49	51
Doubtful of loss	29	33	29	33	36.59	35.75	11	12
<b>Total</b>	<b>23,270</b>	<b>22,222</b>	<b>23,270</b>	<b>22,222</b>			<b>820</b>	<b>784</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 individual debtors.

<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 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 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Pass	2,647	5,407	186	338	2,461	5,069
Special mention	454	512	119	127	335	385
Sub-standard	181	195	96	108	85	87
Doubtful	130	124	69	66	61	58
Doubtful of loss	202	209	104	108	98	101
<b>Total</b>	<b>3,614</b>	<b>6,447</b>	<b>574</b>	<b>747</b>	<b>3,040</b>	<b>5,700</b>

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 <sup>(2)</sup>	
	as at		as at		as at		as at	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Listed companies vulnerable to delisting from the SET <sup>(1)</sup>	1	1	704	737	635	635	704 <sup>(3)</sup>	737 <sup>(3)</sup>
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	4	4	661	662	235	255	16	8
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5</b>	<b>5</b>	<b>1,365</b>	<b>1,399</b>	<b>870</b>	<b>890</b>	<b>720</b>	<b>745</b>

<sup>(1)</sup> The Company is currently under rehabilitation.

<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 individual debtors.

<sup>(3)</sup> These allowance for doubtful accounts included 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 2018	31 December 2017	31 March 2018	31 December 2017
Receivables from clearing house	1,389,503	387	-	-
Value added tax - net	482,734	478,262	1,196	3,810
Accrued interest receivables	18,024	27,468	-	-
Fee and service receivables	319,335	585,431	124,745	130,240
Refundable income tax and prepaid income tax	32,101	29,122	-	-
Deposits	76,275	74,638	2,119	2,118
Other receivables	702,140	732,083	-	3
Other assets	434,023	410,908	19,479	29,630
<b>Total other assets</b>	<b>3,454,135</b>	<b>2,338,299</b>	<b>147,539</b>	<b>165,801</b>

**3.9 Deposits****3.9.1 Classified by type of deposits**

	(Unit: Thousand Baht)	
	Consolidated financial statements as at	
	31 March 2018	31 December 2017
Deposits		
Current accounts	3,682,606	3,785,003
Saving accounts	61,249,076	64,544,344
Fixed accounts		
- not over 6 months	7,144,766	8,978,148
- over 6 months but not over 1 year	13,864,790	10,389,836
- over 1 year	507,272	492,353
Certificates of deposit/negotiable certificates of deposit	89,697,384	92,614,160
<b>Total</b>	<b>176,145,894</b>	<b>180,803,844</b>

**3.9.2 Classified by the remaining period of contract**

	(Unit: Thousand Baht)	
	Consolidated financial statements as at	
	31 March 2018	31 December 2017
Not over 1 year <sup>(1)</sup>	175,729,037	180,398,973
Over 1 year	416,857	404,871
<b>Total deposits</b>	<b>176,145,894</b>	<b>180,803,844</b>

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

3.9.3 As at 31 March 2018 and 31 December 2017, 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 2018	31 December 2017	31 March 2018	31 December 2017
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,680,000	6,680,000	-	-
Unsubordinated unsecured debentures	57,869,000	56,921,700	-	-
Bills of exchange	3,066,122	7,476,122	3,030,000	7,440,000
Promissory notes	797	797	-	-
Total	<u>67,615,919</u>	<u>71,078,619</u>	<u>3,030,000</u>	<u>7,440,000</u>

#### 3.10.1 Subordinated unsecured debentures

As at 31 March 2018 and 31 December 2017, a subsidiary company operating banking business has long-term subordinated unsecured debentures as follows:

Issued year	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
	31 March 2018	31 December 2017		31 March 2018	31 December 2017		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
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	1.00	1,000	1,000	1,000	2027	4.00 percent per annum
2017	0.60	0.60	1,000	600	600	2027	3.70 percent per annum
Total				<u>6,680</u>	<u>6,680</u>		



### 3.10.2 Unsubordinated unsecured debentures

As at 31 March 2018 and 31 December 2017, a subsidiary company operating banking business has short-term and long-term unsubordinated unsecured debentures as follows:

Issued year	Type of debentures	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
		31 March 2018	31 December 2017		31 March 2018	31 December 2017		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2016	Long-term debenture	-	5.50	1,000	-	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
2017	Short-term debenture	5.00	7.50	1,000	5,000	7,500	2018	1.75 - 1.80 percent per annum
2017	Short-term debenture	1.348	15.922	1,000	1,348	15,922	2018	1.40 - 1.55 percent per annum
2017	Long-term debenture	5.00	5.00	1,000	5,000	5,000	2019	1.85 percent per annum
2017	Long-term debenture	5.00	5.00	1,000	5,000	5,000	2018	1.85 percent per annum
2017	Long-term debenture	8.00	8.00	1,000	8,000	8,000	2019	1.75 percent per annum
2018	Long-term debenture	5.00	-	1,000	5,000	-	2019	1.75 percent per annum
2018	Long-term debenture	3.00	-	1,000	3,000	-	2019	1.68 percent per annum
2018	Short-term debenture	15.521	-	1,000	15,521	-	2018	1.40 - 1.50 percent per annum
Total					<u>57,869</u>	<u>56,922</u>		

### 3.10.3 Bills of exchange

Bills of exchange comprise bills of exchange that mature at call and those that will gradually mature in 2018 and they bear interest at fixed rates of between 1.43 and 2.50 percent per annum.

**3.11 Other liabilities**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Payable to clearing house	228,659	113,385	-	-
Withholding income tax and other tax payable	175,460	492,052	20,368	90,939
Accrued insurance premium	667,677	628,572	-	-
Deferred income	1,244,909	1,080,943	-	-
Deferred revenue from customer loyalty programs	-	296,865	-	-
Accrued expenses	3,794,639	3,339,489	1,496,236	1,342,337
Suspense creditors	1,059,544	1,282,132	-	-
Other liabilities	438,253	516,889	90	91
<b>Total other liabilities</b>	<b>7,609,141</b>	<b>7,750,327</b>	<b>1,516,694</b>	<b>1,433,367</b>

The above accrued expenses included accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses included costs of annual bonus that are determined with reference to the 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 2018 and 31 December 2017, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 978 million and Baht 972 million, respectively (the Company only: Baht 533 million and Baht 530 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 Group 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, floor-plan loans, equity exposure and other assets.

Regarding Capital fund as at 31 March 2018 and 31 December 2017, Financial Business Group 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.

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

	(Unit: Thousand Baht)	
	As at	
	31 March 2018	31 December 2017
<b><u>Common Equity Tier I capital</u></b>		
Issued and fully paid-up share capital	8,006,456	8,006,456
Premium on share capital	1,018,408	1,018,408
Statutory reserve	801,000	801,000
Net profits after appropriation	17,711,512	17,711,512
Other components of equity	1,628,734	1,649,726
Less: Deductions from Common Equity Tier I items	(1,467,423)	(1,285,612)
<b>Total Common Equity Tier I capital</b>	<b>27,698,687</b>	<b>27,901,490</b>
<b><u>Financial Instrument Tier I capital</u></b>		
Issued and paid-up share capital - non cumulative preferred shares	99	99
<b>Total Tier I capital</b>	<b>27,698,786</b>	<b>27,901,589</b>
<b><u>Tier II capital</u></b>		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	659,180	685,518
Reserve for loans classified as pass	862,479	903,089
<b>Total Tier II capital</b>	<b>8,201,659</b>	<b>8,268,607</b>
<b>Total capital funds</b>	<b>35,900,445</b>	<b>36,170,196</b>

(Unaudited but reviewed)

(Unit: Percent)

Capital fund ratios	As at			
	31 March 2018		31 December 2017	
	Financial Business Group	Requirement	Financial Business Group	Requirement
Common Equity Tier I capital to risk assets	15.49	6.375	14.96	5.75
Tier I capital to risk assets	15.49	7.875	14.96	7.25
Total capital to risk assets	20.07	10.375	19.39	9.75

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

(Unit: Thousand Baht)

	As at	
	31 March 2018	31 December 2017
<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	15,036,972	15,036,972
Other components of equity	218,714	218,860
Less: Deductions from Common Equity Tier I items	(891,719)	(734,918)
<b>Total Common Equity Tier I capital</b>	<b>27,106,667</b>	<b>27,263,614</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>27,106,668</b>	<b>27,263,615</b>
<b><u>Tier II Capital</u></b>		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	698,004	668,708
Reserve for loans classified as pass	644,630	739,109
<b>Total Tier II capital</b>	<b>8,022,634</b>	<b>8,087,817</b>
<b>Total capital funds</b>	<b>35,129,302</b>	<b>35,351,432</b>

(Unaudited but reviewed)

(Unit: Percent)

Capital fund ratios	As at			
	31 March 2018		31 December 2017	
	TISCO		TISCO	
	Bank	Requirement	Bank	Requirement
Common Equity Tier I capital to risk assets	16.60	6.375	15.98	5.75
Tier I capital to risk assets	16.60	7.875	15.98	7.25
Total capital to risk assets	21.51	10.375	20.72	9.75

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 the Financial Business Group as at 31 December 2017 on its website on 30 April 2018.

### 3.13 Interest income

Interest income in the statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Interbank and money market items	159,476	119,233
Investments in debt securities	42,948	51,482
Loans to customers	2,092,491	1,444,480
Hire purchase and finance lease	2,196,070	2,309,920
Total interest income	4,490,985	3,925,115

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Interbank and money market items	1,949	1,417
Investments in debt securities	2,424	-
Loans to customers	16,391	8,876
Total interest income	20,764	10,293

**3.14 Interest expenses**

Interest expenses in the statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Deposits	615,424	558,695
Interbank and money market items	7,264	10,027
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	277,717	243,229
Issued debt instruments		
- Subordinated debentures	78,916	90,509
- Unsubordinated debentures	244,524	237,462
Borrowings	19,989	21,232
Total interest expenses	<u>1,243,834</u>	<u>1,161,154</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Borrowings	19,764	17,357
Total interest expenses	<u>19,764</u>	<u>17,357</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 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Fee and service income		
- Acceptance, aval and guarantees	1,759	1,937
- Insurance service	784,673	620,826
- Brokerage fees	260,843	213,109
- Fund management	295,450	244,784
- Financial advisory	16,566	6,000
- Underwriting fee	49,987	113,520
- Others	365,656	311,885
Total fee and service income	1,774,934	1,512,061
Fee and service expenses		
- Information service expenses	(14,626)	(6,349)
- Others	(48,310)	(54,324)
Total fee and service expenses	(62,936)	(60,673)
Net fee and service income	1,711,998	1,451,388

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Fee and service income	-	-
Fee and service expenses	(3,712)	(3,179)
Net fee and service income	(3,712)	(3,179)

**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 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	(38,796)	(36,743)
- Derivatives on interest rates	(2,024)	(2,458)
- Debt securities	4,484	2,835
Net losses on trading and foreign exchange transactions	<u>(36,336)</u>	<u>(36,366)</u>
		(Unit: Thousand Baht)
	Separate financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Losses on trading and foreign exchange transactions		
- Foreign currencies	(38,853)	(36,735)
Net losses on trading and foreign exchange transactions	<u>(38,853)</u>	<u>(36,735)</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 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Gains on disposal		
- Available-for-sale investments	56,054	22,462
- General investments	198,118	2,625
Total	254,172	25,087
Reversal allowance on impairment		
- General investments	24	-
Total	24	-
Net gains on investments	254,196	20,087

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Gains on disposal		
- Available-for-sale investments	23	-
Net gains on investments	23	-

**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 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Held-to-maturity debt securities (reversal)	(105)	214
Loans to customers	914,385	752,300
Total	914,280	752,514

**3.19 Other operating income**

Other operating income in the statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Gains on disposal of properties foreclosed	23,845	21,356
Others	16,298	19,208
<b>Total</b>	<b>40,143</b>	<b>40,564</b>

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Rental income	17,565	15,966
Others	701	7,964
<b>Total</b>	<b>18,266</b>	<b>23,930</b>

**3.20 Other operating expenses**

Other operating expenses in the statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Mailing expenses	20,749	18,829
Software amortisation expenses	40,804	35,615
Legal expenses relating to the business	274,274	79,197
Transportation expenses	25,292	24,654
Expenses related to the repossession and the disposal of repossessed assets	24,021	27,531
Advertising and business promotion expenses	21,715	21,071
Others	54,211	36,366
<b>Total</b>	<b>461,066</b>	<b>243,263</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended 31 March	
	2018	2017
Mailing expenses	123	80
Software amortisation expenses	17,471	15,109
Transportation expenses	2,158	2,071
Advertising and business promotion expenses	245	515
Others	3,583	4,515
Total	23,580	22,290

### 3.21 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the three-month periods ended 31 March 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Income tax expenses for the periods	513,197	486,293	6,957	5,073
<b>Deferred tax:</b>				
Deferred tax on temporary differences and reversion of temporary differences	(109,921)	(135,450)	1,071	2,379
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>403,276</b>	<b>350,843</b>	<b>8,028</b>	<b>7,452</b>

**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	
	2018	2017	2018	2017
<b>Other comprehensive income</b>				
Available-for-sale investments:				
Gains during the periods	28,293	122,537	16,951	70,077
Less: Reclassification adjustments for gains included in profit or loss	(56,054)	(22,462)	(23)	-
	(27,761)	100,075	16,928	70,077
Share of other comprehensive income of joint venture:				
Cash flow hedges of joint venture	1,746	(570)	-	-
Other comprehensive income	(26,015)	99,505	16,928	70,077
Income tax effects relating to components of other comprehensive income	4,008	(21,045)	(3,386)	(14,015)
Net other comprehensive income for the periods	(22,007)	78,460	13,542	56,062

**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					
	2018			2017		
	Before tax amount	Tax benefit	Net of tax amount	Before tax amount	Tax expense	Net of tax amount
Gains (losses) on change in value of available-for-sale investments	(27,761)	4,008	(23,753)	100,075	(21,045)	79,030
	(27,761)	4,008	(23,753)	100,075	(21,045)	79,030

(Unit: Thousand Baht)

	Separate financial statements					
	For the three-month periods ended 31 March					
	2018			2017		
	Before tax amount	Tax expense	Net of tax amount	Before tax amount	Tax expense	Net of tax amount
Gains (losses) on change in value of available-for-sale investments	16,928	(3,386)	13,542	70,077	(14,015)	56,062
	16,928	(3,386)	13,542	70,077	(14,015)	56,062

### 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	
	2018	2017	2018	2017
Profit for the period from continuing operations (Thousand Baht)	1,803,163	1,490,764	77,702	74,796
Basic earnings per share from continuing operations (Baht/share)	2.25	1.86	0.10	0.09
Loss for the period from discontinued operations (Thousand Baht)	(37,348)	-	-	-
Basic earnings per share from discontinued operations (Baht/share)	(0.04)	-	-	-
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655

### 3.25 Related party transactions

The relationships between the Company and its related parties.

Name of related parties	Relationship
TISCO Bank Public Company Limited	Subsidiary company
TISCO Securities Co., Ltd.	Subsidiary company
TISCO Asset Management Co., Ltd.	Subsidiary company
Deutsche TISCO Investment Advisory Co., Ltd.	Subsidiary company
Hi-Way Co., Ltd.	Subsidiary company
TISCO Insurance Solution Co., Ltd.	Subsidiary company
TISCO Information Technology Co., Ltd.	Subsidiary company
TISCO Learning Center Co., Ltd.	Subsidiary company
All-Ways Co., Ltd.	Subsidiary company
Primus Leasing Co., Ltd. (In the process of liquidation)	Subsidiary company
TISCO Tokyo Leasing Co., Ltd.	Joint venture company

(Unaudited but reviewed)

As at 31 March 2018 and 31 December 2017, the balances of the accounts between the Company and its related companies are as follows:

(Unit: Thousand Baht)

	As at	
	31 March 2018	31 December 2017
<b><u>Outstanding balance</u></b>		
(Eliminated from the consolidated financial statements)		
<b>Subsidiary companies</b>		
Interbank and money market items (Assets):		
TISCO Bank Public Company Limited	426,182	237,201
Dividend receivables:		
TISCO Bank Public Company Limited	-	2,764,357
TISCO Securities Co., Ltd.	-	200,000
TISCO Asset Management Co., Ltd.	-	797,995
Hi-Way Co., Ltd.	-	100,000
TISCO Information Technology Co., Ltd.	-	79,998
TISCO Insurance Solution Co., Ltd.	-	164,993
TISCO Learning Center Co., Ltd.	-	24,999
Other assets:		
TISCO Bank Public Company Limited	123,418	130,011
TISCO Learning Center Co., Ltd.	1,328	436
Other liabilities:		
TISCO Learning Center Co., Ltd.	738	161
TISCO Securities Co., Ltd.	40	-

**Loans to related companies**

As at 31 March 2018 and 1 January 2018, the balances of loans between the Company and its related companies and their movements are as follows:

(Unit: Thousand Baht)

	As at			As at
	1 January 2018	Increase	Decrease	31 March 2018
<b>Subsidiary companies</b>				
Loans to customers:				
All-Ways Co., Ltd.	1,820,000	-	(405,000)	1,415,000
Hi-Way Co., Ltd.	1,720,000	153,000	-	1,873,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policy
	For the three-month periods		
	ended 31 March		
	2018	2017	
<b><u>Transactions occurred during the periods</u></b>			
(Eliminated from the consolidated financial statements)			
<b>Subsidiary companies</b>			
Risk and financial management fee income, human resources management fee income and office administration fee income	523,667	488,491	Determined on market prices and/or actual cost in compliance with the criteria specified by the Bank of Thailand
Interest income	18,340	10,293	With reference to the terms and prices as offered to other customers
Rental income	17,565	15,699	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	49,750	43,750	Determined on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	1,247	1,217	With reference to the prices as offered from other service providers
Other expenses	557	570	With reference to the terms and prices as offered to other customers

#### Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	31 March 2018	31 December 2017
Loans <sup>(1)</sup>	20,674	15,818

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

#### Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	31 March 2018	31 December 2017
Deposits	218,448	317,664

Directors and management's benefits

During the three-month periods ended 31 March 2018 and 2017, 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		For the three-month periods ended	
	31 March		31 March	
	2018	2017	2018	2017
Short-term benefits	74	57	37	40
Post-employment benefits	12	15	6	8
Total	86	72	43	48

**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 2018 and 2017, respectively.

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated financial statement
(Unit: Million Baht)							
<b>For the three-month period ended 31 March 2018</b>							
<b>Revenue</b>							
External customers	5,064	369	392	91	5,916	-	5,916
Inter-segment	81	100	-	577	758	(758)	-
<b>Total revenue</b>	<b>5,145</b>	<b>469</b>	<b>392</b>	<b>668</b>	<b>6,674</b>	<b>(758)</b>	<b>5,916</b>
<b>Operating results:</b>							
Net interest income	3,249	3	2	1	3,255	(8)	3,247
Net fee and service income	1,106	390	390	164	2,050	(338)	1,712
Other operating income	790	76	-	503	1,369	(412)	957
<b>Total operating income</b>	<b>5,145</b>	<b>469</b>	<b>392</b>	<b>668</b>	<b>6,674</b>	<b>(758)</b>	<b>5,916</b>
Premises and equipment expenses and amortisation	(326)	(21)	(9)	(150)	(506)	171	(335)
Other operating expenses	(2,341)	(246)	(135)	(427)	(3,149)	701	(2,448)
Bad debt, doubtful accounts and impairment losses	(914)	-	-	-	(914)	-	(914)
<b>Total operating expenses</b>	<b>(3,581)</b>	<b>(267)</b>	<b>(144)</b>	<b>(577)</b>	<b>(4,569)</b>	<b>872</b>	<b>(3,697)</b>
<b>Segment profit from continuing operations before income tax expenses</b>	<b>1,564</b>	<b>202</b>	<b>248</b>	<b>91</b>	<b>2,105</b>	<b>114</b>	<b>2,219</b>
Income tax expenses							(403)
Profit from continuing operations							1,816
Loss from discontinued operations							(37)
Non-controlling interests of the subsidiaries							(13)
<b>Profit for the period - equity holders of the Company</b>							<b>1,766</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated financial statements
<b>For the three-month period ended</b>							
<b>31 March 2017</b>							
<b>Revenue</b>							
External customers	3,825	353	309	(18)	4,469	-	4,469
Inter-segment	41	71	-	602	714	(714)	-
<b>Total revenue</b>	<b>3,866</b>	<b>424</b>	<b>309</b>	<b>584</b>	<b>5,183</b>	<b>(714)</b>	<b>4,469</b>
<b>Operating results:</b>							
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
<b>Total operating income</b>	<b>3,866</b>	<b>424</b>	<b>309</b>	<b>584</b>	<b>5,183</b>	<b>(714)</b>	<b>4,469</b>
Premises and equipment expenses and amortisation	(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)
<b>Total operating expenses</b>	<b>(2,463)</b>	<b>(275)</b>	<b>(126)</b>	<b>(499)</b>	<b>(3,363)</b>	<b>744</b>	<b>(2,619)</b>
<b>Segment profit</b>	<b>1,403</b>	<b>149</b>	<b>183</b>	<b>85</b>	<b>1,820</b>	<b>30</b>	<b>1,850</b>
Income tax expenses							(351)
Non-controlling interests of the subsidiaries							(8)
<b>Profit for the period - equity holders of the Company</b>							<b>1,491</b>

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 2018 and 2017, 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 2018	31 December 2017
Other guarantees	581,343	627,912
Undrawn client overdraft facilities	574,706	575,279
Interest rate swap agreements	1,200,000	1,200,000
Foreign exchange contracts	100,698	-
Others	1,138,341	1,034,498
Total	<u>3,595,088</u>	<u>3,437,689</u>

#### 3.27.2 Litigation

As at 31 March 2018 and 31 December 2017, the subsidiaries have been sued for compensation totaling approximately Baht 345 million. 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 2018 and 31 December 2017, the subsidiary companies have future minimum lease payments required under these non-cancellable operating lease contracts as follows:

	(Unit: Million Baht)	
	As at	
	31 March 2018	31 December 2017
Payable within:		
Not over 1 year	198	213
Over 1 to 5 years	305	319
Over 5 years	66	70

### 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 2018 and 31 December 2017, the Company and its subsidiaries have the following 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 2018				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Equity securities	378	378	-	-	378
Debt securities	6,843	-	6,843	-	6,843
Unit trusts	913	848	65	-	913
<b>Financial liabilities measured at fair value</b>					
Derivatives					
Interest rate swap agreements	24	-	24	-	24

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2017				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Equity securities	449	449	-	-	449
Debt securities	5,743	-	5,743	-	5,743
Unit trusts	935	870	65	-	935
<b>Financial liabilities measured at fair value</b>					
Derivatives					
Interest rate swap agreements	30	-	30	-	30

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements				
	As at 31 March 2018				
	Book	Fair Value			Total
Value	Level 1	Level 2	Level 3		
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Unit trusts	848	848	-	-	848

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2017				
	Book	Fair Value			Total
Value	Level 1	Level 2	Level 3		
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Unit trusts	870	870	-	-	870

#### 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. Event after the reporting period**

On March 30, 2018, TISCO Bank Public Company Limited and All-Ways Company Limited (a subsidiary) signed agreements for the sale of a personal loan portfolio and a credit card business to Citibank N.A. (Bangkok Branch). TISCO Bank will be the seller of the personal loan portfolio and All-Ways will be the seller of the credit card business. The transfer of these businesses is expected to be completed within the year 2018.

To comply with the requirements of accounting standards, as at 31 March 2018 the Company separately presented the assets and liabilities associated with the transfer of business in the consolidated financial statements under the captions of “Assets classified as held for sale” and “Liabilities directly associated with assets classified as held for sale” in the consolidated statement of financial position. The operating results of the transferred business were separately presented under “Profit for the period from discontinued operation” in the consolidated statement of comprehensive income. Details are as follows;

(Unit: Million Baht)

As at 31 March 2018

**Statement of financial position****Asset**

Loans to customers and accrued interest receivables - net

5,584

**Total asset classified as held for sale**

5,584

**Liabilities**

Other liabilities

286

**Total liabilities directly associated with asset classified  
as held for sale**

286

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month

period ended

31 March 2018

**Statement of comprehensive income**

*Profit or loss:*

Interest income	77
Interest expenses	-
Net interest income	77
Fee and service income	22
Fee and services expenses	(8)
Net fee and services income	14
Net losses on trading and foreign exchange transactions	(3)
Total operating income	88
Employee's expenses	(5)
Premises and equipment expenses	(3)
Taxes and duties	(4)
Other operating expenses	(69)
Total operating expenses	(81)
Bad debt, doubtful accounts and impairment losses	(35)
Loss before income tax expenses	(28)
Income tax expenses	(9)
Loss for the period from discontinued operations	(37)
Total comprehensive income from discontinued operation	(37)



Changes in operating assets and operating liabilities of the transferred business which are included in the consolidated cash flow statements for the three-month period ended 31 March 2018 are as follows:

	(Unit: Million Baht)
	For the three-month period ended 31 March 2018
Operating assets decrease	
- Loans to customers	1,199
	<u>1,199</u>
Operating liabilities decrease	
- Other liabilities	11
	<u>11</u>

#### 5. Event after the reporting period

On 23 April 2018, the 2018 Annual General Meeting of the shareholders of the Company, passed a resolution approving a dividend payment of Baht 5.00 per share from the operating results of the year 2017 to ordinary and preference shareholders listed in the share register as at 30 April 2018. The dividend is to be paid on 18 May 2018 and will be recorded in the accounts in the second quarter of year 2018.

#### 6. Approval of interim financial statements

These interim financial statements were approved by the Company's Audit Committee on 7 May 2018.