

TISCO Bank Public Company Limited
Report and financial statements
31 March 2017



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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 31 March 2017, the related statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, as well as the condensed notes to the financial statement. 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*.

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 8 May 2017

TISCO Bank Public Company Limited

Statement of financial position

As at 31 March 2017

(Unit: Thousand Baht)

	Note	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Assets			
Cash		1,095,857	1,147,866
Interbank and money market items - net		35,609,950	37,061,867
Investments - net	3.2, 3.5	7,126,286	5,552,994
Loans to customers and accrued interest receivables	3.3, 3.5		
Loans to customers		235,993,264	240,579,109
Accrued interest receivables		475,197	484,024
Total loans to customers and accrued interest receivables		236,468,461	241,063,133
Less: Deferred revenue		(18,809,605)	(19,084,912)
Less: Allowance for doubtful accounts	3.4	(8,100,943)	(7,490,786)
Less: Allowance for loss on debt restructuring	3.4	(9,548)	(9,748)
Loans to customers and accrued interest receivables - net		209,548,365	214,477,687
Property foreclosed - net		24,382	6,739
Investment properties		31,363	31,363
Premises and equipment - net		656,230	668,641
Intangible assets - net		342,128	359,083
Deferred tax assets		364,664	218,806
Other assets	3.6	1,112,596	1,216,780
Total assets		255,911,821	260,741,826

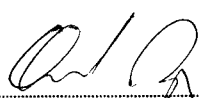
The accompanying notes are an integral part of the financial statements.

TISCO Bank Public Company Limited
Statement of financial position (continued)
As at 31 March 2017

(Unit: Thousand Baht)

	Note	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities and equity			
Liabilities			
Deposits	3.7	157,178,910	155,950,816
Interbank and money market items - net		4,875,827	4,970,868
Liabilities payable on demand		266,403	180,242
Derivatives liabilities	3.1	30,446	34,118
Debts issued and borrowings	3.8	59,256,919	64,398,919
Provision for long-term employee benefits		278,543	272,390
Accrued interest payable		775,870	734,762
Income tax payable		818,076	446,942
Dividend payable		-	2,027,449
Other liabilities	3.9	3,954,887	4,281,352
Total liabilities		227,435,881	233,297,858
Equity			
Share capital			
Registered			
104 preference shares of Baht 10 each		1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Issued and fully paid-up			
104 preference shares of Baht 10 each		1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Share premium on ordinary shares		2,543,024	2,543,024
Other components of equity		225,532	226,295
Retained earnings			
Appropriated-statutory reserve		984,000	984,000
Unappropriated		15,507,707	14,474,972
Total equity		28,475,940	27,443,968
Total liabilities and equity		255,911,821	260,741,826

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



Mrs. Oranuch Apisaksirikul
 (Chairperson of the Executive Board)



ธนาคารทีเอสซี จำกัด (มหาชน)
 TISCO Bank Public Company Limited



Mr. Sakchai Peechapat
 (President)

(Unaudited but reviewed)

TISCO Bank Public Company Limited
Statement of comprehensive income
For the three-month period ended 31 March 2017

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

	Note	2017	2016
Interest income	3.11	3,715,914	3,864,387
Interest expenses	3.12	(1,134,921)	(1,341,870)
Net interest income		2,580,993	2,522,517
Fee and service income		796,631	827,789
Fee and service expenses		(29,884)	(25,101)
Net fee and service income	3.13	766,747	802,688
Net gains (losses) on trading and foreign exchange transactions	3.14	377	(11,207)
Net gains on investments	3.15	2,756	8,309
Penalty fee income from loans		85,059	87,790
Income from business promotion relating to the hire purchase business		73,840	82,873
Other operating income	3.17	59,008	55,391
Total operating income		3,568,780	3,548,361
Expenses from business promotion relating to the hire purchase business		68,740	92,678
Total net operating income		3,500,040	3,455,683
Operating expenses			
Employee's expenses		683,483	504,746
Premises and equipment expenses		186,231	184,724
Taxes and duties		51,209	47,280
Intercompany supporting fee expenses	3.23	379,226	387,340
Other operating expenses	3.18	191,467	176,184
Total operating expenses		1,491,616	1,300,274
Bad debt, doubtful accounts and impairment losses	3.16	721,338	932,970
Profit from operating before income tax expenses		1,287,086	1,222,439
Income tax expenses	3.19	255,023	242,211
Profit for the period		1,032,063	980,228

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 31 March 2017

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

	Note	2017	2016
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		(114)	797
Income tax effects	3.21	23	(159)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(91)	638
Other comprehensive income for the period		(91)	638
Total comprehensive income for the period		<u>1,031,972</u>	<u>980,866</u>
Earnings per share			
Basic earnings per share	3.22	<u>1.12</u>	<u>1.06</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 three-month period ended 31 March 2017

	(Unit: Thousand Baht)	
	2017	2016
Cash flows from operating activities		
Profit before income tax	1,287,086	1,222,439
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	36,769	20,668
Bad debt and doubtful accounts	1,256,816	1,418,618
Allowance for impairment of investments (reversal)	214	(116)
Allowance for impairment of properties foreclosed	329	47
Gains on disposal of investments in securities	(2,756)	(8,308)
Unrealised gains (losses) on foreign exchange transactions and trading derivatives	(3,671)	7,218
Gains on disposal of equipment	(4,856)	(2,564)
Gains on disposal of properties foreclosed	(20,163)	(18,259)
Employee benefit expenses	8,278	6,499
(Increase) decrease in accrued income	16,205	(13,562)
Increase (decrease) in accrued expenses	61,663	(141,601)
Net interest income	(2,580,993)	(2,522,517)
Dividend income	(28,520)	(28,620)
Cash received on interest income	3,768,008	3,931,331
Cash paid on interest expenses	(850,584)	(1,039,510)
Cash received on dividend income	28,520	28,520
Cash paid on income tax expenses	(29,724)	(29,883)
Profit from operating activities before changes in operating assets and liabilities	2,942,621	2,830,400
Operating assets (increase) decrease		
Interbank and money market items	1,451,917	(6,026,298)
Loans to customers	3,069,063	3,132,775
Properties foreclosed	490,909	550,851
Other assets	88,411	415,746

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 three-month period ended 31 March 2017

	(Unit: Thousand Baht)	
	2017	2016
Operating liabilities increase (decrease)		
Deposits	1,228,094	(5,132,206)
Interbank and money market items	(95,041)	2,268,957
Liabilities payable on demand	86,161	54,824
Short-term debts issued and borrowings	858,000	(8,052,000)
Provision for long-term employee benefits	(2,125)	(1,797)
Other liabilities	(569,159)	(909,921)
Net cash flows from (used in) operating activities	9,548,851	(10,868,669)
Cash flows from investing activities		
Cash paid for purchase of investment in securities held for investment	(4,257,996)	(2,059,338)
Cash received from disposal of investment in securities held for investment	2,687,133	3,537,352
Cash paid for purchase of equipment	(5,646)	(12,029)
Cash paid for purchase of intangible assets	(1,758)	(1,332)
Cash received from disposal of equipment	4,856	2,564
Net cash flows from (used in) investing activities	(1,573,411)	1,467,217
Cash flows from financing activities		
Cash received from issuance of long-term debentures	1,000,000	10,500,000
Cash paid for redemption of long-term debentures	(7,000,000)	-
Dividend paid	(2,027,449)	(1,105,881)
Net cash flows from (used in) financing activities	(8,027,449)	9,394,119
Net decrease in cash	(52,009)	(7,333)
Cash at beginning of the period	1,147,866	1,100,349
Cash at end of the period	1,095,857	1,093,016

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statement of changes in equity

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Other components of equity								
	Issued and fully paid-up		Share premium on ordinary shares	Surplus on change			Retained earnings		Total
	Preference shares	Ordinary shares		in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	Appropriated	Unappropriated	
Balance as at 1 January 2016	1	9,215,676	2,543,024	30,757	211,641	242,398	984,000	12,829,650	25,814,749
Profit for the period	-	-	-	-	-	-	-	980,228	980,228
Other comprehensive income for the period	-	-	-	638	-	638	-	-	638
Total comprehensive income for the period	-	-	-	638	-	638	-	980,228	980,866
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(678)	(678)	-	678	-
Balance as at 31 March 2016	1	9,215,676	2,543,024	31,395	210,963	242,358	984,000	13,810,556	26,795,615
Balance as at 1 January 2017	1	9,215,676	2,543,024	17,380	208,915	226,295	984,000	14,474,972	27,443,968
Profit for the period	-	-	-	-	-	-	-	1,032,063	1,032,063
Other comprehensive income for the period	-	-	-	(91)	-	(91)	-	-	(91)
Total comprehensive income for the period	-	-	-	(91)	-	(91)	-	1,032,063	1,031,972
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(672)	(672)	-	672	-
Balance as at 31 March 2017	1	9,215,676	2,543,024	17,289	208,243	225,532	984,000	15,507,707	28,475,940

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 period ended 31 March 2017

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 2016) “Interim Financial Reporting”, with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the statements of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for the annual financial statements, which are in accordance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 21/2558 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 4 December 2015.

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

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

1.2 New financial reporting standards

During the period, the Bank has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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.

1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as those were used for the financial statements for the year ended 31 December 2016.

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 31 March 2017, the Bank has 57 branches in Thailand (31 December 2016: 57 branches in Thailand).

2.2 Related party transactions

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

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

3. Supplemental information

3.1 Derivatives

The Bank entered into interest rate swap agreements to manage the risk associated, as follows:

(Unit: Thousand Baht)

Type of risk	As at					
	31 March 2017			31 December 2016		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Interest rate	-	30,446	1,200,000	-	34,118	1,200,000
Total	-	30,446	1,200,000	-	34,118	1,200,000

All counterparties of these derivative transactions are financial institutions.

(Unaudited but reviewed)

3.2 Investments

3.2.1 Classified by type of investment

(Unit: Thousand Baht)

	As at	
	31 March 2017	31 December 2016
Available-for-sale investments - fair value		
Government and state enterprise securities	5,406,858	3,835,912
Private sector debt securities	871,704	870,470
Foreign sector debt securities	412,860	414,163
Domestic marketable equity securities	8,240	8,000
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	6,698,202	5,127,085
Held-to-maturity debt securities - cost/amortised cost		
Investment in receivables	13,773	13,559
Less: Allowance for impairment	(13,757)	(13,543)
Total held-to-maturity debt securities	16	16
General investments - cost		
Domestic non-marketable equity securities	474,878	478,303
Less: Allowance for impairment	(46,810)	(52,410)
Total general investments	428,068	425,893
Investments - net	7,126,286	5,552,994

3.2.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	As at							
	31 March 2017				31 December 2016			
	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	5,405	-	2	5,407	3,834	-	2	3,836
Private sector debt securities	182	1,102	-	1,284	182	1,102	-	1,284
Total	5,587	1,102	2	6,691	4,016	1,102	2	5,120
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	5,586	1,102	2	6,690	4,015	1,102	2	5,119
Held-to-maturity debt securities								
Investment in receivables	14	-	-	14	14	-	-	14
Less: Allowance for impairment	(14)	-	-	(14)	(14)	-	-	(14)
Total	-	-	-	-	-	-	-	-
Total debt securities	5,586	1,102	2	6,690	4,015	1,102	2	5,119

(Unaudited but reviewed)

3.2.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restriction
	31 March 2017	31 December 2016	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	1,450	-	Pledged for the use of credit balance on clearing position

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

(Unit: Thousand Baht)

	As at 31 March 2017		
	Cost	Fair value	Allowance for changes in value
	Companies having problems with debt repayment or in default	1,460	-

(Unit: Thousand Baht)

	As at 31 December 2016		
	Cost	Fair value	Allowance for changes in value
	Companies having problems with debt repayment or in default	7,060	-

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					
	31 March 2017			31 December 2016		
	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:						
Juki (Thailand) Co., Ltd.	331	-	10	331	-	10
PDTL Trading Co., Ltd.	4,265	-	10	4,265	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	3,233	-	10	3,233	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	17,622	-	10	17,622	-	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

	31 March 2017	31 December 2016
Loans to customers		
Loans	71,476,574	71,883,119
Hire purchase receivables	164,322,054	168,448,360
Finance lease receivables	394,544	460,708
Less: Deferred revenue	(18,809,605)	(19,084,912)
Advances received from finance lease receivables	(199,908)	(213,078)
Total loans to customers	217,183,659	221,494,197
Add: Accrued interest receivables	475,197	484,024
Less: Allowance for doubtful accounts	(8,100,943)	(7,490,786)
Less: Allowance for loss on debt restructuring	(9,548)	(9,748)
Loans to customers and accrued interest receivables - net	<u>209,548,365</u>	<u>214,477,687</u>

3.3.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

As at

	31 March 2017			31 December 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	<u>210,929,018</u>	<u>6,254,641</u>	<u>217,183,659</u>	<u>215,304,305</u>	<u>6,189,892</u>	<u>221,494,197</u>
Total loans to customers						
net of deferred revenue	<u>210,929,018</u>	<u>6,254,641</u>	<u>217,183,659</u>	<u>215,304,305</u>	<u>6,189,892</u>	<u>221,494,197</u>

3.3.3 Classified by loan classification

(Unit: Million Baht)

	As at					
	31 March 2017			31 December 2016		
	Net amount		Allowance for doubtful accounts ^{(1) (2)}	Net amount		Allowance for doubtful accounts ^{(1) (2)}
Loans to customers and accrued interest receivables	used for setting up allowance for doubtful accounts	Loans to customers and accrued interest receivables		used for setting up allowance for doubtful accounts		
Provision under BOT's guidelines						
- Pass	196,992	175,256	2,060	200,399	177,089	2,658
- Special mention	15,983	14,512	2,551	16,458	15,567	2,041
- Sub-standard	2,237	2,218	709	2,569	2,534	827
- Doubtful	1,394	1,369	436	1,397	1,384	416
- Doubtful of loss	1,053	959	255	1,155	1,062	273
Allowance established in excess	-	-	2,090	-	-	1,276
Total	217,659	194,314	8,101	221,978	197,636	7,491

⁽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 31 March 2017, the provision set aside by the Bank exceeded the BOT's notification No. Sor Nor Sor 5/2559 minimum requirement by a total of Baht 3,946 million (As at 31 December 2016: total of Baht 3,158 million). The Bank allocated Baht 1,856 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2016: total of Baht 1,882 million) and so combined with the minimum provision requirement of Baht 4,155 million (As at 31 December 2016: total of Baht 4,333 million), the total provision set aside in accordance with BOT's requirement is Baht 6,011 million (As at 31 December 2016: total of Baht 6,215 million).

Percentage of allowance for doubtful accounts set up (%)

	Loan against auto					
	Hire purchase receivables ⁽¹⁾		license receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at		As at		As at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Pass	0.80	0.80	1.58	1.57	1	1
Special mention	5.87	5.92	16.80	16.80	2	2
Sub-standard	27.61	28.21	35.11	34.57	100	100
Doubtful	26.54	24.19	35.11	34.57	100	100
Doubtful of loss	23.18	22.75	35.11	34.57	100	100

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

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

3.3.4 Hire purchase and finance lease receivables

As at 31 March 2017, receivables of the Bank under hire purchase and finance lease agreements amount to Baht 145,880 million (31 December 2016: Baht 149,784 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 31 March 2017				
	Amounts of installments due under the long-term lease agreements				
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non- performing loans	Total
Gross investment in the agreements	54,724	98,165	4,913	6,915	164,717
Less: Deferred revenue ⁽¹⁾	(6,832)	(8,625)	(185)	(2,995)	(18,637)
Advances received from finance lease receivables	(91)	(106)	-	(3)	(200)
Present value of minimum lease pay from agreements	47,801	89,434	4,728	3,917	145,880
Allowance for doubtful accounts ⁽²⁾					(2,812)
Net hire purchase and finance lease receivables					143,068

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

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

(Unit: Million Baht)

	As at 31 December 2016				
	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	56,142	100,696	4,783	7,288	168,909
Less: Deferred revenue ⁽¹⁾	(7,001)	(8,789)	(163)	(2,959)	(18,912)
Advances received from finance lease receivables	(89)	(121)	-	(3)	(213)
Present value of minimum lease pay from agreements	49,052	91,786	4,620	4,326	149,784
Allowance for doubtful accounts ⁽²⁾					(2,973)
Net hire purchase and finance lease receivables					146,811

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

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

(Unaudited but reviewed)

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⁾ as at		Amounts calculated under the Bank's policy as at	
	31 December		31 December	
	31 March 2017	2016	31 March 2017	2016
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	6,273	6,573	7,078	7,395

⁽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	
	31 March 2017	31 December 2016
Deferred revenue ⁽¹⁾	18,810	19,085

⁽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 31 March	
	2017	2016
Debtors restructured during the period		
Number of debtors restructured by modification of terms (number)	1,070	2,093
Loan balances before restructuring (Million Baht)	332	572
Loan balances after restructuring (Million Baht)	334	578
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (year)		
Hire purchase receivables	5	5
Mortgage loan receivables	4	2
Loan against auto license receivables	4	4

(Unaudited but reviewed)

Supplemental information for the three-month period ended 31 March 2017 and 2016 relating to the restructured debts is as follows:

	(Unit: Million Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Interest income on restructured receivables	96	81
Receipt of principal and interest	360	223

As at 31 March 2017 and 31 December 2016, the Bank has the outstanding balances with troubled debt restructuring debtors as follows:

	(Unit: Million Baht)			
	As at			
	31 March 2017		31 December 2016	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	17,139	5,209	16,638	5,286

3.4 Allowance for doubtful accounts

3.4.1 Allowance for doubtful accounts - classified by receivables classification

	(Unit: Thousand Baht)						
	As at 31 March 2017						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	2,658,668	2,041,303	826,501	416,111	272,677	1,275,526	7,490,786
Increase (decrease) in allowance for doubtful accounts during the period	(599,105)	510,235	(82,538)	279,138	335,219	814,067	1,257,016
Bad debt written-off	-	-	(35,436)	(259,029)	(352,394)	-	(646,859)
Balance - end of period	<u>2,059,563</u>	<u>2,551,538</u>	<u>708,527</u>	<u>436,220</u>	<u>255,502</u>	<u>2,089,593</u>	<u>8,100,943</u>

	(Unit: Thousand Baht)						
	As at 31 December 2016						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	1,871,788	1,163,592	930,747	598,793	693,635	311,935	5,570,490
Increase in allowance for doubtful accounts during the year	786,880	877,711	1,967	1,752,943	1,398,274	963,591	5,781,366
Bad debt written-off	-	-	(106,213)	(1,935,625)	(1,819,232)	-	(3,861,070)
Balance - end of year	<u>2,658,668</u>	<u>2,041,303</u>	<u>826,501</u>	<u>416,111</u>	<u>272,677</u>	<u>1,275,526</u>	<u>7,490,786</u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at 31 March 2017			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	2,595,364	3,619,896	1,275,526	7,490,786
Increase in allowance for doubtful accounts during the period	18,331	424,618	814,067	1,257,016
Bad debt written-off	(61,057)	(585,802)	-	(646,859)
Balance - end of period	2,552,638	3,458,712	2,089,593	8,100,943

(Unit: Thousand Baht)

	As at 31 December 2016			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	2,259,045	2,999,510	311,935	5,570,490
Increase in allowance for doubtful accounts during the year	582,619	4,235,156	963,591	5,781,366
Bad debt written-off	(246,300)	(3,614,770)	-	(3,861,070)
Balance - end of year	2,595,364	3,619,896	1,275,526	7,490,786

3.4.3 Allowance for loss on debt restructuring

(Unit: Thousand Baht)

	As at	
	31 March 2017	31 December 2016
Balance - beginning of period/year	9,748	-
Increase during the period/year	-	9,748
Amortisation during the period/year	(200)	-
Balance - end of period/year	9,548	9,748

3.4.4 Non-performing loans to customers

(Unit: Million Baht)

	As at	
	31 March 2017	31 December 2016
Non-performing loans to customers	4,684	5,121
Allowance for doubtful accounts ⁽¹⁾	1,400	1,516

⁽¹⁾ These allowance for doubtful accounts included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

3.5 Classification of assets

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

(Unit: Million Baht)

 Allowance for possible loss
 provided in the accounts

	Cost as at		Fair value as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016
Debt instruments - debentures ⁽¹⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽²⁾	-	6	-	-	-	6

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

⁽²⁾ 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 31 March 2017 and 31 December 2016, the quality of the Bank's assets classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to customers ⁽¹⁾		Investments in securities		Investments in receivables		Properties foreclosed		Total	
	as at		as at		as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Pass	230,682	235,147	-	-	-	-	-	-	230,682	235,147
Special mention	15,818	16,277	-	-	-	-	-	-	15,818	16,277
Sub-standard	2,237	2,569	-	-	-	-	-	-	2,237	2,569
Doubtful	1,394	1,397	-	-	-	-	-	-	1,394	1,397
Doubtful of loss	1,053	1,155	48	54	14	14	12	12	1,127	1,235
Total	251,184	256,545	48	54	14	14	12	12	251,258	256,625

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

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

3.5.3.1 Hire purchase receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting up allowance for doubtful accounts ⁽¹⁾		Percentage of allowance for doubtful accounts setup ⁽²⁾		Allowance for doubtful accounts ⁽³⁾	
	as at		as at		as at		as at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
					(%)	(%)		
Pass	129,336	131,798	129,336	131,798	0.80	0.80	1,041	1,052
Special mention	12,449	13,434	12,449	13,434	5.87	5.92	731	795
Sub-standard	1,852	2,134	1,852	2,134	27.61	28.21	511	602
Doubtful	1,157	1,168	1,157	1,168	26.54	24.19	307	283
Doubtful of loss	903	1,017	903	1,017	23.18	22.75	209	231
Total	145,697	149,551	145,697	149,551			2,799	2,963

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

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

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

3.5.3.2 Loan against auto license receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting up allowance for doubtful accounts		Percentage of allowance for doubtful accounts setup ⁽¹⁾		Allowance for doubtful accounts ⁽²⁾	
	as at		as at		as at		as at	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
					(%)	(%)		
Pass	17,119	16,665	17,119	16,665	1.58	1.57	270	261
Special mention	1,470	1,527	1,470	1,527	16.80	16.80	247	257
Sub-standard	261	269	261	269	35.11	34.57	91	93
Doubtful	127	125	127	125	35.11	34.57	44	43
Doubtful of loss	19	9	19	9	35.11	34.57	7	3
Total	18,996	18,595	18,996	18,595			659	657

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

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

(Unaudited but reviewed)

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 ⁽²⁾	
	as at		as at		as at		as at	
	31 March 2017	31 December 2016	31 March 2017 (Million Baht)	31 December 2016 (Million Baht)	31 March 2017 (Million Baht)	31 December 2016 (Million Baht)	31 March 2017 (Million Baht)	31 December 2016 (Million Baht)
1. Listed companies vulnerable to delisting from the SET ⁽¹⁾	1	1	805	821	656	656	805 ⁽³⁾	821 ⁽³⁾
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	3	4	383	577	61	249	5	7
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	4	5	1,188	1,398	717	905	810	828

⁽¹⁾ The company is currently under rehabilitation.

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

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

3.6 Other assets

	(Unit: Thousand Baht)	
	As at	
	31 March 2017	31 December 2016
Value added tax - net	329,616	370,275
Accrued interest receivables	26,585	14,475
Fee and service receivables	45,566	61,771
Deposits	46,818	46,291
Other receivables	452,609	525,588
Other assets	211,402	198,380
Total other assets	1,112,596	1,216,780

(Unaudited but reviewed)

3.7 Deposits

3.7.1 Classified by type of deposits

(Unit: Thousand Baht)

As at

	31 March 2017	31 December 2016
Deposits		
Current accounts	3,145,638	3,800,991
Saving accounts	51,625,302	51,928,032
Fixed accounts		
- not over 6 months	8,294,174	7,606,080
- over 6 months but not over 1 year	10,239,991	6,994,920
- over 1 year	194,210	238,889
Certificates of deposit/negotiable certificates of deposit	83,679,595	85,381,904
Total	<u>157,178,910</u>	<u>155,950,816</u>

3.7.2 Classified by the remaining period of contract

(Unit: Thousand Baht)

As at

	31 March 2017	31 December 2016
Not over 1 year ⁽¹⁾	156,991,234	155,630,660
Over 1 year	187,676	320,156
Total deposits	<u>157,178,910</u>	<u>155,950,816</u>

⁽¹⁾ Including fully-mature deposit contracts

3.7.3 As at 31 March 2017 and 31 December 2016, all outstanding deposits are deposits from domestic depositors and in Baht.

3.8 Debt issued and borrowings

(Unit: Thousand Baht)

As at

	31 March 2017	31 December 2016
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	7,323,000	7,323,000
Unsubordinated unsecured debentures	50,077,000	57,039,000
Bills of exchange	1,856,122	36,122
Promissory notes	797	797
Total	<u>59,256,919</u>	<u>64,398,919</u>

3.8.1 Subordinated unsecured debentures

As at 31 March 2017 and 31 December 2016, the Bank has long-term subordinated unsecured debentures as follows:

Issued year	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
	31 March 2017	31 December 2016		31 March 2017	31 December 2016		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2012	-	1.00	1,000	-	1,000	2022	4.85 percent per annum ⁽¹⁾
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	1.00	1,000	1,000	1,000	2025	4.50 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.25 percent per annum
2016	0.68	0.68	1,000	680	680	2026	3.875 percent per annum
2017	1.00	-	1,000	1,000	-	2027	4.00 percent per annum
Total				7,323	7,323		

⁽¹⁾ Subordinated unsecured debentures were early redeemed on 9 March 2017.

3.8.2 Unsubordinated unsecured debentures

As at 31 March 2017 and 31 December 2016, the Bank has short-term and long-term unsubordinated unsecured debentures as follows:

Issue year	Type of debentures	Units as at		Face value per unit (Baht)	Balance as at		Maturity in the year	Interest rate
		31 March 2017	31 December 2016		31 March 2017	31 December 2016		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2015	Long-term debenture	9.68	15.68	1,000	9,680	15,680	2017	1.875 - 2.00 percent per annum
2016	Short-term debenture	3.059	16.859	1,000	3,059	16,859	2017	1.50 - 1.71 percent per annum
2016	Long-term debenture	5.50	5.50	1,000	5,500	5,500	2018	1.95 - 2.00 percent per annum
2016	Long-term debenture	10.00	10.00	1,000	10,000	10,000	2019	1.85 - 1.95 percent per annum
2016	Short-term debenture	9.00	9.00	1,000	9,000	9,000	2017	1.75 - 1.80 percent per annum
2017	Short-term debenture	10.338	-	1,000	10,338	-	2017	1.52 - 1.70 percent per annum
2017	Short-term debenture	2.50	-	1,000	2,500	-	2018	1.80 percent per annum
Total					50,077	57,039		

3.8.3 Bills of exchange

Bills of exchange comprise the fixed interest rate bearing between 1.67 - 2.50 percent per annum, which will gradually mature in 2017 - 2018.

3.9 Other liabilities

(Unit: Thousand Baht)

	As at	
	31 March 2017	31 December 2016
Withholding income tax and other tax payables	207,527	350,693
Accrued insurance premium	605,341	695,535
Deferred income	1,016,657	1,045,309
Accrued expenses	1,553,957	1,492,294
Suspense creditors	271,513	390,458
Other liabilities	299,892	307,063
Total other liabilities	3,954,887	4,281,352

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 31 March 2017 and 31 December 2016, the Bank has issued bonus under this scheme amounting to Baht 249 million and Baht 263 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, loan against auto license receivables, corporate lending, equity exposure and other assets.

Regarding to Capital fund as at 31 March 2017 and 31 December 2016, 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	
	31 March 2017	31 December 2016
<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	13,501,650	13,501,650
Other components of equity	221,900	218,920
Less: Deductions from Common Equity Tier I items	(685,519)	(481,432)
Total Common Equity Tier I capital	25,780,731	25,981,838
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	25,780,732	25,981,839
<u>Tier II capital</u>		
Long-term subordinated debentures	7,323,000	7,323,000
Reserve for loans classified as pass	327,551	447,354
Surplus of provision	829,130	789,422
Total Tier II capital	8,479,681	8,559,776
Total capital funds	34,260,413	34,541,615

(Unit: Percent)

Capital fund ratios	As at			
	31 March 2017		31 December 2016	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	14.87	5.75	14.73	5.125
Tier I capital to risk assets	14.87	7.25	14.73	6.625
Total capital to risk assets	19.76	9.75	19.59	9.125

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 31 December 2016 on its website on 28 April 2017.

3.11 Interest income

Interest income in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Interbank and money market items	117,904	135,249
Investments in debt securities	37,147	38,208
Loans to customers	1,410,107	1,328,391
Hire purchase and finance lease	2,150,756	2,362,539
Total interest income	<u>3,715,914</u>	<u>3,864,387</u>

3.12 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Deposits	551,635	672,029
Interbank and money market items	8,211	40,181
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	243,229	264,541
Issued debt instruments		
- Subordinated debentures	90,509	84,064
- Unsubordinated debentures	237,462	280,893
Borrowings	3,875	162
Total interest expenses	<u>1,134,921</u>	<u>1,341,870</u>

3.13 Net fee and service income

Net fee and service income in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Fee and service income		
- Acceptance, aval and guarantees	1,937	2,573
- Insurance service	571,051	627,029
- Others	223,643	198,187
Total fee and service income	796,631	827,789
Fee and service expenses	(29,884)	(25,101)
Net fee and service income	766,747	802,688

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

Net gains (losses) on trading and foreign exchange transactions in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Gains (losses) on trading and foreign exchange transactions		
- Derivatives on interest rates	(2,458)	(12,780)
- Debt securities	2,835	1,573
Net gains (losses) on trading and foreign exchange transactions	377	(11,207)

3.15 Net gains on investments

Net gains on investments in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Gains on disposal		
- Available-for-sale investments	130	5,794
- General investments	2,626	2,515
Net gains on investments	<u>2,756</u>	<u>8,309</u>

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 periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Reversal of held-to-maturity debt securities	214	(116)
Loans to customers	721,124	933,086
Total	<u>721,338</u>	<u>932,970</u>

3.17 Other operating income

Other operating income in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Gains on disposal of properties foreclosed	20,163	18,259
Dividend income	28,520	28,620
Others	10,325	8,512
Total	<u>59,008</u>	<u>55,391</u>

3.18 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month periods ended 31 March 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Mailing expenses	15,257	15,260
Software amortisation expenses	19,508	2,984
Legal expenses	77,159	81,759
Transportation expenses	19,645	16,555
Advertising and business promotion expenses	18,516	15,649
Expenses related to the repossession and the disposal of repossessed assets	19,836	19,965
Others	21,546	24,012
Total	191,467	176,184

3.19 Income tax expenses

Income tax expenses of the Bank for the three-month periods ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2017	2016
Current income tax:		
Income tax expenses for the period	400,858	338,335
Deferred tax:		
Deferred tax on temporary differences and reversion of temporary differences	(145,835)	(96,124)
Income tax expenses reported in the statement of comprehensive income	255,023	242,211

3.20 Components of other comprehensive income

(Unit: Thousand Baht)

	For the three-month periods ended 31 March	
	2017	2016
Other comprehensive income		
Available-for-sale investments:		
Gains during the period	16	6,591
Less: Reclassification adjustments for gains included in profit or loss	(130)	(5,794)
Other comprehensive income	(114)	797
Income tax effects relating to components of other comprehensive income	23	(159)
Net other comprehensive income for the period	(91)	638

3.21 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	For the three-month periods ended 31 March					
	2017			2016		
	Before tax amount	Tax benefit (expense)	Net of tax amount	Before tax amount	Tax benefit (expense)	Net of tax amount
Gains (losses) on valuation in available-for-sale investments	(114)	23	(91)	797	(159)	638
	(114)	23	(91)	797	(159)	638

3.22 Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity 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 31 March	
	2017	2016
Profit attributable to shareholders of the Bank (Thousand Baht)	1,032,063	980,228
Weighted average number of shares (Thousand shares)	921,568	921,568
Basic earnings per share (Baht/share)	1.12	1.06

3.23 Related party transactions

As at 31 March 2017 and 31 December 2016, the balance of the accounts between the Bank and related companies are as follows:

	(Unit: Thousand Baht)	
	As at	
	31 March 2017	31 December 2016
<u>Outstanding balance</u>		
Parent company		
TISCO Financial Group Plc.		
Deposits	834,425	533,487
Accrued interest payable	162	75
Dividend payable	-	2,027,194
Other liabilities	118,388	106,460
Related companies (related by common shareholder)		
Other assets:		
TISCO Leasing Co., Ltd.	1,546	3,230
TISCO Securities Co., Ltd.	166	800
TISCO Asset Management Co., Ltd.	14	14
Deposits:		
TISCO Information Technology Co., Ltd.	131,180	130,736
All-Ways Co., Ltd.	99,973	99,628
Hi-Way Co., Ltd.	47,073	30,847
Primus Leasing Co., Ltd.	32,899	32,899
TISCO Leasing Co., Ltd.	22,771	21,939
TISCO Learning Center Co., Ltd.	11,545	33,757
TISCO Tokyo Leasing Co., Ltd.	2,530	278
Interbank and money market items (Liabilities):		
Deutsche TISCO Investment Advisory Co., Ltd.	216,830	205,710
TISCO Securities Co., Ltd.	143,256	27,503
TISCO Asset Management Co., Ltd.	87,791	248,437
Accrued interest payable:		
All-Ways Co., Ltd.	253	254
TISCO Asset Management Co., Ltd.	167	445
TISCO Information Technology Co., Ltd.	160	184
Deutsche TISCO Investment Advisory Co., Ltd.	132	10
Hi-Way Co., Ltd.	59	4
TISCO Learning Center Co., Ltd.	20	84
TISCO Securities Co., Ltd.	7	1
TISCO Leasing Co., Ltd.	6	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at	
	31 March 2017	31 December 2016
Other liabilities:		
Hi-Way Co., Ltd.	49,320	46,920
TISCO Learning Center Co., Ltd.	3,911	1,242
All-Ways Co., Ltd.	448	484
TISCO Leasing Co., Ltd.	246	481
TISCO Securities Co., Ltd.	-	145
Commitments: Guarantees		
Parent company		
TISCO Financial Group Plc.	1,184	1,184
Related companies (related by common shareholder)		
TISCO Information Technology Co., Ltd.	1,070	1,070
TISCO Securities Co., Ltd.	765	540
TISCO Asset Management Co., Ltd.	440	440

Loans to related companies

As at 31 March 2017 and 1 January 2017, the balances of loans between the Bank and its related companies and their movement are as follows:

	(Unit: thousand Baht)			
	As at 1 January 2017	Increase	Decrease	As at 31 March 2017
Related companies (related by common shareholder)				
Interbank and money market items				
(Assets):				
TISCO Securities Co., Ltd.	297,000	-	-	297,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 31 March		Terms and pricing policy
	2017	2016	
<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	329,906	351,700	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest expenses	1,417	1,761	With reference to the terms and prices as offered to other customers
Other income	250	250	With reference to the terms and prices as offered to other customers
Other expenses	2,316	2,316	With reference to the terms and prices as offered to other customers
Related companies			
Interest income	2,441	2,468	With reference to the terms and prices as offered to other customers
Service income involving to loans	428	769	Mutually agreed price as stipulated in the contract
Other income	838	975	With reference to the terms and prices as offered to other customers
Expenses involving to loans	49,320	35,640	Determined on the basis on actual cost
Computer system advisory service expenses	66,250	61,750	Determined on the basis on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	5,480	5,872	With reference to the prices as offered from other service providers
Interest expenses	1,337	1,114	With reference to the terms and prices as offered to other customers
Other expenses	1,855	1,729	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	
	31 March 2017	31 December 2016
Loans ⁽¹⁾	2,954	3,775

⁽¹⁾ Including employee welfare loans and normal loans

(Unaudited but reviewed)

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	As at	
	31 March 2017	31 December 2016
Deposits	75,824	70,145

Directors and management's benefits

During the three-month periods ended 31 March 2017 and 2016, the Bank had short-term benefit expenses paid to their directors and key management during the periods and other employee benefit expenses payable to their directors and management as follows:

(Unit: Million Baht)

	For the three-month periods ended	
	31 March	
	2017	2016
Short-term benefits	17	21
Post-employment benefits	7	4
Total	24	25

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 period ended 31 March 2017 and 2016, respectively.

(Unit: Million Baht)

	Retail Banking	Corporate Banking	Treasury investment and others	Total segments	Adjustments and eliminations	Financial statement
For the three-month period ended 31 March 2017						
Revenue						
External customers	3,243	231	95	3,569	-	3,569
Inter-segment	-	-	735	735	(735)	-
Total revenue	3,243	231	830	4,304	(735)	3,569
Operating results:						
Net interest income	2,303	214	64	2,581	-	2,581
Net fee and service income	754	17	(4)	767	-	767
Other operating income	186	-	770	956	(735)	221
Total operating income	3,243	231	830	4,304	(735)	3,569
Premises, equipment and amortisation expenses	(61)	(8)	(137)	(206)	-	(206)
Other operating expenses	(1,382)	(105)	(603)	(2,090)	735	(1,355)
Bad debt, doubtful accounts and impairment losses	(182)	6	(545)	(721)	-	(721)
Total operating expenses	(1,625)	(107)	(1,285)	(3,017)	735	(2,282)
Segment profit	1,618	124	(455)	1,287	-	1,287
Income tax expenses						(255)
Profit for the period						1,032

(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 31 March 2016						
Revenue						
External customers	2,979	455	114	3,548	-	3,548
Inter-segment	-	-	561	561	(561)	-
Total revenue	2,979	455	675	4,109	(561)	3,548
Operating results:						
Net interest income	1,996	434	92	2,522	-	2,522
Net fee and service income	791	17	(5)	803	-	803
Other operating income	192	4	588	784	(561)	223
Total operating income	2,979	455	675	4,109	(561)	3,548
Premises, equipment and amortisation expenses	(62)	(9)	(117)	(188)	-	(188)
Other operating expenses	(1,165)	(151)	(450)	(1,766)	561	(1,205)
Bad debt, doubtful accounts and impairment losses	(408)	(6)	(519)	(933)	-	(933)
Total operating expenses	(1,635)	(166)	(1,086)	(2,887)	561	(2,326)
Segment profit	1,344	289	(411)	1,222	-	1,222
Income tax expenses						(242)
Profit for the period						980

The Bank operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statement pertain exclusively to this geographical reportable segment. During the three-month periods end 31 March 2017 and 2016, the Bank does not have income from any clients amounting to or over 10 percent of its income.

3.25 Commitments and contingent liabilities

3.25.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	31 March 2017	31 December 2016
Avals	-	268,042
Other guarantees	803,413	728,146
Undrawn client overdraft facilities	30,000	30,000
Interest rate swap agreements	1,200,000	1,200,000
Others	5,175,562	6,559,395
Total	7,208,975	8,785,583

3.25.2 Litigation

As at 31 March 2017 and 31 December 2016, the Bank has been sued for compensation totaling approximately Baht 282 million and Baht 311 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Bank believes that no material losses to the financial statements will be incurred as a result of the mentioned lawsuits.

3.25.3 Other commitments

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

As at 31 March 2017 and 31 December 2016, the Bank has future minimum lease payments required under these non-cancellable operating leases contracts as follows:

(Unit: Million Baht)

	As at	
	31 March 2017	31 December 2016
Payable within		
Not over 1 year	100	51
Over 1 to 5 years	67	82
Over 5 years	3	42

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 31 March 2017 and 31 December 2016, the Bank has the following financial assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 March 2017				Total
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Available-for-sale investments					
Equity instruments	8	8	-	-	8
Debt instruments	6,690	-	6,690	-	6,690
Financial liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	30	-	30	-	30

(Unaudited but reviewed)

(Unit: Million Baht)

	As at 31 December 2016				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Available-for-sale investments					
Equity instruments	8	8	-	-	8
Debt instruments	5,119	-	5,119	-	5,119
Financial liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	34	-	34	-	34

Valuation techniques and inputs to Level 2 and Level 3 valuations

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

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

4. Significant event during the period

On 29 March 2017, the Bank of Thailand (“BOT”) has approved the transfer of retail banking business, considered to be part of important business, of Standard Chartered Bank (Thai) Public Company Limited including personal loan business, business client loan business, mortgage loan business, wealth management, retail deposits business and also branches to the Bank. The BOT also approved the transfer of credit card business, considered to be part of important business, from the Standard Chartered Bank (Thai) Public Company Limited to All-Ways Company Limited, the subsidiary of TISCO Group. The transaction shall be effective starting from 1 April 2017. The Bank, All-Ways Company Limited and Standard Chartered Bank (Thai) Public Company Limited will jointly determine the business transfer date, however, the transfer is expected to be completed within year 2017.

5. Approval of interim financial statements

These interim financial statements were approved by the Bank’s Audit Committee on 8 May 2017.