

TISCO Bank Public Company Limited
Report and interim financial statements
30 September 2015



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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 statement of financial position of TISCO Bank Public Company Limited as at 30 September 2015, the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2015, the related statements 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, 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: 9 November 2015

TISCO Bank Public Company Limited

Statement of financial position

As at 30 September 2015

(Unit: Thousand Baht)

Note	30 September 2015	31 December 2014
	(Unaudited but reviewed)	(Audited)
Assets		
Cash	953,886	1,179,613
Interbank and money market items - net	33,401,190	36,852,663
Derivatives assets	3.1 193	-
Investments - net	3.2, 3.5 7,367,647	13,308,949
Loans to customers and accrued interest receivables	3.3, 3.5	
Loans to customers	253,056,954	279,989,638
Accrued interest receivables	487,750	527,506
Total loans to customers and accrued interest receivables	253,544,704	280,517,144
Less: Deferred revenue	(20,041,985)	(21,947,954)
Less: Allowance for doubtful accounts	3.4 (5,204,610)	(6,380,337)
Loans to customers and accrued interest receivables - net	228,298,109	252,188,853
Properties foreclosed - net	60,408	117,967
Investment properties - net	31,363	16,067
Premises and equipment - net	698,845	751,427
Intangible assets - net	278,199	223,601
Deferred tax assets	15,357	26,142
Other assets	3.6 1,294,523	1,220,460
Total assets	272,399,720	305,885,742

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 2015

(Unit: Thousand Baht)

	Note	30 September 2015	31 December 2014
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Liabilities			
Deposits	3.7	163,310,703	206,391,307
Interbank and money market items - net		8,846,556	10,352,384
Liabilities payable on demand		375,957	399,916
Derivatives liabilities	3.1	112,849	40,729
Debts issued and borrowings	3.8	69,177,919	57,736,819
Provision for long-term employee benefits		204,156	176,786
Accrued interest payable		974,485	1,088,888
Income tax payable		6,768	421,170
Dividend payable		-	1,105,881
Other liabilities	3.9	3,494,971	4,168,098
Total liabilities		246,504,364	281,881,978

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 2015

(Unit: Thousand Baht)

	Note	30 September 2015 (Unaudited but reviewed)	31 December 2014 (Audited)
Shareholders' 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 shareholders' equity		243,518	246,994
Retained earnings			
Appropriated-statutory reserve		984,000	984,000
Unappropriated		12,909,137	11,014,069
Total shareholders' equity		<u>25,895,356</u>	<u>24,003,764</u>
Total liabilities and shareholders' equity		<u>272,399,720</u>	<u>305,885,742</u>

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



Mrs. Oranuch Apisaksirikul
(Chairperson of the Executive Board)



ธนาคารทีเอสซี จำกัด
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 2015

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

	Note	2015	2014
Interest income	3.11	3,956,248	4,436,308
Interest expenses	3.12	(1,515,805)	(2,140,500)
Net interest income		2,440,443	2,295,808
Fee and service income		761,928	704,536
Fee and service expenses		(13,889)	(13,446)
Net fee and service income	3.13	748,039	691,090
Net gains on trading and foreign exchange transactions	3.14	10,927	5,103
Net gains on investments	3.15	4,352	96,370
Penalty fee income from loans		132,870	83,594
Income from business promotion relating to the hire purchase business		72,947	74,477
Other operating income	3.17	40,035	25,886
Total operating income		3,449,613	3,272,328
Expenses from business promotion relating to the hire purchase business		81,743	82,615
Total net operating income		3,367,870	3,189,713
Operating expenses			
Employee's expenses		277,954	507,065
Premises and equipment expenses		188,261	190,309
Taxes and duties		49,983	54,829
Intercompany supporting fee expenses	3.23	79,301	262,329
Other operating expenses	3.18	173,463	150,324
Total operating expenses		768,962	1,164,856
Bad debt, doubtful accounts and impairment losses	3.16	2,094,866	1,023,895
Profit before income tax expenses		504,042	1,000,962
Income tax expenses	3.19	99,735	199,708
Profit for the period		404,307	801,254

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 2015

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

	Note	2015	2014
Other comprehensive income	3.20		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Gains (losses) on valuation in available-for-sale investments		(6,476)	12,814
Income tax effects	3.21	1,295	(2,563)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(5,181)	10,251
Other comprehensive income for the period		(5,181)	10,251
Total comprehensive income for the period		(5,181)	811,505
Earnings per share			
Basic earnings per share	3.22	0.44	0.87

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 2015

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

	Note	2015	2014
Interest income	3.11	12,138,360	13,646,019
Interest expenses	3.12	(5,193,913)	(7,063,097)
Net interest income		6,944,447	6,582,922
Fee and service income		2,237,972	2,378,733
Fee and service expenses		(48,240)	(44,578)
Net fee and service income	3.13	2,189,732	2,334,155
Net gains on trading and foreign exchange transactions	3.14	22,006	34,568
Net gains on investments	3.15	18,054	117,999
Penalty fee income from loans		330,232	238,092
Income from business promotion relating to the hire purchase business		235,643	239,525
Other operating income	3.17	135,846	105,499
Total operating income		9,875,960	9,652,760
Expenses from business promotion relating to the hire purchase business		269,170	271,358
Total net operating income		9,606,790	9,381,402
Operating expenses			
Employee's expenses		1,185,313	1,350,832
Premises and equipment expenses		572,447	579,178
Taxes and duties		152,928	160,994
Intercompany supporting fee expenses	3.23	734,029	793,634
Other operating expenses	3.18	538,610	459,778
Total operating expenses		3,183,327	3,344,416
Bad debt, doubtful accounts and impairment losses	3.16	4,057,647	3,210,863
Profit before income tax expenses		2,365,816	2,826,123
Income tax expenses	3.19	467,486	559,195
Profit for the period		1,898,330	2,266,928

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 2015

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

	Note	2015	2014
Other comprehensive income	3.20		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Gains (losses) on valuation in available-for-sale investments		(1,764)	29,031
Income tax effects	3.21	353	(5,806)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(1,411)	23,225
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial losses		(6,659)	(14,143)
Income tax effects	3.21	1,332	2,829
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(5,327)	(11,314)
Other comprehensive income for the period		(6,738)	11,911
Total comprehensive income for the period		1,891,592	2,278,839
Earnings per share			
Basic earnings per share	3.22	2.06	2.63

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 2015

(Unit: Thousand Baht)

	2015	2014
Cash flows from operating activities		
Profit before income tax expenses	2,365,816	2,826,123
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities		
Depreciation and amortisation	65,233	76,602
Bad debt and doubtful accounts	5,332,710	3,990,607
Reversal of allowance for impairment of investments	(804)	(1,064)
Allowance for impairment of properties foreclosed (reversal)	66	(6)
Gain on disposal of investments in securities	(20,415)	(117,131)
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	(268,759)	8,809
Gain on disposal of equipment	(1,220)	(2,235)
Loss on written-off of equipment	380	1,263
Loss on written-off of intangible assets	-	53
Gain on disposal of properties foreclosed	(36,767)	(15,798)
Employee benefit expenses	29,978	17,650
(Increase) decrease in accrued income	(85,523)	2,683
Decrease in accrued expenses	(401,015)	(72,064)
Net interest income	(6,944,447)	(6,582,922)
Dividend income	(78,528)	(75,295)
Cash received on interest income	12,299,078	13,840,565
Cash paid on interest expenses	(4,437,959)	(6,220,751)
Cash received on dividend income	78,528	75,295
Cash paid on income tax expenses	(869,419)	(772,740)
Profit from operating activities before changes in operating assets and liabilities	7,026,933	6,979,644
Operating assets (increase) decrease		
Interbank and money market items	3,459,472	23,393,375
Loans to customers	16,814,515	12,250,850
Properties foreclosed	1,905,605	2,049,230
Other assets	(63,657)	340,016

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 2015

	(Unit: Thousand Baht)	
	2015	2014
Operating liabilities increase (decrease)		
Deposits	(43,080,605)	(57,203,788)
Interbank and money market items	(1,505,828)	260,704
Liabilities payable on demand	(23,959)	81,183
Short-term debts issued and borrowings	(1,458,900)	13,276,000
Provision for long-term employee benefits	(9,267)	(9,820)
Other liabilities	(963,148)	(1,356,025)
Net cash flows from (used in) operating activities	(17,898,839)	61,369
Cash flows from investing activities		
Cash paid for purchase of investments in securities held for investment	(15,142,497)	(21,538,090)
Cash received from disposal of investments in securities held for investment	21,103,195	21,467,195
Cash paid for purchase of equipment	(18,849)	(101,438)
Cash paid for purchase of intangible assets	(64,076)	(200,820)
Cash received from disposal of equipment	1,220	2,235
Net cash flows from (used in) investing activities	5,878,993	(370,918)
Cash flows from financing activities		
Cash received from issuance of long-term debentures	13,900,000	2,400,000
Cash paid for redemption of long-term debentures	(1,000,000)	(4,000,000)
Dividend paid	(1,105,881)	(655,337)
Cash received from increase in share capital	-	2,446,250
Net cash flows from financing activities	11,794,119	190,913
Net decrease in cash	(225,727)	(118,636)
Cash at beginning of the period	1,179,613	1,130,135
Cash at end of the period	953,886	1,011,499

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 2015

(Unit: Thousand Baht)

	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	Surplus on				
				available-for-sale investments	revaluation of assets				
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	-	1,023,964	1,422,286	-	-	-	-	-	2,446,250
Profit for the period	-	-	-	-	-	-	-	2,266,928	2,266,928
Other comprehensive income for the period	-	-	-	23,225	-	23,225	-	(11,314)	11,911
Total comprehensive income for the period	-	-	-	23,225	-	23,225	-	2,255,614	2,278,839
Transfer 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
Balance as at 1 January 2015	1	9,215,676	2,543,024	32,601	214,393	246,994	984,000	11,014,069	24,003,764
Profit for the period	-	-	-	-	-	-	-	1,898,330	1,898,330
Other comprehensive income for the period	-	-	-	(1,411)	-	(1,411)	-	(5,327)	(6,738)
Total comprehensive income for the period	-	-	-	(1,411)	-	(1,411)	-	1,893,003	1,891,592
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(2,065)	(2,065)	-	2,065	-
Balance as at 30 September 2015	1	9,215,676	2,543,024	31,190	212,328	243,518	984,000	12,909,137	25,895,356

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 2015

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 2014) “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 the same format as that used for the annual financial statements, which are in accordance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 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.

1.2 New financial reporting standards

a) Financial reporting standard that became effective in the current period

The Bank has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Bank’s financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Bank already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 13 Fair value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Bank's financial statements.

b) Financial reporting standard issued during the period and not yet effective

During the period, the Federation of Accounting Professions issued a number of the new and revised financial reporting standards (revised 2015) which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Bank's management believe that the new and revised standards will not have any significant impact on the financial statements when it is initially applied.

1.3 Significant accounting policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as described in Note 1.2 a) to the interim financial statements.

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 2015, 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 loans to customers, as follows:

(Unit: Thousand Baht)

Type of risk	As at					
	30 September 2015			31 December 2014		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	193	75,444	7,273,920	-	5,219	3,296,300
Interest rate	-	37,405	1,200,000	-	35,510	1,200,000
Total	193	112,849	8,473,920	-	40,729	4,496,300

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 2015	31 December 2014
Available-for-sale investments - fair value		
Government and state enterprise securities	5,534,928	12,060,173
Private sector debt securities	1,398,005	811,472
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	6,931,473	12,870,185
Held-to-maturity debt securities - cost/amortised cost		
Investment in receivables	14,423	17,816
Less: Allowance for impairment	(14,230)	(17,394)
Total held-to-maturity debt securities	193	422
General investments - cost		
Domestic non-marketable equity securities	483,303	483,303
Less: Allowance for impairment	(47,322)	(44,961)
Total general investments	435,981	438,342
Investments - net	7,367,647	13,308,949

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 2,960 million of these investments, with a realised gain for the year 2014 and 2015 amounted to Baht 72 million and Baht 1 million, respectively.

(Unaudited but reviewed)

3.2.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	As at							
	30 September 2015				31 December 2014			
	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	4,072	1,463	-	5,535	11,087	973	-	12,060
Private sector debt securities	108	1,290	-	1,398	1	810	-	811
Total	4,180	2,753	-	6,933	11,088	1,783	-	12,871
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	4,179	2,753	-	6,932	11,087	1,783	-	12,870
Held-to-maturity debt securities								
Investment in receivables	14	-	-	14	13	5	-	18
Less: Allowance for impairment	(14)	-	-	(14)	(12)	(5)	-	(17)
Total	-	-	-	-	1	-	-	1
Total debt securities	4,179	2,753	-	6,932	11,088	1,783	-	12,871

3.2.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restriction
	30 September 2015	31 December 2014	
Government debt securities	2	2	Pledged for electricity usage

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at 30 September 2015		
	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 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.

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 2015			31 December 2014		
	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.	4,372	-	10	5,894	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	3,468	-	10	4,110	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	17,127	-	10	17,358	-	10

(Unaudited but reviewed)

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 2015	31 December 2014
Loans to customers		
Loans	66,468,438	76,542,379
Hire purchase receivables	185,993,074	202,646,374
Finance lease receivables	859,034	1,066,507
Less: Deferred revenue	(20,041,985)	(21,947,954)
Advances received from finance lease receivables	(263,592)	(265,622)
Total loans to customers	233,014,969	258,041,684
Add: Accrued interest receivables	487,750	527,506
Less: Allowance for doubtful accounts	(5,204,610)	(6,380,337)
Loans to customers and accrued interest receivables - net	<u>228,298,109</u>	<u>252,188,853</u>

3.3.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	As at					
	30 September 2015			31 December 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	233,014,969	-	233,014,969	254,745,384	-	254,745,384
US Dollars	-	-	-	-	3,296,300	3,296,300
Total loans to customers						
net of deferred revenue	<u>233,014,969</u>	<u>-</u>	<u>233,014,969</u>	<u>254,745,384</u>	<u>3,296,300</u>	<u>258,041,684</u>

3.3.3 Classified by loan classification

(Unit: Million Baht)

	As at					
	30 September 2015			31 December 2014		
	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 guidelines						
- Pass	209,758	189,369	1,821	230,555	207,633	1,822
- Special mention	16,710	16,459	1,136	22,112	17,843	2,494
- Sub-standard	2,973	2,958	993	3,267	3,242	1,073
- Doubtful	1,992	1,985	618	2,057	2,033	623
- Doubtful of loss	2,070	1,435	563	578	524	177
Allowance established in excess	-	-	74	-	-	191
Total	233,503	212,206	5,205	258,569	231,275	6,380

⁽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 2015, 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 930 million (as at 31 December 2014: total of Baht 2,826 million). The Bank allocated Baht 856 million of the excess provision to a specific provision for an individual debtors (as at 31 December 2014: total of Baht 2,635 million) and so combined with the minimum provision requirement of Baht 4,275 million (as at 31 December 2014: total of Baht 3,554 million), the total provision set aside in accordance with BOT requirements is Baht 5,131 million (as at 31 December 2014: total of Baht 6,189 million).

	Percentage of allowance for doubtful account set up			
	Hire purchase receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at		As at	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Pass	0.67	0.58	1	1
Special mention	5.09	3.84	2	2
Sub-standard	22.75	23.24	100	100
Doubtful	22.39	23.39	100	100
Doubtful of loss	22.36	23.33	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.

3.3.4 Hire purchase and finance lease receivables

As at 30 September 2015, receivables of the Bank under hire purchase and finance lease agreements amount to Baht 166,719 million (31 December 2014: Baht 181,673 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 2015					
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	60,951	113,600	4,669	7,632	186,852
Less: Deferred revenue ⁽¹⁾	(7,804)	(9,744)	(133)	(2,188)	(19,869)
Advances received from finance lease receivables	(33)	(228)	-	(3)	(264)
Present value of minimum lease pay from agreements	53,114	103,628	4,536	5,441	166,719
Allowance for doubtful accounts ⁽²⁾					(2,963)
Net hire purchase and finance lease receivables					163,756

⁽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 an individual debtor.

(Unit: Million Baht)

As at 31 December 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	64,545	127,403	4,745	7,020	203,713
Less: Deferred revenue ⁽¹⁾	(8,637)	(11,206)	(38)	(1,893)	(21,774)
Advances received from finance lease receivables	(119)	(146)	-	(1)	(266)
Present value of minimum lease pay from agreements	55,789	116,051	4,707	5,126	181,673
Allowance for doubtful accounts ⁽²⁾					(2,755)
Net hire purchase and finance lease receivables					178,918

⁽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 an individual debtor.

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 2015	31 December 2014	30 September 2015	31 December 2014
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	7,496	7,308	8,368	11,494

⁽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 2015	31 December 2014
Deferred revenue ⁽¹⁾	20,042	21,948

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

3.3.7 Troubled debt restructuring

	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2015	2014	2015	2014
Debtors restructured during the periods				
Number of debtors restructured by modification of terms (number)	3,269	944	7,261	1,271
Loan balances before restructuring (Million Baht)	1,113	475	2,476	745
Loan balances after restructuring (Million Baht)	1,113	475	2,476	745
Loss on troubled debt restructuring (Million Baht)	-	-	-	-
Average contract period of debt restructuring (years)				
Hire purchase receivables	5	5	5	5
Mortgage loan receivables	3	3	3	3
Auto cash loan receivables	4	-	4	-
Commercial lending receivables	-	-	2	-

(Unaudited but reviewed)

Supplemental information for the three-month and nine-month periods ended 30 September 2015 and 2014 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	
	2015	2014	2015	2014
Interest income on restructured receivables	53	14	112	34
Receipt of principal and interest	132	77	284	196

As at 30 September 2015 and 31 December 2014, the Bank has the outstanding balances with troubled restructuring debtors as follows:

(Unit: Million Baht)

	As at			
	30 September 2015		31 December 2014	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	9,691	3,281	2,767	1,152

3.4 Allowance for doubtful accounts

3.4.1 Allowance for doubtful accounts - classified by receivables classification

(Unit: Thousand Baht)

	As at 30 September 2015						Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	
Balance - beginning of period	1,821,820	2,494,274	1,072,978	623,641	176,873	190,751	6,380,337
Increase (decrease) in allowance for doubtful accounts during the period	36	2,278,825	401,470	2,037,833	741,151	(117,120)	5,342,195
Bad debt written-off	(517)	(3,637,419)	(481,649)	(2,043,860)	(354,477)	-	(6,517,922)
Balance - end of period	<u>1,821,339</u>	<u>1,135,680</u>	<u>992,799</u>	<u>617,614</u>	<u>563,547</u>	<u>73,631</u>	<u>5,204,610</u>

(Unit: Thousand Baht)

	As at 31 December 2014						Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	
Balance - beginning of year	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 year	(1,436,389)	1,373,888	1,223,802	3,674,965	231,564	81,800	5,149,630
Bad debt written-off	(1,324)	(755)	(1,094,742)	(3,329,941)	(117,323)	-	(4,544,085)
Balance - end of year	<u>1,821,820</u>	<u>2,494,274</u>	<u>1,072,978</u>	<u>623,641</u>	<u>176,873</u>	<u>190,751</u>	<u>6,380,337</u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at 30 September 2015			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	3,446,373	2,743,213	190,751	6,380,337
Increase (decrease) in allowance for doubtful accounts during the period	2,813,122	2,646,193	(117,120)	5,342,195
Bad debt written-off	(4,078,296)	(2,439,626)	-	(6,517,922)
Balance - end of period	<u>2,181,199</u>	<u>2,949,780</u>	<u>73,631</u>	<u>5,204,610</u>

(Unit: Thousand Baht)

	As at 31 December 2014			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	3,018,513	2,647,328	108,951	5,774,792
Increase in allowance for doubtful accounts during the year	932,588	4,135,242	81,800	5,149,630
Bad debt written-off	(504,728)	(4,039,357)	-	(4,544,085)
Balance - end of year	<u>3,446,373</u>	<u>2,743,213</u>	<u>190,751</u>	<u>6,380,337</u>

3.4.3 Non-performing loans to customers

(Unit: Million Baht)

	As at	
	30 September 2015	31 December 2014
Non-performing loans to customers	7,035	5,902
Allowance for doubtful accounts ⁽¹⁾	2,174	1,873

⁽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 an individual debtor.

3.5 Classification of assets

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

(Unit: Million Baht)

	Cost as at		Fair value as at		Allowance for possible loss provided in the accounts ⁽¹⁾ as at	
	30 September	31 December	30 September	31 December	30 September	31 December
	2015	2014	2015	2014	2015	2014
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 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 2015 and 31 December 2014, 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 customer ⁽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
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Pass	241,476	264,939	-	-	-	-	-	-	241,476	264,939
Special mention	16,514	21,900	-	-	-	-	-	-	16,514	21,900
Sub-standard	2,973	3,267	-	-	-	-	-	-	2,973	3,267
Doubtful	1,992	2,057	-	-	-	-	-	-	1,992	2,057
Doubtful of loss	2,070	578	49	46	14	17	1	18	2,134	659
Total	265,025	292,741	49	46	14	17	1	18	265,089	292,822

⁽¹⁾ Loans to customers include investment in debt securities under resale agreements of other commercial banks and loan to financial institutions (which are presented as part of interbank and money market items - asset in the statement of financial position).

3.5.3 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				Allowance for doubtful accounts ⁽³⁾	
	as at		the allowance for doubtful accounts ⁽¹⁾		Percentage of allowance for doubtful account set up ⁽²⁾		as at	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2015	2014	2015	2014	2015	2014	2015	2014
					(%)	(%)		
Pass	145,961	159,758	145,961	159,758	0.67	0.58	972	933
Special mention	14,780	16,071	14,780	16,071	5.09	3.84	753	616
Sub-standard	2,544	2,826	2,544	2,826	22.75	23.24	579	657
Doubtful	1,761	1,840	1,761	1,840	22.39	23.39	394	430
Doubtful of loss	1,129	459	1,129	459	22.36	23.33	252	107
Total	166,175	180,954	166,175	180,954			2,950	2,743

⁽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 include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

3.5.4 Loans to customers includes debts due from companies with weak financial position and operating results.

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	as at		as at		as at		as at	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2015	2014	2015	2014	2015	2014	2015	2014
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	1	-	821	-	571	-	250	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies which have loan settlement problems or have defaulted on payment of debts	-	-	-	-	-	-	-	-
5. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	1	-	821	-	571	-	250	-

(Unaudited but reviewed)

3.6 Other assets

(Unit: Thousand Baht)

	As at	
	30 September 2015	31 December 2014
Value added tax - net	334,239	360,056
Accrued interest receivables	33,025	61,426
Fee and service receivables	39,806	52,600
Deposits	42,612	40,768
Other receivables	552,046	491,149
Other assets	292,795	214,461
Total other assets	<u>1,294,523</u>	<u>1,220,460</u>

3.7 Deposits

3.7.1 Classified by type of deposits

(Unit: Thousand Baht)

	As at	
	30 September 2015	31 December 2014
Deposits		
Current accounts	3,565,477	3,250,954
Saving accounts	49,052,291	49,606,051
Fixed accounts		
- not over 6 months	17,262,125	22,613,265
- over 6 months but not over 1 year	2,015,979	1,034,917
- over 1 year	372,696	313,129
Certificates of deposit/negotiable certificates of deposit	91,042,135	129,572,991
Total	<u>163,310,703</u>	<u>206,391,307</u>

3.7.2 Classified by the remaining period of contract

(Unit: Thousand Baht)

	As at	
	30 September 2015	31 December 2014
Not over 1 year ⁽¹⁾	162,856,342	205,885,759
Over 1 year	454,361	505,548
Total deposits	<u>163,310,703</u>	<u>206,391,307</u>

⁽¹⁾ Including fully-mature deposit contracts

3.7.3 As at 30 September 2015 and 31 December 2014, all outstanding deposits are deposits from domestic depositors and in Baht.

3.8 Debt issued and borrowings

(Unit: Thousand Baht)

	As at	
	30 September 2015	31 December 2014
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	6,643,000	6,643,000
Unsubordinated unsecured debentures	62,498,000	51,056,900
Bills of exchange	36,122	36,122
Promissory notes	797	797
Total	69,177,919	57,736,819

3.8.1 Subordinated unsecured debentures

As at 30 September 2015 and 31 December 2014, the Bank had 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 2015	31 December 2014		30 September 2015	31 December 2014		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2010	-	1.00	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	1.60	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	-	1,000	1,000	-	2025	4.50 percent per annum.
Total				6,643	6,643		

3.8.2 Unsubordinated unsecured debentures

As at 30 September 2015 and 31 December 2014, the Bank had short-term and long-term unsubordinated unsecured debentures as follows:

Year	Type of debentures	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
		30 September 2015	31 December 2014		30 September 2015	31 December 2014		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2014	Short-term debenture	-	51.057	1,000	-	51,057	2015	2.33 - 2.85 percent per annum
2015	Short-term debenture	5.60	-	1,000	5,600	-	2016	1.75 percent per annum
2015	Short-term debenture	43.998	-	1,000	43,998	-	2016	1.52 - 1.90 percent per annum
2015	Long-term debenture	12.9	-	1,000	12,900	-	2017	1.875 - 2.00 percent per annum
Total					62,498	51,057		

3.8.3 Bills of exchange

Bills of exchange comprise the fixed interest rate bearing at 2.5 percent per annum, which will gradually mature in 2015.

3.9 Other liabilities

(Unit: Thousand Baht)

	As at	
	30 September 2015	31 December 2014
Withholding income tax and other tax payables	219,007	346,168
Accrued insurance premium	530,816	664,267
Deferred income	1,154,991	1,153,412
Accrued expenses	1,064,726	1,465,741
Suspense creditors	286,277	345,707
Other liabilities	239,154	192,803
Total other liabilities	3,494,971	4,168,098

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 2015 and 31 December 2014, the Bank has issued bonus under this scheme amounting to Baht 181 million and Baht 176 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 which is 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 to Capital fund as at 30 September 2015 and 31 December 2014, 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 2015	31 December 2014
<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	11,761,070	9,764,407
Other components of shareholders' equity	224,804	220,913
Less: Deductions from Common Equity Tier I items	(899,490)	(125,120)
Total Common Equity Tier I capital	23,829,084	22,602,900
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	23,829,085	22,602,901
<u>Tier II capital</u>		
Long-term subordinated debentures	6,643,000	6,643,000
Surplus of provision	-	340,412
Reserve for loans classified as pass	221,239	653,521
Total Tier II capital	6,864,239	7,636,933
Total capital funds	30,693,324	30,239,834

(Unit: Percent)

Capital fund ratios	As at			
	30 September 2015		31 December 2014	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	14.15	4.50	12.55	4.50
Tier I capital to risk assets	14.15	6.00	12.55	6.00
Total capital to risk assets	18.23	8.50	16.79	8.50

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 2015 on its website on 30 October 2015.

3.11 Interest income

Interest income in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
Interbank and money market items	129,202	118,384	368,382	474,312
Investments in debt securities	45,976	101,495	200,815	321,971
Loans to customers	1,396,908	1,541,285	4,221,021	4,556,312
Hire purchase and finance lease	2,384,162	2,675,144	7,348,142	8,293,424
Total interest income	3,956,248	4,436,308	12,138,360	13,646,019

3.12 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
Deposits	847,826	1,418,062	3,153,249	4,821,141
Interbank and money market items	52,926	56,891	176,518	198,918
Contribution fee to the Deposit Protection				
Agency and Bank of Thailand	281,657	312,650	870,357	982,886
Issued debt instruments				
- Subordinated debentures	86,374	87,634	255,962	335,304
- Unsubordinated debentures	246,792	264,600	737,346	721,685
Borrowings	230	663	481	3,163
Total interest expenses	1,515,805	2,140,500	5,193,913	7,063,097

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 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
Fee and service income				
- Acceptance, aval and guarantees	2,197	2,229	6,847	7,900
- Insurance service	546,958	514,491	1,605,774	1,817,220
- Financial advisory	1,000	-	1,000	2,250
- Others	211,773	187,816	624,351	551,363
Total fee and service income	761,928	704,536	2,237,972	2,378,733
Fee and service expenses	(13,889)	(13,446)	(48,240)	(44,578)
Net fee and service income	748,039	691,090	2,189,732	2,334,155

3.14 Net gains on trading and foreign exchange transactions

Net gains on trading and foreign exchange transactions in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	8,203	12,026	32,903	38,228
- Derivatives on interest rates	3,393	(9,695)	(12,466)	(12,175)
- Debt securities	(669)	2,772	1,569	8,515
Net gains on trading and foreign exchange transactions	10,927	5,103	22,006	34,568

(Unaudited but reviewed)

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 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
Gains on disposal				
- Available-for-sale investments	2,509	87,392	11,255	99,849
- Held-to-maturity debt securities	17	-	59	17
- General investments	2,468	6,922	9,101	16,436
Total	4,994	94,314	20,415	116,302
Reversal of losses (losses) on impairment				
- General investments	(642)	1,227	(2,361)	868
Total	(642)	1,227	(2,361)	868
Gain from return of capital from a subsidiary company	-	829	-	829
Net gains on investments	4,352	96,370	18,054	117,999

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 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
Interbank and money market items	3,500	2,100	8,000	(2,900)
Held-to-maturity debt securities	(32)	(195)	(3,164)	(196)
Loans to customers	2,091,398	1,021,990	4,052,811	3,213,959
Total	2,094,866	1,023,895	4,057,647	3,210,863

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 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
Gains on disposal of properties foreclosed	20,305	5,590	36,767	15,798
Dividend income	14,553	13,638	78,528	75,295
Others	5,177	6,658	20,551	14,406
Total	40,035	25,886	135,846	105,499

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 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
Mailing expenses	12,640	11,525	39,387	36,276
Software amortisation expenses	3,028	4,175	9,477	14,999
Legal expenses	70,347	70,840	226,894	190,723
Transportation expenses	18,737	21,656	54,418	63,039
Advertising and business promotion expenses	12,091	16,220	45,309	65,862
Others	56,620	25,908	163,125	88,879
Total	173,463	150,324	538,610	459,778

3.19 Income tax expenses

Income tax expenses of the Bank for the three-month and nine-month periods ended 30 September 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2015	2014	2015	2014
Current income tax:				
Income tax expenses for the periods	33,797	228,451	455,017	673,621
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	65,938	(28,743)	12,469	(114,426)
Income tax expenses reported in the statements of comprehensive income	<u>99,735</u>	<u>199,708</u>	<u>467,486</u>	<u>559,195</u>

3.20 Components of other comprehensive income

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2015	2014	2015	2014
Other comprehensive income				
Available-for-sale investments:				
Gains (losses) during the periods	(3,967)	100,206	9,491	128,880
Less: Reclassification adjustments for gains included in profit or loss	(2,509)	(87,392)	(11,255)	(99,849)
	(6,476)	12,814	(1,764)	29,031
Actuarial losses	-	-	(6,659)	(14,143)
Other comprehensive income	(6,476)	12,814	(8,423)	14,888
Income tax effects relating to components of other comprehensive income	1,295	(2,563)	1,685	(2,977)
Net other comprehensive income for the periods	<u>(5,181)</u>	<u>10,251</u>	<u>(6,738)</u>	<u>11,911</u>

3.21 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	For the three-month periods ended 30 September					
	2015			2014		
	Before tax amount	Tax benefit	Net of tax amount	Before tax amount	Tax expense	Net of tax amount
Gains (losses) on valuation in available-for-sale investments	(6,476)	1,295	(5,181)	12,814	(2,563)	10,251
	<u>(6,476)</u>	<u>1,295</u>	<u>(5,181)</u>	<u>12,814</u>	<u>(2,563)</u>	<u>10,251</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September					
	2015			2014		
	Before tax amount	Tax benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Gains (losses) on valuation in available-for-sale investments	(1,764)	353	(1,411)	29,031	(5,806)	23,225
Actuarial losses	(6,659)	1,332	(5,327)	(14,143)	2,829	(11,314)
	<u>(8,423)</u>	<u>1,685</u>	<u>(6,738)</u>	<u>14,888</u>	<u>(2,977)</u>	<u>11,911</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	
	2015	2014	2015	2014
	Profit attributable to equity holders of the Bank (Thousand Baht)	404,307	801,254	1,898,330
Weighted average number of shares (Thousand shares)	921,568	921,568	921,568	863,431
Basic earnings per share (Baht/share)	0.44	0.87	2.06	2.63

3.23 Related party transactions

As at 30 September 2015 and 31 December 2014, the balance of the accounts between the Bank and related companies are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 September 2015	31 December 2014
<u>Outstanding balance</u>		
Parent company		
TISCO Financial Group Plc.		
Other assets	98,317	-
Deposits	662,628	529,065
Accrued interest payable	101	116
Dividend payable	-	1,105,742
Other liabilities	250	89,958
Related companies (related by common shareholder)		
Interbank and money market items (Assets):		
TISCO Securities Co., Ltd.	297,000	297,000
Other assets:		
TISCO Securities Co., Ltd.	1,218	2,044
TISCO Leasing Co., Ltd.	3,935	6,551
Deposits:		
Hi-Way Co., Ltd.	49,093	29,300
TISCO Information Technology Co., Ltd.	170,606	122,699
Primus Leasing Co., Ltd.	32,899	32,841
TISCO Learning Center Co., Ltd.	34,903	44,102
Deutsche TISCO Investment Advisory Co., Ltd.	237,333	205,058
TISCO Leasing Co., Ltd.	4,081	2,170
All-Ways Co., Ltd.	704	599
TISCO Tokyo Leasing Co., Ltd.	322	494
Interbank and money market items (Liabilities):		
TISCO Securities Co., Ltd.	5,860	149,313
TISCO Asset Management Co., Ltd.	142,767	116,659
Accrued interest payable:		
TISCO Securities Co., Ltd.	5	11
TISCO Asset Management Co., Ltd.	417	662
TISCO Information Technology Co., Ltd.	388	99
TISCO Learning Center Co., Ltd.	74	53
Hi-Way Co., Ltd.	75	-
TISCO Leasing Co., Ltd.	29	-
Other liabilities:		
TISCO Securities Co., Ltd.	189	-
Hi-Way Co., Ltd.	34,200	32,040
TISCO Learning Center Co., Ltd.	2,406	2,763
All-Ways Co., Ltd.	403	650
Contingent liabilities:		

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at	
	30 September 2015	31 December 2014
Parent company		
TISCO Financial Group Plc.	1,184	1,040
Related companies (related by common shareholder)		
TISCO Securities Co., Ltd.	540	540
TISCO Asset Management Co., Ltd.	440	440
TISCO Information Technology Co., Ltd.	1,070	1,070

Loans to related companies

As at 30 September 2015 and 1 January 2015, the balance of loans between the Bank and its related companies and their movement are as follows:

	(Unit: thousand Baht)			
	As at 1 January 2015	Increase	Decrease	As at 30 September 2015
Related companies (related by common shareholder)				
Interbank and money market items (Assets):				
TISCO Securities Co., Ltd.	297,000	-	-	297,000

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Terms and pricing policy
	2015	2014	2015	2014	
	Transactions occurred during the periods				
Parent company					
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	45,101	231,729	633,269	702,794	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest expenses	1,199	3,020	6,623	18,932	With reference to the terms and prices as offered to other customers
Other income	-	-	1,000	750	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

(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
	2015	2014	2015	2014	
	<u>Transactions occurred during the periods</u>				
<u>(continued)</u>					
Related companies					
Interest income	2,496	3,686	7,985	6,653	With reference to the terms and prices as offered to other customers
Service income involving to loans	926	1,252	3,030	4,008	With reference to the terms and prices as offered to other customers
Other income	1,095	2,487	4,451	8,433	With reference to the terms and prices as offered to other customers
Expenses involving to loans	34,200	30,600	100,760	90,840	Determined on the basis on actual cost
Computer system advisory service expenses	63,000	65,000	189,000	195,000	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	14,544	13,189	30,231	34,735	With reference to the prices as offered from other service providers
Interest expenses	1,376	2,649	5,322	10,079	With reference to the terms and prices as offered to other customers
Other expenses	1,622	1,747	4,972	5,719	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 2015	31 December 2014
Loans ⁽¹⁾	5,072	6,306

⁽¹⁾ Including employee welfare loans and normal loans

(Unaudited but reviewed)

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	As at	
	30 September 2015	31 December 2014
Deposits	59,096	90,118

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2015 and 2014, the Bank had short-term benefit expenses paid to their directors and key management during the period and other employee benefit expenses payable to their directors and management as follow:

(Unit: Million Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
Short-term benefits	35	25	78	70
Post-employment benefits	4	1	11	2
Total	39	26	89	72

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 2015 and 2014, 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 2015						
Revenue						
External customers	2,696	645	109	3,450	-	3,450
Inter-segment	-	-	15	15	(15)	-
Total revenue	2,696	645	124	3,465	(15)	3,450
Operating results:						
Net interest income	1,811	539	90	2,440	-	2,440
Net fee and service income	719	31	(2)	748	-	748
Other operating income	166	75	36	277	(15)	262
Total operating income	2,696	645	124	3,465	(15)	3,450
Depreciation and amortisation	(61)	(8)	(123)	(192)	-	(192)
Other operating expenses	(672)	(103)	101	(674)	15	(659)
Bad debt, doubtful accounts and impairment losses	(888)	(256)	(951)	(2,095)	-	(2,095)
Total operating expenses	(1,621)	(367)	(973)	(2,961)	15	(2,946)
Segment profit	1,075	278	(849)	504	-	504
Income tax expenses						(100)
Profit for the period						404

(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 2015						
Revenue						
External customers	7,807	1,683	386	9,876	-	9,876
Inter-segment	-	-	993	993	(993)	-
Total revenue	7,807	1,683	1,379	10,869	(993)	9,876
Operating results:						
Net interest income	5,158	1,480	306	6,944	-	6,944
Net fee and service income	2,124	69	(3)	2,190	-	2,190
Other operating income	525	134	1,076	1,735	(993)	742
Total operating income	7,807	1,683	1,379	10,869	(993)	9,876
Depreciation and amortisation	(189)	(26)	(367)	(582)	-	(582)
Other operating expenses	(2,774)	(445)	(644)	(3,863)	993	(2,870)
Bad debt, doubtful accounts and impairment losses	(2,131)	(393)	(1,534)	(4,058)	-	(4,058)
Total operating expenses	(5,094)	(864)	(2,545)	(8,503)	993	(7,510)
Segment profit	2,713	819	(1,166)	2,366	-	2,366
Income tax expenses						(468)
Profit for the period						1,898

(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 2014						
Revenue						
External customers	2,448	593	231	3,272	-	3,272
Inter-segment	-	-	472	472	(472)	-
Total revenue	2,448	593	703	3,744	(472)	3,272
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	2,448	593	703	3,744	(472)	3,272
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	(1,943)	(195)	(605)	(2,743)	472	(2,271)
Segment profit	505	398	98	1,001	-	1,001
Income tax expenses						(200)
Profit for the period						801

(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 2014						
Revenue						
External customers	7,418	1,614	621	9,653	-	9,653
Inter-segment	-	-	1,317	1,317	(1,317)	-
Total revenue	7,418	1,614	1,938	10,970	(1,317)	9,653
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	7,418	1,614	1,938	10,970	(1,317)	9,653
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	(5,902)	(634)	(1,608)	(8,144)	1,317	(6,827)
Segment profit	1,516	980	330	2,826	-	2,826
Income tax expenses						(559)
Profit for the period						2,267

3.25 Commitments and contingent liabilities

3.25.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	30 September 2015	31 December 2014
Avals	13,479	7,151
Other guarantees	669,310	628,138
Undrawn client overdraft facilities	30,000	34,070
Interest rate swap agreements	1,200,000	1,200,000
Cross currency swap agreements	7,273,920	3,296,300
Total	9,186,709	5,165,659

3.25.2 Litigation

As at 30 September 2015 and 31 December 2014, the Bank has been sued for compensation totaling approximately Baht 363 million and Baht 359 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 building and branch office. The terms of the agreements are generally 3 - 9 years.

As at 30 September 2015 and 31 December 2014, the Bank has future minimum lease payments required under these non-cancellable operating leases contracts as follows:

(Unit: Million Baht)

	As at	
	30 September 2015	31 December 2014
Payable within		
Not over 1 year	96	112
Over 1 to 5 years	88	136
Over 5 years	2	3

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

As of 30 September 2015, the Bank has the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	As at 30 September 2015			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Debt instruments	-	6,931	-	6,931
Financial liabilities measured at fair value				
Derivatives				
Interest rate swap agreements	-	37	-	37
Cross currency swap agreements	-	76	-	76

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. Approval of interim financial statements

These interim financial statements were approved by the Bank's Audit Committee on 9 November 2015.