

TISCO Financial Group Public Company Limited
and its subsidiary companies
Report and interim financial statements
30 June 2018



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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of TISCO Financial Group Public Company Limited

I have reviewed the accompanying consolidated statements of financial position of TISCO Financial Group Public Company Limited and its subsidiaries as at 30 June 2018, the related consolidated statements of comprehensive income for the three-month and six-month period ended 30 June 2018, the related consolidated statements of changes in equity, and cash flows for the six-month periods then ended as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of TISCO Financial Group Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 10 August 2018

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2018

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|----------|-----------------------------------|--------------------|-------------------------------|-------------------|
| | | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Assets | | | | | |
| Cash | | 1,288,275 | 1,324,808 | 70 | 70 |
| Interbank and money market items - net | | 61,171,016 | 44,647,149 | 558,789 | 237,201 |
| Investments - net | 3.3, 3.7 | 9,770,239 | 7,547,143 | 838,489 | 869,582 |
| Investment in subsidiaries and joint venture - net | 3.4 | 745,598 | 573,925 | 20,069,104 | 20,069,104 |
| Loans to customers and accrued interest receivables | 3.5, 3.7 | | | | |
| Loans to customers | | 257,086,698 | 271,125,255 | 3,362,000 | 3,540,000 |
| Accrued interest receivables | | 615,473 | 715,653 | - | - |
| Total loans to customers and accrued interest receivables | | 257,702,171 | 271,840,908 | 3,362,000 | 3,540,000 |
| Less: Deferred revenue | | (19,719,397) | (19,741,455) | - | - |
| Less: Allowance for doubtful accounts | 3.6 | (11,810,156) | (11,447,166) | - | - |
| Less: Allowance for loss on debt restructuring | 3.6 | (8,547) | (8,948) | - | - |
| Loans to customers and accrued interest receivables - net | | 226,164,071 | 240,643,339 | 3,362,000 | 3,540,000 |
| Properties foreclosed - net | | 8,566 | 5,274 | - | - |
| Investment properties | | 32,396 | 32,396 | 834,503 | 834,503 |
| Premises and equipment - net | | 2,585,937 | 2,653,195 | 829,267 | 864,555 |
| Intangible assets - net | | 479,391 | 537,696 | 163,479 | 182,482 |
| Deferred tax assets | | 940,485 | 743,145 | 163,834 | 150,550 |
| Securities and derivatives business receivables - net | | 2,714,211 | 2,342,040 | - | - |
| Dividend receivable from subsidiaries | | - | - | - | 4,132,342 |
| Assets classified as held for sale | 5 | 2,218,567 | - | - | - |
| Other assets | 3.8 | 2,142,123 | 2,338,299 | 173,905 | 165,801 |
| Total assets | | 310,260,875 | 303,388,409 | 26,993,440 | 31,046,190 |

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 30 June 2018

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|--------------------|-------------------------------|------------------|
| | | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Liabilities and equity | | | | | |
| Liabilities | | | | | |
| Deposits | 3.9 | 185,018,564 | 180,803,844 | - | - |
| Interbank and money market items | | 11,960,986 | 4,017,507 | - | - |
| Liabilities payable on demand | | 262,312 | 431,361 | - | - |
| Derivatives liabilities | 3.2 | 29,310 | 29,815 | - | - |
| Debts issued and borrowings | 3.10 | 65,215,919 | 71,078,619 | 7,005,000 | 7,440,000 |
| Provision for long-term employee benefits | | 808,279 | 734,853 | 170,841 | 154,228 |
| Deferred tax liabilities | | - | 15,633 | - | - |
| Securities and derivatives business payables - net | | 2,301,063 | 2,216,256 | - | - |
| Accrued interest payable | | 706,073 | 729,377 | 15,034 | 34,268 |
| Income tax payable | | 844,690 | 849,052 | 9,657 | 24,690 |
| Liabilities directly associated with asset classified | | | | | |
| as held for sale | 5 | 276,103 | - | - | - |
| Other liabilities | 3.11 | 8,782,859 | 7,750,327 | 1,665,378 | 1,433,367 |
| Total liabilities | | 276,206,158 | 268,656,644 | 8,865,910 | 9,086,553 |

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

TISCO Financial Group Public Company Limited and its subsidiaries

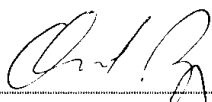
Statement of financial position (continued)

As at 30 June 2018

(Unit: Thousand Baht)

| Note | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------------------------|--|-------------------------------|
| | 30 June 2018 (Unaudited but reviewed) | 31 December 2017 (Audited) | 30 June 2018 (Unaudited but reviewed) | 31 December 2017 (Audited) |
| Equity | | | | |
| 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 |
| | <u>8,006,555</u> | <u>8,006,555</u> | <u>8,006,555</u> | <u>8,006,555</u> |
| Share premium | | | | |
| Share premium on preference shares | - | - | 87 | 87 |
| Share premium on ordinary shares | 1,018,408 | 1,018,408 | 7,031,436 | 7,031,436 |
| | <u>1,018,408</u> | <u>1,018,408</u> | <u>7,031,523</u> | <u>7,031,523</u> |
| Other components of equity | <u>1,517,561</u> | <u>1,653,202</u> | <u>206,740</u> | <u>241,442</u> |
| Retained earnings | | | | |
| Appropriated-statutory reserve | 801,000 | 801,000 | 801,000 | 801,000 |
| Unappropriated | 22,585,903 | 23,125,364 | 2,081,712 | 5,879,117 |
| Equity attributable to equity holders of the Company | <u>33,929,427</u> | <u>34,604,529</u> | <u>18,127,530</u> | <u>21,959,637</u> |
| Non-controlling interests of the subsidiaries | <u>125,290</u> | <u>127,236</u> | - | - |
| Total equity | <u>34,054,717</u> | <u>34,731,765</u> | <u>18,127,530</u> | <u>21,959,637</u> |
| Total liabilities and equity | <u>310,260,875</u> | <u>303,388,409</u> | <u>26,993,440</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 ทีเอสซีไฟแนนเชียลกรุ๊ป จำกัด (มหาชน)
TISCO Financial Group Public Company Limited



Mr. Suthas Ruangmanamongkol
(Group Chief Executive)

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 30 June 2018**

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------------|-----------------------------------|------------------|-------------------------------|----------------|
| | | 2018 | 2017 | 2018 | 2017 |
| Profit or loss: | | | | | |
| Continuing operations | | | | | |
| Interest income | 3.13 | 4,411,275 | 3,928,007 | 17,366 | 10,786 |
| Interest expenses | 3.14 | (1,232,593) | (1,167,403) | (18,592) | (20,409) |
| Net interest income | | 3,178,682 | 2,760,604 | (1,226) | (9,623) |
| Fee and service income | | 1,502,642 | 1,347,903 | - | - |
| Fee and service expenses | | (61,490) | (53,717) | (5,884) | (3,313) |
| Net fee and service income | 3.15 | 1,441,152 | 1,294,186 | (5,884) | (3,313) |
| Net gains (losses) on trading and foreign exchange transactions | 3.16 | 54,016 | (15,788) | 50,206 | (13,650) |
| Net gains on investments | 3.17 | 11,179 | 5,015 | - | - |
| Share of profit from investment accounted for under equity method | 3.4 | 23,529 | 35,756 | - | - |
| Dividend income | | 3,309 | 7,315 | - | - |
| Penalty fee income from loans | | 82,336 | 108,476 | - | - |
| Intercompany supporting fee income | 3.25 | - | - | 562,506 | 528,530 |
| Other operating income | 3.19, 3.25 | 66,451 | 32,937 | 18,264 | 16,404 |
| Total operating income | | 4,860,654 | 4,228,501 | 623,866 | 518,348 |
| Operating expenses | | | | | |
| Employee's expenses | | 1,441,038 | 1,234,155 | 283,052 | 280,251 |
| Directors' remuneration | | 4,360 | 3,285 | 4,360 | 3,285 |
| Premises and equipment expenses | | 302,163 | 268,331 | 114,798 | 107,457 |
| Taxes and duties | | 75,018 | 55,315 | 1 | 1 |
| Other operating expenses | 3.20 | 308,135 | 247,154 | 54,850 | 37,550 |
| Total operating expenses | | 2,130,714 | 1,808,240 | 457,061 | 428,544 |
| Bad debt, doubtful accounts and impairment losses | 3.18 | 534,306 | 542,124 | - | - |
| Profit from operating before income tax expenses | | 2,195,634 | 1,878,137 | 166,805 | 89,804 |
| Income tax expenses | 3.21 | 434,153 | 369,843 | 32,906 | 18,218 |
| Profit for the period from continuing operations | | 1,761,481 | 1,508,294 | 133,899 | 71,586 |
| Discontinued operations | | | | | |
| Loss for the period from discontinued operations | 5 | (45,073) | - | - | - |
| Profit for the period | | 1,716,408 | 1,508,294 | 133,899 | 71,586 |

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 30 June 2018

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|-----------|-------------------------------|----------|
| | | 2018 | 2017 | 2018 | 2017 |
| Other comprehensive income: | 3.22 | | | | |
| Continuing operations | | | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Gains (losses) on valuation in available-for-sale investments | | (136,630) | 34,280 | (59,374) | 8,112 |
| Share of other comprehensive income of joint venture: | | | | | |
| Cash flow hedges of joint venture | 3.4 | 620 | 1,024 | - | - |
| Income tax effects | 3.23 | 27,326 | (6,856) | 11,875 | (1,622) |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax | | (108,684) | 28,448 | (47,499) | 6,490 |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Actuarial losses | | (20,446) | (131,192) | (8,386) | (47,087) |
| Income tax effects | 3.23 | 3,716 | 26,069 | 1,677 | 9,417 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | (16,730) | (105,123) | (6,709) | (37,670) |
| Other comprehensive income for the period from continuing operations | | (125,414) | (76,675) | (54,208) | (31,180) |
| Total other comprehensive income for the period | | (125,414) | (76,675) | (54,208) | (31,180) |
| Total comprehensive income | | | | | |
| Total comprehensive income from continuing operations | | 1,636,067 | 1,431,619 | 79,691 | 40,406 |
| Total comprehensive income from discontinued operations | | (45,073) | - | - | - |
| Total comprehensive income for the period | | 1,590,994 | 1,431,619 | 79,691 | 40,406 |
| Profits attributable to | | | | | |
| Equity holders of the Company | | | | | |
| Profit for the period from continuing operations | 3.24 | 1,754,501 | 1,505,135 | 133,899 | 71,586 |
| Loss for the period from discontinued operations | | (45,073) | - | - | - |
| Profit for the period attributable to the Company | | 1,709,428 | 1,505,135 | 133,899 | 71,586 |
| Non-controlling interests of the subsidiaries | | | | | |
| Profit for the period from continuing operations | | 6,980 | 3,159 | | |
| Profit for the period from discontinued operations | | - | - | | |
| Profit for the period attributable to non-controlling interests of the subsidiaries | | 6,980 | 3,159 | | |
| | | 1,716,408 | 1,508,294 | | |

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 30 June 2018

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

| Note | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|------------------|-------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Total comprehensive income attributable to | | | | |
| Equity holders of the Company | | | | |
| Total comprehensive income for the period from continuing operations | 1,629,205 | 1,428,886 | 79,691 | 40,406 |
| Total comprehensive income for the period from discontinued operations | (45,073) | - | - | - |
| Total comprehensive income for the period attributable to the Company | <u>1,584,132</u> | <u>1,428,886</u> | <u>79,691</u> | <u>40,406</u> |
| Non-controlling interests of the subsidiaries | | | | |
| Total comprehensive income for the period from continuing operations | 6,862 | 2,733 | | |
| Total comprehensive income for the period from discontinued operations | - | - | | |
| Total comprehensive income for the period attributable to non-controlling interests of the subsidiaries | <u>6,862</u> | <u>2,733</u> | | |
| | <u>1,590,994</u> | <u>1,431,619</u> | | |
| Earnings per share of equity holders of the Company | | | | |
| Basic earnings per share (Baht per share) | | | | |
| Equity holder of the Company | | | | |
| Profit from continuing operations | 2.19 | 1.88 | 0.17 | 0.09 |
| Loss from discontinued operations | (0.05) | - | - | - |
| | <u>2.14</u> | <u>1.88</u> | <u>0.17</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**Statement of comprehensive income****For the six-month period ended 30 June 2018**

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------------|-----------------------------------|------------------|-------------------------------|-----------------|
| | | 2018 | 2017 | 2018 | 2017 |
| Profit or loss: | | | | | |
| Continuing operations | | | | | |
| Interest income | 3.13 | 8,902,260 | 7,853,122 | 38,130 | 21,079 |
| Interest expenses | 3.14 | (2,476,427) | (2,328,557) | (38,356) | (37,766) |
| Net interest income | | 6,425,833 | 5,524,565 | (226) | (16,687) |
| Fee and service income | | 3,224,855 | 2,865,064 | - | - |
| Fee and service expenses | | (124,426) | (114,389) | (9,596) | (6,492) |
| Net fee and service income | 3.15 | 3,100,429 | 2,750,675 | (9,596) | (6,492) |
| Net gains (losses) on trading and foreign exchange transactions | 3.16 | 17,680 | (52,154) | 11,353 | (50,385) |
| Net gains on investments | 3.17 | 265,375 | 30,102 | 23 | - |
| Share of profit from investment accounted for under equity method | 3.4 | 169,306 | 63,015 | - | - |
| Dividend income | | 35,629 | 38,835 | - | - |
| Penalty fee income from loans | | 169,457 | 200,163 | - | - |
| Intercompany supporting fee income | 3.25 | - | - | 1,086,173 | 1,017,021 |
| Other operating income | 3.19, 3.25 | 106,594 | 73,501 | 36,530 | 40,334 |
| Total operating income | | 10,290,303 | 8,628,702 | 1,124,257 | 983,791 |
| Operating expenses | | | | | |
| Employee's expenses | | 2,900,305 | 2,481,897 | 554,240 | 533,682 |
| Directors' remuneration | | 7,590 | 6,200 | 7,590 | 6,200 |
| Premises and equipment expenses | | 593,710 | 517,387 | 229,361 | 210,074 |
| Taxes and duties | | 155,597 | 110,507 | 2,102 | 1,942 |
| Other operating expenses | 3.20 | 769,200 | 490,419 | 78,429 | 59,841 |
| Total operating expenses | | 4,426,402 | 3,606,410 | 871,722 | 811,739 |
| Bad debt, doubtful accounts and impairment losses | 3.18 | 1,448,585 | 1,294,638 | - | - |
| Profit from operating before income tax expenses | | 4,415,316 | 3,727,654 | 252,535 | 172,052 |
| Income tax expenses | 3.21 | 837,429 | 720,685 | 40,934 | 25,670 |
| Profit for the period from continuing operations | | 3,577,887 | 3,006,969 | 211,601 | 146,382 |
| Discontinued operations | | | | | |
| Loss for the period from discontinued operations | 5 | (82,421) | - | - | - |
| Profit for the period | | 3,495,466 | 3,006,969 | 211,601 | 146,382 |

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 six-month period ended 30 June 2018**

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|------------------|-------------------------------|----------------|
| | | 2018 | 2017 | 2018 | 2017 |
| Other comprehensive income: | 3.22 | | | | |
| Continuing operations | | | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Gains (losses) on valuation in available-for-sale investments | | (164,392) | 134,355 | (42,446) | 78,189 |
| Share of other comprehensive income of joint venture: | | | | | |
| Cash flow hedges of joint venture | 3.4 | 2,366 | 453 | - | - |
| Income tax effects | 3.23 | 31,334 | (27,900) | 8,489 | (15,638) |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax | | (130,692) | 106,908 | (33,957) | 62,551 |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Actuarial losses | | (20,446) | (131,192) | (8,386) | (47,087) |
| Income tax effects | 3.23 | 3,716 | 26,069 | 1,677 | 9,418 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | (16,730) | (105,123) | (6,709) | (37,669) |
| Other comprehensive income for the period from continuing operations | | (147,422) | 1,785 | (40,666) | 24,882 |
| Total other comprehensive income for the period | | (147,422) | 1,785 | (40,666) | 24,882 |
| Total comprehensive income | | | | | |
| Total comprehensive income from continuing operations | | 3,430,465 | 3,008,754 | 170,935 | 171,264 |
| Total comprehensive income from discontinued operations | | (82,421) | - | - | - |
| Total comprehensive income for the period | | 3,348,044 | 3,008,754 | 170,935 | 171,264 |
| Profits attributable to | | | | | |
| Equity holders of the Company | | | | | |
| Profit for the period from continuing operations | 3.24 | 3,557,665 | 2,995,899 | 211,601 | 146,382 |
| Loss for the period from discontinued operations | | (82,421) | - | - | - |
| Profit for the period attributable to the Company | | 3,475,244 | 2,995,899 | 211,601 | 146,382 |
| Non-controlling interests of the subsidiaries | | | | | |
| Profit for the period from continuing operations | | 20,222 | 11,070 | | |
| Profit for the period from discontinued operations | | - | - | | |
| Profit for the period attributable to non-controlling interests of the subsidiaries | | 20,222 | 11,070 | | |
| | | 3,495,466 | 3,006,969 | | |

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 six-month period ended 30 June 2018

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|------------------|-------------------------------|----------------|
| | | 2018 | 2017 | 2018 | 2017 |
| Total comprehensive income attributable to | | | | | |
| Equity holders of the Company | | | | | |
| Total comprehensive income for the period from continuing operations | | 3,410,361 | 2,997,954 | 170,935 | 171,264 |
| Total comprehensive income for the period from discontinued operations | | (82,421) | - | - | - |
| Total comprehensive income for the period attributable to the Company | | <u>3,327,940</u> | <u>2,997,954</u> | <u>170,935</u> | <u>171,264</u> |
| Non-controlling interests of the subsidiaries | | | | | |
| Total comprehensive income for the period from continuing operations | | 20,104 | 10,800 | | |
| Total comprehensive income for the period from discontinued operations | | - | - | | |
| Total comprehensive income for the period attributable to non-controlling interests of the subsidiaries | | <u>20,104</u> | <u>10,800</u> | | |
| | | <u>3,348,044</u> | <u>3,008,754</u> | | |
| Earnings per share of equity holders of the Company | | | | | |
| Basic earnings per share (Baht per share) | 3.24 | | | | |
| Equity holder of the Company | | | | | |
| Profit from continuing operations | | 4.44 | 3.74 | 0.26 | 0.18 |
| Loss from discontinued operations | | (0.10) | - | - | - |
| | | <u>4.34</u> | <u>3.74</u> | <u>0.26</u> | <u>0.18</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 six-month period ended 30 June 2018**

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-------------|-------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Cash flows from operating activities | | | | |
| Profit before income tax expenses from continuing operations | 4,415,316 | 3,727,654 | 252,535 | 172,052 |
| Loss before income tax expense from discontinued operations | (70,154) | - | - | - |
| Profits before income tax expenses | 4,345,162 | 3,727,654 | 252,535 | 172,052 |
| Adjustments to reconcile profit before income tax | | | | |
| to net cash provided by (paid from) operating activities | | | | |
| Depreciation and amortisation | 192,377 | 168,829 | 75,645 | 65,619 |
| Share of profit from investment accounted for under equity method | (169,306) | (63,015) | - | - |
| Bad debts and doubtful accounts | 2,567,334 | 2,314,402 | - | - |
| Reversal of allowance for impairment of investments | (860) | (245) | - | - |
| Allowance for impairment of properties foreclosed | 268 | 177 | - | - |
| Gains on disposal of investments in securities | (264,624) | (29,627) | - | - |
| Unrealised losses on foreign exchange transactions | | | | |
| and trading derivatives | (13,792) | 49,011 | (11,353) | 50,385 |
| Gains on disposal of equipment | (1,076) | (12,932) | - | (7,594) |
| Losses on written-off of equipment | 277 | 243 | - | - |
| Gains on disposal of properties foreclosed | (40,447) | (43,747) | - | - |
| Employee benefit expenses | 58,041 | 12,663 | 8,636 | (18) |
| (Increase) decrease in accrued income | 288,305 | 7,587 | 1,242 | (21,914) |
| Increase in accrued expenses | 1,264,962 | 1,070,613 | 309,080 | 306,179 |
| Net interest income | (6,574,211) | (5,524,565) | 226 | 16,687 |
| Dividend income | (35,629) | (38,835) | - | - |
| Cash received on interest income | 9,007,422 | 8,012,457 | 38,029 | 21,056 |
| Cash paid on interest expenses | (1,946,245) | (1,901,470) | (57,590) | (42,634) |
| Cash received on dividend income | 35,511 | 38,815 | 4,132,342 | 2,762,189 |
| Cash paid on income tax expenses | (1,033,100) | (694,684) | (59,085) | (68,337) |
| Profit from operating activities before changes | | | | |
| in operating assets and liabilities | 7,680,369 | 7,093,331 | 4,689,707 | 3,253,670 |
| Operating assets (increase) decrease | | | | |
| Interbank and money market items | (16,523,831) | (8,050,656) | (321,588) | (140,998) |
| Loans to customers | 8,229,364 | 6,448,124 | 178,000 | 227,300 |
| Securities and derivatives business receivables | (372,171) | (388,340) | - | - |
| Receivables from clearing house | (151,133) | (682,513) | - | - |
| Properties foreclosed | 851,110 | 1,017,621 | - | - |
| Assets classified as held for sale (Note 5) | 563,446 | - | - | - |
| Other assets | 56,130 | -177,968 | -9,245 | -37,200 |

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 six-month period ended 30 June 2018**

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Operating liabilities increase (decrease) | | | | |
| Deposits | 4,214,720 | 794,732 | - | - |
| Interbank and money market items | 7,943,479 | (1,278,790) | - | - |
| Liabilities payable on demand | (169,049) | 56,423 | - | - |
| Securities and derivatives business payables | 84,807 | 649,581 | - | - |
| Short-term debts issued and borrowings | (18,362,700) | 1,582,000 | (435,000) | (430,000) |
| Payable to clearing house | 439,026 | 417,964 | - | - |
| Provision for long-term employee benefits | (5,061) | (4,862) | (409) | (831) |
| Liabilities directly associated with assets classified as held for sale (Note 5) | (20,762) | - | - | - |
| Other liabilities | (814,568) | (891,918) | (77,069) | (38,963) |
| Net cash flows from (used in) operating activities | (6,356,824) | 6,584,729 | 4,024,396 | 2,832,978 |
| Cash flows from investing activities | | | | |
| Cash paid for purchase of investment in securities held for investment | (13,026,935) | (4,182,555) | - | - |
| Cash received from disposal of investment in securities held for investment | 10,916,284 | 4,126,116 | - | - |
| Cash paid for purchase of equipment | (42,719) | (75,904) | (4,759) | (35,857) |
| Cash paid for purchase of intangible assets | (24,634) | (20,938) | (16,595) | (2,406) |
| Cash received from disposal of equipment | 1,337 | 12,936 | - | 7,594 |
| Cash paid for purchase of investment in subsidiaries | - | - | - | (22) |
| Net cash flows used in investing activities | (2,176,667) | (140,345) | (21,354) | (30,691) |
| Cash flows from financing activities | | | | |
| Cash received from issuance of long-term debentures | 18,000,000 | 6,000,000 | - | - |
| Cash paid for redemption of long-term debentures | (5,500,000) | (9,780,000) | - | - |
| Dividend paid | (4,003,042) | (2,802,287) | (4,003,042) | (2,802,287) |
| Net cash flows from (used in) financing activities | 8,496,958 | (6,582,287) | (4,003,042) | (2,802,287) |
| Net decrease in cash | (36,533) | (137,903) | - | - |
| Cash at beginning of the period | 1,324,808 | 1,149,005 | 70 | 70 |
| Cash at end of the period | 1,288,275 | 1,011,102 | 70 | 70 |

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | | | | | | |
|--|--------------------|------------------|----------------------------------|---|----------------------------------|--|--|----------------------------------|-------------------|-------------------|--|--|-------------------|
| Equity attributable to owners of the Company | | | | | | | | | | | | | |
| Other components of equity | | | | | | | | | | | | | |
| Note | Issued and paid-up | | Share premium on ordinary shares | Surplus (deficit) on changes in value of available-for-sale investments | | 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 | Retained earnings | | Total equity attributable to owners of the Company | Equity attributable to non-controlling interests of the subsidiaries | Total |
| | Preference shares | Ordinary shares | | Surplus on revaluation of assets | Surplus on revaluation of assets | | | | Appropriated | Unappropriated | | | |
| Balance as at 1 January 2017 | 108 | 8,006,447 | 1,018,408 | (118,382) | 889,264 | (3,012) | 679,266 | 1,447,136 | 801,000 | 19,951,807 | 31,224,906 | 100,637 | 31,325,543 |
| Dividend paid | 4 | - | - | - | - | - | - | - | - | (2,802,287) | (2,802,287) | - | (2,802,287) |
| Profit for the period | - | - | - | - | - | - | - | - | - | 2,995,899 | 2,995,899 | 11,070 | 3,006,969 |
| Other comprehensive income for the period | - | - | - | 106,455 | - | 453 | - | 106,908 | - | (104,853) | 2,055 | (270) | 1,785 |
| Total comprehensive income for the period | - | - | - | 106,455 | - | 453 | - | 106,908 | - | 2,891,046 | 2,997,954 | 10,800 | 3,008,754 |
| Transfer surplus on revaluation of assets to retained earnings | - | - | - | - | (4,949) | - | - | (4,949) | - | 4,949 | - | - | - |
| Decrease in non-controlling interests of the subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (21) | (21) |
| Preference shares converted to ordinary shares | (9) | 9 | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 30 June 2017 | 99 | 8,006,456 | 1,018,408 | (11,927) | 884,315 | (2,559) | 679,266 | 1,549,095 | 801,000 | 20,045,515 | 31,420,573 | 111,416 | 31,531,989 |
| Balance as at 1 January 2018 | 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 |
| Dividend paid | 4 | - | - | - | - | - | - | - | - | (4,003,042) | (4,003,042) | - | (4,003,042) |
| Profit for the period | - | - | - | - | - | - | - | - | - | 3,475,244 | 3,475,244 | 20,222 | 3,495,466 |
| Other comprehensive income for the period | - | - | - | (133,058) | - | 2,366 | - | (130,692) | - | (16,612) | (147,304) | (118) | (147,422) |
| Total comprehensive income for the period | - | - | - | (133,058) | - | 2,366 | - | (130,692) | - | 3,458,632 | 3,327,940 | 20,104 | 3,348,044 |
| Transfer surplus on revaluation of assets to retained earnings | - | - | - | - | (4,949) | - | - | (4,949) | - | 4,949 | - | - | - |
| Decrease in non-controlling interests of the subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (22,050) | (22,050) |
| Balance as at 30 June 2018 | 99 | 8,006,456 | 1,018,408 | (36,150) | 874,336 | 109 | 679,266 | 1,517,561 | 801,000 | 22,585,903 | 33,929,427 | 125,290 | 34,054,717 |

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 six-month period ended 30 June 2018

(Unit: Thousand Baht)

| | Separate financial statements | | | | | | | | | | |
|---|-------------------------------|----------------------|--------------------|----------------------|--------------------|---|--|--|-------------------|-------------------|-------|
| | Other components of equity | | | | | | | | | | |
| | Note | Issued and paid-up | | Share premium | | Surplus (deficit) on change in value of available-for-sale investments | Surplus on revaluation of assets | Total other components of equity | Retained earnings | | Total |
| | | Preference shares | Ordinary shares | Preference shares | Ordinary shares | | | | Appropriated | Unappropriated | |
| Balance as at 1 January 2017 | 108 | 8,006,447 | 95 | 7,031,428 | (121,509) | 226,487 | 104,978 | 801,000 | 4,292,126 | 20,236,182 | |
| Dividend paid | 4 | - | - | - | - | - | - | - | (2,802,287) | (2,802,287) | |
| Profit for the period | - | - | - | - | - | - | - | - | 146,382 | 146,382 | |
| Other comprehensive income for the period | - | - | - | - | 62,551 | - | 62,551 | - | (37,669) | 24,882 | |
| Total comprehensive income for the period | - | - | - | - | 62,551 | - | 62,551 | - | 108,713 | 171,264 | |
| Transfer surplus on revaluation of assets to retained earnings | - | - | - | - | - | (745) | (745) | - | 745 | - | |
| Preference shares converted to ordinary shares | (9) | 9 | (8) | 8 | - | - | - | - | - | - | |
| Balance as at 30 June 2017 | <u>99</u> | <u>8,006,456</u> | <u>87</u> | <u>7,031,436</u> | <u>(58,958)</u> | <u>225,742</u> | <u>166,784</u> | <u>801,000</u> | <u>1,599,297</u> | <u>17,605,159</u> | |
| Balance as at 1 January 2018 | 99 | 8,006,456 | 87 | 7,031,436 | 16,457 | 224,985 | 241,442 | 801,000 | 5,879,117 | 21,959,637 | |
| Dividend paid | 4 | - | - | - | - | - | - | - | (4,003,042) | (4,003,042) | |
| Profit for the period | - | - | - | - | - | - | - | - | 211,601 | 211,601 | |
| Other comprehensive income for the period | - | - | - | - | (33,957) | - | (33,957) | - | (6,709) | (40,666) | |
| Total comprehensive income for the period | - | - | - | - | (33,957) | - | (33,957) | - | 204,892 | 170,935 | |
| Transfer surplus on revaluation of assets to retained earnings | - | - | - | - | - | (745) | (745) | - | 745 | - | |
| Balance as at 30 June 2018 | <u>99</u> | <u>8,006,456</u> | <u>87</u> | <u>7,031,436</u> | <u>(17,500)</u> | <u>224,240</u> | <u>206,740</u> | <u>801,000</u> | <u>2,081,712</u> | <u>18,127,530</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 and six-month period ended 30 June 2018

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

1.1 Basis of preparation of interim financial statements

These interim financial statements 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 and in accordance with the Bank of Thailand's ("BOT") 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 30 June 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 | |
| | | | 30 June 2018 | 31 December 2017 |
| <u>Subsidiaries directly held by the Company</u> | | | | |
| TISCO Bank Public Company Limited | Banking | Thailand | 99.99 | 99.99 |
| TISCO Securities Co., Ltd. | Securities business | Thailand | 99.99 | 99.99 |
| TISCO Asset Management Co., Ltd. | Asset management | Thailand | 99.99 | 99.99 |
| Hi-Way Co., Ltd. | Hire purchase and retail loan | Thailand | 99.99 | 99.99 |
| TISCO Information Technology Co., Ltd. | Services | Thailand | 99.99 | 99.99 |
| TISCO 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 |
| <u>Subsidiaries indirectly held by the Company</u> | | | | |
| Deutsche TISCO Investment Advisory Co., Ltd. | Securities business | Thailand | 51.00 | 51.00 |

3.2 Derivatives

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

(Unit: Thousand Baht)

| Type of risk | Consolidated financial statements as at | | | | | |
|---------------|---|--------|-----------------|------------------|--------|-----------------|
| | 30 June 2018 | | | 31 December 2017 | | |
| | Fair value | | Notional amount | Fair value | | Notional amount |
| Assets | Liabilities | Assets | | Liabilities | | |
| Exchange rate | - | 7,685 | 130,604 | - | - | - |
| Interest rate | - | 21,625 | 1,200,000 | - | 29,815 | 1,200,000 |
| Total | - | 29,310 | 1,330,604 | - | 29,815 | 1,200,000 |

All counterparties of these derivatives transactions are financial institutions.

3.3 Investments

3.3.1 Classified by type of investment

(Unit: Thousand Baht)

| | Consolidated financial statements as at | |
|---|---|------------------|
| | 30 June 2018 | 31 December 2017 |
| Available-for-sale investments - fair value | | |
| Government and state enterprise securities | 7,578,250 | 4,642,791 |
| Private sector debt securities | 188,825 | 692,188 |
| Foreign sector debt securities | 404,278 | 408,961 |
| Domestic marketable equity securities | 316,794 | 449,179 |
| Other securities - domestic unit trusts | 61,489 | 65,540 |
| Other securities - foreign unit trusts | 838,489 | 869,582 |
| Less: Allowance for impairment | (1,460) | (1,460) |
| Total available-for-sale investments | 9,386,665 | 7,126,781 |
| Held-to-maturity debt securities - cost/amortised cost | | |
| Investment in receivables | 13,573 | 13,683 |
| Less: Allowance for impairment | (13,573) | (13,683) |
| Total held-to-maturity debt securities | - | - |
| General investments - cost | | |
| Domestic non-marketable equity securities | 418,475 | 456,014 |
| Less: Allowance for impairment | (34,901) | (35,652) |
| Total general investments | 383,574 | 420,362 |
| Investments - net | 9,770,239 | 7,547,143 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Separate financial statements as at | |
|--|-------------------------------------|------------------|
| | 30 June 2018 | 31 December 2017 |
| Available-for-sale investments - fair value | | |
| Other securities - foreign unit trusts | 838,489 | 869,582 |
| Investment - net | 838,489 | 869,582 |

3.3.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

| | Consolidated financial statements as at | | | | | | | |
|--|---|----------------|-----------------|--------------|---------------------|----------------|-----------------|--------------|
| | 30 June 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 |
| Available-for-sale investments | | | | | | | | |
| Government and state enterprise securities | 7,575 | 3 | - | 7,578 | 4,641 | - | 2 | 4,643 |
| Private sector debt securities | 406 | 187 | - | 593 | 812 | 289 | - | 1,101 |
| Total | 7,981 | 190 | - | 8,171 | 5,453 | 289 | 2 | 5,744 |
| Less: Allowance for impairment | (1) | - | - | (1) | (1) | - | - | (1) |
| Total | 7,980 | 190 | - | 8,170 | 5,452 | 289 | 2 | 5,743 |
| Held-to-maturity debt securities | | | | | | | | |
| Investment in receivables | 14 | - | - | 14 | 14 | - | - | 14 |
| Less: Allowance for impairment | (14) | - | - | (14) | (14) | - | - | (14) |
| Total | - | - | - | - | - | - | - | - |
| Total debt securities | 7,980 | 190 | - | 8,170 | 5,452 | 289 | 2 | 5,743 |

3.3.3 Investments subject to restriction

(Unit: Million Baht)

| Type of investment | Consolidated financial statements as at | | Type of restrictions |
|----------------------------|---|------------------|---|
| | 30 June 2018 | 31 December 2017 | |
| Government debt securities | 2 | 2 | Pledged for electricity usage |
| Government debt securities | 50 | 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 30 June 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 | | | | | |
|-----------------------------------|---|-------------------|---------------------------------|------------------|-------------------|---------------------------------|
| | 30 June 2018 | | | 31 December 2017 | | |
| | Book value | Unpaid amounts | Percentage of holding (%) | Book value | Unpaid amounts | Percentage of holding (%) |
| Services: | | | | | | |
| Jiji Press (Thailand) Co., Ltd. | 814 | 300 | 10 | 814 | 300 | 10 |
| K Line (Thailand) Co., Ltd. | - | - | - | 37,335 | - | 10 |
| Trading import and export: | | | | | | |
| Juki (Thailand) Co., Ltd. | 3,659 | - | 10 | 3,240 | - | 10 |
| PDTL Trading Co., Ltd. | 4,320 | - | 10 | 4,275 | - | 10 |
| Wattana Inter-Trade Co., Ltd. | 5,382 | - | 10 | 5,382 | - | 10 |
| Real estate: | | | | | | |
| UMI Property Co., Ltd. | 3,659 | - | 10 | 3,659 | - | 10 |
| Industrial: | | | | | | |
| Siam Art Ceramic Co., Ltd. | 18,315 | - | 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 | |
|-----------------------------|---|------------------|-------------------------------------|-------------------|
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Investment in subsidiaries | - | - | 19,995,859 | 19,995,859 |
| Investment in joint venture | 745,598 | 573,925 | 73,245 | 73,245 |
| | <u>745,598</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 six-month periods ended | |
| | | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 30 June 2017 |
| | | | | (%) | (%) | | | | |
| Subsidiaries directly held by the Company | | | | | | | | | |
| TISCO Bank Public Company Limited | Banking | Ordinary shares | Ordinary shares | 99.99 | 99.99 | 17,641 | 17,641 | - | - |
| TISCO Securities Co., Ltd. | Securities business | Ordinary shares | Ordinary shares | 99.99 | 99.99 | 1,075 | 1,075 | - | - |
| TISCO Asset Management Co., Ltd. | Asset management | Ordinary shares | Ordinary shares | 99.99 | 99.99 | 110 | 110 | - | - |
| Hi-Way Co., Ltd. | Hire purchase and retail loan | Preference shares | Preference shares | 99.99 | 99.99 | 3 | 3 | - | - |
| | | Ordinary shares | Ordinary shares | 99.99 | 99.99 | 270 | 270 | - | - |
| TISCO Information Technology Co., Ltd. | Services | Ordinary shares | Ordinary shares | 99.99 | 99.99 | 22 | 22 | - | - |
| TISCO 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) | | | | | |
|-------------------------------|--------------------|-----------------------------------|------------------|--------------|------------------|---|------------------|
| | | Consolidated financial statements | | | | | |
| Jointly controlled entity | Nature of business | Shareholding percentage as at | | Cost as at | | Carrying amounts based on equity method as at | |
| | | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| | | (%) | (%) | | | | |
| TISCO Tokyo Leasing Co., Ltd. | Leasing | 49.00 | 49.00 | 73,245 | 73,245 | 745,598 | 573,925 |

| | | (Unit: Thousand Baht) | | | | | | | |
|-------------------------------|--------------------|-------------------------------|------------------|--------------|------------------|--|------------------|---|------------------|
| | | Separate financial statements | | | | | | | |
| Jointly controlled entity | Nature of business | Shareholding percentage as at | | Cost as at | | Allowance for impairment of investment as at | | Carrying amounts based on cost method - net as at | |
| | | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 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) | | | | | |
|-------------------------------|--|---|---|---|---|------|------|
| | | Consolidated | | Separate | | | |
| | | financial statements | | financial statements | | | |
| | | Share of other | | Dividend received | | | |
| Jointly controlled entity | | Share of profit/loss from investment in joint venture for the three-month periods ended 30 June | Share of profit/loss from investment in joint venture for the three-month periods ended 30 June | Share of other comprehensive income from investments in joint venture for the three-month periods ended 30 June | Dividend received for the three-month periods ended 30 June | | |
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| TISCO Tokyo Leasing Co., Ltd. | | 23,529 | 35,756 | 620 | 1,024 | - | - |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | Separate financial statements | |
|-------------------------------|--|--------|---|------|---|------|
| | Share of profit/loss from investment in joint venture for the six-month periods ended 30 June | | Share of other comprehensive income from investments in joint venture for the six-month periods ended 30 June | | Dividend received for the six-month periods ended 30 June | |
| Jointly controlled entity | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| TISCO Tokyo Leasing Co., Ltd. | 169,306 | 63,015 | 2,366 | 453 | - | - |

3.5 Loans to customers and accrued interest receivables

3.5.1 Classified by type of loans to customers

(Unit: Thousand Baht)

| | Consolidated financial statements as at | |
|---|---|------------------|
| | 30 June 2018 | 31 December 2017 |
| Loans to customers | | |
| Overdrafts | 484,492 | 551,542 |
| Loans | 96,114,844 | 109,917,587 |
| Hire purchase receivables | 160,446,938 | 160,573,930 |
| Finance lease receivables | 133,341 | 197,102 |
| Less: Deferred revenue | (19,719,397) | (19,741,455) |
| Advances received from finance lease receivables | (92,917) | (114,906) |
| Total loans to customers | 237,367,301 | 251,383,800 |
| Add: Accrued interest receivables | 615,473 | 715,653 |
| Less: Allowance for doubtful accounts | (11,810,156) | (11,447,166) |
| Less: Allowance for loss on debt restructuring | (8,547) | (8,948) |
| Loans to customers and accrued interest receivables - net | 226,164,071 | 240,643,339 |

(Unit: Thousand Baht)

| | Separate financial statements as at | |
|---|-------------------------------------|------------------|
| | 30 June 2018 | 31 December 2017 |
| Loans to customers | | |
| Loans | 3,362,000 | 3,540,000 |
| Add: Accrued interest receivables | - | - |
| Loans to customers and accrued interest receivables - net | 3,362,000 | 3,540,000 |

3.5.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

| | Consolidated financial statements as at | | | | | |
|--------------------------|---|------------------|--------------------|--------------------|------------------|--------------------|
| | 30 June 2018 | | | 31 December 2017 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| Baht | 230,665,200 | 6,571,497 | 237,236,697 | 245,051,902 | 6,331,898 | 251,383,800 |
| US Dollar | - | 130,604 | 130,604 | - | - | - |
| Total loans to customers | | | | | | |
| net of deferred revenue | <u>230,665,200</u> | <u>6,702,101</u> | <u>237,367,301</u> | <u>245,051,902</u> | <u>6,331,898</u> | <u>251,383,800</u> |

(Unit: Thousand Baht)

| | Separate financial statements as at | | | | | |
|--------------------------|-------------------------------------|----------|------------------|------------------|----------|------------------|
| | 30 June 2018 | | | 31 December 2017 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| Baht | 3,362,000 | - | 3,362,000 | 3,540,000 | - | 3,540,000 |
| Total loans to customers | | | | | | |
| net of deferred revenue | <u>3,362,000</u> | <u>-</u> | <u>3,362,000</u> | <u>3,540,000</u> | <u>-</u> | <u>3,540,000</u> |

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

(Unit: Million Baht)

| | As at | | | | | |
|----------------------------------|---|--|--|---|--|--|
| | 30 June 2018 | | | 31 December 2017 | | |
| | Loans to customers and accrued interest receivables | Net amount used for setting up allowance for doubtful accounts | Allowance for doubtful accounts ^{(1) (2)} | Loans to customers and accrued interest receivables | Net amount used for setting up allowance for doubtful accounts | Allowance for doubtful accounts ^{(1) (2)} |
| Provision under BOT's guidelines | | | | | | |
| - Pass | 212,391 | 177,109 | 2,593 | 222,953 | 185,825 | 3,320 |
| - Special mention | 15,917 | 14,677 | 2,713 | 17,351 | 15,503 | 3,591 |
| - Sub-standard | 2,807 | 2,183 | 1,385 | 2,437 | 2,214 | 889 |
| - Doubtful | 1,857 | 1,545 | 1,109 | 1,400 | 1,170 | 423 |
| - Doubtful of loss | 1,201 | 766 | 649 | 1,465 | 852 | 389 |
| Allowance established in excess | - | - | 2,781 | - | - | 2,088 |
| Total | <u>234,173</u> | <u>196,280</u> | <u>11,230</u> | <u>245,606</u> | <u>205,564</u> | <u>10,700</u> |

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

⁽²⁾ As at 30 June 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 6,507 million (As at 31 December 2017: total of Baht 6,140 million). TISCO Bank allocated Baht 3,726 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 4,723 million (As at 31 December 2017: total of Baht 4,561 million), the total provision set aside in accordance with BOT requirements is Baht 8,449 million (As at 31 December 2017: total of Baht 8,612 million).

| Percentage of allowance for doubtful accounts set up (%) | | | | | | |
|--|-------------------|---------------------|------------------------------------|---------------------|----------------------------|---------------------|
| Hire purchase receivables ⁽¹⁾ | Loan against auto | | | | | |
| | As at | | license receivables ⁽¹⁾ | | Other loans ⁽²⁾ | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Pass | 0.88 | 0.94 | 1.62 | 1.63 | 1 | 1 |
| Special mention | 8.69 | 10.44 | 16.80 | 16.80 | 2 | 2 |
| Sub-standard | 25.79 | 30.33 | 36.65 | 35.75 | 100 | 100 |
| Doubtful | 31.44 | 26.43 | 36.65 | 35.75 | 100 | 100 |
| Doubtful of loss | 25.04 | 25.32 | 36.65 | 35.75 | 100 | 100 |

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

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

3.5.4 Hire purchase and finance lease receivables

As at 30 June 2018, receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 140,949 million (31 December 2017: Baht 141,107 million) and mostly comprise hire purchase agreements for car and finance lease agreements for machines and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

| Consolidated financial statements as at 30 June 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 | 51,604 | 95,799 | 5,696 | 7,481 | 160,580 |
| Less: Deferred revenue ⁽¹⁾ | (6,888) | (8,594) | (217) | (3,839) | (19,538) |
| Advances received from finance lease receivables | (71) | (21) | - | (1) | (93) |
| Present value of minimum lease pay from agreements | 44,645 | 87,184 | 5,479 | 3,641 | 140,949 |
| Allowance for doubtful accounts ⁽²⁾ | | | | | (3,510) |
| Net hire purchase and finance lease receivables | | | | | 137,439 |

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

⁽²⁾ 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)

(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 ⁽¹⁾ | (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 ⁽²⁾ | | | | | (3,869) |
| Net hire purchase and finance lease receivables | | | | | 137,238 |

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

⁽²⁾ 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.

3.5.5 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 ⁽²⁾ | | Amounts calculated under TISCO Bank's policy | |
|--|---|------------------|---|------------------|
| | as at | | as at | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾ | 6,736 | 6,122 | 7,381 | 6,860 |

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

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

(Unit: Million Baht)

| Other subsidiaries | As at | |
|---|--------------|------------------|
| | 30 June 2018 | 31 December 2017 |
| Hire purchase receivables, finance lease receivables and other loans receivables for which the recognition of interest income has been ceased | 576 | 559 |

(Unaudited but reviewed)

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 | |
|---------------------------------|---|------------------|
| | 30 June 2018 | 31 December 2017 |
| Deferred revenue ⁽¹⁾ | 19,719 | 19,741 |

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

3.5.7 Troubled debt restructuring of a subsidiary company operating banking business

| | For the three-month | | For the six-month | |
|--|-----------------------|-------|-----------------------|-------|
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Debtors restructured during the period | | | | |
| Number of debtors restructured by modification of terms (number) | 283 | 1,099 | 632 | 2,169 |
| Loan balances before restructuring (Million Baht) | 83 | 359 | 185 | 691 |
| Loan balances after restructuring (Million Baht) | 83 | 361 | 185 | 695 |
| Loss on troubled debt restructuring (Million Baht) | - | - | - | - |
| Average contract period of debt restructuring (years) | | | | |
| Hire purchase receivables | 4 | 4 | 4 | 4 |
| Mortgage loan receivables | 4 | - | 4 | 4 |
| Loan against auto license receivables | 5 | 4 | 5 | 4 |

Supplemental information for the three-month and six-month periods ended 30 June 2018 and 2017 relating to the restructured debts is as follows:

(Unit: Million Baht)

| | For the three-month | | For the six-month | |
|---|-----------------------|------|-----------------------|------|
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Interest income on restructured receivables | 71 | 91 | 151 | 187 |
| Receipt of principal and interest | 384 | 348 | 793 | 708 |

(Unaudited but reviewed)

As at 30 June 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 | | | |
|---------------------------------------|-------------------|---------------------|-------------------|---------------------|
| | 30 June 2018 | | 31 December 2017 | |
| | Number of debtors | Outstanding balance | Number of debtors | Outstanding balance |
| The balance of the restructured debts | 15,911 | 3,887 | 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 30 June 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 | (730,304) | (858,331) | 798,413 | 1,361,265 | 1,304,176 | 692,444 | 2,567,663 |
| Bad debt written-off | (4,432) | (15,466) | (227,007) | (668,401) | (1,050,840) | - | (1,966,146) |
| Transfer to asset classified as held for sale (Note 5) | (119,970) | (6,266) | (18,760) | - | - | - | (144,996) |
| Transfer out from sales of receivables (Note 5) | (26,382) | (3,293) | (63,040) | (780) | (36) | - | (93,531) |
| Balance - end of period | <u>2,727,685</u> | <u>2,794,630</u> | <u>1,486,246</u> | <u>1,180,717</u> | <u>726,473</u> | <u>2,894,405</u> | <u>11,810,156</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> |

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

| | Consolidated financial statements as at 30 June 2018 | | | |
|--|--|--------------------------|--------------------------|-------------------|
| | Individual impairment | Collective impairment | Allowance | Total |
| | | | established in excess | |
| 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 | 926,176 | 949,043 | 692,444 | 2,567,663 |
| Bad debt written-off | (723,532) | (1,242,614) | - | (1,966,146) |
| Transfer to asset classified as held for sale (Note 5) | - | (144,996) | - | (144,996) |
| Transfer out from sales of receivables (Note 5) | (93,531) | - | - | (93,531) |
| Balance - end of period | <u>4,637,649</u> | <u>4,278,102</u> | <u>2,894,405</u> | <u>11,810,156</u> |

(Unit: Thousand Baht)

| | Consolidated financial statements as at 31 December 2017 | | | |
|--|--|--------------------------|--------------------------|-------------------|
| | Individual impairment | Collective impairment | Allowance | Total |
| | | | established in excess | |
| 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 | <u>4,528,536</u> | <u>4,716,669</u> | <u>2,201,961</u> | <u>11,447,166</u> |

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

(Unit: Thousand Baht)

| | Consolidated financial statements as at | |
|---------------------------------|---|------------------|
| | 30 June 2018 | 31 December 2017 |
| | Balance - beginning of period/year | 8,948 |
| Increase during the period/year | - | - |
| Amortisation during period/year | (401) | (800) |
| Balance - end of period/year | <u>8,547</u> | <u>8,948</u> |

(Unaudited but reviewed)

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

(Unit: Million Baht)

| | As at | |
|--|--------------|------------------|
| | 30 June 2018 | 31 December 2017 |
| Non-performing loans to customers | 5,865 | 5,300 |
| Allowance for doubtful accounts ⁽¹⁾ | 3,143 | 1,701 |

⁽¹⁾ 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 | |
|--|------------|-------------|------------------|-------------|---------|-------------|
| | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Debt instruments - debentures ⁽¹⁾ | 1 | 1 | - | - | 1 | 1 |

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

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

As at 30 June 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 ⁽¹⁾ | | Investments in securities | | Investments in receivables | | Properties foreclosed | | Total | |
|------------------|-----------------------------------|----------------|---------------------------|-------------|----------------------------|-------------|-----------------------|-------------|----------------|----------------|
| | as at | | as at | | as at | | as at | | as at | |
| | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Pass | 270,989 | 263,479 | - | - | - | - | - | - | 270,989 | 263,479 |
| Special mention | 15,745 | 17,158 | - | - | - | - | - | - | 15,745 | 17,158 |
| Sub-standard | 2,807 | 2,435 | - | - | - | - | - | - | 2,807 | 2,435 |
| Doubtful | 1,857 | 1,400 | - | - | - | - | - | - | 1,857 | 1,400 |
| Doubtful of loss | 1,201 | 1,465 | 36 | 37 | 14 | 14 | 12 | 12 | 1,263 | 1,528 |
| Total | 292,599 | 285,937 | 36 | 37 | 14 | 14 | 12 | 12 | 292,661 | 286,000 |

⁽¹⁾ 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 ⁽¹⁾ | | Percentage of allowance for doubtful account setup ⁽²⁾ | | Allowance for doubtful accounts ⁽³⁾ | |
|------------------|-----------------|---------------------|---|---------------------|---|---------------------|--|---------------------|
| | as at | | as at | | as at | | as at | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| | | | | | (%) | (%) | | |
| Pass | 122,405 | 122,116 | 122,405 | 122,116 | 0.88 | 0.94 | 1,074 | 1,142 |
| Special mention | 11,643 | 12,298 | 11,643 | 12,298 | 8.69 | 10.44 | 1,012 | 1,284 |
| Sub-standard | 1,579 | 1,638 | 1,579 | 1,638 | 25.79 | 30.33 | 407 | 497 |
| Doubtful | 915 | 891 | 915 | 891 | 31.44 | 26.43 | 287 | 236 |
| Doubtful of loss | 626 | 660 | 626 | 660 | 25.04 | 25.32 | 157 | 167 |
| Total | 137,168 | 137,603 | 137,168 | 137,603 | | | 2,937 | 3,326 |

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

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

⁽³⁾ These 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 up allowance for doubtful accounts | | Percentage of allowance for doubtful account setup ⁽¹⁾ | | Allowance for doubtful accounts ⁽²⁾ | |
|------------------|-----------------|---------------------|--|---------------------|---|---------------------|--|---------------------|
| | as at | | as at | | as at | | as at | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| | | | | | (%) | (%) | | |
| Pass | 21,976 | 20,027 | 21,976 | 20,027 | 1.62 | 1.63 | 356 | 327 |
| Special mention | 1,939 | 1,731 | 1,939 | 1,731 | 16.80 | 16.80 | 326 | 291 |
| Sub-standard | 361 | 288 | 361 | 288 | 36.65 | 35.75 | 132 | 103 |
| Doubtful | 165 | 143 | 165 | 143 | 36.65 | 35.75 | 61 | 51 |
| Doubtful of loss | 33 | 33 | 33 | 33 | 36.65 | 35.75 | 12 | 12 |
| Total | 24,474 | 22,222 | 24,474 | 22,222 | | | 887 | 784 |

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

⁽²⁾ These 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)

3.7.4 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 | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Pass | 2,762 | 5,407 | 179 | 338 | 2,583 | 5,069 |
| Special mention | 478 | 512 | 127 | 127 | 351 | 385 |
| Sub-standard | 193 | 195 | 101 | 108 | 92 | 87 |
| Doubtful | 139 | 124 | 72 | 66 | 67 | 58 |
| Doubtful of loss | 196 | 209 | 100 | 108 | 96 | 101 |
| Total | 3,768 | 6,447 | 579 | 747 | 3,189 | 5,700 |

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

| | Number of debtors | | Debt balance | | Collateral value | | Allowance for doubtful accounts provided in the accounts ⁽²⁾ | |
|---|-------------------|---------------------|-----------------|---------------------|------------------|---------------------|---|---------------------|
| | as at | | as at | | as at | | as at | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| | | | (Million Baht) | (Million Baht) | (Million Baht) | (Million Baht) | (Million Baht) | (Million Baht) |
| 1. Listed companies vulnerable to delisting from the SET ⁽¹⁾ | 1 | 1 | 646 | 737 | 599 | 635 | 646 ⁽³⁾ | 737 ⁽³⁾ |
| 2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET | 5 | 4 | 1,196 | 662 | 803 | 255 | 636 | 8 |
| 3. Listed companies under rehabilitation | - | - | - | - | - | - | - | - |
| 4. Companies whose auditor's report cited going concern issues | - | - | - | - | - | - | - | - |
| Total | 6 | 5 | 1,842 | 1,399 | 1,402 | 890 | 1,282 | 745 |

⁽¹⁾ The Company is currently under rehabilitation.

⁽²⁾ 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⁾ 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 | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Receivables from clearing house | 151,520 | 387 | - | - |
| Value added tax - net | 448,843 | 478,262 | 1,541 | 3,810 |
| Accrued interest receivables | 22,029 | 27,468 | - | - |
| Fee and service receivables | 297,126 | 585,431 | 128,998 | 130,240 |
| Refundable income tax and prepaid income tax | 34,339 | 29,122 | - | - |
| Deposits | 77,602 | 74,638 | 2,118 | 2,118 |
| Other receivables | 665,505 | 732,083 | 97 | 3 |
| Other assets | 445,159 | 410,908 | 41,151 | 29,630 |
| Total other assets | 2,142,123 | 2,338,299 | 173,905 | 165,801 |

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

(Unit: Thousand Baht)

| | Consolidated financial statements as at | |
|---|---|--------------------|
| | 30 June 2018 | 31 December 2017 |
| Deposits | | |
| Current accounts | 2,652,027 | 3,785,003 |
| Saving accounts | 60,636,642 | 64,544,344 |
| Fixed accounts | | |
| - not over 6 months | 4,991,848 | 8,978,148 |
| - over 6 months but not over 1 year | 22,403,305 | 10,389,836 |
| - over 1 year | 970,856 | 492,353 |
| Certificates of deposit/negotiable certificates of deposit | 93,363,886 | 92,614,160 |
| Total | 185,018,564 | 180,803,844 |

3.9.2 Classified by the remaining period of contract

(Unit: Thousand Baht)

| | Consolidated financial statements as at | |
|--------------------------------|---|--------------------|
| | 30 June 2018 | 31 December 2017 |
| Not over 1 year ⁽¹⁾ | 184,757,346 | 180,398,973 |
| Over 1 year | 261,218 | 404,871 |
| Total deposits | 185,018,564 | 180,803,844 |

⁽¹⁾ Including fully-mature deposit contracts

(Unaudited but reviewed)

3.9.3 As at 30 June 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 | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| <u>Domestic borrowings</u> | | | | |
| Subordinated unsecured debentures | 6,680,000 | 6,680,000 | - | - |
| Unsubordinated unsecured debentures | 51,494,000 | 56,921,700 | - | - |
| Bills of exchange | 7,041,122 | 7,476,122 | 7,005,000 | 7,440,000 |
| Promissory notes | 797 | 797 | - | - |
| Total | <u>65,215,919</u> | <u>71,078,619</u> | <u>7,005,000</u> | <u>7,440,000</u> |

3.10.1 Subordinated unsecured debentures

As at 30 June 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 |
|----------------|-----------------|---------------------|-------------------------------------|-----------------|---------------------|-------------------------|-------------------------|
| | 30 June 2018 | 31 December 2017 | | 30 June 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 30 June 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 | Balance as at | | Maturity in the year | Interest rate |
|-------------|----------------------|-----------------|-----------------|------------|----------------|----------------|----------------------|-------------------------------|
| | | 30 June | 31 December | per unit | 30 June | 31 December | | |
| | | 2018 | 2017 | (Baht) | 2018 | 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 | - | 7.50 | 1,000 | - | 7,500 | 2018 | 1.75 - 1.80 percent per annum |
| 2017 | Short-term debenture | - | 15.922 | 1,000 | - | 15,922 | 2018 | 1.38 - 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 | Short-term debenture | 5.494 | - | 1,000 | 5,494 | - | 2018 | 1.42 - 1.48 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 | Long-term debenture | 4.00 | - | 1,000 | 4,000 | - | 2020 | 1.65 percent per annum |
| 2018 | Long-term debenture | 6.00 | - | 1,000 | 6,000 | - | 2020 | 1.75 percent per annum |
| Total | | | | | 51,494 | 56,922 | | |

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 1.48 and 2.50 percent per annum.

3.11 Other liabilities

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|---------------------|-------------------------------|---------------------|
| | as at | | as at | |
| | 30 June 2018 | 31 December 2017 | 30 June 2018 | 31 December 2017 |
| Payable to clearing house | 552,411 | 113,385 | - | - |
| Withholding income tax and other tax payables | 155,592 | 492,052 | 13,865 | 90,939 |
| Accrued insurance premium | 562,374 | 628,572 | - | - |
| Deferred income | 1,418,616 | 1,080,943 | - | - |
| Deferred revenue from customer loyalty programs | - | 296,865 | - | - |
| Accrued expenses | 4,604,451 | 3,339,489 | 1,651,417 | 1,342,337 |
| Suspense creditors | 1,064,066 | 1,282,132 | - | - |
| Other liabilities | 425,349 | 516,889 | 96 | 91 |
| Total other liabilities | 8,782,859 | 7,750,327 | 1,665,378 | 1,433,367 |

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 30 June 2018 and 31 December 2017, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 942 million and Baht 972 million, respectively (the Company only: Baht 517 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 30 June 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 | |
| | 30 June 2018 | 31 December 2017 |
| <u>Common Equity Tier I capital</u> | | |
| 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 | 19,122,322 | 17,711,512 |
| Other components of equity | 1,517,562 | 1,649,726 |
| Less: Deductions from Common Equity Tier I items | (1,512,303) | (1,285,612) |
| Total Common Equity Tier I capital | 28,953,445 | 27,901,490 |
| <u>Financial Instrument Tier I capital</u> | | |
| Issued and paid-up share capital - non cumulative preferred shares | 99 | 99 |
| Total Tier I capital | 28,953,544 | 27,901,589 |
| <u>Tier II capital</u> | | |
| Long-term subordinated debentures | 6,680,000 | 6,680,000 |
| Surplus of provision | 655,278 | 685,518 |
| Reserve for loans classified as pass | 795,637 | 903,089 |
| Total Tier II capital | 8,130,915 | 8,268,607 |
| Total capital funds | 37,084,459 | 36,170,196 |

(Unaudited but reviewed)

(Unit: Percent)

| Capital fund ratios | As at | | | |
|---|--------------------------|--------|--------------------------|------|
| | 30 June 2018 | | 31 December 2017 | |
| | Financial Business Group | | Financial Business Group | |
| Common Equity Tier I capital to risk assets | 16.75 | 6.375 | 14.96 | 5.75 |
| Tier I capital to risk assets | 16.75 | 7.875 | 14.96 | 7.25 |
| Total capital to risk assets | 21.45 | 10.375 | 19.39 | 9.75 |

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

(Unit: Thousand Baht)

| | As at | |
|--|-------------------|-------------------|
| | 30 June 2018 | 31 December 2017 |
| <u>Common Equity Tier I capital</u> | | |
| Issued and fully paid-up share capital | 9,215,676 | 9,215,676 |
| Premium on share capital | 2,543,024 | 2,543,024 |
| Statutory reserve | 984,000 | 984,000 |
| Net profits after appropriation | 15,959,967 | 15,036,972 |
| Other components of equity | 209,269 | 218,860 |
| Less: Deductions from Common Equity Tier I items | (936,173) | (734,918) |
| Total Common Equity Tier I capital | 27,975,763 | 27,263,614 |
| <u>Financial Instrument Tier I capital</u> | | |
| Issued and paid-up share capital - non cumulative preferred shares | 1 | 1 |
| Total Tier I capital | 27,975,764 | 27,263,615 |
| <u>Tier II Capital</u> | | |
| Long-term subordinated debentures | 6,680,000 | 6,680,000 |
| Surplus of provision | 640,866 | 668,708 |
| Reserve for loans classified as pass | 635,799 | 739,109 |
| Total Tier II capital | 7,956,665 | 8,087,817 |
| Total capital funds | 35,932,429 | 35,351,432 |

(Unaudited but reviewed)

(Unit: Percent)

| Capital fund ratios | As at | | | |
|---|--------------|-------------|------------------|-------------|
| | 30 June 2018 | | 31 December 2017 | |
| | TISCO | | TISCO | |
| | Bank | Requirement | Bank | Requirement |
| Common Equity Tier I capital to risk assets | 17.74 | 6.375 | 15.98 | 5.75 |
| Tier I capital to risk assets | 17.74 | 7.875 | 15.98 | 7.25 |
| Total capital to risk assets | 22.79 | 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 and six-month periods ended 30 June 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|----------------------------------|---|-----------|---|-----------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Interbank and money market items | 162,955 | 139,251 | 322,431 | 258,484 |
| Investments in debt securities | 44,670 | 51,523 | 87,618 | 103,005 |
| Loans to customers | 2,012,536 | 1,475,987 | 4,105,027 | 2,920,467 |
| Hire purchase and finance lease | 2,191,114 | 2,261,246 | 4,387,184 | 4,571,166 |
| Total interest income | 4,411,275 | 3,928,007 | 8,902,260 | 7,853,122 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|----------------------------------|---|--------|---|--------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Interbank and money market items | 1,346 | 1,980 | 3,295 | 3,397 |
| Investments in debt securities | - | - | 2,424 | - |
| Loans to customers | 16,020 | 8,806 | 32,411 | 17,682 |
| Total interest income | 17,366 | 10,786 | 38,130 | 21,079 |

3.14 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|------------------|-----------------------|------------------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Deposits | 610,383 | 560,927 | 1,225,808 | 1,119,622 |
| Interbank and money market items | 6,895 | 6,649 | 14,158 | 16,676 |
| Contribution fee to the Deposit Protection Agency and the Bank of Thailand | 275,769 | 246,884 | 553,486 | 490,113 |
| Issued debt instruments | | | | |
| - Subordinated debentures | 79,793 | 88,640 | 158,709 | 179,149 |
| - Unsubordinated debentures | 240,934 | 238,682 | 485,458 | 476,144 |
| Borrowings | 18,819 | 25,621 | 38,808 | 46,853 |
| Total interest expenses | <u>1,232,593</u> | <u>1,167,403</u> | <u>2,476,427</u> | <u>2,328,557</u> |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|-------------------------|-------------------------------|---------------|-----------------------|---------------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Borrowings | 18,592 | 20,409 | 38,356 | 37,766 |
| Total interest expenses | <u>18,592</u> | <u>20,409</u> | <u>38,356</u> | <u>37,766</u> |

3.15 Net fee and service income

Net fee and service income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|-----------------------------------|-----------------------------------|-----------|-----------------------|-----------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Fee and service income | | | | |
| - Acceptance, aval and guarantees | 2,458 | 2,714 | 4,217 | 4,651 |
| - Insurance service | 660,409 | 586,472 | 1,392,361 | 1,212,398 |
| - Brokerage fees | 209,952 | 180,408 | 470,794 | 393,517 |
| - Fund management | 298,835 | 264,294 | 594,285 | 509,078 |
| - Financial advisory | 4,077 | 3,232 | 20,643 | 9,232 |
| - Underwriting fee | 102 | 15,327 | 50,090 | 128,846 |
| - Others | 326,809 | 295,456 | 692,465 | 607,342 |
| Total fee and service income | 1,502,642 | 1,347,903 | 3,224,855 | 2,865,064 |
| Fee and service expenses | | | | |
| - Information service expenses | (3,841) | (6,405) | (7,536) | (12,754) |
| - Others | (57,649) | (47,312) | (116,890) | (101,635) |
| Total fee and service expenses | (61,490) | (53,717) | (124,426) | (114,389) |
| Net fee and service income | 1,441,152 | 1,294,186 | 3,100,429 | 2,750,675 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|----------------------------|-------------------------------|---------|-----------------------|---------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Fee and service income | - | - | - | - |
| Fee and service expenses | (5,884) | (3,313) | (9,596) | (6,492) |
| Net fee and service income | (5,884) | (3,313) | (9,596) | (6,492) |

3.16 Net gains (losses) on trading and foreign exchange transactions

Net gains (losses) on trading and foreign exchange transactions in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---|-----------------------------------|-----------------|-----------------------|-----------------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Gains (losses) on trading and foreign exchange transactions | | | | |
| - Foreign currencies and derivatives on foreign exchange | 50,248 | (14,182) | 11,452 | (50,925) |
| - Derivatives on interest rates | (106) | (3,726) | (2,130) | (6,183) |
| - Debt securities | 3,936 | 2,120 | 8,420 | 4,954 |
| - Others | (62) | - | (62) | - |
| Net gains (losses) on trading and foreign exchange transactions | <u>54,016</u> | <u>(15,788)</u> | <u>17,680</u> | <u>(52,154)</u> |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|---|-------------------------------|-----------------|-----------------------|-----------------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Gains (losses) on trading and foreign exchange transactions | | | | |
| - Foreign currencies | 50,206 | (13,650) | 11,353 | (50,385) |
| Net gains (losses) on trading and foreign exchange transactions | <u>50,206</u> | <u>(13,650)</u> | <u>11,353</u> | <u>(50,385)</u> |

3.17 Net gains on investments

Net gains on investments in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|-------------------------------------|-----------------------------------|-------|-----------------------|--------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Gains (losses) on disposal | | | | |
| - Available-for-sale investments | 268 | (3) | 56,322 | 22,458 |
| - General investments | 10,184 | 4,542 | 208,302 | 7,168 |
| Total | 10,452 | 4,539 | 264,624 | 29,626 |
| Reversal of allowance on impairment | | | | |
| - General investments | 727 | 476 | 751 | 476 |
| Total | 727 | 476 | 751 | 476 |
| Net gains on investments | 11,179 | 5,015 | 265,375 | 30,102 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|----------------------------------|-------------------------------|------|-----------------------|------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Gains on disposal | | | | |
| - Available-for-sale-investments | - | - | 23 | - |
| Net gains on investment | - | - | 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 and six-month periods ended 30 June 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---|-----------------------------------|---------|-----------------------|-----------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Interbank and money market items | 73 | 3,000 | 73 | 3,000 |
| Held-to-maturity debt securities (reversal) | (4) | 17 | (109) | 231 |
| Loans to customers | 534,237 | 539,107 | 1,448,621 | 1,291,407 |
| Total | 534,306 | 542,124 | 1,448,585 | 1,294,638 |

3.19 Other operating income

Other operating income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|--------|-----------------------|--------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Gains on disposal of properties foreclosed | 16,602 | 22,390 | 40,447 | 43,747 |
| Gain on sales of receivables (Note 5) | 41,321 | - | 41,321 | - |
| Others | 8,528 | 10,547 | 24,826 | 29,754 |
| Total | 66,451 | 32,937 | 106,594 | 73,501 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|---------------|-------------------------------|--------|-----------------------|--------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Rental income | 17,593 | 15,788 | 35,159 | 31,486 |
| Others | 671 | 616 | 1,371 | 8,848 |
| Total | 18,264 | 16,404 | 36,530 | 40,334 |

3.20 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|----------------|-----------------------|----------------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Mailing expenses | 18,128 | 13,946 | 38,877 | 32,775 |
| Software amortisation expenses | 42,134 | 36,161 | 82,938 | 71,776 |
| Legal expenses | 80,935 | 66,351 | 355,209 | 145,548 |
| Transportation expenses | 26,093 | 21,014 | 51,385 | 45,668 |
| Expenses related to the repossession and the disposal of repossessed assets | 20,187 | 25,098 | 44,208 | 52,630 |
| Advertising and business promotion expenses | 41,907 | 26,191 | 63,622 | 47,262 |
| Others | 78,751 | 58,393 | 132,961 | 94,760 |
| Total | 308,135 | 247,154 | 769,200 | 490,419 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|--|-------------------------------|---------------|-----------------------|---------------|
| | For the three-month | | For the six-month | |
| | periods ended 30 June | | periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Mailing expenses | 25 | 37 | 148 | 117 |
| Software amortisation expenses | 18,128 | 15,309 | 35,598 | 30,418 |
| Transportation expenses | 2,244 | 2,155 | 4,402 | 4,226 |
| Advertising and business promotion expenses | 134 | 235 | 379 | 750 |
| Others | 34,319 | 19,814 | 37,902 | 24,330 |
| Total | 54,850 | 37,550 | 78,429 | 59,841 |

3.21 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|--|---|----------------|---|----------------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| Current income tax: | | | | |
| Income tax expenses for the periods | 502,154 | 253,918 | 1,015,351 | 740,211 |
| Deferred tax: | | | | |
| Deferred tax on temporary differences and reversion of temporary differences | (68,001) | 115,925 | (177,922) | (19,526) |
| Income tax expenses reported in the statement of comprehensive income | 434,153 | 369,843 | 837,429 | 720,685 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|--|---|---------------|---|---------------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| Current income tax: | | | | |
| Income tax expenses for the periods | 37,094 | 15,545 | 44,052 | 20,618 |
| Deferred tax: | | | | |
| Deferred tax on temporary differences and reversion of temporary differences | (4,188) | 2,673 | (3,118) | 5,052 |
| Income tax expenses reported in the statement of comprehensive income | 32,906 | 18,218 | 40,934 | 25,670 |

3.22 Components of other comprehensive income

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|--|---|-----------|---|-----------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| Other comprehensive income | | | | |
| Available-for-sale investments: | | | | |
| Gains (losses) during the periods | (136,362) | 34,277 | (108,070) | 156,813 |
| Add (less): Reclassification adjustments for (gains) losses included in profit or loss | (268) | 3 | (56,322) | (22,458) |
| | (136,630) | 34,280 | (164,392) | 134,355 |
| Actuarial losses | (20,446) | (131,192) | (20,446) | (131,192) |
| Share of other comprehensive income of joint venture: | | | | |
| Cash flow hedges of joint venture | 620 | 1,024 | 2,366 | 453 |
| Other comprehensive income | (156,456) | (95,888) | (182,472) | 3,616 |
| Income tax effects relating to components of other comprehensive income | 31,042 | 19,213 | 35,050 | (1,831) |
| Net other comprehensive income for the periods | (125,414) | (76,675) | (147,422) | 1,785 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|--|---|----------|---|----------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| Other comprehensive income | | | | |
| Available-for-sale investments: | | | | |
| Gains (losses) during the periods | (59,374) | 8,112 | (42,423) | 78,189 |
| Add (less): Reclassification adjustments for (gains) losses included in profit or loss | - | - | (23) | - |
| | (59,374) | 8,112 | (42,446) | 78,189 |
| Actuarial losses | (8,386) | (47,087) | (8,386) | (47,087) |
| Other comprehensive income | (67,760) | (38,975) | (50,832) | 31,102 |
| Income tax effects relating to components of other comprehensive income | 13,552 | 7,795 | 10,166 | (6,220) |
| Net other comprehensive income for the periods | (54,208) | (31,180) | (40,666) | 24,882 |

3.23 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | |
|---|------------------|-------------------|-------------------|-----------------------|-------------------|-----------------|
| For the three-month periods ended 30 June | | | | | | |
| 2018 | | | 2017 | | | |
| Before tax amount | Tax benefit | Net of tax amount | Before tax amount | Tax (expense) benefit | Net of tax amount | |
| Gains (losses) on valuation in available-for-sale investments | (136,630) | 27,326 | (109,304) | 34,280 | (6,856) | 27,424 |
| Actuarial losses | (20,446) | 3,716 | (16,730) | (131,192) | 26,069 | (105,123) |
| | <u>(157,076)</u> | <u>31,042</u> | <u>(126,034)</u> | <u>(96,912)</u> | <u>19,213</u> | <u>(77,699)</u> |

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | |
|---|------------------|-------------------|-------------------|-----------------------|-------------------|--------------|
| For the six-month periods ended 30 June | | | | | | |
| 2018 | | | 2017 | | | |
| Before tax amount | Tax benefit | Net of tax amount | Before tax amount | Tax (expense) benefit | Net of tax amount | |
| Gains (losses) on valuation in available-for-sale investments | (164,392) | 31,334 | (133,058) | 134,355 | (27,900) | 106,455 |
| Actuarial losses | (20,446) | 3,716 | (16,730) | (131,192) | 26,069 | (105,123) |
| | <u>(184,838)</u> | <u>35,050</u> | <u>(149,788)</u> | <u>3,163</u> | <u>(1,831)</u> | <u>1,332</u> |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | |
|---|-----------------|-------------------|-------------------|-----------------------|-------------------|-----------------|
| For the three-month periods ended 30 June | | | | | | |
| 2018 | | | 2017 | | | |
| Before tax amount | Tax benefit | Net of tax amount | Before tax amount | Tax (expense) benefit | Net of tax amount | |
| Gains (losses) on valuation in available-for-sale investments | (59,374) | 11,875 | (47,499) | 8,112 | (1,622) | 6,490 |
| Actuarial losses | (8,386) | 1,677 | (6,709) | (47,087) | 9,417 | (37,670) |
| | <u>(67,760)</u> | <u>13,552</u> | <u>(54,208)</u> | <u>(38,975)</u> | <u>7,795</u> | <u>(31,180)</u> |

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|---|---|-------------------|-------------------|-----------------------|-------------------|----------|
| | For the six-month periods ended 30 June | | | | | |
| | 2018 | | | 2017 | | |
| Before tax amount | Tax benefit | Net of tax amount | Before tax amount | Tax (expense) benefit | Net of tax amount | |
| Gains (losses) on valuation in available-for-sale investments | (42,446) | 8,489 | (33,957) | 78,189 | (15,638) | 62,551 |
| Actuarial losses | (8,386) | 1,677 | (6,709) | (47,087) | 9,418 | (37,669) |
| | (50,832) | 10,166 | (40,666) | 31,102 | (6,220) | 24,882 |

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 | | | |
|--|---|-----------|---|-----------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Profit for the period from continuing operations attributable to equity holders of the Company (Thousand Baht) | 1,754,501 | 1,505,135 | 3,557,665 | 2,995,899 |
| Basic earnings per share from continuing operations (Baht/share) | 2.19 | 1.88 | 4.44 | 3.74 |
| Loss for the period from discontinued operations attributable to equity holders of the Company (Thousand Baht) | (45,073) | - | (82,421) | - |
| Basic loss per share from discontinued operations attributable to equity holders of the Company (Baht/share) | (0.05) | - | (0.10) | - |
| Weighted average number of shares (Thousand shares) | 800,655 | 800,655 | 800,655 | 800,655 |

| | Separate financial statements | | | |
|---|--|---------|--|---------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Profit for the period from continuing operations attributable to equity holders of the Company (Thousand Baht) | 133,899 | 71,586 | 211,601 | 146,382 |
| Basic earnings per share from continuing operations (Baht/share) | 0.17 | 0.09 | 0.26 | 0.18 |
| Loss for the period from discontinued operations attributable to equity holders of the Company (Thousand Baht) | - | - | - | - |
| Basic loss per share from discontinued operations attributable to equity holders of the Company (Baht/share) | - | - | - | - |
| 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 30 June 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 | |
|---|--------------|------------------|
| | 30 June 2018 | 31 December 2017 |
| <u>Outstanding balance</u> | | |
| (Eliminated from the consolidated financial statements) | | |
| Subsidiary companies | | |
| Interbank and money market items (Assets): | | |
| TISCO Bank Public Company Limited | 558,789 | 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 | 127,534 | 130,011 |
| TISCO Learning Center Co., Ltd. | 1,711 | 436 |
| Other liabilities: | | |
| TISCO Learning Center Co., Ltd. | 1,397 | 161 |

Loans to related companies

As at 30 June 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 | 30 June 2018 |
| Subsidiary companies | | | | |
| Loans to customers: | | | | |
| All-Ways Co., Ltd. | 1,820,000 | - | (423,000) | 1,397,000 |
| Hi-Way Co., Ltd. | 1,720,000 | 245,000 | - | 1,965,000 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Separate financial statements | | | | Terms and pricing policy |
|--|---|---------|---|-----------|--|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | | |
| | 2018 | 2017 | 2018 | 2017 | |
| Transactions occurred during the periods | | | | | |
| (Eliminated from the consolidated financial statements) | | | | | |
| Subsidiary companies | | | | | |
| Interest income | 17,325 | 10,750 | 35,665 | 21,043 | With reference to the terms and prices as offered to other customers |
| Risk and financial management fee income, human resources management fee income and office administration fee income | 562,506 | 528,530 | 1,086,173 | 1,017,021 | Determined on market prices and/or actual cost in compliance with the criteria specified by the Bank of Thailand |
| Rental income | 17,593 | 15,787 | 35,159 | 31,486 | With reference to the terms and prices as offered to other customers |
| Computer system advisory service expenses | 49,750 | 43,750 | 99,500 | 87,500 | Determined on actual cost in compliance with the criteria specified by the Bank of Thailand |
| Training expenses | 3,022 | 954 | 4,269 | 2,171 | With reference to the prices as offered from other service providers |
| Other expenses | 991 | 424 | 1,548 | 994 | 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 | |
|----------------------|---|------------------|
| | 30 June 2018 | 31 December 2017 |
| Loans ⁽¹⁾ | 22,354 | 15,818 |

⁽¹⁾ Including employee welfare loans and normal loans

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

| | Consolidated financial statements as at | |
|----------|---|------------------|
| | 30 June 2018 | 31 December 2017 |
| Deposits | 225,565 | 317,664 |

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company and its subsidiaries had short-term benefit paid to their directors and key management during the periods and other employee benefit expenses payable to their directors and management as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--------------------------|-----------------------------------|-----------|---------------------------|------------|
| | For the three-month periods | | For the six-month periods | |
| | ended 30 June | | ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Short-term benefits | 80 | 76 | 153 | 148 |
| Post-employment benefits | 13 | 12 | 26 | 25 |
| Total | 93 | 88 | 179 | 173 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|--------------------------|-------------------------------|-----------|---------------------------|-----------|
| | For the three-month periods | | For the six-month periods | |
| | ended 30 June | | ended 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| Short-term benefits | 41 | 42 | 78 | 83 |
| Post-employment benefits | 7 | 7 | 13 | 13 |
| Total | 48 | 49 | 91 | 96 |

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 and six-month periods ended 30 June 2018 and 2017, respectively.

| | Commercial banking business | Securities business | Asset management business | Support business | Total segments | Adjustments and eliminations | (Unit: Million Baht) Consolidated financial statement |
|---|-----------------------------------|------------------------|---------------------------------|---------------------|----------------|---------------------------------|--|
| For the three-month period ended 30 June 2018 | | | | | | | |
| Revenue | | | | | | | |
| External customers | 4,242 | 214 | 357 | 48 | 4,861 | - | 4,861 |
| Inter-segment | 86 | 68 | - | 753 | 907 | (907) | - |
| Total revenue | <u>4,328</u> | <u>282</u> | <u>357</u> | <u>801</u> | <u>5,768</u> | <u>(907)</u> | <u>4,861</u> |
| Operating results: | | | | | | | |
| Net interest income | 3,180 | 4 | 2 | - | 3,186 | (7) | 3,179 |
| Net fee and service income | 982 | 277 | 354 | 170 | 1,783 | (342) | 1,441 |
| Other operating income | 166 | 1 | 1 | 631 | 799 | (558) | 241 |
| Total operating income | <u>4,328</u> | <u>282</u> | <u>357</u> | <u>801</u> | <u>5,768</u> | <u>(907)</u> | <u>4,861</u> |
| Premises and equipment expenses and amortisation | (325) | (23) | (12) | (154) | (514) | 171 | (343) |
| Other operating expenses | (1,712) | (230) | (135) | (456) | (2,533) | 744 | (1,789) |
| Bad debt, doubtful accounts and impairment losses | (534) | - | - | - | (534) | - | (534) |
| Total operating expenses | <u>(2,571)</u> | <u>(253)</u> | <u>(147)</u> | <u>(610)</u> | <u>(3,581)</u> | <u>915</u> | <u>(2,666)</u> |
| Segment profit from continuing operations before income tax expenses | 1,757 | 29 | 210 | 191 | 2,187 | 8 | 2,195 |
| Income tax expenses | | | | | | | (434) |
| Profit from continuing operations | | | | | | | 1,761 |
| Loss from discontinued operations | | | | | | | (45) |
| Non-controlling interests of the subsidiaries | | | | | | | (7) |
| Profit for the period - equity holders of the Company | | | | | | | <u>1,709</u> |

(Unaudited but reviewed)

| | (Unit: Million Baht) | | | | | | |
|---|-----------------------------------|------------------------|---------------------------------|---------------------|----------------|---------------------------------|--|
| | Commercial banking business | Securities business | Asset management business | Support business | Total segments | Adjustments and eliminations | Consolidated financial statement |
| For the six-month period ended 30 June 2018 | | | | | | | |
| Revenue | | | | | | | |
| External customers | 8,820 | 582 | 749 | 139 | 10,290 | - | 10,290 |
| Inter-segment | 167 | 169 | - | 1,330 | 1,666 | (1,666) | - |
| Total revenue | 8,987 | 751 | 749 | 1,469 | 11,956 | (1,666) | 10,290 |
| Operating results: | | | | | | | |
| Net interest income | 6,429 | 7 | 4 | 1 | 6,441 | (15) | 6,426 |
| Net fee and service income | 2,036 | 667 | 744 | 334 | 3,781 | (681) | 3,100 |
| Other operating income | 522 | 77 | 1 | 1,134 | 1,734 | (970) | 764 |
| Total operating income | 8,987 | 751 | 749 | 1,469 | 11,956 | (1,666) | 10,290 |
| Premises and equipment expenses and amortisation | (651) | (43) | (21) | (304) | (1,019) | 341 | (678) |
| Other operating expenses | (3,565) | (476) | (270) | (883) | (5,194) | 1,445 | (3,749) |
| Bad debt, doubtful accounts and impairment losses | (1,448) | - | - | - | (1,448) | - | (1,448) |
| Total operating expenses | (5,664) | (519) | (291) | (1,187) | (7,661) | 1,786 | (5,875) |
| Segment profit from continuing operations before income tax expenses | 3,323 | 232 | 458 | 282 | 4,295 | 120 | 4,415 |
| Income tax expenses | | | | | | | (837) |
| Profit from continuing operations | | | | | | | 3,578 |
| Loss from discontinued operations | | | | | | | (83) |
| Non-controlling interests of the subsidiaries | | | | | | | (20) |
| Profit for the period - equity holders of the Company | | | | | | | 3,475 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Commercial banking business | Securities business | Asset management business | Support business | Total segments | Adjustments and eliminations | Consolidated financial statement |
|--|-----------------------------------|------------------------|---------------------------------|---------------------|----------------|---------------------------------|--|
| For the three-month period ended | | | | | | | |
| 30 June 2017 | | | | | | | |
| Revenue | | | | | | | |
| External customers | 3,710 | 202 | 319 | (2) | 4,229 | - | 4,229 |
| Inter-segment | 45 | 58 | 1 | 657 | 761 | (761) | - |
| Total revenue | 3,755 | 260 | 320 | 655 | 4,990 | (761) | 4,229 |
| Operating results: | | | | | | | |
| Net interest income | 2,764 | 5 | 1 | (9) | 2,761 | - | 2,761 |
| Net fee and service income | 844 | 254 | 315 | 133 | 1,546 | (252) | 1,294 |
| Other operating income | 147 | 1 | 4 | 531 | 683 | (509) | 174 |
| Total operating income | 3,755 | 260 | 320 | 655 | 4,990 | (761) | 4,229 |
| Premises and equipment expenses and amortisation | (272) | (18) | (7) | (142) | (439) | 134 | (305) |
| Other operating expenses | (1,412) | (213) | (118) | (419) | (2,162) | 658 | (1,504) |
| Bad debt, doubtful accounts and impairment losses | (542) | - | - | - | (542) | - | (542) |
| Total operating expenses | (2,226) | (231) | (125) | (561) | (3,143) | 792 | (2,351) |
| Segment profit | 1,529 | 29 | 195 | 94 | 1,847 | 31 | 1,878 |
| Income tax expenses | | | | | | | (370) |
| Non-controlling interests of the subsidiaries | | | | | | | (3) |
| Profit for the period - equity holders of the Company | | | | | | | 1,505 |

(Unaudited but reviewed)

| | (Unit: Million Baht) | | | | | | Consolidated |
|--|-----------------------------------|------------------------|---------------------------------|---------------------|----------------|---------------------------------|------------------------|
| | Commercial banking business | Securities business | Asset management business | Support business | Total segments | Adjustments and eliminations | financial statement |
| For the six-month period ended | | | | | | | |
| 30 June 2017 | | | | | | | |
| Revenue | | | | | | | |
| External customers | 7,466 | 555 | 628 | (20) | 8,629 | - | 8,629 |
| Inter-segment | 86 | 129 | 1 | 1,259 | 1,475 | (1,475) | - |
| Total revenue | 7,552 | 684 | 629 | 1,239 | 10,104 | (1,475) | 8,629 |
| Operating results: | | | | | | | |
| Net interest income | 5,528 | 9 | 3 | (15) | 5,525 | - | 5,525 |
| Net fee and service income | 1,723 | 653 | 621 | 247 | 3,244 | (493) | 2,751 |
| Other operating income | 301 | 22 | 5 | 1,007 | 1,335 | (982) | 353 |
| Total operating income | 7,552 | 684 | 629 | 1,239 | 10,104 | (1,475) | 8,629 |
| Premises and equipment expenses and amortisation | (512) | (42) | (14) | (278) | (846) | 257 | (589) |
| Other operating expenses | (2,813) | (464) | (237) | (782) | (4,296) | 1,279 | (3,017) |
| Bad debt, doubtful accounts and impairment losses | (1,295) | - | - | - | (1,295) | - | (1,295) |
| Total operating expenses | (4,620) | (506) | (251) | (1,060) | (6,437) | 1,536 | (4,901) |
| Segment profit | 2,932 | 178 | 378 | 179 | 3,667 | 61 | 3,728 |
| Income tax expenses | | | | | | | (721) |
| Non-controlling interests of the subsidiaries | | | | | | | (11) |
| Profit for the period - equity holders of the Company | | | | | | | 2,996 |

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 and six-month periods ended 30 June 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 | |
|-------------------------------------|---|------------------|
| | 30 June 2018 | 31 December 2017 |
| Other guarantees | 576,429 | 627,912 |
| Undrawn client overdraft facilities | 560,202 | 575,279 |
| Interest rate swap agreements | 1,200,000 | 1,200,000 |
| Foreign exchange contracts | 130,604 | - |
| Others | 546,663 | 1,034,498 |
| Total | 3,013,898 | 3,437,689 |

3.27.2 Litigation

As at 30 June 2018 and 31 December 2017, the subsidiaries have been sued for compensation totaling approximately Baht 337 million and Baht 345 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believe that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

3.27.3 Other commitments

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

As at 30 June 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 | |
| | 30 June 2018 | 31 December 2017 |
| Payable within: | | |
| Not over 1 year | 193 | 213 |
| Over 1 to 5 years | 282 | 319 |
| Over 5 years | 62 | 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 30 June 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 30 June 2018 | | | | |
| | Book Value | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets measured at fair value | | | | | |
| Available-for-sale investments | | | | | |
| Equity securities | | | | | |
| Debt securities | 317 | 317 | - | - | 317 |
| Unit trusts | 8,170 | - | 8,170 | - | 8,170 |
| Financial liabilities measured at fair value | | | | | |
| Derivatives | | | | | |
| Interest rate swap agreements | 22 | - | 22 | - | 22 |
| Foreign exchange contracts | 8 | - | 8 | - | 8 |

(Unit: Million Baht)

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

(Unaudited but reviewed)

(Unit: Million Baht)

| | Separate financial statements | | | | |
|--|-------------------------------|------------|---------|---|-------|
| | As at 30 June 2018 | | | | |
| | Book | Fair Value | | | Total |
| Value | Level 1 | Level 2 | Level 3 | | |
| Financial assets measured at fair value | | | | | |
| Available-for-sale investments | | | | | |
| Unit trusts | 838 | 838 | - | - | 838 |

(Unit: Million Baht)

| | Separate financial statements | | | | |
|--|-------------------------------|------------|---------|---|-------|
| | As at 31 December 2017 | | | | |
| | Book | Fair Value | | | Total |
| Value | Level 1 | Level 2 | Level 3 | | |
| Financial assets measured at fair value | | | | | |
| 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. Dividend payment

| | Approved by | Dividend per share | | Amounts of | Dividend payment |
|-------------------------------------|--|--------------------|------------------|----------------|------------------|
| | | Preference | Ordinary | dividend paid | period |
| | | share | share | (Million Baht) | |
| | | (Baht per share) | (Baht per share) | | |
| Annual dividends for 2016 | The 2017 Annual General Meeting of the Shareholders on 20 April 2017 | 3.50 | 3.50 | 2,802 | May 2017 |
| Total dividend payment in year 2017 | | | | <u>2,802</u> | |
| Annual dividends for 2017 | The 2018 Annual General Meeting of the Shareholders on 23 April 2018 | 5.00 | 5.00 | 4,003 | May 2018 |
| Total dividend payment in year 2018 | | | | <u>4,003</u> | |

5. Significant event during the period

On 30 March 2018, TISCO Bank Public Company Limited and All-Ways Company Limited (a subsidiary) signed agreements for the sales of a personal loan portfolio and a credit card business to Citibank N.A. (Bangkok Branch) where TISCO Bank will be the seller of the personal loan portfolio and All-Ways will be the seller of the credit card business.

On 4 June 2018, TISCO Bank Public Company Limited has completed the sale of the personal loan portfolio to Citibank N.A. (Bangkok Branch) successfully. In relation to the sale of the credit card business, the transfer is progressing in accordance with planned timelines, and is expected to be completed by the end of 2018.

To comply with the requirements of accounting standards, as at 30 June 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 operations" in the consolidated statement of comprehensive income. Details are as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

As at 30 June 2018

Consolidated statement of financial position

Asset

Loans to customers and accrued interest receivables - net 2,219

Total asset classified as held for sale 2,219

Liabilities

Other liabilities 276

**Total liabilities directly associated with asset classified
as held for sale** 276

(Unit: Million Baht)

For the three-month

period ended

30 June 2018

Consolidated statement of comprehensive income

Profit or loss:

Interest income 71

Interest expenses -

Net interest income 71

Fee and service income 14

Fee and service expenses (8)

Net fee and service income 6

Net losses on trading and foreign exchange transactions (3)

Total operating income 74

Employee's expenses (6)

Premises and equipment expenses (2)

Taxes and duties (3)

Other operating expenses (72)

Total operating expenses (83)

Bad debt, doubtful accounts and impairment losses (33)

Loss before income tax expenses (42)

Income tax expenses (3)

Loss for the period from discontinued operations (45)

Total comprehensive income from discontinued operations (45)

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month

period ended

30 June 2018

Consolidated statement of comprehensive income

Profit or loss:

| | |
|---|-------|
| Interest income | 148 |
| Interest expenses | - |
| Net interest income | 148 |
| Fee and service income | 36 |
| Fee and service expenses | (15) |
| Net fee and service income | 21 |
| Net losses on trading and foreign exchange transactions | (6) |
| Total operating income | 163 |
| Employee's expenses | (11) |
| Premises and equipment expenses | (5) |
| Taxes and duties | (7) |
| Other operating expenses | (141) |
| Total operating expenses | (164) |
| Bad debt, doubtful accounts and impairment losses | (69) |
| Loss before income tax expenses | (70) |
| Income tax expenses | (12) |
| Loss for the period from discontinued operations | (82) |
| Total comprehensive income from discontinued operations | (82) |

Changes in operating assets and operating liabilities of the transferred business which are included in the consolidated cash flow statements for the six-month period ended 30 June 2018 are as follows:

| | (Unit: Million Baht) |
|--------------------------------|---|
| | For the six-month period ended 30 June 2018 |
| Operating assets decrease | |
| - Loans to customers | 563 |
| | <u>563</u> |
| Operating liabilities decrease | |
| - Other liabilities | 21 |
| | <u>21</u> |

6. Reclassification

The Company and its subsidiaries have reclassified some items in the statement of comprehensive income for the three-month and six-month periods ended 30 June 2017 in order to correspond to the classification in the current period. However, there is no impact on net profit or equity.

| | (Unit: Thousand Baht) | | | |
|--|--|---------------------------|--|---------------------------|
| | Consolidated financial statements | | | |
| | For the three-month period ended 30 June 2017 | | For the six-month period ended 30 June 2017 | |
| | As reclassified | As previously reported | As reclassified | As previously reported |
| Fee and service income | 1,347,903 | 1,349,847 | 2,865,064 | 2,861,908 |
| Income from business promotion relating to the business | - | 145,413 | - | 219,253 |
| Expenses from business promotion relating to the business | - | 147,357 | - | 216,097 |

7. Approval of interim financial statements

These interim financial statements were approved by the Company's Audit Committee on 10 August 2018.