

TISCO Bank Public Company Limited
Report and interim financial statements
31 March 2018

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 2018, 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: 7 May 2018

TISCO Bank Public Company Limited

Statement of financial position

As at 31 March 2018

(Unit: Thousand Baht)

	Note	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Assets			
Cash		1,368,730	1,323,405
Interbank and money market items - net		42,234,147	43,176,522
Investments - net	3.2, 3.5	6,604,851	5,932,024
Loans to customers and accrued interest receivables	3.3, 3.5		
Loans to customers		255,656,686	263,449,589
Accrued interest receivables		606,517	669,461
Total loans to customers and accrued interest receivables		256,263,203	264,119,050
Less: Deferred revenue		(18,506,428)	(18,512,545)
Less: Allowance for doubtful accounts	3.4	(10,842,824)	(10,700,347)
Less: Allowance for loss on debt restructuring	3.4	(8,747)	(8,948)
Loans to customers and accrued interest receivables - net		226,905,204	234,897,210
Properties foreclosed - net		37,531	777
Investment properties - net		32,778	32,778
Premises and equipment - net		660,267	676,107
Intangible assets - net		320,404	342,255
Deferred tax assets		538,581	427,676
Assets classified as held for sale	4	3,233,703	-
Other assets	3.6	1,527,944	1,466,541
Total assets		283,464,140	288,275,295

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

TISCO Bank Public Company Limited
Statement of financial position (continued)
As at 31 March 2018

		(Unit: Thousand Baht)	
	Note	31 March 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Liabilities and equity			
Liabilities			
Deposits	3.7	176,919,040	181,499,272
Interbank and money market items		3,633,143	3,852,908
Liabilities payable on demand		702,984	431,361
Derivatives liabilities	3.1	24,050	29,815
Debts issued and borrowings	3.8	64,585,919	63,638,619
Provision for long-term employee benefits		355,690	347,218
Accrued interest payable		858,105	695,165
Income tax payable		957,790	602,095
Dividend payable		-	2,764,703
Other liabilities	3.9	5,335,597	5,489,267
Total liabilities		253,372,318	259,350,423

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

TISCO Bank Public Company Limited
Statement of financial position (continued)
As at 31 March 2018

	(Unit: Thousand Baht)	
Note	31 March 2018	31 December 2017
	(Unaudited but reviewed)	(Audited)
Equity		
Share capital		
Registered		
104 preference shares of Baht 10 each	1	1
921,567,588 ordinary shares of Baht 10 each	9,215,676	9,215,676
	<u>9,215,677</u>	<u>9,215,677</u>
Issued and fully paid-up		
104 preference shares of Baht 10 each	1	1
921,567,588 ordinary shares of Baht 10 each	9,215,676	9,215,676
	<u>9,215,677</u>	<u>9,215,677</u>
Share premium on ordinary shares	2,543,024	2,543,024
Other components of equity	218,714	222,204
Retained earnings		
Appropriated-statutory reserve	984,000	984,000
Unappropriated	17,130,407	15,959,967
Total equity	<u>30,091,822</u>	<u>28,924,872</u>
Total liabilities and equity	<u>283,464,140</u>	<u>288,275,295</u>

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. Suthas Ruangmanamongkol
 (Executive Director)

Nam

(Unaudited but reviewed)

TISCO Bank Public Company Limited
Statement of comprehensive income
For the three-month period ended 31 March 2018

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

	Note	2018	2017
Profit or loss:			
Interest income	3.11	4,262,066	3,715,914
Interest expenses	3.12	(1,212,872)	(1,134,921)
Net interest income		3,049,194	2,580,993
Fee and service income		951,323	796,631
Fee and service expenses		(23,834)	(29,884)
Net fee and service income	3.13	927,489	766,747
Net gains on trading and foreign exchange transactions	3.14	2,529	377
Net gains on investments	3.15	198,142	2,756
Penalty fee income from loans		80,124	85,059
Income from business promotion relating to the business		433,560	73,840
Other operating income	3.17	67,335	59,008
Total operating income		4,758,373	3,568,780
Expenses from business promotion relating to the business		486,280	68,740
Total net operating income		4,272,093	3,500,040
Operating expenses			
Employee's expenses		781,259	683,483
Premises and equipment expenses		254,098	186,231
Taxes and duties		76,645	51,209
Intercompany supporting fee expenses	3.23	444,499	379,226
Other operating expenses	3.18	404,523	191,467
Total operating expenses		1,961,024	1,491,616
Bad debt, doubtful accounts and impairment losses	3.16	850,874	721,338
Profit from operations before income tax expenses		1,460,195	1,287,086
Income tax expenses	3.19	290,427	255,023
Profit for the period		1,169,768	1,032,063

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 2018

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

	Note	2018	2017
Other comprehensive income:	3.20		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Losses on change in valuation of available-for-sale investments		(3,522)	(114)
Income tax effects	3.21	704	23
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(2,818)	(91)
Other comprehensive income for the period		(2,818)	(91)
Total comprehensive income for the period		1,166,950	1,031,972
Earnings per share			
Basic earnings per share (Baht per share)	3.22	1.27	1.12

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 2018

	(Unit: Thousand Baht)	
	2018	2017
Cash flows from operating activities		
Profit from operations before income tax expenses	1,460,195	1,287,086
Adjustments to reconcile profit from operations before income tax expenses to net cash provided by (paid from) operating activities		
Depreciation and amortisation	41,130	36,769
Bad debt and doubtful accounts	1,346,755	1,256,816
Allowance for impairment of investments (reversal)	(129)	214
Allowance for impairment of properties foreclosed	326	329
Gains on disposal of investments in securities	(198,118)	(2,756)
Unrealised gain on foreign exchange transactions and trading derivatives	(5,900)	(3,671)
Gains on disposal of equipment	(1,018)	(4,856)
Losses on written-off of equipment	61	-
Gains on disposal of properties foreclosed	(23,100)	(20,163)
Employee benefit expenses	10,933	8,278
(Increase) decrease in accrued income	(698)	16,205
Increase in accrued expenses	102,020	61,663
Net interest income	(3,049,194)	(2,580,993)
Dividend income	(28,520)	(28,520)
Cash received on interest income	4,336,376	3,768,008
Cash paid on interest expenses	(772,216)	(850,584)
Cash received on dividend income	28,520	28,520
Cash paid on income tax expenses	(44,932)	(29,724)
Profit from operating activities before changes in operating assets and liabilities	3,202,491	2,942,621
Operating assets (increase) decrease		
Interbank and money market items	942,375	1,451,917
Loans to customers	2,090,358	3,069,063
Properties foreclosed	418,178	490,909
Assets classified as held for sale (Note 4)	767,227	-
Other assets	(83,744)	88,411

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 2018

	(Unit: Thousand Baht)	
	2018	2017
Operating liabilities increase (decrease)		
Deposits	(4,580,232)	1,228,094
Interbank and money market items	(219,765)	(95,041)
Liabilities payable on demand	271,623	86,161
Short-term debts issued and borrowings	(1,552,700)	858,000
Provision for long-term employee benefits	(2,461)	(2,125)
Other liabilities	(462,736)	(569,159)
Net cash flows from operating activities	790,614	9,548,851
Cash flows from investing activities		
Cash paid for purchase of investment in securities held for investment	(3,865,710)	(4,257,996)
Cash received from disposal of investment in securities held for investment	3,387,607	2,687,133
Cash paid for purchase of equipment	(3,247)	(5,646)
Cash paid for purchase of intangible assets	(476)	(1,758)
Cash received from disposal of equipment	1,240	4,856
Net cash flows used in investing activities	(480,586)	(1,573,411)
Cash flows from financing activities		
Cash received from issuance of long-term debentures	8,000,000	1,000,000
Cash paid for redemption of long-term debentures	(5,500,000)	(7,000,000)
Dividend paid	(2,764,703)	(2,027,449)
Net cash flows used in financing activities	(264,703)	(8,027,449)
Net increase (decrease) in cash	45,325	(52,009)
Cash at beginning of the period	1,323,405	1,147,866
Cash at end of the period	1,368,730	1,095,857

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 2018

(Unit: Thousand Baht)

	Other components of equity								
	Issued and fully paid-up		Share premium on ordinary shares	Surplus on change		Total other components of equity	Retained earnings		Total
	Preference shares	Ordinary shares		in value of available-for-sale investments	Surplus on revaluation of assets		Appropriated	Unappropriated	
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
Balance as at 1 January 2018	1	9,215,676	2,543,024	16,016	206,188	222,204	984,000	15,959,967	28,924,872
Profit for the period	-	-	-	-	-	-	-	1,169,768	1,169,768
Other comprehensive income for the period	-	-	-	(2,818)	-	(2,818)	-	-	(2,818)
Total comprehensive income for the period	-	-	-	(2,818)	-	(2,818)	-	1,169,768	1,166,950
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(672)	(672)	-	672	-
Balance as at 31 March 2018	1	9,215,676	2,543,024	13,198	205,516	218,714	984,000	17,130,407	30,091,822

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 periods ended 31 March 2018

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

1.1 Basis of preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the statements of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for the annual financial statements, 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

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

During the period, the Bank has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarification directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Bank’s financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Bank is evaluating the impact of this standard to the financial statements in the year when it is adopted.

1.3 Significant accounting policies

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

2. General information

2.1 The Bank's information

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

2.2 Related party transactions

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

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

3. Supplemental information

3.1 Derivatives

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

(Unit: Thousand Baht)

Type of risk	As at					
	31 March 2018			31 December 2017		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	-	66	100,698	-	-	-
Interest rate	-	23,984	1,200,000	-	29,815	1,200,000
Total	-	24,050	1,300,698	-	29,815	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 2018	31 December 2017
Available-for-sale investments - fair value		
Government and state enterprise securities	5,126,419	4,412,318
Private sector debt securities	691,658	692,188
Foreign sector debt securities	407,069	408,961
Domestic marketable equity securities	6,160	8,440
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	6,229,846	5,520,447
Held-to-maturity debt securities - cost/amortised cost		
Investment in receivables	13,577	13,683
Less: Allowance for impairment	(13,577)	(13,683)
Total held-to-maturity debt securities	-	-
General investments - cost		
Domestic non-marketable equity securities	410,634	447,229
Less: Allowance for impairment	(35,629)	(35,652)
Total general investments	375,005	411,577
Investments - net	6,604,851	5,932,024

3.2.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	As at							
	31 March 2018				31 December 2017			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments								
Government and state enterprise securities	5,123	-	3	5,126	4,410	-	2	4,412
Private sector debt securities	809	290	-	1,099	812	289	-	1,101
Total	5,932	290	3	6,225	5,222	289	2	5,513
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	5,931	290	3	6,224	5,221	289	2	5,512
Held-to-maturity debt securities								
Investment in receivables	14	-	-	14	14	-	-	14
Less: Allowance for impairment	(14)	-	-	(14)	(14)	-	-	(14)
Total	-	-	-	-	-	-	-	-
Total debt securities	5,931	290	3	6,224	5,221	289	2	5,512

(Unaudited but reviewed)

3.2.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	As at		Type of restriction
	31 March 2018	31 December 2017	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	-	774	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 2018		
	Cost	Fair value	Allowance for changes in value
Companies having problems with debt repayment or in default	1,460	-	1,460

(Unit: Thousand Baht)

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

3.2.5 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 2018			31 December 2017		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K Line (Thailand) Co., Ltd.	-	-	-	37,335	-	10
Trading import and export:						
Juki (Thailand) Co., Ltd.	3,240	-	10	3,240	-	10
PDTL Trading Co., Ltd.	4,275	-	10	4,275	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	3,659	-	10	3,659	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	18,062	-	10	18,062	-	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 2018	31 December 2017
Loans to customers		
Overdrafts	522,008	551,542
Loans	99,091,105	106,885,568
Hire purchase receivables	155,992,892	155,938,827
Finance lease receivables	156,321	188,558
Less: Deferred revenue	(18,506,428)	(18,512,545)
Advances received from finance lease receivables	(105,640)	(114,906)
Total loans to customers	237,150,258	244,937,044
Add: Accrued interest receivables	606,517	669,461
Less: Allowance for doubtful accounts	(10,842,824)	(10,700,347)
Less: Allowance for loss on debt restructuring	(8,747)	(8,948)
Loans to customers and accrued interest receivables - net	<u>226,905,204</u>	<u>234,897,210</u>

3.3.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

As at

	31 March 2018			31 December 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	230,543,149	6,506,411	237,049,560	238,605,146	6,331,898	244,937,044
US Dollar	-	100,698	100,698	-	-	-
Total loans to customers						
net of deferred revenue	<u>230,543,149</u>	<u>6,607,109</u>	<u>237,150,258</u>	<u>238,605,146</u>	<u>6,331,898</u>	<u>244,937,044</u>

3.3.3 Classified by loan classification

(Unit: Million Baht)

	As at					
	31 March 2018			31 December 2017		
	Loans to customers and accrued interest receivables	Net amount used for setting up allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}	Loans to customers and accrued interest receivables	Net amount used for setting up allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}
Provision under BOT's guidelines						
- Pass	216,290	182,140	3,136	222,953	185,825	3,320
- Special mention	16,340	14,560	3,334	17,351	15,503	3,591
- Sub-standard	2,619	2,341	1,062	2,437	2,214	889
- Doubtful	1,411	1,185	494	1,400	1,170	423
- Doubtful of loss	1,096	741	316	1,465	852	389
Allowance established in excess	-	-	2,501	-	-	2,088
Total	237,756	200,967	10,843	245,606	205,564	10,700

⁽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 2018, the provision set aside by the Bank exceeded the BOT's notification No. Sor Nor Sor 5/2559 minimum requirement by a total of Baht 6,186 million (As at 31 December 2017: total of Baht 6,140 million). The Bank allocated Baht 3,685 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2017: total of Baht 4,051 million) and so combined with the minimum provision requirement of Baht 4,657 million (As at 31 December 2017: total of Baht 4,561 million), the total provision set aside in accordance with BOT's requirement is Baht 8,342 million (As at 31 December 2017: total of Baht 8,612 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 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Pass	0.94	0.94	1.62	1.63	1	1
Special mention	9.67	10.44	16.80	16.80	2	2
Sub-standard	26.39	30.33	36.59	35.75	100	100
Doubtful	31.92	26.43	36.59	35.75	100	100
Doubtful of loss	25.87	25.32	36.59	35.75	100	100

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

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

3.3.4 Hire purchase and finance lease receivables

As at 31 March 2018, receivables of the Bank under hire purchase and finance lease agreements amount to Baht 137,710 million (31 December 2017: Baht 137,673 million) and mostly comprise hire purchase agreements for cars, and finance lease agreements for machines and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

	As at 31 March 2018				
	Amounts of installments due under the long-term lease agreements				
	Not over	Over 1 year	Over	Non-	Total
	1 year	but not over 5 years	5 years	performing loans	
Gross investment in the agreements	49,924	94,174	5,710	6,341	156,149
Less: Deferred revenue ⁽¹⁾	(6,299)	(8,437)	(218)	(3,379)	(18,333)
Advances received from finance lease receivables	(79)	(26)	-	(1)	(106)
Present value of minimum lease pay from agreements	43,546	85,711	5,492	2,961	137,710
Allowance for doubtful accounts ⁽²⁾					(3,104)
Net hire purchase and finance lease receivables					134,606

⁽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 2017				
	Amounts of installments due under the long-term lease agreements				
	Not over	Over 1 year	Over	Non-	Total
	1 year	but not over 5 years	5 years	performing loans	
Gross investment in the agreements	50,715	93,390	5,533	6,490	156,128
Less: Deferred revenue ⁽¹⁾	(6,404)	(8,425)	(212)	(3,299)	(18,340)
Advances received from finance lease receivables	(81)	(33)	-	(1)	(115)
Present value of minimum lease pay from agreements	44,230	84,932	5,321	3,190	137,673
Allowance for doubtful accounts ⁽²⁾					(3,328)
Net hire purchase and finance lease receivables					134,345

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

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

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

(Unit: Million Baht)

	Amounts calculated		Amounts calculated	
	under BOT's guidelines ⁽²⁾ as at		under the Bank's policy as at	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	5,911	6,122	6,615	6,860

⁽¹⁾ These amounts are calculated on an account by account basis.⁽²⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

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

(Unit: Million Baht)

	As at	
	31 March 2018	31 December 2017
Deferred revenue ⁽¹⁾	18,506	18,513

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

3.3.7 Troubled debt restructuring

For the three-month periods ended 31 March

	2018	2017
Debtors restructured during the periods		
Number of debtors restructured by modification of terms (number)	349	1,070
Loan balances before restructuring (Million Baht)	102	332
Loan balances after restructuring (Million Baht)	102	334
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	5
Mortgage loan receivables	4	4
Loan against auto license receivables	5	4

(Unaudited but reviewed)

Supplemental information for the three-month periods ended 31 March 2018 and 2017 relating to the restructured debts is as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March	
	2018	2017
Interest income on restructured receivables	80	96
Receipt of principal and interest	409	360

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

(Unit: Million Baht)

	As at			
	31 March 2018		31 December 2017	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	16,601	4,272	17,265	4,646

3.4 Allowance for doubtful accounts/allowance for loss on debt restructuring

3.4.1 Allowance for doubtful accounts - classified by receivables classification

(Unit: Thousand Baht)

	As at 31 March 2018						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	3,319,945	3,591,610	888,764	422,734	389,060	2,088,234	10,700,347
Increase (decrease) in allowance for doubtful accounts during the period	(154,351)	(254,508)	284,063	380,479	678,701	412,572	1,346,956
Bad debt written-off	-	-	(59,503)	(307,784)	(751,944)	-	(1,119,231)
Transfer to asset classified as held for sale	(30,347)	(3,603)	(50,815)	(481)	(2)	-	(85,248)
Balance - end of period	<u>3,135,247</u>	<u>3,333,499</u>	<u>1,062,509</u>	<u>494,948</u>	<u>315,815</u>	<u>2,500,806</u>	<u>10,842,824</u>

(Unit: Thousand Baht)

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

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at 31 March 2018			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	4,502,267	4,109,846	2,088,234	10,700,347
Increase in allowance for doubtful accounts during the period	589,689	344,695	412,572	1,346,956
Bad debt written-off	(587,353)	(531,878)	-	(1,119,231)
Transfer to asset classified as held for sale	(85,248)	-	-	(85,248)
Balance - end of period	<u>4,419,355</u>	<u>3,922,663</u>	<u>2,500,806</u>	<u>10,842,824</u>

(Unit: Thousand Baht)

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

3.4.3 Allowance for loss on debt restructuring

(Unit: Thousand Baht)

	As at	
	31 March 2018	31 December 2017
Balance - beginning of period/year	8,948	9,748
Increase during the period/year	-	-
Amortisation during the period/year	(201)	(800)
Balance - end of period/year	<u>8,747</u>	<u>8,948</u>

3.4.4 Non-performing loans to customers

(Unit: Million Baht)

	As at	
	31 March 2018	31 December 2017
Non-performing loans to customers	5,126	5,300
Allowance for doubtful accounts ⁽¹⁾	1,874	1,701

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

3.5 Classification of assets

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

(Unit: Million Baht)

	Cost as at		Fair value as at		Allowance for possible loss provided in the accounts as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2018	2017	2018	2017	2018	2017
Debt instruments - debentures ⁽¹⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽²⁾	-	-	-	-	-	-

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

(Unit: Million Baht)

	Loans to customers ⁽¹⁾		Investments in securities		Investments in receivables		Properties foreclosed		Total	
	as at		as at		as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Pass	256,757	263,479	-	-	-	-	-	-	256,757	263,479
Special mention	16,167	17,158	-	-	-	-	-	-	16,167	17,158
Sub-standard	2,619	2,435	-	-	-	-	-	-	2,619	2,435
Doubtful	1,411	1,400	-	-	-	-	-	-	1,411	1,400
Doubtful of loss	1,096	1,465	37	37	14	14	12	12	1,159	1,528
Total	<u>278,050</u>	<u>285,937</u>	<u>37</u>	<u>37</u>	<u>14</u>	<u>14</u>	<u>12</u>	<u>12</u>	<u>278,113</u>	<u>286,000</u>

⁽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 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
					(%)	(%)		
Pass	123,099	122,116	123,099	122,116	0.94	0.94	1,154	1,142
Special mention	11,602	12,298	11,602	12,298	9.67	10.44	1,122	1,284
Sub-standard	1,457	1,638	1,457	1,638	26.39	30.33	384	497
Doubtful	890	891	890	891	31.92	26.43	284	236
Doubtful of loss	614	660	614	660	25.87	25.32	159	167
Total	137,662	137,603	137,662	137,603			3,103	3,326

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

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

⁽³⁾ These 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 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
					(%)	(%)		
Pass	20,991	20,027	20,991	20,027	1.62	1.63	340	327
Special mention	1,792	1,731	1,792	1,731	16.80	16.80	301	291
Sub-standard	325	288	325	288	36.59	35.75	119	103
Doubtful	133	143	133	143	36.59	35.75	49	51
Doubtful of loss	29	33	29	33	36.59	35.75	11	12
Total	23,270	22,222	23,270	22,222			820	784

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

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

(Unaudited but reviewed)

3.5.4 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	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2018	2017	2018	2017	2018	2017	2018	2017
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Listed companies vulnerable to delisting from the SET ⁽¹⁾	1	1	704	737	635	635	704 ⁽³⁾	737 ⁽³⁾
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	4	4	661	662	235	255	16	8
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	5	5	1,365	1,399	870	890	720	745

⁽¹⁾ The company is currently under rehabilitation.

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

⁽³⁾ These allowance for doubtful accounts included the allowance for loss on debt restructuring.

3.6 Other assets

(Unit: Thousand Baht)

	As at	
	31 March 2018	31 December 2017
Value added tax - net	469,091	469,013
Accrued interest receivables	18,024	27,468
Fee and service receivables	64,755	64,057
Deposits	58,594	58,089
Other receivables	655,757	634,646
Other assets	261,723	213,268
Total other assets	1,527,944	1,466,541

3.7 Deposits

3.7.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	As at	
	31 March 2018	31 December 2017
Deposits		
Current accounts	3,795,752	3,942,431
Saving accounts	61,249,076	64,544,344
Fixed accounts		
- not over 6 months	7,144,766	8,978,148
- over 6 months but not over 1 year	13,864,790	10,389,836
- over 1 year	507,272	492,353
Certificates of deposit/negotiable certificates of deposit	90,357,384	93,152,160
Total	176,919,040	181,499,272

3.7.2 Classified by the remaining period of contract

	(Unit: Thousand Baht)	
	As at	
	31 March 2018	31 December 2017
Not over 1 year ⁽¹⁾	176,502,183	181,094,401
Over 1 year	416,857	404,871
Total deposits	176,919,040	181,499,272

⁽¹⁾ Including fully-mature deposit contracts

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

3.8 Debt issued and borrowings

	(Unit: Thousand Baht)	
	As at	
	31 March 2018	31 December 2017
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	6,680,000	6,680,000
Unsubordinated unsecured debentures	57,869,000	56,921,700
Bills of exchange	36,122	36,122
Promissory notes	797	797
Total	64,585,919	63,638,619

3.8.1 Subordinated unsecured debentures

As at 31 March 2018 and 31 December 2017, the Bank has long-term subordinated unsecured debentures as follows:

Issued year	Units as at		Face value	Balance as at		Maturity in the year	Interest rate
	31 March	31 December	per unit	31 March	31 December		
	2018	2017	(Baht)	2018	2017		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2014	1.60	1.60	1,000	1,600	1,600	2024	6.00 percent per annum
2014	0.80	0.80	1,000	800	800	2024	6.00 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.50 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.25 percent per annum
2016	0.68	0.68	1,000	680	680	2026	3.875 percent per annum
2017	1.00	1.00	1,000	1,000	1,000	2027	4.00 percent per annum
2017	0.60	0.60	1,000	600	600	2027	3.70 percent per annum
Total				<u>6,680</u>	<u>6,680</u>		

3.8.2 Unsubordinated unsecured debentures

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

Issued year	Type of debentures	Units as at		Face value	Balance as at		Maturity in the year	Interest rate
		31 March	31 December	per unit	31 March	31 December		
		2018	2017	(Baht)	2018	2017		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2016	Long-term debenture	-	5.50	1,000	-	5,500	2018	1.95 - 2.00 percent per annum
2016	Long-term debenture	10.00	10.00	1,000	10,000	10,000	2019	1.85 - 1.95 percent per annum
2017	Short-term debenture	5.00	7.50	1,000	5,000	7,500	2018	1.75 - 1.80 percent per annum
2017	Short-term debenture	1,348	15,922	1,000	1,348	15,922	2018	1.40 - 1.55 percent per annum
2017	Long-term debenture	5.00	5.00	1,000	5,000	5,000	2019	1.85 percent per annum
2017	Long-term debenture	5.00	5.00	1,000	5,000	5,000	2018	1.85 percent per annum
2017	Long-term debenture	8.00	8.00	1,000	8,000	8,000	2019	1.75 percent per annum
2018	Long-term debenture	5.00	-	1,000	5,000	-	2019	1.75 percent per annum
2018	Long-term debenture	3.00	-	1,000	3,000	-	2019	1.68 percent per annum
2018	Short-term debenture	15,521	-	1,000	15,521	-	2018	1.40 - 1.50 percent per annum
Total					<u>57,869</u>	<u>56,922</u>		

3.8.3 Bills of exchange

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

3.9 Other liabilities

(Unit: Thousand Baht)

	As at	
	31 March 2018	31 December 2017
Withholding income tax and other tax payables	118,069	312,805
Accrued insurance premium	610,796	611,491
Deferred income	1,222,782	1,060,312
Accrued expenses	2,003,153	1,901,133
Suspense creditors	1,059,544	1,282,132
Other liabilities	321,253	321,394
Total other liabilities	5,335,597	5,489,267

The above accrued expenses included accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses included costs of annual bonus that are determined with reference to the parent company's share price, paid to employees whose performance impacts the Bank's operating results, as an incentive to work effectively and to build loyalty to the Bank. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily price of the parent company's shares over the period of five years from grant date to settlement date. As of 31 March 2018 and 31 December 2017, the Bank has issued bonus under this scheme amounting to Baht 316 million and Baht 309 million, respectively.

3.10 Capital funds

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

The Bank maintains capital adequacy ratio in compliance with Basel III principles 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, floor-plan loans, equity exposure and other assets.

Regarding Capital fund as at 31 March 2018 and 31 December 2017, 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 2018	31 December 2017
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	15,036,972	15,036,972
Other components of equity	218,714	218,860
Less: Deductions from Common Equity Tier I items	(891,719)	(734,918)
Total Common Equity Tier I capital	27,106,667	27,263,614
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	27,106,668	27,263,615
<u>Tier II capital</u>		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	698,004	668,708
Reserve for loans classified as pass	644,630	739,109
Total Tier II capital	8,022,634	8,087,817
Total capital funds	35,129,302	35,351,432

(Unit: Percent)

Capital fund ratios	As at			
	31 March 2018		31 December 2017	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	16.60	6.375	15.98	5.75
Tier I capital to risk assets	16.60	7.875	15.98	7.25
Total capital to risk assets	21.51	10.375	20.72	9.75

To comply with the Notification of the Bank of Thailand No. Sor Nor Sor 4/2556 regarding "Public Disclosure of Capital Maintenance for Commercial Banks", the Bank has disclosed capital maintenance information as at 31 December 2017 on its website on 30 April 2018.

3.11 Interest income

Interest income in the statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Interbank and money market items	155,685	117,904
Investments in debt securities	29,558	37,147
Loans to customers	2,087,957	1,410,107
Hire purchase and finance lease	1,988,866	2,150,756
Total interest income	<u>4,262,066</u>	<u>3,715,914</u>

3.12 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Deposits	608,276	551,635
Interbank and money market items	3,214	8,211
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	277,717	243,229
Issued debt instruments		
- Subordinated debentures	78,916	90,509
- Unsubordinated debentures	244,524	237,462
Borrowings	225	3,875
Total interest expenses	<u>1,212,872</u>	<u>1,134,921</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 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Fee and service income		
- Acceptance, aval and guarantees	1,759	1,937
- Insurance service	698,925	571,051
- Financial advisory	7,670	-
- Others	242,969	223,643
Total fee and service income	951,323	796,631
Fee and service expenses	(23,834)	(29,884)
Net fee and service income	927,489	766,747

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 periods ended 31 March 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	69	-
- Derivatives on interest rates	(2,024)	(2,458)
- Debt securities	4,484	2,835
Net gains on trading and foreign exchange transactions	2,529	377

3.15 Net gains on investments

Net gains on investments in the statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Gains on disposal		
- Available-for-sale investments	-	130
- General investments	198,118	2,626
Total	198,118	2,756
Reversal allowance on impairment		
- General investments	24	-
Total	24	-
Net gains on investments	198,142	2,756

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 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Held-to-maturity debt securities (Reversal)	(105)	214
Loans to customers	850,979	721,124
Total	850,874	721,338

3.17 Other operating income

Other operating income in the statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Gains on disposal of properties foreclosed	23,100	20,163
Dividend income	28,520	28,520
Others	15,715	10,325
Total	<u>67,335</u>	<u>59,008</u>

3.18 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017 consisted of the following:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Mailing expenses	17,221	15,257
Software amortisation expenses	22,327	19,508
Legal expenses relating to the business	272,682	77,159
Transportation expenses	19,475	19,645
Expenses related to the repossession and the disposal of repossessed assets	17,043	19,836
Advertising and business promotion expenses	16,912	18,516
Others	38,863	21,546
Total	<u>404,523</u>	<u>191,467</u>

(Unaudited but reviewed)

3.19 Income tax expenses

Income tax expenses of the Bank for the three-month periods ended 31 March 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Current income tax:		
Income tax expenses for the period	400,628	400,858
Deferred tax:		
Deferred tax on temporary differences and reversion of temporary differences	(110,201)	(145,835)
Income tax expenses reported in the statement of comprehensive income	290,427	255,023

3.20 Components of other comprehensive income

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2018	2017
Other comprehensive income		
Available-for-sale investments:		
Gains (losses) during the periods	(3,522)	16
Less: Reclassification adjustments for gains included in profit or loss	-	(130)
Other comprehensive income	(3,522)	(114)
Income tax effects relating to components of other comprehensive income	704	23
Net other comprehensive income for the periods	(2,818)	(91)

3.21 Income tax effects relating to components of other comprehensive income

	(Unit: Thousand Baht)					
	For the three-month periods ended 31 March					
	2018			2017		
	Before tax amount	Tax benefit	Net of tax amount	Before tax amount	Tax benefit	Net of tax amount
Losses on change in value of in available-for-sale investments	(3,522)	704	(2,818)	(114)	23	(91)
	(3,522)	704	(2,818)	(114)	23	(91)

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 31 March	
	2018	2017
Profit attributable to shareholders of the Bank (Thousand Baht)	1,169,768	1,032,063
Weighted average number of shares (Thousand shares)	921,568	921,568
Basic earnings per share (Baht/share)	1.27	1.12

3.23 Related party transactions

The relationships between the Bank and its related parties

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

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	As at	
	31 March 2018	31 December 2017
<u>Outstanding balance</u>		
Parent company		
TISCO Financial Group Plc.		
Deposits	426,092	237,142
Accrued interest payable	90	59
Dividend payable	-	2,764,357
Other liabilities	123,418	130,011
Related companies (Related by common shareholder)		
Other assets:		
TISCO Insurance Solution Co., Ltd.	354	1,874
TISCO Securities Co., Ltd.	154	369
TISCO Asset Management Co., Ltd.	19	-
All-Ways Co., Ltd.	350	-
Deposits:		
All-Ways Co., Ltd.	3,914	38,216
TISCO Information Technology Co., Ltd.	159,284	160,538
Hi-Way Co., Ltd.	31,584	54,780
Primus Leasing Co., Ltd.	32,899	32,899
(In the process of liquidation)		
TISCO Learning Center Co., Ltd.	10,639	33,986
TISCO Insurance Solution Co., Ltd.	108,734	137,867
TISCO Tokyo Leasing Co., Ltd.	2,560	5,958
Interbank and money market items (Liabilities):		
TISCO Asset Management Co., Ltd.	28,141	253,113
Deutsche TISCO Investment Advisory Co., Ltd.	274,750	254,580
TISCO Securities Co., Ltd.	331,588	141,913
Accrued interest payable:		
TISCO Asset Management Co., Ltd.	121	399
TISCO Information Technology Co., Ltd.	128	40
All-Ways Co., Ltd.	19	2
Deutsche TISCO Investment Advisory Co., Ltd.	169	12
Hi-Way Co., Ltd.	75	5
TISCO Learning Center Co., Ltd.	23	65
TISCO Securities Co., Ltd.	23	7
TISCO Insurance Solution Co., Ltd.	47	71

(Unaudited but reviewed)

(Unit: Thousand Baht)

As at

	31 March 2018	31 December 2017
Related companies (Related by common shareholder) (continued)		
Other liabilities:		
Hi-Way Co., Ltd.	87,600	67,200
TISCO Learning Center Co., Ltd.	5,615	7,581
TISCO Insurance Solution Co., Ltd.	104	177
TISCO Securities Co., Ltd.	25	-
Commitments - Guarantees:		
Parent company		
TISCO Financial Group Plc.	1,136	1,136
Related companies (Related by common shareholder)		
TISCO Information Technology Co., Ltd.	1,018	1,018
TISCO Securities Co., Ltd.	765	765
TISCO Asset Management Co., Ltd.	440	440

Loans to related companies

As at 31 March 2018 and 1 January 2018, the balances of loans between the Bank and its related companies and their movement are as follows:

	(Unit: thousand Baht)			
	As at			As at
	1 January 2018	Increase	Decrease	31 March 2018
Related companies (Related by common shareholder)				
Interbank and money market items				
(Assets):				
TISCO Securities Co., Ltd.	300,000	-	-	300,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 31 March		Terms and pricing policy
	2018	2017	
	Transactions occurred during the periods		
Parent company			
Other income	250	250	With reference to the terms and prices as offered to other customers
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	356,899	329,906	Determined on actual cost in compliance with the criteria specified by the Bank of Thailand
Interest expenses	1,949	1,417	With reference to the terms and prices as offered to other customers
Other expenses	3,637	2,316	With reference to the terms and prices as offered to other customers
Related companies			
Interest income	2,221	2,441	With reference to the terms and prices as offered to other customers
Service income involving to loans	207	428	With reference to the terms and prices as offered to other customers
Other income	2,549	838	With reference to the terms and prices as offered to other customers
Expenses involving to loans	87,600	49,320	Determined on the basis on actual cost
Computer system advisory service expenses	106,500	66,250	Determined on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	10,738	5,480	With reference to the prices as offered from other service providers
Interest expenses	872	1,337	With reference to the terms and prices as offered to other customers
Other expenses	537	1,855	With reference to the terms and prices as offered to other customers

(Unaudited but reviewed)

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	As at	
	31 March 2018	31 December 2017
Loans ⁽¹⁾	4,608	2,629

⁽¹⁾ Including employee welfare loans and normal loans

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	As at	
	31 March 2018	31 December 2017
Deposits	39,207	93,274

Directors and management's benefits

During the three-month periods ended 31 March 2018 and 2017, 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	
	2018	2017
Short-term benefits	19	17
Post-employment benefits	3	7
Total	22	24

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 periods ended 31 March 2018 and 2017, 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 2018						
Revenue						
External customers	4,081	348	329	4,758	-	4,758
Inter-segment	-	-	871	871	(871)	-
Total revenue	4,081	348	1,200	5,629	(871)	4,758
Operating results:						
Net interest income	2,626	320	103	3,049	-	3,049
Net fee and service income	902	28	(3)	927	-	927
Other operating income	553	-	1,100	1,653	(871)	782
Total operating income	4,081	348	1,200	5,629	(871)	4,758
Premises and equipment expenses and amortisation	(72)	(5)	(199)	(276)	-	(276)
Other operating expenses	(2,245)	(122)	(675)	(3,042)	871	(2,171)
Bad debt, doubtful accounts and impairment losses	(890)	(59)	98	(851)	-	(851)
Total operating expenses	(3,207)	(186)	(776)	(4,169)	871	(3,298)
Segment profit	874	162	424	1,460	-	1,460
Income tax expenses						(290)
Profit for the period						1,170

(Unaudited but reviewed)

(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 and equipment expenses and amortisation	(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)

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 2018 and 2017, the Bank does not have income from any clients amounting to or over 10 percent of its income.

3.25 Commitments and contingent liabilities

3.25.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	31 March 2018	31 December 2017
Other guarantees	581,343	627,912
Undrawn client overdraft facilities	574,706	575,279
Interest rate swap agreements	1,200,000	1,200,000
Foreign exchange contracts	100,698	-
Others	1,138,341	1,034,498
Total	3,595,088	3,437,689

3.25.2 Litigation

As at 31 March 2018 and 31 December 2017, the Bank has been sued for compensation totaling approximately Baht 342 million and Baht 344 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Bank believes that no material losses to the financial statements will be incurred as a result of the mentioned lawsuits.

3.25.3 Other commitments

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

(Unaudited but reviewed)

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

(Unit: Million Baht)

	As at	
	31 March 2018	31 December 2017
Payable within		
Not over 1 year	165	144
Over 1 to 5 years	242	233
Over 5 years	35	37

3.26 Fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

(Unaudited but reviewed)

As of 31 March 2018 and 31 December 2017, 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 2018				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Available-for-sale investments					
Equity instruments	6	6	-	-	6
Debt instruments	6,224	-	6,224	-	6,224
Financial liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	24	-	24	-	24

(Unit: Million Baht)

	As at 31 December 2017				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Available-for-sale investments					
Equity instruments	8	8	-	-	8
Debt instruments	5,512	-	5,512	-	5,512
Financial liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	30	-	30	-	30

Valuation techniques and inputs to Level 2 and Level 3 valuations

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

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

4. Event after the reporting period

On March 30, 2018, the Bank and All-Ways Company Limited (a subsidiary in TISCO Group) signed agreements for the sale of a personal loan portfolio and a credit card business to Citibank N.A. (Bangkok Branch). The Bank will be the seller of the personal loan portfolio and All-Ways will be the seller of the credit card business. The transfer of these businesses is expected to be completed within the year 2018.

To comply with the requirements of accounting standards, as at 31 March 2018 the Bank separately presented the assets associated with the transfer of business in the financial statements under the captions of “Assets classified as held for sale” in the statement of financial position. Details are as follows:

	(Unit: Million Baht)
	As at 31 March 2018
	<hr/>
<u>Statement of financial position</u>	
Asset	
Loans to customers and accrued interest receivables - net	3,234
	<hr/>
Total asset classified as held for sale	3,234
	<hr/> <hr/>

Changes in operating assets and operating liabilities of the transferred business which are included in the cash flow statements for the three-month period ended 31 March 2018 are as follows:

	(Unit: Million Baht)
	For the three-month
	period ended
	31 March 2018
	<hr/>
Operating assets decrease	
- Loans to customers	767
	<hr/>
	767
	<hr/> <hr/>

5. Approval of interim financial statements

These interim financial statements were approved by the Bank’s Audit Committee on 7 May 2018.