

Thanachart Capital Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2014

## **Independent Auditor's Report**

To the Shareholders of Thanachart Capital Public Company Limited

I have audited the accompanying consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, 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 Thanachart Capital 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 judgment, 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 Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 31 December 2014, 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: 23 February 2015

**Thanachart Capital Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2014**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2014	2013	2014	2013
<b>Assets</b>					
Cash		16,605,432	17,940,109	-	-
Interbank and money market items - net	7	66,037,890	70,214,825	21,076	3,542,552
Derivatives assets	8	4,389,463	3,913,805	-	-
Investments - net	9	162,318,264	147,686,390	6,039,651	11,047,674
Investments in subsidiary and associated companies - net	10	2,416,988	2,389,163	31,435,390	31,552,224
Loans to customers and accrued interest receivables	11				
Loans to customers		811,443,114	853,177,090	541,675	279,776
Accrued interest receivables		787,822	1,015,204	12	26
Total loans to customers and accrued interest receivables		812,230,936	854,192,294	541,687	279,802
Less: Deferred revenue		(55,786,980)	(62,002,495)	(2,712)	(3,982)
Allowance for doubtful accounts	12	(28,347,084)	(30,467,235)	(149,939)	(179,470)
Revaluation allowance for debt restructuring	13	(103,222)	(305,386)	-	-
Net loans to customers and accrued interest receivables		727,993,650	761,417,178	389,036	96,350
Customers' liability under acceptances		48,217	30,330	-	-
Property foreclosed - net	15	8,930,622	9,027,386	885,924	1,254,916
Land, premises and equipment - net	16	7,981,567	8,083,957	43,390	46,696
Intangible assets - net	17	3,426,976	3,843,509	2,081	486
Goodwill	18	16,968,935	16,725,637	-	-
Deferred tax assets	19	1,167,662	1,075,552	61,000	55,904
Receivables from purchase and sale of securities		1,804,740	1,645,667	-	-
Accrued interest and dividend receivables		1,111,511	1,081,291	76,886	88,395
Other assets - net	20	4,428,454	5,839,093	97,370	109,079
<b>Total assets</b>		<b>1,025,630,371</b>	<b>1,050,913,892</b>	<b>39,051,804</b>	<b>47,794,276</b>

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

**Thanachart Capital Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Liabilities and equity</b>					
Deposits	21	696,948,507	715,931,146	-	-
Interbank and money market items	22	80,138,910	81,082,201	5	13
Liability payable on demand		1,655,381	3,218,667	-	-
Derivatives liabilities	8	5,200,037	5,701,330	-	-
Debts issued and borrowings	23	98,417,715	109,290,446	12,200,000	20,700,000
Bank's liability under acceptances		48,217	30,330	-	-
Provisions	24	2,850,552	3,183,299	46,406	40,195
Deferred tax liabilities	19	1,825,834	1,700,941	-	-
Accrued interest payables		4,069,972	4,474,707	95,161	153,432
Payables from purchase and sale of securities		1,519,696	1,466,719	-	-
Insurance contracts liabilities	25	14,610,121	15,019,053	-	-
Other liabilities	26	14,069,812	14,375,627	91,130	121,472
<b>Total liabilities</b>		<b>921,354,754</b>	<b>955,474,466</b>	<b>12,432,702</b>	<b>21,015,112</b>

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

**Thanachart Capital Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Equity</b>					
Share capital	27				
Registered, issued and paid-up					
13,276 preferred shares of Baht 10 each					
(2013: 13,306 preferred shares of Baht 10 each)		133	133	133	133
1,277,816,427 common shares of Baht 10 each					
(2013: 1,277,816,397 common shares of Baht 10 each)		12,778,164	12,778,164	12,778,164	12,778,164
		12,778,297	12,778,297	12,778,297	12,778,297
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Premium on treasury share		165,742	165,742	165,742	165,742
Other components of equity	28	2,516,445	1,723,075	486,802	370,006
Retained earnings					
Appropriated - statutory reserve	29	1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		3,398,455	3,398,455	3,398,455	3,398,455
Unappropriated		32,549,037	29,358,306	9,844,786	10,121,644
Less: Treasury shares - common shares		(3,398,455)	(3,398,455)	(3,398,455)	(3,398,455)
<b>Equity attributable to owners of the Company</b>		51,352,996	47,368,895	26,619,102	26,779,164
Non-controlling interests		52,922,621	48,070,531	-	-
<b>Total equity</b>		104,275,617	95,439,426	26,619,102	26,779,164
<b>Total liabilities and equity</b>		1,025,630,371	1,050,913,892	39,051,804	47,794,276
		-	-	-	-

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

Directors

**Thanachart Capital Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the year ended 31 December 2014**

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Profit or loss</b>					
<b>Continuing operations</b>					
Interest income	32	52,940,248	54,107,966	502,851	489,593
Interest expenses	33	(25,475,248)	(27,614,706)	(947,669)	(662,938)
<b>Net interest income</b>		27,465,000	26,493,260	(444,818)	(173,345)
Fees and service income		8,688,130	8,791,067	581	2,245
Fees and service expenses		(2,768,395)	(2,678,773)	(699)	(1,094)
<b>Net fees and service income</b>	34	5,919,735	6,112,294	(118)	1,151
Gains on trading and foreign exchange transactions	35	1,302,276	531,201	10,698	13
Gains on investments	36	1,098,385	13,591,913	239,243	101,889
Share of profit from investments accounted for under equity method	10.2	264,442	799,915	-	-
Gains (loss) on property foreclosed and other assets		178,543	815,221	(200,023)	496,703
Insurance/Life insurance income		6,448,279	6,723,669	-	-
Dividend income		350,052	634,072	2,096,967	1,969,216
Other operating income		1,619,005	1,721,619	149,113	102,330
<b>Total operating income</b>		44,645,717	57,423,164	1,851,062	2,497,957
Insurance expenses		(4,737,358)	(4,441,553)	-	-
<b>Net operating income</b>		39,908,359	52,981,611	1,851,062	2,497,957
<b>Other operating expenses</b>					
Employee's expenses		10,959,604	10,599,544	134,490	123,862
Directors' remuneration	37	75,322	67,338	31,590	29,725
Premises and equipment expenses		2,957,959	3,037,266	28,822	28,874
Taxes and duties		867,300	900,793	1,099	8,099
Other expenses		4,970,172	6,019,426	66,509	76,741
<b>Total other operating expenses</b>		19,830,357	20,624,367	262,510	267,301
<b>Impairment loss of loans and debt securities (reversal)</b>	38	7,083,955	11,419,706	(29,767)	(34,114)
<b>Profit before income tax</b>		12,994,047	20,937,538	1,618,319	2,264,770
<b>Income tax</b>	19.2	(2,557,837)	(4,288,009)	34,296	(84,328)
<b>Profit for the year from continuing operations</b>		10,436,210	16,649,529	1,652,615	2,180,442
<b>Discontinued operations</b>					
<b>Profit for the year from discontinued operations</b>	48	-	354,241	-	-
<b>Profit for the year</b>		10,436,210	17,003,770	1,652,615	2,180,442

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

**Thanachart Capital Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2014**

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

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
<b>Other comprehensive income</b>	39				
<b>Continuing operations</b>					
Gains (losses) on change in value of					
available-for-sale investments		1,781,449	(408,947)	145,995	95,504
Share of other comprehensive income of associates (loss)		10,992	(11,107)	-	-
Income tax relating to components of					
other comprehensive income	19.2	(356,254)	85,369	(29,199)	(19,100)
<b>Total other comprehensive income from continuing operations (loss)</b>		1,436,187	(334,685)	116,796	76,404
<b>Discontinued operations</b>					
<b>Other comprehensive income from discontinued operations (loss)</b>	48	-	(110,403)	-	-
<b>Total other comprehensive income (loss)</b>		1,436,187	(445,088)	116,796	76,404
<b>Total comprehensive income</b>					
Total comprehensive income from continuing operations		11,872,397	16,314,844	1,769,411	2,256,846
Total comprehensive income from discontinued operations		-	243,838	-	-
<b>Total comprehensive income</b>		11,872,397	16,558,682	1,769,411	2,256,846
<b>Profit attributable to</b>					
<b>The Company</b>					
Profit for the year from continuing operations		5,120,204	9,050,571	1,652,615	2,180,442
Profit for the year from discontinued operations		-	180,519	-	-
Profit for the year attributable to the Company		5,120,204	9,231,090	1,652,615	2,180,442
<b>Non-controlling interests</b>					
Profit for the year from continuing operations		5,316,006	7,598,958	-	-
Profit for the year from discontinued operations		-	173,722	-	-
Profit for the year attributable to non-controlling interests		5,316,006	7,772,680	-	-
		10,436,210	17,003,770	1,652,615	2,180,442

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



**Thanachart Capital Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2014**

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Total comprehensive income attributable to</b>					
<b>The Company</b>					
Total comprehensive income from continuing operations		5,913,574	8,912,553	1,769,411	2,256,846
Total comprehensive income from discontinued operations		-	140,038	-	-
Total comprehensive income attributable to the Company		5,913,574	9,052,591	1,769,411	2,256,846
<b>Non-controlling interests</b>					
Total comprehensive income from continuing operations		5,958,823	7,402,291	-	-
Total comprehensive income from discontinued operations		-	103,800	-	-
Total comprehensive income attributable to					
non-controlling interests		5,958,823	7,506,091	-	-
		11,872,397	16,558,682	1,769,411	2,256,846
<b>Earnings per share of the Company</b>	40				
Basic earnings per share (Baht per share)					
From continuing operations		4.24	7.34	1.37	1.77
From discontinued operations		-	0.15	-	-
Profit attributable to the Company		4.24	7.49	1.37	1.77
Diluted earnings per share (Baht per share)					
From continuing operations		4.24	7.34	1.37	1.77
From discontinued operations		-	0.15	-	-
Profit attributable to the Company		4.24	7.49	1.37	1.77

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity

For the year ended 31 December 2014

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to the Company's shareholders															
Other components of equity															
Issued and paid-up share capital		Premium on common share	Premium on treasury shares	Share premium of a subsidiary	Amount by which the value of investment in subsidiary lower than attributable net book value	Revaluation surplus on investments - net	Share of other comprehensive income (losses) of associates	Amounts recognised in other comprehensive income and equity ralating to assets held for sale	Retained earnings			Treasury shares	Non-controlling interests	Total	
Preferred shares	Common shares								Statutory reserve	Appropriated reserve	Treasury shares	Unappropriated			
Balance as at 1 January 2013	133	12,778,164	2,065,645	165,742	775,814	226,460	844,582	14,237	40,481	1,277,830	-	25,396,290	-	41,648,479	85,233,857
Cash payment for treasury shares (Note 27)	-	-	-	-	-	-	-	-	-	-	-	-	(3,398,455)	-	(3,398,455)
Dividend paid (Note 31)	-	-	-	-	-	-	-	-	-	-	-	(1,873,935)	-	-	(1,873,935)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	3,316	-	-	3,316
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	-	3,398,455	(3,398,455)	-	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,084,039)	(1,084,039)
Total comprehensive income for the year (loss)	-	-	-	-	-	-	(129,966)	(8,052)	(40,481)	-	-	9,231,090	-	7,506,091	16,558,682
Balance as at 31 December 2013	133	12,778,164	2,065,645	165,742	775,814	226,460	714,616	6,185	-	1,277,830	3,398,455	29,358,306	(3,398,455)	48,070,531	95,439,426
Balance as at 1 January 2014	133	12,778,164	2,065,645	165,742	775,814	226,460	714,616	6,185	-	1,277,830	3,398,455	29,358,306	(3,398,455)	48,070,531	95,439,426
Dividend paid (Note 31)	-	-	-	-	-	-	-	-	-	-	-	(1,930,367)	-	-	(1,930,367)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	894	-	-	894
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,106,733)	(1,106,733)
Total comprehensive income for the year	-	-	-	-	-	-	785,340	8,030	-	-	-	5,120,204	-	5,958,823	11,872,397
Balance as at 31 December 2014	133	12,778,164	2,065,645	165,742	775,814	226,460	1,499,956	14,215	-	1,277,830	3,398,455	32,549,037	(3,398,455)	52,922,621	104,275,617

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2014

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and paid-up share capital				Other components of equity - revaluation	Retained earnings				
	Preferred shares	Common shares	Premium on common share	Premium on treasury shares	investments - net	Appropriated				
						Statutory reserve	Treasury shares reserve	Unappropriated	Treasury shares	Total
Balance as at 1 January 2013	133	12,778,164	2,065,645	165,742	293,602	1,277,830	-	13,210,276	-	29,791,392
Cash payment for treasury shares (Note 27)	-	-	-	-	-	-	-	-	(3,398,455)	(3,398,455)
Dividend paid (Note 31)	-	-	-	-	-	-	-	(1,873,935)	-	(1,873,935)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	3,316	-	3,316
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	3,398,455	(3,398,455)	-	-
Total comprehensive income for the year	-	-	-	-	76,404	-	-	2,180,442	-	2,256,846
Balance as at 31 December 2013	133	12,778,164	2,065,645	165,742	370,006	1,277,830	3,398,455	10,121,644	(3,398,455)	26,779,164
Balance as at 1 January 2014	133	12,778,164	2,065,645	165,742	370,006	1,277,830	3,398,455	10,121,644	(3,398,455)	26,779,164
Dividend paid (Note 31)	-	-	-	-	-	-	-	(1,930,367)	-	(1,930,367)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	894	-	894
Total comprehensive income for the year	-	-	-	-	116,796	-	-	1,652,615	-	1,769,411
Balance as at 31 December 2014	133	12,778,164	2,065,645	165,742	486,802	1,277,830	3,398,455	9,844,786	(3,398,455)	26,619,102

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

**Thanachart Capital Public Company Limited and its subsidiaries**

**Statement of cash flows**

**For the year ended 31 December 2014**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
Profit before income tax from continuing operations	12,994,047	20,937,538	1,618,319	2,264,770
Profit before income tax from discontinued operations	-	443,187	-	-
Profit before income tax	12,994,047	21,380,725	1,618,319	2,264,770
Adjustments to reconcile profit before income tax				
to net cash provided by (paid from) operating activities				
Share of profit from investments accounted for				
under equity method	(264,442)	(799,915)	-	-
Depreciation and amortisation	1,447,431	1,499,012	22,235	22,308
Impairment loss of loans and debt securities (reversal)	7,083,955	11,419,706	(29,767)	(34,114)
Increase in provisions	328,936	695,830	6,211	413
Increase (decrease) in allowance for impairment				
of property foreclosed	260,441	88,965	225,879	(27,071)
Increase (decrease) in allowance for impairment				
of equipment/other assets	(107,511)	133,229	24	(397)
Unrealised loss (gain) from change in value of investments/				
allowance for impairment of investments	(528,696)	132,155	14	(12)
Unrealised gain on exchange	(84,656)	(316,185)	-	-
Gain from disposal of/capital return from investments				
in subsidiary companies	(243,298)	(12,546,700)	(97,828)	(464)
Loss (gain) on disposal of equipment	10,294	1,462	(2)	-
Other income	(72,413)	-	(72,413)	-
Decrease (increase) in accrued other income receivable	(83,179)	(453,268)	(5,032)	3,848
	20,740,909	21,235,016	1,667,640	2,229,281
Net interest income	(27,465,000)	(26,493,260)	444,818	173,345
Dividend income	(350,052)	(634,072)	(2,096,967)	(1,969,216)
Cash received from interest on operating activities	48,929,744	51,973,388	113,153	56,132
Cash paid for interest on operating activities	(21,040,229)	(22,486,631)	(52)	(29)
Cash received from corporate income tax refundable	75,357	1,026,572	75,357	12,643
Cash paid for income tax	(2,939,628)	(4,062,732)	(9,302)	(34,296)
<b>Income from operating activities before</b>				
<b>changes in operating assets and liabilities</b>	17,951,101	20,558,281	194,647	467,860

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

**Thanachart Capital Public Company Limited and its subsidiaries**

**Statement of cash flows (continued)**

**For the year ended 31 December 2014**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Cash flows from operating activities (continued)</b>				
Decrease (increase) in operating assets				
Interbank and money market items	4,161,754	(397,990)	3,511,599	1,308,361
Derivatives assets	(335,954)	231,539	-	-
Investments in trading securities	(2,598,791)	1,465,822	1,600	(1,100)
Loans to customers	17,755,585	(48,363,596)	(283,076)	44,903
Property foreclosed	8,404,765	9,021,609	150,461	444,228
Receivables from purchase and sale of securities	(159,073)	457,046	-	-
Other assets	1,517,662	2,734,207	11,074	(21,558)
Increase (decrease) in operating liabilities				
Deposits	(18,982,639)	22,509,855	-	-
Interbank and money market items	(1,093,538)	(7,830,766)	(8)	10
Liability payable on demand	(1,563,285)	(1,770,548)	-	-
Derivatives liabilities	(603,470)	668,870	-	-
Payable from purchase and sales of securities	52,977	(1,405,768)	-	-
Insurance contract liabilities	(408,932)	(1,976,692)	-	-
Other liabilities	(579,629)	(2,390,504)	(30,450)	(241,992)
<b>Net cash flows from (used in) operating activities</b>	<b>23,518,533</b>	<b>(6,488,635)</b>	<b>3,555,847</b>	<b>2,000,712</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in investments in securities	(9,436,816)	(22,093,177)	5,171,354	(4,211,738)
Cash paid for purchase of investments in subsidiary	-	-	(482,119)	-
Cash received from interest	4,238,930	3,884,537	410,530	403,016
Cash received from dividend	575,333	841,271	2,096,967	1,969,216
Cash received from disposal of/capital return from subsidiary companies	-	18,366,774	689,462	17,617
Cash paid for purchase of land and equipment/intangible assets	(1,107,995)	(728,867)	(8,200)	(5,417)
Cash received from disposal of equipment/intangible assets	19,403	51,956	2	-
<b>Net cash flows from (used in) investing activities</b>	<b>(5,711,145)</b>	<b>322,494</b>	<b>7,877,996</b>	<b>(1,827,306)</b>

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

**Thanachart Capital Public Company Limited and its subsidiaries**

**Statement of cash flows (continued)**

**For the year ended 31 December 2014**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Cash flows from financing activities</b>				
Cash received from debts issued and borrowings	97,095,899	99,800,065	500,000	8,700,000
Cash paid for debts issued and borrowings	(107,968,630)	(80,015,478)	(9,000,000)	(3,000,000)
Cash paid for interest expenses on debts issued and borrowings	(4,879,116)	(4,506,669)	(1,004,370)	(604,332)
Cash paid for capital return to non-controlling interests for decrease shares capital of subsidiary companies	(71,494)	(133)	-	-
Cash paid for dividend	(1,929,473)	(1,870,619)	(1,929,473)	(1,870,619)
Cash paid for treasury shares	-	(3,398,455)	-	(3,398,455)
Cash paid for dividend to non-controlling interests	(1,389,251)	(1,083,863)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(19,142,065)</b>	<b>8,924,848</b>	<b>(11,433,843)</b>	<b>(173,406)</b>
<b>Net increase (decrease) in cash</b>	<b>(1,334,677)</b>	<b>2,758,707</b>	<b>-</b>	<b>-</b>
<b>Cash at beginning of the year</b>	<b>17,940,109</b>	<b>15,181,402</b>	<b>-</b>	<b>-</b>
<b>Cash at end of the year</b>	<b>16,605,432</b>	<b>17,940,109</b>	<b>-</b>	<b>-</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Property foreclosed transferred from loans to customers, other receivable and investments in receivables purchased	8,556,142	8,261,863	30	1,403
Property foreclosed received from capital returned from a subsidiary company	-	-	7,320	3,518
Bad debt written off/hair-cut loans from debt restructuring	7,639,812	5,070,864	11,260	664
Payable from purchase of assets	100,342	287,372	121	12

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

**Thanachart Capital Public Company Limited and its subsidiaries**  
**Notes to financial statements**  
**For the year ended 31 December 2014**

**1. General information**

Thanachart Capital Public Company Limited (“the Company”) is incorporated as a public limited company and operated its business in Thailand. The Company is mainly engaged in investment holding and is the parent company of the Thanachart Group. The registered office of the Company is at 444, 16-17<sup>th</sup> Floor, MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok.

All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries businesses include commercial bank, non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business, fund management business and others.

**2. Basis of preparation of the financial statements**

- 2.1** These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the principles stipulated by the Bank of Thailand (“BOT”). The presentation of the financial statements has been made in compliance with the BOT’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 3 December 2010.

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.

## 2.2 Basis of preparation of the consolidated financial statements

- a) The consolidated financial statements included the financial statements of the Company and the following subsidiary companies. (“the subsidiaries”).

	Nature of business	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
		2014	2013	2014	2013
<u>Subsidiaries directly held by the Company</u>					
Thanachart Bank Plc.	Commercial bank	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00	-	-
Max Asset Management Co., Ltd.	Non-performing asset management	83.44	83.44	-	-
NASSET Property Fund 6	Investment in non-performing assets and collection rights	99.80	99.80	0.06	0.06
Thanachart SPV 01 Co., Ltd.	Liquidated	-	100.00	-	-
Siam City Life Assurance Plc.	Life insurance	53.50	-	-	100.00
<u>Subsidiaries indirectly held by the Company</u>					
SCIB Plc.	In liquidation process	-	-	99.98	99.98
Thanachart Securities Plc.	Securities business	-	-	100.00	100.00
Thanachart Insurance Plc.	Non-life insurance	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	Fund management	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	Non-life insurance broker	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	Hire purchase	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	Services	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	Training services	-	-	100.00	100.00
TS Asset Management Co., Ltd.	Non-performing asset management	-	-	100.00	100.00
Ratchthani Leasing Plc.	Hire purchase and leasing business	-	-	65.18	65.18
National Leasing Co., Ltd.	Leasing business	-	-	100.00	100.00
SCIB Service Co., Ltd.	Service	-	-	100.00	100.00



- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 31 December 2014 and 2013 and for the years then ended, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the years *	
	2014	2013	2014	2013
Thanachart Bank Plc.	954,801	975,824	31,752	43,063
Siam City Life Assurance Plc.	10,762	10,216	325	40
Thanachart Insurance Plc.	10,331	8,794	2,813	2,950
Thanachart Securities Plc.	7,412	6,536	1,784	2,128
TS Asset Management Co., Ltd.	8,179	9,055	594	597
Ratchthani Leasing Plc.	27,050	26,654	1,626	1,468
NFS Asset Management Co., Ltd.	1,776	1,997	162	378

\* Presented as part of continuing operations

- c) The consolidated statement of comprehensive income for the year ended 31 December 2013 included the operating results of Thanachart Life Assurance Plc. from 1 January 2013 until the date of disposal of the investment. Such subsidiary had total income of Baht 4,025 million and net income of Baht 354 million.
- d) All subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- e) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using the same significant accounting policies. In case where there are different accounting policies, the Company has adjusted the effect of these in the consolidated financial statements.
- f) The outstanding balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Company's and subsidiaries' books of accounts have been eliminated against equity of the subsidiaries.
- g) 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 statement of comprehensive income and within equity in the consolidated statement of financial position.

- 2.3** The separate financial statements, which present investments in subsidiary and associated companies under the cost method, have been prepared solely for the benefit of the public.

**3. Financial reporting standards that became effective in the current accounting year.**

Below is a summary of financial reporting standards that became effective in the current accounting year.

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

#### Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

#### Accounting Treatment Guidance for Stock Dividend

All above financial reporting standards have been revised or prepared such that their content is substantially equivalent to International Financial Reporting Standards. The revisions are mainly to the wording, terminology, interpretation and to provide guidance on their application to users. The management of the Company and its subsidiaries has assessed the effects of the above financial reporting standards and believes that they are not relevant to the business of the Company and its subsidiaries or that their application do not have a significant impact, except for TFRIC 13.

#### Financial Reporting Standard Interpretation 13: Customer Loyalty Programmes

This financial reporting standard interpretation requires the Company and its subsidiaries to record and measure the Company's and its subsidiaries commitments to provide goods, services or discounts on goods or services in the future, by apportioning compensation received or receivable from sales to accumulated reward points, and realising the apportioned amount as deferred revenue. Such amounts are then realised as revenue through the statement of comprehensive income when customers claim the rewards and the Company and its subsidiaries have fulfilled their commitment.

The Company and its subsidiaries have changed accounting policy in the current year, but did not restate the prior year's financial statements presented as comparative information, since the managements of the Company and its subsidiaries consider that the change did not have a significant impact to the financial statements.

#### **4. Financial reporting standards that will become effective in the future**

The Federation of Accounting Professions has issued many revised and new financial reporting standards that are effective for fiscal years beginning on or after 1 January 2015. Such accounting standards have been revised or prepared such that they are substantially equivalent to International Financial Reporting Standards. The revisions are mainly to the wording, terminology, interpretation and to provide guidance on their application to users. The management of the Company and its subsidiaries believes that their application will not have a significant impact to the financial statements for the year in which they are initially applied. However, significant principles of some of the financial reporting standards that are relevant to the business of the Company and its subsidiaries, as mentioned above, have been changed, as follows.

##### Thai Accounting Standard 19 (revised 2014): Employee Benefits

The revised standard requires the entity to recognise actuarial gains and losses immediately in other comprehensive income. The existing standard permits the entities to elect to recognise such gains and losses immediately in profit or loss or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognise actuarial gains and losses in profit or loss in the year in which they occur. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income, there will be no significant impact on the financial statements of the Company and its subsidiaries.

##### Financial Reporting Standard 10: Consolidated Financial Statements

Financial Reporting Standard No. 10 provides guidelines on the preparation of the consolidated financial statements to be used instead of the content relating to accounting for consolidation in Accounting Standard No. 27 Consolidated and Separate Financial Statements. This standard changes the guidelines relating to the consideration of control, whereby an investor controls an investee when it has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, even though its shareholding or voting rights are less than 50 percent. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in the preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believe that such standard will have no significant impact on the financial statements of the Company and its subsidiaries.

#### Thai Financial Reporting Standard 12 : Disclosure of Interests in Other Entities

This standard defines the disclosure of information relating to interests in a subsidiary, joint arrangements, associates and structured entities. This standard has no impact on the financial statements of the Company and its subsidiaries.

#### Thai Financial Reporting Standard 13 : Fair Value Measurement

This standard provides guidance on fair value measurement and related disclosures. If an entity is required to measure the fair value of assets or liabilities by another, relevant standard, fair value is to be measured in accordance with the principles stipulated under this standard. The impact of the standard is to be recognised prospectively.

The management of the Company and its subsidiaries has preliminarily assessed the effect of the above accounting standards and believes that this standard will not have any significant impact on the financial statements of the Company and its subsidiaries.

## **5. Significant accounting policies**

### **5.1 Revenue recognition**

#### **a) Interest and discounts on loans**

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchase and financial lease is recognised based on the effective interest method.

For loans on which principal or interest payments have been defaulted for more than three months past the due date, the Company and its subsidiaries cease accrual of interest income, and accrued interest already recorded is reversed from the Company and its subsidiaries' accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received from the debtors.

Interest income on restructured loans is recognised as income on an accrual basis, with reference to the interest rate stipulated in the agreements, with the exception of interest on loans that are subject to monitoring for compliance with restructuring conditions, which the Company and its subsidiaries recognise as income on a cash basis until the receivable is able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

The Company and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the year based on the effective yield rate of the portfolio multiplied by the new book value (acquisition cost) of the outstanding balances of receivables, to the extent that this is not greater than the amount received from such receivables. After the restructuring, interest income is recognised using the effective interest method, for those receivables from which loan repayment was received during the year.

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

Interest income received in advance on hire purchase represents discounted on interest given to debtors by dealers, is recognised based on the effective interest method, in the same manner as interest income on hire purchase receivables.

b) Interest and dividends on investments

Interest on investments is recognised as income on an accrual basis based on the effective interest rate. Dividends are recognised as income when the right to receive the dividends is established.

c) Brokerage fee income

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

d) Interest on margin loans for purchase of securities

Interest on margin loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Securities and Exchange Commission ("SEC").

e) Gains (losses) on investments and derivatives

Gains (losses) on investments and derivatives are recognised as income/ expenses on the transaction date.

f) Fees and service income

Fees and service income are recognised on an accrual basis. When the Company and its subsidiaries provide loyalty programmes to customers, they apportion compensation received from such services based on the fair value of accumulated reward points and realise it as deferred revenue. This deferred revenue is recorded under “other liabilities” in the statement of financial position. The Company and its subsidiaries then realise it as revenue through the statement of comprehensive income when the customers claim a reward and the Company and its subsidiaries have fulfilled their commitment to provide such reward.

g) Insurance/life insurance premium income

Non-life insurance contract

Premium income consists of direct premium and reinsurance premium less premium of cancelled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium are recorded as unearned items, and recognised as income over the coverage year.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts.

Life insurance contract

Premium income is recognised as income on the date the insurance policy comes into effect, after deducting premium ceded and refunded. For renewal policy, premium income is recognised as income when the premium is due, only if the policy is still in force at the year-end date.

## **5.2 Expenses recognition**

a) Interest expenses

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

b) Commission and direct expenses charged on hire purchase/financial leases

Initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct cost on the inception of the contracts.

c) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

### **5.3 Investments**

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss in the statements of comprehensive income.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income in the statements of comprehensive income, and will be recognised in profit or loss when the securities are sold.

Investments in held-to-maturity debt securities are stated at amortised cost. The Company and its subsidiaries amortised premiums/discounts on debt securities by the effective rate method with the amortised/accreted amount is presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association, other markets, or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

The fair value of embedded derivatives investments for which there is no active market or no available market value, is determined using a Black-Scholes Model, a universal theory that is widely used in estimating fair value. Gain/losses arising from revaluation are recognised in profit or loss in the statements of comprehensive income. This method of measurement is in compliance with the principles stipulated by the BOT.



The Company and its subsidiaries recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and general investments in profit or loss in the statements of comprehensive income.

In the event that the Company and its subsidiaries transfer investments to another category, the investments are valued at their fair values prevailing on the transfer date. Differences between the carrying amount of the investments and their fair value on that date are recorded as profit or loss or other comprehensive income in the statements of comprehensive income, depending on the type of investment being reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss in the statement of comprehensive income. In case of disposal partial of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

#### **5.4 Investments in receivables purchased and allowance for impairment**

Investments in receivables purchased are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in profit or loss in the statements of comprehensive income.

In case that the receivables purchased enter into debt restructuring agreements, they are transferred to loans to customers and presented at fair value. The fair value is determined based on the outstanding balance of investments as at the transfer date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is determined based on the fair value, with reference to the collateral value.

#### **5.5 Investments in subsidiary and associated companies**

Investments in subsidiary and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expenses in profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the net income from the operations of the associated companies, in proportion to the investment.

## **5.6 Loans to customers**

Loans to customers are stated at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Unrecognised deferred income and discounts on loans are deducted from the loan balances.

Hire purchase receivables and financial lease receivables are stated at the contract value of the hire purchase receivables and financial lease receivables net of unearned income, which is presented after netting commission expenses and initial direct costs on the inception of the contracts.

Securities and derivatives business receivables comprise the net balances of securities business receivables and derivatives business receivables. Securities business receivables comprise credit balance receivables (for which the securities purchased are used as collateral), securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for borrowers of securities or Thailand Securities Depository) as well as other receivables, such as overdue amounts in cash accounts and receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balances of cash accounts are presented as "Receivables from purchase and sale of securities".

## **5.7 Allowances for doubtful accounts**

### **a) Allowance for doubtful accounts for loans**

The Company and its subsidiary companies, that operate in banking and asset management businesses, provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust 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. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the year.

For loans, excluding hire purchase receivable - personal consuming of the subsidiary operates in banking business, the Company and its subsidiary companies set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value. For non-performing loans, provision is set at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or the present value of expected cash flows from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT's guideline. However, non-performing hire purchase receivables and financial lease receivables are treated as uncollateralised.

The subsidiary that operates in banking business sets provision for hire purchase receivable - personal consuming using the collective approach, which classifies groups of receivables having similar credit risk characteristics, and taking into account the historical loss of loans calculated based on the probability of default and a percentage of the loss given default. Furthermore, the subsidiary has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact certain borrowers' ability to pay. This methodology, its parameters and assumptions have been reviewed in detail and will be monitored on an ongoing basis for continued applicability.

- b) Subsidiary engaged in securities business has provided an allowance for doubtful accounts based on a review of debtors' repayment capability, taking into consideration the risk of recovery and the value of collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notifications of the SEC.
- c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under the BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided based on the loan balances without deducting collateral value for receivables overdue more than 3 months.

- d) Allowance for doubtful accounts for other receivables is set up based on the amount of debts that may not be collectible, determined from a review of the current status of the receivable as at the financial reporting date.
- e) The Company and its subsidiaries write off receivables when they determine that such receivables may not be collectible. Amounts written off as bad debts or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

## **5.8 Troubled debt restructuring**

In cases where the debt restructuring involves modifications of the terms of repayment, the fair value of the receivables after restructuring is based on the net present values of expected future cash flows, discounted by the market's minimum loan rate for credit to large customers prevailing at the restructuring date. The differences between the fair value of receivables as of the restructuring date and their previous book value is recorded as "Revaluation allowance for debt restructuring", and recognised as an expense in part of profit or loss in the statements of comprehensive income in the restructuring year. Such allowance is reviewed based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments against impairment loss of loans account.

In cases where the troubled debt restructuring involves the transfer of assets or equity, the Company and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtors (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as gain on restructuring or interest income in part of profit or loss in the statements of comprehensive income, as the case may be.

Losses arising from debt restructuring through waivers of part of principal or recorded accrued interest receivable are recognised as losses in part of profit or loss in the statements of comprehensive income when incurred.

## **5.9 Recognition and amortisation of customers' assets**

Assets which customers have placed with the subsidiary company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of the subsidiary company for internal control purpose. As at the reporting date, the subsidiary company eliminates those amounts which there are no guarantee obligations from both assets and liabilities and present only those assets which belong to the subsidiary company.

## **5.10 Property foreclosed**

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets.

Gains on disposal of property foreclosed are recognised as income in part of profit or loss in the statement of comprehensive income on the disposal date, unless the purchase is made with a loan. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment losses are recognised as expenses in part of profit or loss in the statement of comprehensive income.

## **5.11 Land, premises and equipment and depreciation**

- a) Land and assets under installation are stated at cost, and depreciation is not provided.
- b) Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Buildings	-	20 - 30 years
Buildings improvement	-	5 - 10 years
Furniture, fixtures and equipment	-	3 - 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

- c) Land, premises and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of these assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the statement of comprehensive income.

## **5.12 Intangible assets and amortisation**

The Company and its subsidiaries initially recognised intangible assets acquired through business combination at fair value on the date of business acquisition while intangible assets acquired in other cases are initially measured at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense and losses on impairment are recognised as expenses in part of profit or loss in the statements of comprehensive income.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

### **5.13 Leasehold rights**

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease periods and the amortisation amounts are recognised as expenses in part of profit or loss in the statements of comprehensive income.

### **5.14 Business combination and goodwill**

Business combination accounted for under purchase method.

Goodwill is initially recorded at cost, which equals to the excess of the cost of business combination over the Company's portion in the fair value of the net assets acquired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

### **5.15 Receivable from/payable to Clearing House**

Receivable from/payable to Clearing House comprise the net balance receivable/ payable in respect of securities trades settled and derivatives business. These also include amounts pledged with Thailand Clearing House as security for derivatives trading.

### **5.16 Securities purchased under resale agreements/ securities sold under repurchase agreements**

Subsidiary companies enter into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased are presented as assets under the caption of "Interbank and money market items" or "Loans to customers", depending on the counterparty, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of "Interbank and money market items" in the statements of financial position and the underlying securities are treated as collateral.

### **5.17 Premium receivable and allowance for doubtful accounts**

Premium receivable from both direct and reinsurance is stated at its net realisable value. Subsidiary companies provide an allowance for doubtful accounts based on the estimated loss that may be incurred in the collection of the premium due, on the basis of collection experience and a review of current status of the premium receivable as at the end of reporting period.

### **5.18 Reinsurance assets and liabilities**

- a) Reinsurance assets represent amounts due from reinsurers (consisting of claims receivable and various other items receivable for reinsurers excluding reinsurance premium receivable less allowance for doubtful accounts), amounts deposited on reinsurance and insurance reserve refundable from reinsurers. Insurance reserve refundable from reinsurers is estimated based on the proportion of premium reserve and loss reserve made in accordance with the law regarding insurance reserve calculation that has been reinsured.
- b) Amounts due to reinsurers are stated at the outstanding balances payable from reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers.

### **5.19 Assets held for sale and discontinued operations**

Assets held for sale are measured at the lower of their carrying value and fair value less costs to sell. Disposal groups of assets are classified as assets held for sale if their carrying values are recovered principally through a sales transaction rather than through continuing use. In such case, the assets must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and their sale must be highly probable. Management of the Company and its subsidiaries must be committed to the sale plan, which should be expected to qualify for recognition as a complete sale within one year from the date the assets are classified as assets held for sale.

In the consolidated statements of comprehensive income of the reporting year and the prior comparable year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations and shown as profit for the year from discontinued operations in the line item next to profit for the year from continuing operations.

## 5.20 Premium reserve/life insurance premium reserve

### Non-life insurance contract

Premium insurance reserve comprise with unearned premium reserve and unexpired risks reserve.

#### a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premium as from the date policy is effective, throughout the period of insurance coverage
Other	- Monthly average basis (the one-twenty fourth basis)

#### b) Unexpired risks reserve

Unexpired risks reserve is the reserve for the future claims that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

At the end of each reporting date, the subsidiary compares the amounts of unexpired risks reserve with the unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

### Life insurance contract

Life insurance premium reserve represents the accumulated total liabilities for estimated future claims under all policies in force as at the financial statement date.

Subsidiaries determine life insurance premium reserve under long-term policies by using the higher of the net level premium valuation method (NPV) and the gross premium valuation method (GPV).

Life insurance premium reserve under NPV method is a type of actuarial method with the main assumptions used relating to mortality rate, morbidity rate, longevity and discount rates.



Calculation of life insurance premium reserve under GPV method is another type of actuarial method with main assumptions used relating to lapse rate or surrender rate, selling and administrative expenses, mortality and morbidity rate, discount rates and non-guaranteed dividend rate. This calculation method is in compliance with the bases stipulated in the notification of the Office of Insurance Commission (“OIC”) regarding valuation of assets and liabilities of life insurance company.

## **5.21 Loss reserve and outstanding claims/Benefits payment to life policy**

### Non-life insurance contract

Outstanding claims are recorded at the actual amount to be paid. Loss reserve is recorded upon the receipt of the claims advice from the insured based on the number of claims notified by the insured and estimates made by a subsidiary’s management. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, the subsidiaries set up additional reserve for losses incurred but not reported (IBNR) using an actuarial method based on a best estimate of claims which are expected to be paid in the future for losses occurring before or as at the reporting date, including both reported and unreported claims, and net of recorded claims.

### Life insurance contract

Benefits paid under life policies are provided for upon receipt of the claims advices from the insured or in accordance with the conditions of the policy.

## **5.22 Long-term leases**

Leases that transfer substantially all the risks and rewards of ownership to the Company and its subsidiaries are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to profit or loss in the statement of comprehensive income over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses on a straight-line basis over the lease term.

### **5.23 Financial derivatives**

The Company and its subsidiaries have entered into derivative financial instruments in order to manage risk of the Company and its subsidiaries and in response to customer needs.

Financial derivative contracts which were originated for trading purposes are recorded as off-balance items. Gains or losses arising from changes in the fair value of the contracts are recognised as part of profit or loss in the statement of comprehensive income. The fair values of the contracts are based on the quoted market prices. If the fair value of financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models, in which the variables used, are derived from observable market factors.

Other financial derivative contracts (forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts) which were not originated for trading purposes are recorded as off-balance items, and presented on an accrual basis. Foreign currency components are translated at the year-end exchange rate, in the same manner as the hedged items, with unrealised gains or losses on translation recognised as part of profit or loss in the statement of comprehensive income. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets or liabilities, with gains or losses recorded to interest income and interest expense over the terms of the contracts. Receivables and payables under foreign exchange contracts are presented at the net amount in the statement of financial position.

### **5.24 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated company and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that give them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company's and its subsidiaries' operations.

### **5.25 Impairment of assets**

At the end of each reporting date, the Company and its subsidiaries assess whether there is an indication that an asset may be impaired. The Company and its subsidiaries perform impairment review whenever events or changes in circumstances indicate that an asset may be impaired. Loss on impairment is recognised when the asset's recoverable amount is less than the book value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell reflects the amount that the Company and its subsidiaries could obtain at the financial reporting date from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company and its subsidiaries recognise impairment losses as expenses in part of profit or loss in the statement of comprehensive income.

In assessing impairment of asset other than goodwill, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss for assets other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in part of profit or loss in the statement of comprehensive income.

### **5.26 Structured notes**

Structured notes are debentures which a subsidiary offered to customers, who are institutional investors or high net worth investors. The notes are issued under conditions approved by the Office of the Securities and Exchange Commission, and the underlying assets are securities listed on the Stock Exchange of Thailand.

The notes are recorded at amortised cost, adjusted by the discount on the notes. The discount is amortised by the effective rate method with the amortised amount presented as interest expenses in profit or loss.

Embedded derivatives are recorded as derivative assets at fair value and the changes in fair value are recorded in profit or loss. In determining the fair value, the subsidiary uses a valuation technique and theoretical model. The input to the model is derived from observable market conditions that include liquidity, dividend, interest rate, and the price and the volatility of the underlying asset.

## **5.27 Employee benefits**

### **a) Short-term employee benefits**

The Company and its subsidiaries recognised short-term employee benefits, such as salary, wages, bonuses, contributions to the social security fund, and vacation, as expenses when incurred.

### **b) Post-employment benefits (Defined contribution plans)**

The Company, 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.

### **c) Post-employment benefits (Defined benefit plans)**

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

Actuarial gains and losses arising from post employment benefits are recognised immediately in profit or loss in the statement of comprehensive income.

## **5.28 Foreign currencies**

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

Foreign currency transactions are translated into Baht at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the rates ruling at the reporting date.

Exchange gains and losses arising from trading or translation of foreign currencies are included in determining income.

## **5.29 Income tax**

Income tax expense represents the sum of current income tax and deferred tax.

### Current income 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 is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

At each reporting date, 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 profit will be available to allow all or part of the deferred tax asset to be utilised.

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

## **5.30 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 resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **6. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

### **6.1 Recognition and derecognition of assets and liabilities**

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment 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.

### **6.2 Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables**

Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables are intended to adjust the value of loans for probable credit losses. The management uses the BOT's and SEC's regulations regarding the provision of allowance for doubtful accounts and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions.

### **6.3 Allowance for impairment of investments in securities**

The Company and its subsidiaries review an impairment of investments in securities when indication of impairment exists. The determination of what is indication of impairment requires the management's judgment.

### **6.4 Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercised judgment, 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.

## **6.5 Allowance for impairment of property foreclosed**

The Company and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

## **6.6 Land, premises and equipment/Depreciation**

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

In addition, the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses in the period when it is determined that the recoverable amounts are lower than the carrying amounts. This requires judgments in terms of forecasting future revenues and expenses relating to the assets subject to the review.

## **6.7 Goodwill and intangible assets**

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to exercise judgment as to the recoverable amount to be generated by the asset, using the discounted cash flows method, and including the selection of a suitable discount rate in order to determine the present value of that cash flow. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions.

## **6.8 Deferred tax assets**

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

## **6.9 Finance lease/Operating lease**

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

## **6.10 Unearned premium/Life insurance premium reserve**

Unexpired risk reserve is calculated under an actuarial method, which reflects the best estimate of losses expected to be incurred over the remaining period of the insurance.

Life insurance premium reserve is calculated under an actuarial method, based on the best estimate at that time, which reflects current assumptions or assumption established at inception of the contract. Such reserve requires the management to exercise judgment in order to reflect the best estimates at that time.

## **6.11 Loss reserve and outstanding claims**

At the end of each reporting date, subsidiaries estimate loss reserves and outstanding claims in two parts; loss incurred for which the claims advice has been received from the insured, and loss incurred but not reported (IBNR). The IBNR reserve is calculated using an international standard actuarial method. The main assumptions underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred losses, average costs per claim, and claim numbers. Such estimates require the management to exercise judgment in order to reflect the best estimates available at that time.

## **6.12 Post-employment benefits under defined benefit plans**

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate, based on their best knowledge of current situation.

## **6.13 Litigation and contingent liabilities**

The Company and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgment to assess of the results of such transactions, and in case where they believe that there will be no losses, no provisions are recorded as at the end of the reporting period.



## 7. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	2014			2013		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand and Financial Institutions Development Fund	6,189	7,500	13,689	8,251	1,500	9,751
Commercial banks	1,072	25,090	26,162	618	23,546	24,164
Specialised financial institutions	46	90	136	71	99	170
Other financial institutions	94	21,179	21,273	369	23,803	24,172
<b>Total</b>	<b>7,401</b>	<b>53,859</b>	<b>61,260</b>	<b>9,309</b>	<b>48,948</b>	<b>58,257</b>
Add: Accrued interest receivables	2	20	22	1	45	46
Less: Allowance for doubtful accounts	-	(207)	(207)	-	(231)	(231)
<b>Total domestic items</b>	<b>7,403</b>	<b>53,672</b>	<b>61,075</b>	<b>9,310</b>	<b>48,762</b>	<b>58,072</b>
<b>Foreign</b>						
US Dollar	940	3,716	4,656	719	10,663	11,382
Euro	61	1	62	34	-	34
Others	250	-	250	165	541	706
<b>Total</b>	<b>1,251</b>	<b>3,717</b>	<b>4,968</b>	<b>918</b>	<b>11,204</b>	<b>12,122</b>
Add: Accrued interest receivables	-	5	5	-	32	32
Less: Deferred revenues	-	(1)	(1)	-	(2)	(2)
Less: Allowance for doubtful accounts	-	(9)	(9)	-	(9)	(9)
<b>Total foreign items</b>	<b>1,251</b>	<b>3,712</b>	<b>4,963</b>	<b>918</b>	<b>11,225</b>	<b>12,143</b>
<b>Total</b>	<b>8,654</b>	<b>57,384</b>	<b>66,038</b>	<b>10,228</b>	<b>59,987</b>	<b>70,215</b>

(Unit: Million Baht)

	Separate financial statements					
	2014			2013		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Commercial banks	21	-	21	33	3,500	3,533
Add: Accrued interest receivables	-	-	-	-	10	10
<b>Total domestic items</b>	<b>21</b>	<b>-</b>	<b>21</b>	<b>33</b>	<b>3,510</b>	<b>3,543</b>

As at 31 December 2014, the Company had deposits with a subsidiary company of Baht 17 million in the separate financial statements (2013: Baht 3,028 million).

## 8. Derivatives

As at 31 December 2014 and 2013, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), were classified by type of risk as follows:

(Unit: Million Baht)

Types of risk	Consolidated financial statements					
	2014			2013		
	Fair value/Adjustments on an accrual basis		Notional amount*	Fair value/Adjustments on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
<b>Foreign exchange rate</b>						
Derivatives for trading	411	319	72,468	1,260	1,356	73,700
Derivatives for banking book	9	87	7,796	12	878	23,142
<b>Interest rate</b>						
Derivatives for trading	3,896	3,856	352,184	2,569	2,534	280,730
Derivatives for banking book	-	-	16,100	-	-	26,100
<b>Foreign exchange rate and interest rate</b>						
Derivatives for trading	19	6	2,792	24	18	1,640
Derivatives for banking book	54	930	12,770	49	914	12,754
<b>Others</b>						
Derivatives for trading	-	2	299	-	1	281
<b>Total</b>	<b>4,389</b>	<b>5,200</b>	<b>464,409</b>	<b>3,914</b>	<b>5,701</b>	<b>418,347</b>

\* Disclosed only in case that the subsidiaries have an obligation to pay

Derivatives for hedging (banking book) are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange at the end of the year is presented under derivatives assets/derivatives liabilities. Accrued interest receivables/payables per the contracts are recorded as receivables and payables in other assets/other liabilities.

Below are the proportions of trading derivatives transactions classified by counterparty, determined based on the notional amount, as at 31 December 2014 and 2013.

Counterparty	Consolidated financial statements	
	2014	2013
	Percent	Percent
Financial institutions	95.03	95.83
Third parties	4.97	4.17
Total	100.00	100.00

## 9. Investments

### 9.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2014		2013		2014		2013	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading securities</b>								
Government and state enterprises securities	8,221	8,319	5,706	5,532	-	-	-	-
Private debt securities	5,169	5,434	5,266	5,214	1	1	2	2
Domestic marketable equity securities	198	194	17	16	-	-	-	-
	13,588	13,947	10,989	10,762	1	1	2	2
Add(Less): Allowance for change in value	359		(227)		-		-	
Net	13,947		10,762		1		2	
<b>Available-for-sale securities</b>								
Government and state enterprises securities	68,156	68,985	76,880	77,313	-	-	5,482	5,508
Private debt securities	45,325	46,226	26,136	26,347	731	755	656	662
Foreign debt securities	11,766	11,827	14,691	14,543	-	-	-	-
Domestic marketable equity securities	3,281	4,552	1,096	1,890	127	711	127	558
Unit trusts	256	259	23	19	241	241	-	-
	128,784	131,849	118,826	120,112	1,099	1,707	6,265	6,728
Add: Allowance for change in value	3,065		1,286		608		463	
Net	131,849		120,112		1,707		6,728	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2014		2013		2014		2013	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
<b>Held-to-maturity debt securities</b>								
Government and state enterprises securities	11,157	11,473	11,435	11,735	-	-	-	-
Private debt securities	466	501	352	369	3,636	3,631	3,636	3,631
Investment in receivables purchased	1,293	1,039	1,358	1,078	708	620	715	606
	12,916	13,013	13,145	13,182	4,344	4,251	4,351	4,237
Less: Allowance for impairment	(254)		(280)		(88)		(109)	
Net	12,662		12,865		4,256		4,242	
<b>General investment</b>								
Domestic non-marketable equity securities	3,879		3,879		112		112	
Foreign non-marketable equity securities	39		39		-		-	
Unit trusts	58		87		-		-	
	3,976		4,005		112		112	
Less: Allowance for impairment	(116)		(58)		(36)		(36)	
Net	3,860		3,947		76		76	
<b>Total investments - net</b>	<b>162,318</b>		<b>147,686</b>		<b>6,040</b>		<b>11,048</b>	

## 9.2 Classified by remaining period of debt securities

(Unit: Million Baht)

Consolidated financial statements										
2014						2013				
Due within						Due within				
	Less					Less				
	At call	1 year	1 - 5 years	Over 5 years	Total	At call	1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>										
Government and state enterprises securities	-	14,253	53,413	490	68,156	-	23,739	42,482	10,659	76,880
Private debt securities	-	15,872	25,876	3,577	45,325	-	2,894	19,700	3,542	26,136
Foreign debt securities	-	-	11,434	332	11,766	-	2,921	11,439	331	14,691
Total	-	30,125	90,723	4,399	125,247	-	29,554	73,621	14,532	117,707
Add: Allowance for change in value	-	114	1,472	205	1,791	-	85	401	10	496
Total	-	30,239	92,195	4,604	127,038	-	29,639	74,022	14,542	118,203
<b>Held-to-maturity debt securities</b>										
Government and state enterprises securities	-	2,696	8,419	42	11,157	-	448	10,945	42	11,435
Private debt securities	-	107	209	150	466	-	177	25	150	352
Investments in receivables purchased <sup>(1)</sup>	1,293	-	-	-	1,293	1,357	1	-	-	1,358
Total	1,293	2,803	8,628	192	12,916	1,357	626	10,970	192	13,145
Less: Allowance for impairment	(254)	-	-	-	(254)	(280)	-	-	-	(280)
Total	1,039	2,803	8,628	192	12,662	1,077	626	10,970	192	12,865
<b>Total debt securities</b>	<b>1,039</b>	<b>33,042</b>	<b>100,823</b>	<b>4,796</b>	<b>139,700</b>	<b>1,077</b>	<b>30,265</b>	<b>84,992</b>	<b>14,734</b>	<b>131,068</b>

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest.

(Unit: Million Baht)

Separate financial statements										
2014					2013					
Due within					Due within					
Less					Less					
At call	than 1 year	1 - 5 years	Over 5 years	Total	At call	than 1 year	1 - 5 years	Over 5 years	Total	
<b>Available-for-sale securities</b>										
Government and state enterprises securities										
-	-	-	-	-	-	2,355	-	3,127	5,482	
Private debt securities										
-	-	650	81	731	-	-	526	130	656	
<b>Total</b>										
-	-	650	81	731	-	2,355	526	3,257	6,138	
Add: Allowance for change in value										
-	-	21	3	24	-	1	4	27	32	
<b>Total</b>										
-	-	671	84	755	-	2,356	530	3,284	6,170	
<b>Held-to-maturity debt securities</b>										
Private debt securities										
-	-	-	3,636	3,636	-	-	-	3,636	3,636	
Investments in receivables purchased <sup>(1)</sup>										
708	-	-	-	708	715	-	-	-	715	
<b>Total</b>										
708	-	-	3,636	4,344	715	-	-	3,636	4,351	
Less: Allowance for impairment										
(88)	-	-	-	(88)	(109)	-	-	-	(109)	
<b>Total</b>										
620	-	-	3,636	4,256	606	-	-	3,636	4,242	
<b>Total debt securities</b>										
620	-	671	3,720	5,011	606	2,356	530	6,920	10,412	

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest

**9.3** As at 31 December 2014 and 2013, the Company has investments of Baht 3,636 million in perpetual non-cumulative subordinated hybrid bonds (Hybrid Tier I). These debentures are unsecured and non-convertible and will be redeemed only upon the dissolution of Thanachart Bank or when conditions specified are met. The debentures bear interest at a rate equal to the highest rate for Thanachart Bank's six-month fixed deposit plus 6 percent per annum, payable semi-annually.

#### 9.4 Investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee

As at 31 December 2014 and 2013, investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee, but which are not treated as subsidiary or associated companies, separated by industry as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Manufacturing and commerce	1,431	1,124	711	558
Banking and finance sector	4	142	-	-
Real estate and construction	21	21	20	20

#### 9.5 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 31 December 2014 and 2013 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Investments in receivables purchased	1,293	1,358	708	715
Less: Allowance for impairment	(254)	(280)	(88)	(109)
Investments in receivables purchased - net	1,039	1,078	620	606

	2014				2013			
	Number	Balance			Number	Balance		
	of	per	Purchase	Yield	of	per	Purchase	Yield
	debtors	agreement	price		debtors	agreement	price	
		Million Baht	Million Baht	Percent		Million Baht	Million Baht	Percent
<b><u>Consolidated financial statements</u></b>								
Total accumulated investments								
in receivables purchased	2,938	33,611	7,845	1.75 - 18.97	2,938	33,611	7,845	1.75 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the year	510	9,875	1,293		537	9,919	1,358	
<b><u>Separate financial statements</u></b>								
Total accumulated investments								
in receivables purchased	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the year	202	4,850	708		202	4,851	715	

During the years 2014 and 2013, the Company and its subsidiaries have entered into debt restructuring agreements with its investments in receivable purchased, by means of various types of restructuring, as summarised below.

Type of restructuring	Consolidated financial statements				
	Number of	Outstanding	Outstanding	Type of assets to	Fair value of
	debtors	balances before	balances after	be transferred	assets to be
		restructuring	restructuring		transferred under
		Million Baht	Million Baht		agreement
<b><u>2014</u></b>					
Modification of repayment conditions	2	4	4		
Transfer of assets	1	6	6	Land and	17
				premise thereon	
Total	3	10	10		
<b><u>2013</u></b>					
Modification of repayment conditions	3	8	8		
Total	3	8	8		



Separate financial statements					
Type of restructuring	Number of debtors	Outstanding balances before restructuring Million Baht	Outstanding balances after restructuring Million Baht	Type of assets to be transferred	Fair value of assets to be transferred under agreement Million Baht
<b>2014</b>					
Modification of repayment conditions	-	-	-		
Total	-	-	-		
<b>2013</b>					
Modification of repayment conditions	1	-	-		
Total	1	-	-		

The remaining periods to maturity of the restructured debts of the Company and its subsidiaries, counting from the end of the years are as follows:

Consolidated financial statements				
Periods	2014		2013	
	Number of receivables	Outstanding balances after restructuring Million Baht	Number of receivables	Outstanding balances after restructuring Million Baht
Due within the year	3	10	3	8
Total	3	10	3	8

  

Separate financial statements				
Periods	2014		2013	
	Number of receivables	Outstanding balances after restructuring Million Baht	Number of receivables	Outstanding balances after restructuring Million Baht
Due within the year	-	-	1	-
Total	-	-	1	-

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 31 December 2014 and 2013, there was no outstanding restructured receivables in the investments in receivables purchased account.

## 9.6 Investments in companies having problems relating to financial position and operating results

As at 31 December 2014 and 2013, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, summarised below.

	Consolidated financial statements							
	Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
	2014	2013	2014	2013	2014	2013	2014	2013
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b><u>Investments in receivables purchased</u></b>								
1. Closed financial institutions	7	7	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial position to listed companies vulnerable to delisting from the SET	1	1	3	3	3	-	3	3
3. Companies which have loan settlement problems or have defaulted on the repayment	169	169	994	1,001	1,456	1,396	178	206

Separate financial statements								
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts		
2014	2013	2014	2013	2014	2013	2014	2013	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
<b><u>Investments in receivables purchased</u></b>								
1. Companies which have loan settlement problems or have defaulted on the repayment	69	69	547	549	921	845	59	81

## 10. Investments in subsidiary and associated companies

### 10.1 Separate financial statements

As at 31 December 2014 and 2013, investments in subsidiary and associated companies in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding (Percent)		Value of investment under the cost method		Dividend income for the years	
	2014	2013	2014	2013	2014	2013	2014	2013
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	55,137	55,137	50.96	50.96	29,056	29,056	1,264	1,040
NFS Asset Management Co., Ltd.	1,000	1,000	100.00	100.00	1,000	1,000	350	600
Siam City Life Assurance Plc.	700	-	53.50	-	482	-	-	-
Max Asset Management Co., Ltd.	143	572	83.44	83.44	117	469	327	167
NASSET Property Fund 6	122	368	99.80	99.80	122	367	4	17
Thanachart SPV 01 Co., Ltd.	-	2	-	100.00	-	2	-	-
<u>Associated company</u>								
MBK Plc.	1,886	1,886	10.00	10.00	658	658	113	104
<b>Total investments in subsidiary and associated companies</b>					<b>31,435</b>	<b>31,552</b>	<b>2,058</b>	<b>1,928</b>

On 2 June 2014, the Company purchased 37,450,000 ordinary shares of Siam City Life Assurance Plc. from Thanachart Bank Plc. totaling Baht 482 million.

During the year 2014, Thanachart SPV 01 Co., Ltd. registered its dissolution and has completed its liquidation process.

During the year 2014, NASSET Property Fund 6 decreased the number of its registered units and returned of Baht 337 million to the Company, based on the net assets value at the declaration date. The Company therefore recorded a gain on capital return of Baht 92 million in the separate financial statements. This gain has been eliminated in the consolidated financial statements (2013: capital returned of Baht 3.5 million with gain of Baht 1 million).

During the year 2014, Max Asset Management Co., Ltd. decreased its registered shares capital and returned of Baht 358 million to the Company, based on the par value. The Company therefore recorded a gain on capital return of Baht 6 million in the separate financial statements. This gain has been eliminated in the consolidated financial statements.

## 10.2 Investment in an associated company in the consolidated financial statements

As at 31 December 2014 and 2013, investment in an associated company in the consolidated financial statements, which are recorded under the equity method, consist of investment in ordinary shares of the following company which operate in Thailand:

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income for the years		Share of profit for the years	
					Cost method		Equity method					
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
MBK Plc. (operating in property rental, hotel and services business)	1,886	1,886	19.90	19.90	948	948	2,417	2,389	225	206	264	800
Total investment in an associated company					948	948	2,417	2,389	225	206	264	800

The Company and its subsidiaries classified investment in MBK Plc. as investment in an associated company since the Company and its subsidiaries had significant influence in that company.

## 10.3 Summarised financial information of an associated company

- a) Summarised financial information of MBK Plc. as at 30 September 2014 and 2013 and for the years then ended are as follows:

(Unit: Million Baht)

Paid-up share capital		Total assets		Total liabilities		Total income for the years ended		Profit for the years ended	
30 September		30 September		30 September		30 September		30 September	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
1,886	1,886	37,834	39,584	20,567	23,617	10,001	12,923	1,323	4,013

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Company, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the year ended 31 December 2014 was determined based on financial statements that were prepared with reference to financial statements for the year ended 30 September 2014 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that the income for the year ended 30 September 2014 is not materially different from the income for the year ended 31 December 2014.

b) Fair value of investment in an associated company

As at 31 December 2014 and 2013, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(Unit: Million Baht)			
MBK Plc.	5,443	5,236	2,734	2,630

#### 10.4 Cash flow information of asset management companies that are subsidiaries

Cash flow information of asset management companies that are subsidiaries for the years ended 31 December 2014 and 2013 are as follows:

	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2014	2013	2014	2013	2014	2013
	(Unit: Million Baht)					
<b>Cash flows from operating activities</b>						
Profit before income tax	82	376	171	135	960	541
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities						
Gain on assets transferred for debt settlement	(8)	(12)	(13)	-	-	-
Reversal of loss on impairment of investment of securities	-	(22)	-	-	-	-
Loss on impairment of property foreclosed (reversal)	(65)	(8)	(8)	(5)	24	10
Reversal of impairment loss of loans and debt securities	(1)	(43)	-	-	(645)	(290)
Others	(4)	(17)	1	(5)	2	8
	4	274	151	125	341	269
Interest income	(42)	(34)	(37)	(9)	(355)	(351)
Dividend income	(3)	(30)	-	-	-	-
Cash received from interest	39	23	34	5	363	361
Cash paid for income tax	(18)	(53)	(51)	(26)	(153)	(148)
Income from operating activities before changes in operating assets and liabilities (loss)	(20)	180	97	95	196	131
Decrease (increase) in operating assets						
Current investments	10	209	270	(97)	-	-
Investments in receivables purchased	(2)	(3)	41	(3)	-	-
Loans to customers	72	109	35	27	1,079	980
Property foreclosed	173	174	(129)	166	428	284
Other assets	34	3	15	3	(6)	(13)
Increase (decrease) in operating liabilities						
Interbank and money market items	-	-	-	-	(1,653)	(1,505)
Provisions	-	(69)	-	-	(1)	(3)
Other liabilities	(15)	(83)	146	(2)	(50)	69
<b>Net cash flows from (used in) operating activities</b>	<b>252</b>	<b>520</b>	<b>475</b>	<b>189</b>	<b>(7)</b>	<b>(57)</b>

	(Unit: Million Baht)					
	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2014	2013	2014	2013	2014	2013
<b>Cash flows from investing activities</b>						
Cash received from disposal of long-term investments	-	77	-	-	-	-
Cash received from dividend	3	30	-	-	-	-
<b>Net cash flows from investing activities</b>	3	107	-	-	-	-
<b>Cash flows from financing activities</b>						
Cash received for debts issued and borrowings	-	-	349	-	-	-
Cash paid for capital returned	-	-	(429)	-	-	-
Cash paid from interest on debts issued and borrowings	-	-	(1)	-	-	-
Cash paid for dividend	(350)	(600)	(392)	(200)	-	-
<b>Net cash flows used in financing activities</b>	(350)	(600)	(473)	(200)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	(95)	27	2	(11)	(7)	(57)
<b>Cash and cash equivalents at beginning of the year</b>	109	82	9	20	61	118
<b>Cash and cash equivalents at end of the year</b>	14	109	11	9	54	61

**10.5** During the year 2013, Thiravanit Co., Ltd. registered its dissolution and had completed its liquidation process. During the year 2014, Thanachart SPV 01 Co., Ltd. registered its dissolution and has already completed its liquidation process.

## 11. Loans to customers and accrued interest receivables

### 11.1 Classified by loan type

(Unit: Million Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<u>Loans to customers</u>				
Overdrafts	20,773	22,104	-	-
Loans	282,197	274,495	184	188
Notes receivables	48,154	49,526	299	8
Hire purchase receivables	454,981	501,998	59	84
Financial lease receivables	1,202	1,535	-	-
Others	301	202	-	-
Less: Deferred revenues	(55,787)	(62,003)	(3)	(4)
Total loans to customers net of deferred revenues	751,821	787,857	539	276
Add: Accrued interest receivables	788	1,015	-	-
Total loans to customers and accrued interest				
receivables net of deferred revenues	752,609	788,872	539	276
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(18,948)	(21,640)	(150)	(180)
- Collective approach	(8,934)	(8,635)	-	-
2) Excess provision	(294)	(20)	-	-
Less: Revaluation allowance for debt restructuring	(103)	(305)	-	-
Loans to customers and accrued interest				
receivables - net	724,330	758,272	389	96
<u>Securities business receivables</u>				
Credit balances receivables	3,633	3,144	-	-
Other receivables	202	173	-	-
Total securities business receivables	3,835	3,317	-	-
Less: Allowance for doubtful accounts	(171)	(172)	-	-
Securities business receivables - net	3,664	3,145	-	-
Total loans to customers and accrued interest				
receivables - net	727,994	761,417	389	96

## 11.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	731,645	100	731,745	768,243	-	768,243
US Dollar	15,521	8,299	23,820	17,384	5,318	22,702
Other currencies	143	-	143	297	-	297
Total loans to customers	747,309	8,399	755,708	785,924	5,318	791,242
Less: Intercompany gain from loans transferred	(52)	-	(52)	(68)	-	(68)
Total*	747,257	8,399	755,656	785,856	5,318	791,174

\* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	539	-	539	276	-	276
Total*	539	-	539	276	-	276

\* Total loans net of deferred revenues

## 11.3 Classified by type of business and loan classification

(Unit: Million Baht)

	Consolidated financial statements							
	2014							
	The Company and subsidiary companies which are financial institutions							Consolidated
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total	Other subsidiary companies	
Agricultural and mining	11,540	9	4	6	519	12,078	2	12,080
Manufacturing and commerce	72,117	1,524	1,508	431	6,906	82,486	169	82,655
Real estate and construction	49,311	339	223	175	2,033	52,081	20	52,101
Public utilities and services	61,226	1,499	433	374	3,995	67,527	89	67,616
Personal consuming								
Housing loans	81,064	1,175	560	538	2,397	85,734	20	85,754
Securities business	-	-	-	-	-	-	3,835	3,835
Hire purchase	332,452	29,113	2,304	2,297	5,123	371,289	28,052	399,341
Others	25,329	787	668	249	831	27,864	292	28,156
Others	23,609	13	108	64	375	24,169	1	24,170
Total loans to customers	656,648	34,459	5,808	4,134	22,179	723,228	32,480	755,708
Less: Intercompany gain from loans transferred								(52)
Total*								755,656

\* Total loans net of deferred revenues



(Unit: Million Baht)

Consolidated financial statements								
2013								
The Company and subsidiary companies which are financial institutions								
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total	Other subsidiary companies	Consolidated
Agricultural and mining	11,180	32	21	577	190	12,000	3	12,003
Manufacturing and commerce	70,080	411	1,685	2,594	6,361	81,131	120	81,251
Real estate and construction	47,621	293	412	222	2,303	50,851	16	50,867
Public utilities and services	59,835	1,876	380	3,165	3,093	68,349	103	68,452
Personal consuming								
Housing loans	77,848	1,301	584	559	3,365	83,657	8	83,665
Securities business	-	-	-	-	-	-	3,317	3,317
Hire purchase	374,455	29,946	2,302	1,968	4,042	412,713	27,464	440,177
Others	25,362	976	699	160	1,025	28,222	223	28,445
Others	22,421	35	108	83	417	23,064	1	23,065
Total loans to customers	688,802	34,870	6,191	9,328	20,796	759,987	31,255	791,242
Less: Intercompany gain from loans transferred								(68)
Total*								791,174

\* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements							
2014							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total	
Manufacturing and commerce	-	-	-	-	2	2	
Public utilities and services	-	-	-	-	1	1	
Personal consuming							
Housing loans	16	-	1	-	7	24	
Hire purchase	-	-	-	-	56	56	
Others	-	-	-	6	159	165	
Others	291	-	-	-	-	291	
Total*	307	-	1	6	225	539	

\* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements				
	2013				
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss
Manufacturing and commerce	-	-	-	-	2
Public utilities and services	-	-	-	-	1
Personal consuming					
Housing loans	8	1	-	8	7
Hire purchase	-	-	-	-	80
Others	-	1	-	-	168
Total*	8	2	-	8	258

\* Total loans net of deferred revenues

#### 11.4 Non-performing loans

As at 31 December 2014 and 2013, the Company and its subsidiaries (banking, securities and asset management businesses) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Non-performing loans (excluding accrued interest receivables)				
The Company	232	266	232	266
Banking business	22,597	24,394	-	-
Securities business	172	173	-	-
Asset management business	9,273	11,636	-	-

The above definition of non-performing loans does not include overdue loans which have been already restructured and are now qualified for classification as Normal or Special mention debt.

Additionally, the Company and its subsidiaries (banking and securities businesses) had loans for which income recognition under an accrual basis has been discontinued, as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
The Company	232	170	232	170
Banking business	23,031	24,418	-	-
Securities business	172	173	-	-

The Company recognises income from loans that were transferred from investment in receivables on a cash basis. Subsidiary companies engaged in the asset management business also recognise income from loans on a cash basis.

## 11.5 Debt restructuring

During the years 2014 and 2013, the Company and its subsidiaries (banking, asset management and securities businesses) have entered into debt restructuring agreements as follows:

	Consolidated financial statements				
Type of restructuring	Number of debtors	Outstanding balances before restructuring <sup>(1)</sup>	Outstanding balances after restructuring <sup>(1)</sup>	Type of assets to be transferred	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		Million Baht
<b>2014</b>					
Modification of repayment conditions	3,790	6,264	6,240		
Transfer of assets and/or common shares and/or modification of repayment conditions	55	570	513	Land, land and premise thereon	447
Total	3,845	6,834	6,753		
<b>2013</b>					
Transfer of common shares	1	21	21	Common shares	-
Modification of repayment conditions	4,829	10,284	10,252		
Transfer of assets and/or common shares and/or modification of repayment conditions	26	1,120	886	Land, land and premise thereon and movable assets	427
Total	4,856	11,425	11,159		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Type of restructuring	Separate financial statements		
	Number of debtors	Outstanding balances	Outstanding balances
		before restructuring <sup>(1)</sup>	after restructuring <sup>(1)</sup>
		Million Baht	Million Baht
<b>2014</b>			
Modification of repayment conditions	9	8	8
Total	9	8	8
<b>2013</b>			
Modification of repayment conditions	40	3	3
Total	40	3	3

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Counting from the end of the years, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the years 2014 and 2013, are summarised below.

Periods	Consolidated financial statements			
	2014		2013	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	1,543	1,976	2,115	4,147
Due within the year	511	2,279	509	2,752
Less than 5 years	873	1,354	705	1,089
5 - 10 years	797	803	1,304	2,566
10 - 15 years	47	195	77	304
Over 15 years	74	146	146	301
Total	3,845	6,753	4,856	11,159

Periods	Separate financial statements			
	2014		2013	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	-	-	1	-
Due within the year	8	-	38	2
Less than 5 years	-	-	-	-
5 - 10 years	1	8	1	1
10 - 15 years	-	-	-	-
Total	9	8	40	3

Supplemental information for the years 2014 and 2013 relating to restructured loans is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Interest incomes recognised in the statements of				
comprehensive income	1,534	2,105	4	13
Gain on debt settlement	54	61	-	11
Gain on transfers of assets for debt repayment	13	-	-	-
Loss on debt restructuring (net of allowance for				
doubtful accounts as previously recorded)	12	4	-	-
Hair cut loss per agreement	57	-	-	-
Cash repayment from receivables	9,699	11,455	7	32
Property foreclosed received for debt settlement	771	829	-	-

As at 31 December 2014 and 2013, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables							
	Total number of						Outstanding balances,	
	outstanding receivables		Number of receivables		Outstanding balances		net of collateral	
	2014	2013	2014	2013	2014	2013	2014	2013
	Thousand	Thousand			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	2.6	2.8	53	54	109	112	15	23
Thanachart Bank Plc.	1,811.9	1,861.4	31,690	43,138	14,465	20,222	7,260	10,983
Thanachart Securities								
Plc.	1.4	0.5	3	3	35	35	35	35
TS Asset Management								
Co., Ltd.	1.5	1.8	1,155	1,330	8,720	10,120	4,190	4,877
Other subsidiaries	0.5	0.6	165	175	451	534	143	137

## 11.6 Hire purchase/financial lease receivables

As at 31 December 2014 and 2013, the Company and its subsidiaries, which are engaged in banking, hire purchases and financial leases businesses, have hire purchase and financial lease receivables. These mostly comprise hire purchase agreements or financial lease agreements for cars, trucks and motorcycles. The terms of the agreements are generally between 3 and 7 years and they carry interest at fixed rates stipulated in the agreements.

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2014				
Amounts due under lease agreements				
	Less than			
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	135,979	300,551	19,653	456,183
Less: Unearned finance income	(21,028)	(33,586)	(1,127)	(55,741)
Present value of minimum lease payments				
receivables	114,951	266,965	18,526	400,442
Allowance for doubtful accounts				(11,364)
Hire purchase/financial lease				
receivables - net				389,078

\* Included non-performing receivables

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2013				
Amounts due under lease agreements				
	Less than			
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	141,872	340,993	20,668	503,533
Less: Unearned finance income	(22,927)	(38,057)	(962)	(61,946)
Present value of minimum lease payments				
receivables	118,945	302,936	19,706	441,587
Allowance for doubtful accounts				(10,446)
Hire purchase/financial lease				
receivables - net				431,141

\* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2014				
Amounts due under lease agreements				
	Less than			
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	59	-	-	59
Less: Unearned finance income	(3)	-	-	(3)
Present value of minimum lease payments				
receivables	56	-	-	56
Allowance for doubtful accounts				(56)
Hire purchase/financial lease				
receivables - net				-
* Included non-performing receivables				

(Unit: Million Baht)

Separate financial statement as at 31 December 2013				
Amounts due under lease agreements				
	Less than			
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	84	-	-	84
Less: Unearned finance income	(4)	-	-	(4)
Present value of minimum lease payments				
receivables	80	-	-	80
Allowance for doubtful accounts				(80)
Hire purchase/financial lease				
receivables - net				-
* Included non-performing receivables				

## 11.7 Classified by classification

As at 31 December 2014 and 2013, the Company and its financial institution subsidiaries (banking and asset management businesses) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

Consolidated financial statements <sup>(1)</sup>						
	2014			2013		
	Net balance			Net balance		
	Loans and	used in making	Allowance	Loans and	used in making	Allowance
	accrued	allowance for	for doubtful	accrued	allowance for	for doubtful
	interest	doubtful	accounts <sup>(2)</sup>	interest	doubtful	accounts <sup>(2)</sup>
	receivables	accounts		receivables	accounts	
Normal	657,369	454,666	5,831	689,727	492,419	7,163
Special mention	34,488	30,176	4,342	34,909	31,413	4,217
Substandard	5,809	3,365	2,421	6,193	3,912	2,729
Doubtful	4,135	2,824	1,704	9,336	5,566	5,125
Doubtful of loss	22,206	13,178	11,760	20,826	10,920	9,682
Total	724,007	504,209	26,058	760,991	544,230	28,916
Additional allowance for possible uncollectible accounts			294			8
Total			26,352			28,924

(1) Only the Company and subsidiary companies subject to BOT's regulations; and after deducting intergroup transactions.

(2) As at 31 December 2014, the provisions set aside by the Company and subsidiary companies exceeded the minimum requirement per the BOT's notification No. Sor Nor Sor 31/2551 by a total of Baht 7,051 million (2013: Baht 6,650 million). The Company and subsidiary companies allocated Baht 6,757 million (2013: Baht 6,642 million) of the excess provision to a specific provision for an individual debtor and so combined with the minimum provision requirement of Baht 19,301 million (2013: Baht 22,274 million), the total provision set aside in accordance with BOT requirements is Baht 26,058 million (2013: Baht 28,916 million).

(Unit: Million Baht)

Separate financial statements						
	2014			2013		
	Net balance			Net balance		
	Loans and	used in making	Allowance	Loans and	used in making	Allowance
	accrued interest	allowance for	for doubtful	accrued interest	allowance for	for doubtful
	receivables	doubtful	accounts	receivables	doubtful	accounts
		accounts			accounts	
Normal	307	291	3	8	-	-
Special mention	-	-	-	2	-	-
Substandard	1	-	-	-	-	-
Doubtful	6	-	-	8	-	-
Doubtful of loss	225	147	147	258	180	180
Total	539	438	150	276	180	180



Percentage of allowance for doubtful account set up				
	Hire purchase receivables - personal consumer for Thanachart Bank <sup>(3)</sup>			
			Other loans	
	2014	2013	2014	2013
Normal	0.52	0.58	1	1
Special mention	8.47	8.49	2	2
Substandard	52.63	47.13	100	100
Doubtful	48.56	41.73	100	100
Doubtful of loss	51.73	57.91	100	100

(3) These percentages are average rates used in setting up allowance for doubtful accounts.

## 11.8 Loans to companies which have settlement problems

As at 31 December 2014 and 2013, loans of the Company and its subsidiaries (which engaged in banking, asset management, hire purchase and financial lease businesses) in the consolidated financial statements and the separate financial statements included amounts due from companies with weak financial positions and poor operating results, as follows:

Consolidated financial statements								
	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	2014	2013	2014	2013	2014	2013	2014	2013
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	6	7	713	823	67	85	681	768
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	45	41	898	1,011	585	521	312	490
3. Companies which have loan settlement problems or have defaulted on the repayment	1,117	1,312	14,988	18,628	8,470	10,893	7,043	8,824
Separate financial statements								
	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	2014	2013	2014	2013	2014	2013	2014	2013
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted on the repayment	28	40	91	96	94	80	12	22

## 11.9 Classification of securities business receivables in accordance with the Notification of the Securities and Exchange Commission

As at 31 December 2014 and 2013, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables in accordance with the Notification of the Securities and Exchange Commission (“SEC”) governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	2014			2013		
	Debt balances net Allowance for of doubtful accounts			Debt balances net Allowance for of doubtful accounts		
	Debt balances	allowance accounts	for doubtful accounts	Debt balances	allowance accounts	for doubtful accounts
Normal	3,663	-	3,663	3,144	-	3,144
Substandard	5	4	1	3	2	1
Doubtful	167	167	-	170	170	-
Total	3,835	171	3,664	3,317	172	3,145

Allowance for doubtful accounts for substandard loans set aside by the subsidiary is higher than the minimum amount required by the SEC, and takes into account uncertainties as to collateral value and the risk from collection of such receivables.

## 11.10 Hire purchase/financial lease receivables of subsidiaries classified by aging

As at 31 December 2014 and 2013, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

(Unit: Million Baht)

	2014	2013
Current or overdue not over 90 days	26,817	26,645
Overdue 91 - 365 days	1,018	712
Overdue more than 1 year	131	62
Debtors under legal actions	367	288
Total	28,333	27,707
Allowance for doubtful accounts provided in the accounts	1,822	1,370

## 12. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2014									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	7,163	4,217	2,729	5,125	9,682	8	28,924	1,543	30,467
Increase (decrease) during the year	(1,332)	125	(308)	(3,419)	11,333	286	6,685	574	7,259
Bad debts recovery	-	-	-	-	1,210	-	1,210	8	1,218
Bad debts written-off	-	-	-	-	(7,443)	-	(7,443)	(115)	(7,558)
Reversal on hair-cut loans	-	-	-	-	(94)	-	(94)	-	(94)
Reversal from disposal of loans	-	-	-	(2)	(2,928)	-	(2,930)	(15)	(2,945)
Balance - end of the year	5,831	4,342	2,421	1,704	11,760	294	26,352	1,995	28,347

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2013									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	4,885	1,475	3,559	2,394	10,801	499	23,613	930	24,543
Increase (decrease) during the year	2,278	2,742	(830)	2,731	4,325	(491)	10,755	666	11,421
Bad debts recovery	-	-	-	-	687	-	687	13	700
Bad debts written-off	-	-	-	-	(5,034)	-	(5,034)	(34)	(5,068)
Reversal on hair-cut loans	-	-	-	-	(378)	-	(378)	(1)	(379)
Reversal from disposal of loans	-	-	-	-	(719)	-	(719)	(31)	(750)
Balance - end of the year	7,163	4,217	2,729	5,125	9,682	8	28,924	1,543	30,467

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2014					
	Normal	Special mention	Substandard	Doubtful of loss	Total
Balance - beginning of the year	-	-	-	-	180
Increase (decrease) during the year	3	-	-	-	(13)
Bad debts recovery	-	-	-	-	1
Bad debts written-off	-	-	-	-	(11)
Reversal from disposal of loans	-	-	-	-	(10)
Balance - end of the year	3	-	-	-	147

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2013					
	Normal	Special mention	Substandard	Doubtful of loss	Total
Balance - beginning of the year	-	-	-	-	214
Decrease during the year	-	-	-	-	(46)
Bad debts recovery	-	-	-	-	34
Bad debts written-off	-	-	-	-	(1)
Reversal from disposal of loans	-	-	-	-	(21)
Balance - end of the year	-	-	-	-	180

### 13. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Balance - beginning of the year	305	348	-	-
Amortised during the year	(202)	(43)	-	-
Balance - end of the year	103	305	-	-

#### 14. Classification of assets

As at 31 December 2014 and 2013, the quality of assets of the Company and its financial institution subsidiaries (banking and asset management businesses) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

Consolidated financial statements						
2014						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	46,399	657,369	-	-	276	704,044
Special mention	-	34,488	-	-	134	34,622
Substandard	-	5,809	-	-	18	5,827
Doubtful	-	4,135	-	-	17	4,152
Doubtful of loss	-	22,206	317	1,081	370	23,974
Total	46,399	724,007	317	1,081	815	772,619

(Unit: Million Baht)

Consolidated financial statements						
2013						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	44,361	689,727	-	-	277	734,365
Special mention	-	34,909	-	-	135	35,044
Substandard	-	6,193	-	-	18	6,211
Doubtful	-	9,336	-	-	16	9,352
Doubtful of loss	-	20,826	509	839	357	22,531
Total	44,361	760,991	509	839	803	807,503

(Unit: Million Baht)

Separate financial statements						
2014						
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	307	-	-	-	307
Special mention	-	-	-	-	-	-
Substandard	-	1	-	-	-	1
Doubtful	-	6	-	-	-	6
Doubtful of loss	-	225	124	663	78	1,090
Total	-	539	124	663	78	1,404

(Unit: Million Baht)

Separate financial statements						
2013						
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	8	-	-	-	8
Special mention	-	2	-	-	1	3
Substandard	-	-	-	-	-	-
Doubtful	-	8	-	-	-	8
Doubtful of loss	-	258	145	437	82	922
Total	-	276	145	437	83	941

## 15. Property foreclosed

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2014					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	6,310	571	(988)	710	6,603
Internal appraiser	710	-	-	(710)	-
Movable assets	1,284	8,025	(7,764)	-	1,545
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	1,335	449	(130)	-	1,654
Non-used branches					
External appraiser	240	14	(13)	-	241
Total property foreclosed	9,879	9,059	(8,895)	-	10,043
Less: Allowance for impairment	(852)	(1,034)	774	-	(1,112)
Property foreclosed - net	9,027	8,025	(8,121)	-	8,931

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2013					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	7,236	310	(1,368)	132	6,310
Internal appraiser	838	5	(1)	(132)	710
Movable assets	676	8,060	(7,452)	-	1,284
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	1,505	142	(431)	119	1,335
Internal appraiser	123	2	(6)	(119)	-
Non-used branches					
External appraiser	300	87	(147)	-	240
Total property foreclosed	10,678	8,606	(9,405)	-	9,879
Less: Allowance for impairment	(763)	(868)	779	-	(852)
Property foreclosed - net	9,915	7,738	(8,626)	-	9,027

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2014					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	1,296	8	(116)	-	1,188
Movable assets	2	-	(1)	-	1
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	303	6	(31)	-	278
Others					
Immovable assets					
External appraiser	91	7	(16)	-	82
Total property foreclosed	1,692	21	(164)	-	1,549
Less: Allowance for impairment	(437)	(236)	10	-	(663)
Property foreclosed - net	1,255	(215)	(154)	-	886

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2013					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	1,551	15	(334)	64	1,296
Internal appraiser	64	-	-	(64)	-
Movable assets	2	1	(1)	-	2
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	366	-	(86)	23	303
Internal appraiser	28	-	(5)	(23)	-
Others					
Immovable assets					
External appraiser	120	4	(33)	-	91
Total property foreclosed	2,131	20	(459)	-	1,692
Less: Allowance for impairment	(464)	(11)	38	-	(437)
Property foreclosed - net	1,667	9	(421)	-	1,255



## 16. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2014						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2013	4,460	2,624	5,708	134	163	13,089
Additions	-	2	517	6	139	664
Transfers/disposals	(13)	(41)	(302)	(43)	(211)	(610)
31 December 2014	4,447	2,585	5,923	97	91	13,143
<u>Accumulated depreciation</u>						
31 December 2013	-	650	4,159	96	-	4,905
Transfers/disposals	-	(35)	(500)	(41)	-	(576)
Depreciation for the year	-	128	590	15	-	733
31 December 2014	-	743	4,249	70	-	5,062
<u>Allowance for impairment</u>						
31 December 2013	68	26	6	-	-	100
Decrease during the year	-	(1)	-	-	-	(1)
31 December 2014	68	25	6	-	-	99
<u>Net book value</u>						
31 December 2014	4,379	1,817	1,668	27	91	7,982
Depreciation charge for the year						733

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2013						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2012	4,519	2,746	5,647	221	116	13,249
Additions	-	-	505	9	190	704
Decrease from disposal of a subsidiary company	-	(60)	(230)	(3)	-	(293)
Transfers/disposals	(59)	(62)	(214)	(93)	(143)	(571)
31 December 2013	4,460	2,624	5,708	134	163	13,089
<u>Accumulated depreciation</u>						
31 December 2012	-	583	4,054	168	-	4,805
Transfers/disposals	-	(40)	(336)	(90)	-	(466)
Decrease from disposal of a subsidiary company	-	(27)	(156)	(3)	-	(186)
Depreciation for the year	-	134	597	21	-	752
31 December 2013	-	650	4,159	96	-	4,905
<u>Allowance for impairment</u>						
31 December 2012	68	26	6	-	-	100
31 December 2013	68	26	6	-	-	100
<u>Net book value</u>						
31 December 2013	4,392	1,948	1,543	38	163	8,084
Depreciation charge for the year						752

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2014						
	Land	Buildings and improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2013	3	62	66	26	-	157
Additions	-	-	3	1	3	7
Transfers/disposals	-	-	3	-	(3)	-
31 December 2014	3	62	72	27	-	164
<u>Accumulated depreciation</u>						
31 December 2013	-	37	55	18	-	110
Depreciation for the year	-	3	4	4	-	11
31 December 2014	-	40	59	22	-	121
<u>Net book value</u>						
31 December 2014	3	22	13	5	-	43
Depreciation charge for the year						11

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2013						
	Land	Buildings and improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2012	3	62	57	26	4	152
Additions	-	-	4	-	1	5
Transfers/disposals	-	-	5	-	(5)	-
31 December 2013	3	62	66	26	-	157
<u>Accumulated depreciation</u>						
31 December 2012	-	34	52	14	-	100
Depreciation for the year	-	3	3	4	-	10
31 December 2013	-	37	55	18	-	110
<u>Net book value</u>						
31 December 2013	3	25	11	8	-	47
Depreciation charge for the year						10

As at 31 December 2014 and 2013, the Company and its subsidiaries have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 11 million and Baht 22 million, respectively. In addition, the Company and its subsidiaries have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 3,714 million and Baht 2,294 million, respectively (separate financial statements: the Company have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 5 million and Baht 7 million, respectively and have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 73 million and Baht 50 million, respectively).

## 17. Intangible assets

(Unit: Million Baht)

	For the year ended 31 December 2014					Separate financial statements
	Consolidated financial statements					
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	
<u>Cost</u>						
31 December 2013	4,100	1,960	7	240	6,307	8
Additions	-	150	-	106	256	2
Transfers/disposals	-	117	-	(117)	-	-
31 December 2014	4,100	2,227	7	229	6,563	10
<u>Accumulated amortisation</u>						
31 December 2013	1,655	738	7	-	2,400	8
Amortisation for the year	472	201	-	-	673	-
31 December 2014	2,127	939	7	-	3,073	8
<u>Allowance for impairment</u>						
31 December 2013	-	63	-	-	63	-
31 December 2014	-	63	-	-	63	-
<u>Net book value</u>						
31 December 2014	1,973	1,225	-	229	3,427	2
Remaining amortisation period	5.25 years	0 - 10 years	-	-		0 - 2 years
Amortisation for the year					673	-

(Unit: Million Baht)

For the year ended 31 December 2013

	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
31 December 2012	4,100	1,695	7	275	6,077	8
Additions	-	139	-	162	301	-
Transfers/disposals	-	166	-	(196)	(30)	-
Decrease from disposal of a subsidiary company	-	(40)	-	(1)	(41)	-
31 December 2013	4,100	1,960	7	240	6,307	8
<u>Accumulated amortisation</u>						
31 December 2012	1,141	575	7	-	1,723	8
Decrease from disposal of a subsidiary company	-	(22)	-	-	(22)	-
Amortisation for the year	514	185	-	-	699	-
31 December 2013	1,655	738	7	-	2,400	8
<u>Allowance for impairment</u>						
31 December 2012	-	60	-	-	60	-
Increase during the year	-	3	-	-	3	-
31 December 2013	-	63	-	-	63	-
<u>Net book value</u>						
31 December 2013	2,445	1,159	-	240	3,844	-
Amortisation for the year					699	-

As at 31 December 2014 and 2013, the Company and its subsidiaries have computer software which have been fully amortised but are still in use with the gross carrying amount, before deducting accumulated amortisation and allowance for impairment, amounting to approximately Baht 93 million and Baht 78 million, respectively (separate financial statements: Baht 8 million and Baht 8 million, respectively).

## 18. Goodwill

As at 31 December 2014 and 2013, goodwill stated in the consolidated financial statements are as follows:

	(Unit: Million Baht)	
	2014	2013
Goodwill - beginning of the year	17,986	17,986
Deferred gain on disposal of investment	(1,017)	(1,260)
Goodwill - ending of the year	16,969	16,726

## 19. Deferred tax assets/ liabilities and income tax

### 19.1 Deferred tax assets/ liabilities

As at 31 December 2014 and 2013, deferred tax assets/liabilities are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax assets	1,168	1,075	61	56
Deferred tax liabilities	(1,826)	(1,701)	-	-
Net	(658)	(626)	61	56

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

	(Unit: Million Baht)	
	Consolidated financial statements	
	2014	2013
<b>Deferred tax assets</b>		
Intercompany gain from disposal of assets	340	390
Non-accrual of interest income	102	108
Allowance for doubtful debts - general provision/other assets	558	400
Allowance for impairment of properties foreclosed	220	194
Provisions for employee benefits	384	379
Provisions	182	254
Accrued interest expenses/Accrued expenses	111	150
Insurance contract liabilities	292	272
Unused tax loss	71	26
Fees income received in advance	382	388
Late payment fee	147	136
Others	255	235
<b>Deferred tax assets</b>	<b>3,044</b>	<b>2,932</b>
<b>Deferred tax liabilities</b>		
Assets transferred as a result of business combination	(1,108)	(1,110)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(1,370)	(1,544)
Intangible assets	(395)	(489)
Unrealised gains on changes in value of available-for-sale securities	(614)	(258)
Others	(215)	(157)
<b>Deferred tax liabilities</b>	<b>(3,702)</b>	<b>(3,558)</b>
<b>Net</b>	<b>(658)</b>	<b>(626)</b>

(Unit: Million Baht)

	Separate financial statements	
	2014	2013
<b>Deferred tax assets</b>		
Allowance for impairment of properties foreclosed	133	88
Difference between appraisal value of properties foreclosed and amount of asset transfer for debt settlement	20	27
Provisions for employee benefits	7	6
Provisions	2	2
Unused tax loss	21	26
Others	2	2
	<u>185</u>	<u>151</u>
<b>Deferred tax assets</b>		
<b>Deferred tax liabilities</b>		
Unrealised gains on changes in value of available-for-sale securities	(122)	(93)
Others	(2)	(2)
	<u>(124)</u>	<u>(95)</u>
<b>Deferred tax liabilities</b>		
<b>Net</b>	<u>61</u>	<u>56</u>

## 19.2 Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Continuing operations</b>				
<b>Current income tax:</b>				
Corporate income tax charge for the year	2,814	4,402	-	-
Adjustment in respect of income tax from previous year	67	63	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(323)	(177)	(34)	84
<b>Income tax expense reported in statements of comprehensive income</b>	<u>2,558</u>	<u>4,288</u>	<u>(34)</u>	<u>84</u>
<b>Discontinued operations</b>				
<b>Current income tax:</b>				
Corporate income tax charge for the year	-	119	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	-	(30)	-	-
<b>Income tax expense reported in statements of comprehensive income</b>	<u>-</u>	<u>89</u>	<u>-</u>	<u>-</u>



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Continuing operations</b>				
Deferred tax relating to gain (loss) on changes in value of available-for-sale securities	355	(85)	29	19
Deferred tax relating to share of other comprehensive income of associates	1	-	-	-
	<u>356</u>	<u>(85)</u>	<u>29</u>	<u>19</u>
<b>Discontinued operations</b>				
Deferred tax relating to loss on changes in value of available-for-sale securities	-	(28)	-	-
	<u>-</u>	<u>(28)</u>	<u>-</u>	<u>-</u>

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before tax				
- continuing operations	12,994	20,938	1,618	2,265
Accounting profit before tax				
- discontinued operations	-	443	-	-
	<u>12,994</u>	<u>21,381</u>	<u>1,618</u>	<u>2,265</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	2,599	4,276	324	453
Adjustment in respect of income tax from previous year	67	63	-	-
Effects of changes in the applicable tax rates	-	(2)	-	-
Effects of non-taxable revenue and non-deductible expenses - net	(108)	40	(358)	(369)
Income tax expenses reported in statements of comprehensive income	<u>2,558</u>	<u>4,377</u>	<u>(34)</u>	<u>84</u>
Income tax expenses - continuing operations	2,558	4,288	(34)	84
Income tax expenses - discontinued operations	-	89	-	-
	<u>2,558</u>	<u>4,377</u>	<u>(34)</u>	<u>84</u>

## 20. Other assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Accrued premium insurance income	274	237	-	-
Other receivables	1,127	1,216	78	83
VAT refundable	32	380	-	-
Other receivables - VAT paid in advance				
for customers	312	306	-	-
Deposits	312	313	3	5
Estimated insurance claims recoveries	301	312	-	-
Receivable from clearing house	18	170	-	-
Leasehold right	254	273	11	12
Prepaid corporate income tax	73	78	42	51
Deposits from derivative contracts	444	1,034	-	-
Prepaid expenses	485	423	12	14
Reinsurance assets	179	401	-	-
Others	1,105	1,291	29	26
Total	4,916	6,434	175	191
Less: Allowance for impairment	(488)	(595)	(78)	(82)
Other assets - net	4,428	5,839	97	109

## 21. Deposits

### 21.1 Classified by type of deposits

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current	8,667	8,759	-	-
Saving	240,554	239,189	-	-
Certificates of deposit	228,654	3,241	-	-
Fixed deposits				
- Less than 6 months	64,122	99,454	-	-
- 6 months and up to 1 year	22,583	167,756	-	-
- Over 1 year	132,369	197,532	-	-
Total deposits	696,949	715,931	-	-

## 21.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	696,487	2	696,489	715,481	1	715,482
US Dollar	249	25	274	361	23	384
Other currencies	182	4	186	20	45	65
<b>Total</b>	<b>696,918</b>	<b>31</b>	<b>696,949</b>	<b>715,862</b>	<b>69</b>	<b>715,931</b>

## 22. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	2014			2013		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand and Financial Institutions Development Fund	710	3,980	4,690	708	7,500	8,208
Commercial banks	731	17,573	18,304	940	17,012	17,952
Specialised financial institutions	35	10,101	10,136	598	8,074	8,672
Other financial institutions	10,650	16,636	27,286	8,931	17,736	26,667
<b>Total domestic items</b>	<b>12,126</b>	<b>48,290</b>	<b>60,416</b>	<b>11,177</b>	<b>50,322</b>	<b>61,499</b>
<b>Foreign</b>						
US Dollar	39	15,476	15,515	104	18,638	18,742
Euro	1	-	1	3	-	3
Baht	3,375	832	4,207	838	-	838
<b>Total foreign items</b>	<b>3,415</b>	<b>16,308</b>	<b>19,723</b>	<b>945</b>	<b>18,638</b>	<b>19,583</b>
<b>Total</b>	<b>15,541</b>	<b>64,598</b>	<b>80,139</b>	<b>12,122</b>	<b>68,960</b>	<b>81,082</b>

As at 31 December 2014, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 2,012 million, consisting of (i) a loan of Baht 800 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, (ii) a loan of Baht 112 million, repayable in quarterly installments, carrying interest at MLR minus a fixed rate per annum, payable monthly, (iii) a loan of Baht 500 million, repayable in full within 4 years from the date of the loan drawdown, carrying interest at a fixed rate per annum, payable monthly, (iv) a loan of Baht 250 million, repayable in quarterly installments, carrying interest at a fixed rate per annum, payable monthly, and (v) a loan of Baht 350 million in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (2013: included loans of a subsidiary company amounting to Baht 2,794 million).

### 23. Debt issued and borrowings

As at 31 December 2014 and 2013, the balance of domestic debt issued and borrowings, which stated in Baht, are as follows:

Types of borrowings	(Unit: Million Baht)					
	Interest rate per annum (as at 31 December 2014)	Maturity date	Consolidated		Separate	
			financial statements		financial statements	
			2014	2013	2014	2013
Unsubordinated debentures (a - p)	2.84, 4.10 - 5.50 percent	2015 - 2025	27,471	34,946	12,200	20,700
Perpetual subordinated hybrid bonds issued under Tier I (q)	7.55 percent	Dissolution	3,494	3,494	-	-
Subordinated hybrid bonds issued under Tier II (r)	-	-	-	5,000	-	-
Subordinated debentures issued under Tier II (s - x)	4.70 - 6.00 percent	2015 - 2022	23,514	35,513	-	-
Subordinated instruments issued under Tier II (y)	6.00 percent	2024	12,600	-	-	-
Short-term debentures	2.20 - 2.60 percent	2015	30,180	29,226	-	-
Structured notes	1.00 percent	2015	37	-	-	-
Promissory notes	0.50 - 2.50, 4.10, 7.625 percent	At call, 2015	1,110	1,065	-	-
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2015 - 2017	12	46	-	-
<b>Total debt issued and borrowings</b>			<b>98,418</b>	<b>109,290</b>	<b>12,200</b>	<b>20,700</b>

- (a) On 12 November 2009, the Company issued 9,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures matured in 2014 and bear interest at fixed rate of 4.90 percent per annum, payable quarterly.
- (b) On 21 November 2012, the Company issued 3,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at fixed rate of 4.60 percent per annum, payable semi-annually.

- (c) On 27 April 2012, a subsidiary issued 6,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. Of these, 2 million units bear interest at fixed rate of 4.90 percent per annum and matured in the second quarter of 2014, and 1.5 million units bear interest at fixed rate of 5.20 percent per annum and mature in 2015, and another 2.5 million units bear interest at fixed rate of 5.50 percent per annum and mature in 2016. All debentures pay interest quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (d) On 1 November 2012, a subsidiary issued 3,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2016 and bear interest at fixed rate of 5.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (e) On 14 June 2013, a subsidiary issued 2,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.70 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (f) On 9 August 2013, the Company issued 1,400,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. Of these, 500,000 units will mature in 2023 and bear interest at fixed rate of 4.85 percent per annum, payable semi-annually. The remaining 900,000 debentures will mature in 2025 and bear interest at fixed rate of 4.95 percent per annum, payable semi-annually.
- (g) On 30 August 2013, a subsidiary issued 760,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.759 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (h) On 22 October 2013, the Company issued 1,300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2023 and bear interest at fixed rate of 5.00 percent per annum, payable semi-annually.
- (i) On 25 October 2013, a subsidiary issued 3,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.80 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (j) On 15 November 2013, the Company issued 6,000,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. Of these, 3,100,000 debentures will mature in 2018 and bear interest at fixed rate of 4.70 percent per annum, payable semi-annually. The remaining 2,900,000 units will mature in 2020 and bear interest at fixed rate of 5.03 percent per annum, payable semi-annually.
- (k) On 30 April 2014, a subsidiary issued 280,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.25 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (l) On 2 May 2014, a subsidiary issued 2,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at fixed rate of 4.75 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (m) On 2 May 2014, a subsidiary issued 210,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.25 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (n) On 3 July 2014, a subsidiary issued 150,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2017 and bear interest at a fixed rate of 4.22 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (o) On 25 September 2014, a subsidiary issued 300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2017 and bear interest at a fixed rate of 4.10 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (p) On 7 November 2014, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2015 and bear interest at fixed rate of 2.84 percent per annum, payable semi-annually.
- (q) On 22 April 2010, Thanachart Bank issued 7,130,000 name registered of perpetual, non-cumulative, subordinated, hybrid Tier I bonds, with a face value of Baht 1,000 each, and sold them to two major shareholders of Thanachart Bank. The bonds mature upon dissolution or liquidation of Thanachart Bank. The bonds are unsecured and non-convertible and bear interest at a fixed rate equal to the highest interest rate for a six-month fixed deposit plus 6.00 percent per annum, payable semi-annually. Thanachart Bank has a call option to early redeem the bonds at par if the condition specified are met. The Company has investments in subordinated debentures amounting to Baht 3,636 million.
- (r) On 24 July 2009, Thanachart Bank issued 5,000,000 name registered subordinated hybrid bonds, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. Of these, 3.5 million units mature in 2019 and bear interest at a fixed rate of 5.25 percent per annum for the first five years, and 5.50 percent per annum for the sixth to tenth years, while 1.5 million units mature in 2024 and bear interest at a fixed rate of 5.25 percent per annum for the first five years, 6.00 percent per annum for the sixth to tenth years and 6.50 percent per annum for the eleventh to fifteenth years, payable quarterly. These debentures had been early redeemed in the third quarter of 2014.

- (s) On 9 May 2008, Thanachart Bank issued 5,000,000 name registered subordinated, unsecured, unconvertible debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2015 and bear interest at a fixed rate of 5.10 percent per annum for the first three years, and 6.00 percent per annum for the fourth to seventh years, payable quarterly.
- (t) On 3 April 2009, Thanachart Bank issued 2,000,000 name registered subordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 5.25 percent per annum for the first three years, 5.75 percent per annum for the fourth to seventh years, and 6.50 percent per annum for the eighth to tenth years, payable quarterly. These debentures had been early redeemed in the second quarter of 2014.
- (u) On 2 April 2010, Thanachart Bank issued 6,000,000 name registered subordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2020 and bear interest at a fixed rate of 5.00 percent per annum for the first five years and 5.50 percent per annum for the sixth to tenth years, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (v) On 20 June 2011, Thanachart Bank issued 10,000,000 unsecured subordinated debentures with a face value of Baht 1,000 each. The debentures mature in 2019 and bear interest at a fixed rate of 6.00 percent per annum until June 2016, and 6.50 percent per annum for the remaining years. Interest is payable quarterly. These debentures had been early redeemed in the second quarter of 2014.
- (w) On 20 July 2012, Thanachart Bank issued 8,497,000 name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.



- (x) On 19 October 2012, Thanachart Bank issued 4,018,500 name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (y) On 19 June 2014, Thanachart Bank issued 13 million units of name registered Tier II capital subordinated unsecured instruments with no instrument holder's representative, with a face value of Baht 1,000 each. The instruments will be fully converted to ordinary shares of the issuer in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. The instruments mature in 2024 and bear interest at a fixed rate of 6.00 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these instruments at par if conditions specified are met.

## 24. Provisions

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2014					
	Loss from litigation	Employee benefits	Obligations from off- balance items	Others	Total
As at 1 January 2014	154	1,906	579	544	3,183
Increase during the year	33	195	19	269	516
Decrease from actual utilised	(11)	(155)	(95)	(401)	(662)
Reversal of provisions	(5)	(2)	(69)	(110)	(186)
As at 31 December 2014	171	1,944	434	302	2,851

(Unit: Million Baht)

	Consolidated financial statements					
	For the year ended 31 December 2013					
	Loss from litigation	Employee benefits	Obligations from off- balance items	Provision for loss sharing from loans transferred to TAMC	Others	Total
As at 1 January 2013	196	1,943	222	383	556	3,300
Increase during the year	54	83	357	-	330	824
Decrease from actual utilised	(46)	(97)	-	(307)	(341)	(791)
Reversal of provisions	(50)	-	-	(76)	(1)	(127)
Decrease from disposal of a subsidiary company	-	(23)	-	-	-	(23)
As at 31 December 2013	154	1,906	579	-	544	3,183

(Unit: Million Baht)

	Separate financial statements		
	For the year ended 31 December 2014		
	Loss from litigation	Employee benefits	Total
As at 1 January 2014	9	31	40
Employee benefits transfer from Thanachart Bank	-	2	2
Increase during the year	-	4	4
As at 31 December 2014	9	37	46

(Unit: Million Baht)

	Separate financial statements			
	For the year ended 31 December 2013			
	Loss from litigation	Employee benefits	Provision for loss sharing from loans transferred to TAMC	Total
As at 1 January 2013	9	23	183	215
Increase during the year	-	8	-	8
Decrease from actual utilised	-	-	(176)	(176)
Reversal of provisions	-	-	(7)	(7)
As at 31 December 2013	9	31	-	40

### **Long-term employee benefits**

Provision for long-term employee benefits, which are compensations on employees' retirement, are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Defined benefit obligation at the beginning of the year</b>	1,816	1,923	31	23
Employee benefits transfer from Thanachart Bank	-	-	2	-
Decrease from disposal of a subsidiary company	-	(23)	-	-
Current service cost	133	152	2	3
Interest cost	84	89	1	1
Actuarial (gain) loss	5	(209)	3	4
Decrease from curtailment	(99)	(69)	(2)	-
Decrease from actual paid	(50)	(47)	-	-
<b>Defined benefit obligation at the end of the year</b>	<b>1,889</b>	<b>1,816</b>	<b>37</b>	<b>31</b>

The long-term employee benefit expenses, included in profit or loss for the years ended 31 December 2014 and 2013, can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	133	152	2	3
Interest cost	84	89	1	1
Decrease from curtailment	(99)	(69)	(2)	-
Actuarial (gain) loss				
- Assumptions changing adjustments	(5)	(223)	(1)	(2)
- Experience adjustments	10	14	4	6
Total expense recognised in profit or loss	123	(37)	4	8

Amounts of defined benefit obligation for the current year and previous four years are as follows:

	(Unit: Million Baht)			
	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
	statements	statements	statements	statements
Year 2014	1,889	37	10	4
Year 2013	1,816	31	14	6
Year 2012	1,923	23	(21)	3
Year 2011	1,947	18	-	-
Year 2010	1,994	15	-	-

The principal actuarial assumptions used to calculate the defined benefit obligations are as follows:

	(Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Discount rate	3.43 - 4.03	4.40 - 4.77	4.03	4.62
Future salary increase rate	5.00 - 7.10	5.11 - 7.84	5.00	5.11
Average staff turnover rate (depending on age)	0.00 - 71.43	0.00 - 59.57	0.32 - 19.86	0.17 - 14.11

## 25. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Life policy reserve	9,827	10,297	-	-
Loss reserves and outstanding claims	1,652	1,766	-	-
Unearned premium reserve	3,070	2,889	-	-
Other liabilities under insurance policies	61	67	-	-
Total insurance contract liabilities	14,610	15,019	-	-

## 26. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Other payables	1,778	2,198	10	14
Suspense cash received from accounts receivable	551	397	18	28
Income received in advance	1,946	1,980	-	-
Corporate income tax payable	1,219	1,296	-	-
Accrued personnel expenses	2,080	2,008	57	41
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	1,778	1,817	-	-
Accrued other expenses	1,417	1,544	2	6
Payables to clearing house	480	509	-	-
Insurance premium received in advance	1,482	1,495	-	-
Others	1,339	1,132	4	32
Total other liabilities	14,070	14,376	91	121

## 27. Share capital/Treasury stocks

During the year ended 31 December 2014, preferred shares converted 30 preferred shares to the Company's common shares. Therefore, as at 31 December 2014, 13,276 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

On 26 November 2012, the Company's Board of Directors approved a treasury stock program for financial management purposes, with a budget of up to Baht 3,400 million, and the number of shares to be repurchased not to exceed 127,781,636 shares, representing 10 percent of the shares of the Company in issue. The repurchase period runs from 11 December 2012 to 10 June 2013. As at 31 December 2014, the Company had 71,350,000 shares of treasury stocks, valued at Baht 3,398.5 million, at an average price of Baht 47.63 per share and has not disposed of any shares during the year. A condition of the treasury stock program is that the shares are to be disposed of within 3 years counting from the end of the buy-back period.

## 28. Other components of equity

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Share premium of a subsidiary</b>	776	776	-	-
<b>Amount by which the value of investment in subsidiary lower than attributable net book value</b>	226	226	-	-
<b>Revaluation surplus (deficit) on investments</b>				
Revaluation surplus on investments				
Available-for-sale securities				
Debt instruments	948	394	24	31
Equity instruments	954	650	584	432
Total	1,902	1,044	608	463
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(22)	(127)	-	-
Equity instruments	(6)	(24)	-	-
Total	(28)	(151)	-	-
<b>Total revaluation surplus on investments</b>	1,874	893	608	463
Less: The effect of deferred tax liabilities	(374)	(178)	(122)	(93)
<b>Net revaluation surplus on investments</b>	1,500	715	486	370
<b>Share of other comprehensive income of associates</b>	15	6	-	-
Less: The effect of deferred tax liabilities	(1)	-	-	-
<b>Net share of other comprehensive income of associates</b>	14	6	-	-
<b>Total</b>	2,516	1,723	486	370

## **29. 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 profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

As at 31 December 2014, the statutory reserve has fully been set aside.

## **30. Capital funds**

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and preserve the ability to continue their business as going concerns. Moreover, the Company and its subsidiaries have legal requirements and rules specific to their areas of each business regarding maintenance of capital funds, cash, liquidity and other matters.

In compliance with the Notification of BOT Re: Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The BOT granted a waiver for the Company to indirectly hold more shares of SCIB than permitted by law through Thanachart Bank, for the purposes of the business transfer. The BOT also permitted the Company not to include SCIB into the financial group until the date of completion of liquidation. The Company will disclose capital requirement information as at 31 December 2014 on its website at [www.thanachart.co.th](http://www.thanachart.co.th), within April 2015. Moreover, the Company and its subsidiaries had disclosed capital requirement information as at 30 June 2014 on the Company's website since October 2014.

### 31. Dividends

During the years ended 31 December 2014 and 2013, the Company has dividend payment as below.

Dividends	Approved by	Dividend payment	Dividend per share	Payment date
		Million Baht	Baht	
Interim dividend for the first half-year of 2014	The Company's Board of Directors on 22 September 2014	724	0.60	17 October 2014
Dividend for the second half-year of 2013	The Annual General Meeting of shareholders on 3 April 2014	1,206	1.00	30 April 2014
		1,930	1.60	
Interim dividend for the first half-year of 2013	The Company's Board of Directors on 23 September 2013	724	0.60	21 October 2013
Dividend for the second half-year of 2012	The Annual General Meeting of shareholders on 4 April 2013	1,150	0.90	30 April 2013
		1,874	1.50	

### 32. Interest income

Interest income for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Interbank and money market items	1,936	1,877	98	40
Investments and trading transactions	464	467	-	-
Investments in debt securities	4,245	4,033	400	435
Loans to customers	20,408	21,279	5	14
Hire purchase and financial lease	25,887	26,452	-	1
Total interest income	52,940	54,108	503	490

### 33. Interest expenses

Interest expenses for the years ended 31 December 2014 and 2013 consisted of the following:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2014	2013
	2014	2013
Deposits	16,165	17,826
Interbank and money market items	1,091	1,519
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	3,556	3,598
Debts issued and borrowings		
- Subordinated debentures	1,730	2,482
- Unsubordinated debentures	2,473	2,080
- Subordinated instruments	406	-
- Others	44	100
Borrowings cost	10	10
Total interest expenses	25,475	27,615

### 34. Fees and service income

Fees and service income for the years ended 31 December 2014 and 2013 consisted of the following:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2014	2013
	2014	2013
Fees and service income		
Acceptance, aval and guarantees	275	317
Brokerage fee from securities/ derivatives	1,568	1,823
Hire purchase fee income	1,465	1,341
Credit card fee	1,006	926
ATM and electronic banking services	855	834
Insurance brokerage fee income	1,172	1,513
Others	2,347	2,037
Total fees and service income	8,688	8,791
Fees and service expenses	(2,768)	(2,679)
Net fees and service income	5,920	6,112

### 35. Gains on trading and foreign exchange transactions



Gains (losses) on trading and foreign exchange transactions for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Foreign exchange and derivatives relating to foreign exchange	589	609	8	-
Derivatives relating to interest rate	(5)	20	-	-
Debt securities	694	(139)	3	-
Equity securities	(25)	(9)	-	-
Others	49	50	-	-
Total	1,302	531	11	-

### 36. Gains on investments

Gains (losses) on investments for the years ended 31 December 2014 and 2013 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Gains (losses) on disposal				
Available-for-sale securities	894	406	133	46
General investments	9	(2)	-	-
Investments in subsidiary companies (Note 48)	243	12,546	-	-
Gains on debt settlement/disposal of debt/assets transferred from investments in receivables purchased	11	86	8	56
Reversal of losses from impairment of general investments (losses from impairment)	(58)	54	-	16
Gain (losses) on the capital returned	(1)	502	98	(16)
Total	1,098	13,592	239	102

### 37. Directors' remuneration

Directors' remuneration represents the benefits paid to the directors of the Company and public subsidiary companies in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions but including the payment of remuneration amounting to Baht 41 million (separate financial statement: Baht 19 million) to the Company's and its subsidiaries' directors, which were approved by the Annual General Meeting of Shareholders held.

### 38. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended 31 December 2014 and 2013 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Impairment loss of loans (reversal)				
Interbank and money market items	(24)	21	-	-
Loans to customers	7,259	11,421	(10)	(46)
Reversal of revaluation allowance for debts				
restructured during the year	(202)	(43)	-	-
Loss from debt restructuring	12	4	-	-
Hair cut loss per agreement	57	-	-	-
Loss from impairment of investments in				
receivables purchased (reversal)	(18)	16	(20)	12
Total	7,084	11,419	(30)	(34)

### 39. Components of other comprehensive income

Components of other comprehensive income for the years ended 31 December 2014 and 2013 are as the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Other comprehensive income</b>				
<b>Continuing operations</b>				
Available-for-sale securities:				
Unrealised gains (losses) during the year	2,675	(3)	279	141
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(894)	(406)	(133)	(46)
	1,781	(409)	146	95
Share of other comprehensive income of an associated company (losses)	11	(11)	-	-
Other comprehensive income for the year (losses)	1,792	(420)	146	95
Impact from relevant income taxes:				
Income taxes - gains (losses) on changes in value of available-for-sale investments	(355)	85	(29)	(19)
Income taxes - share of other comprehensive income of an associated company	(1)	-	-	-
Impact from relevant income taxes	(356)	85	(29)	(19)
Other comprehensive income for the year - net (losses)	1,436	(335)	117	76

### 40. 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 common shares issued during the year, netting of treasury shares held by the Company.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of common shares outstanding during the year, netting of treasury shares held by the Company, plus the weighted average number of common shares that would be required to be issued to convert all potential common shares to common shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential common shares were issued.

Consolidated financial statements						
For the years ended 31 December						
	Profit for the year from continuing operations		Weighted average number of common shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to the Company	5,120,204	9,050,571	1,206,467	1,232,329	4.24	7.34
<b>Effect of dilutive securities</b>						
Preferred shares convertible to common shares	-	-	13	13		
<b>Diluted earnings per share</b>						
Profit of common shareholders assuming conversion of dilutive securities	5,120,204	9,050,571	1,206,480	1,232,342	4.24	7.34

Consolidated financial statements						
For the years ended 31 December						
	Profit for the year from discontinued operations		Weighted average number of common shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to the Company	-	180,519	1,206,467	1,232,329	-	0.15
<b>Effect of dilutive securities</b>						
Preferred shares convertible to common shares	-	-	13	13		
<b>Diluted earnings per share</b>						
Profit of common shareholders assuming conversion of dilutive securities	-	180,519	1,206,480	1,232,342	-	0.15

	Separate financial statements					
	For the years ended 31 December					
	Profit for the year		Weighted average number of common shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	1,652,615	2,180,442	1,206,467	1,232,329	1.37	1.77
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	1,652,615	2,180,442	1,206,480	1,232,342	1.37	1.77

#### 41. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 3 - 10 percent of their basic salaries, and the Company and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the year 2014, amounting to Baht 432 million was contributed to the fund by the Company and its subsidiaries (separate financial statements: Baht 6 million) (2013: Baht 428 million in the consolidated financial statements and Baht 6 million in the separate financial statements).

## 42. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2014	2013	2014	2013	(For the year 2014)
<b>Transactions occurred during the years</b>					
<b>Subsidiary companies</b>					
Purchase of debt securities	-	-	1,055	29,189	At market price
Sales of debt securities	-	-	5,874	3,603	At market price
Purchase of investment in a subsidiary	-	-	482	-	At the contract rate agreed with reference to the opinion of an independent financial advisor
Capital returned from subsidiary companies (2014: gain Baht 98 million 2013: gain Baht 0.5 million)	-	-	697	21	At the net assets value and at the par value
Interest income	-	-	343	336	At interest rate of 0.10 - 8.25 percent per annum
Dividend income	-	-	1,945	1,824	As declared
Rental and other service income	-	-	244	81	At the rate agreed under the contract
Interest expenses	-	-	1	-	
Other expenses	-	-	13	14	
<b>Associated company</b>					
Sales of investment in a subsidiary	418	-	-	-	At the contract rate agreed with reference to the opinion of an independent financial advisor
Dividend income	-	-	113	104	As declared
Other income	5	11	-	-	
Interest expenses	43	88	-	-	At interest rate of 0.50 - 6.725 percent per annum
Other expenses	124	138	11	11	
Dividend paid	-	-	208	195	As declared

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2014	2013	2014	2013	(For the year 2014)
<b><u>Transactions occurred during the years</u></b>					
<b><u>(continued)</u></b>					
<b>Related companies (presented as part of continuing operations)</b>					
Purchase of debt securities	702	229	-	-	At market price
Sales of debt securities	1,013	156	-	-	At market price
Purchase/sales of forward exchange contracts	429,948	459,061	-	-	At market price
Interest income	296	307	-	-	At interest rate of 0.06 - 7.78 percent per annum
Dividend income	70	75	33	31	As declared
Insurance premium/life insurance premium income	-	27	-	-	
Other income	17	12	-	1	
Interest expenses	342	388	-	-	At interest rate of 0.10 - 8.25 percent per annum
Project management expenses	65	73	16	21	At the contract price calculated by reference to estimated usage time
Other expenses	115	147	3	14	
Dividend paid	1,216	900	-	-	As declared
Insurance premium/life insurance premium expenses	1	-	-	-	At the rate agreed under the contract
<b>Related companies (presented as part of discontinued operations)</b>					
Insurance premium/life insurance premium income	-	2	-	-	
Other expenses	-	5	-	-	

The outstanding balances of the above transactions during the years ended 31 December 2014 and 2013 have been shown at the average balance at the end of each month as follows:

(Unit: Million Baht)				
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b><u>Subsidiary companies</u></b>				
Interbank and money market items (assets)	-	-	2,018	1,346
Debt issued and borrowings	-	-	1	1
<b><u>Associated company</u></b>				
Deposits	297	991	-	-
Debt issued and borrowings	1,258	1,200	-	-
<b><u>Related companies</u></b>				
Interbank and money market items (assets)	218	246	-	-
Loans to customers	7,566	8,031	-	-
Deposits	1,797	2,468	-	-
Interbank and money market items (liabilities)	13,799	12,582	-	-
Debt issued and borrowings	3,835	3,894	-	-

As at 31 December 2014 and 2013, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)									
	Consolidated financial statements								
	2014								
	Assets					Liabilities			
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitment s
<b>Associated company</b>									
MBK Plc.	-	-	-	39	116	-	58	1	-
<b>Related companies</b>									
Synphaet Co., Ltd.	-	-	815	-	1	-	-	-	36
The Bank of Nova Scotia	348	-	-	-	-	12,842	3,494	74	3,566
Srithai Superware Plc.	-	-	433	-	20	-	-	-	32
Krungthai Card Plc.	-	-	4,770	-	8	-	-	-	-
Thai Reinsurance Plc.	-	-	-	-	100	-	-	13	-
GMM Grammy Plc.	-	-	27	-	-	-	-	-	-
Home Product Center Plc.	-	684	-	2	-	-	-	-	-
Other related companies	-	-	1,005	74	1,025	71	-	111	347
	348	684	7,050	115	1,270	12,913	3,552	199	3,981



(Unit: Million Baht)

Consolidated financial statements									
2013									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets		Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
				Deposits					
<b>Associated company</b>									
MBK Plc.	-	-	-	37	963	-	1,200	11	-
<b>Related companies</b>									
Synphaet Co., Ltd.	-	-	443	-	7	-	-	-	5
The Bank of Nova Scotia	258	-	-	-	-	14,406	3,494	82	2,680
Srihai Superware Plc.	-	-	594	-	50	-	-	-	19
Krungthai Card Plc.	-	-	4,970	-	7	-	-	-	-
Thai Reinsurance Plc.	-	-	-	7	680	-	-	23	-
GMM Grammy Plc.	-	-	232	-	550	-	-	2	-
Other related companies	-	-	1,349	172	1,957	119	400	92	877
	258	-	7,588	216	4,214	14,525	5,094	210	3,581

(Unit: Million Baht)

Separate financial statements									
2014									
Assets					Liabilities				
Interbank and money market items	Investment s - debt securities	Loans to customers and interest receivables	Other assets		Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
				Deposits					
<b>Subsidiary companies</b>									
Thanachart Bank Plc.	17	3,638	-	77	-	-	-	-	-
Thanachart Securities Plc.	-	-	-	2	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	8	-	-
Max Asset Management Co., Ltd.	-	-	291	-	-	-	-	-	-
<b>Associated company</b>									
MBK Plc.	-	-	-	3	-	-	-	-	-
	17	3,638	291	82	-	-	8	-	-

(Unit: Million Baht)

Separate financial statements									
2013									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets		Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
				Deposits					
<b>Subsidiary companies</b>									
Thanachart Bank Plc.	3,036	3,638	-	77	-	-	20	-	-
Thanachart Securities Plc.	-	-	-	2	-	-	5	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	12	-	-
<b>Associated company</b>									
MBK Plc.	-	-	-	3	-	-	-	-	-
	3,036	3,638	-	82	-	-	37	-	-

As at 31 December 2014, the Company has a loan of Baht 291 million to Max Asset Management Co., Ltd. bearing interest at a rate equal to Thanachart Bank's MLR + 0.5 percent per annum.

As at 31 December 2014, the Company and its subsidiaries have investments amounting to Baht 1,594 million (Baht 761 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (2013: Baht 1,424 million in the consolidated financial statements and Baht 609 million in the separate financial statements).

As at 31 December 2014 and 2013, the Company and its subsidiaries have the following related parties transactions with executive employees of the Company and companies within Thanachart Group from management level up, including related persons who together with these employees:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Loans to customers	91	82	-	-
Deposits	712	906	-	-

#### Directors and management's remuneration

During the years 2014 and 2013, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Short-term employee benefits	654	607	97	79
Post-employment benefits	15	15	1	2
	669	622	98	81

#### 43. Financial information classified by operating segment

##### 43.1 Financial position and results of operations classified by business activity

The financial position as at 31 December 2014 and 2013, and the operating results for the years then ended, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2014			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,025,560	19,773	(19,703)	1,025,630
Interbank and money market items (assets)	70,678	15,063	(19,703)	66,038
Investments	157,653	4,665	-	162,318
Investment in an associated company	2,417	-	-	2,417
Loans to customers and accrued interest receivables	727,994	-	-	727,994
Deposits	696,949	-	-	696,949
Interbank and money market items (liabilities)	80,195	19,647	(19,703)	80,139
Debt issued and borrowings	98,418	-	-	98,418

(Unit: Million Baht)

	Consolidated financial statements			
	2013			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,051,025	24,511	(24,622)	1,050,914
Interbank and money market items (assets)	77,791	17,046	(24,622)	70,215
Investments	140,275	7,411	-	147,686
Investment in an associated company	2,389	-	-	2,389
Loans to customers and accrued interest receivables	761,417	-	-	761,417
Deposits	715,931	-	-	715,931
Interbank and money market items (liabilities)	81,094	24,610	(24,622)	81,082
Debt issued and borrowings	109,290	-	-	109,290

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2014				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	52,796	260	(116)	52,940
Interest expenses	(25,475)	(116)	116	(25,475)
Net interest income	27,321	144	-	27,465
Net fees and service income	5,920	-	-	5,920
Net insurance/life insurance income	1,711	-	-	1,711
Other operating income	4,812	-	-	4,812
Other operating expenses	(19,830)	-	-	(19,830)
Impairment loss of loans and debt securities	(7,084)	-	-	(7,084)
Profit before income tax	12,850	144	-	12,994
Income tax	(2,558)	-	-	(2,558)
Profit before non-controlling interests	10,292	144	-	10,436

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2013				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	54,034	168	(94)	54,108
Interest expenses	(27,615)	(94)	94	(27,615)
Net interest income	26,419	74	-	26,493
Net fee and service income	6,112	-	-	6,112
Net insurance/life insurance income	2,282	-	-	2,282
Other operating income	18,116	(22)	-	18,094
Other operating expenses	(20,624)	-	-	(20,624)
Impairment loss of loans and debt securities	(11,419)	-	-	(11,419)
Profit before income tax	20,886	52	-	20,938
Income tax	(4,288)	-	-	(4,288)
Profit from continuing operations before non-controlling interests	16,598	52	-	16,650
Profit from discontinued operations before income tax	443	-	-	443
Income tax	(89)	-	-	(89)
Profit before non-controlling interests	16,952	52	-	17,004

### 43.2 Financial positions and results of operations classified by business type

The Company and its subsidiaries' operations involve 6 principal segments: (1) Company; (2) Banking business; (3) Asset management business; (4) Securities business; (5) Life insurance business; and (6) Non-life insurance business.

The chief operating decision maker reviews the operating results of each segment separately in order to make decisions on the allocation of resources to each operating segment and to assess performance. The Company and its subsidiaries measure segment performance based on net interest income generated by each segment with net interest income being interest income and interest expenses from external customers, net of interest income and interest expenses from inter-segment lending and borrowing with other business segment. For inter-segment borrowing, market interest rates are charged.

Financial information regarding the Company and its subsidiaries operating segments are as follows:

(Unit: Million Baht)

	For the year ended 31 December 2014								
	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Net interest income	(445)	25,182	193	457	283	433	1,392	(30)	27,465
Other operating income	2,296	8,643	2,228	(24)	1,816	352	834	(3,702)	12,443
Other operating expenses	(262)	(17,029)	(1,365)	(123)	(779)	(219)	(673)	620	(19,830)
Impairment loss of loans and debt securities	30	(7,181)	-	-	-	646	(418)	(161)	(7,084)
Profit before income tax	1,619	9,615	1,056	310	1,320	1,212	1,135	(3,273)	12,994
Income tax	34	(1,697)	(205)	(11)	(274)	(143)	(241)	(21)	(2,558)
Profit before non-controlling interests	1,653	7,918	851	299	1,046	1,069	894	(3,294)	10,436

(Unit: Million Baht)

For the year ended 31 December 2013								
	The	Banking	Securities	Life	Non-life	Asset	Other	
	Company	business	business	insurance	insurance	management	business	Eliminations
				business	business	business		Consolidated
Net interest income	(173)	24,053	194	502	252	396	1,291	(22)
Other operating income	2,671	22,080	2,556	(438)	1,873	555	801	(3,610)
Other operating expenses	(267)	(17,693)	(1,400)	(95)	(933)	(233)	(595)	592
Impairment loss of loans and debt securities	34	(11,110)	-	-	-	334	(248)	(429)
Profit before income tax	2,265	17,330	1,350	(31)	1,192	1,052	1,249	(3,469)
Income tax	(85)	(3,217)	(264)	6	(238)	(231)	(254)	(5)
Profit (loss) from continuing operations before non- controlling interests	2,180	14,113	1,086	(25)	954	821	995	(3,474)
Profit from discontinued operations before income tax	-	-	-	443	-	-	-	-
Income tax	-	-	-	(89)	-	-	-	-
Profit before non-controlling interests	2,180	14,113	1,086	329	954	821	995	(3,474)

The segment assets of the Company and its subsidiaries as at 31 December 2014 and 2013 are as follow:

(Unit: Million Baht)

	The	Banking	Securities	Life	Non-life	Asset	Other		
	Company	business	business	insurance	insurance	management	businesses	Eliminations	Consolidated
				business	business	business			
Segment assets									
As at 31 December 2014	39,052	967,216	8,060	11,294	11,234	10,784	30,824	(52,834)	1,025,630
As at 31 December 2013	47,794	990,724	7,121	11,399	9,896	12,188	30,700	(58,908)	1,050,914

### 43.3 Major of principal customers

During the years 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

#### 44. Encumbrance of assets

As at 31 December 2014 and 2013, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follow:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
Interbank and money market items (assets)				
Placed at insurance registrar	-	700	-	-
Guarantees of loans at commercial bank	-	1,250	-	-
Placed at court	7	8	-	-
Investments in securities				
Placed at insurance registrar	3,295	1,783	-	-
Placed at court	422	384	-	-
Placed for electricity usage	1	-	-	-
Property foreclosed				
Immovable assets subject to buyback				
options or first refusal rights	289	353	-	-
Immovable assets subject to purchase or				
sell agreements with clients but currently				
being settled in installments or through				
transfer of ownership	426	673	1	6
	<u>4,440</u>	<u>5,151</u>	<u>1</u>	<u>6</u>

## 45. Commitments and contingent liabilities

As at 31 December 2014 and 2013, significant commitments and contingent liabilities consisted of:

### 45.1 Commitments

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Aval to bills	256	665	-	-
Liability under unmatured import bills	509	646	-	-
Letter of credits	4,796	4,066	-	-
Other obligations				
Committed (but not drawn) overdraft	28,170	27,984	-	-
Others	22,951	23,310	1	1
Total	56,682	56,671	1	1

In addition, the subsidiaries have commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and gold futures contracts, as mentioned in Note 8 to the financial statements.

**45.2** As at 31 December 2014, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental and services contracts, as follows:

Year	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Other companies	Other companies
2015	1,852	10
2016	1,718	3
2017 onward	1,615	3

In addition, the Company has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.



#### **45.3 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Public Company Limited and transfer of non-performing assets to Sukhumvit Asset Management Company Limited**

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of the Financial Institutions Development Fund (“FIDF”) to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 31 December 2014, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 2 million, as a result of the transfer of assets to SAM. These comprised receivables awaiting collection and the difference is presented under the caption of “Differences as a result of assets transferred to SAM” in the statements of financial position. Such amounts mainly relate to transfers of guarantee claims, for which there are pending issues with regard to proof the rights of claim or the qualification of the assets transferred in accordance with the conditions set out in the transfer agreements. Such differences, for which full allowance for doubtful debts has been set aside, are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.
- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 31 December 2014, the transferred assets which SAM is re-examining totaling Baht 38 million, which incurred by BMB. If losses arise, Thanachart Bank will receive compensation for those from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 38 million.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to Baht 1,655 million, as disclosed under contingent liabilities in Note 46 to the financial statements.

d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in the FIDF's account. Such deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if such losses are actually incurred due to the outstanding issues described in a), b), c) and d) above. As at 31 December 2014, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 707 million. In addition, there is a memorandum of agreement concerning conditions for additional loss compensation if Thanachart Bank incurs losses in relation to the lawsuit discussed in c), with claims totaling Baht 379 million.

However, Thanachart Bank and SAM had a meeting and mutually agreed a resolution to such pending issues. Thanachart Bank believes that no significant further loss will be incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will be compensated by FIDF.

#### **46. Litigation**

As at 31 December 2014, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 4,740 million (separate financial statements: Baht 67 million) in respect of litigation. However, the Company and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no loss will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities for litigation mentioned above in the consolidated financial statements amounting to Baht 1,655 million, relates to lawsuits involving Thanachart Bank, as a result of the transfer of business from BMB to SCIB. In this regard, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF.

#### **47. Letter of guarantees**

As at 31 December 2014, the Company and its subsidiaries had letter of guarantees issued by the Company and its subsidiaries, amounting approximately Baht 34 million, placed for electricity usage (separate financial statements: Baht 1 million).

#### **48. Acquisition and disposal of investments in subsidiary companies / Discontinued operations**

##### **48.1 Acquisition of investment in a subsidiary company - Investment in Siam City Life Assurance Plc.**

On 5 March 2014, the Company and MBK Plc. (“an associated company”) signed a Share Purchase Agreement with Thanachart Bank Plc. (“the subsidiary company”) to buy the ordinary shares of Siam City Life Assurance Plc. The transaction value is Baht 900 million, of which the Company's portion is Baht 482 million, for a 53.5 percent shareholding.

On 3 April 2014, the Annual General Meeting of Shareholders of the Company approved a resolution to purchase ordinary shares of Siam City Life Assurance Plc. from the subsidiary company. On 23 May 2014, the Company received approval from the Bank of Thailand to acquire more than 10 percent of all issued shares of Siam City Life Assurance Plc., which was in accordance with the conditions stated in the agreement. On 2 June 2014, the Company received 37,450,000 ordinary shares in Siam City Life Assurance Plc., which was 53.5 percent of all shares issued, and paid Baht 482 million.

The agreement stipulates that if the buyers resell the acquired shares within two years from the contract date, and either or both buyers earn a capital gain from the sales, the buyers are to pay the capital gain to the contracted seller within 15 days from the date on which the shares are resold.

However, since this transaction is a restructuring of shareholding, by converting an indirect shareholding into a direct shareholding, there is no significant impact on the consolidated financial statements.

##### **48.2 Disposal of investment in a subsidiary company / Discontinued operations - Investment in Thanachart Life Assurance Plc.**

On 5 November 2012, Thanachart Bank, a subsidiary company, signed a Share Purchase Agreement with Prudential Life Insurance (Thailand) Plc. (“the Buyer”) to sell the ordinary shares of Thanachart Life Assurance Public Company Limited (“Thanachart Life Assurance”) held by Thanachart Bank. The value of the transaction was Baht 17,500 million, with a post-completion adjustment to be made based on agreed terms to reflect the net asset value as at the completion date. A further payment of Baht 500 million is also due in 12 months after the completion date. Under this agreement, the share payment and transfer will occur after the Buyer obtains an approval from the Office of Insurance Commission (“OIC”) and both parties sign the Exclusive Bancassurance Agreement. The transaction will be recognised when the transfer of the shares and related payment are complete.

On 29 March 2013, the Buyer received an approval from the Office of Insurance Commission (“OIC”) to acquire more than 10% of the issued and paid up shares of Thanachart Life Assurance for the purpose of the business combination, which was an important condition in the agreement. On 3 May 2013, the Share Purchase Agreement became legally effective as both parties fulfilled the conditions stated in the agreement, including the conclusion of an Exclusive Bancassurance Agreement between Thanachart Bank and Prudential Life Insurance, which will be effective for a period of 15 years. Thanachart Bank transferred 328,500,000 shares of Thanachart Life Assurance Plc., representing 100% of shares, and received payment for the shares in the amount of Baht 17,500 million in accordance with the agreement. A post-completion adjustment on the net asset value of Thanachart Life Assurance as at the completion date amounting to Baht 940 million was recognised as a part of this transaction and payment of this amount was received in July 2013. During the year 2013, Thanachart Bank therefore recognised the transaction and allocated the full selling price of investment between the value of the shares and the service to be provided by Thanachart Bank under the Exclusive Bancassurance Agreement, based on the estimated fair value of shares as determined by Thanachart Bank’s management and other factors. Gain on disposal of Baht 12,281 million was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2013.

In addition, Thanachart Bank is to receive a further payment amounting to Baht 500 million for granting the right to use Thanachart logo. The further payment is due in 12 months after the date the payment was made for the shares. Thanachart Bank began amortising the amount to income over the term of the agreement in May 2013 and recognised all of the remaining amount in 2014 as Thanachart Life Assurance successfully transferred its business to Prudential Life Insurance (Thailand) Plc. and registered its dissolution in 2014.

According to the Exclusive Bancassurance Agreement, Thanachart Bank is to recognise such allocated income throughout the period as specified in the agreement and to present such allocated service fee as a part of “Other liabilities - income received in advance”. In addition, Thanachart Bank has to comply with the terms and conditions as specified in such agreement.

Therefore, to comply with the requirements of accounting standards, the operating results of Thanachart Life Assurance Plc. were separately presented under “Profit for the period from discontinued operations” and “Other comprehensive income from discontinued operations” in the consolidated statement of comprehensive income for the year ended 31 December 2013, for comparative purposes. The details are as follows:

(Unit: Million Baht)

For the year ended  
31 December 2013<sup>(1)</sup>

**Consolidated statement of comprehensive income**

**Profit or loss**

**Discontinued operations**

Interest income	358
Interest expenses	-
Net interest income	358
Fees and service income	-
Fees and service expenses	(1)
Net fees and service income	(1)
Gains on investments	17
Life insurance income	3,644
Dividend income	4
Other income	3
Total operating income	4,025
Insurance expenses	(3,452)
Net operating income	573
Other operating expenses	
Personnel expenses	49
Premises and equipment expenses	21
Taxes and duties	11
Other expenses	49
Total other operating expenses	130
Profit before income tax	443
Income tax	(89)
Profit for the year from discontinued operations	354
<b>Other comprehensive income</b>	
Losses on change in value of available-for-sale investments	(138)
Income tax relating to components of other comprehensive income	28
Other comprehensive income from discontinued operations (losses)	(110)
Total other comprehensive income	244

(1) Present operation of Thanachart Life Plc. since 1 January 2013 to the date of disposal of the investment

Changes of operating assets and operating liabilities of Thanachart Life Assurance Plc. which included in consolidated cash flows statement for the year ended 31 December 2013 are as follows:

	(Unit: Million Baht)
	2013 <sup>(1)</sup>
Operating assets (increase) decrease	
- Interbank and money market items	538
- Investment - net	(2,862)
- Others	60
	(2,264)
Operating liabilities increase (decrease)	
- Insurance contract liabilities	706
- Income tax payable	115
- Payables from purchase and sale of securities	959
- Others	98
	1,878

(1) Cash flow information of Thanachart Life Plc. since 1 January 2013 to the date of disposal of the investment

Cash flow information of Thanachart Life Assurance Plc. for the year ended 31 December 2013 are as follows:

	(Unit: Million Baht)
	2013 <sup>(1)</sup>
Net cash flows from (used in) operating activities	2,819
Net cash flows from (used in) investing activities	(2,819)

(1) Cash flow information of Thanachart Life Plc. since 1 January 2013 to the date of disposal of investment

## 49. Financial instruments

Financial instruments are any contracts which give rise to both a financial assets of one enterprise and a financial liability or equity instruments of another enterprise.

### 49.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation, causing the Company and its subsidiaries to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position and the risk of commitments from avals, guarantees of loans, other guarantees and derivative contracts.

The Company and its subsidiaries manage credit risk by the means of careful consideration of credit approval process, analysis of risk factors and the ability to service debt of customers, and a credit review process, which examines and reviews the quality of the loan portfolio so as to prevent and provide a remedy for problem loans in the future.

## 49.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company and its subsidiaries' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity/commodity position risk.

### a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

The Company and its subsidiaries manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels. Such management is under the supervision of the Asset and Liabilities Management Committee.

As at 31 December 2014 and 2013, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)				
Consolidated financial statements				
2014				
Transactions	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<b><u>Financial assets</u></b>				
Cash	-	-	16,605	16,605
Interbank and money market items	816	57,575	7,836	66,227
Derivatives assets	-	-	4,389	4,389
Investments	1,293	150,260	7,711	159,264
Investment in an associated company	-	-	2,417	2,417
Loans to customers <sup>(1)</sup>	330,413	424,307	988	755,708
Receivables from purchase and sale of securities	-	-	1,805	1,805
Other assets - receivable from clearing house	-	-	18	18

(Unit: Million Baht)

Consolidated financial statements				
2014				
Transactions	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<b><u>Financial liabilities</u></b>				
Deposits	246,803	443,490	6,656	696,949
Interbank and money market items	12,700	64,836	2,603	80,139
Liability payable on demand	-	-	1,655	1,655
Derivatives liabilities	-	-	5,200	5,200
Debt issued and borrowings	4	98,414	-	98,418
Payables from purchase and sale of securities	-	-	1,520	1,520
Other liabilities - payable to clearing house	-	-	480	480

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Consolidated financial statements				
2013				
Transactions	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<b><u>Financial assets</u></b>				
Cash	-	-	17,940	17,940
Interbank and money market items	549	60,150	9,678	70,377
Derivatives assets	-	-	3,914	3,914
Investments	1,358	140,466	5,141	146,965
Investment in an associated company	-	-	2,389	2,389
Loans to customers <sup>(1)</sup>	326,640	464,004	598	791,242
Receivables from purchase and sale of securities	-	-	1,646	1,646
Other assets - receivable from clearing house	-	-	170	170
<b><u>Financial liabilities</u></b>				
Deposits	245,130	463,957	6,844	715,931
Interbank and money market items	9,802	69,730	1,550	81,082
Liability payable on demand	-	-	3,219	3,219
Derivatives liabilities	-	-	5,701	5,701
Debt issued and borrowings	4	109,286	-	109,290
Payables from purchase and sale of securities	-	-	1,467	1,467
Other liabilities - payable to clearing house	-	-	509	509

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.



(Unit: Million Baht)

Transactions	Separate financial statements			
	2014			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<b><u>Financial assets</u></b>				
Interbank and money market items	11	-	10	21
Investments	708	4,368	479	5,555
Investments in subsidiary and associated companies	-	-	31,435	31,435
Loans to customers <sup>(1)</sup>	378	156	5	539
<b><u>Financial liabilities</u></b>				
Debt issued and borrowings	-	12,200	-	12,200

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements			
	2013			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<b><u>Financial assets</u></b>				
Interbank and money market items	19	3,500	14	3,533
Investments	715	9,777	238	10,730
Investments in subsidiary and associated companies	-	-	31,552	31,552
Loans to customers <sup>(1)</sup>	90	176	10	276
<b><u>Financial liabilities</u></b>				
Debt issued and borrowings	-	20,700	-	20,700

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

With respect to financial instruments that carry fixed interest rates, the periods from the financial statements date to the repricing or maturity date (whichever is the earlier) are presented below:

(Unit: Million Baht)

Consolidated financial statements							
2014							
Transactions	Repricing or maturity date					Total	Weighted average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Percent							
<b><u>Financial assets</u></b>							
Interbank and money market items	-	54,369	2,706	500	-	57,575	3.07 - 3.63
Investments	-	13,924	21,939	103,605	10,792	150,260	2.93 - 4.43
Loans to customers (include intercompany gain on loan transferred)	5,858	19,529	13,026	304,201	81,693	424,307	7.73 - 8.71
<b><u>Financial liabilities</u></b>							
Deposits	146	152,695	257,989	32,660	-	443,490	2.76
Interbank and money market items	350	46,094	13,473	4,919	-	64,836	1.51 - 3.46
Debt issued and borrowings	1,048	25,653	21,117	16,880	33,716	98,414	4.24 - 4.73

(Unit: Million Baht)

	Consolidated financial statements						
	2013						
	Repricing or maturity date						Weighted
		0 - 3	3 - 12	1 - 5	Over 5		average
Transactions	At call	months	months	years	years	Total	interest rates
							Percent
<b><u>Financial assets</u></b>							
Interbank and money market items	22	48,220	11,908	-	-	60,150	3.21 - 3.62
Investments	-	3,797	28,832	85,907	21,930	140,466	3.31 - 4.93
Loans to customers (include intercompany gain on loan transferred)	6,558	17,917	11,601	312,605	115,323	464,004	7.70 - 8.95
<b><u>Financial liabilities</u></b>							
Deposits	31	222,328	218,391	23,207	-	463,957	3.02
Interbank and money market items	995	43,680	18,620	6,435	-	69,730	1.73 - 3.62
Debt issued and borrowings	1,061	23,265	25,462	35,283	24,215	109,286	4.65 - 4.96

(Unit: Million Baht)

	Separate financial statements						
	2014						
	Repricing or maturity date						Weighted
		0 - 3	3 - 12	1 - 5	Over 5		average
Transactions	At call	months	months	years	years	Total	interest rates
							Percent
<b><u>Financial assets</u></b>							
Investments	-	-	3,636	650	82	4,368	7.58
Loans to customers	145	-	-	-	11	156	8.27
<b><u>Financial liabilities</u></b>							
Debt issued and borrowings	-	-	500	3,100	8,600	12,200	4.73

(Unit: Million Baht)

Separate financial statements							
2013							
Transactions	Repricing or maturity date					Total	Weighted average interest rates Percent
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b><u>Financial assets</u></b>							
Interbank and money market items	-	-	3,500	-	-	3,500	3.17
Investments	-	1,069	4,922	526	3,260	9,777	5.15
Loans to customers	162	-	-	8	6	176	9.42
<b><u>Financial liabilities</u></b>							
Debt issued and borrowings	-	-	9,000	-	11,700	20,700	4.85

In addition, the average balances of the financial assets and liabilities of the Company and its subsidiaries generating revenues and expenses, calculated based on the average balances outstanding during the year, and the average interest rate for the years ended 31 December 2014 and 2013 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements						
	2014			2013		
	Average balances	Interest	Average rate (Percent)	Average balances	Interest	Average rate (Percent)
<b><u>Interest bearings financial assets</u></b>						
Interbank and money market items	84,946	1,936	2.28	50,574	1,877	3.71
Investments and trading operations	13,328	464	3.48	13,540	467	3.45
Investments in debt securities	124,546	4,245	3.41	111,767	4,033	3.61
Loans to customers/hire purchase and financial lease	754,173	46,295	6.14	756,698	47,731	6.31
<b><u>Interest bearings financial liabilities</u></b>						
Deposits	694,171	19,721	2.84	694,110	21,424	3.09
Interbank and money market items	68,656	1,091	1.59	76,488	1,519	1.99
Debt issued and borrowings	108,142	4,663	4.31	100,476	4,672	4.65

(Unit: Million Baht)

Separate financial statements						
	2014			2013		
	Average balances	Interest	Average rate (Percent)	Average balances	Interest	Average rate (Percent)
<b><u>Interest bearings financial assets</u></b>						
Interbank and money market items	3,575	98	2.73	1,529	40	2.59
Investments and trading operations	23	-	1.04	1	-	5.63
Investments in debt securities	7,329	400	5.45	6,464	435	6.73
Loans to customers/hire purchase and financial lease	317	5	7.95	64	15	13.82
<b><u>Interest bearings financial liabilities</u></b>						
Debt issued and borrowings	19,392	948	4.89	13,300	663	4.98

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the subsidiaries have foreign exchange transactions, it may be exposed to foreign exchange risk. However, the subsidiaries have a policy to mitigate this foreign exchange exposure through management of its net exchange position and operation in accordance with a risk management policy which has been approved by their Board of Directors and is in strict accordance with BOT guidelines.

The status of subsidiaries' foreign currency balances as at 31 December 2014 and 2013 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	2014				
	US Dollar	Euro	Yen	Yuan	Others
<b><u>Foreign currency in the statements of financial position</u></b>					
Cash	1,339	576	19	3	544
Interbank and money market items	4,660	62	79	17	154
Investments	10,667	1	-	-	1,137
Loans to customers	23,901	83	39	-	21
Other assets	478	-	-	-	2
<b>Total assets</b>	<b>41,045</b>	<b>722</b>	<b>137</b>	<b>20</b>	<b>1,858</b>
Deposits	274	36	137	-	13
Interbank and money market items	16,899	1	-	-	-
<b>Total liabilities</b>	<b>17,173</b>	<b>37</b>	<b>137</b>	<b>-</b>	<b>13</b>
<b>Net</b>	<b>23,872</b>	<b>685</b>	<b>-</b>	<b>20</b>	<b>1,845</b>
<b><u>Foreign currency commitments</u></b>					
Liability under unmatured import bills	378	19	71	-	2
Letter of credits	4,418	48	215	8	5
Others commitments	873	26	5	-	28

(Unit: Million Baht)

Consolidated financial statements					
2013					
	US Dollar	Euro	Yen	Yuan	Others
<b><u>Foreign currency in the statements of financial position</u></b>					
Cash	1,303	586	62	3	474
Interbank and money market items	11,409	34	63	545	101
Investments	10,638	1	-	2,921	1,170
Loans to customers	22,824	137	112	-	50
Other assets	1,123	-	-	13	2
Total assets	47,297	758	237	3,482	1,797
Deposits	384	45	-	-	20
Interbank and money market items	22,319	4	-	-	-
Other liabilities	10	-	-	-	-
Total liabilities	22,713	49	-	-	20
Net	24,584	709	237	3,482	1,777
<b><u>Foreign currency commitments</u></b>					
Liability under unmatured import bills	466	29	102	-	7
Letter of credits	3,605	39	292	-	53
Others commitments	901	52	1	-	47

In addition, subsidiaries have commitments from foreign currency exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts and other derivative contracts which have to pay or receive repayment in foreign currency that the subsidiaries made for trading transactions or hedging transactions (banking book) as follows:

(Unit: Million Baht)

Consolidated financial statements					
2014					
	US Dollar	Euro	Yen	Yuan	Others
Foreign exchange contracts					
- Bought	33,354	326	846	-	995
- Sold	46,211	1,015	832	6	1,687
Cross currency and interest rate swap contracts					
- Bought	2,463	-	-	-	-
- Sold	13,077	-	-	-	1,103
Interest rate swap contracts					
- Bought	56,866	-	-	-	-
- Sold	56,866	-	-	-	-

(Unit: Million Baht)

	Consolidated financial statements				
	2013				
	US Dollar	Euro	Yen	Yuan	Others
Foreign exchange contracts					
- Bought	41,331	144	133	-	334
- Sold	53,267	888	375	3,546	970
Cross currency and interest rate swap contracts					
- Bought	1,885	-	-	-	-
- Sold	12,451	-	-	-	1,140
Interest rate swap contracts					
- Bought	40,990	-	-	-	-
- Sold	40,990	-	-	-	-

c) Equity position risk/commodity risk

Equity position risk/commodity risk is the risk that changes in the market prices of equity securities/commodity which will result in fluctuations in revenue and the value of financial assets.

The Company and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the Board of Directors, related business unit and related management, in order to facilitate responsive risk management, under the supervision of the Investment Portfolio Committee.

### 49.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Company and its subsidiaries incurring a financial loss.

The Company and its subsidiaries manage liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Company and its subsidiaries have a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Asset and Liability Management Committee.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2014 and 2013 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2014				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<b><u>Financial assets</u></b>					
Cash	16,605	-	-	-	16,605
Interbank and money market items	8,652	57,075	500	-	66,227
Derivatives assets	-	4,389	-	-	4,389
Investments	1,293	46,335	103,982	7,654	159,264
Investment in an associated company	-	-	-	2,417	2,417
Loans to customers <sup>(1)</sup>	59,165	228,492	468,051	-	755,708
Receivables from purchase and sale of securities	-	1,805	-	-	1,805
Other assets - receivable from clearing house	-	18	-	-	18
<b><u>Financial liabilities</u></b>					
Deposits	249,397	413,679	33,873	-	696,949
Interbank and money market items	15,541	59,679	4,919	-	80,139
Liability payable on demand	1,655	-	-	-	1,655
Derivatives liabilities	-	5,200	-	-	5,200
Debt issued and borrowings	1,052	37,275	56,597	3,494	98,418
Payables from purchase and sale of securities	-	1,520	-	-	1,520
Other liabilities - payable to clearing house	-	480	-	-	480
<b><u>Commitments</u></b>					
Aval to bill	35	201	20	-	256
Liability under unmatured import bills	39	470	-	-	509
Letter of credits	63	4,733	-	-	4,796
Other commitments	44,277	6,213	631	-	51,121

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.



(Unit: Million Baht)

Consolidated financial statements					
Transactions	2013				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<b><u>Financial assets</u></b>					
Cash	17,940	-	-	-	17,940
Interbank and money market items	10,249	60,008	120	-	70,377
Derivatives assets	-	3,914	-	-	3,914
Investments	1,357	41,152	99,401	5,055	146,965
Investment in an associated company	-	-	-	2,389	2,389
Loans to customers <sup>(1)</sup>	63,738	224,498	503,006	-	791,242
Receivables from purchase and sale of securities	-	1,646	-	-	1,646
Other assets - receivable from clearing house	-	170	-	-	170
<b><u>Financial liabilities</u></b>					
Deposits	248,034	440,295	27,602	-	715,931
Interbank and money market items	12,123	62,411	6,548	-	81,082
Liability payable on demand	3,219	-	-	-	3,219
Derivatives liabilities	-	5,701	-	-	5,701
Debt issued and borrowings	1,065	40,235	64,496	3,494	109,290
Payables from purchase and sale of securities	-	1,467	-	-	1,467
Other liabilities - payable to clearing house	-	509	-	-	509
<b><u>Commitments</u></b>					
Aval to bill	15	571	79	-	665
Liability under unmatured import bills	42	604	-	-	646
Letter of credits	326	3,740	-	-	4,066
Other commitments	43,886	4,959	2,449	-	51,294

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
2014					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
<b><u>Financial assets</u></b>					
Interbank and money market items	21	-	-	-	21
Investments	708	1	730	4,116	5,555
Investments in subsidiary and associated companies	-	-	-	31,435	31,435
Loans to customers <sup>(1)</sup>	524	-	15	-	539
<b><u>Financial liabilities</u></b>					
Debt issued and borrowings	-	500	11,700	-	12,200
<b><u>Commitments</u></b>					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
2013					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
<b><u>Financial assets</u></b>					
Interbank and money market items	33	3,500	-	-	3,533
Investments	715	2,357	3,783	3,875	10,730
Investments in subsidiary and associated companies	-	-	-	31,552	31,552
Loans to customers <sup>(1)</sup>	259	-	17	-	276
<b><u>Financial liabilities</u></b>					
Debt issued and borrowings	-	9,000	11,700	-	20,700
<b><u>Commitments</u></b>					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

#### **49.4 Fair value**

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company and its subsidiaries have estimated the fair value of financial instruments as follows:

**a) Financial assets**

The method used for determining the fair value depends upon the characteristics of the financial instruments. The fair values of most financial assets are presented at the amount stated in the statement of financial position, including cash, interbank and money market items, derivatives assets, receivables from purchase and sale of securities, receivable from clearing house and loans to customers. These financial assets have their fair value approximate to their respective carrying value since the values of these financial instruments are predominantly subject to market interest rates. Financial instruments with standard terms and conditions which are traded on an active and liquid market, such as investments, have their fair values determined by the quoted market price. Investments in subsidiary and associated companies are stated at the book value.

**b) Financial liabilities**

The fair values of financial liabilities, including deposits, interbank and money market items, liability payable on demand, derivatives liabilities, debt issued and borrowings, payable from purchase and sale of securities, and payable to clearing house are considered to approximate their respective carrying values for the same reasons as described above.

As at 31 December 2014 and 2013, the book value and fair value of financial instruments of the Company and its subsidiaries are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2014		2013	
	Book value	Fair value	Book value	Fair value
<b><u>Financial assets</u></b>				
Cash	16,605	16,605	17,940	17,940
Interbank and money market items	66,038	66,038	70,215	70,215
Derivatives assets	4,389	4,389	3,914	3,914
Investments	162,318	162,669	147,686	148,003
Investment in an associated company	2,417	2,417	2,389	2,389
Loans to customers	727,994	727,994	761,417	761,417
Receivables from purchase and sale of securities	1,805	1,805	1,646	1,646
Other assets - receivable from clearing house	18	18	170	170
<b><u>Financial liabilities</u></b>				
Deposits	696,949	696,949	715,931	715,931
Interbank and money market items	80,139	80,139	81,082	81,082
Liability payable on demand	1,655	1,655	3,219	3,219
Derivatives liabilities	5,200	5,200	5,701	5,701
Debt issued and borrowings	98,418	98,418	109,290	109,290
Payables from purchase and sale of securities	1,520	1,520	1,467	1,467
Other liabilities - payable to clearing house	480	480	509	509

(Unit: Million Baht)

	Separate financial statements			
	2014		2013	
	Book value	Fair value	Book value	Fair value
<b><u>Financial assets</u></b>				
Interbank and money market items	21	21	3,543	3,543
Investments	6,040	6,034	11,048	11,043
Investments in subsidiary and associated companies	31,435	31,435	31,552	31,552
Loans to customers	389	389	96	96
<b><u>Financial liabilities</u></b>				
Debt issued and borrowings	12,200	12,200	20,700	20,700

## 49.5 Financial derivatives

The Company and its subsidiaries engage in financial derivatives activities as required in the normal course of their business to manage risk and to meet their clients' needs. These financial derivatives include foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and commodity futures contracts.

The Company and its subsidiaries have set a policy and limit to mitigate related risk, and require risk reporting for the various types of risk, as a control over financial derivative activities. The Company and its subsidiaries manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process as used when granting loans to a customer is adopted for financial derivative customers, and so the Company and its subsidiaries are able to maintain risk at acceptable levels.

As at 31 December 2014 and 2013, the Company and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2014			2013		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	35,521	-	35,521	41,942	-	41,942
- Sold	49,751	-	49,751	59,046	-	59,046
Cross currency and interest rate swap contracts						
- Bought	-	2,463	2,463	217	1,668	1,885
- Sold	-	14,180	14,180	217	13,374	13,591
Interest rate swap contracts						
- Paid fixed interest rate	62,552	130,625	193,177	26,434	140,977	167,411
- Paid floating interest rate	46,647	128,460	175,107	14,229	125,190	139,419
- Received fixed interest rate	46,647	127,460	174,107	14,229	125,190	139,419
- Received floating interest rate	62,552	131,625	194,177	26,434	140,977	167,411
Future contracts						
- Bought	8	-	8	-	-	-
- Sold	237	-	237	272	-	272
Derivative warrant contracts						
- Bought	-	-	-	9	-	9
- Sold	17	-	17	-	-	-
Other						
- Sold	37	-	37	-	-	-

## **50. Events after the reporting period**

On 26 January 2015, the Company's Board of Directors approved a treasury stock program for financial management purposes, with a budget of up to Baht 1,400 million, with no more than 56,431,642 shares to be repurchased and the repurchase period to run from 10 February 2015 to 9 August 2015. When this share repurchase is combined with the previous program under which 71,350,000 shares were repurchased between 11 December 2012 and 10 June 2013, the total number of shares repurchased will be 127,781,642 shares, which accounts for not more than 10 percent of the shares of the Company in issue.

On 23 February 2015, the Board of Directors of the Company passed a resolution to propose to the Annual General Meeting of Shareholders 2015 to approve the payment of a dividend of Baht 1.00 per share, or a total of Baht 1,206 million, to the ordinary and preference shareholders.

## **51. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2015.