

TISCO Bank Public Company Limited
Report and interim financial statements
30 September 2018



Building a better
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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of TISCO Bank Public Company Limited

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

Scope of Review

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

Conclusion

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

Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 9 November 2018

TISCO Bank Public Company Limited

Statement of financial position

As at 30 September 2018

(Unit: Thousand Baht)

	Note	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Assets			
Cash		1,187,647	1,323,405
Interbank and money market items - net		55,295,739	43,176,522
Derivatives assets	3.1	3,195	-
Investments - net	3.2, 3.5	9,701,428	5,932,024
Loans to customers and accrued interest receivables	3.3, 3.5		
Loans to customers		254,534,513	263,449,589
Accrued interest receivables		622,201	669,461
Total loans to customers and accrued interest receivables		255,156,714	264,119,050
Less: Deferred revenue		(18,397,584)	(18,512,545)
Less: Allowance for doubtful accounts	3.4	(11,908,742)	(10,700,347)
Less: Allowance for loss on debt restructuring	3.4	(8,346)	(8,948)
Loans to customers and accrued interest receivables - net		224,842,042	234,897,210
Properties foreclosed - net		37,248	777
Investment properties		32,778	32,778
Premises and equipment - net		643,671	676,107
Intangible assets - net		288,158	342,255
Deferred tax assets		711,722	427,676
Other assets	3.6	1,216,120	1,466,541
Total assets		293,959,748	288,275,295

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

TISCO Bank Public Company Limited
Statement of financial position (continued)
As at 30 September 2018

(Unit: Thousand Baht)

	Note	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Liabilities and equity			
Liabilities			
Deposits	3.7	194,675,700	181,499,272
Interbank and money market items		3,516,539	3,852,908
Liabilities payable on demand		323,489	431,361
Derivatives liabilities	3.1	12,841	29,815
Debts issued and borrowings	3.8	55,297,919	63,638,619
Provision for long-term employee benefits		392,187	347,218
Accrued interest payable		964,129	695,165
Income tax payable		347,551	602,095
Dividend payable		-	2,764,703
Other liabilities	3.9	5,908,541	5,489,267
Total liabilities		261,438,896	259,350,423

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

TISCO Bank Public Company Limited
Statement of financial position (continued)
As at 30 September 2018

(Unit: Thousand Baht)

Note	30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Equity		
Share capital		
Registered		
104 preference shares of Baht 10 each	1	1
921,567,588 ordinary shares of Baht 10 each	9,215,676	9,215,676
	<u>9,215,677</u>	<u>9,215,677</u>
Issued and fully paid-up		
104 preference shares of Baht 10 each	1	1
921,567,588 ordinary shares of Baht 10 each	9,215,676	9,215,676
	<u>9,215,677</u>	<u>9,215,677</u>
Share premium on ordinary shares	2,543,024	2,543,024
Other components of equity	199,751	222,204
Retained earnings		
Appropriated-statutory reserve	984,000	984,000
Unappropriated	19,578,400	15,959,967
Total equity	<u>32,520,852</u>	<u>28,924,872</u>
Total liabilities and equity	<u>293,959,748</u>	<u>288,275,295</u>

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



Mr. Suthas Ruangmanamongkol
 (Executive Director)



Mr. Sakchai Peechapat
 (President)



ธนาคารทีเอสซี จำกัด (มหาชน)
 TISCO Bank Public Company Limited

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 September 2018

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

	Note	2018	2017
Profit or loss:			
Interest income	3.11	4,166,230	3,768,542
Interest expenses	3.12	(1,260,097)	(1,173,337)
Net interest income		2,906,133	2,595,205
Fee and service income		711,490	798,649
Fee and service expenses		(23,389)	(26,244)
Net fee and service income	3.13	688,101	772,405
Net gains (losses) on trading and foreign exchange transactions	3.14	2,528	(1,540)
Net gains on investments	3.15	228,693	5,574
Penalty fee income from loans		77,397	82,210
Other operating income	3.17	60,100	120,123
Total operating income		3,962,952	3,573,977
Operating expenses			
Employee's expenses		814,766	694,243
Premises and equipment expenses		254,463	240,873
Taxes and duties		73,835	55,705
Intercompany supporting fee expenses	3.23	471,403	446,733
Other operating expenses	3.18	228,359	208,179
Total operating expenses		1,842,826	1,645,733
Bad debt, doubtful accounts and impairment losses	3.16	700,071	554,144
Profit from operations before income tax expenses		1,420,055	1,374,100
Income tax expenses	3.19	281,471	266,746
Profit for the period		1,138,584	1,107,354

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statement of comprehensive income (continued)

For the three-month period ended 30 September 2018

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

	Note	2018	2017
Other comprehensive income:	3.20		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Losses on valuation in available-for-sale investments		(11,038)	(2,145)
Income tax effects	3.21	2,207	429
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(8,831)	(1,716)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gains		3,857	-
Income tax effects	3.21	(771)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		3,086	-
Other comprehensive income for the period		(5,745)	(1,716)
Total comprehensive income for the period		<u>1,132,839</u>	<u>1,105,638</u>
Earnings per share			
Basic earnings per share (Baht per share)	3.22	<u>1.24</u>	<u>1.20</u>

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statement of comprehensive income

For the nine-month period ended 30 September 2018

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

	Note	2018	2017
Profit or loss:			
Interest income	3.11	12,606,107	11,203,962
Interest expenses	3.12	(3,675,474)	(3,446,739)
Net interest income		8,930,633	7,757,223
Fee and service income		2,431,780	2,348,988
Fee and service expenses		(72,169)	(79,881)
Net fee and service income	3.13	2,359,611	2,269,107
Net gains (losses) on trading and foreign exchange transactions	3.14	8,897	(3,300)
Net gains on investments	3.15	437,873	13,348
Penalty fee income from loans		233,319	269,823
Other operating income	3.17	193,014	212,691
Total operating income		12,163,347	10,518,892
Operating expenses			
Employee's expenses		2,375,766	2,036,375
Premises and equipment expenses		764,139	641,630
Taxes and duties		224,973	161,069
Intercompany supporting fee expenses	3.23	1,402,412	1,247,613
Other operating expenses	3.18	858,594	576,946
Total operating expenses		5,625,884	4,663,633
Bad debt, doubtful accounts and impairment losses	3.16	2,017,866	1,674,327
Profit from operations before income tax expenses		4,519,597	4,180,932
Income tax expenses	3.19	899,540	826,815
Profit for the period		3,620,057	3,354,117

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited
Statement of comprehensive income (continued)
For the nine-month period ended 30 September 2018

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

	Note	2018	2017
Other comprehensive income:	3.20		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Losses on valuation in available-for-sale investments		(25,517)	(765)
Income tax effects	3.21	5,104	153
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(20,413)	(612)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial losses		(4,580)	(47,327)
Income tax effects	3.21	916	9,465
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(3,664)	(37,862)
Other comprehensive income for the period		(24,077)	(38,474)
Total comprehensive income for the period		<u>3,595,980</u>	<u>3,315,643</u>
Earnings per share			
Basic earnings per share (Baht per share)	3.22	<u>3.93</u>	<u>3.64</u>

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Cash flow statement

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	2018	2017
Cash flows from operating activities		
Profit from operations before income tax	4,519,597	4,180,932
Adjustments to reconcile profit from operating before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	123,431	111,843
Bad debt and doubtful accounts	3,544,351	3,126,948
Reversal of allowance for impairment of investments	(1,134)	(3,582)
Allowance for impairment of properties foreclosed	652	373
Gains on disposal of investments in securities	(436,849)	(9,537)
Unrealised gains on foreign exchange transactions and trading derivatives	(17,751)	(2,949)
Gains on disposal of equipment and intangible assets	(4,189)	(4,870)
Losses on written-off of equipment	61	17
Gains on disposal of properties foreclosed	(56,180)	(60,793)
Employee benefit expenses	45,633	20,549
Decrease in accrued income	29,433	22,622
Increase in accrued expenses	754,240	577,756
Net interest income	(8,930,633)	(7,757,223)
Dividend income	(49,521)	(125,796)
Cash received on interest income	12,794,140	11,320,337
Cash paid on interest expenses	(2,571,972)	(2,602,379)
Cash received on dividend income	49,521	50,796
Cash paid on income tax expenses	(1,432,109)	(1,054,932)
Profit from operating activities before changes in operating assets and liabilities	8,360,721	7,790,112
Operating assets (increase) decrease		
Interbank and money market items	(12,119,217)	(8,634,276)
Loans to customers	5,070,578	6,323,057
Properties foreclosed	1,102,200	1,384,286
Other assets	170,728	87,646

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Cash flow statement (continued)

For the nine-month period ended 30 September 2018

	(Unit: Thousand Baht)	
	2018	2017
Operating liabilities increase (decrease)		
Deposits	13,176,428	336,982
Interbank and money market items	(336,369)	(1,149,081)
Liabilities payable on demand	(107,872)	114,760
Short-term debts issued and borrowings	(22,840,700)	562,200
Provision for long-term employee benefits	(5,245)	(5,764)
Other liabilities	(952,597)	1,620,853
Net cash flows from (used in) operating activities	(8,481,345)	8,430,775
Cash flows from investing activities		
Cash paid for purchase of investment in securities held for investment	(26,426,416)	(6,269,313)
Cash received from disposal of investment in securities held for investment	23,069,477	5,720,920
Cash paid for purchase of equipment	(28,908)	(32,480)
Cash paid for purchase of intangible assets	(16,233)	(26,326)
Cash received from disposal of equipment	10,733	4,870
Cash received from disposal of intangible assets	1,637	-
Net cash flows used in investing activities	(3,389,710)	(602,329)
Cash flows from financing activities		
Cash received from issuance of long-term debentures	20,000,000	11,000,000
Cash paid for redemption of long-term debentures	(5,500,000)	(16,680,000)
Dividend paid	(2,764,703)	(2,027,449)
Net cash flows from (used in) financing activities	11,735,297	(7,707,449)
Net increase (decrease) in cash	(135,758)	120,997
Cash at beginning of the period	1,323,405	1,147,866
Cash at end of the period	1,187,647	1,268,863

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statement of changes in equity

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Issued and fully paid-up		Share premium on ordinary shares	Other components of equity			Retained earnings		Total
	Preference shares	Ordinary shares		Surplus (deficit) on		Total other components of equity	Appropriated	Unappropriated	
				changes in value of available-for-sale investments	Surplus on revaluation of assets				
Balance as at 1 January 2017	1	9,215,676	2,543,024	17,380	208,915	226,295	984,000	14,474,972	27,443,968
Profit for the period	-	-	-	-	-	-	-	3,354,117	3,354,117
Other comprehensive income for the period	-	-	-	(612)	-	(612)	-	(37,862)	(38,474)
Total comprehensive income for the period	-	-	-	(612)	-	(612)	-	3,316,255	3,315,643
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(2,040)	(2,040)	-	2,040	-
Balance as at 30 September 2017	1	9,215,676	2,543,024	16,768	206,875	223,643	984,000	17,793,267	30,759,611
Balance as at 1 January 2018	1	9,215,676	2,543,024	16,016	206,188	222,204	984,000	15,959,967	28,924,872
Profit for the period	-	-	-	-	-	-	-	3,620,057	3,620,057
Other comprehensive income for the period	-	-	-	(20,413)	-	(20,413)	-	(3,664)	(24,077)
Total comprehensive income for the period	-	-	-	(20,413)	-	(20,413)	-	3,616,393	3,595,980
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(2,040)	(2,040)	-	2,040	-
Balance as at 30 September 2018	1	9,215,676	2,543,024	(4,397)	204,148	199,751	984,000	19,578,400	32,520,852

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

TISCO Bank Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 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 Bank choosing to present condensed interim financial statements. However, the Bank has presented the statements of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for the annual financial statements, and in accordance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 21/2558 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 4 December 2015.

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

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

1.2 New financial reporting standards

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

During the period, the Bank has 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 Bank’s financial statements.

b) Financial reporting standards 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 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards 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.

The management of the Bank is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Bank's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Bank is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

1.3 Significant accounting policies

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

2. General information

2.1 The Bank's information

TISCO Bank Public Company Limited ("the Bank") is a public company incorporated and domiciled in Thailand. Its parent company is TISCO Financial Group Public Company Limited, which was incorporated in Thailand. The Bank has been licensed by the Ministry of Finance to operate commercial banking business. Its registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 30 September 2018 and 31 December 2017, the Bank has 60 branches in Thailand.

2.2 Related party transactions

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

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

3. Supplemental information

3.1 Derivatives

The Bank entered into interest rate swap agreements and foreign exchange contracts to manage the risk associated as follows:

(Unit: Thousand Baht)

Type of risk	As at					
	30 September 2018			31 December 2017		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	3,195	-	405,040	-	-	-
Interest rate	-	12,841	1,200,000	-	29,815	1,200,000
Total	3,195	12,841	1,605,040	-	29,815	1,200,000

All counterparties of these derivatives transactions are financial institutions.

3.2 Investments

3.2.1 Classified by type of investment

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
Available-for-sale investments - fair value		
Government and state enterprise securities	8,898,633	4,412,318
Private sector debt securities	186,782	692,188
Foreign sector debt securities	401,888	408,961
Domestic marketable equity securities	5,120	8,440
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	9,490,963	5,520,447
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	245,093	447,229
Less: Allowance for impairment	(34,628)	(35,652)
Total general investments	210,465	411,577
Investments - net	9,701,428	5,932,024

(Unaudited but reviewed)

3.2.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	As at							
	30 September 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	8,896	3	-	8,899	4,410	-	2	4,412
Private sector debt securities	403	185	-	588	812	289	-	1,101
Total	9,299	188	-	9,487	5,222	289	2	5,513
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	9,298	188	-	9,486	5,221	289	2	5,512
Held-to-maturity debt securities								
Investment in receivables	14	-	-	14	14	-	-	14
Less: Allowance for impairment	(14)	-	-	(14)	(14)	-	-	(14)
Total	-	-	-	-	-	-	-	-
Total debt securities	9,298	188	-	9,486	5,221	289	2	5,512

3.2.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restrictions
	30 September 2018	31 December 2017	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	-	774	Pledge for the use of credit balance on clearing position

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

(Unit: Thousand Baht)

	As at 30 September 2018		
	Cost	Fair value	Allowance for changes in value
	Companies having problems with debt repayment or in default	1,460	-

	(Unit: Thousand Baht) As at 31 December 2017		
	Cost	Fair value	Allowance for changes in value
	Companies having problems with debt repayment or in default	1,460	-

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

Securities' name	As at					
	30 September 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.	3,932	-	10	3,659	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	18,315	-	10	18,062	-	10

3.3 Loans to customers and accrued interest receivables

3.3.1 Classified by type of loans to customers

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
Loans to customers		
Overdrafts	434,658	551,542
Loans	100,044,817	106,885,568
Hire purchase receivables	154,035,142	155,938,827
Finance lease receivables	74,753	188,558
Less: Deferred revenue	(18,397,584)	(18,512,545)
Advances received from finance lease receivables	(54,857)	(114,906)
Total loans to customers	236,136,929	244,937,044
Add: Accrued interest receivables	622,201	669,461
Less: Allowance for doubtful accounts	(11,908,742)	(10,700,347)
Allowance for loss on debt restructuring	(8,346)	(8,948)
Loans to customers and accrued interest receivables - net	224,842,042	234,897,210

(Unaudited but reviewed)

3.3.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	As at					
	30 September 2018			31 December 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	228,980,827	6,751,062	235,731,889	238,605,146	6,331,898	244,937,044
US Dollar	-	405,040	405,040	-	-	-
Total loans to customers						
net of deferred revenue	<u>228,980,827</u>	<u>7,156,102</u>	<u>236,136,929</u>	<u>238,605,146</u>	<u>6,331,898</u>	<u>244,937,044</u>

3.3.3 Classified by loan classification

(Unit: Million Baht)

	As at					
	30 September 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	215,378	178,874	2,642	222,953	185,825	3,320
- Special mention	15,467	14,149	2,953	17,351	15,503	3,591
- Sub-standard	2,895	2,154	1,441	2,437	2,214	889
- Doubtful	1,649	1,248	752	1,400	1,170	423
- Doubtful of loss	1,370	821	764	1,465	852	389
Allowance established in excess	-	-	3,357	-	-	2,088
Total	<u>236,759</u>	<u>197,246</u>	<u>11,909</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 the Bank does not deduct the collateral value from the outstanding loan balance).

⁽²⁾ As at 30 September 2018, the provision set aside by the Bank exceeded the BOT's notification No. Sor Nor Sor. 5/2559 minimum requirement by a total of Baht 7,408 million (As at 31 December 2017: total of Baht 6,140 million). The Bank allocated Baht 4,051 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 4,501 million (As at 31 December 2017: total of Baht 4,561 million), the total provision set aside in accordance with BOT's requirement is Baht 8,552 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 license receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at		As at		As at	
	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017
Pass	0.85	0.94	1.66	1.63	1	1
Special mention	11.78	10.44	16.80	16.80	2	2
Sub-standard	26.10	30.33	37.32	35.75	100	100
Doubtful	26.20	26.43	37.32	35.75	100	100
Doubtful of loss	29.48	25.32	37.32	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.

3.3.4 Hire purchase and finance lease receivables

As at 30 September 2018, receivables of the Bank under hire purchase and finance lease agreements amount to Baht 135,831 million (31 December 2017: Baht 137,673 million) and mostly comprise hire purchase agreements for cars and finance lease agreements for machines and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

	As at 30 September 2018				
	Amounts of installments due under the long-term lease agreements				
	Not over	Over 1 year but not over	Over	Non-	Total
	1 year	5 years	5 years	performing loans	
Gross investment in the agreements	48,045	93,559	5,693	6,813	154,110
Less: Deferred revenue ⁽¹⁾	(6,041)	(8,277)	(223)	(3,683)	(18,224)
Advances received from finance lease receivables	(40)	(14)	-	(1)	(55)
Present value of minimum lease pay from agreements	41,964	85,268	5,470	3,129	135,831
Allowance for doubtful accounts ⁽²⁾					(3,197)
Net hire purchase and finance lease receivables					132,634

⁽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)

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	50,714	93,390	5,533	6,490	156,127
Less: Deferred revenue ⁽¹⁾	(6,404)	(8,424)	(212)	(3,299)	(18,339)
Advances received from finance lease receivables	(80)	(34)	-	(1)	(115)
Present value of minimum lease pay from agreements	44,230	84,932	5,321	3,190	137,673
Allowance for doubtful accounts ⁽²⁾					(3,328)
Net hire purchase and finance lease receivables					134,345

⁽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.

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

(Unit: Million Baht)

	Amounts calculated under BOT's guidelines ⁽²⁾		Amounts calculated under the Bank's policy	
	as at		as at	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	6,115	6,122	7,298	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.

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

(Unit: Million Baht)

	As at	
	30 September 2018	31 December 2017
Deferred revenue ⁽¹⁾	18,398	18,513

⁽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.

(Unaudited but reviewed)

3.3.7 Troubled debt restructuring

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Debtors restructured during the period				
Number of debtors restructured by modification of terms (number)	289	860	921	3,029
Loan balances before restructuring (Million Baht)	673	242	858	933
Loan balances after restructuring (Million Baht)	670	244	855	939
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	4
Loan against auto license receivables	5	4	5	4

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

(Unit: Million Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Interest income on restructured receivables	64	93	215	280
Receipt of principal and interest	390	407	1,183	1,115

As at 30 September 2018 and 31 December 2017, the Bank has the outstanding balances with troubled debt restructured debtors as follows:

(Unit: Million Baht)

	As at			
	30 September 2018		31 December 2017	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	15,119	4,082	17,265	4,646

(Unaudited but reviewed)

3.4 Allowance for doubtful accounts/allowance for loss on debt restructuring**3.4.1 Allowance for doubtful accounts - classified by receivables classification**

(Unit: Thousand Baht)

As at 30 September 2018							
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	3,319,945	3,591,610	888,764	422,734	389,060	2,088,234	10,700,347
Increase (decrease) in allowance for doubtful accounts during the period	(651,520)	(635,509)	711,566	1,244,132	1,607,495	1,268,789	3,544,953
Bad debt written-off	-	-	(96,668)	(914,141)	(1,232,218)	-	(2,243,027)
Transfer out from sales of receivables (Note 4)	(26,382)	(3,293)	(63,040)	(780)	(36)	-	(93,531)
Balance - end of period	<u>2,642,043</u>	<u>2,952,808</u>	<u>1,440,622</u>	<u>751,945</u>	<u>764,301</u>	<u>3,357,023</u>	<u>11,908,742</u>

(Unit: Thousand Baht)

As at 31 December 2017							
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	2,658,668	2,041,303	826,501	416,111	272,677	1,275,526	7,490,786
Increase in allowance for doubtful accounts during the year	661,277	1,550,307	175,748	1,225,347	1,902,482	812,708	6,327,869
Bad debt written-off	-	-	(113,485)	(1,218,724)	(1,786,099)	-	(3,118,308)
Balance - end of year	<u>3,319,945</u>	<u>3,591,610</u>	<u>888,764</u>	<u>422,734</u>	<u>389,060</u>	<u>2,088,234</u>	<u>10,700,347</u>

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

(Unit: Thousand Baht)

As at 30 September 2018				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	4,502,267	4,109,846	2,088,234	10,700,347
Increase in allowance for doubtful accounts during the period	808,498	1,467,666	1,268,789	3,544,953
Bad debt written-off	(805,316)	(1,437,711)	-	(2,243,027)
Transfer out from sales of receivables (Note 4)	(93,531)	-	-	(93,531)
Balance - end of period	<u>4,411,918</u>	<u>4,139,801</u>	<u>3,357,023</u>	<u>11,908,742</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at 31 December 2017			
	Individual impairment	Collective impairment	Allowance established in	
			excess	Total
Balance - beginning of year	2,595,364	3,619,896	1,275,526	7,490,786
Increase in allowance for doubtful accounts during the year	2,538,872	2,976,289	812,708	6,327,869
Bad debt written-off	(631,969)	(2,486,339)	-	(3,118,308)
Balance - end of year	4,502,267	4,109,846	2,088,234	10,700,347

3.4.3 Allowance for loss on debt restructuring

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
	Balance - beginning of period/year	8,948
Increase during the period/year	-	-
Amortisation during the period/year	(602)	(800)
Balance - end of period/year	8,346	8,948

3.4.4 Non-performing loans to customers

(Unit: Million Baht)

	As at	
	30 September 2018	31 December 2017
	Non-performing loans to customers	5,914
Allowance for doubtful accounts ⁽¹⁾	2,957	1,701

⁽¹⁾ 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 Classification of assets

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

(Unit: Million Baht)

	Allowance for possible loss provided in the accounts					
	Cost as at		Fair value as at		as at	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	Debt instruments - debentures ⁽¹⁾	1	1	-	-	1

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

(Unaudited but reviewed)

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

As at 30 September 2018 and 31 December 2017, the quality of the Bank's assets classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to customers ⁽¹⁾		Investments in securities		Investments in receivables		Properties foreclosed		Total	
	as at		as at		as at		as at		as at	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Pass	268,825	263,479	-	-	-	-	-	-	268,825	263,479
Special mention	15,298	17,158	-	-	-	-	-	-	15,298	17,158
Sub-standard	2,895	2,435	-	-	-	-	-	-	2,895	2,435
Doubtful	1,649	1,400	-	-	-	-	-	-	1,649	1,400
Doubtful of loss	1,369	1,465	36	37	14	14	13	12	1,432	1,528
Total	290,036	285,937	36	37	14	14	13	12	290,099	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).

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

3.5.3.1 Hire purchase receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting up allowance for doubtful accounts ⁽¹⁾		Percentage of allowance for doubtful accounts setup ⁽²⁾		Allowance for doubtful accounts ⁽³⁾	
	as at		as at		as at		as at	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017	2018	2017
					(%)	(%)		
Pass	121,459	122,116	121,459	122,116	0.85	0.94	1,034	1,142
Special mention	11,224	12,298	11,224	12,298	11.78	10.44	1,322	1,284
Sub-standard	1,580	1,638	1,580	1,638	26.10	30.33	412	497
Doubtful	881	891	881	891	26.20	26.43	231	236
Doubtful of loss	667	660	667	660	29.48	25.32	197	167
Total	135,811	137,603	135,811	137,603			3,196	3,326

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

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

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

3.5.3.2 Loan against auto license receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting up allowance for doubtful accounts		Percentage of allowance for doubtful accounts setup ⁽¹⁾		Allowance for doubtful accounts ⁽²⁾	
	as at		as at		as at		as at	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
					(%)	(%)		
Pass	23,071	20,027	23,071	20,027	1.66	1.63	382	327
Special mention	2,072	1,731	2,072	1,731	16.80	16.80	348	291
Sub-standard	373	288	373	288	37.32	35.75	139	103
Doubtful	163	143	163	143	37.32	35.75	61	51
Doubtful of loss	36	33	36	33	37.32	35.75	14	12
Total	25,715	22,222	25,715	22,222			944	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 amounts of 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.

3.5.4 Loans to customers with weak financial position and operating results

	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 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 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	594	737	547	635	594 ⁽³⁾	737 ⁽³⁾
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	9	4	1,733	662	861	255	641	8
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	10	5	2,327	1,399	1,408	890	1,235	745

⁽¹⁾ The company is currently under rehabilitation.

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

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

(Unaudited but reviewed)

3.6 Other assets

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
Value added tax - net	414,452	469,013
Accrued interest receivables	15,765	27,468
Fee and service receivables	34,624	64,057
Deposits	58,763	58,089
Other receivables	414,085	634,646
Other assets	278,431	213,268
Total other assets	<u>1,216,120</u>	<u>1,466,541</u>

3.7 Deposits

3.7.1 Classified by type of deposits

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
Deposits		
Current accounts	2,950,662	3,942,431
Saving accounts	57,542,195	64,544,344
Fixed accounts		
- not over 6 months	6,160,910	8,978,148
- over 6 months but not over 1 year	26,538,091	10,389,836
- over 1 year	3,054,078	492,353
Certificates of deposit/negotiable certificates of deposit	98,429,764	93,152,160
Total	<u>194,675,700</u>	<u>181,499,272</u>

3.7.2 Classified by the remaining period of contract

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
Not over 1 year ⁽¹⁾	191,414,455	181,094,401
Over 1 year	3,261,245	404,871
Total deposits	<u>194,675,700</u>	<u>181,499,272</u>

⁽¹⁾ Including fully-mature deposit contracts

3.7.3 As at 30 September 2018 and 31 December 2017, all outstanding deposits are deposits from domestic depositors and in Baht.

3.8 Debts issued and borrowings

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	6,680,000	6,680,000
Unsubordinated unsecured debentures	48,581,000	56,921,700
Bills of exchange	36,122	36,122
Promissory notes	797	797
Total	<u>55,297,919</u>	<u>63,638,619</u>

3.8.1 Subordinated unsecured debentures

As at 30 September 2018 and 31 December 2017, the Bank 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 September 2018	31 December 2017		30 September 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>		

3.8.2 Unsubordinated unsecured debentures

As at 30 September 2018 and 31 December 2017, the Bank has short-term and long-term unsubordinated unsecured debentures as follows:

Issued year	Type of debentures	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
		30 September 2018	31 December 2017		30 September 2018	31 December 2017		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2016	Long-term debenture	-	5.50	1,000	-	5,500	2018	1.95 - 2.00 percent per annum
2016	Long-term debenture	10.00	10.00	1,000	10,000	10,000	2019	1.85 - 1.95 percent per annum
2017	Short-term debenture	-	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	0.581	-	1,000	581	-	2018	1.44 - 1.45 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
2018	Long-term debenture	2.00	-	1,000	2,000	-	2020	2.05 percent per annum
Total					<u>48,581</u>	<u>56,922</u>		

3.8.3 Bills of exchange

Bills of exchange comprise bills of exchange that mature at call and bear interest at a fixed rate of 2.50 percent per annum.

3.9 Other liabilities

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
Withholding income tax and other tax payables	135,144	312,805
Accrued insurance premium	350,119	611,491
Deferred income	1,423,914	1,060,312
Accrued expenses	2,655,373	1,901,133
Suspense creditors	1,034,318	1,282,132
Other liabilities	309,673	321,394
Total other liabilities	5,908,541	5,489,267

The above accrued expenses included accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses included costs of annual bonus that are determined with reference to the parent company's share price, paid to employees whose performance impacts the Bank's operating results, as an incentive to work effectively and to build loyalty to the Bank. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily price of the parent company's shares over the period of five years from grant date to settlement date. As of 30 September 2018 and 31 December 2017, the Bank has issued bonus under this scheme amounting to Baht 334 million and Baht 309 million, respectively.

3.10 Capital funds

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

The Bank maintains capital adequacy ratio in compliance with Basel III principles 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 September 2018 and 31 December 2017, the Bank has allocated the additional reserve from classification as part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under the BOT's regulation.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at	
	30 September 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	199,751	218,860
Less: Deductions from Common Equity Tier I items	(1,027,299)	(734,918)
Total Common Equity Tier I capital	27,875,119	27,263,614
<u>Financial Instrument Tier I capital</u>		
Issued and fully paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	27,875,120	27,263,615
<u>Tier II capital</u>		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	661,918	668,708
Reserve for loans classified as pass	603,220	739,109
Total Tier II capital	7,945,138	8,087,817
Total capital funds	35,820,258	35,351,432

(Unit: Percent)

Capital fund ratios	As at			
	30 September 2018		31 December 2017	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	17.58	6.375	15.98	5.75
Tier I capital to risk assets	17.58	7.875	15.98	7.25
Total capital to risk assets	22.59	10.375	20.72	9.75

To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 4/2556 regarding “Public Disclosure of Capital Maintenance for Commercial Banks”, the Bank has disclosed capital maintenance information as at 30 June 2018 on its website on 19 October 2018.

3.11 Interest income

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

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Interbank and money market items	191,001	178,507	506,682	433,591
Investments in debt securities	42,151	34,378	104,137	109,925
Loans to customers	1,991,058	1,510,950	6,089,285	4,373,185
Hire purchase and finance lease	1,942,020	2,044,707	5,906,003	6,287,261
Total interest income	<u>4,166,230</u>	<u>3,768,542</u>	<u>12,606,107</u>	<u>11,203,962</u>

3.12 Interest expenses

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

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Deposits	670,953	575,357	1,882,304	1,681,557
Interbank and money market items	2,476	3,026	8,396	15,732
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	281,053	252,746	834,539	742,859
Issued debt instruments				
- Subordinated debentures	80,670	89,487	239,380	268,636
- Unsubordinated debentures	224,680	252,491	710,138	728,635
Borrowings	265	230	717	9,320
Total interest expenses	<u>1,260,097</u>	<u>1,173,337</u>	<u>3,675,474</u>	<u>3,446,739</u>

3.13 Net fee and service income

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

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Fee and service income				
- Acceptance, aval and guarantees	567	1,764	4,784	6,416
- Insurance service	466,184	574,798	1,684,787	1,677,378
- Management	8,720	2,698	23,047	2,791
- Financial advisory	4,000	8,391	12,170	8,391
- Others	232,019	210,998	706,992	654,012
Total fee and service income	711,490	798,649	2,431,780	2,348,988
Fee and service expenses	(23,389)	(26,244)	(72,169)	(79,881)
Net fee and service income	688,101	772,405	2,359,611	2,269,107

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

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

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	(533)	531	(454)	-
- Derivatives on interest rates	265	(6,742)	(1,866)	(12,925)
- Debt securities	2,796	4,671	11,217	9,625
Net gains (losses) on trading and foreign exchange transactions	2,528	(1,540)	8,897	(3,300)

3.15 Net gains on investments

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

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Gains on disposal				
- Available-for-sale investments	597	56	724	186
- General investments	227,823	2,183	436,125	9,351
Total	228,420	2,239	436,849	9,537
Reversal of allowance on impairment				
- General investments	273	3,335	1,024	3,811
Total	273	3,335	1,024	3,811
Net gains on investments	228,693	5,574	437,873	13,348

3.16 Bad debt, doubtful accounts and impairment losses

Bad debt, doubtful accounts and impairment losses in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Interbank and money market items	(73)	(3,000)	-	-
Held-to-maturity debt securities (reversal)	(1)	(2)	(110)	229
Loans to customers	700,145	557,146	2,017,976	1,674,098
Total	700,071	554,144	2,017,866	1,674,327

3.17 Other operating income

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

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Gains on disposal of properties foreclosed	17,681	19,278	56,180	60,793
Dividend income	19,421	95,021	49,521	125,796
Gains on sales of receivables (Note 4)	11,266	-	52,588	-
Others	11,732	5,824	34,725	26,102
Total	60,100	120,123	193,014	212,691

3.18 Other operating expenses

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

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Mailing expenses	13,542	12,771	46,022	39,296
Software amortisation expenses	23,429	19,940	68,723	59,112
Legal expenses	82,890	75,627	434,953	217,492
Transportation expenses	20,384	19,464	59,419	54,611
Expenses related to the repossession and the disposal of repossessed assets	16,760	20,132	47,353	57,958
Advertising and business promotion expenses	28,989	26,558	84,381	64,984
Others	42,365	33,687	117,743	83,493
Total	228,359	208,179	858,594	576,946

3.19 Income tax expenses

Income tax expenses of the Bank for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Current income tax:				
Income tax expenses for the periods	388,231	326,620	1,177,566	901,921
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	(106,760)	(59,874)	(278,026)	(75,106)
Income tax expenses reported in the statement of comprehensive income	<u>281,471</u>	<u>266,746</u>	<u>899,540</u>	<u>826,815</u>

3.20 Components of other comprehensive income

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Other comprehensive income				
Available-for-sale investments:				
Losses during the periods	(10,441)	(2,089)	(24,793)	(579)
Less: Reclassification adjustments for gains included in profit or loss	(597)	(56)	(724)	(186)
	(11,038)	(2,145)	(25,517)	(765)
Actuarial gains (losses)	3,857	-	(4,580)	(47,327)
Other comprehensive income	(7,181)	(2,145)	(30,097)	(48,092)
Income tax effects relating to components of other comprehensive income	1,436	429	6,020	9,618
Net other comprehensive income for the periods	<u>(5,745)</u>	<u>(1,716)</u>	<u>(24,077)</u>	<u>(38,474)</u>

3.21 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	For the three-month periods ended 30 September					
	2018			2017		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Losses on valuation in available-for-sale investments	(11,038)	2,207	(8,831)	(2,145)	429	(1,716)
Actuarial gains	3,857	(771)	3,086	-	-	-
	<u>(7,181)</u>	<u>1,436</u>	<u>(5,745)</u>	<u>(2,145)</u>	<u>429</u>	<u>(1,716)</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September					
	2018			2017		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Losses on valuation in available-for-sale investments	(25,517)	5,104	(20,413)	(765)	153	(612)
Actuarial losses	(4,580)	916	(3,664)	(47,327)	9,465	(37,862)
	<u>(30,097)</u>	<u>6,020</u>	<u>(24,077)</u>	<u>(48,092)</u>	<u>9,618</u>	<u>(38,474)</u>

3.22 Earnings per share

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

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
	Profit for the period attributable to equity holders of the Bank (Thousand Baht)	1,138,584	1,107,354	3,620,057
Weighted average number of shares (Thousand shares)	921,568	921,568	921,568	921,568
Basic earnings per share (Baht/share)	1.24	1.20	3.93	3.64

3.23 Related party transactions

The relationships between the Bank and its related parties

Name of related parties	Relationship
TISCO Financial Group Plc.	Parent Company
TISCO Securities Co., Ltd.	Common Shareholders
TISCO Asset Management Co., Ltd.	Common Shareholders
Deutsche TISCO Investment Advisory Co., Ltd.	Related Company
Hi-Way Co., Ltd.	Common Shareholders
TISCO Insurance Solution Co., Ltd.	Common Shareholders
TISCO Information Technology Co., Ltd.	Common Shareholders
TISCO Learning Center Co., Ltd.	Common Shareholders
All-Ways Co., Ltd.	Common Shareholders
Primus Leasing Co., Ltd. (In the process of liquidation)	Common Shareholders
TISCO Tokyo Leasing Co., Ltd.	Common Shareholders

As at 30 September 2018 and 31 December 2017, the balance of the accounts between the Bank and its related companies are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 September 2018	31 December 2017
<u>Outstanding balance</u>		
Parent company		
TISCO Financial Group Plc.		
Deposits	1,928,054	237,142
Accrued interest payable	454	59
Dividend payable	-	2,764,357
Other liabilities	124,428	130,011
Related companies		
Other assets:		
TISCO Insurance Solution Co., Ltd.	530	1,874
TISCO Securities Co., Ltd.	279	369
TISCO Asset Management Co., Ltd.	5	-
All-Ways Co., Ltd.	375	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

As at

	30 September 2018	31 December 2017
<u>Outstanding balance (continued)</u>		
Related companies (continued)		
Deposits:		
Hi-Way Co., Ltd.	107,240	54,780
TISCO Insurance Solution Co., Ltd.	355,665	137,867
TISCO Information Technology Co., Ltd.	239,654	160,538
TISCO Learning Center Co., Ltd.	26,862	33,986
All-Ways Co., Ltd.	952,830	38,216
Primus Leasing Co., Ltd.	32,899	32,899
(In the process of liquidation)		
TISCO Tokyo Leasing Co., Ltd.	854	5,958
Interbank and money market items (Liabilities):		
TISCO Securities Co., Ltd.	276,098	141,913
TISCO Asset Management Co., Ltd.	20,828	253,113
Deutsche TISCO Investment Advisory Co., Ltd.	263,225	254,580
Accrued interest payable:		
TISCO Securities Co., Ltd.	23	7
TISCO Asset Management Co., Ltd.	103	399
Deutsche TISCO Investment Advisory Co., Ltd.	171	12
Hi-Way Co., Ltd.	87	5
TISCO Insurance Solution Co., Ltd.	400	71
TISCO Information Technology Co., Ltd.	296	40
TISCO Learning Center Co., Ltd.	62	65
All-Ways Co., Ltd.	199	2
Other liabilities:		
Hi-Way Co., Ltd.	99,300	67,200
TISCO Insurance Solution Co., Ltd.	9,614	177
TISCO Learning Center Co., Ltd.	6,979	7,581
Commitments - Guarantees:		
Parent company		
TISCO Financial Group Plc.	1,136	1,136
Related companies		
TISCO Securities Co., Ltd.	765	765
TISCO Asset Management Co., Ltd.	440	440
TISCO Insurance Solution Co., Ltd.	100	100
TISCO Information Technology Co., Ltd.	918	1,018
All-Ways Co., Ltd.	-	300

(Unaudited but reviewed)

Loans to related companies

As at 30 September 2018 and 1 January 2018, the balances of loans between the Bank and its related companies and their movements are as follows:

	(Unit: thousand Baht)			
	As at		As at	
	1 January 2018	Increase	Decrease	30 September 2018
Related companies				
Interbank and money market items				
(Assets):				
TISCO Securities Co., Ltd.	300,000	-	-	300,000

During the period, the Bank had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on bases agreed upon between the Bank and those related parties.

	(Unit: Thousand Baht)				
	For the three-month		For the nine-month		
	periods ended		periods ended		
	30 September		30 September		
	2018	2017	2018	2017	Terms and pricing policy
Transactions occurred during the periods					
Parent company					
Other income	-	500	1,000	1,000	With reference to the terms and prices as offered to other customers
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	372,104	386,253	1,123,712	1,084,653	Determined on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest expenses	1,425	3,373	4,679	6,733	With reference to the terms and prices as offered to other customers
Other expenses	2,509	2,663	9,784	7,294	With reference to the terms and prices as offered to other customers
Related companies					
Interest income	2,268	2,277	6,733	7,190	With reference to the terms and prices as offered to other customers
Income involving loans	140	330	516	1,138	With reference to the terms and prices as offered to other customers
Other income	1,956	1,084	6,763	2,361	With reference to the terms and prices as offered to other customers

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Terms and pricing policy
	2018	2017	2018	2017	
	Transactions occurred during the periods (continued)				
Related companies (continued)					
Expenses involving loans	99,300	60,480	278,700	162,960	Determined on actual cost
Computer system advisory service expenses	106,500	100,535	319,500	244,464	Determined on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	15,952	22,857	40,341	38,934	With reference to the prices as offered from other service providers
Interest expenses	1,683	1,870	3,799	4,568	With reference to the terms and prices as offered to other customers
Other expenses	754	728	1,765	4,291	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
Loans ⁽¹⁾	2,207	2,629

⁽¹⁾ Including employee welfare loans and normal loans

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
Deposits	46,051	93,274

Directors and management's benefits

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

(Unit: Million Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Short-term benefits	34	34	73	68
Post-employment benefits	4	3	11	10
Total	38	37	84	78

3.24 Segment information

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

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Bank's operating segments for the three-month and nine-month periods ended 30 September 2018 and 2017, respectively.

(Unit: Million Baht)

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statements
For the three-month period ended 30 September 2018						
Revenue						
External customers	3,243	301	419	3,963	-	3,963
Inter-segment	-	-	875	875	(875)	-
Total revenue	3,243	301	1,294	4,838	(875)	3,963
Operating results:						
Net interest income	2,473	277	156	2,906	-	2,906
Net fee and service income	654	35	(1)	688	-	688
Other operating income	116	(11)	1,139	1,244	(875)	369
Total operating income	3,243	301	1,294	4,838	(875)	3,963
Premises and equipment expenses and amortisation	(73)	(5)	(200)	(278)	-	(278)
Other operating expenses	(1,627)	(134)	(679)	(2,440)	875	(1,565)
Bad debt, doubtful accounts and impairment losses	(358)	42	(384)	(700)	-	(700)
Total operating expenses	(2,058)	(97)	(1,263)	(3,418)	875	(2,543)
Segment profit	1,185	204	31	1,420	-	1,420
Income tax expenses						(281)
Profit for the period						1,139

(Unaudited but reviewed)

(Unit: Million Baht)

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statements
For the nine-month period ended 30 September 2018						
Revenue						
External customers	10,313	985	865	12,163	-	12,163
Inter-segment	-	-	2,633	2,633	(2,633)	-
Total revenue	10,313	985	3,498	14,796	(2,633)	12,163
Operating results:						
Net interest income	7,669	891	371	8,931	-	8,931
Net fee and service income	2,271	97	(8)	2,360	-	2,360
Other operating income	373	(3)	3,135	3,505	(2,633)	872
Total operating income	10,313	985	3,498	14,796	(2,633)	12,163
Premises and equipment expenses and amortisation	(221)	(15)	(596)	(832)	-	(832)
Other operating expenses	(4,984)	(394)	(2,048)	(7,426)	2,633	(4,793)
Bad debt, doubtful accounts and impairment losses	(1,506)	(1)	(511)	(2,018)	-	(2,018)
Total operating expenses	(6,711)	(410)	(3,155)	(10,276)	2,633	(7,643)
Segment profit	3,602	575	343	4,520	-	4,520
Income tax expenses						(900)
Profit for the period						3,620

(Unaudited but reviewed)

(Unit: Million Baht)

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statements
For the three-month period ended 30 September 2017						
Revenue						
External customers	3,122	228	224	3,574	-	3,574
Inter-segment	-	-	801	801	(801)	-
Total revenue	3,122	228	1,025	4,375	(801)	3,574
Operating results:						
Net interest income	2,262	208	125	2,595	-	2,595
Net fee and service income	751	20	1	772	-	772
Other operating income	109	-	899	1,008	(801)	207
Total operating income	3,122	228	1,025	4,375	(801)	3,574
Premises and equipment expenses and amortisation	(63)	(8)	(190)	(261)	-	(261)
Other operating expenses	(1,449)	(120)	(617)	(2,186)	801	(1,385)
Bad debt, doubtful accounts and impairment losses	(253)	9	(310)	(554)	-	(554)
Total operating expenses	(1,765)	(119)	(1,117)	(3,001)	801	(2,200)
Segment profit (loss)	1,357	109	(92)	1,374	-	1,374
Income tax expenses						(267)
Profit for the period						1,107

(Unaudited but reviewed)

(Unit: Million Baht)

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statements
For the nine-month period ended 30 September 2017						
Revenue						
External customers	9,390	724	405	10,519	-	10,519
Inter-segment	-	-	2,314	2,314	(2,314)	-
Total revenue	9,390	724	2,719	12,833	(2,314)	10,519
Operating results:						
Net interest income	6,836	648	273	7,757	-	7,757
Net fee and service income	2,213	59	(3)	2,269	-	2,269
Other operating income	341	17	2,449	2,807	(2,314)	493
Total operating income	9,390	724	2,719	12,833	(2,314)	10,519
Premises and equipment expenses and amortisation	(186)	(24)	(491)	(701)	-	(701)
Other operating expenses	(4,094)	(343)	(1,840)	(6,277)	2,314	(3,963)
Bad debt, doubtful accounts and impairment losses	(581)	41	(1,134)	(1,674)	-	(1,674)
Total operating expenses	(4,861)	(326)	(3,465)	(8,652)	2,314	(6,338)
Segment profit (loss)	4,529	398	(746)	4,181	-	4,181
Income tax expenses						(827)
Profit for the period						3,354

(Unaudited but reviewed)

The Bank operates 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 nine-month periods ended 30 September 2018 and 2017, the Bank does not have income from any clients amounting to or over 10 percent of its income.

3.25 Commitments and contingent liabilities

3.25.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	30 September 2018	31 December 2017
Other guarantees	521,071	627,912
Undrawn client overdraft facilities	529,048	575,279
Interest rate swap agreements	1,200,000	1,200,000
Foreign exchange contracts	405,040	-
Others	490,227	1,034,498
Total	<u>3,145,386</u>	<u>3,437,689</u>

3.25.2 Litigation

As at 30 September 2018 and 31 December 2017, the Bank has been sued for compensation totaling approximately Baht 337 million and Baht 344 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Bank believes that no material losses to the financial statements will be incurred as a result of the mentioned lawsuits.

3.25.3 Other commitments

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

(Unaudited but reviewed)

As at 30 September 2018 and 31 December 2017, the Bank has future minimum lease payments required under the non-cancellable operating lease contracts as follows:

(Unit: Million Baht)

	As at	
	30 September 2018	31 December 2017
Payable within:		
Not over 1 year	139	144
Over 1 to 5 years	187	233
Over 5 years	34	37

3.26 Fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

(Unaudited but reviewed)

As of 30 September 2018 and 31 December 2017, the Bank has the financial assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 30 September 2018				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Derivatives					
Foreign exchange contracts	3	-	3	-	3
Available-for-sale investments					
Equity securities	5	5	-	-	5
Debt securities	9,486	-	9,486	-	9,486
Financial liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	13	-	13	-	13

(Unit: Million Baht)

	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	8	8	-	-	8
Debt securities	5,512	-	5,512	-	5,512
Financial liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	30	-	30	-	30

Valuation techniques and inputs to Level 2 and Level 3 valuations

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

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

4. Significant event during the period

On 30 March 2018 the Bank and All-Ways Company Limited (a subsidiary in TISCO Group) signed agreements for the sales of a personal loan portfolio and a credit card business to Citibank N.A. (Bangkok Branch), with the Bank the seller of the personal loan portfolio and All-Ways the seller of the credit card business. On 4 June 2018 the Bank successfully completed the sale of the personal loan portfolio to Citibank N.A. (Bangkok Branch).

5. Reclassification

The Bank has reclassified some items in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 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)

	For the three-month		For the nine-month	
	period ended 30 September 2017		period ended 30 September 2017	
	As reclassified	As previously reported	As reclassified	As previously reported
Fee and service income	798,649	811,517	2,348,988	2,358,700
Income from business promotion				
relating to the business	-	235,793	-	455,046
Expenses from business promotion				
relating to the business	-	248,661	-	464,758

6. Approval of interim financial statements

These interim financial statements were approved by the Bank's Audit Committee on 9 November 2018.