

TISCO Bank Public Company Limited
Report and interim financial statements
For the three-month and nine-month periods ended
30 September 2014



Building a better
working world

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

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

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of TISCO Bank Public Company Limited

I have reviewed the accompanying statement of financial position of TISCO Bank Public Company Limited as at 30 September 2014, the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2014, the related statement of changes in shareholders' 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*.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 10 November 2014

TISCO Bank Public Company Limited

Statement of financial position

As at 30 September 2014

(Unit: Thousand Baht)

Note	30 September 2014	31 December 2013
	(Unaudited but reviewed)	(Audited)
Assets		
Cash	1,011,499	1,130,135
Interbank and money market items - net	29,381,676	52,777,951
Derivatives assets	3.1 41,892	28,220
Investments - net	3.2, 3.5 10,247,467	10,029,363
Loans to customers and accrued interest receivables	3.3, 3.5	
Loans to customers	285,375,471	307,220,484
Accrued interest receivables	392,751	493,055
Total loans to customers and accrued interest receivables	285,768,222	307,713,539
Less: Deferred revenue	(22,813,034)	(26,394,058)
Less: Allowance for doubtful accounts	3.4 (6,247,431)	(5,774,792)
Loans to customers and accrued interest receivables - net	256,707,757	275,544,689
Property foreclosed - net	108,843	114,923
Investment properties	16,067	16,067
Premises and equipment - net	780,944	742,371
Intangible assets - net	225,589	39,821
Other assets	3.6 1,158,952	1,606,168
Total assets	299,680,686	342,029,708

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 2014

(Unit: Thousand Baht)

	Note	30 September 2014 (Unaudited but reviewed)	31 December 2013 (Audited)
Liabilities and shareholders' equity			
Liabilities			
Deposits	3.7	208,343,707	265,547,495
Interbank and money market items - net		12,544,098	12,283,394
Liability payable on demand		426,048	344,864
Derivatives liabilities	3.1	10,933	310,945
Debts issued and borrowings	3.8	48,631,619	36,955,619
Provision for long-term employee benefits	3.9	166,525	144,553
Deferred tax liabilities		8,271	119,720
Accrued interest payables		1,487,164	1,627,704
Income tax payable		203,164	302,283
Dividend payable		-	655,337
Other liabilities	3.10	3,561,708	4,165,434
Total liabilities		275,383,237	322,457,348

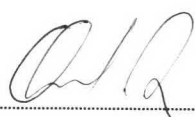
The accompanying notes are an integral part of the financial statements.

TISCO Bank Public Company Limited
Statement of financial position (continued)
As at 30 September 2014

(Unit: Thousand Baht)

Note	30 September 2014 (Unaudited but reviewed)	31 December 2013 (Audited)
Shareholders' equity		
Share capital		
Registered		
104 preference shares of Baht 10 each	1	1
921,567,588 ordinary shares of Baht 10 each (31 December 2013: 819,171,178 shares of Baht 10 each)	9,215,676	8,191,712
	9,215,677	8,191,713
Issued and fully paid-up		
104 preference shares of Baht 10 each	1	1
921,567,588 ordinary shares of Baht 10 each (31 December 2013: 819,171,178 shares of Baht 10 each)	9,215,676	8,191,712
	9,215,677	8,191,713
Share premium on ordinary shares	2,543,024	1,120,738
Other components of shareholders' equity	265,649	244,503
Retained earnings		
Appropriated-statutory reserve	984,000	984,000
Unappropriated	11,289,099	9,031,406
Total shareholders' equity	24,297,449	19,572,360
Total liabilities and shareholders' equity	299,680,686	342,029,708

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



.....
 Mrs. Oranuch Apisaksirikul
 (Chairperson of the Executive Board)



TISCO

ธนาคารทีเอสบี 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 2014

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

	Note	2014	2013
Interest income	3.12	4,436,308	4,601,457
Interest expenses	3.13	(2,140,500)	(2,518,496)
Net interest income		2,295,808	2,082,961
Fee and service income		704,536	808,703
Fee and service expenses		(13,446)	(18,536)
Net fee and service income	3.14	691,090	790,167
Net gains (losses) on trading and foreign exchange transactions	3.15	5,103	(10,052)
Net gains on investments	3.16	96,370	14,721
Penalty fee income from loans		83,594	67,987
Income from business promotion relating to the hire purchase business		74,477	123,355
Other operating income	3.18	25,886	21,353
Total operating income		3,272,328	3,090,492
Expenses from business promotion relating to the hire purchase business		82,615	162,237
Total net operating income		3,189,713	2,928,255
Operating expenses			
Employee's expenses		507,065	456,832
Premises and equipment expenses		190,309	188,979
Taxes and duties		54,829	53,522
Intercompany supporting fee expenses	3.24	262,329	324,371
Other operating expenses	3.19	150,324	120,417
Total operating expenses		1,164,856	1,144,121
Bad debt, doubtful accounts and impairment losses	3.17	1,023,895	641,930
Profit from operation before income tax expenses		1,000,962	1,142,204
Income tax expenses	3.20	199,708	227,973
Profit for the period		801,254	914,231

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 2014

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

	Note	2014	2013
Other comprehensive income	3.21		
Gains (losses) on valuation in available-for-sale investments		12,814	(418)
Income tax effect	3.21, 3.22	(2,563)	83
Other comprehensive income for the period		10,251	(335)
Total comprehensive income for the period		811,505	913,896
Earnings per share			
Basic earnings per share	3.23	0.87	1.12

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 2014

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

	Note	2014	2013
Interest income	3.12	13,646,019	13,161,301
Interest expenses	3.13	(7,063,097)	(7,213,962)
Net interest income		6,582,922	5,947,339
Fee and service income		2,378,733	2,510,442
Fee and service expenses		(44,578)	(59,666)
Net fee and service income	3.14	2,334,155	2,450,776
Net gains on tradings and foreign exchange transactions	3.15	34,568	10,673
Net gains on investments	3.16	117,999	34,163
Penalty fee income from loans		238,092	194,897
Income from business promotion relating to the hire purchase business		239,525	637,119
Other operating income	3.18	105,499	90,318
Total operating income		9,652,760	9,365,285
Expenses from business promotion relating to the hire purchase business		271,358	770,338
Total net operating income		9,381,402	8,594,947
Operating expenses			
Employee's expenses		1,350,832	1,402,519
Directors' remuneration		-	160
Premises and equipment expenses		579,178	570,776
Taxes and duties		160,994	150,697
Intercompany supporting fee expenses	3.24	793,634	876,976
Other operating expenses	3.19	459,778	370,422
Total operating expenses		3,344,416	3,371,550
Bad debt, doubtful accounts and impairment losses	3.17	3,210,863	2,185,018
Profit from operation before income tax expenses		2,826,123	3,038,379
Income tax expenses	3.20	559,195	605,746
Profit for the period		2,266,928	2,432,633

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 2014

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

	Note	2014	2013
Other comprehensive income	3.21		
Gains (losses) on valuation in available-for-sale investments		29,031	(3,819)
Actuarial gains (losses)		(14,143)	3,918
Income tax effect	3.21, 3.22	(2,977)	(20)
Other comprehensive income for the period		<u>11,911</u>	<u>79</u>
Total comprehensive income for the period		<u><u>2,278,839</u></u>	<u><u>2,432,712</u></u>
Earnings per share			
Basic earnings per share	3.23	<u>2.63</u>	<u>3.16</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 2014

(Unit: Thousand Baht)

	2014	2013
Cash flows from operating activities		
Profit before income tax	2,826,123	3,038,379
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	76,602	103,883
Bad debt and doubtful accounts	3,990,607	2,799,790
Reversal of allowance for impairment of investments	(1,064)	(3,773)
Allowance for impairment of property foreclosed (reversal)	(6)	52
Gain on disposal of investments in securities	(117,131)	(31,771)
Unrealised loss on foreign exchange transactions and trading derivatives	8,809	7,075
Gain on disposal of equipment	(2,235)	(2,225)
Loss on written-off of equipment	1,263	1,337
Loss on written-off of intangible assets	53	-
(Gain) loss on disposal of property foreclosed	(15,798)	1,379
Employee benefit expenses	17,650	4,571
Decrease in accrued income	2,683	20,720
Increase (decrease) in accrued expenses	(72,064)	174,396
Net interest income	(6,582,922)	(5,947,339)
Dividend income	(75,295)	(74,956)
Cash received on interest income	13,840,565	13,166,836
Cash paid on interest expenses	(6,220,751)	(5,924,889)
Cash received on dividend income	75,295	74,956
Cash paid on income tax expenses	(772,740)	(285,237)
Profit from operating activities before changes in operating assets and liabilities	6,979,644	7,123,184
Operating assets (increase) decrease		
Interbank and money market items	23,393,375	(10,359,197)
Loans to customers	12,250,850	(38,932,904)
Properties foreclosed	2,049,230	1,835,913
Other assets	340,016	230,081

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 2014

	(Unit: Thousand Baht)	
	2014	2013
Operating liabilities increase (decrease)		
Deposits	(57,203,788)	37,811,363
Interbank and money market items	260,704	1,941,123
Liability payable on demand	81,183	(202,271)
Short-term debts issued and borrowings	13,276,000	4,859,700
Provision for long-term employee benefits	(9,820)	(8,817)
Other liabilities	(1,356,025)	(1,188,497)
Net cash flows from operating activities	61,369	3,109,678
Cash flows from investing activities		
Cash paid for purchase of investment in securities held for investment	(21,538,090)	(9,607,222)
Cash received from disposal of investment in securities held for investment	21,467,195	6,044,859
Cash paid for purchase of equipment	(101,438)	(82,153)
Cash paid for purchase of intangible assets	(200,820)	(3,799)
Cash received from disposal of equipment	2,235	2,238
Net cash flows used in investing activities	(370,918)	(3,646,077)
Cash flows from financing activities		
Long-term debts issued and borrowings	-	(19,700)
Cash received from issuance of long-term debentures	2,400,000	-
Cash paid for redemption of long-term debentures	(4,000,000)	-
Dividend paid	(655,337)	(1,237,859)
Cash received from increase in share capital	2,446,250	1,900,478
Net cash flows from financing activities	190,913	642,919
Net increase (decrease) in cash	(118,636)	106,520
Cash at beginning of period	1,130,135	1,045,647
Cash at end of period	1,011,499	1,152,167
	-	-

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2014

(Unit: Thousand Baht)

	Note	Issued and fully paid-up		Share premium on ordinary shares	Other components of shareholders' equity		Retained earnings			
		Preference shares	Ordinary shares		Surplus (deficit) on		Total other components of shareholders' equity	Appropriated	Unappropriated	Total
					valuation in available-for-sale investments	Surplus on revaluation of assets				
Balance as at 1 January 2013		1	7,281,521	130,451	3,383	-	3,383	984,000	6,804,322	15,203,678
Increase ordinary share capital		-	910,191	990,287	-	-	-	-	-	1,900,478
Total comprehensive income for the period		-	-	-	(3,055)	-	(3,055)	-	2,435,767	2,432,712
Balance as at 30 September 2013		1	8,191,712	1,120,738	328	-	328	984,000	9,240,089	19,536,868
Balance as at 1 January 2014		1	8,191,712	1,120,738	5,733	238,770	244,503	984,000	9,031,406	19,572,360
Increase ordinary share capital	4.1	-	1,023,964	1,422,286	-	-	-	-	-	2,446,250
Total comprehensive income for the period		-	-	-	23,225	-	23,225	-	2,255,614	2,278,839
Transferred surplus on revaluation of assets to retained earnings		-	-	-	-	(2,079)	(2,079)	-	2,079	-
Balance as at 30 September 2014		1	9,215,676	2,543,024	28,958	236,691	265,649	984,000	11,289,099	24,297,449

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 2014

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

1.1 Basis of preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) “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 shareholders’ equity and cash flows in accordance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 11/2553 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 3 December 2010.

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.

No consolidated financial statements of the Bank and its subsidiary (TISCO Securities Hong Kong Limited) have been prepared since TISCO Financial Group Public Company Limited, a parent company with registered office located at 48/49 TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok, has already presented the consolidated financial statements. Therefore, the Bank presented only the separate financial statements.

1.2 New accounting standards

(a) Accounting standards that became effective in the current accounting year

The Bank disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The management of the Bank has assessed the effect of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations and believes that they will not have any significant impact on the financial statements for the year when they are initially applied, except TSIC 29, TFRIC 1, TFRIC 5, TFRIC 7, TFRIC 12, TFRIC 17 and TFRIC 18, which are not relevant to the business of the Bank.

(b) Accounting standards that will become effective in the future

The Bank has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The management of the Bank has assessed the effect of this financial reporting standard and believes that TFRS 4 is not relevant to the business of the Bank.

1.3 Change in accounting estimation and the recording of depreciation of revalued assets

At the end of 2013, the Bank changed its accounting policy regarding measurement of premises and equipment as it relates to office condominiums, switching from the previously applied cost model to the revaluation model, and at the same time had the useful lives of its office condominiums estimated by an independent professional appraiser. In this regard, effective from 1 January 2014, the Bank has changed the remaining useful lives of office condominiums from 4-13 years to 20 years in order to align with the estimated useful lives of the assets determined using a prospective method. The effect of the change in the estimated useful lives to the financial statements for the year 2014 is expected to increase profit after tax by approximately Baht 23 million and increase basic earnings per share by Baht 0.026 per share. In addition, the change has an effect on profit after tax and basic earnings per share for the current accounting period as follows:

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

	For the three-month period ended 30 September 2014	For the nine-month period ended 30 September 2014
Increase in profit after tax	6	17
Increase in basic earnings per share	0.007	0.020

(Unaudited but reviewed)

The effect of the change in the accounting policy of the Bank regarding measurement of premises and equipment as it relates to office condominiums, from the previously applied cost model to the revaluation model to the financial statements for the year 2014 is expected to decrease profit after tax by approximately Baht 14 million and to decrease basic earnings per share by Baht 0.016 per share. The change was the result of increasing value of the asset base used for determining depreciation to fair value. In addition, the change has an effect on profit after tax and basic earnings per share for the current accounting period as follows:

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

	For the three-month period ended 30 September 2014	For the nine-month period ended 30 September 2014
Decrease in profit after tax	(4)	(11)
Decrease in basic earnings per share	(0.004)	(0.012)

The net effect of the change from the previously applied cost model to the revaluation model and in the estimation of useful lives to the financial statements for the year 2014 is expected to increase profit after tax by approximately Baht 9 million and increase basic earnings per share by Baht 0.010 per share. In addition, the change has an effect on profit after tax and basic earnings per share for the current accounting period as follows:

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

	For the three-month period ended 30 September 2014	For the nine-month period ended 30 September 2014
Increase in profit after tax	2	7
Increase in basic earnings per share	0.003	0.008

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and method of computation as were used for the financial statements for the year ended 31 December 2013.

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 2014, the Bank has 59 branches in Thailand.

2.2 Related party transactions

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

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

3. Supplemental information

3.1 Derivatives

The Bank entered into interest rate swap agreements and cross currency swap agreements to manage the risk associated with its loan to customers, as follows:

(Unit: Thousand Baht)

Type of risk	As at					
	30 September 2014			31 December 2013		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	41,892	-	3,237,325	-	310,945	3,315,434
Interest rate	-	10,933	1,200,000	28,220	-	2,274,303
Total	41,892	10,933	4,437,325	28,220	310,945	5,589,737

All counterparties of these derivative transactions are financial institutions.

3.2 Investments

3.2.1 Classified by type of investment

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Available-for-sale investments - fair value		
Government and state enterprise securities	8,701,882	5,637,810
Private sector debt securities	1,108,095	938,819
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	9,808,517	6,575,169
Held-to-maturity debt securities - cost/amortised cost		
Government and state enterprise securities	-	3,000,000
Investment in receivables	18,134	33,872
Less: Allowance for impairment	(17,526)	(17,722)
Total held-to-maturity debt securities	608	3,016,150
General investments - cost		
Domestic non-marketable equity securities	483,303	483,873
Less: Allowance for impairment	(44,961)	(45,829)
Total general investments	438,342	438,044
Investments - net	10,247,467	10,029,363

In August 2014, the Bank reclassified part of its investment portfolio, transferring certain long-term held-to-maturity debt securities to short-term available-for-sale securities at the fair value at the transfer date, to bring them in line with the Bank's liquidity management strategy. The amortised cost of the transferred debt securities at the transfer date was approximately Baht 3,001 million. The Bank recorded the difference between this amortised cost and the fair value, amounting to Baht 73 million, as unrealised gain on transfer of investment portfolio and presented it under shareholders' equity in the statement of financial position. The Bank disposed of Baht 2,801 million of these investments, with a realised gain of Baht 68 million. The balance of unrealised gain as at 30 September 2014 was Baht 5 million.

(Unaudited but reviewed)

3.2.2 Classified by remaining period to maturity of the debt securities

(Unit: Million Baht)

	As at							
	30 September 2014				31 December 2013			
	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	7,569	1,133	-	8,702	5,435	203	-	5,638
Private sector debt securities	1	1,107	-	1,108	31	907	-	938
Total	7,570	2,240	-	9,810	5,466	1,110	-	6,576
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	7,569	2,240	-	9,809	5,465	1,110	-	6,575
Held-to-maturity debt securities								
Government and state enterprise securities	-	-	-	-	-	3,000	-	3,000
Investment in receivables	13	5	-	18	32	2	-	34
Less: Allowance for impairment	(12)	(5)	-	(17)	(18)	-	-	(18)
Total	1	-	-	1	14	3,002	-	3,016
Total debt securities	7,570	2,240	-	9,810	5,479	4,112	-	9,591

3.2.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restriction
	30 September 2014	31 December 2013	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	-	1,758	Pledged for the use of credit balance on clearing position

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

As at 30 September 2014

	As at 30 September 2014		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	7,060	-	7,060

⁽¹⁾ Allowance for changes in value of investment is calculated at cost less collateral value.

(Unit: Thousand Baht)

As at 31 December 2013

	As at 31 December 2013		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	7,060	-	7,060

⁽¹⁾ Allowance for changes in value of investment is calculated at cost less collateral value.

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 2014			31 December 2013		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
Trading import and export:						
Shin Thai Enterprises Co., Ltd.	5,707	-	10	5,707	-	10
PDTL Trading Co., Ltd.	5,894	-	10	6,925	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	4,110	-	10	4,647	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	17,358	-	10	17,083	-	10

3.3 Loans to customers and accrued interest receivables

3.3.1 Classified by loans to customers type

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Loans to customers		
Loans	76,058,249	80,126,779
Hire purchase receivables	208,500,857	226,283,511
Financial lease receivables	1,061,438	1,033,508
Less: Deferred revenue	(22,813,034)	(26,394,058)
Advances received from financial lease receivables	(245,073)	(223,314)
Total loans to customers	262,562,437	280,826,426
Add: Accrued interest receivables	392,751	493,055
Less: Allowance for doubtful accounts	(6,247,431)	(5,774,792)
Loans to customers and accrued interest receivables - net	<u>256,707,757</u>	<u>275,544,689</u>

3.3.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	As at					
	30 September 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	259,325,107	-	259,325,107	277,545,066	-	277,545,066
US Dollars	-	3,237,330	3,237,330	-	3,281,360	3,281,360
Total loans to customers						
net of deferred revenue	<u>259,325,107</u>	<u>3,237,330</u>	<u>262,562,437</u>	<u>277,545,066</u>	<u>3,281,360</u>	<u>280,826,426</u>

3.3.3 Classified by loan classification

(Unit: Million Baht)

	As at					
	30 September 2014			31 December 2013		
	Net amount		Allowance	Net amount		Allowance
Loans to customers and accrued interest receivables	used for setting the allowance for doubtful accounts	Loans to customers and accrued interest receivables		used for setting the allowance for doubtful accounts		
Provision under BOT's guideline						
- Pass	239,633	212,465	3,227	259,595	235,950	3,259
- Special mention	17,713	17,457	1,003	17,466	17,189	1,121
- Sub-standard	3,409	3,363	1,086	3,086	3,083	944
- Doubtful	1,895	1,882	565	996	988	279
- Doubtful of loss	305	255	100	176	107	63
Allowance established in excess	-	-	266	-	-	109
Total	262,955	235,422	6,247	281,319	257,317	5,775

⁽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 financial lease receivables, for which the Bank does not deduct the collateral value from the outstanding loan balance).

⁽²⁾ As at 30 September 2014, the provisions set aside by the Bank exceeded the BOT's notification No. Sor Nor Sor 31/2551 minimum requirement by a total of Baht 2,769 million (As at 31 December 2013: total of Baht 2,345 million). The Bank allocated Baht 2,503 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2013: total of Baht 2,236 million) and so combined with the minimum provision requirement of Baht 3,478 million (As at 31 December 2013: total of Baht 3,430 million), the total provision set aside in accordance with BOT requirements is Baht 5,981 million (As at 31 December 2013: total of Baht 5,666 million).

	Percentage of allowance for doubtful account set up			
	Hire purchase receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at		As at	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Pass	0.60	0.58	1	1
Special mention	3.90	4.67	2	2
Sub-standard	22.87	22.95	100	100
Doubtful	23.05	23.13	100	100
Doubtful of loss	22.85	22.75	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 an individual debtor.

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

(Unaudited but reviewed)

3.3.4 Hire purchase and financial lease receivables

As at 30 September 2014, receivables of the Bank under hire purchase and financial lease agreements amount to Baht 186,678 million (31 December 2013: Baht 200,883 million) and mostly comprise hire purchase agreements for vehicles, and financial 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 2014				
	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	65,086	132,785	4,980	6,711	209,562
Less: Deferred revenue*	(8,913)	(11,829)	(61)	(1,836)	(22,639)
Advances received from financial lease receivables	(18)	(226)	-	(1)	(245)
Present value of minimum lease pay from agreements	56,155	120,730	4,919	4,874	186,678
Allowance for doubtful accounts**					(2,729)
Net hire purchase and financial lease receivables					183,949

* Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

** These allowance for doubtful accounts included the allowance for doubtful accounts from assigning provisions in exceed of BOT's minimum requirement to specific provision for an individual debtor.

(Unit: Million Baht)

	As at 31 December 2013				
	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	66,868	147,877	7,197	5,375	227,317
Less: Deferred revenue*	(9,956)	(14,426)	(225)	(1,604)	(26,211)
Advances received from financial lease receivables	(42)	(180)	-	(1)	(223)
Present value of minimum lease pay from agreements	56,870	133,271	6,972	3,770	200,883
Allowance for doubtful accounts **					(2,658)
Net hire purchase and financial lease receivables					198,225

* Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

** These allowance for doubtful accounts included the allowance for doubtful accounts from assigning provisions in exceed of BOT's minimum requirement to specific provision for an individual debtor.

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Amounts calculated under BOT's guidelines ⁽²⁾		Amounts calculated under the Bank's policy	
	as at		as at	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	6,995	5,328	11,060	5,328

⁽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 2014	31 December 2013
Deferred revenue ⁽¹⁾	22,813	26,394

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

3.3.7 Troubled debt restructuring

	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2014	2013	2014	2013
Debtors restructured during the period				
Number of debtors restructured by modification of terms (number)	944	234	1,271	303
Loan balances before restructuring (Million Baht)	475	277	745	315
Loan balances after restructuring (Million Baht)	475	277	745	315
Loss on troubled debt restructuring (Million Baht)	-	-	-	-
Average contract period of debt restructuring (years)				
Hire purchase receivables	5	4	5	4
Mortgage loan receivables	3	2	3	2

(Unaudited but reviewed)

Supplemental information for the three-month and nine-month periods ended 30 September 2014 and 2013 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	
	2014	2013	2014	2013
Interest income on restructured receivables	14	10	34	31
Receipt of principal and interest	90	66	229	199

As at 30 September 2014 and 31 December 2013, the Bank has the outstanding balances with troubled debt restructured debtors as follows:

(Unit: Million Baht)

	As at			
	30 September 2014		31 December 2013	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	1,907	961	1,099	665

3.4 Allowance for doubtful accounts

3.4.1 Allowance for doubtful accounts - classified by receivables classification

(Unit: Thousand Baht)

	As at 30 September 2014						
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	3,259,533	1,121,141	943,918	278,617	62,632	108,951	5,774,792
Increase (decrease) in allowance for doubtful accounts during the period	(31,044)	(117,181)	973,831	2,920,348	90,232	157,322	3,993,508
Bad debt written-off	(1,253)	(653)	(831,542)	(2,634,081)	(53,340)	-	(3,520,869)
Balance - end of period	<u>3,227,236</u>	<u>1,003,307</u>	<u>1,086,207</u>	<u>564,884</u>	<u>99,524</u>	<u>266,273</u>	<u>6,247,431</u>

(Unit: Thousand Baht)

	As at 31 December 2013						
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	2,751,870	1,024,157	555,487	136,361	216,329	3,440	4,687,644
Increase in allowance for doubtful accounts during the year	507,879	97,320	1,018,024	2,597,723	147,951	105,511	4,474,408
Bad debt written-off	(216)	(336)	(629,593)	(2,455,467)	(301,648)	-	(3,387,260)
Balance - end of year	<u>3,259,533</u>	<u>1,121,141</u>	<u>943,918</u>	<u>278,617</u>	<u>62,632</u>	<u>108,951</u>	<u>5,774,792</u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at 30 September 2014			
	Individual	Collective	Allowance	Total
	impairment	impairment	established in excess	
Balance - beginning of period	3,018,513	2,647,328	108,951	5,774,792
Increase in allowance for doubtful accounts during the period	600,754	3,235,432	157,322	3,993,508
Bad debt written-off	(363,135)	(3,157,734)	-	(3,520,869)
Balance - end of period	3,256,132	2,725,026	266,273	6,247,431

(Unit: Thousand Baht)

	As at 31 December 2013			
	Individual	Collective	Allowance	Total
	impairment	impairment	established in excess	
Balance - beginning of year	2,206,070	2,478,134	3,440	4,687,644
Increase in allowance for doubtful accounts during the year	1,286,302	3,082,595	105,511	4,474,408
Bad debt written-off	(473,859)	(2,913,401)	-	(3,387,260)
Balance - end of year	3,018,513	2,647,328	108,951	5,774,792

3.4.3 Non-performing loans to customers

(Unit: Million Baht)

	As at	
	30 September 2014	31 December 2013
Non-performing loans to customers	5,609	4,258
Allowance for doubtful accounts	1,751	1,285

3.5 Classification of assets

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

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	as at		as at		as at	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Debt instruments - debentures ⁽²⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6

⁽¹⁾ Allowance for possible loss is determined based on the investment cost less collateral value.

⁽²⁾ Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

⁽³⁾ Investments in securities of companies which are vulnerable to delisting, of companies whose the auditors have expressed opinions citing the going concern issue, or of companies which have defaulted on interest payment.

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

As at 30 September 2014 and 31 December 2013, 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		Property foreclosed		Total	
	as at		as at		as at		as at		as at	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Pass	265,059	307,922	-	-	-	-	-	-	265,059	307,922
Special mention	17,504	17,246	-	-	-	-	-	-	17,504	17,246
Sub-standard	3,409	3,086	-	-	-	-	-	-	3,409	3,086
Doubtful	1,895	996	-	-	-	-	-	-	1,895	996
Doubtful of loss	305	176	47	47	18	18	18	18	388	259
Total	288,172	329,426	47	47	18	18	18	18	288,255	329,509

⁽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 statements of financial position).

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Debt balance		Net amount used for setting the 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 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2014	2013	2014	2013	2014	2013	2014	2013
					(%)	(%)		
Pass	165,209	180,736	165,209	180,736	0.60	0.58	989	1,049
Special mention	15,866	15,660	15,866	15,660	3.90	4.67	619	732
Sub-standard	2,953	2,777	2,953	2,777	22.87	22.95	675	637
Doubtful	1,712	922	1,712	922	23.05	23.13	395	213
Doubtful of loss	207	69	207	69	22.85	22.75	47	16
Total	185,947	200,164	185,947	200,164			2,725	2,647

⁽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 an individual debtor.

⁽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 an individual debtor.

3.6 Other assets

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Value added tax - net	333,641	413,971
Accrued interest receivables	70,089	53,518
Fee and service receivables	47,627	50,310
Deposits	39,935	36,120
Other receivables	457,749	587,580
Other assets	209,911	464,669
Total other assets	1,158,952	1,606,168

(Unaudited but reviewed)

3.7 Deposits

3.7.1 Classified by type of deposits

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Deposits		
Current accounts	3,283,707	2,716,643
Saving accounts	46,544,860	40,751,442
Fixed accounts		
- not over 6 months	21,960,641	12,917,074
- over 6 months but not over 1 year	5,589,548	20,938,222
- over 1 year	357,478	201,249
Certificates of deposit/negotiable certificates of deposit	130,607,473	188,022,865
Total	<u>208,343,707</u>	<u>265,547,495</u>

3.7.2 Classified by remaining period of contract

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Not over 1 year*	207,755,967	265,059,553
Over 1 year	587,740	487,942
Total deposits	<u>208,343,707</u>	<u>265,547,495</u>

**Including fully-mature deposit contracts*

3.7.3 As at 30 September 2014 and 31 December 2013, all outstanding deposits are deposits from domestic depositors and in Baht.

3.8 Debt issued and borrowings

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	6,643,000	8,243,000
Unsubordinated unsecured debentures	41,861,700	28,566,000
Bills of exchange	126,122	145,822
Promissory notes	797	797
Total	<u>48,631,619</u>	<u>36,955,619</u>

3.8.1 Subordinated unsecured debentures

As at 30 September 2014 and 31 December 2013, the Bank has long-term subordinated unsecured debentures as follows:

Year	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
	30 September 2014	31 December 2013		30 September 2014	31 December 2013		
	(Million units)	(Million units)	(Million Baht)	(Million Baht)			
2009	-	2.00	1,000	-*	2,000	2019	5.50 percent per annum in the first to third years, 6.00 percent per annum in the fourth to seventh years and 6.50 percent per annum in the eighth to tenth years.
2009	-	2.00	1,000	-*	2,000	2019	5.00 percent per annum in the first to third years, 5.50 percent per annum in the fourth to seventh years and 6.00 percent per annum in the eighth to tenth years.
2010	1.00	1.00	1,000	1,000	1,000	2020	5.00 percent per annum.
2010	1.00	1.00	1,000	1,000	1,000	2020	4.80 percent per annum.
2012	1.00	1.00	1,000	1,000	1,000	2022	4.85 percent per annum.
2012	1.24	1.24	1,000	1,243	1,243	2022	4.60 percent per annum.
2014	1.60	-	1,000	1,600	-	2024	6.00 percent per annum.
2014	0.80	-	1,000	800	-	2024	6.00 percent per annum.
Total				6,643	8,243		

* The bank has early redeemed these debentures before the maturity date in compliance with the condition as specified in the prospectus.

3.8.2 Unsubordinated unsecured debentures

As at 30 September 2014 and 31 December 2013, the Bank has short-term unsubordinated unsecured debentures as follows:

Year	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
	30 September 2014	31 December 2013		30 September 2014	31 December 2013		
	(Million units)	(Million units)	(Million Baht)	(Million Baht)			
2013	-	16.17	1,000	-	16,166	2014	2.80 - 3.15 percent per annum
2013	-	3.00	1,000	-	3,000	2014	3.15 percent per annum
2013	-	3.50	1,000	-	3,500	2014	3.15 percent per annum
2013	-	3.00	1,000	-	3,000	2014	3.10 percent per annum
2013	-	2.60	1,000	-	2,600	2014	3.05 percent per annum
2013	-	0.30	1,000	-	300	2014	3.10 percent per annum
2014	41.86	-	1,000	41,862	-	2014	2.55 - 2.87 percent per annum
Total				41,862	28,566		

3.8.3 Bills of exchange

Bills of exchange comprise the fixed interest rate bearing and the floating interest rate bearing ones, which will gradually mature in 2014 to 2015. The interest rates of the fixed interest rate bearing bills of exchange are between 2.50 and 4.25 percent per annum.

(Unaudited but reviewed)

3.9 Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employee's retirement and other long-term benefits, as at 30 September 2014 and 31 December 2013 was as follows:

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Defined post employment benefit obligation at beginning of period/year	100,885	98,534
Current service cost	8,277	8,467
Interest cost	3,698	3,465
Benefits paid during the period/year	(1,028)	(3,055)
Actuarial (gains) losses	14,143	(6,526)
Defined post employment benefit obligation at end of period/year	125,975	100,885
Other long-term benefits	40,550	43,668
Total provision for long-term employee benefits at end of period/year	166,525	144,553

Long-term employee benefit expenses included in the profit or loss for the three-month and nine-month periods ended 30 September 2014 and 2013 were as follows:

(Unit: Thousand Baht)

	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2014	2013	2014	2013
Current service cost	4,731	5,114	14,194	9,799
Interest cost	1,579	1,243	4,737	2,742
Actuarial gains	-	-	(1,281)	(7,970)
Total employee benefits expenses	6,310	6,357	17,650	4,571

Principal actuarial assumptions at the valuation date were as follows:

(Unit: Percent per annum)

	2014	2013
Discount rate	2.36 - 4.55	2.36 - 4.64
Average salary increase rate	4.49	3.80
Average inflation rate	2.49	2.92

3.10 Other liabilities

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Withholding income tax and other tax payables	242,715	204,714
Accrued insurance premium	466,147	809,500
Deferred income	1,006,332	967,917
Accrued expenses	1,334,247	1,406,311
Suspense creditors	255,916	583,942
Other liabilities	256,351	193,050
Total other liabilities	3,561,708	4,165,434

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 2014 and 31 December 2013, the Bank has issued bonus under this scheme amounting to Baht 131 million and Baht 122 million, respectively.

3.11 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, corporate lending, equity exposure and other assets.

Regarding Capital fund as at 30 September 2014 and 31 December 2013, the Bank has allocated the additional reserve from classification as a part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under the BOT's regulation.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
<u>Common Equity Tier I capital</u>		
Issued and fully paid up share capital	9,215,676	8,191,712
Premium on share capital	2,543,024	1,120,738
Statutory reserve	984,000	984,000
Net profits after appropriation	9,764,406	7,943,322
Other components of shareholders' equity	5,792	-
Less: Deductions from Common Equity Tier I items	(95,899)	(620,222)
Total Common Equity Tier I capital	22,416,999	17,619,550
<u>Financial Instrument Tier I capital</u>		
Issued and paid up share capital - non cumulative preferred shares	1	-
Total Tier I capital	22,417,000	17,619,550
<u>Tier II capital</u>		
Long-term subordinated debentures	6,643,000	7,518,700
Surplus of provision	214,475	-
Reserve for loans classified as pass	648,320	608,075
Total Tier II capital	7,505,795	8,126,775
Total capital funds	29,922,795	25,746,325

(Unit: Percent)

Capital fund ratios	As at			
	30 September 2014		31 December 2013	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	12.46	4.50	9.15	4.50
Tier I capital to risk assets	12.46	6.00	9.15	6.00
Total capital to risk assets	16.64	8.50	13.37	8.50

To comply with the Notification of the Bank of Thailand No. Sor Nor Sor 25/2552 regarding "Public Disclosure of Capital Maintenance for Commercial Banks", the Bank has disclosed capital maintenance information as at 30 June 2014 on its website on 31 October 2014.

3.12 Interest income

Interest income in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Interbank and money market items	118,384	226,685	474,312	647,379
Investments in debt securities	101,495	50,009	321,971	136,526
Loans to customers	1,541,285	1,504,601	4,556,312	4,245,520
Hire purchase and financial lease	2,675,144	2,820,162	8,293,424	8,131,876
Total interest income	4,436,308	4,601,457	13,646,019	13,161,301

3.13 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Deposits	1,418,062	1,866,334	4,821,141	5,415,684
Interbank and money market items	56,891	82,934	198,918	222,925
Contribution fee to the Deposit Protection				
Agency and Bank of Thailand	312,650	320,401	982,886	914,292
Issued debt instruments				
- Subordinated debentures	87,634	109,311	335,304	324,367
- Unsubordinated debentures	264,600	95,521	721,685	190,509
Borrowings	663	43,995	3,163	146,185
Total interest expenses	2,140,500	2,518,496	7,063,097	7,213,962

(Unaudited but reviewed)

3.14 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 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Fee and service income				
- Acceptance, aval and guarantees	2,229	4,026	7,900	7,992
- Insurance service	514,491	633,124	1,817,220	1,991,506
- Financial advisory	-	2,250	2,250	2,250
- Others	187,816	169,303	551,363	508,694
Total fee and service income	704,536	808,703	2,378,733	2,510,442
Fee and service expenses	(13,446)	(18,536)	(44,578)	(59,666)
Net fee and service income	691,090	790,167	2,334,155	2,450,776

3.15 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 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	12,026	(4,786)	38,228	729
- Derivatives on interest rates	(9,695)	(9,620)	(12,175)	1,996
- Debt securities	2,772	4,354	8,515	7,948
Net gains (losses) on trading and foreign exchange transactions	5,103	(10,052)	34,568	10,673

(Unaudited but reviewed)

3.16 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 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Gains on disposal				
- Available-for-sale investments	87,392	282	99,849	446
- Held-to-maturity debt securities	-	25	17	141
- General investments	6,922	11,653	16,436	31,184
Total	94,314	11,960	116,302	31,771
Reversal of losses (losses) on impairment				
- General investments	1,227	2,917	868	1,912
- Investments in subsidiaries	-	(156)	-	480
Total	1,227	2,761	868	2,392
Gain from return of capital from a subsidiary company	829	-	829	-
Net gains on investments	96,370	14,721	117,999	34,163

3.17 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 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Interbank and money market items	2,100	12,000	(2,900)	16,000
Held-to-maturity debt securities	(195)	191	(196)	(1,381)
Loans to customers	1,021,990	629,739	3,213,959	2,170,399
Total	1,023,895	641,930	3,210,863	2,185,018

3.18 Other operating income

Other operating income in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Gains on disposal of property foreclosed	5,590	-	15,798	-
Dividend income	13,638	13,638	75,295	74,956
Others	6,658	7,715	14,406	15,362
Total	25,886	21,353	105,499	90,318

3.19 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2014 and 2013 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Mailing expenses	11,525	10,649	36,276	33,746
Software amortisation expenses	4,175	7,320	14,999	22,780
Legal expenses	70,840	45,671	190,723	124,876
Transportation expenses	21,656	20,154	63,039	56,887
Advertising and business promotion expenses	16,220	21,143	65,862	55,196
Others	25,908	15,480	88,879	76,937
Total	150,324	120,417	459,778	370,422

3.20 Income tax expenses

Income tax expenses of the Bank for the three-month and nine-month periods ended 30 September 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Current income tax:				
Income tax expenses for the periods	230,793	227,305	675,964	567,715
Adjustment in respect of current income tax of previous year	-	-	-	933
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	(31,085)	668	(116,769)	37,098
Income tax expenses reported in the statements of comprehensive income	199,708	227,973	559,195	605,746

3.21 Components of other comprehensive income

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Other comprehensive income				
Available-for-sale investments:				
Gains (losses) during the period	100,206	(136)	128,880	(3,373)
Less: Reclassification adjustments for gains included in profit or loss	(87,392)	(282)	(99,849)	(446)
	12,814	(418)	29,031	(3,819)
Actuarial gains (losses)	-	-	(14,143)	3,918
Other comprehensive income	12,814	(418)	14,888	99
Income tax relating to components of other comprehensive income	(2,563)	83	(2,977)	(20)
Net other comprehensive income for the period	10,251	(335)	11,911	79

3.22 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	For the three-month periods ended 30 September					
	2014			2013		
	Before tax amount	Tax expense	Net of tax amount	Before tax amount	Tax benefit	Net of tax amount
Surplus (deficit) on valuation in available-for-sale investments	12,814	(2,563)	10,251	(418)	83	(335)
	<u>12,814</u>	<u>(2,563)</u>	<u>10,251</u>	<u>(418)</u>	<u>83</u>	<u>(335)</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September					
	2014			2013		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Surplus (deficit) on valuation in available-for-sale investments	29,031	(5,806)	23,225	(3,819)	764	(3,055)
Actuarial gains (losses)	(14,143)	2,829	(11,314)	3,918	(784)	3,134
	<u>14,888</u>	<u>(2,977)</u>	<u>11,911</u>	<u>99</u>	<u>(20)</u>	<u>79</u>

3.23 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	
	2014	2013	2014	2013
	Profit attributable to equity holders of the Bank (Thousand Baht)	801,254	914,231	2,266,928
Weighted average number of shares (Thousand shares)	921,568	819,171	863,431	770,161
Basic earnings per share (Baht/share)	0.87	1.12	2.63	3.16

3.24 Related party transactions

(Unit: Thousand Baht)

	As at 1 January 2014	Increase	Decrease	As at 30 September 2014
<u>Outstanding balance</u>				
Parent company:				
TISCO Financial Group Plc.				
Deposits	509,783	1,491,029	(1,183,018)	817,794
Accrued interest payable	289	138	(342)	85
Dividend payable	655,248	-	(655,248)	-
Other liabilities	73,685	18,343	(29,857)	62,171
Related companies (related by common shareholder)				
Interbank and money market items (Assets):				
TISCO Securities Co., Ltd.	495,000	297,000	(495,000)	297,000
Other assets:				
TISCO Securities Co., Ltd.	594	1,711	-	2,305
TISCO Leasing Co., Ltd.	9,729	5,457	(1,856)	13,330
TISCO Information Technology Co., Ltd.	30,000	-	(22,500)	7,500
TISCO Tokyo Leasing Co., Ltd.	400	2,800	(2,750)	450
Deposits:				
Hi-Way Co., Ltd.	19,958	15,295	(2,526)	32,727
TISCO Information Technology Co., Ltd.	129,305	25,664	(5,602)	149,367
Primus Leasing Co., Ltd.	32,841	-	-	32,841
TISCO Tokyo Leasing Co., Ltd.	1,424	-	(1,358)	66
TISCO Learning Center Co., Ltd.	38,156	393	(582)	37,967
Deutsche TISCO Investment Advisory Co., Ltd.	170,651	43,765	(20,779)	193,637
TISCO Leasing Co., Ltd.	4,045	1,550	(1,926)	3,669
All-Ways Co., Ltd.	580	178	(15)	743
Interbank and money market items (Liabilities):				
TISCO Securities Co., Ltd.	844,147	496,799	(418,650)	922,296
TISCO Asset Management Co., Ltd.	66,521	51,568	(966)	117,123
Accrued interest payable:				
TISCO Securities Co., Ltd.	645	596	(1,184)	57
TISCO Asset Management Co., Ltd.	56	428	(63)	421
TISCO Information Technology Co., Ltd.	146	376	(12)	510
TISCO Leasing Co., Ltd.	-	25	(11)	14
Hi-Way Co., Ltd.	-	162	(78)	84
TISCO Learning Center Co., Ltd.	172	-	(94)	78
Other liabilities:				
Hi-Way Co., Ltd.	36,840	5,680	(11,920)	30,600
TISCO Learning Center Co., Ltd.	1,960	3,205	(2,565)	2,600
All-Ways Co., Ltd.	748	-	(281)	467

(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
	2014	2013	2014	2013	
	<u>Transactions occurred during the period</u>				
Parent company					
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	231,729	310,051	702,794	843,715	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest expenses	3,020	6,162	18,932	20,376	With reference to the terms and prices as offered to other customers
Other expenses	2,316	2,316	6,947	6,947	With reference to the terms and prices as offered to other customers
Related companies					
Interest income	3,686	5,063	6,653	15,010	With reference to the terms and prices as offered to other customers
Service income involving loans	1,252	1,660	4,008	8,816	With reference to the terms and prices as offered to other customers
Other income	2,487	1,149	8,433	3,015	With reference to the terms and prices as offered to other customers
Expenses involving loans	30,600	14,320	90,840	32,960	Determined on the basis on actual cost
Computer system advisory service expenses	65,000	62,500	195,000	187,500	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	13,189	11,931	34,735	33,988	With reference to the prices as offered from other service providers
Interest expenses	2,649	6,245	10,079	17,118	With reference to the terms and prices as offered to other customers
Other expenses	1,747	2,802	5,719	5,463	With reference to the terms and prices as offered to other customers

(Unaudited but reviewed)

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Loans ⁽¹⁾	7,157	7,568

⁽¹⁾ Including employee welfare loans and normal loans

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Deposits	88,046	84,899

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2014 and 2013, the Bank had short-term benefit expenses paid to its directors and management during the periods and other employee benefit expenses payable to its directors and management as below:

(Unit: Million Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Short-term benefits	25	29	70	66
Post-employment benefits	1	1	2	2
Total	26	30	72	68

3.25 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.

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 2014 and 2013, respectively.

(Unit: Million Baht)

For the three-month period ended 30 September 2014	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statement
Revenue						
External customers	2,448	593	231	3,272	-	3,272
Inter - segment	-	-	472	472	(472)	-
Total revenue	<u>2,448</u>	<u>593</u>	<u>703</u>	<u>3,744</u>	<u>(472)</u>	<u>3,272</u>
Operating results:						
Net interest income	1,607	556	133	2,296	-	2,296
Net fee and service income	670	21	-	691	-	691
Other operating income	171	16	570	757	(472)	285
Total operating income	<u>2,448</u>	<u>593</u>	<u>703</u>	<u>3,744</u>	<u>(472)</u>	<u>3,272</u>
Depreciation and amortisation	(61)	(9)	(124)	(194)	-	(194)
Other operating expenses	(991)	(181)	(353)	(1,525)	472	(1,053)
Bad debt, doubtful accounts and impairment losses	(891)	(5)	(128)	(1,024)	-	(1,024)
Total operating expenses	<u>(1,943)</u>	<u>(195)</u>	<u>(605)</u>	<u>(2,743)</u>	<u>472</u>	<u>(2,271)</u>
Segment profit	505	398	98	1,001	-	1,001
Income tax expenses						(200)
Profit for the period						<u>801</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2014	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statement
Revenue						
External customers	7,418	1,614	621	9,653	-	9,653
Inter-segment	-	-	1,317	1,317	(1,317)	-
Total revenue	<u>7,418</u>	<u>1,614</u>	<u>1,938</u>	<u>10,970</u>	<u>(1,317)</u>	<u>9,653</u>
Operating results:						
Net interest income	4,644	1,485	454	6,583	-	6,583
Net fee and service income	2,267	70	(3)	2,334	-	2,334
Other operating income	507	59	1,487	2,053	(1,317)	736
Total operating income	<u>7,418</u>	<u>1,614</u>	<u>1,938</u>	<u>10,970</u>	<u>(1,317)</u>	<u>9,653</u>
Depreciation and amortisation	(191)	(27)	(376)	(594)	-	(594)
Other operating expenses	(2,881)	(501)	(957)	(4,339)	1,317	(3,022)
Bad debt, doubtful accounts and impairment losses	(2,830)	(106)	(275)	(3,211)	-	(3,211)
Total operating expenses	<u>(5,902)</u>	<u>(634)</u>	<u>(1,608)</u>	<u>(8,144)</u>	<u>1,317</u>	<u>(6,827)</u>
Segment profit	1,516	980	330	2,826	-	2,826
Income tax expenses						(559)
Profit for the period						<u>2,267</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2013	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statement
Revenue						
External customers	2,303	536	251	3,090	-	3,090
Inter-segment	-	-	506	506	(506)	-
Total revenue	2,303	536	757	3,596	(506)	3,090
Operating results:						
Net interest income	1,345	510	228	2,083	-	2,083
Net fee and service income	751	39	-	790	-	790
Other operating income	207	(13)	529	723	(506)	217
Total operating income	2,303	536	757	3,596	(506)	3,090
Depreciation and amortisation	(62)	(8)	(126)	(196)	-	(196)
Other operating expenses	(1,050)	(181)	(385)	(1,616)	506	(1,110)
Bad debt, doubtful accounts and impairment losses	(755)	3	110	(642)	-	(642)
Total operating expenses	(1,867)	(186)	(401)	(2,454)	506	(1,948)
Segment profit	436	350	356	1,142	-	1,142
Income tax expenses						(228)
Profit for the period						914

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2013	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statement
Revenue						
External customers	7,368	1,560	437	9,365	-	9,365
Inter-segment	-	-	1,471	1,471	(1,471)	-
Total revenue	<u>7,368</u>	<u>1,560</u>	<u>1,908</u>	<u>10,836</u>	<u>(1,471)</u>	<u>9,365</u>
Operating results:						
Net interest income	4,114	1,443	390	5,947	-	5,947
Net fee and service income	2,340	117	(6)	2,451	-	2,451
Other operating income	914	-	1,524	2,438	(1,471)	967
Total operating income	<u>7,368</u>	<u>1,560</u>	<u>1,908</u>	<u>10,836</u>	<u>(1,471)</u>	<u>9,365</u>
Depreciation and amortisation	(195)	(24)	(375)	(594)	-	(594)
Other operating expenses	(3,401)	(506)	(1,112)	(5,019)	1,471	(3,548)
Bad debt, doubtful accounts and impairment losses	(2,030)	(188)	33	(2,185)	-	(2,185)
Total operating expenses	<u>(5,626)</u>	<u>(718)</u>	<u>(1,454)</u>	<u>(7,798)</u>	<u>1,471</u>	<u>(6,327)</u>
Segment profit	1,742	842	454	3,038	-	3,038
Income tax expenses						(605)
Profit for the period						<u>2,433</u>

The following table presents segment assets of the Bank's operating segments as at 30 September 2014 and 31 December 2013:

(Unit: Million Baht)

	Retail Banking	Corporate Banking	Treasury investment and others	Total segments
Total segment assets				
As at 30 September 2014	<u>195,092</u>	<u>67,496</u>	<u>37,093</u>	<u>299,681</u>
As at 31 December 2013	<u>207,720</u>	<u>73,130</u>	<u>61,180</u>	<u>342,030</u>

3.26 Commitments and contingent liabilities

3.26.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	30 September 2014	31 December 2013
Avals	192,105	42,552
Other guarantees	596,892	753,815
Undrawn client overdraft facilities	36,985	54,041
Interest rate swap agreements	1,200,000	2,274,303
Cross currency swap agreements	3,237,325	3,315,434
Total	5,263,307	6,440,145

3.26.2 Litigation

As at 30 September 2014 and 31 December 2013, the Bank has been sued for compensation totaling approximately Baht 359 million and Baht 354 million, respectively. Final judgments 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.

3.26.3 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 building and branch office. The terms of the agreements are generally 3 - 12 years.

As at 30 September 2014 and 31 December 2013, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million Baht)

	As at	
	30 September 2014	31 December 2013
Payable within:		
Not over 1 year	111	103
Over 1 to 5 years	139	61
Over 5 years	3	5

4. Significant events during the period

4.1 Share Capital

The Annual General Meeting of the Bank's shareholders for the year 2014, convened on 22 April 2014 passed the following resolutions:

- a) To approve the allocation of up to 102,396,410 new common shares of the Bank with a par value of Baht 10 per share to the existing shareholders of the Bank pro rata to their shareholding at an offering ratio of 1 new share for every 8 existing shares (both common and preferred shares) with an offer price of Baht 23.89 per share. The offer price was calculated based on the book value of shareholders' equity as at 31 December 2013. The new common shares (the "Right offering") are issued to the existing shareholders of the Bank named in the share register as at 12 May 2014. In addition, the meeting approved the delegation of authority to the Board of Directors or the President of the Bank to determine other details in connection with the allocation of the new common shares issued, whether in single or sequential allocation, to the existing shareholders of the Bank, including without limitation to the offering period, offering price, payment period, and other terms and conditions relating to the allocation of the new common shares.

Following the exercise of the right offering by the existing shareholders of the Bank, there were 102,396,410 capital increased shares allocated. The Bank has completed the registration of the change of its paid-up capital with the Ministry of Commerce on 5 June 2014. As a result, the Bank's paid-up capital will be of Baht 9,215,676,920, comprising of 921,567,588 common shares and 104 preferred shares, both with par value of Baht 10 per share.

- b) To approve the increase of the Bank's registered capital in the amount of Baht 1,023,964,100 from Baht 8,191,712,820 to Baht 9,215,676,920, in order to accommodate the allocation of the new common shares issued. In addition, to reflect the increase of the Bank's registered capital, the meeting approved the amendment to the Bank's Memorandum of Association Clause 4, to state that the registered capital is Baht 9,215,676,920, consisting of 104 preference shares and 921,567,588 ordinary shares of Baht 10 each. On 5 June 2014, the Bank registered the amendment in its registered capital and the amendment of its memorandum of association with the Ministry of Commerce.

5. Approval of interim financial statements

These interim financial statements were approved by the Bank's Audit Committee on 10 November 2014.