

Attachment 2

Changes in TISCO Shareholdings by Directors and Management

Changes in TISCO Shareholdings by Directors and Management ^{/1}

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
1	Mr. Pliu Mangkornkanok	2,221,010	2,221,010	-	-	-	-	0.28
	Including spouse and minor children	-	-	-	-	-	-	0.00
2	Mr. Hon Kit Shing (Mr. Alexander H. Shing)	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
3	Ms. Oranuch Apisaksirikul	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
4	Assoc. Prof. Dr. Angkarat Priebjrivat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
5	Prof. Dr. Pranee Tinakorn	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
6	Ms. Patareeya Benjapolchai	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
7	Ms. Panada Kanokwat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
8	Prof. Dr. Teerana Bhongmakapat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
9	Mr. Sathit Aungmanee	100,035	100,035	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	0.00
10	Mr. Yasuro Yoshikoshi	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
11	Mr. Chi-Hao Sun	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
12	Mr. Suthas Ruangmanamongkol	3,333,333	3,333,333	-	-	-	-	0.42
	Including spouse and minor children	-	-	-	-	-	-	0.00
13	Ms. Krisna Theravuthi	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
14	Mr. Sakchai Peechapat	66,177	66,177	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	0.00
15	Mr. Pitada Vatcharasiritham	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
16	Mr. Metha Pingsuthiwong	195,800	195,800	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	0.00
17	Ms. Araya Thirakomen	212,874	212,874	-	-	-	-	0.03
	Including spouse and minor children	-	-	-	-	-	-	0.00
18	Mr. Paiboon Nalinthangkurn	286,000	286,000	-	-	-	-	0.04
	Including spouse and minor children	-	-	-	-	-	-	0.00
19	Mr. Chalit Silpsrikul	-	-	-	-	-	-	0.00
	Including spouse and minor children	79	79	-	-	-	-	0.00
20	Ms. Yutiga Sonthayanavin	576	576	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
21	Mr. Chatri Chandrangam	30,000	30,000	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
22	Mr. Pairat Srivilairit	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
23	Mr. Watsakorn Thepthim	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
24	Ms. Dulyarat Taveebhol	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
25	Mr. Sathian Leowarin	2,200	2,200	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
26	Mr. Somthai Wattanapronphrom	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
27	Mr. Kontee Sunthornpradit	13,200	13,200	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
28	Dr. Kampon Adireksombat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
29	Mr. Kittipong Tiyaaboonchai	8,823	8,823	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
30	Mr. Kusumar Prathomsrimek	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
31	Ms. Chintana Voramongkol	13,500	20,000	6,500	-	-	-	0.00
	Including spouse and minor children	0	0	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
32	Ms. Jiraporn Sawsukpaiboon	16,544	16,544	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
33	Ms. Chuenchit Trakarnratti	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
34	Ms. Chutintorn Vigasi	13,356	16,356	3,000	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
35	Ms. Nudtinee Suwanpanitch	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
36	Mr. Noppawat Tangburanakij	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
37	Ms. Nartrudee Siwabut	126,500	126,500	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	0.00
38	Mr. Nipon Wongchotiwat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
39	Mr. Prayuk Charoencharaskul	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
40	Mr. Pichit Treethephasumphan	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
41	Mr. Pisit Piyapasuntra	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
42	Mr. Puvarin Kullaphatkanon	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
43	Mr. Montri Siripanasan	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
44	Ms. Maneerat Wattanajak	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
45	Ms. Voranuch Supaibulpipat	121,079	121,079	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	0.00
46	Ms. Sakornrat Manuwong	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
47	Mr. Somchat Lapapong	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
48	Ms. Suthiprom Areesakulsuk	39,500	39,500	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
49	Ms. Supaporn Aramtiantamrong	67,372	67,372	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
50	Ms. Surang Techarungnirun	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
51	Ms. Arayapha Panichprecha	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

Remark: ^{/1} The change in numbers of shares was due to the exercise of TSRs.

Attachment 5
Report of the Audit Committee

Report of the Audit Committee

Appointed by the Board of Directors on April 24, 2015, the Audit Committee of TISCO Financial Group Public Company Limited (TISCO) comprises the following three independent directors:

1.	Assoc. Prof. Dr. Angkarat Priebjrivat	Chairperson
2.	Ms. Patareeya Benjapholchai	Member
3.	Prof Dr.Teerana Bhongmakapat	Member

The Audit Committee has performed duties and responsibilities according to the Charter of Audit Committee and as delegated by the Board of Directors. The Audit Committee has carried out duties independently and without restrictions as to access to information. The Audit Committee supports the Company's good corporate governance in accountability, transparency, fairness, integrity, and check & balance, which will serve the best interests of not only shareholders but also employees and other stakeholders.

The Audit Committee convened 12 meetings in Year 2015, all with full committee member's attendance. Major activities performed during the year were as follows:

- **Financial Statements:** Reviewed quarterly and annual financial statements on the appropriateness of the Company's accounting policies used in the preparation of the financial statements and the completeness of information disclosure before the dissemination. The Committee agreed with the external auditor that the Company's financial statements and the disclosure of relevant information were adequate and fairly presented in accordance with generally accepted accounting principles.
- **Internal Control and Audit:** Reviewed and assessed internal control system and internal audit works and considered all issues raised by the external auditor and internal audit department. Assessed the independence of internal audit department and approved annual audit plan, strategy, key performance indicators and the Charter of Internal Audit. The Committee opined that the Company's internal control system and internal audit function were adequate and effective.
- **Regulatory Compliance:** Reviewed and assessed annual compliance plan and reports, compliance activities and status of legal cases and litigations. Acknowledged the results of external examinations by the Bank of Thailand and the Securities and Exchange Commission of Thailand and assessed the Company's corrective actions. The Committee opined that the Company properly followed all necessary rules and regulations as imposed by regulatory authorities.
- **External Auditor:** Reviewed and assessed the independence of the external auditor as well as the overall scope and the focus of the annual and interim audit. Selected and nominated the external auditor to the Board of Directors for further recommendation to the shareholders for approval. Considering the independence, professional proficiency, performance, and appropriateness of the audit fee, the Committee proposed the appointment of Ms. Ratana Jala of EY Office Limited as the Auditor of the Company and its subsidiaries for the Year 2015.
- **Transactions with Related Parties and Conflicts of Interests:** Reviewed and assessed related party transactions or transactions that may lead to conflicts of interests and the pricing policy for the transactions to ensure conformity with laws and regulations. The Committee agreed with the external auditor that the transactions were either conducted in a normal course of business operation or justified for the best interests of the Company. In addition, related disclosures were in compliance with the corporate governance and related party transaction policy.
- **Risk Management:** Reviewed and assessed the management's presentation on the effectiveness of risk management system, capital adequacy, and operational risk management. The Committee was satisfied with the Company's risk management system.
- **Audit Committee Self-Assessment:** Performed self-assessment by comparing the Committee's activities to the Charter of Audit Committee, relevant laws and regulations, and leading practices. The results revealed that the Committee have carried out duties and responsibilities adequately and effectively according to the Charter of Audit Committee, relevant laws and regulations, and as delegated by the Board of Directors.

In the year 2015, the Audit Committee has received "Audit Committee of the Year" award for the third consecutive time from the Thai Institutes of Directors Association as result of the Audit Committee's upholding good governance practices.

Angkarat Priebjrivat

(Assoc. Prof. Dr. Angkarat Priebjrivat)
Chairperson of the Audit Committee
February 9, 2016

Attachment 6

Report of the Nomination and Compensation Committee

Report of the Nomination and Compensation Committee

Appointed by the Board of Directors on April 24, 2015, the Nomination and Compensation Committee of TISCO Financial Group Public Company Limited comprises three non-management directors and is chaired by an independent director as follows.

- | | |
|------------------------------|--|
| 1. Prof. Dr. Pranee Tinakorn | Chairperson of the Nomination and Compensation Committee |
| 2. Mr. Hon Kit Shing | Member of the Nomination and Compensation Committee |
| 3. Mr. Yasuro Yoshikoshi | Member of the Nomination and Compensation Committee |

On June 19, 2015, the Board of Directors appointed Mr. Sathit Aungmanee, a non-management director, to be additional Member of the Nomination and Compensation Committee. Thus, the current Committee members are as follows.

- | | |
|------------------------------|--|
| 1. Prof. Dr. Pranee Tinakorn | Chairperson of the Nomination and Compensation Committee |
| 2. Mr. Hon Kit Shing | Member of the Nomination and Compensation Committee |
| 3. Mr. Yasuro Yoshikoshi | Member of the Nomination and Compensation Committee |
| 4. Mr. Sathit Aungmanee | Member of the Nomination and Compensation Committee |

The Nomination and Compensation Committee is charged with the responsibility of formulating the compensation policy, selecting and nominating names of qualified candidates for the positions of directors, members of committees with functions, responsibilities and authorities directly given by the Board of Directors, Advisor(s) and Top Management in TISCO and its subsidiary companies and proposing them to the Board of Directors or the Shareholders Meeting in order to preserve an effective and efficient board and management structure and to enhance the good corporate governance of TISCO Group.

In 2015, the Committee convened seven meetings with Mr. Hon Kit Shing being absent at three meetings. Major activities performed during the year were as follows:

1. Acknowledging and proposing the results of the Board Performance Self-assessment for the year 2014 to the Board of Directors for ratification and recommending the Board the corrective action to be implemented to enhance board performance,
2. Adopting the Board Performance Self-Assessment Guideline and Questionnaires for the year 2015 which provided the board an opportunity to reflect on how well the board fulfilled its responsibilities and to identify opportunities for continuous improvement that will increase the board's overall performance and enhance the board's relationship with management,
3. Evaluating and proposing the results of the Group Chief Executive Performance for the year 2014 to the Board of Directors for acknowledgement and adopting the Group Chief Executive Performance Assessment Questionnaires for the year 2015,
4. Reviewing and recommending the Guideline for Board Composition and Selection Criteria for TISCO Group to the Board of Directors for approval,
5. Reviewing profile of the candidates for director position,
6. Recommending number of directors and nominating qualified candidates for director position of TISCO and TISCO Bank for the Board of Directors to recommend the Shareholder Ordinary General Meeting for approval,
7. Reviewing and ensuring the directors' remuneration to be commensurable with their performance and benchmarking with the industry and recommending to the Board of Directors to further recommend the Shareholders Ordinary General Meeting for approval,
8. Recommending the appointment of Chairman and Vice Chairman of the Board of Directors and other committees namely Executive Board, Audit Committee, Nomination and Compensation Committee including Advisor to the Board of Directors,
9. Considering appointment of the new member of the Nomination and Compensation Committee and recommending to the Board of Directors for approval,
10. Interviewing and considering profile of outside consultant to explore TISCO long-term organic growth opportunities beside the current scope,
11. Reviewing the Charter of the Nomination and Compensation Committee,
12. Acknowledging the Audit Committee report and recommendations on TISCO Bonus and Incentive Scheme and proposing for Board approval,

13. Approving the promotion and appointment of management level,
14. Acknowledging the activities of Human Resource Committee and approving the Guideline on Job levels-related Titles and Benefits, and
15. Considering the principle of compensation and bonus payment for employees in TISCO Group of companies and approving the incentive pay, bonus appropriation for management and staff for the year 2015.

The Nomination and Compensation Committee performed self-assessment by comparing the Committee's activities to the Charter of the Nomination and Compensation Committee, relevant laws and leading practices, and opined that the Committee has carried out duties and responsibilities adequately and effectively according to the Charter and as delegated by the Board of Directors.

Pranee Tinakorn

(Prof. Dr. Pranee Tinakorn)

Chairperson
The Nomination and Compensation Committee
December 18, 2015

Attachment 7

Evaluation of the Sufficiency of Internal Control System

Internal Control System Assessment Questionnaire

TISCO Financial Group Public Company Limited

February 19, 2016

This questionnaire was completed by the TISCO Financial Group Plc.'s Board of Directors. It reflects the Board's opinion on the adequacy of the TISCO Financial Group Plc.'s internal control system.

Internal Control Assessment Questionnaire**Background and Objectives**

Proper Internal Control system is vital to listed companies as it shall prevent, manage and mitigate risk and loss that could impact the companies and their stakeholders. Therefore, Board of Directors is accountable to oversee that the company have implemented proper internal control system that is sufficient to govern and direct the company to achieve its missions and goals while complying with laws and regulations. Besides, the internal control system should also prevent the company from fraud and physical damage and ensure correct accounting and financial reporting.

The Securities Exchange Commission (SEC), coordinated with the Price Waterhouse Cooper (Thailand), had developed this Internal Control Assessment Questionnaire as a tool for listed companies for their self-assessment.

The questionnaire adopted the internal control concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which was revised on May 2013 and was adjusted to be applicable to Thai listed company. The questionnaire is constructed in 5 key areas including Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities.

Use of Questionnaire

The companies should apply this questionnaire as guidance for internal control assessment at least annually and may reassess in case of unexpected event which may impact its operations significantly. The assessment should be reviewed by the Audit Committee and the Board in order to lead to discussion about proper improvement of internal control system.

The assessment should be based on execution of the control. If the assessment reflects insufficient control in some areas, the company should provide with rationale and improvement method.

Control Environment

1. The organization demonstrates a commitment to integrity and ethical value.

Question	Yes	No
1.1 Board of Directors and senior management articulate and demonstrate the importance of integrity and ethical values across the organization. The various forms and mechanisms may include: 1.1.1 Day-to-day actions and decision making at all levels of the organization that are consistent with the expected standards of conduct. 1.1.2 Interactions with suppliers, customers, and other external parties.	/	
1.2 Practice of integrity and ethics is in place which may include: 1.2.1 Appropriate code of conduct for all employees 1.2.2 Prohibition of conflict of interest and corruption 1.2.3 Penalty when employee action deviates from the standard code of conduct 1.2.4 Communicate the standard code of conducts and penalty when its violated to all level of employees and external parties for adherence.	/	
1.3 A process of ongoing and separate evaluation of Code of Conduct is in place including; 1.3.1 Ongoing and separated evaluation by Internal Audit Unit or Compliance Unit 1.3.2 Employees self-evaluation 1.3.3 Separate evaluation by independent and external experts	/	
1.4 Deviations of the expected standard code of conduct are identified and remedied in a timely and consistent manner. 1.4.1 Having a process to investigate deviations of the expected standard code of conduct. 1.4.2 Having a process to penalize and conduct an appropriate action taken in timely basis. 1.4.3 The corrective action should be taken in consistent and timely basis.	/	

2. The Board of Directors is independent from the management and is accountable for an oversight of the development and performance of internal control.

Question	Yes	No
2.1 The board of directors demonstrate independence from management by their roles and responsibilities. The board must therefore retain objectivity in relation to management.	/	
2.2 The board of directors oversee the business objectives to ensure that they are clearly defined and measurable to be a guidance for management and other employees.	/	
2.3 The board of directors oversee the clear line of roles and responsibilities of the board committees and senior management and compliance with law and regulations. This includes the roles and responsibilities of audit committee, external auditors, internal auditors and the person with responsibility for financial reporting.	/	
2.4 The director is competent and has expertise in business or ability to request for the experts when needed.	/	
2.5 The board of directors consists of sufficient number of independent directors who are knowledgeable and independent.	/	

Question	Yes	No
2.6 The board of directors oversee the development and execution of internal control system including control environment, risk assessment, control activities, information and communication, and monitoring activities.	/	

3. With the board oversight, Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Question	Yes	No
3.1 Management establish organization structure which support the organization's goal, which taking into account business, regulation, and effective internal control system e.g. Segregation of duties, the direct reporting line of internal audit to the Audit Committee, clear reporting line etc.	/	
3.2 Senior management define reporting line which considered appropriate accountabilities, responsibilities and communication channel.	/	
3.3 Clear and appropriate authority delegation of authority among the board of directors, senior management, management and staff is in place.	/	

4. The organization demonstrates a commitment to attract, develop, and retain competent individuals.

Question	Yes	No
4.1 Policies and practice to attract, develop, and retain competent individuals is in place and is reviewed regularly.	/	
4.2 The organization has processes of performance evaluation, incentive, reward and penalty. The processes are communicated to all level of management and employees.	/	
4.3 The organization has a procedure to handle insufficiency of competent staff properly.	/	
4.4 The organization has a human resource management process of recruiting, development, mentoring, coaching, retaining for all level of management and employees.	/	
4.5 The organization has the appropriate succession plan.	/	

5. The organization assigns roles and responsibility of internal control in the pursuit of objectives.

Question	Yes	No
5.1 The board of directors and management establish the mechanisms to communicate and enforce accountability for performance of internal control responsibilities across organization and implement corrective action as necessary.	/	
5.2 The board of directors and management establish proper performance evaluation, incentives, and rewarding system taking into account code of conduct, short-term and long-term business objectives.	/	
5.3 The board of directors and management align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives.	/	
5.4 The board of directors and management evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities.	/	

Risk Assessment

6. Organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Question	Yes	No
6.1 The organization complies with the Generally Accepted Accounting Principles (GAAP) that are appropriate for its business and ensures the existence, completeness, rights and obligation, and valuation.	/	
6.2 The organization defines financial materiality by assessing factors such as stakeholders, transaction size, and business trends.	/	
6.3 The organization's financial statements reflect actual operational activities.	/	
6.4 The board of directors or the Risk Management Committee approves and communicates risk management policies to management and employees as part of the organization culture.	/	

7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as basis for determining how the risks should be managed.

Question	Yes	No
7.1 The organization identifies comprehensive risk that may affect the operational activities at corporate level, entity level, unit level, and functional level.	/	
7.2 The organization assess comprehensive risk that may result from internal and external factors, including strategic risk, operational risk, reporting risk, compliance risk, and IT risk.	/	
7.3 Management of all level participates in risk management.	/	
7.4 The organization prioritize risk through frequency and impact assessment.	/	
7.5 The organization has measures and plans to manage risk through risk acceptance, risk reduction, risk avoidance, or risk sharing.	/	

8. The organization considers the potential for fraud in assessment risks to the achievement of objectives.

Question	Yes	No
8.1 The organization assess fraud risk resulting from falsify reporting, financial loss, corruption, management override of internal controls, misrepresentation of material reports, or embezzlement.	/	
8.2 The organization reviews its performance measurements through achievement likelihood assessment and reviews incentive program to ensures that it does not encourage misconduct such as unrealistic target to encourage misrepresentation.	/	
8.3 Audit Committee reviews and inquires management regarding fraud likelihood and fraud preventive and corrective measures.	/	
8.4 The organization communicates to its employees to ensure that they understand and comply with policies and guidelines.	/	

9. The organization identifies and assesses changes that could significantly impact the system of internal control.

Question	Yes	No
9.1 The organization assess external changes that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	

Question	Yes	No
9.2 The organization assess changes in business operation that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	
9.3 The organization assess changes in organization leaders that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	

Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Question	Yes	No
10.1 The organization's control measures are appropriate with its organization specific risks such as environmental, operational complexity, functional, operational boundary, and other specifics.	/	
10.2 The organization has written internal control measures that appropriately covers its activities such as policies and procedures relating to the financial transactions, procurement process and other administrations which includes roles and responsibilities, and clearly indicate level of authority to prevent fraud such as the determination of authority level of the management in each level, capital expenditures approval process, procurement and vendor selection process, transactional recording, approval process, requisition and disbursement process etc. by arranging the processes for the following cases 10.2.1 Collect and regularly update information on major shareholders, Directors, Management, and their related parties to assist in monitoring and reviewing related party transactions or conflict of interest transactions. 10.2.2 In case the organization approves or enters into long-term contract with related party, the organization monitors to ensure compliance throughout the contract duration.	/	
10.3 Control activities include a range and variety of controls and may include a balance of approaches to mitigate risk, considering both manual and automated controls, and preventive and detective controls.	/	
10.4 Management considers control activities at various levels in the entity.	/	
10.5 The organization segregates the following duties: (1) approval (2) data entry (3) custodial	/	

11. The organization selects and develops general control activities over technology to support the achievement of objectives.

Question	Yes	No
11.1 The organization should determines the dependency and linkage between business processes and technology general controls.	/	
11.2 The organization should have a proper control on IT infrastructure.	/	
11.3 The organization should have a proper IT security system.	/	
11.4 The organization should have a proper control on acquisition, development and maintenance of IT system.	/	

12. The organization deploys control activities through policies that establish what is expected and in procedure that put policies into action.

Question	Yes	No
12.1 The organization has a policy that prevents major shareholders, directors, management from trading based on inside information by using approval process guided by regulators.	/	
12.2 The organization has a policy indicated that transaction approval process has to be executed by an independent without conflict of interest.	/	
12.3 The organization has a policy indicated that transaction approval processes are based on arm's length principle.	/	
12.4 The organization has a process to monitor performance and provide directions to its subsidiaries.	/	
12.5 The organization defines roles and responsibilities for its management and employees to carryout policies and processes.	/	
12.6 The policies and processes are implemented within the proper time frame by the competent personnel including the comprehensiveness of the incident management process	/	
12.7 The organization reviews the appropriateness of its policies and processes regularly.	/	

Information & Communication

13. The organization obtains or generates and users relevant, quality information to support the functioning of other components of internal control.

Question	Yes	No
13.1 A process is in place to identify quality and relevance internal and external information required to achieve the objectives.	/	
13.2 Information usage costs and benefits are considered. The consideration should include quantity and correctness of information.	/	
13.3 The board of directors has material information sufficiently to make decision. The information may include detail of the agenda, reason, impact to the organization and optional solution.	/	

Question	Yes	No
13.4 The organization has processes to schedule the board meeting and provide necessary and sufficient supporting information before a specific time as the requirement by laws or regulation.	/	
13.5 The organization should document sufficient information in the board of directors' minute of meeting to ensure appropriateness of directors duties, for examples, memo probing the question to management, comments and reason of disagreement	/	
13.6 The organization has proper 13.6.1 Document retention process to ensure completeness and filing of all important document. 13.6.2 Control deficiencies and corrective action report from both external and internal auditors.	/	

14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components internal control.

Question	Yes	No
14.1 The organization effectively communicates relevant and timely information regarding internal control and provides appropriate communications channels.	/	
14.2 The organization reports material information to the board of directors consistently. Otherwise, the board of directors is enabled to access necessary information regards of their duties or reviews transaction i.e. the directors allows to request information from assigned a contact person, external auditors, internal auditors and they can request for the board meeting and other meeting between directors and senior managements.	/	
14.3 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from internal parties.	/	

15. The organization communicates with external parties regarding matters affecting the functioning of other components of internal control.

Question	Yes	No
15.1 The organization effectively communicates relevant and timely information regarding internal control to external parties and provides appropriate communications channels i.e. investor relation and customer complain hotline.	/	
15.2 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from external parties.	/	

Monitoring Activities

16. The organization selects, develops, and performs ongoing and/ or separate evaluations to ascertain whether the components of internal control are present and functioning.

Question	Yes	No
16.1 The organization develop the code of ethics and establish conflict of interests ongoing evaluation process i.e. employees perform self-evaluation and report to their supervisor and the internal auditors performs auditing and report to audit committee.	/	
16.2 Has internal evaluation this may perform by employees' self-evaluation or using internal audit to conduct separate evaluation.	/	
16.3 Management varies frequency of evaluation depending on changing condition.	/	
16.4 Evaluators who perform ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated.	/	
16.5 Internal audit department has direct reported line to audit committee.	/	
16.6 The organization supports the internal audit activities to comply with International Standards for the Professional Practice of Internal Auditing, IIA.	/	

17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Question	Yes	No
17.1 The organization evaluates and communicates material internal control deficiencies in a timely manner to those parties responsible for taking corrective action	/	
17.2 The organization develop policies for reporting the control deficiency including:		
17.2.1 Management report the facts and circumstances of significant fraudulent act, illegal acts and the other circumstance that impact over reputation and financial reporting to Board of Directors in a timely basis.	/	
17.2.2 Report significant control deficiency and propose its corrective action to the board of directors/ audit committee.	/	
17.2.3 Report status of remediation plan or corrective action to board of directors/ audit committee.	/	

Attachment 8

Statement of the Board of Directors' Responsibility for Financial Statements and Auditor's Report and Financial Statements

Statement of the Board of Directors' Responsibility for Financial Statements

The Board of Directors of TISCO Financial Group Public Company Limited is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries, and all financial information presented in the annual report. The financial statements have been prepared in accordance with generally accepted accounting standards applicable in Thailand, which are based on appropriate accounting policies, consistently applied and practiced, prudent judgment and best accounting estimates. All material information has been sufficiently disclosed in the notes to financial statements. These financial statements also have been made in compliance with the stipulations of the Notification of the Bank of Thailand, the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The financial statements have been audited and expressed with unqualified audit opinion by an independent auditor, which reflected fair and transparent financial position and operating performance that is useful information for shareholders and general investors.

The Board of Directors has established effective risk management and internal control systems to ensure that the reliability and completeness of financial information are in place, with the ability to protect the Company's assets, as well as identifying the weaknesses of operation in order to adequately prevent operational risk.

In this regard, the Board of Directors has appointed the Audit Committee, comprising independent directors, to oversee qualitative aspects of financial reporting and internal control systems. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this annual report.

The Board of Directors views that the Company's internal control systems are satisfactory and provide reasonable assurance as to the reliability of both the Company's financial statements and the consolidated financial statements of the Company and its subsidiaries as of December 31, 2015.

Pliu Mangkornkanok
(Mr. Pliu Mangkornkanok)
Chairman of the Board

Oranuch Apisaksirikul
(Ms. Oranuch Apisaksirikul)
Group Chief Executive

TISCO Financial Group Public Company Limited
and its subsidiary companies
Report and consolidated financial statements
31 December 2015

Independent Auditor's Report

To the Shareholders of TISCO Financial Group Public Company Limited

I have audited the accompanying consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of TISCO Financial Group Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Financial Group Public Company Limited and its subsidiaries and of TISCO Financial Group Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 9 February 2016

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Assets					
Cash		1,101,291	1,180,482	70	70
Interbank and money market items - net	3.2	31,162,645	38,057,993	416,723	529,181
Investments - net	3.4, 3.8	8,332,419	14,795,457	773,250	843,774
Investments in subsidiaries and joint venture - net	3.5	284,107	207,228	19,370,077	19,370,029
Loans to customers and accrued interest receivables	3.6, 3.8				
Loans to customers		259,724,989	286,017,305	2,699,200	3,154,300
Accrued interest receivables		542,488	572,383	-	-
Total loans to customers and accrued interest receivables		260,267,477	286,589,688	2,699,200	3,154,300
Less: Deferred revenue		(21,465,152)	(23,233,476)	-	-
Less: Allowance for doubtful accounts	3.7	(6,168,270)	(6,950,423)	-	-
Loans to customers and accrued interest receivables - net		232,634,055	256,405,789	2,699,200	3,154,300
Properties foreclosed - net	3.8, 3.9	47,390	120,905	-	-
Investment properties - net	3.10	32,157	17,267	778,245	778,245
Premises and equipment - net	3.11	2,633,339	2,483,759	877,253	663,751
Intangible assets - net	3.12	379,659	324,927	90,562	89,997
Deferred tax assets	3.30	317,686	296,074	130,154	110,157
Securities and derivatives business receivables - net		1,130,190	1,819,258	-	-
Dividend receivable from subsidiaries		-	-	1,842,237	1,693,238
Other assets	3.13	2,238,741	1,964,366	152,048	190,777
Total assets		280,293,679	317,673,505	27,129,819	27,423,519

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Liabilities and owner's equity					
Liabilities					
Deposits	3.14	158,344,190	205,588,846	-	-
Interbank and money market items - net	3.15	10,030,060	10,692,435	-	-
Liabilities payable on demand		356,335	399,916	-	-
Derivatives liabilities	3.3	41,898	40,729	-	-
Debts issued and borrowings	3.16	74,518,919	65,406,219	6,900,000	7,669,400
Provision for long-term employee benefits	3.17	466,933	403,572	106,791	85,823
Deferred tax liabilities	3.30	1,748	30,155	-	-
Securities and derivatives business payables - net		1,275,029	1,250,067	-	-
Accrued interest payable		896,969	1,129,253	30,285	40,712
Income tax payable		312,895	566,574	28,176	30,373
Other liabilities	3.18	5,854,374	6,342,046	1,033,793	1,098,690
Total liabilities		252,099,350	291,849,812	8,099,045	8,924,998

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

TISCO Financial Group Public Company Limited and its subsidiaries

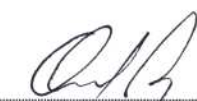
Statement of financial position (continued)

As at 31 December 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Equity					
Share capital	5				
Registered					
33,858 preference shares of Baht 10 each		339	339	339	339
800,669,437 ordinary shares of Baht 10 each		8,006,694	8,006,694	8,006,694	8,006,694
		<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>
Issued and paid-up					
18,558 preference shares of Baht 10 each					
(31 December 2014: 33,558 shares of Baht 10 each)		186	336	186	336
800,636,925 ordinary shares of Baht 10 each					
(31 December 2014: 800,621,625 shares of Baht 10 each)		8,006,369	8,006,219	8,006,369	8,006,219
		<u>8,006,555</u>	<u>8,006,555</u>	<u>8,006,555</u>	<u>8,006,555</u>
Share premium					
Share premium on preference shares		-	-	163	295
Share premium on ordinary shares		1,018,408	1,018,408	7,031,360	7,031,228
		<u>1,018,408</u>	<u>1,018,408</u>	<u>7,031,523</u>	<u>7,031,523</u>
Other components of equity		1,381,775	1,680,354	94,016	217,292
Retained earnings					
Appropriated-statutory reserve		709,500	596,300	709,500	596,300
Unappropriated		16,979,196	14,429,068	3,189,180	2,646,851
Equity attributable to owners of the Company		<u>28,095,434</u>	<u>25,730,685</u>	<u>19,030,774</u>	<u>18,498,521</u>
Non-controlling interest of the subsidiaries		98,895	93,008	-	-
Total equity		<u>28,194,329</u>	<u>25,823,693</u>	<u>19,030,774</u>	<u>18,498,521</u>
Total liabilities and equity		<u>280,293,679</u>	<u>317,673,505</u>	<u>27,129,819</u>	<u>27,423,519</u>

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



Mrs. Oranuch Apeaksirikul

(Group Chief Executive, TISCO Group)



บริษัท ทีเอสซีไฟแนนเชียลกรุ๊ป จำกัด (มหาชน)
TISCO Financial Group Public Company Limited

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Interest income	3.22	16,887,553	18,890,867	79,673	137,379
Interest expenses	3.23	(6,757,696)	(9,351,077)	(150,688)	(226,747)
Net interest income		10,129,857	9,539,790	(71,015)	(89,368)
Fee and service income		5,255,965	5,187,250	-	-
Fee and service expenses		(198,932)	(211,639)	(11,821)	(18,244)
Net fee and service income	3.24	5,057,033	4,975,611	(11,821)	(18,244)
Net gains on trading and foreign exchange transactions	3.25	96,189	27,612	81,694	3,949
Net gains on investments	3.26	128,907	263,716	47	-
Share of profit from investments accounted for under equity method	3.5.2	97,655	52,129	-	-
Dividend income		92,332	96,930	1,842,237	1,693,238
Penalty fee income from loans		452,694	344,030	-	-
Income from business promotion relating to the hire purchase business		348,001	268,333	-	-
Intercompany supporting fee income	3.34	-	-	1,560,722	1,549,850
Other operating income	3.28	86,258	55,638	65,902	66,327
Total operating income		16,488,926	15,623,789	3,467,766	3,205,752
Expense from business promotion relating to the hire purchase business		396,303	274,765	-	-
Total net operating income		16,092,623	15,349,024	3,467,766	3,205,752
Operating expenses					
Employee's expenses		3,379,795	3,550,195	643,656	646,117
Directors' remuneration		12,680	13,240	12,680	13,240
Premises and equipment expenses		928,890	919,076	352,397	344,498
Taxes and duties		212,862	224,003	1,647	1,715
Other operating expenses	3.29	992,794	898,432	87,904	119,055
Total operating expenses		5,527,021	5,604,946	1,098,284	1,124,625
Bad debt, doubtful accounts and impairment losses	3.27	5,277,415	4,426,460	-	-
Profit from operating before income tax expenses		5,288,187	5,317,618	2,369,482	2,081,127
Income tax expenses	3.30	1,032,464	1,043,443	105,888	80,400
Profit for the year		4,255,723	4,274,175	2,263,594	2,000,727

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2015

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

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Other comprehensive income	3.31				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period</i>					
Gains (losses) on valuation in available-for-sale investments	3.20	(334,715)	184,533	(152,219)	75,868
Share of other comprehensive income of joint venture:					
Cash flow hedges of joint venture		(20,802)	(1,694)	-	-
Income tax effects	3.30,3.32	66,943	(41,025)	30,444	(15,174)
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income tax		(288,574)	141,814	(121,775)	60,694
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period</i>					
Actuarial gains (losses)		6,091	(28,716)	(10,328)	(5,713)
Losses on revaluation of assets		-	(27,000)	-	-
Share of other comprehensive income of joint venture:					
Actuarial gains (losses) of joint venture		26	(354)	-	-
Income tax effects	3.30,3.32	(1,188)	11,114	2,066	1,143
Other comprehensive income not to be reclassified to profit or loss in subsequent period - net of income tax		4,929	(44,956)	(8,262)	(4,570)
Other comprehensive income for the year		(283,645)	96,858	(130,037)	56,124
Total comprehensive income for the year		<u>3,972,078</u>	<u>4,371,033</u>	<u>2,133,557</u>	<u>2,056,851</u>
Profit attributable to					
Equity holders of the Company	3.33	4,250,119	4,249,515	<u>2,263,594</u>	<u>2,000,727</u>
Non-controlling interests of the subsidiaries		5,604	24,660		
		<u>4,255,723</u>	<u>4,274,175</u>		
Total comprehensive income attributable to					
Equity holders of the Company		3,966,053	4,345,059	<u>2,133,557</u>	<u>2,056,851</u>
Non-controlling interests of the subsidiaries		6,025	25,974		
		<u>3,972,078</u>	<u>4,371,033</u>		
Earnings per share of equity holders of the Company					
Basic earnings per share	3.33	<u>5.31</u>	<u>5.31</u>	<u>2.83</u>	<u>2.50</u>

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

TISCO Financial Group Public Company Limited and its subsidiaries
Cash flow statement
For the year ended 31 December 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before income tax expenses	5,288,187	5,317,618	2,369,482	2,081,127
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	214,709	230,494	80,805	74,987
Bad debts and doubtful accounts	7,070,231	5,642,990	-	-
Share of profit from investments accounted for under equity method	(97,655)	(52,129)	-	-
Reversal of allowance for impairment of investments	(822)	(13,058)	(47)	-
Allowance for impairment of property foreclosed (reversal)	1	(67)	-	-
Gain on disposal of investments in securities	(131,268)	(262,848)	-	-
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	(80,656)	17,467	(81,694)	(3,949)
Gain on disposal of equipment	(1,619)	(6,140)	-	(216)
Loss on written-off of equipment	2,909	1,759	17	-
Loss on written-off intangible assets	78	5,282	-	-
(Gain) loss on changes in value of investment properties	406	(412)	-	-
Gain on disposal of property foreclosed	(49,810)	(22,841)	-	-
Employee benefit expenses	95,269	65,002	14,910	11,969
Increase in accrued income	(14,654)	(22,658)	(14,215)	(23,688)
Increase (decrease) in accrued expenses	(279,820)	167,932	(61,956)	64,141
Net interest income	(10,129,857)	(9,539,790)	71,015	89,368
Dividend income	(92,332)	(96,930)	(1,842,237)	(1,693,238)
Cash received on interest income	17,201,200	18,639,189	79,747	137,553
Cash paid on interest expenses	(5,822,706)	(8,626,107)	(161,115)	(222,790)
Cash received on dividend income	92,332	100,930	1,693,238	1,457,244
Cash paid on income tax expenses	(1,275,371)	(1,129,610)	(95,573)	(138,733)
Profit from operating activities before changes in operating assets and liabilities	11,988,752	10,416,073	2,052,377	1,833,775
Operating assets (increase) decrease				
Interbank and money market items	6,895,479	15,151,442	112,458	(19,109)
Loans to customers	13,993,726	15,236,649	455,100	831,700
Securities and derivatives business receivables	689,068	(272,596)	-	-
Receivables from clearing house	43,907	(20,527)	-	-
Property foreclosed	2,801,136	3,138,099	-	-
Other assets	-847,155	337,517	27,592	-11,703

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

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Operating liabilities increase (decrease)				
Deposits	(47,244,657)	(59,292,796)	-	-
Interbank and money market items	(662,375)	(1,251,022)	-	-
Liabilities payable on demand	(43,582)	55,052	-	-
Securities and derivative business payables	24,962	(260,950)	-	-
Short-term debts issued and borrowings	(6,567,300)	23,922,600	(769,400)	1,541,400
Payable to clearing house	(756,680)	554,382	-	-
Provision for long-term employee benefits	(25,959)	(22,749)	(4,271)	(3,696)
Other liabilities	(378,844)	(1,100,336)	(2,940)	12,686
Net cash flows from (used in) operating activities	(20,089,522)	6,590,838	1,870,916	4,185,053
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(17,004,795)	(28,880,497)	-	-
Cash received from disposal of investment in securities held for investment	23,346,837	26,038,728	-	-
Cash paid for purchase of equipment	(309,088)	(230,236)	-	(74,948)
Cash paid for purchase of intangible assets	(102,938)	(274,208)	(31,690)	(62,912)
Cash received from disposal of equipment	1,619	6,180	(237,922)	256
Cash paid for share capital increase of subsidiary	-	-	-	(2,446,155)
Net cash flows from (used in) investing activities	5,931,635	(3,340,033)	(269,612)	(2,583,759)
Cash flows from financing activities				
Cash received from issuance of long-term debentures	17,680,000	2,400,000	-	-
Cash paid for the redemption of long-term debentures	(2,000,000)	(4,000,000)	-	-
Dividend paid	(1,601,304)	(1,601,294)	(1,601,304)	(1,601,294)
Net cash flows from (used in) financing activities	14,078,696	(3,201,294)	(1,601,304)	(1,601,294)
Net increase (decrease) in cash	(79,191)	49,511	-	-
Cash at beginning of the year	1,180,482	1,130,971	70	70
Cash at end of the year	1,101,291	1,180,482	70	70
	-	-	-	-

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

TISCO Financial Group Public Company Limited and its subsidiaries
Statement of changes in equity
For the year ended 31 December 2015

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
Other components of equity													
Adjustment from business combination													
Surplus (deficit) on changes in value of available-for-sale investments													
Share of other comprehensive income of joint venture													
of entities under common control under holding restructuring plan													
Total other components of equity													
Retained earnings													
Appropriated													
Unappropriated													
Total equity attributable to owners of the Company													
Equity attributable to non-controlling interests of the subsidiary													
Total													
Note	Preference shares	Ordinary shares	ordinary shares	investments	of assets	joint venture	restructuring plan	of equity	Appropriated	Unappropriated	the Company	the subsidiary	Total
Balance as at 1 January 2014	339	8,006,216	1,018,408	(42,028)	940,899	(7,947)	679,266	1,570,190	496,200	11,895,567	22,986,920	67,435	23,054,355
Dividend paid	4	-	-	-	-	-	-	-	-	(1,601,294)	(1,601,294)	-	(1,601,294)
Transfer inappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	-	100,100	(100,100)	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	4,249,515	4,249,515	24,660	4,274,175
Other comprehensive income for the year	-	-	-	143,508	(21,600)	(1,694)	-	120,214	-	(24,670)	95,544	1,314	96,858
Total comprehensive income for the year	-	-	-	143,508	(21,600)	(1,694)	-	120,214	-	4,224,845	4,345,059	25,974	4,371,033
Transfer surplus on revaluation of assets													
to retained earnings	-	-	-	-	(10,050)	-	-	(10,050)	-	10,050	-	-	-
Preference shares converted to ordinary shares	(3)	3	-	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(401)	(401)
Balance as at 31 December 2014	336	8,006,219	1,018,408	101,480	909,249	(9,641)	679,266	1,680,354	596,300	14,429,068	25,730,685	93,008	25,823,693
Balance as at 1 January 2015	336	8,006,219	1,018,408	101,480	909,249	(9,641)	679,266	1,680,354	596,300	14,429,068	25,730,685	93,008	25,823,693
Dividend paid	4	-	-	-	-	-	-	-	-	(1,601,304)	(1,601,304)	-	(1,601,304)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	-	113,200	(113,200)	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	4,250,119	4,250,119	5,604	4,255,723
Other comprehensive income for the year	-	-	-	(267,772)	-	(20,802)	-	(288,574)	-	4,508	(284,066)	421	(283,645)
Total comprehensive income for the year	-	-	-	(267,772)	-	(20,802)	-	(288,574)	-	4,254,627	3,966,053	6,025	3,972,078
Transfer surplus on revaluation of assets	-	-	-	-	(10,005)	-	-	(10,005)	-	10,005	-	-	-
to retained earnings	(150)	150	-	-	-	-	-	-	-	-	-	-	-
Preference shares converted to ordinary shares													
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(138)	(138)
Balance as at 31 December 2015	186	8,006,369	1,018,408	(166,292)	899,244	(30,443)	679,266	1,381,775	709,500	16,979,196	28,095,434	98,895	28,194,329

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2015

(Unit: Thousand Baht)

Separate financial statements										
Note	Other components of equity									
	Issued and paid-up		Share premium		Surplus on change in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	Retained earnings		Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares				Appropriated	Unappropriated	
	shares	shares	shares	shares						
Balance as at 1 January 2014	339	8,006,216	298	7,031,225	(72,892)	230,996	158,104	496,200	2,350,582	18,042,964
Dividend paid	4	-	-	-	-	-	-	-	(1,601,294)	(1,601,294)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	100,100	(100,100)	-
Profit for the year	-	-	-	-	-	-	-	-	2,000,727	2,000,727
Other comprehensive income for the year	-	-	-	-	60,694	-	60,694	-	(4,570)	56,124
Total comprehensive income for the year	-	-	-	-	60,694	-	60,694	-	1,996,157	2,056,851
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	(1,506)	(1,506)	-	1,506	-
Preference shares converted to ordinary shares	(3)	3	(3)	3	-	-	-	-	-	-
Balance as at 31 December 2014	336	8,006,219	295	7,031,228	(12,198)	229,490	217,292	596,300	2,646,851	18,498,521
Balance as at 1 January 2015	336	8,006,219	295	7,031,228	(12,198)	229,490	217,292	596,300	2,646,851	18,498,521
Profit for the year	-	-	-	-	-	-	-	-	(1,601,304)	(1,601,304)
Dividend paid	4	-	-	-	-	-	-	113,200	(113,200)	-
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	-	2,263,594	2,263,594
Other comprehensive income for the year	-	-	-	-	(121,775)	-	(121,775)	-	(8,262)	(130,037)
Total comprehensive income for the year	-	-	-	-	(121,775)	-	(121,775)	-	2,255,332	2,133,557
Transfer surplus on revaluation of assets to retained earning	-	-	-	-	-	(1,501)	(1,501)	-	1,501	-
Preference shares converted to ordinary shares	(150)	150	(132)	132	-	-	-	-	-	-
Balance as at 31 December 2015	186	8,006,369	163	7,031,360	(133,973)	227,989	94,016	709,500	3,189,180	19,030,774

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

TISCO Financial Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2015

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

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance 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 financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

1.2 Basis of consolidation

- a) The consolidated financial statements of TISCO Group include the financial statements of TISCO Financial Group Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) as mentioned in Note 3.1 to the financial statements.
- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared for the same reporting period and using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) The separate financial statements present investments in subsidiaries, joint ventures under the cost method.

1.3 New financial reporting standards

Below is a summarised of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, and the management of the Company and its subsidiaries have elected to early adopt financial reporting standards relating to investments since year 2014 as follows;

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

TFRS 10 requires companies to reassess their investments in order to reach a conclusion as to whether they have control over those investments. The Company consequently changed its conclusion as a result of the reassessment of its investment in TISCO Tokyo Leasing Company Limited as of the date that TFRS 10 was initially adopted from presenting it as an investment in a subsidiary to presenting it as a joint venture company because it does not meet the definition of control specified in TFRS 10. As a result, TISCO Tokyo Leasing Company Limited has been a joint venture company since December 2008, which is when the Company acquired the investment. The reason for this assessment is that the Company does not have absolute control over the joint venture company. In addition, the remaining 49% voting rights are held by another major shareholder and the Company has entered into a shareholders' agreement with the major shareholder to make collective decisions concerning the business operations. Therefore, considering the requirements of TFRS 10, the Company has deconsolidated TISCO Tokyo Leasing Company Limited from its consolidated financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

In addition to the above Thai Financial Reporting Standards adopted by the Company prior to the effective date, there are also other new and revised standards that have changes in key principles. Which are summarised below.

TAS 19 (revised 2014) Employee Benefits

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

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

TFRS 13 Fair Value Measurement

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

This standard does not have any significant impact on the Company and its subsidiaries financial statements.

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

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

1.4 Significant accounting policies

1.4.1 Income recognition

a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis and is based on principal outstanding. Hire purchase, finance lease and auto cash income are recognised over the installment period, using the effective interest rate.

The subsidiaries have policies for corporate loans on which interest payments have been defaulted for more than one month, it is the policy of its subsidiaries to cease accruing income. For other loan accounts which are overdue for more than three months, the recognition of interest income is ceased, already recorded accrued interest is reversed from accounts and after that interest will be recognised as income on a cash basis.

Accrual of interest is ceased for margin loans on which interest is overdue for more than two months and interest is then recognised on a cash basis.

The accounts will be reinstated to an accrual basis when the overdue amounts are received.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred income and taken up as income evenly throughout the term of the notes or loans.

b) Interest and dividends on investment in securities

Interest on investment in securities is recognised as income on an accrual basis. Dividends on investment in securities are recognised as income when the right to receive the dividends is established.

c) Brokerage fees

Brokerage fees on securities and derivatives trading are recognised as income on the transaction dates.

d) Gains (losses) on trading in securities and derivatives

Gains (losses) on trading in securities and derivatives are recognised as income/expenses on the transaction dates.

e) Fee and service income

Fee and service income are recognised as income on an accrual basis.

1.4.2 Expense recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest included in the face value of the notes payable is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

b) Commissions and direct expenses of the hire purchase business

The subsidiaries record the initial commissions and direct expenses arising in respect of hire purchase by the effective interest rate method, and deduct them from deferred revenue over the installment period.

Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

1.4.3 Securities purchased under resale agreements according to private repurchase transactions

The subsidiary company operating banking business has purchased securities under resale agreements according to private repurchase transactions, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of "Interbank and money market items" in the statements of financial position and the securities purchased are used as collateral.

Under securities purchase under resale agreements according to private repurchase transactions, the subsidiary obtains securities under resale agreements as collateral securities on terms which permit it to repledge or resell the securities to others.

Differences between the acquisition price and the selling price are recognised on an accrual basis over the term of the transaction by the effective interest rate method, and are presented as interest income.

1.4.4 Investments

- a) Investments in trading securities are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recognised as part of profit or loss when the securities are sold.
- c) Investments in held-to-maturity debt securities are recorded at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any). Investment in joint venture is accounted for in the consolidated financial statements using the equity method.
- f) The subsidiary company does not record investments which the subsidiary company holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The subsidiary company is obliged to dispose of these investments within the period stipulated in the Bank of Thailand's regulations.
- g) The Company and its subsidiaries does not consider the investments in mutual funds to be investments in associated companies by the equity method in the consolidated financial statements, even if the company holds not less than 20% of the equity, because the Company and its subsidiaries do not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager according to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.
- h) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rates quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.

- i) Losses on impairment (if any) of the investments in available-for-sale securities, held-to-maturity debt securities and other investments are recognised in profit or loss.
- j) The weighted average method is used for computation of the cost of investments.
- k) In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The differences between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.
- l) Purchases and sales of investments are recorded on settlement date.

1.4.5 Investments in receivable purchased or transferred in

Investments in receivable purchased or transferred in, which are classified as held-to-maturity securities, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are included in profit or loss.

If the receivable enters into a troubled debt restructuring process, the investment will be transferred to loans to customers and presented at fair value, net of allowance for doubtful debt. The fair value is based on the outstanding balance of the receivable as at the transfer date or the date of restructuring. Allowance for doubtful debt is based on the same Bank of Thailand's guideline as allowance for loans to customers.

1.4.6 Receivable from Clearing House/Payable to Clearing House

Receivable from Clearing House comprises the net balance receivable from Thailand Securities Depository (TSD) in respect of securities trades settled through the Clearing House of TSD, and the net balance receivable from Thailand Clearing House (TCH), including amounts pledged with TCH as security for derivatives trading.

Payable to Clearing House comprises the net balance payable to Thailand Securities Depository in relation to securities trading settlements made through the Clearing House of TSD, and the net derivatives balance payable to Thailand Clearing House.

1.4.7 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables. Unrecognised deferred revenue/discounts on loans to customers are deducted from loans to customers.

Hire purchase and finance lease receivables are stated at outstanding balance, net of deferred revenue. Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of hire purchase contracts and advances received from finance lease receivables.

1.4.8 Securities and derivatives business receivables

Securities and derivatives business receivables comprise the net balance of securities business receivables and derivative business receivables, after deducting allowance for doubtful accounts. Securities business receivables comprise the net receivable balances of cash accounts, securities borrowing and lending receivables, and other receivables such as securities receivables that are subject to legal proceeding, undergoing restructuring or setting in installments.

1.4.9 Allowance for doubtful accounts and losses from troubled debt restructuring

- a) The subsidiary company operating banking business provides allowance for doubtful accounts and losses arising from troubled debt restructuring in accordance with the Notifications of the Bank of Thailand (“BOT”) and adjusts these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

For all loans to customers classified as pass and special mention, except for hire purchase receivables that are classified as pass and special mention, the subsidiary company records provision at a rate of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivables, respectively.

For non-performing loans to customers which are classified as sub-standard, doubtful and doubtful of loss, except for non-performing hire purchase receivables, the subsidiary company records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the year of collateral disposal being set with reference to BOT’s Notifications.

For hire purchase receivables that are classified as pass, special mention and non-performing hire purchase receivables, the subsidiary company uses a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.

The subsidiary company has already set provision for all loans to customers in accordance with the BOT's Notifications issued on 3 August 2008.

- b) For the securities business of a subsidiary, an allowance for doubtful accounts is based on a review of debtors' ability to make repayment, taking into consideration of recovery risk and the value of the collateral. An allowance is set aside for doubtful debts that their collaterals are not fully covered and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notification of the Office of the Securities and Exchange Commission and consideration of other relevant factors.
- c) For the subsidiary companies operating hire purchase business, allowance for doubtful accounts is made using a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.
- d) Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the end of reporting period.
- e) Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are credited to the allowance for doubtful accounts in the period of recovery.

1.4.10 Troubled debt restructuring

The subsidiary company operating banking business records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard regarding "Accounting for Troubled Debts Restructuring". The subsidiary records the assets or equities transferred to the subsidiary for debt settlement at the fair values of the assets less estimated selling expenses (if any), providing that this does not exceed the legally claimable amount of outstanding debt.

In case where the debt restructuring involves modifications of terms of receivables, the fair value of receivables after restructuring represents the net present value of the expected future cash inflows, discounted using the cost of fund rates prevailing at the restructuring date. In case where the cost of fund rates are lower than the interest rates specified in the term of modifications, the subsidiary will use the interest rates specified in the term of modifications as the discount rates. The subsidiary records differences between the fair value of receivables, and the balance of net book value of receivables as of restructuring date as expenses in profit or loss. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in profit or loss when incurred.

1.4.11 Recognition and derecognition of customer deposits

Cash which customers have placed with a subsidiary company in cash accounts for securities trading and derivative trading is recorded as an asset of the subsidiary company for the customers' position for internal control purposes. At the financial statement date, the subsidiary company writes the amounts which are unsecured off from both assets and liabilities and presents only those assets which belong to the subsidiary company.

1.4.12 Borrowing and lending of securities

A subsidiary company operating securities business is engaged in securities borrowing and lending transactions through agreements made with borrowers and lenders of securities, which are the subsidiary company's customers.

A subsidiary company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the statement of financial position. At the end of the year, the balances of securities borrowing payables and securities borrowing receivables are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the year. Gains or losses arising from such adjustments are included in part of profit or loss in the statement of comprehensive income. The subsidiary company records cash paid or received as collateral for securities borrowing and lending as "Guarantee deposit receivables" or "Guarantee deposit payables". Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

1.4.13 Property foreclosed

Property foreclosed represents assets transferred in respect of receivables on which the debtors have defaulted or restructured receivables. The values of the repossessed assets are stated at the lower of cost (fair value of assets at the transfer date, not exceeding the legally claimable amount of outstanding debt) or net realisable value. Net realisable value is determined at the market value or the appraisal value of repossessed assets less estimated selling expenses. The subsidiary company operating banking business is required to record the additional general reserve for declining in value of property foreclosed in accordance with the notifications of the Bank of Thailand and the management's estimates.

The subsidiary companies will recognise loss on impairment in profit or loss. Gains or losses from disposal of property foreclosed are recognised upon disposal.

1.4.14 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceed and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised (if any).

1.4.15 Premises and equipment/Depreciation

Land is stated at cost. Office condominiums and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Office condominiums are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Company and its subsidiaries' assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of the revaluation of the Company and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The surplus on revaluation of assets is amortised to retained earnings on a straight-line basis over the remaining life of the related assets. The revaluation surplus which is transferred to retained earnings is the difference between the depreciation calculated on book value of the revalued assets and the depreciation calculated on original cost of the assets. The revaluation surplus can neither be offset against deficit nor used for dividend payment.

Depreciation of office condominiums and equipment is calculated by reference to their costs or fair values on the straight-line basis (except for the depreciation of computer and communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

Buildings and office condominiums	-	20	years
Office improvements	-	5, 20	years
Furniture, fixtures and equipment	-	3, 5	years
Motor vehicles	-	5, 6	years

The depreciation is dealt with in the financial statements as follows:

- Depreciation attributed to the original cost portion is included in determining income.
- Depreciation attributed to the surplus portion is included in determining income.

No depreciation is provided on land and assets under installation.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

1.4.16 Intangible assets

The Company and its subsidiaries initially recognised intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The Company and its subsidiaries reviewed the amortisation year and the amortisation method of such intangible assets at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives are software license fees that the Company and its subsidiaries amortised over the following estimated useful lives:

The license agreements with specified number of years of usage	- according to the year of license agreement by the straight-line basis
The license agreements with no specified number of years of usage	- 5 years by the straight-line basis
No license agreements	- 3 years by the sum-of-the-year-digits method

1.4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax assets/liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts as at the end of reporting period. These will be realised in future periods when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

The Company and its subsidiaries recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that the Company and its subsidiaries will generate future taxable profits that will be available against which such deductible deferred tax assets can be utilised. The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences.

Deferred tax assets/liabilities are calculated based on the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax legislation that have been enacted at the end of each reporting period.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

At the end of each reporting period, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

1.4.18 Impairment of assets

The Company and its subsidiaries assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss. However in cases where assets was previously revalued and the revaluation was taken to owners' equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

1.4.19 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Company and its subsidiaries have transferred substantially all risks and rewards of ownership. If the Company and its subsidiaries neither transfer nor retain substantially all risks and rewards of ownership of such financial assets, and retain control of such financial assets, the Company and its subsidiaries continue to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expired.

1.4.20 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of each reporting period.

Gains and losses on exchange are included in determining income.

1.4.21 Employee benefits

Short-term employee benefits

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Part of bonus expense of the Company and its subsidiaries are annual bonus, which is remuneration for employees' annual performance that is paid in cash, and determined with reference to the parent company's share price. The Company and its subsidiaries record this expense and accrued bonus when employees receive the right as service is deemed to have already been rendered by the employees. It is recorded based on the average daily share price from the grant date to the end of each reporting period and any increase or decrease in the expense according to changes in the share price is recognised in order to reflect the fair value of accrued bonus liability at the end of each reporting period, until the bonuses are settled.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plan. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan is determined by the Company and its subsidiaries based on actuarial techniques.

Actuarial gains or losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains or losses arising from other long-term benefits are recognised immediately in profit or loss.

1.4.22 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.4.23 Derivatives and hedge accounting

The recording of derivatives and hedge accounting is based on the principles for recording derivatives and hedge accounting under IAS 39 “Financial Instruments: Recognition and Measurement”.

- a) A subsidiary operating banking business records derivatives held for trading under fair value method. The subsidiary records gains (losses) from changes in fair value of derivatives in profit or loss. The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.
- b) A subsidiary operating securities business recognises gains (losses) from changes in the fair value of the future contracts held for trading in profit or loss, with fair value determined based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.
- c) Subsidiary company operating banking business records derivatives for cash flow hedge by using hedge accounting, detailed as follows:

The subsidiary documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The subsidiary also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that is designated and qualified as cash flow hedges is recognised in owners' equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in owners' equity are recycled to profit or loss in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in owners' equity is recognised in profit or loss.

1.4.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement 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.

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

1.4.25 Financial instruments

a) Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), derivatives assets, investments, securities and derivatives business receivable, receivable from clearing house, loans to customers and accrued interest receivable, deposits, interbank and money market items (liabilities), liability payable on demand, derivatives liabilities, debts issued and borrowings, securities and derivative business payables and payable to clearing house. The financial risks associated with these financial instruments and how they are managed is described in Note 3.38 to the financial statements.

b) Fair value of financial instruments

In determining the fair value of financial instruments, the estimate fair value will be adjusted by reserve with respective risk. For financial instruments with duration of one year or less, the book value represents a reasonable estimate of fair value. For financial instruments with duration greater than one year, fair value was determined based on the quoted market prices, where available, or otherwise based on present values of contractual cash flows, discounted using the rate used for financial instruments with similar features.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), securities and derivatives business receivables, receivable from clearing house, deposits, interbank and money market items (liabilities), liabilities payable on demand, securities and derivative business payables and payable to clearing house, the carrying amounts in the statement of financial position approximate their fair value.
- For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.
- For equity securities, their fair value is generally derived from quoted market prices, or based on discounted future cash flows and/or comparing with similar companies when no market price is available.
- Loans to customers and accrued interest, except for hire purchase receivables and other retail loans, are presented at fair value which is the book value less allowance for doubtful accounts, since most loans to customers carry interest at floating rates. Hire purchase receivables and other retail loans are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.
- The fair value of debts issued and borrowings is estimated by discounting expected future cash flow by the current market interest rates of the borrowings with similar terms and conditions.
- For derivatives, their fair value 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, interest rate yield curves and commodity price yield curves. The subsidiary had considered to counterparty credit risk when determining the fair value of derivatives.

1.4.26 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.4.27 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Allowance for doubtful accounts for loans to customers

Allowances for loan losses are intended to adjust the value of loans to customers for probable credit losses. The management uses judgement to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, consideration of the probability of defaults, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions, in compliance with the principles stipulated by the Bank of Thailand. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosers of fair value hierarchy.

Impairment of investments

The Company and its subsidiaries treat available-for-sale securities and general investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognise changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 3.10.

Premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of premises and equipment and to review estimated useful lives and residual values when there are any changes.

The Company and its subsidiaries measure office condominiums at revalued amounts. Such amounts are determined by the independent appraiser using the income approach. The valuation involves certain assumptions and estimates as described in Note 3.11.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefits plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, staff turnover rate.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of each reporting period.

Consolidation and deconsolidation of subsidiaries

In preparation of the consolidated financial statements, the management is required to make judgement whether the Company has control over the subsidiaries that are included in the consolidated financial statements or not.

2. General information

2.1 The Company's information

TISCO Financial Group Public Company Limited (“the Company”) is a holding company and is the parent company of TISCO Group. Its registered address is 48/49 TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

2.2 Share capital

The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that entitle the holders of preference shares to receive preferential dividend of 1 Baht per share every year that the Company pays dividend to the holders of the ordinary shares. Additionally, the preference shares are entitled to share any leftover dividend with the holders of the ordinary shares. In years that the Company does not declare dividend payment to the ordinary shareholders, the Company may still choose to declare dividend payment at the above-mentioned rate to the preference shareholders. However, the preference shareholders are entitled to receive dividend only in those years in which the Company has declared dividend payment, and the shares are non-cumulative. From 30 June 2009 onwards, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

2.3 Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution.

2.4 Directors' remuneration

Directors' remuneration represents the benefits paid to the Company and its subsidiaries' directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries, and related benefits payable to directors who hold executive positions.

2.5 Related party transactions

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

The Company 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 Company and those related parties, which are reference to the terms and price as charged to other customers.

3. Supplemental information

3.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 31 December 2015 and 2014 is provided below.

(Unit: Percent)				
Company's name	Nature of Business	Country of incorporation	Percentage of shares held by the Company as at 31 December	
			2015	2014
<u>Subsidiaries directly held by the Company</u>				
TISCO Bank Public Company Limited	Banking	Thailand	99.99	99.99
TISCO Securities Co., Ltd.	Securities business	Thailand	99.99	99.99
TISCO Asset Management Co., Ltd.	Asset management	Thailand	99.99	99.99
Hi-Way Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
TISCO Information Technology Co., Ltd.	Services	Thailand	99.99	99.99
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	Thailand	99.99	99.99
TISCO Learning Center Co., Ltd.	Services	Thailand	99.99	99.99
All-Ways Co., Ltd.	Services	Thailand	99.97	99.97
<u>Subsidiaries indirectly held by the Company</u>				
Deutsche TISCO Investment Advisory Co., Ltd.	Securities business	Thailand	51.00	51.00

3.2 Interbank and money market items - net (assets)

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December						
	2015			2014		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	1,588,605	-	1,588,605	1,788,596	-	1,788,596
Commercial banks	311,976	19,005,148	19,317,124	417,037	31,946,178	32,363,215
Specialised financial institutions	112	10,245,723	10,245,835	92	3,875,557	3,875,649
Total	1,900,693	29,250,871	31,151,564	2,205,725	35,821,735	38,027,460
Add: Accrued interest	1,317	9,672	10,989	13,811	15,197	29,008
Less: Allowance for doubtful accounts	-	-	-	-	-	-
Total domestic	1,902,010	29,260,543	31,162,553	2,219,536	35,836,932	38,056,468
<u>Foreign</u>						
Hong Kong dollar	92	-	92	35	-	35
US dollar	-	-	-	1,490	-	1,490
Total foreign	92	-	92	1,525	-	1,525
Total domestic and foreign	1,902,102	29,260,543	31,162,645	2,221,061	35,836,932	38,057,993

(Unit: Thousand Baht)

Separate financial statements as at 31 December						
	2015			2014		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	416,681	-	416,681	529,065	-	529,065
Total	416,681	-	416,681	529,065	-	529,065
Add: Accrued interest	42	-	42	116	-	116
Total domestic	416,723	-	416,723	529,181	-	529,181

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at 31 December		Type of pledge
	2015	2014	
Cash at banks of local subsidiary	10	10	To secure facilities provided for bank overdraft

		(Unit: Million Baht)
	Securities purchase under resale agreements according to private repurchase transactions as at 31 December	
	2015	2014
Commercial banks	27,500	34,400

		(Unit: Million Baht)
	Fair value of securities received as collateral	
	as at 31 December	
	2015	2014
Commercial banks	27,789	34,218

The subsidiary company operating banking business entered into interest rate swap agreements and cross currency swap agreements to manage the risk associated with its loans to customers, as follows:

	(Unit: Thousand Baht)					
	Consolidated financial statements as at 31 December					
	2015			2014		
	Fair value		Notional	Fair value		Notional
Type of risk	Assets	Liabilities	amount	Assets	Liabilities	amount
Exchange rate	-	-	-	-	5,219	3,296,300
Interest rate	-	41,898	1,200,000	-	35,510	1,200,000
Total	-	41,898	1,200,000	-	40,729	4,496,300

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3.4 Investments

3.4.1 Classified by type of investment

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2015	2014
Available-for-sale investments - fair value		
Government and state enterprise securities	5,352,523	12,060,173
Private sector debt securities	1,398,187	811,472
Foreign sector debt securities	5	-
Domestic marketable equity securities	335,047	604,417
Other securities - domestic unit trusts	28,519	28,141
Other securities - foreign unit trusts	773,250	843,774
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	7,886,071	14,346,517
Held-to-maturity debt securities - cost/amortised cost		
Investment in receivables	14,402	17,816
Less: Allowance for impairment	(14,211)	(17,394)
Total held-to-maturity debt securities	191	422
General investments - cost		
Domestic non-marketable equity securities	493,479	493,479
Less: Allowance for impairment	(47,322)	(44,961)
Total general investments	446,157	448,518
Investments - net	8,332,419	14,795,457

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2015	2014
Available-for-sale investments - fair value		
Other securities - foreign unit trusts	773,250	843,774

In August 2014, TISCO Bank reclassified part of its investment portfolio, transferring certain long-term held-to-maturity debt securities to short-term available-for-sale securities at the fair value at the transfer date, to bring them in line with TISCO Bank's liquidity management strategy. The amortised cost of the transferred debt securities at the transfer date was approximately Baht 3,001 million. TISCO Bank recorded the difference between this amortised cost and the fair value, amounting to Baht 73 million, as unrealised gain on transfer of investment portfolio and presented it under equity in the statement of financial position. TISCO Bank disposed of Baht 2,960 million of these investments, with a realised gain for the year 2015 and 2014 by Baht 1 million and Baht 72 million, respectively.

3.4.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

Consolidated financial statements as at 31 December								
2015					2014			
Due within				Due within				
Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total	
Available-for-sale investments								
Government and state								
enterprise securities	4,605	747	-	5,352	11,087	973	-	12,060
Private sector debt securities	107	1,291	-	1,398	1	810	-	811
Total	4,712	2,038	-	6,750	11,088	1,783	-	12,871
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	4,711	2,038	-	6,749	11,087	1,783	-	12,870
Held-to-maturity debt securities								
Investment in receivables	14	-	-	14	13	5	-	18
Less: Allowance for impairment	(14)	-	-	(14)	(12)	(5)	-	(17)
Total	-	-	-	-	1	-	-	1
Total debt securities	4,711	2,038	-	6,749	11,088	1,783	-	12,871

3.4.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at 31 December		Type of restrictions
	2015	2014	
Government debt securities	2	2	Pledged for electricity usage

3.4.4 Investments in companies with weak financial positions and poor operating results of a subsidiary company operating banking business

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2015		
	Cost	Fair value	Allowance for changes in value
Companies having problems with debt repayment or in default	7,060	-	7,060

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2014		
	Cost	Fair value	Allowance for changes in value
Companies having problems with debt repayment or in default	7,060	-	7,060

3.4.5 Investments in which a subsidiary company operating banking business holds not less than 10 percent of the equity of the investees

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December						
Securities' name	2015			2014		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K. Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
Trading import and export:						
Shin Thai Enterprises Co., Ltd.	5,707	-	10	5,707	-	10
PDTL Trading Co., Ltd.	4,372	-	10	5,894	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	3,468	-	10	4,110	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	17,127	-	10	17,358	-	10

3.5 Investment in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	2015	2014	2015	2014
Investments in subsidiaries	-	-	19,296,832	19,296,784
Investment in joint venture	284,107	207,228	73,245	73,245
	<u>284,107</u>	<u>207,228</u>	<u>19,370,077</u>	<u>19,370,029</u>

3.5.1 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		Type of investments as at		Percentage of holding		Investment value - cost		Dividend received for the	
		31 December		as at 31 December		method as at 31 December		years ended 31 December	
		2015	2014	2015	2014	2015	2014	2015	2014
<u>Subsidiaries directly held by the Company</u>				(%)	(%)				
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.99	17,641	17,641	1,106	1,106
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	175	150
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	505	400
Hi-Way Co., Ltd.	Hire purchase and retail loan	Preference shares	Preference shares	99.99	99.99	3	3	-	-
		Ordinary shares	Ordinary shares	99.99	99.99	270	270	-	-
TISCO Information Technology Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	22	22	48	17
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Ordinary shares	Ordinary shares	99.99	99.99	137	137	-	-
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	Ordinary shares	Ordinary shares	99.99	99.99	142	142	-	-
TISCO Learning Center Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	5	5	8	20
All-Ways Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.97	99.97	1	1	-	-
						19,406	19,406	1,842	1,693
Less: Allowance for impairment						(109)	(109)		
Investment in subsidiaries - net						19,297	19,297		

3.5.2 Investment in joint venture

a) Details of investment in joint venture:

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment is as follows:

(Unit: Thousand Baht)

		Consolidated financial statements					
Jointly controlled entity	Nature of business	Shareholding percentage as at		Cost as at		Carrying amounts based on equity method as at	
		31 December		31 December		31 December	
		2015	2014	2015	2014	2015	2014
		(%)	(%)				
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	284,107	207,228

(Unit: Thousand Baht)

		Separate financial statements							
Jointly controlled entity	Nature of business	Shareholding percentage as at		Cost as at		Allowance for impairment of investment as at		Carrying amounts based on cost method as at	
		31 December		31 December		31 December		31 December	
		2015	2014	2015	2014	2015	2014	2015	2014
		(%)	(%)						
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	-	-	73,245	73,245

b) Share of profit/loss and dividend received

During the year, the Company recognised its share of profit/loss from investment in joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

		Consolidated financial statements				Separate financial statements	
Jointly controlled entity		Share of profit/loss from investment in joint venture for the years ended		Share of other comprehensive income from investments in joint venture for the years ended		Dividend received during the years	
		31 December		31 December		31 December	
		2015	2014	2015	2014	2015	2014
TISCO Tokyo Leasing Co., Ltd.		97,655	52,129	(20,776)	(2,048)	-	-

c) Summarised information about financial position about material joint venture

The Company holds a 49% interest in TISCO Tokyo Leasing Co., Ltd, which is a joint venture operating a leasing business, and accounts for this investment in the consolidated financial statements using the equity method. Summary of financial information of the jointly controlled entity is presented as follows:

Summary information about financial position

		(Unit: Million Baht)	
		As at 31 December	
		2015	2014
<u>Assets</u>			
Current assets:			
Cash and cash equivalents		68	20
Current portion of receivables		3,043	2,268
Other current assets		265	49
Total current assets		3,376	2,337
Non-current assets:			
Receivables - net of current portion		5,780	5,309
Other non-current assets		557	167
Total non-current assets		6,337	5,476
Total assets		9,713	7,813
<u>Liabilities</u>			
Current liabilities:			
Short-term loans from financial institutions		5,419	5,220
Current portion of long-term loans from financial institutions		121	426
Other current liabilities		628	307
Total current liabilities		6,168	5,953
Non-current liabilities:			
Long-term loans from financial institutions - net			
of current portion		2,491	1,291
Other non-current liabilities		169	146
Total non-current liabilities		2,660	1,437
Total liabilities		8,828	7,390
Non-controlling interests of the subsidiaries		306	-
Net assets		579	423
The Company's proportionate of shareholding		49%	49%
Carrying amounts of joint venture based on equity method		284	207

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 31 December	
	2015	2014
Finance lease and hire purchase income	483	353
Other income	237	43
Total revenues	720	396
Depreciation and amortisation	101	24
Interest expenses	211	168
Other expenses	141	71
Total expenses	453	263
Profit before income tax expenses	267	133
Income tax expenses	(52)	(27)
Non-controlling interest	(16)	-
Profit for the year	199	106
Other comprehensive income	(42)	(4)
Total comprehensive income	157	102

d) Commitments and contingent liabilities of joint venture

Avals, guarantees and commitments

	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
Cross currency interest rate swap agreements	962	692

3.6 Loans to customers and accrued interest receivables

3.6.1 Classified by loans to customers type

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2015	2014
Loans to customers		
Loans	67,597,088	76,978,228
Hire purchase receivables	191,591,969	208,226,729
Finance lease receivables	794,467	1,077,970
Less: Deferred revenue	(21,465,152)	(23,233,476)
Advances received from finance lease receivables	(258,535)	(265,622)
Total loans to customers	238,259,837	262,783,829
Add: Accrued interest receivables	542,488	572,383
Less: Allowance for doubtful accounts	(6,168,270)	(6,950,423)
Loans to customers and accrued interest receivables - net	232,634,055	256,405,789

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2015	2014
Loans to customers		
Loans	2,699,200	3,154,300
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	2,699,200	3,154,300

3.6.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December						
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	238,259,837	-	238,259,837	259,487,529	-	259,487,529
US Dollars	-	-	-	-	3,296,300	3,296,300
Total loans to customers						
net of deferred revenue	<u>238,259,837</u>	<u>-</u>	<u>238,259,837</u>	<u>259,487,529</u>	<u>3,296,300</u>	<u>262,783,829</u>

(Unit: Thousand Baht)

Separate financial statements as at 31 December						
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,699,200	-	2,699,200	3,154,300	-	3,154,300
Total loans to customers						
net of deferred revenue	<u>2,699,200</u>	<u>-</u>	<u>2,699,200</u>	<u>3,154,300</u>	<u>-</u>	<u>3,154,300</u>

3.6.3 Classified by type of business and loan classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2015

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	544,563	10,828	6,785	609	913	563,698	-	563,698
Manufacturing and commerce	21,029,756	303,367	136,641	66,178	898,003	22,433,945	-	22,433,945
Real estate and construction	13,399,556	104,495	32,558	28,912	41,779	13,607,300	-	13,607,300
Public utilities and services	25,477,605	323,628	190,640	85,785	80,828	26,158,486	-	26,158,486
Personal consumption								
Hire purchase	131,084,288	13,795,644	1,967,760	1,575,046	1,122,520	149,545,258	3,730,552	153,275,810
Auto cash loan	14,045,726	1,269,289	278,552	111,200	18,746	15,723,513	263,003	15,986,516
Housing loans	1,088,462	54,465	17,015	8,227	56,379	1,224,548	-	1,224,548
Others	4,435,633	393,145	83,375	62,019	35,362	5,009,534	-	5,009,534
Total loans to customers	211,105,589	16,254,861	2,713,326	1,937,976	2,254,530	234,266,282	3,993,555	238,259,837
Add: Accrued interest receivables	308,968	193,311	-	-	-	502,279	40,209	542,488
Total loans to customers and accrued interest receivables	211,414,557	16,448,172	2,713,326	1,937,976	2,254,530	234,768,561	4,033,764	238,802,325

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	678,918	4,782	1,925	-	-	685,625	-	685,625
Manufacturing and commerce	26,649,756	4,418,127	82,187	68,003	22,557	31,240,630	-	31,240,630
Real estate and construction	12,581,620	121,227	33,574	21,681	14,989	12,773,091	-	12,773,091
Public utilities and services	30,290,942	542,126	147,555	40,706	51,002	31,072,331	-	31,072,331
Personal consumption								
Hire purchase	141,491,289	15,130,448	2,595,705	1,737,303	388,553	161,343,298	4,362,953	165,706,251
Auto cash loan	13,237,195	1,121,072	253,833	84,965	12,087	14,709,152	379,192	15,088,344
Housing loans	1,163,235	51,545	22,652	22,019	51,366	1,310,817	-	1,310,817
Others	4,146,317	511,022	129,270	82,407	37,724	4,906,740	-	4,906,740
Total loans to customers	230,239,272	21,900,349	3,266,701	2,057,084	578,278	258,041,684	4,742,145	262,783,829
Add: Accrued interest receivables	315,385	212,121	-	-	-	527,506	44,877	572,383
Total loans to customers and accrued interest receivables	230,554,657	22,112,470	3,266,701	2,057,084	578,278	258,569,190	4,787,022	263,356,212

3.6.4 Classified by loan classification of a subsidiary company operating banking business

(Unit: Million Baht)

	As at 31 December					
	2015			2014		
	Net amount			Net amount		
	Loans to	used for setting		Loans to	used for setting	
	customers and	the allowance	Allowance	customers and	the allowance	Allowance
	accrued interest	for doubtful	for doubtful	accrued interest	for doubtful	for doubtful
	receivables	accounts	accounts ^{(1) (2)}	receivables	accounts	accounts ^{(1) (2)}
Provision under BOT's guideline						
- Pass	211,415	189,112	1,871	230,555	207,633	1,822
- Special mention	16,448	16,195	1,163	22,112	17,843	2,494
- Sub-standard	2,713	2,690	931	3,267	3,242	1,073
- Doubtful	1,938	1,931	599	2,057	2,033	623
- Doubtful of loss	2,255	1,695	694	578	524	177
Allowance established in excess	-	-	312	-	-	191
Total	234,769	211,623	5,570	258,569	231,275	6,380

⁽¹⁾ Allowance for doubtful accounts for loans to customers is determined based on debt balance less collateral value in accordance with the BOT's guidelines (except for hire purchase and finance lease receivables, for which TISCO Bank does not deduct the collateral value from the outstanding loan balance).

⁽²⁾ As at 31 December 2015, the provisions set aside by TISCO Bank exceeded the BOT's notification No. Sor Nor Sor 31/2551 minimum requirement by a total of Baht 1,131 million (As at 31 December 2014: total of Baht 2,826 million). TISCO Bank allocated Baht 819 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2014: total of Baht 2,635 million) and so combined with the minimum provision requirement of Baht 4,439 million (As at 31 December 2014: total of Baht 3,554 million), the total provision set aside in accordance with BOT requirements is Baht 5,258 million (As at 31 December 2014: total of Baht 6,189 million).

	Percentage of allowance for doubtful accounts set up			
	Hire purchase receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at 31 December		As at 31 December	
	2015	2014	2015	2014
Pass	0.68	0.58	1	1
Special mention	5.34	3.84	2	2
Sub-standard	23.38	23.24	100	100
Doubtful	22.91	23.39	100	100
Doubtful of loss	22.57	23.33	100	100

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

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

3.6.5 Hire purchase and finance lease receivables

As at 31 December 2015, net receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 170,900 million (31 December 2014: 186,036 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)

Consolidated financial statements as at 31 December 2015					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	63,210	115,256	5,267	8,653	192,386
Less: Deferred revenue ⁽¹⁾	(8,390)	(10,115)	(163)	(2,559)	(21,227)
Advances received from finance lease receivables	(37)	(222)	-	-	(259)
Present value of minimum lease pay from agreements	54,783	104,919	5,104	6,094	170,900
Allowance for doubtful accounts ⁽²⁾					(3,571)
Net hire purchase and finance lease receivables					167,329

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

⁽²⁾ These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning provisions in excess of BOT's minimum requirement to specific provisions for an individual debtor.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	66,902	129,550	4,746	8,107	209,305
Less: Deferred revenue ⁽¹⁾	(9,289)	(11,508)	(38)	(2,168)	(23,003)
Advances received from finance lease receivables	(119)	(146)	-	(1)	(266)
Present value of minimum lease pay from agreements	57,494	117,896	4,708	5,938	186,036
Allowance for doubtful accounts ⁽²⁾					(3,285)
Net hire purchase and finance lease receivables					182,751

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

⁽²⁾ These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning provisions in excess of BOT's minimum requirement to specific provisions for an individual debtor.

3.6.6 Loans to customers of subsidiary companies for which the recognition of interest income has ceased

TISCO Bank	(Unit: Million Baht)			
	Amounts calculated under BOT's guidelines ⁽²⁾ as at 31 December		Amounts calculated under TISCO Bank's policy as at 31 December	
	2015	2014	2015	2014
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	7,315	7,308	8,184	11,494

⁽¹⁾ These amounts are calculated on an account by account basis.

⁽²⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

Other subsidiaries	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
Hire purchase receivables, financial lease receivables and other loans receivables for which the recognition of interest income has been ceased	878	793

3.6.7 Deferred revenue which is presented as a deduction against loans to customers of subsidiary companies

	(Unit: Million Baht)	
	Consolidated financial statements as at 31 December	
	2015	2014
Deferred revenue ⁽¹⁾	21,465	23,233

⁽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.

3.6.8 Troubled debt restructuring of a subsidiary company operating banking business

	For the years ended 31 December	
	2015	2014
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	9,589	2,657
Loan balances before restructuring (Million Baht)	3,252	966
Loan balances after restructuring (Million Baht)	3,273	973
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	5	5
Mortgage loan receivables	3	3
Auto cash loan receivables	4	4
Commercial lending receivables	2	-

Supplemental information for the years ended 31 December 2015 and 2014 relating to the restructured debts is as follows:

	(Unit: Million Baht)	
	For the years ended 31 December	
	2015	2014
Interest income on restructured receivables	185	60
Receipt of principal and interest	463	308

As at 31 December 2015 and 2014, a subsidiary company operating banking business has the outstanding balance with troubled debt restructuring debtors as follows:

	(Unit: Million Baht)			
	As at 31 December			
	2015		2014	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	11,757	3,754	2,767	1,152

3.7 Allowance for doubtful accounts

3.7.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2015							
	Pass	Special mention	Sub- Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	1,953,919	2,599,444	1,208,484	734,070	263,755	190,751	6,950,423
Increase in allowance for doubtful accounts during the year	34,373	2,327,517	543,692	2,743,797	1,317,153	121,184	7,087,716
Bad debt written-off	(2,197)	(3,657,883)	(678,369)	(2,765,734)	(765,686)	-	(7,869,869)
Balance - end of year	<u>1,986,095</u>	<u>1,269,078</u>	<u>1,073,807</u>	<u>712,133</u>	<u>815,222</u>	<u>311,935</u>	<u>6,168,270</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014							
	Pass	Special mention	Sub- Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	3,411,073	1,250,788	1,086,758	377,493	96,161	108,951	6,331,224
Increase (decrease) in allowance for doubtful accounts during the year	(1,453,621)	1,375,573	1,337,125	3,864,061	443,052	81,800	5,647,990
Bad debt written-off	(3,533)	(26,917)	(1,215,399)	(3,507,484)	(275,458)	-	(5,028,791)
Balance - end of year	<u>1,953,919</u>	<u>2,599,444</u>	<u>1,208,484</u>	<u>734,070</u>	<u>263,755</u>	<u>190,751</u>	<u>6,950,423</u>

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

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2015				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	3,492,971	3,266,701	190,751	6,950,423
Increase in allowance for doubtful accounts during the year	3,060,470	3,906,062	121,184	7,087,716
Bad debt written-off	(4,252,975)	(3,616,894)	-	(7,869,869)
Balance - end of year	<u>2,300,466</u>	<u>3,555,869</u>	<u>311,935</u>	<u>6,168,270</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	3,058,468	3,163,805	108,951	6,331,224
Increase in allowance for doubtful accounts during the year	968,218	4,597,972	81,800	5,647,990
Bad debt written-off	(533,715)	(4,495,076)	-	(5,028,791)
Balance - end of year	<u>3,492,971</u>	<u>3,266,701</u>	<u>190,751</u>	<u>6,950,423</u>

3.7.3 Non-performing loans to customers of a subsidiary company operating banking business

(Unit: Million Baht)

	As at 31 December	
	2015	2014
Non-performing loans to customers	6,906	5,902
Allowance for doubtful accounts ⁽¹⁾	2,224	1,873

⁽¹⁾ These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

3.8 Classification of assets

3.8.1 Investments in companies with weak financial position and poor operating results of a subsidiary company operating banking business

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts	
	as at 31 December		as at 31 December		as at 31 December	
	2015	2014	2015	2014	2015	2014
Debt instruments - debentures ⁽¹⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽²⁾	6	6	-	-	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.

3.8.2 Classification of assets under the Bank of Thailand's guidelines of a subsidiary company operating banking business.

As at 31 December 2015 and 2014, the quality of assets of a subsidiary company operating banking business classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to customer ⁽¹⁾		Investments in securities		Investments in receivables		Property foreclosed		Total	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Pass	238,906	264,939	-	-	-	-	-	-	238,906	264,939
Special mention	16,254	21,900	-	-	-	-	-	-	16,254	21,900
Sub-standard	2,713	3,267	-	-	-	-	-	-	2,713	3,267
Doubtful	1,938	2,057	-	-	-	-	-	-	1,938	2,057
Doubtful of loss	2,255	578	49	46	14	17	1	18	2,319	659
Total	262,066	292,741	49	46	14	17	1	18	262,130	292,822

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

3.8.3 Classification of assets under the Bank of Thailand's guidelines for hire purchase receivables on which a subsidiary company operating banking business sets aside provision using a collective approach

(Unit: Million Baht)

	Debt balance as at 31 December		Net amount used for setting the allowance for doubtful accounts ⁽¹⁾ as at 31 December		Percentage of allowance for doubtful account set up ⁽²⁾ as at 31 December		Allowance for doubtful accounts ⁽³⁾ as at 31 December	
	2015	2014	2015	2014	2015	2014	2015	2014
					(%)	(%)		
Pass	146,900	159,758	146,900	159,758	0.68	0.58	1,000	933
Special mention	14,458	16,071	14,458	16,071	5.34	3.84	772	616
Sub-standard	2,296	2,826	2,296	2,826	23.38	23.24	537	657
Doubtful	1,728	1,840	1,728	1,840	22.91	23.39	396	430
Doubtful of loss	1,306	459	1,306	459	22.57	23.33	295	107
Total	166,688	180,954	166,688	180,954			3,000	2,743

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

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

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

3.8.4 Hire purchase receivables/financial lease receivables and other loan receivables of the other subsidiaries classified in accordance with the Bank of Thailand's guidelines are as follows:

(Unit: Million Baht)

	Debt balance as at 31 December		Allowance for doubtful account as at 31 December		Debt balance - net as at 31 December	
	2015	2014	2015	2014	2015	2014
Pass	2,576	3,118	114	132	2,462	2,986
Special mention	623	776	105	105	518	671
Sub-standard	276	318	143	136	133	182
Doubtful	220	276	113	110	107	166
Doubtful of loss	299	254	122	87	177	167
Total	3,994	4,742	597	570	3,397	4,172

3.8.5 Loans to customers includes debts due from companies with weak financial position and operating results of a subsidiary company operating banking business

	Number of debtors as at 31 December		Debt balance as at 31 December		Collateral value as at 31 December		Allowance for doubtful accounts provided in the accounts as at 31 December	
	2015	2014	2015	2014	2015	2014	2015	2014
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
3. Listed companies under rehabilitation	1	-	821	-	497	-	324	-
4. Companies which have loan settlement problems or have defaulted on payment of debts	-	-	-	-	-	-	-	-
5. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	1	-	821	-	497	-	324	-

3.9 Properties foreclosed

(Unit: Thousand Baht)

Consolidated financial statements

as at 31 December

	2015	2014
Acquisition of assets for debt repayment		
Immovable assets		
<u>Appraisal by an internal appraiser</u>		
Balance - beginning of year	70,484	77,129
Additions	-	83
Disposals	(54,087)	(6,728)
Balance - end of year	16,397	70,484
Total properties foreclosed - Immovable assets	16,397	70,484
Movable assets		
Balance - beginning of year	68,522	65,808
Additions	5,005,344	6,445,795
Disposals	(5,042,256)	(6,443,081)
Balance - end of year	31,610	68,522
Total properties foreclosed	48,007	139,006
Less: Allowance for impairment		
Balance - beginning of year	18,101	18,180
Increase	303	369
Decrease	(17,787)	(448)
Balance - end of year	617	18,101
Total properties foreclosed - net	47,390	120,905

3.10 Investment properties

The book value of investment properties as at 31 December 2015 and 2014 is as follows.

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2015	2014	2015	2014
Book value - beginning of year	17,267	16,856	778,245	783,170
Transfer type of asset	15,296	-	-	(4,925)
Gain (loss) from fair value adjustment	(406)	411	-	-
Book value - end of year	32,157	17,267	778,245	778,245

The investment property is an office condominium for rent and stated at fair value at the end of 2015. The fair value of investment properties was calculated by the asset appraisal method based on the income approach. The income approach was made by the present value calculation of discounted cash flows on expected cash inflows, expected cash outflows, occupancy rate, capitalisation rate, discount rate and other relevant factors. These asset appraisal approach also made reference to data of assets in the market that are similar and comparable to the appraisal assets, taking into account past operation results and forecast returns of the appraisal assets, market demand and supply and other factors that would affect to the asset value. These valuations were made by in-house appraisers of TISCO Bank who have professional experiences and are capable of the asset appraisal, and were based on the assets appraisal standard and professional ethics in Thailand.

Key assumptions that are unobservable inputs used in the valuation are summarised below.

	As at	Result to fair value
	31 December 2015	where as an increase in assumption value
Estimated rental rate (Baht/Sq.m./Month)	565 - 1,250	Increase in fair value
Estimated occupancy rate (%)	100	Increase in fair value
Estimated discount rate (%)	9.50	Decrease in fair value

3.11 Premises and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis				
	Building, office condominium and building improvements	Land	Building and improvements	Furniture fixtures computer and equipment	Motor vehicles	Total
Cost:						
As at 1 January 2014	2,152,000	17,509	782,820	980,322	143,919	4,076,570
Additions/transfers in	-	-	77,136	128,557	24,543	230,236
Surplus on revaluation	(27,000)	-	-	-	-	(27,000)
Disposals/written-off/transfers out	-	-	(21,852)	(89,408)	(17,825)	(129,085)
As at 31 December 2014	2,125,000	17,509	838,104	1,019,471	150,637	4,150,721
Additions/transfers in	-	-	205,993	112,075	23,073	341,141
Disposals/written-off/transfers out	(21,103)	-	(13,922)	(56,441)	(4,203)	(95,669)
As at 31 December 2015	2,103,897	17,509	1,030,175	1,075,105	169,507	4,396,193
Accumulated depreciation:						
As at 1 January 2014	-	-	660,119	871,154	88,442	1,619,715
Depreciation for the year	38,704	-	47,108	64,112	24,607	174,531
Depreciation on disposals/written-off/transfers out	-	-	(20,567)	(88,934)	(17,783)	(127,284)
As at 31 December 2014	38,704	-	686,660	846,332	95,266	1,666,962
Depreciation for the year	39,450	-	49,103	54,845	21,457	164,855
Depreciation on disposals/written-off/transfers out	(5,808)	-	(11,033)	(47,919)	(4,203)	(68,963)
As at 31 December 2015	72,346	-	724,730	853,258	112,520	1,762,854
Net book value:						
As at 31 December 2014	2,086,296	17,509	151,444	173,139	55,371	2,483,759
As at 31 December 2015	2,031,551	17,509	305,445	221,847	56,987	2,633,339
Depreciation for the years ended 31 December:						
2014						174,531
2015						164,855

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis			
	Office condominium and building improvements	Office condominium improvements	Furniture, fixtures and equipment	Motor vehicles	Total
<u>Cost:</u>					
As at 1 January 2014	571,697	9,496	164,161	58,876	804,230
Additions/transfers in	4,924	184	71,857	2,907	79,872
Disposals/written-off/transfers out	-	-	(593)	(620)	(1,213)
As at 31 December 2014	576,621	9,680	235,425	61,163	882,889
Additions/transfers in	-	179,385	88,280	2,409	270,074
Disposals/written-off/transfers out	-	-	(9,025)	-	(9,025)
As at 31 December 2015	576,621	189,065	314,680	63,572	1,143,938
<u>Accumulated depreciation:</u>					
As at 1 January 2014	-	9,496	130,902	34,793	175,191
Depreciation for the year	10,714	59	22,598	11,749	45,120
Depreciation on disposals/transfer out	-	-	(593)	(580)	(1,173)
As at 31 December 2014	10,714	9,555	152,907	45,962	219,138
Depreciation for the year	10,714	3,358	24,312	9,571	47,955
Depreciation on disposals/transfer out	-	-	(408)	-	(408)
As at 31 December 2015	21,428	12,913	176,811	55,533	266,685
<u>Net book value:</u>					
As at 31 December 2014	565,907	125	82,518	15,201	663,751
As at 31 December 2015	555,193	176,152	137,869	8,039	877,253
<u>Depreciation for the years ended 31 December:</u>					
2014					45,120
2015					47,955

The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of the office condominium in 2013, using the Income Approach.

Had the office condominiums been carried in the financial statements based on the cost model, their net book value as at 31 December 2015 and 2014 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
Office condominiums - net of accumulated depreciation	904,162	943,852	265,278	274,115

Key assumptions that are unobservable inputs used in the valuation are summarised below.

	As at	Result to fair value
	31 December 2015	where as an increase in assumption value
Estimated rental rate (Baht/Sq.m./Month)	565 - 1,250	Increase in fair value
Estimated occupancy rate (%)	100	Increase in fair value
Estimated discount rate (%)	9.00	Decrease in fair value

3.12 Intangible assets

The book value of intangible assets as at 31 December 2015 and 2014 is presented as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Computer software	Computer software
As at 31 December 2015:		
Cost	1,097,030	309,914
Less: Accumulated amortisation	(717,371)	(219,352)
Net book value	379,659	90,562
As at 31 December 2014:		
Cost	992,444	276,498
Less: Accumulated amortisation	(667,517)	(186,501)
Net book value	324,927	89,997

A reconciliation of the net book value of intangible assets for the years ended 31 December 2015 and 2014 is presented as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Net book value at beginning of year	324,927	111,964	89,997	56,952
Acquisitions of/transfers in computer software	104,586	274,208	33,416	62,912
Disposals of computer software	-	(5,282)	-	-
Amortisation	(49,854)	(55,963)	(32,851)	(29,867)
Net book value at end of year	379,659	324,927	90,562	89,997

3.13 Other assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
Receivables from clearing house	248,136	292,043	-	-
Value added tax - net	675,142	366,442	1,089	1,043
Accrued interest receivables	19,911	61,426	-	-
Fee and service receivables	248,227	233,573	111,903	97,688
Refundable income tax and prepaid income tax	29,362	24,368	-	-
Deposits	55,982	82,097	2,106	34,080
Other receivables	558,646	496,197	54	-
Other assets	403,335	408,220	36,896	57,966
Total other assets	2,238,741	1,964,366	152,048	190,777

3.14 Deposits

3.14.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2015	2014
Deposits		
Current accounts	3,122,043	3,122,493
Savings accounts	48,272,465	49,606,051
Fixed accounts		
- not over 6 months	15,505,231	22,613,265
- over 6 months but not over 1 year	1,859,691	1,034,917
- over 1 year	369,246	313,129
Certificates of deposit/negotiable certificates of deposit	89,215,514	128,898,991
Total	158,344,190	205,588,846

3.14.2 Classified by the remaining period of contract

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2015	2014
Not over 1 year ⁽¹⁾	157,844,248	205,083,298
Over 1 year	499,942	505,548
Total deposits	158,344,190	205,588,846

⁽¹⁾ Including fully-mature deposit contracts

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

3.15 Interbank and money market items - net (liabilities)

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2015			2014		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and						
Financial Institutions						
Development Fund	-	20,711	20,711	-	23,645	23,645
Commercial banks	521,489	50,000	571,489	46,458	1,300,000	1,346,458
Specialised financial						
institutions	-	2,671,000	2,671,000	-	500,000	500,000
Other financial institutions	1,015,112	5,751,748	6,766,860	1,039,091	7,783,241	8,822,332
Total	1,536,601	8,493,459	10,030,060	1,085,549	9,606,886	10,692,435

3.16 Debt issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,643,000	6,643,000	-	-
Unsubordinated unsecured debentures	60,939,000	51,056,900	-	-
Bills of exchange	6,936,122	7,705,522	6,900,000	7,669,400
Promissory notes	797	797	-	-
Total	74,518,919	65,406,219	6,900,000	7,669,400

3.16.1 Subordinated unsecured debentures

As at 31 December 2015 and 2014, a subsidiary company operating banking business has long-term subordinated unsecured debentures as follows:

Year	Units as at 31 December		Face value per unit	Balance as at 31 December		Maturity in the year	Interest rate
	2015	2014	(Baht)	2015	2014		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2010	-	1.00	1,000	-	1,000	2020	5.00 percent per annum
2010	-	1.00	1,000	-	1,000	2020	4.80 percent per annum
2012	1.00	1.00	1,000	1,000	1,000	2022	4.85 percent per annum
2012	1.24	1.24	1,000	1,243	1,243	2022	4.60 percent per annum
2014	1.60	1.60	1,000	1,600	1,600	2024	6.00 percent per annum
2014	0.80	0.80	1,000	800	800	2024	6.00 percent per annum
2015	1.00	-	1,000	1,000	-	2025	4.50 percent per annum
2015	1.00	-	1,000	1,000	-	2025	4.25 percent per annum
Total				<u>6,643</u>	<u>6,643</u>		

3.16.2 Unsubordinated unsecured debentures

As at 31 December 2015 and 2014, a subsidiary company operating banking business has short-term and long-term unsubordinated unsecured debentures as follows:

Year	Type of debentures	Units as at 31 December		Face value per unit	Balance as at 31 December		Maturity in the year	Interest rate
		2015	2014	(Baht)	2015	2014		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2014	Short-term debenture	-	51.057	1,000	-	51,057	2015	2.33 - 2.85 percent per annum
2015	Short-term debenture	5.60	-	1,000	5,600	-	2016	1.75 percent per annum
2015	Short-term debenture	39.659	-	1,000	39,659	-	2016	1.55 - 1.76 percent per annum
2015	Long-term debenture	15.68	-	1,000	15,680	-	2017	1.875 - 2.00 percent per annum
Total					<u>60,939</u>	<u>51,057</u>		

3.16.3 Bills of exchange

Bills of exchange comprise the fixed interest rates bearing are between 1.70 and 2.50 percent per annum which will gradually mature in 2016.

3.17 Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other long-term benefits, as at 31 December 2015 and 2014 were as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2015	2014
Defined post-employment benefit obligation at beginning of year	309,713	249,619
Current service cost	23,301	23,783
Interest cost	9,879	11,637
Benefits paid during the year	(8,267)	(4,042)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(11,467)	2,566
Financial assumptions changes	(10,291)	2,877
Other assumptions changes	15,809	23,273
Defined post employment benefit obligation at end of year	328,677	309,713
Other long-term benefits	138,256	93,859
Total provision for long-term employee benefits at end of year	466,933	403,572

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2015	2014
Defined post employment benefit obligation at beginning of year	72,443	60,289
Current service cost	4,949	4,242
Interest cost	2,360	2,707
Benefits paid during the year	(1,183)	(508)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(28,244)	(267)
Financial assumptions changes	(526)	(525)
Other assumptions changes	39,098	6,505
Defined post employment benefit obligation at end of year	88,897	72,443
Other long-term benefits	17,894	13,380
Total provision for long-term employee benefits at end of year	106,791	85,823

Long-term employee benefits expenses included in the profit or loss for the years ended 31 December 2015 and 2014 were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Current service cost	37,970	36,770	6,674	5,796
Interest cost	12,743	14,409	2,752	3,105
Actuarial losses	44,556	13,823	5,277	3,068
Total employee benefits expenses	95,269	65,002	14,703	11,969

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2015 and 2014 amounted to Baht 77 million and Baht 82 million, respectively (The Company only: Baht 24 million and Baht 16 million, respectively).

As at 31 December 2015 and 2014, the Company and its subsidiaries expect to pay long-term employee benefits during the next year of Baht 11 million and Baht 8 million, respectively. (The Company only: Baht 5 million and Baht 1 million, respectively)

As at 31 December 2015 and 2014, the weighted average duration of the liabilities for long-term employee benefit is 21 years and 22 years, respectively. (the Company only 17 years)

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Discount rate	1.49 - 4.00	2.13 - 4.27	1.49 - 4.00	2.13 - 4.27
Average salary increase rate	2.99	4.21	2.99	4.21
Average inflation rate	0.99	2.21	0.99	2.21

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December 2015		as at 31 December 2015	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(9,715)	10,337	(1,973)	2,036
Salary increase rate	10,795	(10,192)	2,152	(2,093)

3.18 Other liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
Payable to clearing housing	96,576	853,257	-	-
Withholding income tax and other				
tax payables	449,453	469,830	54,246	57,189
Accrued insurance premium	769,773	668,113	-	-
Deferred income	1,148,667	1,176,646	-	-
Accrued expenses	2,324,103	2,603,923	979,477	1,041,433
Suspense creditors	620,419	345,707	-	-
Other liabilities	445,383	224,570	70	68
Total other liabilities	5,854,374	6,342,046	1,033,793	1,098,690

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 Company's share price, paid to employees whose performance impacts the Company's operation results, as an incentive to work effectively and to build loyalty to the Company. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily share price of the Company's shares over the period of five years from grant date to settlement date. As of 31 December 2015 and 2014, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 584 million and Baht 561 million, respectively (The Company only: Baht 307 million and Baht 306 million, respectively)

3.19 Capital funds

3.19.1 The primary objectives of the TISCO Group's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio, cash liquidity and others in accordance with the regulations of Bank of Thailand or relevant regulatory agencies.

3.19.2 TISCO Bank maintains capital adequacy ratio in compliance with Basel III principles which is implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, corporate lending, equity exposure and other assets.

Regarding to Capital fund as at 31 December 2015 and 2014, TISCO 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 BOT's regulation.

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

(Unit: Thousand Baht)		
As at 31 December		
	2015	2014
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	11,761,069	9,764,407
Other components of equity	223,944	220,913
Less: Deductions from Common Equity Tier I items	(738,189)	(125,120)
Total Common Equity Tier I capital	23,989,524	22,602,900
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	23,989,525	22,602,901
<u>Tier II capital</u>		
Long-term subordinated debentures	6,643,000	6,643,000
Surplus of provision	-	340,412
Reserve for loans classified as pass	268,512	653,521
Total Tier II capital	6,911,512	7,636,933
Total capital funds	30,901,037	30,239,834

(Unit: Percent)				
As at 31 December				
	2015		2014	
Capital fund ratios	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	13.98	4.50	12.55	4.50
Tier I capital to risk assets	13.98	6.00	12.55	6.00
Total capital to risk assets	18.01	8.50	16.79	8.50

3.19.3 To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 5/2556 regarding “Public Disclosure of Capital Maintenance for Financial Business Group”, the Company has disclosed capital maintenance information of financial business group as at 30 June 2015 on its website on 30 October 2015.

Capital funds of the Financial Business Group (under Basel III principles) are as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2015	2014
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	8,006,369	8,006,219
Premium on share capital	1,018,408	1,018,408
Statutory reserve	596,300	496,200
Net profits after appropriation	13,574,757	11,064,256
Other components of equity	1,363,340	1,654,273
Less : Deductions from Common Equity Tier I items	(1,176,479)	(457,330)
Total Common Equity Tier I capital	23,382,695	21,782,026
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	185	335
Total Tier I capital	23,382,880	21,782,361
<u>Tier II Capital</u>		
Long-term subordinated debentures	6,643,000	6,643,000
Surplus of provision	-	280,142
Reserve for loans classified as pass	289,818	713,791
Total Tier II capital	6,932,818	7,636,933
Total capital funds	30,315,698	29,419,294

(Unit: Percent)

	As at 31 December			
	2015		2014	
	Financial		Financial	
	Business		Business	
Capital fund ratios	Group	Requirement	Group	Requirement
Common Equity Tier I capital to risk assets	12.71	4.50	11.31	4.50
Tier I capital to risk assets	12.71	6.00	11.31	6.00
Total capital to risk assets	16.48	8.50	15.27	8.50

3.20 Surplus (deficit) on changes in value of investments

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2015	2014
Balance - beginning of year	148,928	(35,605)
Increase (decrease) from changes in value of investments during the year	(334,715)	184,533
	(185,787)	148,928
Less: The effect of deferred tax assets / liabilities	19,495	(47,448)
Balance - end of year	(166,292)	101,480

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2015	2014
Balance - beginning of year	(15,247)	(91,115)
Increase (decrease) from changes in value of investments during the year	(152,219)	75,868
	(167,466)	(15,247)
Less: The effect of deferred tax assets	33,493	3,049
Balance - end of year	(133,973)	(12,198)

3.21 Surplus on revaluation of assets

This represents surplus arising from revaluation of office condominiums. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2015	2014
Balance - beginning of year	1,139,073	1,176,123
Adjustments	-	(27,000)
Transfer to retained earnings	(10,005)	(10,050)
	1,129,068	1,139,073
Less: The effect of deferred tax liabilities	(229,824)	(229,824)
Balance - end of year	899,244	909,249

(Unit: Thousand Baht)

Separate financial statements

as at 31 December

	2015	2014
Balance - beginning of year	287,239	288,745
Transfer to retained earnings	(1,502)	(1,506)
	285,737	287,239
Less: The effect of deferred tax liabilities	(57,749)	(57,749)
Balance - end of year	227,988	229,490

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

3.22 Interest income

Interest income in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)

Consolidated financial statements

For the years ended 31 December

	2015	2014
Interbank and money market items	540,420	674,759
Investments in debt securities	255,816	404,751
Loans to customers	5,681,848	6,157,309
Hire purchase and finance lease	10,409,469	11,654,048
Total interest income	16,887,553	18,890,867

(Unit: Thousand Baht)

Separate financial statements

For the years ended 31 December

	2015	2014
Interbank and money market items	7,635	21,720
Loans to customers	72,038	115,659
Total interest income	79,673	137,379

3.23 Interest expenses

Interest expenses in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Deposits	3,901,333	6,136,356
Interbank and money market items	225,271	270,456
Contribution fee to the Deposit Protection Agency and Bank of Thailand	1,138,798	1,284,148
Issued debt instruments		
- Subordinated debentures	341,715	422,938
- Unsubordinated debentures	999,206	1,007,531
Borrowings	151,373	229,648
Total interest expenses	6,757,696	9,351,077

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Borrowings	150,688	226,747
Total interest expenses	150,688	226,747

3.24 Net fee and service income

Net fee and service income in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Fee and service income		
- Acceptance, aval and guarantees	15,208	10,822
- Insurance service	2,355,622	2,363,830
- Brokerage fees	802,684	911,750
- Fund management	859,845	896,172
- Financial advisory	15,225	14,601
- Others	1,207,381	990,075
Total fee and service income	5,255,965	5,187,250
Fee and service expenses		
- Information service expenses	(25,713)	(24,760)
- Others	(173,219)	(186,879)
Total fee and service expenses	(198,932)	(211,639)
Net fee and service income	5,057,033	4,975,611

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Fee and service income	-	-
Fee and service expenses	(11,821)	(18,244)
Net fee and service income	(11,821)	(18,244)

3.25 Net gains on trading and foreign exchange transactions

Net gains on trading and foreign exchange transactions in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	114,529	54,147
- Derivatives on interest rates	(19,108)	(38,386)
- Debt securities	770	11,862
- Others	(2)	(11)
Net gains on trading and foreign exchange transactions	96,189	27,612

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Gain on trading and foreign exchange transactions		
- Foreign currencies	81,694	3,949
Net gains on trading and foreign exchange transactions	81,694	3,949

3.26 Net gains on investments

Net gains on investments in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)		
Consolidated financial statements		
For the years ended 31 December		
	2015	2014
Gains on disposal		
- Available-for-sale investments	116,221	239,603
- Held-to-maturity securities	65	29
- General investments	14,983	22,387
Total	131,269	262,019
Reversal of losses (losses) on impairment		
- General investments	(2,362)	868
Total	(2,362)	868
Gain on return of capital from a subsidiary company	-	829
Net gains on investments	128,907	263,716

(Unit: Thousand Baht)		
Separate financial statements		
For the years ended 31 December		
	2015	2014
Reversal of losses on impairment		
- Investment in subsidiaries	47	-
Net gains on investments	47	-

3.27 Bad debt, doubtful accounts and impairment losses

Bad debt, doubtful accounts and impairment losses in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)		
Consolidated financial statements		
For the years ended 31 December		
	2015	2014
Reversal of interbank and money market items	-	(5,000)
Reversal of held-to-maturity debt securities	(3,183)	(328)
Loans to customers	5,280,598	4,431,788
Total	5,277,415	4,426,460

3.28 Other operating income

Other operating income in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Gains on disposal of property foreclosed	49,810	22,841
Gain on change in value of investment properties	-	412
Others	36,448	32,385
Total	86,258	55,638

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Rental income	64,318	64,432
Others	1,584	1,895
Total	65,902	66,327

3.29 Other operating expenses

Other operating expenses in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Mailing expenses	62,500	58,900
Software amortisation expenses	49,854	55,963
Legal expenses	325,619	271,688
Transportation expenses	92,827	104,777
Advertising and business promotion expenses	119,232	126,070
Others	342,762	281,034
Total	992,794	898,432

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Mailing expenses	301	628
Software amortisation expenses	32,850	29,867
Transportation expenses	9,448	8,289
Others	45,305	80,271
Total	87,904	119,055

3.30 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Current income tax:				
Income tax expenses for the year	1,016,699	1,238,198	93,375	95,743
Adjustment in respect of current income tax of previous year	-	656	-	-
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	15,765	(195,411)	12,513	(15,343)
Income tax expenses reported in statement of comprehensive income	1,032,464	1,043,443	105,888	80,400

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Decrease (increase) in revaluation surplus in investments	66,943	(41,025)	30,444	(15,174)
Surplus on revaluation of assets	-	5,400	-	-
Actuarial gains (losses)	(1,188)	5,714	2,066	1,143
Income tax expenses recorded directly to other comprehensive income	65,755	(29,911)	32,510	(14,031)

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014 is as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Accounting profit before tax	5,288,187	5,317,618	2,369,482	2,081,127
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,057,637	1,063,523	473,897	416,225
Adjustment in respect of current income tax of previous year	-	656	-	-
Income tax effect:				
Tax effect of net tax-exempt income and net disallowed expenses	(6,492)	(3,726)	(368,009)	(335,825)
Others	(18,681)	(17,010)	-	-
Total	(25,173)	(20,736)	(368,009)	(335,825)
Income tax expenses reported in the statement of comprehensive income	1,032,464	1,043,443	105,888	80,400

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2015	2014	2015	2014
Allowance for doubtful accounts	180,719	151,477	29,242	41,140
Allowance for impairment of investments	43,847	48,430	(4,583)	26,688
Allowance for impairment of properties foreclosed	123	3,622	(3,499)	3,620
Non-accrual of interest income	55,696	64,570	(8,874)	45,681
Depreciation of assets	(13,933)	(3,461)	(10,472)	(921)
Finance leases	12,441	12,631	(190)	12,631
Gain on changes in value of investment properties	(3,371)	-	(3,371)	-
Surplus on revaluation of assets	(203,190)	(203,190)	-	-
Surplus (deficit) on changes in value of investments	19,494	(5,101)	-	-
Unrealised loss on derivatives	8,165	6,888	1,277	6,888
Gains on changes in value of investment in trading securities	1	-	1	-
Deferred commission and direct expenses incurred at the initiation of hire purchase	(488,862)	(480,706)	(8,156)	(449,111)
Loss on disposal of property foreclosed	31,792	31,849	(57)	13,015
Unearned interest income on hire purchase	142,906	146,753	(3,847)	146,753
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	308,523	339,287	(30,764)	149,941
Employee benefit expenses	85,635	67,220	17,812	30,128
Others	116,265	94,370	21,895	93,718
Deferred tax assets	317,686	296,074	(3,586)	120,171

(Unit: Thousand Baht)

Consolidated financial statements

	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2015	2014	2015	2014
Allowance for doubtful accounts	-	-	-	21,796
Allowance for impairment of investments	-	-	-	26,928
Allowance for impairment of property foreclosed	-	-	-	3,634
Non-accrual of interest income	-	-	-	25,773
Depreciation of assets	407	128	279	7,240
Finance leases	-	-	-	25,479
Gain on changes in value of investment properties	-	3,452	(3,452)	82
Surplus on revaluation of assets	26,634	26,634	-	-
Surplus on changes in value of investments	-	42,348	-	-
Unrealised (gain) or loss on derivatives	-	-	-	(5,858)
Gain on changes in value of investments in trading securities	-	(1)	1	-
Deferred commissions and direct expenses incurred at the initiation of hire purchase	-	-	-	(522,672)
Unearned interest income on hire purchase	-	-	-	134,183
Accrued expenses	(17,606)	(25,018)	7,412	104,734
Employee benefit expenses	(7,473)	(13,169)	3,934	21,726
Others	(214)	(4,219)	4,005	81,715
Deferred tax liabilities	1,748	30,155	12,179	(75,240)

(Unit: Thousand Baht)

Separate financial statements

	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2015	2014	2015	2014
Allowance for impairment of investments	21,732	21,742	(10)	-
Depreciation of assets	(13,651)	(7,486)	(6,165)	(3,857)
Gain on changes in value of investment properties	(89,660)	(89,660)	-	-
Surplus on changes in value of investment properties	(57,749)	(57,749)	-	-
Surplus on changes in value of investments	33,493	3,049	-	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	192,938	201,372	(8,434)	17,617
Employee benefit expenses	21,399	17,164	2,169	1,655
Others	217	290	(73)	(72)
Deferred tax assets	130,154	110,157	(12,513)	15,343

3.31 Components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2015	2014	2015	2014
Other comprehensive income				
Available-for-sale investments:				
Gains (losses) during the year	(218,494)	424,136	(152,219)	75,868
Less: Reclassification adjustments for gains included in profit or loss	(116,221)	(239,603)	-	-
	(334,715)	184,533	(152,219)	75,868
Losses on revaluation of assets	-	(27,000)	-	-
Actuarial gains (losses)	6,091	(28,716)	(10,328)	(5,713)
Share of other comprehensive income of joint ventures:				
Actuarial gains (losses) of joint ventures	26	(354)	-	-
Cash flow hedges of joint ventures	(20,802)	(1,694)	-	-
Other comprehensive income	(349,400)	126,769	(162,547)	70,155
Income tax effects relating to components of other comprehensive income	65,755	(29,911)	32,510	(14,031)
Net other comprehensive income for the year	(283,645)	96,858	(130,037)	56,124

3.32 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

Consolidated financial statements						
For the years ended 31 December						
2015			2014			
Tax			Tax			
Before tax	(expense)	Net of tax	Before tax	(expense)	Net of tax	
amount	benefit	amount	amount	benefit	amount	
Gains (losses) on valuation in						
available-for-sale investments	(334,715)	66,943	(267,772)	184,533	(41,025)	143,508
Losses on revaluation of assets	-	-	-	(27,000)	5,400	(21,600)
Actuarial gains (losses)	6,091	(1,188)	4,903	(28,716)	5,714	(23,002)
	(328,624)	65,755	(262,869)	128,817	(29,911)	98,906

(Unit: Thousand Baht)

Separate financial statements						
For the years ended 31 December						
2015			2014			
Tax			Tax			
Before tax	(expense)	Net of tax	Before tax	(expense)	Net of tax	
amount	benefit	amount	amount	benefit	amount	
Gains (losses) on valuation in						
available-for-sale investments	(152,219)	30,444	(121,775)	75,868	(15,174)	60,694
Actuarial losses	(10,328)	2,066	(8,262)	(5,713)	1,143	(4,570)
	(162,547)	32,510	(130,037)	70,155	(14,031)	56,124

3.33 Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Profit attributable to equity holders of the Company (Thousand Baht)	4,250,119	4,249,515	2,263,594	2,000,727
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655
Basic earnings per share (Baht/share)	5.31	5.31	2.83	2.50

3.34 Related party transactions

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

	(Unit: Thousand Baht)	
	As at 31 December	
	2015	2014
<u>Outstanding balance</u>		
(Eliminated in consolidated financial statements)		
Subsidiary companies		
Interbank and money market items (assets):		
TISCO Bank Public Company Limited	416,723	529,181
Dividend receivable:		
TISCO Bank Public Company Limited	1,105,742	1,105,742
TISCO Securities Co., Ltd.	175,000	150,000
TISCO Asset Management Co., Ltd.	504,997	399,998
TISCO Information Technology Co., Ltd.	47,999	17,499
TISCO Learning Center Co., Ltd.	8,499	19,999
Other assets:		
TISCO Bank Public Company Limited	101,343	89,958
TISCO Learning Center Co., Ltd.	671	79
Deutsche TISCO Investment Advisory Co., Ltd.	10,106	7,875
Other liabilities:		
TISCO Learning Center Co., Ltd.	1,352	122

Loan to related companies

As at 31 December 2015 and 1 January 2015, the balance of loans between the Company and its related companies and their movement are as follows:

	(Unit: Thousand Baht)			
	As at			As at
	1 January 2015	Increase	decrease	31 December 2015
Subsidiary Companies				
Loan to customers				
Hi-Way Co., Ltd	1,548,000	384,000	(112,000)	1,820,000
TISCO Leasing Co., Ltd	1,606,300	-	(727,100)	879,200

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the year ended 31 December	
	2015	2014
	Terms and pricing policy	

Transactions occurred during the years

(Eliminated from the in consolidated financial statements)

Subsidiary companies

Risk and financial management fee income, human resources management fee income and office administration fee income	1,560,722	1,549,850	Determined on market price/terms of BOT
Interest income	79,444	137,219	With reference to the terms and prices as offered to other customers
Rental income	63,315	63,465	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	168,000	179,000	Determined on market price/terms of BOT
Training expenses	5,947	5,172	With reference to the prices as offered from other service providers
Other expenses	1,928	1,667	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at 31 December	
	2015	2014
Loans ⁽¹⁾	29,228	22,506

⁽¹⁾ Including employee welfare loan and normal loan

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at 31 December	
	2015	2014
Deposits	190,299	224,784

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had short-term benefit paid to their directors and management during the year and other employee benefit expenses payable to their directors and management as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Short-term benefits	510	458	360	310
Post-employment benefits	38	7	24	4
Other long-term benefits	91	86	61	67
Total	639	551	445	381

3.35 Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Group chief Executive, TISCO Group.

For management purposes, the Company and its subsidiaries operate four main businesses as follows:

1. Commercial banking business: Provides financial services under the Commercial Banking Business license. Banking services are provided through the TISCO Bank Public Company Limited headquarters and its branches.
2. Securities business: Provides securities business services under the Securities Business license. These businesses are serviced through the headquarters and branches of subsidiaries across the country.
3. Asset management business: Provides asset management services.
4. Support business: Provides all governance and support functions of the Group.

The Company and its subsidiaries have aggregated operating segments that have similar economic characteristics and are similar in the other respects required by the Thai Financial Reporting Standard.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Company's and its subsidiaries' income taxes are managed on a group basis. Therefore, these expenses are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

During the years 2015 and 2014, the Company and its subsidiaries did not have income from any customer amounting to or over 10 percent of their income.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2015 and 2014, respectively.

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated
For the year ended 31 December 2015							
Revenue							
External customers	14,368	975	1,134	12	16,489	-	16,489
Inter-segment	66	230	2	3,933	4,231	(4,231)	-
Total revenue	14,434	1,205	1,136	3,945	20,720	(4,231)	16,489
Operating results:							
Net interest income	10,165	25	8	(68)	10,130	-	10,130
Net fee and service income	3,266	1,064	1,124	462	5,916	(859)	5,057
Other operating income	1,003	116	4	3,551	4,674	(3,372)	1,302
Total operating income	14,434	1,205	1,136	3,945	20,720	(4,231)	16,489
Premises and equipment expenses and amortisation	(870)	(88)	(30)	(462)	(1,450)	471	(979)
Other operating expenses	(4,584)	(857)	(463)	(1,041)	(6,945)	2,000	(4,945)
Bad debt, doubtful accounts and impairment losses	(5,277)	-	-	-	(5,277)	-	(5,277)
Total operating expenses	(10,731)	(945)	(493)	(1,503)	(13,672)	2,471	(11,201)
Segment profit	3,703	260	643	2,442	7,048	(1,760)	5,288
Income tax expenses							(1,032)
Non-controlling interests of the subsidiaries							(6)
Profit for the year - equity holders of the Company							4,250
As at 31 December 2015							
Segment total assets	273,699	3,463	1,051	27,376	305,589	(25,295)	280,294
Premises and equipment - net	758	15	222	884	1,879	754	2,633

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated
For the year ended 31 December 2014							
Revenue							
External customers	13,672	1,075	1,069	(192)	15,624	-	15,624
Inter-segment	(11)	250	1	3,910	4,150	(4,150)	-
Total revenue	13,661	1,325	1,070	3,718	19,774	(4,150)	15,624
Operating results:							
Net interest income	9,579	38	8	(85)	9,540	-	9,540
Net fee and service income	3,183	1,158	1,058	489	5,888	(912)	4,976
Other operating income	899	129	4	3,314	4,346	(3,238)	1,108
Total operating income	13,661	1,325	1,070	3,718	19,774	(4,150)	15,624
Premises and equipment expenses and amortisation	(896)	(86)	(25)	(460)	(1,467)	492	(975)
Other operating expenses	(4,449)	(915)	(451)	(1,114)	(6,929)	2,024	(4,905)
Bad debt, doubtful accounts and impairment losses	(4,424)	-	-	-	(4,424)	(2)	(4,426)
Total operating expenses	(9,769)	(1,001)	(476)	(1,574)	(12,820)	2,514	(10,306)
Segment profit	3,892	324	594	2,144	6,954	(1,636)	5,318
Income tax expenses							(1,043)
Non-controlling interests of the subsidiaries							(25)
Profit for the year - equity holders of the Company							4,250
As at 31 December 2014							
Segment total assets	310,536	4,379	945	27,649	343,509	(25,835)	317,674
Premises and equipment - net	801	16	228	670	1,715	769	2,484

3.36 Provident fund

The Company, its nine subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and the employees contribute to the fund monthly at the rates of 5 to 15 percent of the employees' salaries, in accordance with the rules prescribed in the fund's articles. The provident funds of the Company and its eight subsidiaries are managed by TISCO Asset Management Company Limited, and the fund of another subsidiary is managed by Bangkok Bank Public Company Limited. The funds will be paid to the employees upon termination in accordance with the fund rules. During the year 2015 and 2014, the Company and its subsidiaries recognised the contributions as expenses totaling Baht 193 million and Baht 151 million, respectively. (the Company only: Baht 36 million and Baht 25 million, respectively).

3.37 Commitments and contingent liabilities

3.37.1 Avals, guarantees and commitments

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2015	2014
Avals	414,867	7,151
Other guarantees	691,788	628,138
Undrawn client overdraft facilities	30,000	34,070
Interest rate swap agreements (Note 3.38.5)	1,200,000	1,200,000
Cross currency swap agreements (Note 3.38.5)	-	3,296,300
Others	13,364,596	14,543,512
Total	15,701,251	19,709,171

3.37.2 Litigation

As at 31 December 2015 and 2014, the subsidiaries have been sued for compensation totaling approximately Baht 368 million and Baht 363 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believe that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

3.37.3 Other commitments

- a) The subsidiary have 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 subsidiary companies have entered into several lease agreements in respect of the lease of office buildings and branch offices. The terms of the agreements are generally 1 - 10 years.

As at 31 December 2015 and 2014, the subsidiary companies have future minimum lease payments required under these non-cancellable operating leases contracts as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
Payable within:		
Not over 1 year	126	146
Over 1 to 5 years	118	183
Over 5 years	50	60

3.38 Financial instruments

3.38.1 Credit risk

Credit risk is risk that a counterparty or borrower will be unable to meet their financial commitments under an agreement, causing them to be unable to make settlement of indebtedness to the Company and its subsidiaries on the due date or to intentionally fail to make payments to the Company and its subsidiaries in accordance with the agreement.

TISCO Group is exposed to credit risk primarily with respect to loans to customers and guarantees of loans and others.

TISCO Group has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the Bank of Thailand. The Company and its subsidiaries (“the Group”) manage credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables, the Group has implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. It also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. The Group therefore does not expect to incur material financial losses from loans and guarantees of loans. In addition, the Group is not exposed to concentrations of credit risk because it has a varied customer base and a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the financial statements.

Quality of risk from provision of hire purchase receivables by a subsidiary company operating banking business, which comprises the largest portion of credit granted by the Group, is as detailed below.

The risk of hire purchase credit that is not overdue of the subsidiary operating banking business can be classified into three groups, based on quality of risk in respect of expected losses within one year. These are “Very High Grade”, “High Grade” and “Medium Grade”, with “Very High Grade” credit defined as credit from which expected losses over the next year are less than or equal to 0.2% of the balance; “High Grade” as credit from which losses within one year are expected to be between 0.2% and 2.0% and “Medium Grade” as credit from which losses within one year are expected to exceed 2% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

(Unit: Million Baht)		
As at 31 December		
	2015	2014
Neither past due nor impaired		
Very high grade	45,348	112,689
High grade	90,926	41,865
Medium grade	10,626	5,204
Subtotal	146,900	159,758
Hire purchase receivables - overdue for 31 to 90 days	14,458	16,071
Hire purchase receivables - overdue for more than 90 days	5,330	5,124
Total	166,688	180,953

3.38.2 Market risk

Market risk is defined as the degree of vulnerability to movements in securities market prices and interest rates, which may affect income or the capital funds of the Group.

In order to effectively manage market risk, a suitable risk treatment framework is to be implemented. TISCO Group uses a combination of risk sensitivities, Value at Risk and stress testing to manage market risks and establish limits. The Value at Risk (VaR) concept has employed methodologies and internal techniques appropriate to the nature of risks involved. On-going Back-testing is also performed to validate the internal Value at Risk model, and stress testing is performed under various extreme scenarios as a supplement to VaR. The risk assessment and corresponding risk treatment takes into account the transaction intent as well as the market liquidity of the securities.

3.38.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position as at the financial statements date. The VaR that the Group measures is an estimate, using a confidence level of 99%, of TISCO potential loss that is not expected to be exceeded if the current marketable portfolio position were to be held unchanged for one year.

	(Unit: Million Baht)	
	Market risk as at 31 December	
	2015	2014
Marketable financial assets		
Equity securities	248	208
Debt securities	10	15
Derivatives	14	22
Foreign currencies	40	32

3.38.2.2 Market risk sensitivity - Interest bearing assets and liabilities

The market risk sensitivity of interest bearing assets and liabilities is measured by assessing the effect of changes in interest rates on the net interest income over the period of one year, based on the fixed interest bearing asset and liability positions held by the Group at the financial statements date. In making such assessment, changes in interest rates are applied prospectively and normal increases in assets and liabilities are not taken into account as presented below.

(Unit: Million Baht)		
	Increase (decrease) in sensitivity of net interest income as at 31 December	
	2015	2014
Change in interest rate		
Increase by 1 percent	(251.25)	(471.16)
Decrease by 1 percent	251.25	471.16

However, to better reflect a realistic business environment, the sensitivity to interest rate risk is adjusted taking into account that business growth and interest rate shift are actually gradual. The net interest rate sensitivity incurred would be less than the effect on net interest income as illustrated in the analysis. This market risk sensitivity of interest bearing assets and liabilities does not include the status of marketable debt securities, which is presented in the market risk - marketable portfolio.

3.38.2.3 Interest rate risk

The Company and its subsidiaries have the following significant exposures to interest rate risk related to financial instruments.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015				
<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	1,101	1,101
Interbank and money market items	176	29,162	1,825	31,163
Investments - net	-	3,186	5,146	8,332
Loans to customers ⁽¹⁾	25,525	208,397	4,880	238,802
Securities and derivatives business receivables	-	-	1,130	1,130
Receivables from clearing house	-	-	248	248
	<u>25,701</u>	<u>240,745</u>	<u>14,330</u>	<u>280,776</u>
<u>Financial liabilities</u>				
Deposits	51,127	106,950	267	158,344
Interbank and money market items	333	9,654	43	10,030
Liabilities payable on demand	-	-	356	356
Derivatives liabilities	-	-	42	42
Debts issued and borrowings	-	74,519	-	74,519
Securities and derivatives business payables	-	-	1,275	1,275
Payables to clearing house	-	-	97	97
	<u>51,460</u>	<u>191,123</u>	<u>2,080</u>	<u>244,663</u>

⁽¹⁾Loans to customers with floating interest rates and fixed interest rates include non-performing loans to customers on an accrual basis.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	1,180	1,180
Interbank and money market items	187	35,750	2,121	38,058
Investments - net	-	7,892	6,903	14,795
Loans to customers ⁽¹⁾	23,092	235,326	4,938	263,356
Securities and derivatives business receivables	-	-	1,819	1,819
Receivables from clearing house	-	-	292	292
	<u>23,279</u>	<u>278,968</u>	<u>17,253</u>	<u>319,500</u>
<u>Financial liabilities</u>				
Deposits	52,465	152,860	264	205,589
Interbank and money market items	254	10,397	41	10,692
Liabilities payable on demand	-	-	400	400
Derivatives liabilities	-	-	41	41
Debts issued and borrowings	-	65,406	-	65,406
Securities and derivatives business payables	-	-	1,250	1,250
Payables to clearing house	-	-	853	853
	<u>52,719</u>	<u>228,663</u>	<u>2,849</u>	<u>284,231</u>

⁽¹⁾Loans to customers with floating interest rates and fixed interest rates include non-performing loans to customers on an accrual basis.

(Unit: Million Baht)

Separate financial statements as at 31 December 2015

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	9	408	-	417
Investments - net	-	-	773	773
Loans to customers	-	2,699	-	2,699
	<u>9</u>	<u>3,107</u>	<u>773</u>	<u>3,889</u>
<u>Financial liabilities</u>				
Debts issued and borrowings	-	6,900	-	6,900
	<u>-</u>	<u>6,900</u>	<u>-</u>	<u>6,900</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2014				
Outstanding balances of financial instruments				
<u>Transactions</u>	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	7	522	-	529
Investments - net	-	-	844	844
Loans to customers	-	3,154	-	3,154
	<u>7</u>	<u>3,676</u>	<u>844</u>	<u>4,527</u>
<u>Financial liabilities</u>				
Debts issued and borrowings	-	7,669	-	7,669
	<u>-</u>	<u>7,669</u>	<u>-</u>	<u>7,669</u>

Financial instruments which bear interest rate at fixed rates are classified below by the years from the financial statements date to the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015							
Repricing or maturity date							
<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Interest rates (%)
<u>Financial assets</u>							
Interbank and money market items	-	29,161	-	1	-	29,162	1.4787
Investments - net	-	196	952	2,038	-	3,186	4.0413
Loans to customers	2,718	20,209	47,385	121,401	16,684	208,397	7.5326
	<u>2,718</u>	<u>49,566</u>	<u>48,337</u>	<u>123,440</u>	<u>16,684</u>	<u>240,745</u>	
<u>Financial liabilities</u>							
Deposits	3,160	77,903	25,387	500	-	106,950	1.8136
Interbank and money market items	1,160	1,346	4,456	21	2,671	9,654	1.4786
Debts issued and borrowings	37	33,365	18,794	15,680	6,643	74,519	2.0411
	<u>4,357</u>	<u>112,614</u>	<u>48,637</u>	<u>16,201</u>	<u>9,314</u>	<u>191,123</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items	-	35,749	-	1	-	35,750	1.9947
Investments - net	-	2,077	4,031	1,784	-	7,892	3.3603
Loans to customers	23,826	29,168	48,016	128,903	5,413	235,326	7.2234
	<u>23,826</u>	<u>66,994</u>	<u>52,047</u>	<u>130,688</u>	<u>5,413</u>	<u>278,968</u>	
<u>Financial liabilities</u>							
Deposits	3,336	115,335	33,683	506	-	152,860	2.6243
Interbank and money market items	584	6,912	2,877	24	-	10,397	2.6003
Debts issued and borrowings	37	37,110	21,616	-	6,643	65,406	2.8309
	<u>3,957</u>	<u>159,357</u>	<u>58,176</u>	<u>530</u>	<u>6,643</u>	<u>228,663</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2015							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items	408	-	-	-	-	408	0.9000
Loans to customers	2,699	-	-	-	-	2,699	1.8200
	<u>3,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,107</u>	
<u>Financial liabilities</u>							
Debts issued and borrowings	-	4,000	2,900	-	-	6,900	1.7190
	<u>-</u>	<u>4,000</u>	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>6,900</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2014							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items	522	-	-	-	-	522	1.5000
Loans to customers	3,154	-	-	-	-	3,154	3.0800
	<u>3,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,676</u>	
<u>Financial liabilities</u>							
Debts issued and borrowings	-	4,276	3,393	-	-	7,669	2.7673
	<u>-</u>	<u>4,276</u>	<u>3,393</u>	<u>-</u>	<u>-</u>	<u>7,669</u>	

The balances of loans to customers (including those on which interest recognition has been ceased) shown in the above table are presented before deducting allowance for doubtful accounts.

3.38.3 Liquidity risk

Liquidity risk is uncertainty that the subsidiary operating banking business is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy of the subsidiary operating banking business and regulatory requirement. On the other hand, Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserve assets and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the subsidiary operating banking business's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserve assets. The procurement and concentration of funding sources will be well-planned to optimise risk and return. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation. In addition to the liquidity risk measurement, those subsidiary sets the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the Risk Management Committee and other relevant functions.

Additionally, the subsidiary operating banking business has set stress testing scenarios for liquidity risk where the scenarios cover the subsidiary's specific scenarios and industry-based scenarios, which cause unusual cash outflow from the subsidiary operating banking business.

The main sources of fund came from deposits. In the past, there was high rollover rate for matured deposits. Besides, the subsidiary operating banking business also issued subordinated and unsubordinated debentures as another source of fund. On the use of fund, the majority of fund is used in lending business while a proportion of fund is maintained as liquidity reserve assets as cushion against liquidity risk. Moreover, the subsidiary provides credit line to other companies under TISCO Group to support liquidity position if required.

3.38.3.1 Remaining contractual maturity of liabilities

				(Unit: Million Baht)
As at 31 December 2015				
Remaining contractual maturity				
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	172,690	45,738	25,557	243,985
				(Unit: Million Baht)
As at 31 December 2014				
Remaining contractual maturity				
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	219,889	54,785	7,208	281,882

The matured liabilities are generally rolled-over with 90 percent average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity less than three months comprised current deposit and saving deposit. Both current deposit and saving deposit are considered to be more stable than term deposit in terms of cash outflow.

3.38.3.2 Volume and composition of highly liquid assets and internal ratio

			(Unit: Million Baht)
As at 31 December			
	2015	2014	
Composition of highly liquid assets			
Cash	1,100	1,180	
Interbank and money market - net	29,663	36,853	
Current investments - net	6,749	12,870	
Total liquid assets ⁽¹⁾	37,512	50,903	
Liquid asset requirement ⁽¹⁾	9,974	12,900	

⁽¹⁾ Highly liquid assets and liquid asset requirement are based on internal measurement.

The subsidiary operating banking business has a policy in maintaining the highly liquid assets higher than internal liquid asset requirement. As at 31 December 2015 and 2014, the subsidiary operating banking business has highly liquid assets, which are daily calculated, at Baht 37,512 million and Baht 50,903 million, respectively, higher than internal liquid asset requirement, which is daily considered, of Baht 9,974 million and Baht 12,900 million, respectively. In addition, the subsidiary operating banking business has contingency credit line, operating cash inflow from business, and available credit line from other financial institutions which is available to support uncertain liquidity requirement.

3.38.3.3 Counting from the financial statement date, as at 31 December 2015 and 2014, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015								
Transactions	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non- performing Loans	Total
<u>Financial assets</u>								
Cash	1,101	-	-	-	-	-	-	1,101
Interbank and money market items	2,001	29,161	-	1	-	-	-	31,163
Investments - net	-	3,327	1,384	2,038	-	1,583	-	8,332
Loans to customers	1,216	20,492	50,388	129,835	29,170	-	7,701	238,802
Securities and derivatives business receivables	-	1,130	-	-	-	-	-	1,130
Receivables from clearing house	-	248	-	-	-	-	-	248
	<u>4,318</u>	<u>54,358</u>	<u>51,772</u>	<u>131,874</u>	<u>29,170</u>	<u>1,583</u>	<u>7,701</u>	<u>280,776</u>
<u>Financial liabilities</u>	54,555	77,902	25,387	500	-	-	-	158,344
Deposits	1,537	1,345	4,456	21	2,671	-	-	10,030
Interbank and money market items	356	-	-	-	-	-	-	356
Liabilities payable on demand	-	-	-	42	-	-	-	42
Derivatives liabilities	37	33,365	18,794	15,680	6,643	-	-	74,519
Debts issued and borrowings								
Securities and derivatives business payables	-	1,275	-	-	-	-	-	1,275
Payables to clearing house	-	97	-	-	-	-	-	97
	<u>56,485</u>	<u>113,984</u>	<u>48,637</u>	<u>16,243</u>	<u>9,314</u>	<u>-</u>	<u>-</u>	<u>244,663</u>
<u>Commitment and contingent liabilities</u>								
Aval to bills and guarantees of loans	1	7	434	26	-	639	-	1,107
Other commitments	-	-	-	1,200	-	30	-	1,230

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014

		0 - 3	3 - 12	1 - 5	Over 5		Non-	
Transactions	At call	Months	months	years	years	Unspecified	performing	Total
							Loans	
<u>Financial assets</u>								
Cash	1,180	-	-	-	-	-	-	1,180
Interbank and money market items	2,308	35,749	-	1	-	-	-	38,058
Investments - net	-	6,233	4,853	1,784	-	1,925	-	14,795
Loans to customers	31,571	30,042	53,361	134,843	6,789	-	6,750	263,356
Securities and derivatives business								
receivables	-	1,819	-	-	-	-	-	1,819
Receivables from clearing house	-	292	-	-	-	-	-	292
	<u>35,059</u>	<u>74,135</u>	<u>58,214</u>	<u>136,628</u>	<u>6,789</u>	<u>1,925</u>	<u>6,750</u>	<u>319,500</u>
<u>Financial liabilities</u>								
Deposits	56,064	115,335	33,684	506	-	-	-	205,589
Interbank and money market items	880	6,911	2,877	24	-	-	-	10,692
Liabilities payable on demand	400	-	-	-	-	-	-	400
Derivatives liabilities	-	5	-	36	-	-	-	41
Debts issued and borrowings	37	37,110	21,616	-	6,643	-	-	65,406
Securities and derivatives business								
payables	-	1,250	-	-	-	-	-	1,250
Payables to clearing house	-	853	-	-	-	-	-	853
	<u>57,381</u>	<u>161,464</u>	<u>58,177</u>	<u>566</u>	<u>6,643</u>	<u>-</u>	<u>-</u>	<u>284,231</u>
<u>Commitment and contingent liabilities</u>								
Aval to bills and guarantees of loans	-	10	31	13	-	581	-	635
Other commitments	-	3,296	-	1,200	-	34	-	4,530

(Unit: Million Baht)

Separate financial statements as at 31 December 2015

		0 - 3	3 - 12	1 - 5	Over 5		Non-performing	
<u>Transactions</u>	At call	months	months	years	years	Unspecified	Loans	Total
<u>Financial assets</u>								
Interbank and money market items	417	-	-	-	-	-	-	417
Investments - net	-	-	-	-	-	773	-	773
Loans to customers	2,699	-	-	-	-	-	-	2,699
	3,116	-	-	-	-	773	-	3,889
<u>Financial liabilities</u>								
Debts issued and borrowings	-	4,000	2,900	-	-	-	-	6,900
	-	4,000	2,900	-	-	-	-	6,900

(Unit: Million Baht)

Separate financial statements as at 31 December 2014

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-	Total
							performing Loans	
Financial assets								
Interbank and money market items	529	-	-	-	-	-	-	529
Investments - net	-	-	-	-	-	844	-	844
Loans to customers	3,154	-	-	-	-	-	-	3,154
	<u>3,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>844</u>	<u>-</u>	<u>4,527</u>
Financial liabilities								
Debts issued and borrowings	-	4,276	3,393	-	-	-	-	7,669
	<u>-</u>	<u>4,276</u>	<u>3,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,669</u>

3.38.4 Foreign exchange risk

The status of the subsidiary operating banking business foreign currency balance as at 31 December 2014 are as follow:

Loans in foreign currency amounting to USD 100 million equivalent to Baht 3,296 million, of which the subsidiaries entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 3.38.5 to the financial statements.

3.38.5 Derivatives

The subsidiaries have a policy to enter into transactions involving financial derivatives instruments, for hedging risks and trading.

As at 31 December 2015 and 2014, the subsidiaries have the following trading financial derivatives instruments.

a) Interest rate swap agreement

The subsidiary operating banking business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial assets as follows:

(Unit: Million Baht)

As at 31 December 2015		
Maturity	Notional amount	Fair value gain (loss)
2019	1,200	(42)

(Unit: Million Baht)

As at 31 December 2014		
Maturity	Notional amount	Fair value gain (loss)
2019	1,200	(36)

b) Cross currency swap agreement/Foreign exchange contract

The subsidiary operating banking business entered into cross currency swap agreements/Foreign exchange contracts to manage risk associated with financial assets as follows:

(Unit: Million Baht)

As at 31 December 2015		
Maturity	Notional amount	Fair value gain (loss)
-	-	-

(Unit: Million Baht)

As at 31 December 2014		
Maturity	Notional amount	Fair value gain (loss)
2015	3,296	(5)

3.38.6 Fair value of financial instruments

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position is as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	As at 31 December 2015	
Transactions	Book value	Fair value
<u>Financial assets</u>		
Cash	1,101	1,101
Interbank and money market items - net	31,163	31,163
Investments - net	8,332	9,474
Loans to customers and accrued interest receivables - net	232,946*	234,491
Securities and derivatives business receivables	1,130	1,130
Receivables from clearing house	248	248
<u>Financial liabilities</u>		
Deposits	158,344	158,344
Interbank and money market items - net	10,030	10,030
Liabilities payable on demand	356	356
Derivatives liabilities	42	42
Debt issued and borrowings	74,519	74,929
Securities and derivatives business payables	1,275	1,275
Payables to clearing house	97	97

* Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 312 million.

(Unit: Million Baht)

		Separate financial statements	
		As at 31 December 2015	
	<u>Transactions</u>	<u>Book value</u>	<u>Fair value</u>
<u>Financial assets</u>			
Cash		70	70
Interbank and money market items - net		417	417
Investments - net		773	773
Loans to customers and accrued interest receivables - net		2,699	2,699
<u>Financial liabilities</u>			
Debt issued and borrowings		6,900	6,900

(Unit: Million Baht)

		Consolidated financial statements	
		As at 31 December 2014	
	<u>Transactions</u>	Book value	Fair value
<u>Financial assets</u>			
Cash		1,180	1,180
Interbank and money market items - net		38,058	38,058
Investments - net		14,795	14,795
Loan to customers and accrued interest receivables - net		256,597*	260,643
Securities and derivatives business receivables		1,819	1,819
Receivables from clearing house		292	292
<u>Financial liabilities</u>			
Deposits		205,589	205,589
Interbank and money market items - net		10,692	10,692
Liabilities payable on demand		400	400
Derivatives liabilities		41	41
Debt issued and borrowings		65,406	65,934
Securities and derivatives business payables		1,250	1,250
Payables to clearing house		853	853

* Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 191 million.

(Unit: Million Baht)

		Separate financial statements	
		As at 31 December 2014	
	<u>Transactions</u>	Book value	Fair value
<u>Financial assets</u>			
Cash		70	70
Interbank and money market items - net		529	529
Investments - net		844	844
Loans to customers and accrued interest receivables - net		3,154	3,154
<u>Financial liabilities</u>			
Debt issued and borrowings		7,669	7,669

In estimating the fair value of financial instruments, an allowance for doubtful debt is deducted based on the relative risk. The book value of financial instruments is the value net of the full amount of such allowance for doubtful debt, after adjusting for loan loss reserve.

3.39 Fair value hierarchy

As of 31 December 2015, the Company and its subsidiaries have the following assets and liabilities that were measured at fair value or disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2015				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Available-for-sale investments					
Equity instruments	335	335	-	-	335
Debt instruments	6,749	-	6,749	-	6,749
Unit trusts	802	773	29	-	802
Investment properties	32	-	-	32	32
Office condominiums	2,032	-	-	2,032	2,032
Financial liabilities measured at fair value					
Derivatives					
Interest rate swaps agreements	42	-	42	-	42
Assets for which fair value is disclosed					
Cash	1,101	1,101	-	-	1,101
Interbank and money market items - net	31,163	1,901	29,262	-	31,163
General investments	446	-	-	1,588	1,588
Loans to customers and accrued interest					
receivables	232,946*	-	37,084	197,407	234,491
Securities and derivatives business					
receivables	1,130	-	1,130	-	1,130
Receivables from clearing house	248	-	248	-	248
Liabilities for which fair value is disclosed					
Deposit	158,344	51,394	106,950	-	158,344
Interbank and money market items - net	10,030	613	9,417	-	10,030
Liabilities payable on demand	356	356	-	-	356
Debts issued and borrowings	74,519	-	74,929	-	74,929
Securities and derivatives business payables	1,275	-	1,275	-	1,275
Payables to clearing house	97	-	97	-	97

* Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 312 million.

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2015				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Available-for-sale investments					
Unit trusts	773	773	-	-	773
Investment properties	778	-	-	778	778
Office condominiums	555	-	-	555	555
Assets for which fair value is disclosed					
Cash	70	70	-	-	70
Interbank and money market items - net	417	9	408	-	417
Loans to customers and accrued interest					
receivables	2,699	-	-	2,699	2,699
Liabilities for which fair value is disclosed					
Debts issued and borrowings	6,900	-	-	6,900	6,900

Sensitivity to changes in unobservable inputs for nonfinancial assets

The Company and its subsidiaries have hired an appraiser licensed by the Securities and Exchange Commission, who used the Income Approach to calculate the fair value of investment properties. Under this approach the free cash flows that the Company and its subsidiaries expect to receive annually are discounted using rates that take into account borrowing rates and various risk factors.

The significant unobservable inputs used in the fair value measurement of investment properties are the growth rates of rental income and discount rates. The growth rates of rental income and discount rates used as inputs are 5% and 9%, respectively. Significant decreases in growth rates of rental income or increases in discount rates, in isolation, would result in a significantly lower fair value measurement of investment properties.

During the current year, there were no transfer within the fair value hierarchy.

4. Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend payment
		Preference	Ordinary	dividend paid	period
		share	share	(Million Baht)	
		(Baht per share)	(Baht per share)		
Annual dividends for 2013	The 2014 Annual General Meeting of the Shareholders on 22 April 2014	2.00	2.00	1,601	May 2014
Total dividend payment in year 2014				1,601	
Annual dividends for 2014	The 2015 Annual General Meeting of the Shareholders on 22 April 2015	2.00	2.00	1,601	May 2015
Total dividend payment in year 2015				1,601	

5. Events after the reporting period

Additional investment of the joint venture

In January 2015, TISCO Tokyo Leasing Company Limited, the Company's joint venture has signed the joint venture agreement with Century Tokyo Leasing Corporation and Hitachi Construction Machinery Group with purpose to invest in HTC Leasing Company Limited. (Former name: Hitachi Construction Machinery Leasing (Thailand) Company Limited), which has registered capital of Baht 100 million with share proportion of 51 percent.

6. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 9 February 2016.