

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
30 June 2015

Independent Auditor's Report

To the Shareholders of Thanachart Capital Public Company Limited

Report on Audit of Financial Statements

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 30 June 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period 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 30 June 2015, and their financial performance and cash flows for the six-month period then ended, in accordance with Thai Financial Reporting Standards.

Review Report of Interim Financial Information

I have reviewed the accompanying consolidated statement of comprehensive income for the three-month period ended 30 June 2015 of Thanachart Capital Public Company Limited and its subsidiaries, and of Thanachart Capital Public Company Limited for the same period.

Management is responsible for the preparation and presentation of these interim statements of comprehensive income in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on these interim statements of comprehensive income based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that those interim statement of comprehensive income are not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 24 August 2015

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2015

(Unit: Thousand Baht)

| | Note | Consolidated | | Separate | |
|--|------|----------------------|----------------------|----------------------|---------------------|
| | | financial statements | | financial statements | |
| | | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Assets | | | | | |
| Cash | | 11,035,278 | 16,605,432 | - | - |
| Interbank and money market items - net | 6 | 79,146,540 | 66,037,890 | 222,447 | 21,076 |
| Derivatives assets | 7 | 5,225,183 | 4,389,463 | - | - |
| Investments - net | 8 | 131,556,162 | 162,318,264 | 5,606,865 | 6,039,651 |
| Investments in subsidiary and associated companies - net | 9 | 2,456,013 | 2,416,988 | 31,112,861 | 31,435,390 |
| Loans to customers and accrued interest receivables | 10 | | | | |
| Loans to customers | | 771,845,760 | 811,443,114 | 970,207 | 541,675 |
| Accrued interest receivables | | 658,378 | 787,822 | 1 | 12 |
| Total loans to customers and accrued interest receivables | | 772,504,138 | 812,230,936 | 970,208 | 541,687 |
| Less: Deferred revenue | | (52,664,210) | (55,786,980) | (2,660) | (2,712) |
| Allowance for doubtful accounts | 11 | (28,638,712) | (28,347,084) | (89,902) | (149,939) |
| Revaluation allowance for debt restructuring | 12 | (102,037) | (103,222) | - | - |
| Net loans to customers and accrued interest receivables | | 691,099,179 | 727,993,650 | 877,646 | 389,036 |
| Customers' liability under acceptances | | 10,133 | 48,217 | - | - |
| Property foreclosed - net | 14 | 7,697,857 | 8,930,622 | 808,611 | 885,924 |
| Land, premises and equipment - net | 15 | 7,727,948 | 7,981,567 | 40,219 | 43,390 |
| Intangible assets - net | 16 | 3,174,205 | 3,426,976 | 2,453 | 2,081 |
| Goodwill | 17 | 17,088,032 | 16,968,935 | - | - |
| Deferred tax assets | 18 | 1,180,555 | 1,167,662 | 69,942 | 61,000 |
| Receivables from purchase and sale of securities | | 3,893,678 | 1,804,740 | - | - |
| Accrued interest and dividend receivables | | 955,384 | 1,111,511 | 70,521 | 76,886 |
| Other assets - net | 19 | 5,007,643 | 4,428,454 | 399,033 | 97,370 |
| Total assets | | 967,253,790 | 1,025,630,371 | 39,210,598 | 39,051,804 |

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 30 June 2015

(Unit: Thousand Baht)

| | Note | Consolidated | | Separate | |
|---|------|----------------------|---------------------|----------------------|---------------------|
| | | financial statements | | financial statements | |
| | | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Liabilities and equity | | | | | |
| Deposits | 20 | 660,558,044 | 696,948,507 | - | - |
| Interbank and money market items | 21 | 66,672,068 | 80,138,910 | - | 5 |
| Liability payable on demand | | 2,387,560 | 1,655,381 | - | - |
| Derivatives liabilities | 7 | 6,163,233 | 5,200,037 | - | - |
| Debts issued and borrowings | 22 | 86,612,404 | 98,417,715 | 13,200,000 | 12,200,000 |
| Bank's liability under acceptances | | 10,133 | 48,217 | - | - |
| Provisions | 23 | 3,199,597 | 2,850,552 | 41,874 | 46,406 |
| Deferred tax liabilities | 18 | 1,025,067 | 1,825,834 | - | - |
| Accrued interest payables | | 3,720,230 | 4,069,972 | 101,176 | 95,161 |
| Payables from purchase and sale of securities | | 4,427,720 | 1,519,696 | - | - |
| Insurance contracts liabilities | 24 | 14,550,701 | 14,610,121 | - | - |
| Other liabilities | 25 | 12,374,851 | 14,069,812 | 94,495 | 91,130 |
| Total liabilities | | 861,701,608 | 921,354,754 | 13,437,545 | 12,432,702 |

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 30 June 2015

(Unit: Thousand Baht)

| | Note | Consolidated | | Separate | |
|---|------|----------------------|---------------------|----------------------|---------------------|
| | | financial statements | | financial statements | |
| | | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Equity | | | | | |
| Share capital | 26 | | | | |
| Registered, issued and paid-up | | | | | |
| 13,276 preferred shares of Baht 10 each | | 133 | 133 | 133 | 133 |
| 1,277,816,427 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 | 27 | 2,344,832 | 2,516,445 | 491,152 | 486,802 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 28 | 1,277,830 | 1,277,830 | 1,277,830 | 1,277,830 |
| - treasury share reserve | | 4,798,369 | 3,398,455 | 4,798,369 | 3,398,455 |
| Unappropriated | | 32,657,124 | 32,549,037 | 8,994,387 | 9,844,786 |
| Less: Treasury shares - common shares | | (4,798,369) | (3,398,455) | (4,798,369) | (3,398,455) |
| Equity attributable to owners of the Company | | 51,289,470 | 51,352,996 | 25,773,053 | 26,619,102 |
| Non-controlling interests | | 54,262,712 | 52,922,621 | - | - |
| Total equity | | 105,552,182 | 104,275,617 | 25,773,053 | 26,619,102 |
| Total liabilities and equity | | 967,253,790 | 1,025,630,371 | 39,210,598 | 39,051,804 |
| | | - | - | - | - |

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

Directors

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 30 June 2015**

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|-------------|----------------------------------|-----------|
| | | 2015 | 2014 | 2015 | 2014 |
| Profit or loss | | | | | |
| Interest income | 31 | 12,228,112 | 13,252,464 | 87,628 | 136,874 |
| Interest expenses | 32 | (5,296,906) | (6,212,214) | (148,831) | (250,785) |
| Net interest income | | 6,931,206 | 7,040,250 | (61,203) | (113,911) |
| Fees and service income | | 1,879,152 | 1,873,736 | 83 | 142 |
| Fees and service expenses | | (666,089) | (660,802) | (277) | (278) |
| Net fees and service income | 33 | 1,213,063 | 1,212,934 | (194) | (136) |
| Gains on trading and foreign exchange transactions (losses) | 34 | 138,211 | 164,490 | (179) | 220 |
| Gains on investments | 35 | 705,021 | 409,778 | 28,591 | 83,320 |
| Share of profit from investments accounted for under equity method | | 83,812 | 59,167 | - | - |
| Gains on property foreclosed and other assets | | 287,061 | 164,257 | 10,653 | 1,946 |
| Insurance/Life insurance income | | 1,682,434 | 1,594,302 | - | - |
| Dividend income | | 54,866 | 107,836 | 1,270,343 | 1,373,139 |
| Other operating income | | 301,665 | 397,145 | 16,019 | 19,095 |
| Total operating income | | 11,397,339 | 11,150,159 | 1,264,030 | 1,363,673 |
| Insurance expenses | | (1,098,582) | (1,112,030) | - | - |
| Net operating income | | 10,298,757 | 10,038,129 | 1,264,030 | 1,363,673 |
| Other operating expenses | | | | | |
| Employee's expenses | | 2,785,665 | 2,646,966 | 30,791 | 31,514 |
| Directors' remuneration | 36 | 49,266 | 48,082 | 22,359 | 22,419 |
| Premises and equipment expenses | | 716,904 | 738,871 | 6,667 | 7,302 |
| Taxes and duties | | 217,881 | 210,094 | 749 | 286 |
| Other expenses | | 1,220,391 | 1,165,474 | 16,175 | 17,751 |
| Total other operating expenses | | 4,990,107 | 4,809,487 | 76,741 | 79,272 |
| Impairment loss of loans and debt securities (reversal) | 37 | 3,531,611 | 2,060,543 | (923) | (1,287) |
| Profit before income tax | | 1,777,039 | 3,168,099 | 1,188,212 | 1,285,688 |
| Income tax | 18.2 | 1,042,250 | (677,391) | 5,818 | 13,122 |
| Profit for the period | | 2,819,289 | 2,490,708 | 1,194,030 | 1,298,810 |

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 June 2015

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

| | Note | Consolidated | | Separate | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | financial statements | financial statements | financial statements | financial statements |
| | | 2015 | 2014 | 2015 | 2014 |
| Other comprehensive income | 38 | | | | |
| <i>Transactions will be reclassified subsequently to profit or loss</i> | | | | | |
| Gains (losses) on change in value of | | | | | |
| available-for-sale investments | | (388,080) | 331,474 | 26,948 | 174,224 |
| Share of other comprehensive income of associates (loss) | | (6,430) | (2,389) | - | - |
| Income tax relating to components of | | | | | |
| other comprehensive income | | 77,834 | (66,191) | (5,390) | (34,844) |
| Total other comprehensive income (loss) | | <u>(316,676)</u> | <u>262,894</u> | <u>21,558</u> | <u>139,380</u> |
| Total comprehensive income | | <u>2,502,613</u> | <u>2,753,602</u> | <u>1,215,588</u> | <u>1,438,190</u> |
| Profit attributable to | | | | | |
| The Company | | 1,392,805 | 1,235,295 | 1,194,030 | 1,298,810 |
| Non-controlling interests | | 1,426,484 | 1,255,413 | - | - |
| | | <u>2,819,289</u> | <u>2,490,708</u> | <u>1,194,030</u> | <u>1,298,810</u> |
| | | - | - | - | - |
| Total comprehensive income attributable to | | | | | |
| The Company | | 1,240,310 | 1,436,545 | 1,215,588 | 1,438,190 |
| Non-controlling interests | | 1,262,303 | 1,317,057 | - | - |
| | | <u>2,502,613</u> | <u>2,753,602</u> | <u>1,215,588</u> | <u>1,438,190</u> |
| | | - | - | - | - |
| Earnings per share of the Company | 39 | | | | |
| Basic earnings per share (Baht per share) | | 1.18 | 1.02 | 1.01 | 1.08 |
| Diluted earnings per share (Baht per share) | | 1.18 | 1.02 | 1.01 | 1.08 |

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2015

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|--------------|----------------------------------|-----------|
| | | 2015 | 2014 | 2015 | 2014 |
| Profit or loss | | | | | |
| Interest income | 31 | 24,822,749 | 26,823,827 | 176,239 | 288,216 |
| Interest expenses | 32 | (11,019,963) | (13,026,253) | (294,077) | (498,812) |
| Net interest income | | 13,802,786 | 13,797,574 | (117,838) | (210,596) |
| Fees and service income | | 3,934,246 | 3,929,317 | 184 | 334 |
| Fees and service expenses | | (1,355,308) | (1,370,537) | (360) | (340) |
| Net fees and service income | 33 | 2,578,938 | 2,558,780 | (176) | (6) |
| Gains on trading and foreign exchange transactions | 34 | 394,219 | 511,318 | 636 | 1,754 |
| Gains on investments | 35 | 1,382,669 | 711,690 | 52,242 | 88,829 |
| Share of profit from investments accounted for under equity method | 9.6 | 157,089 | 120,410 | - | - |
| Gains (losses) on property foreclosed and other assets | | 291,248 | 361,342 | (16,637) | 3,222 |
| Insurance/Life insurance income | | 3,340,178 | 3,169,427 | - | - |
| Dividend income | | 125,199 | 144,986 | 1,926,714 | 1,923,920 |
| Other operating income | | 617,771 | 737,942 | 34,505 | 37,442 |
| Total operating income | | 22,690,097 | 22,113,469 | 1,879,446 | 1,844,565 |
| Insurance expenses | | (2,261,354) | (2,289,635) | - | - |
| Net operating income | | 20,428,743 | 19,823,834 | 1,879,446 | 1,844,565 |
| Other operating expenses | | | | | |
| Employee's expenses | | 5,583,535 | 5,380,349 | 62,206 | 62,476 |
| Directors' remuneration | 36 | 58,560 | 56,164 | 25,360 | 25,534 |
| Premises and equipment expenses | | 1,427,326 | 1,445,991 | 13,484 | 14,847 |
| Taxes and duties | | 439,837 | 422,417 | 1,389 | 456 |
| Other expenses | | 2,595,336 | 2,296,683 | 30,798 | 34,397 |
| Total other operating expenses | | 10,104,594 | 9,601,604 | 133,237 | 137,710 |
| Impairment loss of loans and debt securities (reversal) | 37 | 5,179,109 | 3,717,514 | 1,043 | (1,660) |
| Profit before income tax | | 5,145,040 | 6,504,716 | 1,745,166 | 1,708,515 |
| Income tax | 18.2 | 353,899 | (1,347,918) | 10,029 | 37,799 |
| Profit for the period | | 5,498,939 | 5,156,798 | 1,755,195 | 1,746,314 |

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 six-month period ended 30 June 2015

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|-----------|--------------------------------------|------------------|----------------------------------|------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Other comprehensive income | 38 | | | | |
| <i>Transactions will be reclassified subsequently to profit or loss</i> | | | | | |
| Gains (losses) on change in value of available-for-sale investments | | (413,791) | 892,145 | 5,438 | 201,897 |
| Share of other comprehensive income of associates (loss) | | (5,113) | (1,668) | - | - |
| Income tax relating to components of other comprehensive income | | 83,157 | (178,165) | (1,088) | (40,379) |
| Total other comprehensive income (loss) | | (335,747) | 712,312 | 4,350 | 161,518 |
| Total comprehensive income | | 5,163,192 | 5,869,110 | 1,759,545 | 1,907,832 |
| Profit attributable to | | | | | |
| The Company | | 2,724,313 | 2,558,638 | 1,755,195 | 1,746,314 |
| Non-controlling interests | | 2,774,626 | 2,598,160 | - | - |
| | | 5,498,939 | 5,156,798 | 1,755,195 | 1,746,314 |
| | | - | - | - | - |
| Total comprehensive income attributable to | | | | | |
| The Company | | 2,552,700 | 2,999,834 | 1,759,545 | 1,907,832 |
| Non-controlling interests | | 2,610,492 | 2,869,276 | - | - |
| | | 5,163,192 | 5,869,110 | 1,759,545 | 1,907,832 |
| | | - | - | - | - |
| Earnings per share of the Company | 39 | | | | |
| Basic earnings per share (Baht per share) | | 2.28 | 2.12 | 1.47 | 1.45 |
| Diluted earnings per share (Baht per share) | | 2.28 | 2.12 | 1.47 | 1.45 |

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 six-month period ended 30 June 2015

(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 | | Share of other comprehensive income (losses) of associate | Retained earnings | | | Treasury shares | Non-controlling interests | Total |
| | | | | | | the value of investment in subsidiary lower than attributable net book value | Revaluation surplus on investments - net | | Appropriated | | Unappropriated | | | |
| | Preferred shares | Common shares | | | | | | | Statutory reserve | Treasury shares reserve | | | | |
| | | | | | | | | | | | | | | |
| 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 30) | - | - | - | - | - | - | - | - | - | - | (1,206,480) | - | - | (1,206,480) |
| Reversal of dividend on shares held by shareholders who are not entitled to receive dividend | - | - | - | - | - | - | - | - | - | - | 89 | - | - | 89 |
| Decrease in non - controlling interests of the subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (997,849) | (997,849) |
| Total comprehensive income for the period (loss) | - | - | - | - | - | - | 442,414 | (1,218) | - | - | 2,558,638 | - | 2,869,276 | 5,869,110 |
| Balance as at 30 June 2014 | 133 | 12,778,164 | 2,065,645 | 165,742 | 775,814 | 226,460 | 1,157,030 | 4,967 | 1,277,830 | 3,398,455 | 30,710,553 | (3,398,455) | 49,941,958 | 99,104,296 |
| Balance as at 1 January 2015 | 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 |
| Cumulative effect of change in accounting policy for fair value measurement (Note 3) | - | - | - | - | - | - | - | - | - | - | (10,632) | - | (10,232) | (20,864) |
| Dividend paid (Note 30) | - | - | - | - | - | - | - | - | - | - | (1,205,980) | - | - | (1,205,980) |
| Reversal of dividend on shares held by shareholders who are not entitled to receive dividend | - | - | - | - | - | - | - | - | - | - | 300 | - | - | 300 |
| Decrease in non - controlling interests of the subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (1,260,169) | (1,260,169) |
| Cash payment for treasury shares (Note 26) | - | - | - | - | - | - | - | - | - | - | - | (1,399,914) | - | (1,399,914) |
| Transfer of retained earnings to treasury shares reserve | - | - | - | - | - | - | - | - | - | 1,399,914 | (1,399,914) | - | - | - |
| Total comprehensive income for the period (loss) | - | - | - | - | - | - | (167,940) | (3,673) | - | - | 2,724,313 | - | 2,610,492 | 5,163,192 |
| Balance as at 30 June 2015 | 133 | 12,778,164 | 2,065,645 | 165,742 | 775,814 | 226,460 | 1,332,016 | 10,542 | 1,277,830 | 4,798,369 | 32,657,124 | (4,798,369) | 54,262,712 | 105,552,182 |

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 six-month period ended 30 June 2015

(Unit: Thousand Baht)

| | Separate financial statements | | | | | | | | | |
|--|----------------------------------|------------|--------------|-----------------|-------------------|-------------------|-----------------|----------------|-----------------|-------------|
| | Other components | | | | | | | | | |
| | Issued and paid-up share capital | | | | of equity - | Retained earnings | | | | |
| | Preferred | Common | Premium on | Premium on | revaluation | Appropriated | | | | |
| | shares | shares | common share | treasury shares | surplus on | Statutory | Treasury shares | Unappropriated | Treasury shares | Total |
| | | | | | investments - net | reserve | reserve | | | |
| 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 30) | - | - | - | - | - | - | - | (1,206,480) | - | (1,206,480) |
| Reversal of dividend on shares held by shareholders | | | | | | | | | | |
| who are not entitled to receive dividend | - | - | - | - | - | - | - | 89 | - | 89 |
| Total comprehensive income for the period | - | - | - | - | 161,518 | - | - | 1,746,314 | - | 1,907,832 |
| Balance as at 30 June 2014 | 133 | 12,778,164 | 2,065,645 | 165,742 | 531,524 | 1,277,830 | 3,398,455 | 10,661,567 | (3,398,455) | 27,480,605 |
| Balance as at 1 January 2015 | 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 |
| Dividend paid (Note 30) | - | - | - | - | - | - | - | (1,205,980) | - | (1,205,980) |
| Reversal of dividend on shares held by shareholders | | | | | | | | | | |
| who are not entitled to receive dividend | - | - | - | - | - | - | - | 300 | - | 300 |
| Cash payment for treasury shares (Note 26) | - | - | - | - | - | - | - | - | (1,399,914) | (1,399,914) |
| Transfer of retained earnings to treasury shares reserve | - | - | - | - | - | - | 1,399,914 | (1,399,914) | - | - |
| Total comprehensive income for the period | - | - | - | - | 4,350 | - | - | 1,755,195 | - | 1,759,545 |
| Balance as at 30 June 2015 | 133 | 12,778,164 | 2,065,645 | 165,742 | 491,152 | 1,277,830 | 4,798,369 | 8,994,387 | (4,798,369) | 25,773,053 |

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows

For the six-month period ended 30 June 2015

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities | | | | |
| Profit before income tax | 5,145,040 | 6,504,716 | 1,745,166 | 1,708,515 |
| Adjustments to reconcile profit before income tax to net cash received by (paid from) operating activities | | | | |
| Share of profit from investments accounted for under equity method | (157,089) | (120,410) | - | - |
| Depreciation and amortisation | 729,409 | 710,746 | 10,053 | 11,435 |
| Impairment loss of loans and debt securities (reversal) | 5,179,109 | 3,717,514 | 1,043 | (1,660) |
| Increase (decrease) in provisions | 521,193 | 152,247 | (4,532) | 1,574 |
| Increase (decrease) in allowance for impairment of property foreclosed | 14,761 | (24,822) | 55,864 | 817 |
| Increase (decrease) in allowance for impairment of equipment/other assets | (2,132) | (117,341) | (555) | 27 |
| Unrealised loss (gain) from change in value of investments/ allowance for impairment of investments | 91,278 | (133,251) | (10,576) | (145) |
| Unrealised loss (gain) on exchange | (273,876) | 101,820 | - | - |
| Loss (gain) from disposal of/capital return from investments in subsidiary companies | (109,348) | (121,649) | (617) | 12 |
| Loss (gain) on disposal of equipment | (2,964) | 10,545 | 6,647 | (2) |
| Decrease (increase) in accrued other income receivable | 430,456 | 340,025 | 380 | (3,451) |
| | 11,565,837 | 11,020,140 | 1,802,873 | 1,717,122 |
| Net interest income | (13,802,786) | (13,797,574) | 117,838 | 210,596 |
| Dividend income | (125,199) | (144,986) | (1,926,714) | (1,923,920) |
| Cash received from interest on operating activities | 22,905,871 | 24,870,075 | 29,052 | 61,104 |
| Cash paid for interest on operating activities | (9,325,103) | (11,030,668) | (154) | (1) |
| Cash paid for income tax | (1,181,056) | (1,403,470) | (3,429) | (4,256) |
| Income from operating activities before changes in operating assets and liabilities | 10,037,564 | 9,513,517 | 19,466 | 60,645 |

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month period ended 30 June 2015

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|--------------------|----------------------|------------------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities (continued) | | | | |
| Decrease (increase) in operating assets | | | | |
| Interbank and money market items | (13,034,324) | 6,014,851 | (201,367) | (308,512) |
| Derivative assets | 187,039 | 639,224 | - | - |
| Investments in trading securities | 4,454,866 | (447,597) | 600 | (39,051) |
| Loans to customers | 28,880,002 | 112,592 | (487,356) | 2,678 |
| Property foreclosed | 4,472,454 | 4,761,259 | 21,449 | 13,801 |
| Receivables from purchase and sale of securities | (2,088,938) | (2,075,839) | - | - |
| Other assets | (1,053,493) | 1,006,829 | (4,721) | (2,403) |
| Increase (decrease) in operating liabilities | | | | |
| Deposits | (36,390,462) | (3,011,632) | - | - |
| Interbank and money market items | (13,697,486) | (16,669,768) | (5) | (13) |
| Liability payable on demand | 732,179 | (670,389) | - | - |
| Derivatives liabilities | (385,856) | (1,407,209) | - | - |
| Payables from purchase and sales of securities | 2,908,024 | 1,501,425 | - | - |
| Insurance contract liabilities | (59,420) | (360,443) | - | - |
| Other liabilities | (841,862) | (1,495,607) | 3,476 | 12,322 |
| Net cash flows used in operating activities | (15,879,713) | (2,588,787) | (648,458) | (260,533) |
| Cash flows from investing activities | | | | |
| Decrease in investments in securities | 26,075,256 | 10,968,236 | 445,126 | 287,823 |
| Cash paid for purchase of investment in subsidiary | - | - | - | (482,119) |
| Cash received from interest | 2,083,154 | 2,308,039 | 154,322 | 236,889 |
| Cash received from dividend | 237,811 | 257,544 | 1,926,714 | 1,923,920 |
| Cash received from disposal of/capital return from subsidiary companies | - | - | 23,146 | 1,504 |
| Cash paid for purchase of land and equipment/ intangible assets | (282,795) | (556,580) | (8,132) | (2,294) |
| Cash received from disposal of equipment/intangible assets | 18,778 | 6,025 | 31 | 2 |
| Net cash flows from investing activities | 28,132,204 | 12,983,264 | 2,541,207 | 1,965,725 |

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month period ended 30 June 2015

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------------|----------------------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from financing activities | | | | |
| Cash received from debts issued and borrowings | 39,532,000 | 55,630,400 | 1,000,000 | - |
| Cash paid for debts issued and borrowings | (51,337,310) | (65,885,066) | - | - |
| Cash paid for interest expenses on debt issued and borrowings | (2,118,604) | (2,571,411) | (287,155) | (498,801) |
| Cash paid for capital return to non-controlling interests of a subsidiary company | (317) | - | - | - |
| Cash paid for dividend | (1,205,680) | (1,206,391) | (1,205,680) | (1,206,391) |
| Cash paid for treasury shares | (1,399,914) | - | (1,399,914) | - |
| Cash paid for dividend to non-controlling interests | (1,292,820) | (1,351,859) | - | - |
| Net cash flows used in financing activities | (17,822,645) | (15,384,327) | (1,892,749) | (1,705,192) |
| Net decrease in cash | (5,570,154) | (4,989,850) | - | - |
| Cash at beginning of the period | 16,605,432 | 17,940,109 | - | - |
| Cash at end of the period | 11,035,278 | 12,950,259 | - | - |
| | - | - | - | - |

Supplemental cash flows information

Non-cash transactions

| | | | | |
|---|-----------|-----------|----|-----|
| Property foreclosed transferred from loans to customers and investments in receivables purchased | 3,243,499 | 4,234,958 | - | 29 |
| Property foreclosed received from capital returned from a subsidiary company | - | - | - | 678 |
| Bad debt written off/hair-cut loans from debt restructuring | 3,757,486 | 3,726,831 | 44 | - |
| Payable from purchase of assets | 46,034 | 80,034 | 9 | 46 |

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

Thanachart Capital Public Company Limited and its subsidiaries
Notes to interim financial statements
For the six-month period ended 30 June 2015

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, 16-17th 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 interim financial statements

- 2.1** These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) “Interim Financial Reporting”, whereby the Company chooses to present the interim financial statements in the same full format as that used for the annual financial statements.

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

The interim 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 interim consolidated financial statements

- a) The interim 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 | |
|--|---|---|-------------|--|-------------|
| | | 30 June | 31 December | 30 June | 31 December |
| | | 2015 | 2014 | 2015 | 2014 |
| | | | | | |
| <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 |
| Siam City Life Assurance Plc. | Life insurance | 51.00 | 53.50 | - | - |
| <u>Subsidiaries indirectly held by the Company</u> | | | | | |
| SCIB Plc. | Liquidated | - | - | - | 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 30 June 2015 and 31 December 2014 and for the six-month periods ended 30 June 2015 and 2014, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

| | Total assets | | Net operating income for the six-month periods ended 30 June | |
|--------------------------------|--------------|-------------|--|--------|
| | 30 June | 31 December | | |
| | 2015 | 2014 | 2015 | 2014 |
| Thanachart Bank Plc. | 896,097 | 954,801 | 16,415 | 15,967 |
| Siam City Life Assurance Plc. | 10,449 | 10,762 | 32 | 79 |
| Thanachart Insurance Plc. | 10,236 | 10,331 | 1,568 | 1,382 |
| Thanachart Securities Plc. | 9,403 | 7,412 | 865 | 673 |
| TS Asset Management Co., Ltd. | 6,584 | 8,179 | 246 | 252 |
| Ratchthani Leasing Plc. | 28,059 | 27,050 | 834 | 818 |
| NFS Asset Management Co., Ltd. | 1,747 | 1,776 | 58 | 82 |

- c) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- 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 present investments in subsidiary and associated companies under the cost method.

3. New financial reporting standards

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

TAS 19 (revised 2014) Employee Benefits

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

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current period's transactions 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.

TFRS 10 Consolidated Financial Statements

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

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

TFRS 12 Disclosure of Interests in Other Entities

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

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. The Company and its subsidiaries are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The Company and its subsidiaries are required to measure the fair value in accordance with the guidance of this standard and recognised prospectively, except for the effect of credit risk on the fair value measurement of derivatives, with the subsidiary electing to adjust the effect of credit risks on fair value against retained earnings as of 1 January 2015, as allowed in the transition provision under Thai Financial Reporting Standards. The change has the effect of decreasing the beginning balance of retained earnings for 2015 of the Company and its subsidiaries by Baht 21 million. The cumulative effect of changes in accounting policy has been separately presented in the statement of changes in equity.

4. Significant accounting policies

4.1 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 period 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 period.

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 period.

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 period-end date.

4.2 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.

4.3 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 period. 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.

4.4 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.

4.5 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.

4.6 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".

4.7 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 period.

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.

4.8 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 period. 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 Premium reserve/life insurance premium reserve

Non-life insurance contract

Premium insurance reserve comprises 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 to 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.

During the period, the subsidiary changed its accounting policy regarding provision for life insurance, from the higher of Net Level Premium Valuation (NPV) or Gross Premium Valuation (GPV) to GPV only. The subsidiary's management believes that the GPV reflects the fair value of the provision and is more appropriate and consistent with the fact that the investments of the subsidiary are measured primarily at fair value. In addition, the GPV approach is consistent with the guidelines of the Office of Insurance Commission.

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.

The change had no effect on the comparative financial statements because the provision formerly recorded and presented in the comparative financial statements was determined based on GPV, which was higher than the amount of provision determined based on NPV.

4.20 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.

4.21 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.

4.22 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.

4.23 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.

4.24 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 in case that 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.

4.25 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 (SEC), 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.

4.26 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.

During the current period, the Company and its subsidiaries have changed the recognition of actuarial gains and losses from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current period's transactions but did not restate the prior period'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.

4.27 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.

4.28 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.

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.

4.29 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.

4.30 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company and its subsidiaries use the quoted price in an active market to measure the fair value of a financial asset or liability, whenever such a price is available. If a quoted price in an active market is not available, the Company and its subsidiaries measures fair value using a generally accepted valuation technique, which includes analysis of the present value of cash flows and use of a theoretical valuation model.

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

- Level 1 - Use of quoted market prices for the same assets or liabilities in an observable active market
- Level 2 - Use of other inputs that are observable for the assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. 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:

5.1 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.

5.2 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.

5.3 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.

5.4 Assessment of investment funds as structured entities

In determining whether the funds to which a subsidiary provides asset management services are structured entities, the management is required to use judgment, taking into consideration the voting rights and other similar rights afforded to other parties, including the rights to remove the subsidiary as fund manager, liquidate the funds, or redeem holdings in the funds, and determining whether such rights are the dominant factor when deciding who controls the funds.

5.5 Fair value of financial instruments

In determining the fair value of financial instruments, which are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (the Company and counterparty, both), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

5.6 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.

5.7 Land, premises and equipment and 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.

5.8 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.

5.9 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.

5.10 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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.

6. Interbank and money market items (assets)

(Unit: Million Baht)

| | Consolidated financial statements | | | | | |
|------------------------------------|-----------------------------------|---------------|---------------|------------------|---------------|---------------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | At call | Term | Total | At call | Term | Total |
| Domestic | | | | | | |
| Bank of Thailand and Financial | | | | | | |
| Institutions Development Fund | 7,379 | 6,000 | 13,379 | 6,189 | 7,500 | 13,689 |
| Commercial banks | 452 | 40,035 | 40,487 | 1,072 | 25,090 | 26,162 |
| Specialised financial institutions | 40 | 171 | 211 | 46 | 90 | 136 |
| Other financial institutions | 247 | 21,377 | 21,624 | 94 | 21,179 | 21,273 |
| Total | 8,118 | 67,583 | 75,701 | 7,401 | 53,859 | 61,260 |
| Add: Accrued interest receivables | - | 16 | 16 | 2 | 20 | 22 |
| Less: Allowance for doubtful | | | | | | |
| accounts | - | (210) | (210) | - | (207) | (207) |
| Total domestic items | 8,118 | 67,389 | 75,507 | 7,403 | 53,672 | 61,075 |
| Foreign | | | | | | |
| US Dollar | 390 | 3,083 | 3,473 | 940 | 3,716 | 4,656 |
| Euro | 25 | 1 | 26 | 61 | 1 | 62 |
| Others | 120 | - | 120 | 250 | - | 250 |
| Total | 535 | 3,084 | 3,619 | 1,251 | 3,717 | 4,968 |
| Add: Accrued interest receivables | - | 23 | 23 | - | 5 | 5 |
| Less: Deferred revenues | - | - | - | - | (1) | (1) |
| Less: Allowance for doubtful | | | | | | |
| accounts | - | (2) | (2) | - | (9) | (9) |
| Total foreign items | 535 | 3,105 | 3,640 | 1,251 | 3,712 | 4,963 |
| Total | 8,653 | 70,494 | 79,147 | 8,654 | 57,384 | 66,038 |

(Unit: Million Baht)

| | Separate financial statements | | | | | |
|-----------------------------------|-------------------------------|----------|------------|------------------|----------|-----------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | At call | Term | Total | At call | Term | Total |
| Domestic | | | | | | |
| Commercial banks | 222 | - | 222 | 21 | - | 21 |
| Add: Accrued interest receivables | - | - | - | - | - | - |
| Total domestic items | <u>222</u> | <u>-</u> | <u>222</u> | <u>21</u> | <u>-</u> | <u>21</u> |

As at 30 June 2015, the Company had deposits with a subsidiary company of Baht 220 million in the separate financial statements (31 December 2014: Baht 17 million).

7. Derivatives

As at 30 June 2015 and 31 December 2014, 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 | | | | | |
|--|--|--------------|------------------|--|--------------|------------------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | Fair value/Adjustments on an accrual basis | | Notional amount* | Fair value/Adjustments on an accrual basis | | Notional amount* |
| | Assets | Liabilities | | Assets | Liabilities | |
| Foreign exchange rate | | | | | | |
| Derivatives for trading | 860 | 850 | 114,749 | 411 | 319 | 72,468 |
| Derivatives for banking book | 2 | 151 | 8,183 | 9 | 87 | 7,796 |
| Interest rate | | | | | | |
| Derivatives for trading | 4,171 | 4,149 | 363,753 | 3,896 | 3,856 | 352,184 |
| Derivatives for banking book | - | - | 4,180 | - | - | 16,100 |
| Foreign exchange rate and interest rate | | | | | | |
| Derivatives for trading | 113 | 56 | 8,129 | 19 | 6 | 2,792 |
| Derivatives for banking book | 79 | 955 | 10,465 | 54 | 930 | 12,770 |
| Others | | | | | | |
| Derivatives for trading | - | 2 | 149 | - | 2 | 299 |
| Total | <u>5,225</u> | <u>6,163</u> | <u>509,608</u> | <u>4,389</u> | <u>5,200</u> | <u>464,409</u> |

* 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 period 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 30 June 2015 and 31 December 2014.

| Counterparty | Consolidated financial statements | |
|------------------------|-----------------------------------|------------------|
| | 30 June 2015 | 31 December 2014 |
| | Percent | Percent |
| Financial institutions | 95.32 | 95.03 |
| Third parties | 4.68 | 4.97 |
| Total | 100.00 | 100.00 |

8. Investments

8.1 Classified by type of investments

| | Consolidated financial statements | | | | Separate financial statements | | | |
|--------------------------------------|-----------------------------------|------------|--------------------|------------|-------------------------------|------------|--------------------|------------|
| | 30 June 2015 | | 31 December 2014 | | 30 June 2015 | | 31 December 2014 | |
| | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | |
| | cost | Fair value | cost | Fair value | cost | Fair value | cost | Fair value |
| | | | | | | | | |
| Trading securities | | | | | | | | |
| Government and state | | | | | | | | |
| enterprises securities | 3,761 | 3,801 | 8,221 | 8,319 | - | - | - | - |
| Private debt securities | 5,245 | 5,470 | 5,169 | 5,434 | - | - | 1 | 1 |
| Domestic marketable | | | | | | | | |
| equity securities | 127 | 116 | 198 | 194 | - | - | - | - |
| | 9,133 | 9,387 | 13,588 | 13,947 | - | - | 1 | 1 |
| Add: Allowance for change | | | | | | | | |
| in value | 254 | | 359 | | - | | - | |
| Net | 9,387 | | 13,947 | | - | | 1 | |
| Available-for-sale securities | | | | | | | | |
| Government and state | | | | | | | | |
| enterprises securities | 69,715 | 70,279 | 68,156 | 68,985 | - | - | - | - |
| Private debt securities | 23,231 | 24,063 | 45,325 | 46,226 | 505 | 531 | 731 | 755 |
| Foreign debt securities | 9,420 | 9,549 | 11,766 | 11,827 | - | - | - | - |
| Domestic marketable | | | | | | | | |
| equity securities | 3,277 | 4,402 | 3,281 | 4,552 | 190 | 778 | 127 | 711 |
| Unit trusts | 13 | 14 | 256 | 259 | 3 | 3 | 241 | 241 |
| | 105,656 | 108,307 | 128,784 | 131,849 | 698 | 1,312 | 1,099 | 1,707 |
| Add: Allowance for change | | | | | | | | |
| in value | 2,651 | | 3,065 | | 614 | | 608 | |
| Net | 108,307 | | 131,849 | | 1,312 | | 1,707 | |

(Unit: Million Baht)

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---|-----------------------------------|------------|--------------------|------------|-------------------------------|------------|--------------------|------------|
| | 30 June 2015 | | 31 December 2014 | | 30 June 2015 | | 31 December 2014 | |
| | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | |
| | cost | Fair value | cost | Fair value | cost | Fair value | cost | Fair value |
| Held-to-maturity debt securities | | | | | | | | |
| Government and state enterprises securities | 8,655 | 8,938 | 11,157 | 11,473 | - | - | - | - |
| Private debt securities | 402 | 440 | 466 | 501 | 3,636 | 3,636 | 3,636 | 3,631 |
| Investment in receivables purchased | 1,252 | 2,223 | 1,293 | 1,039 | 696 | 1,120 | 708 | 620 |
| | 10,309 | 11,601 | 12,916 | 13,013 | 4,332 | 4,756 | 4,344 | 4,251 |
| Less: Allowance for impairment | (252) | | (254) | | (88) | | (88) | |
| Net | 10,057 | | 12,662 | | 4,244 | | 4,256 | |
| General investment | | | | | | | | |
| Domestic non-marketable equity securities | 3,843 | | 3,879 | | 76 | | 112 | |
| Foreign non-marketable equity securities | 39 | | 39 | | - | | - | |
| Unit trusts | 25 | | 58 | | - | | - | |
| | 3,907 | | 3,976 | | 76 | | 112 | |
| Less: Allowance for impairment | (102) | | (116) | | (25) | | (36) | |
| Net | 3,805 | | 3,860 | | 51 | | 76 | |
| Total investments - net | 131,556 | | 162,318 | | 5,607 | | 6,040 | |

8.2 Classified by remaining period of debt securities

(Unit: Million Baht)

| Consolidated financial statements | | | | | | | | | | |
|---|--------------|---------------|---------------|--------------|----------------|------------------|---------------|----------------|--------------|----------------|
| 30 June 2015 | | | | | | 31 December 2014 | | | | |
| Due within | | | | | | Due within | | | | |
| | Less | | | | | Less | | | | |
| | than | 1 - 5 | Over | | | than | 1 - 5 | Over | | |
| | At call | 1 year | years | 5 years | Total | At call | 1 year | years | 5 years | Total |
| Available-for-sale securities | | | | | | | | | | |
| Government and state enterprises securities | - | 17,440 | 50,800 | 1,475 | 69,715 | - | 14,253 | 53,413 | 490 | 68,156 |
| Private debt securities | - | 4,988 | 15,368 | 2,875 | 23,231 | - | 15,872 | 25,876 | 3,577 | 45,325 |
| Foreign debt securities | - | 1,277 | 7,802 | 341 | 9,420 | - | - | 11,434 | 332 | 11,766 |
| Total | - | 23,705 | 73,970 | 4,691 | 102,366 | - | 30,125 | 90,723 | 4,399 | 125,247 |
| Add: Allowance for change in value | - | 124 | 1,292 | 109 | 1,525 | - | 114 | 1,472 | 205 | 1,791 |
| Total | - | 23,829 | 75,262 | 4,800 | 103,891 | - | 30,239 | 92,195 | 4,604 | 127,038 |
| Held-to-maturity debt securities | | | | | | | | | | |
| Government and state enterprises securities | 20 | 180 | 8,412 | 43 | 8,655 | - | 2,696 | 8,419 | 42 | 11,157 |
| Private debt securities | - | 197 | 55 | 150 | 402 | - | 107 | 209 | 150 | 466 |
| Investments in receivables purchased ⁽¹⁾ | 1,252 | - | - | - | 1,252 | 1,293 | - | - | - | 1,293 |
| Total | 1,272 | 377 | 8,467 | 193 | 10,309 | 1,293 | 2,803 | 8,628 | 192 | 12,916 |
| Less: Allowance for impairment | (252) | - | - | - | (252) | (254) | - | - | - | (254) |
| Total | 1,020 | 377 | 8,467 | 193 | 10,057 | 1,039 | 2,803 | 8,628 | 192 | 12,662 |
| Total debt securities | 1,020 | 24,206 | 83,729 | 4,993 | 113,948 | 1,039 | 33,042 | 100,823 | 4,796 | 139,700 |

(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 | | | | | | | | | | |
|---|----------------|----------------|-----------------|--------------|------------------|----------------|----------------|-----------------|--------------|--------------|
| 30 June 2015 | | | | | 31 December 2014 | | | | | |
| 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 | |
| Available-for-sale securities | | | | | | | | | | |
| Private debt securities | - | - | 505 | - | 505 | - | - | 650 | 81 | 731 |
| Total | - | - | 505 | - | 505 | - | - | 650 | 81 | 731 |
| Add: Allowance for change in value | - | - | 26 | - | 26 | - | - | 21 | 3 | 24 |
| Total | - | - | 531 | - | 531 | - | - | 671 | 84 | 755 |
| Held-to-maturity debt securities | | | | | | | | | | |
| Private debt securities | - | - | - | 3,636 | 3,636 | - | - | - | 3,636 | 3,636 |
| Investments in receivables purchased ⁽¹⁾ | 696 | - | - | - | 696 | 708 | - | - | - | 708 |
| Total | 696 | - | - | 3,636 | 4,332 | 708 | - | - | 3,636 | 4,344 |
| Less: Allowance for impairment | (88) | - | - | - | (88) | (88) | - | - | - | (88) |
| Total | 608 | - | - | 3,636 | 4,244 | 620 | - | - | 3,636 | 4,256 |
| Total debt securities | 608 | - | 531 | 3,636 | 4,775 | 620 | - | 671 | 3,720 | 5,011 |

(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

8.3 As at 30 June 2015 and 31 December 2014, 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.

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

As at 30 June 2015 and 31 December 2014, 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 | | Separate | |
|------------------------------|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 June | 31 December | 30 June | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| Manufacturing and commerce | 1,443 | 1,431 | 717 | 711 |
| Banking and finance sector | 4 | 4 | - | - |
| Real estate and construction | 21 | 21 | 20 | 20 |

8.5 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 30 June 2015 and 31 December 2014 can be summarised as follows:

(Unit: Million Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 June | 31 December | 30 June | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| Investments in receivables purchased | 1,252 | 1,293 | 696 | 708 |
| Less: Allowance for impairment | (252) | (254) | (88) | (88) |
| Investments in receivables purchased - net | 1,000 | 1,039 | 608 | 620 |

| | 30 June 2015 | | | | 31 December 2014 | | | |
|---|--------------|-----------------|-----------------|---------------|------------------|-----------------|-----------------|---------------|
| | 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 |
| <u>Consolidated financial statements</u> | | | | | | | | |
| 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 period | 499 | 9,751 | 1,252 | | 510 | 9,875 | 1,293 | |
| <u>Separate financial statements</u> | | | | | | | | |
| 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 period | 199 | 4,842 | 696 | | 202 | 4,850 | 708 | |

During the six-month period ended 30 June 2015, the Company entered into agreements restructuring debt from its investments in 3 debtors with book balances before restructuring amounting to Baht 3 million, by means of modification of repayment conditions. There were no losses on this restructuring, whereby the receivables are due in full within the year 2015 (for the six-month period ended 30 June 2014: a subsidiary company had restructured debt from investment in 1 debtor with no book balance before restructuring, by means of modification of repayment conditions. There were no losses on debt restructuring and had maturity in 2014).

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 30 June 2015 and 31 December 2014, there was no outstanding restructured receivables in the investments in receivables purchased account.

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

As at 30 June 2015 and 31 December 2014, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, which are summarised below.

| Consolidated financial statements | | | | | | | |
|--|------------------------|--------------------|------------------------|---------------------------------|------------------------|---|------------------------|
| Number of debtors | | Cost | | Fair value/ collateral value | | Allowance for possible loss/impairment provided in the accounts | |
| 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| | | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht |
| <u>Investments in receivables purchased</u> | | | | | | | |
| 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. Companies which have loan settlement problems or have defaulted on the repayment | 166 | 169 | 954 | 994 | 1,437 | 1,456 | 176 |

| Separate financial statements | | | | | | | |
|---|------------------------|--------------------|------------------------|---------------------------------|------------------------|---|------------------------|
| Number of debtors | | Cost | | Fair value/ collateral value | | Allowance for possible loss/impairment provided in the accounts | |
| 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| | | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht |
| <u>Investments in receivables purchased</u> | | | | | | | |
| 1. Companies which have loan settlement problems or have defaulted on the repayment | 68 | 69 | 537 | 547 | 903 | 921 | 59 |

9. Investments in subsidiary and associated companies

9.1 Separate financial statements

As at 30 June 2015 and 31 December 2014, 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 | | Value of investment under the cost method | | Dividend income | |
| | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December | for the six-month periods ended 30 June | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| <u>Subsidiary companies</u> | | | | | | | | |
| Thanachart Bank Plc. | 55,137 | 55,137 | 50.96 | 50.96 | 29,056 | 29,056 | 1,264 | 1,264 |
| NFS Asset Management Co., Ltd. | 700 | 1,000 | 100.00 | 100.00 | 700 | 1,000 | 585 | 350 |
| Siam City Life Assurance Plc. | 700 | 700 | 51.00 | 53.50 | 460 | 482 | - | - |
| Max Asset Management Co., Ltd. | 143 | 143 | 83.44 | 83.44 | 117 | 117 | - | 227 |
| NASSET Property Fund 6 | 122 | 122 | 99.80 | 99.80 | 122 | 122 | - | 4 |
| <u>Associated company</u> | | | | | | | | |
| MBK Plc. | 1,886 | 1,886 | 10.00 | 10.00 | 658 | 658 | 57 | 56 |
| Total investments in subsidiary and associated companies | | | | | 31,113 | 31,435 | 1,906 | 1,901 |

On 5 January 2015, the Company sold its investment in 1,750,000 ordinary shares of Siam City Life Assurance Plc., to MBK Plc. for Baht 23 million.

During the six-month period ended 30 June 2015, NFS Asset Management Co., Ltd. decreased its registered shares capital and returned Baht 300 million to the Company, based on the par value. However, the Company had no gain on the capital return.

9.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

| Company's name | Proportion of equity interest held by non-controlling interests | | Accumulated balance of non-controlling interests | | Profit allocated to non-controlling interests during the six-month periods ended | | Dividend paid to non-controlling interests during the six-month periods ended | |
|---|---|-------------|--|-------------|--|-------|---|-------|
| | 30 June | 31 December | 30 June | 31 December | 30 June | | 30 June | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (%) | (%) | | | | | | |
| Thanachart Bank Plc. and its subsidiaries | 49.04 | 49.04 | 53,690 | 52,371 | 2,767 | 2,558 | 1,293 | 1,307 |
| Siam City Life Assurance Plc. | 49.00 | 46.50 | 539 | 516 | 9 | 20 | - | - |

9.3 Summarised financial information of subsidiaries that have material non-controlling interests based on amounts before inter-company elimination

Summarised information about financial position

(Unit: Million Baht)

| | Thanachart Bank Plc. and its subsidiaries | | Siam City Life Assurance Plc. | |
|-------------------|---|-------------|-------------------------------|-------------|
| | 30 June | 31 December | 30 June | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | | | | |
| Total assets | 951,190 | 1,008,890 | 11,083 | 11,294 |
| Total liabilities | 842,480 | 902,725 | 9,767 | 9,931 |

Summarised information about comprehensive income

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|-----------------------------------|---|--------|-------------------------------|------|
| | Thanachart Bank Plc. and its subsidiaries | | Siam City Life Assurance Plc. | |
| | 2015 | 2014 | 2015 | 2014 |
| | | | | |
| Net operating income | 20,209 | 19,558 | 28 | 94 |
| Profit for the period (loss) | 5,445 | 5,049 | (29) | 40 |
| Other comprehensive income (loss) | (332) | 570 | (19) | 6 |
| Total comprehensive income (loss) | 5,113 | 5,619 | (48) | 46 |

Summarised information about cash flow

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|---|---|----------|-------------------------------|-------|
| | Thanachart Bank Plc. and its | | Siam City Life Assurance Plc. | |
| | subsidiaries | | | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash flow from (used in) operating activities | (16,757) | (3,673) | 866 | 529 |
| Cash flow from (used in) investing activities | 28,457 | 13,324 | (866) | (529) |
| Cash flow used in financing activities | (17,270) | (14,641) | - | - |
| Net decrease in cash | (5,570) | (4,990) | - | - |

9.4 Cash flow information of asset management companies that are subsidiaries

Cash flow information of asset management companies that are subsidiaries for the six-month periods ended 30 June 2015 and 2014 are as follows:

(Unit: Million Baht)

| | NFS Asset | | Max Asset | | TS Asset | |
|--|------------|------|------------|------|------------|-------|
| | Management | | Management | | Management | |
| | Co., Ltd. | | Co., Ltd. | | Co., Ltd. | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities | | | | | | |
| Profit (loss) before income tax | 35 | 24 | (8) | 158 | (124) | 150 |
| Adjustments to reconcile profit (loss) before income tax to net cash provided by (paid for) operating activities | | | | | | |
| Gain on assets transferred for debt settlement | - | - | - | (3) | - | - |
| Loss on impairment of property foreclosed and other assets (reversal) | - | (66) | (6) | (8) | 7 | 14 |
| Impairment loss of loans and debt securities (reversal) | (8) | (1) | - | - | 246 | (39) |
| Others | (1) | - | 1 | 1 | 1 | 1 |
| | 26 | (43) | (13) | 148 | 130 | 126 |
| Net interest income | 4 | (4) | 11 | (35) | (170) | (119) |
| Cash received from interest | 6 | 2 | 2 | 33 | 206 | 184 |
| Cash paid for income tax | (8) | (18) | (3) | (17) | (8) | (114) |
| Income from operating activities before changes in operating assets and liabilities (loss) | 28 | (63) | (3) | 129 | 158 | 77 |

| | (Unit: Million Baht) | | | | | |
|---|--------------------------------|--------------|--------------------------------|--------------|-------------------------------|-------------|
| | NFS Asset Management Co., Ltd. | | Max Asset Management Co., Ltd. | | TS Asset Management Co., Ltd. | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities (continued) | | | | | | |
| Decrease (increase) in operating assets | | | | | | |
| Investments | 11 | 76 | (15) | (47) | - | - |
| Investments in receivables purchased | 26 | (2) | 1 | - | - | - |
| Loans to customers | 22 | 8 | 1 | 31 | 1,286 | 338 |
| Property foreclosed | (19) | 175 | 31 | 74 | 355 | 243 |
| Other assets | (1) | 5 | - | 1 | (284) | (55) |
| Increase (decrease) in operating liabilities | | | | | | |
| Interbank and money market items | - | - | - | - | (1,387) | (514) |
| Other liabilities | 34 | 60 | (1) | 87 | (21) | (28) |
| Net cash flows from operating activities | 101 | 259 | 14 | 275 | 107 | 61 |
| Cash flows from financing activities | | | | | | |
| Debt issued and borrowings | 500 | - | - | - | - | - |
| Cash paid for interest on borrowings | (11) | - | (13) | - | (34) | (66) |
| Cash paid for dividend | (585) | (350) | - | (272) | - | - |
| Net cash flows used in financing activities | (96) | (350) | (13) | (272) | (34) | (66) |
| Net increase (decrease) in cash and cash equivalents | 5 | (91) | 1 | 3 | 73 | (5) |
| Cash and cash equivalents at beginning of the period | 14 | 109 | 11 | 9 | 54 | 61 |
| Cash and cash equivalents at end of the period | 19 | 18 | 12 | 12 | 127 | 56 |

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

9.6 Investment in an associated company in the consolidated financial statements

As at 30 June 2015 and 31 December 2014, investment in an associated company in the consolidated financial statements, which are recorded under the equity method, consists of investment in ordinary shares of the following company which operates in Thailand:

(Unit: Million Baht)

| Company's name | Paid-up share capital | | Percentage of holding | | Value of investment | | | | Dividend income for the six-month periods ended | | Share of profit for the six-month periods ended | | Share of other comprehensive income for the six-month periods ended | |
|--|-----------------------|-------------|-----------------------|-------------|---------------------|------|---------------|-------|---|---------|---|---------|---|---------|
| | 30 June | 31 December | 30 June | 31 December | Cost method | | Equity method | | for the six-month periods ended | | for the six-month periods ended | | for the six-month periods ended | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| MBK Plc. (operating in property rental, hotel and services businesses) | 1,886 | 1,886 | 19.90 | 19.90 | 948 | 948 | 2,456 | 2,417 | 113 | 113 | 157 | 120 | (5) | (2) |
| Total investment in an associated company | | | | | 948 | 948 | 2,456 | 2,417 | 113 | 113 | 157 | 120 | (5) | (2) |

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.

9.7 Summarised financial information of an associated company

- a) Summarised financial information of MBK Plc. as at 31 March 2015 and 30 September 2014 and for the six-month periods ended 31 March 2015 and 2014 are as follows:

Summarised information about financial position

(Unit: Million Baht)

| | 31 March 2015 | 30 September 2014 |
|---|---------------|-------------------|
| Total assets | 40,813 | 37,799 |
| Total liabilities | (23,344) | (20,561) |
| Other equity items of an associated company | 1,724 | 1,743 |
| Net assets | 19,193 | 18,981 |
| Shareholding percentage (%) | 19.90% | 19.90% |
| Share of net assets | 3,819 | 3,777 |
| Elimination entries | (1,420) | (1,417) |
| Goodwill | 57 | 57 |
| Carrying amounts of associate based on equity method | 2,456 | 2,417 |

Summarised information about comprehensive income

(Unit: Million Baht)

| | For the six-month periods ended 31 March ⁽¹⁾ | |
|---|---|-------|
| | 2015 | 2014 |
| Revenue | 5,186 | 4,960 |
| Profit for the period | 875 | 649 |
| Other comprehensive income | (256) | 261 |
| Total comprehensive income for the period | 619 | 910 |

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

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 six-month period ended 30 June 2015 was determined based on financial statements that were prepared with reference to financial statements for the six-month period ended 31 March 2015 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 six-month period ended 31 March 2015 is not materially different from the income for the six-month period ended 30 June 2015.

b) Fair value of investment in an associated company

As at 30 June 2015 and 31 December 2014, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|----------|-----------------------------------|------------------|-------------------------------|------------------|
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| MBK Plc. | 5,856 | 5,443 | 2,942 | 2,734 |

10. Loans to customers and accrued interest receivables

10.1 Classified by loan type

| | (Unit: Million Baht) | | | |
|--|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June | 31 December | 30 June | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Loans to customers</u> | | | | |
| Overdrafts | 20,038 | 20,773 | - | - |
| Loans | 269,119 | 282,197 | 114 | 184 |
| Notes receivables | 46,619 | 48,154 | 799 | 299 |
| Hire purchase receivables | 430,451 | 454,981 | 57 | 59 |
| Financial lease receivables | 1,183 | 1,202 | - | - |
| Others | 323 | 301 | - | - |
| Less: Deferred revenues | (52,664) | (55,787) | (2) | (3) |
| Total loans to customers net of deferred revenues | 715,069 | 751,821 | 968 | 539 |
| Add: Accrued interest receivables | 658 | 788 | - | - |
| Total loans to customers and accrued interest | | | | |
| receivables net of deferred revenues | 715,727 | 752,609 | 968 | 539 |
| Less: Allowance for doubtful accounts | | | | |
| 1) BOT's minimum requirement provision | | | | |
| - Individual approach | (17,114) | (18,948) | (90) | (150) |
| - Collective approach | (9,023) | (8,934) | - | - |
| 2) Excess provision | (2,362) | (294) | - | - |
| Less: Revaluation allowance for debt restructuring | (102) | (103) | - | - |
| Loans to customers and accrued interest | | | | |
| receivables - net | 687,126 | 724,330 | 878 | 389 |
| <u>Securities business receivables</u> | | | | |
| Credit balances receivables | 3,968 | 3,633 | - | - |
| Other receivables | 145 | 202 | - | - |
| Total securities business receivables | 4,113 | 3,835 | - | - |
| Less: Allowance for doubtful accounts | (140) | (171) | - | - |
| Securities business receivables - net | 3,973 | 3,664 | - | - |
| Total loans to customers and accrued interest | | | | |
| receivables - net | 691,099 | 727,994 | 878 | 389 |

10.2 Classified by currency and country

(Unit: Million Baht)

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|---------|---------|------------------|---------|---------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| Baht | 696,841 | - | 696,841 | 731,645 | 100 | 731,745 |
| US Dollar | 14,641 | 6,845 | 21,486 | 15,521 | 8,299 | 23,820 |
| Other currencies | 128 | 777 | 905 | 143 | - | 143 |
| Total loans to customers | 711,610 | 7,622 | 719,232 | 747,309 | 8,399 | 755,708 |
| Less: Intercompany gain from loans transferred | (50) | - | (50) | (52) | - | (52) |
| Total* | 711,560 | 7,622 | 719,182 | 747,257 | 8,399 | 755,656 |

* Total loans net of deferred revenues

(Unit: Million Baht)

| | Separate financial statements | | | | | |
|--------|-------------------------------|---------|-------|------------------|---------|-------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| Baht | 968 | - | 968 | 539 | - | 539 |
| Total* | 968 | - | 968 | 539 | - | 539 |

* Total loans net of deferred revenues

10.3 Classified by type of business and loan classification

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | | |
|--|---|--------------------|------------------|----------|---------------------|---------|----------------------------------|--------------|
| | 30 June 2015 | | | | | | | |
| | 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 | 12,810 | 23 | 10 | 8 | 138 | 12,989 | 1 | 12,990 |
| Manufacturing and commerce | 66,425 | 354 | 503 | 840 | 7,771 | 75,893 | 184 | 76,077 |
| Real estate and construction | 48,926 | 408 | 229 | 158 | 1,536 | 51,257 | 23 | 51,280 |
| Public utilities and services | 52,757 | 1,328 | 419 | 278 | 1,529 | 56,311 | 89 | 56,400 |
| Personal consuming | | | | | | | | |
| Housing loans | 80,911 | 1,077 | 408 | 588 | 1,389 | 84,373 | 24 | 84,397 |
| Securities business | - | - | - | - | - | - | 4,113 | 4,113 |
| Hire purchase | 308,646 | 30,400 | 2,276 | 1,888 | 5,716 | 348,926 | 29,003 | 377,929 |
| Others | 25,851 | 754 | 589 | 171 | 753 | 28,118 | 297 | 28,415 |
| Others | 27,127 | 3 | 174 | 1 | 325 | 27,630 | 1 | 27,631 |
| Total loans to customers | 623,453 | 34,347 | 4,608 | 3,932 | 19,157 | 685,497 | 33,735 | 719,232 |
| Less: Intercompany gain from loans transferred | | | | | | | | (50) |
| Total* | | | | | | | | 719,182 |

* Total loans net of deferred revenues

(Unit: Million Baht)

| Consolidated financial statements | | | | | | | | |
|---|---------|--------------------|------------------|----------|---------------------|---------|----------------------------------|--------------|
| 31 December 2014 | | | | | | | | |
| 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 | 11,540 | 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)

| Separate financial statements | | | | | | |
|-------------------------------|--------|--------------------|-------------|----------|---------------------|-------|
| 30 June 2015 | | | | | | |
| | Normal | Special mention | Substandard | Doubtful | Doubtful of loss | Total |
| Manufacturing and commerce | - | - | - | - | 2 | 2 |
| Personal consuming | | | | | | |
| Housing loans | 15 | 1 | 1 | - | 6 | 23 |
| Hire purchase | - | - | - | - | 55 | 55 |
| Others | - | - | - | - | 97 | 97 |
| Others | 791 | - | - | - | - | 791 |
| Total* | 806 | 1 | 1 | - | 160 | 968 |

* Total loans net of deferred revenues

(Unit: Million Baht)

| | Separate financial statements | | | | | |
|-------------------------------|-------------------------------|--------------------|-------------|----------|---------------------|-------|
| | 31 December 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

10.4 Non-performing loans

As at 30 June 2015 and 31 December 2014, 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 | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Non-performing loans (excluding accrued interest receivables) | | | | |
| The Company | 161 | 232 | 161 | 232 |
| Banking business | 20,407 | 22,597 | - | - |
| Securities business | 140 | 172 | - | - |
| Asset management business | 7,112 | 9,273 | - | - |

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:

| | (Unit: Million Baht) | | | |
|---------------------|----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| The Company | 161 | 232 | 161 | 232 |
| Banking business | 21,198 | 23,031 | - | - |
| Securities business | 140 | 172 | - | - |

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.

10.5 Debt restructuring

During the six-month periods ended 30 June 2015 and 2014, the Company and its subsidiaries (banking, asset management and securities businesses) have entered into debt restructuring agreements with their debtors as follows:

| Type of restructuring | Consolidated financial statements | | | | |
|---|---|--|---|-------------------------------------|--|
| | For the six-month periods ended 30 June | | | | |
| | Number of debtors | Outstanding balances before restructuring ⁽¹⁾ | Outstanding balances after restructuring ⁽¹⁾ | Type of assets to be transferred | Fair value of assets to be transferred under agreement |
| | | Million Baht | Million Baht | | Million Baht |
| 2015 | | | | | |
| Transfer of assets | 1 | 1 | 1 | Land and premise thereon | 1 |
| Modification of repayment conditions | 1,023 | 2,038 | 1,979 | | |
| Transfer of assets and/or ordinary shares and/or modification of repayment conditions | 12 | 181 | 181 | Land, land and premise thereon | 165 |
| Total | 1,036 | 2,220 | 2,161 | | |
| 2014 | | | | | |
| Modification of repayment conditions | 1,741 | 3,070 | 3,070 | | |
| Transfer of assets and/or ordinary shares and/or modification of repayment conditions | 26 | 257 | 231 | Land, land and premise thereon | 213 |
| Total | 1,767 | 3,327 | 3,301 | | |

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

| Separate financial statements | | | |
|---|-------------------|---|--|
| For the six-month periods ended 30 June | | | |
| Type of restructuring | Number of debtors | Outstanding loans | Outstanding loans |
| | | balance before restructuring ⁽¹⁾ | balance after restructuring ⁽¹⁾ |
| | | Million Baht | Million Baht |
| <u>2015</u> | | | |
| Modification of repayment conditions | 6 | 3 | 3 |
| Total | 6 | 3 | 3 |
| <u>2014</u> | | | |
| Modification of repayment conditions | 5 | 8 | 8 |
| Total | 5 | 8 | 8 |

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

Counting from the end of the period, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the six-month periods ended 30 June 2015 and 2014, are summarised below.

| Consolidated financial statements | | | | |
|---|----------------------|--|----------------------|--|
| For the six-month periods ended 30 June | | | | |
| Periods | 2015 | | 2014 | |
| | Number of debtors | Outstanding balances after restructuring | Number of debtors | Outstanding balances after restructuring |
| | | Million Baht | | Million Baht |
| Past due after restructuring | 235 | 362 | 419 | 931 |
| Due within the year | 171 | 819 | 191 | 1,295 |
| Less than 5 years | 262 | 288 | 399 | 229 |
| 5 - 10 years | 297 | 358 | 646 | 568 |
| 10 - 15 years | 32 | 179 | 41 | 131 |
| Over 15 years | 39 | 155 | 71 | 147 |
| Total | 1,036 | 2,161 | 1,767 | 3,301 |

| Periods | Separate financial statements | | | |
|---------------------|---|--|-------------------|--|
| | For the six-month periods ended 30 June | | | |
| | 2015 | | 2014 | |
| | Number of debtors | Outstanding balances after restructuring | Number of debtors | Outstanding balances after restructuring |
| | | Million Baht | | Million Baht |
| Due within the year | 6 | 3 | 4 | - |
| 5 - 10 years | - | - | 1 | 8 |
| Total | 6 | 3 | 5 | 8 |

Supplemental information for the six-month periods ended 30 June 2015 and 2014 relating to restructured loans is as follows:

| | (Unit: Million Baht) | | | |
|--|-----------------------------------|-------|-------------------------------|------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Interest income recognised in the statements of comprehensive income | 624 | 787 | 6 | 2 |
| Gain on debt settlement | 8 | 30 | 2 | - |
| Gain on transfers of assets for debt repayment | - | 2 | - | - |
| Cash repayment from receivables | 3,965 | 4,713 | 17 | 3 |
| Property foreclosed received for debts settlement | 175 | 330 | - | - |
| Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded) | - | 2 | - | - |

As at 30 June 2015 and 31 December 2014, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

| | Restructured receivables | | | | | | | |
|-------------------------------|---|------------------|----------------------|------------------|---|------------------|----------------------|------------------|
| | Total number of outstanding receivables | | | | Outstanding balances, net of collateral | | | |
| | Number of receivables | | Outstanding balances | | Number of receivables | | Outstanding balances | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| | Thousand | Thousand | | | Million Baht | Million Baht | Million Baht | Million Baht |
| Thanachart Capital Plc. | 0.4 | 2.6 | 18 | 53 | 102 | 109 | 14 | 15 |
| Thanachart Bank Plc. | 1,786.4 | 1,811.9 | 25,841 | 31,690 | 12,148 | 14,465 | 5,499 | 7,260 |
| Thanachart Securities Plc. | 1.4 | 1.4 | 2 | 3 | 18 | 35 | 18 | 35 |
| TS Asset Management Co., Ltd. | 1.3 | 1.5 | 994 | 1,155 | 6,693 | 8,720 | 3,732 | 4,190 |
| Other subsidiaries | 0.5 | 0.5 | 150 | 165 | 440 | 451 | 135 | 143 |

10.6 Hire purchase/financial lease receivables

As at 30 June 2015 and 31 December 2014, 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 30 June 2015 | | | | |
|---|-----------|-------------|--------------|----------|
| Amounts due under lease agreements | | | | |
| | Less than | | | |
| | 1 year* | 1 - 5 years | Over 5 years | Total |
| Gross investment in the lease | 132,054 | 280,557 | 19,023 | 431,634 |
| Less: Unearned finance income | (20,035) | (31,490) | (1,103) | (52,628) |
| Present value of minimum lease payments | | | | |
| receivables | 112,019 | 249,067 | 17,920 | 379,006 |
| Allowance for doubtful accounts | | | | (11,376) |
| Hire purchase/financial lease | | | | |
| receivables - net | | | | 367,630 |

* Included non-performing receivables

(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)

Separate financial statement as at 30 June 2015

| Amounts due under lease agreements | | | | |
|--|----------------------|-------------|--------------|-------|
| | Less than 1 year* | 1 - 5 years | Over 5 years | Total |
| Gross investment in the lease | 57 | - | - | 57 |
| Less: Unearned finance income | (2) | - | - | (2) |
| Present value of minimum lease payments receivables | 55 | - | - | 55 |
| Allowance for doubtful accounts | | | | (55) |
| Hire purchase/financial lease receivables - net | | | | - |

* 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

10.7 Classified by classification

As at 30 June 2015 and 31 December 2014, 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 ⁽¹⁾ | | | | | | |
|--|--------------|----------------|-------------------------|------------------|----------------|-------------------------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | Net balance | | | Net balance | | |
| | Loans and | used in making | | Loans and | used in making | |
| | accrued | allowance for | Allowance | accrued | allowance for | Allowance |
| | interest | doubtful | for doubtful | interest | doubtful | for doubtful |
| | receivables | accounts | accounts ⁽²⁾ | receivables | accounts | accounts ⁽²⁾ |
| Normal | 624,067 | 424,767 | 6,145 | 657,369 | 454,666 | 5,831 |
| Special mention | 34,374 | 31,234 | 4,061 | 34,488 | 30,176 | 4,342 |
| Substandard | 4,608 | 3,351 | 2,295 | 5,809 | 3,365 | 2,421 |
| Doubtful | 3,932 | 2,260 | 1,265 | 4,135 | 2,824 | 1,704 |
| Doubtful of loss | 19,165 | 12,515 | 10,597 | 22,206 | 13,178 | 11,760 |
| Total | 686,146 | 474,127 | 24,363 | 724,007 | 504,209 | 26,058 |
| Additional allowance for possible uncollectible accounts | | | 2,362 | | | 294 |
| Total | | | 26,725 | | | 26,352 |

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

(2) As at 30 June 2015, 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 8,798 million (31 December 2014: Baht 7,051 million). The Company and subsidiary companies allocated Baht 6,436 million (31 December 2014: Baht 6,757 million) of the excess provision to a specific provision for an individual debtor and so combined with the minimum provision requirement of Baht 17,927 million (31 December 2014: Baht 19,301 million), the total provision set aside in accordance with BOT requirements is Baht 24,363 million (31 December 2014: Baht 26,058 million).

(Unit: Million Baht)

| Separate financial statements | | | | | | |
|-------------------------------|------------------|----------------|--------------|------------------|----------------|--------------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | Net balance | | | Net balance | | |
| | Loans and | used in making | | Loans and | used in making | |
| | accrued interest | allowance for | Allowance | accrued interest | allowance for | Allowance |
| | receivables | doubtful | for doubtful | receivables | doubtful | for doubtful |
| | receivables | accounts | accounts | receivables | accounts | accounts |
| Normal | 806 | 791 | 8 | 307 | 291 | 3 |
| Special mention | 1 | - | - | - | - | - |
| Substandard | 1 | - | - | 1 | - | - |
| Doubtful | - | - | - | 6 | - | - |
| Doubtful of loss | 160 | 82 | 82 | 225 | 147 | 147 |
| Total | 968 | 873 | 90 | 539 | 438 | 150 |

| Percentage of allowance for doubtful account set up | | | | |
|---|--|------------------|--------------|------------------|
| | Hire purchase receivables - | | | |
| | personal consumer for Thanachart Bank ⁽³⁾ | | Other loans | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Normal | 0.52 | 0.52 | 1 | 1 |
| Special mention | 8.60 | 8.47 | 2 | 2 |
| Substandard | 50.52 | 52.63 | 100 | 100 |
| Doubtful | 44.30 | 48.56 | 100 | 100 |
| Doubtful of loss | 53.33 | 51.73 | 100 | 100 |

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

10.8 Loans to companies which have settlement problems

As at 30 June 2015 and 31 December 2014, loans of the Company and its subsidiaries (which engaged in banking business, asset management business, 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 | |
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | June | December | June | December | June | December | June | December |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht |
| 1. Listed companies possible to delisting from the SET | 3 | 6 | 430 | 713 | 22 | 67 | 408 | 681 |
| 2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET | 48 | 45 | 543 | 898 | 373 | 585 | 170 | 312 |
| 3. Companies which have loan settlement problems or have defaulted on the repayment | 1,052 | 1,117 | 12,582 | 14,988 | 6,568 | 8,470 | 6,429 | 7,043 |

Separate financial statements

| | Number of debtors | | Debt balances | | Collateral value | | Allowance for doubtful accounts provided in the accounts | |
|---|-------------------|----------|---------------|--------------|------------------|--------------|--|--------------|
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | June | December | June | December | June | December | June | December |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | | 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 | 22 | 28 | 84 | 91 | 88 | 94 | 11 | 12 |

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

As at 30 June 2015 and 31 December 2014, 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)

| | 30 June 2015 | | | 31 December 2014 | | |
|-------------|---------------|---------------------------------|--|------------------|---------------------------------|--|
| | Debt balances | Allowance for doubtful accounts | Debt balances net of allowance for doubtful accounts | Debt balances | Allowance for doubtful accounts | Debt balances net of allowance for doubtful accounts |
| Normal | 3,973 | - | 3,973 | 3,663 | - | 3,663 |
| Substandard | 2 | 2 | - | 5 | 4 | 1 |
| Doubtful | 138 | 138 | - | 167 | 167 | - |
| Total | 4,113 | 140 | 3,973 | 3,835 | 171 | 3,664 |

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.

10.10 Hire purchase/financial lease receivables of subsidiaries classified by aging

As at 30 June 2015 and 31 December 2014, 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) | |
|--|----------------------|------------------|
| | 30 June 2015 | 31 December 2014 |
| Current or overdue not over 90 days | 27,841 | 26,817 |
| Overdue 91 - 365 days | 1,015 | 1,018 |
| Overdue more than 1 year | 171 | 131 |
| Debtors under legal actions | 275 | 367 |
| Total | 29,302 | 28,333 |
| Allowance for doubtful accounts provided in the accounts | 1,773 | 1,822 |

11. Allowance for doubtful accounts

| (Unit: Million Baht) | | | | | | | | | |
|---|--------|--------------------|------------------|----------|---------------------|---------------------|---------|----------------------------------|--------------|
| Consolidated financial statements | | | | | | | | | |
| For the six-month period ended 30 June 2015 | | | | | | | | | |
| 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 period | 5,831 | 4,342 | 2,421 | 1,704 | 11,760 | 294 | 26,352 | 1,995 | 28,347 |
| Increase (decrease) during the period | 314 | (281) | (126) | (439) | 1,488 | 2,068 | 3,024 | 76 | 3,100 |
| Bad debts recovery | - | - | - | - | 944 | - | 944 | 5 | 949 |
| Bad debts written-off | - | - | - | - | (3,595) | - | (3,595) | (162) | (3,757) |
| Balance - end of the period | 6,145 | 4,061 | 2,295 | 1,265 | 10,597 | 2,362 | 26,725 | 1,914 | 28,639 |

(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) | (3,421) | 8,311 | 286 | 3,661 | 559 | 4,220 |
| Bad debts recovery | - | - | - | - | 1,210 | - | 1,210 | 8 | 1,218 |
| Bad debts written-off | - | - | - | - | (7,443) | - | (7,443) | (115) | (7,558) |
| 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)

| Separate financial statements | | | | | | |
|---|--------|--------------------|-------------|----------|---------------------|-------|
| For the six-month period ended 30 June 2015 | | | | | | |
| | Normal | Special mention | Substandard | Doubtful | Doubtful of loss | Total |
| Balance - beginning of the period | 3 | - | - | - | 147 | 150 |
| Increase (decrease) during the period | 5 | - | - | - | (66) | (61) |
| Bad debts recovery | - | - | - | - | 1 | 1 |
| Balance - end of the period | 8 | - | - | - | 82 | 90 |

(Unit: Million Baht)

| Separate financial statements | | | | | | |
|-------------------------------------|--------|--------------------|-------------|----------|---------------------|-------|
| For the year ended 31 December 2014 | | | | | | |
| | Normal | Special mention | Substandard | Doubtful | Doubtful of loss | Total |
| Balance - beginning of the year | - | - | - | - | 180 | 180 |
| Increase (decrease) during the year | 3 | - | - | - | (23) | (20) |
| Bad debts recovery | - | - | - | - | 1 | 1 |
| Bad debts written-off | - | - | - | - | (11) | (11) |
| Balance - end of the year | 3 | - | - | - | 147 | 150 |

12. Revaluation allowance for debt restructuring

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--|---|--|---|
| | For the six-month period ended 30 June 2015 | For the year ended 31 December 2014 | For the six-month period ended 30 June 2015 | For the year ended 31 December 2014 |
| Balance - beginning of the period | 103 | 305 | - | - |
| Amortised during the period | (1) | (202) | - | - |
| Balance - end of the period | 102 | 103 | - | - |

13. Classification of assets

As at 30 June 2015 and 31 December 2014, 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 | | | | | |
|------------------|--|---|-------------|------------------------|--------------|---------|
| | 30 June 2015 | | | | | |
| | Interbank and money market items | Loans to customers and accrued interest receivables | Investments | Property foreclosed | Other assets | Total |
| Normal | 59,189 | 624,067 | - | - | 255 | 683,511 |
| Special mention | - | 34,374 | - | - | 142 | 34,516 |
| Substandard | - | 4,608 | - | - | 18 | 4,626 |
| Doubtful | - | 3,932 | - | - | 14 | 3,946 |
| Doubtful of loss | - | 19,165 | 281 | 1,106 | 380 | 20,932 |
| Total | 59,189 | 686,146 | 281 | 1,106 | 809 | 747,531 |

(Unit: Million Baht)

Consolidated financial statements

31 December 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)

Separate financial statements

30 June 2015

| | Loans to customers and Interbank and money market items | accrued interest receivables | Investments | Property foreclosed | Other assets | Total |
|------------------|---|------------------------------------|-------------|------------------------|--------------|-------|
| Normal | - | 806 | - | - | - | 806 |
| Special mention | - | 1 | - | - | - | 1 |
| Substandard | - | 1 | - | - | - | 1 |
| Doubtful | - | - | - | - | - | - |
| Doubtful of loss | - | 160 | 116 | 719 | 77 | 1,072 |
| Total | - | 968 | 116 | 719 | 77 | 1,880 |

(Unit: Million Baht)

Separate financial statements

31 December 2014

| | Loans to customers and Interbank and money market items | 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 |
|-------|---|-----|-----|-----|----|-------|

14. Property foreclosed

(Unit: Million Baht)

| Consolidated financial statements | | | | |
|--|---|-----------|-----------|--------------------------------|
| For the six-month period ended 30 June 2015 | | | | |
| | Balance - beginning of the period | Additions | Disposals | Balance - end of the period |
| Assets transferred for settlement of debts | | | | |
| Immovable assets | | | | |
| External appraiser | 6,603 | 178 | (797) | 5,984 |
| Movable assets | 1,545 | 3,063 | (3,644) | 964 |
| Assets from purchase by bid on the open market | | | | |
| Immovable assets | | | | |
| External appraiser | 1,654 | 120 | (106) | 1,668 |
| Non-used branches | | | | |
| External appraiser | 241 | 11 | (43) | 209 |
| Total property foreclosed | 10,043 | 3,372 | (4,590) | 8,825 |
| Less: Allowance for impairment | (1,112) | (418) | 403 | (1,127) |
| Property foreclosed - net | 8,931 | 2,954 | (4,187) | 7,698 |

(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)

| Separate financial statements | | | | |
|--|---|-----------|-----------|-----------------------------------|
| For the six-month period ended 30 June 2015 | | | | |
| | Balance - beginning of the period | Additions | Disposals | Balance - end of the period |
| Assets transferred for settlement of debts | | | | |
| Immovable assets | | | | |
| External appraiser | 1,188 | 2 | (5) | 1,185 |
| Movable assets | 1 | - | - | 1 |
| Assets from purchase by bid on the open market | | | | |
| Immovable assets | | | | |
| External appraiser | 278 | - | (18) | 260 |
| Others | | | | |
| Immovable assets | | | | |
| External appraiser | 82 | - | - | 82 |
| Total property foreclosed | 1,549 | 2 | (23) | 1,528 |
| Less: Allowance for impairment | (663) | (57) | 1 | (719) |
| Property foreclosed - net | 886 | (55) | (22) | 809 |

(Unit: Million Baht)

| Separate financial statements | | | | |
|--|---------------------------------------|-----------|-----------|---------------------------------|
| For the year ended 31 December 2014 | | | | |
| | Balance - beginning of the year | Additions | Disposals | 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 |

15. Land, premises and equipment

(Unit: Million Baht)

| Consolidated financial statements | | | | | | |
|---|-------|--|---|----------|------------------------------|--------|
| For the six-month period ended 30 June 2015 | | | | | | |
| | Land | Buildings and building improvement | Furniture, fixtures and equipment | Vehicles | Assets under installation | Total |
| <u>Cost</u> | | | | | | |
| 31 December 2014 | 4,447 | 2,585 | 5,923 | 97 | 91 | 13,143 |
| Additions | - | - | 75 | 10 | 45 | 130 |
| Transfers/disposals | (9) | (6) | (48) | (43) | (89) | (195) |
| 30 June 2015 | 4,438 | 2,579 | 5,950 | 64 | 47 | 13,078 |
| <u>Accumulated depreciation</u> | | | | | | |
| 31 December 2014 | - | 743 | 4,249 | 70 | - | 5,062 |
| Transfers/disposals | - | (4) | (135) | (36) | - | (175) |
| Depreciation for the period | - | 55 | 304 | 5 | - | 364 |
| 30 June 2015 | - | 794 | 4,418 | 39 | - | 5,251 |
| <u>Allowance for impairment</u> | | | | | | |
| 31 December 2014 | 68 | 25 | 6 | - | - | 99 |
| 30 June 2015 | 68 | 25 | 6 | - | - | 99 |
| <u>Net book value</u> | | | | | | |
| 30 June 2015 | 4,370 | 1,760 | 1,526 | 25 | 47 | 7,728 |
| Depreciation charge for the six-month periods ended 30 June | | | | | | |
| 2014 | | | | | | 356 |
| 2015 | | | | | | 364 |

(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 |

(Unit: Million Baht)

Separate financial statements

For the six-month period ended 30 June 2015

| | Land | Buildings and buildings improvement | Furniture, fixtures and equipment | Vehicles | Assets under installation | Total |
|---|------|---|---|----------|------------------------------|-------|
| <u>Cost</u> | | | | | | |
| 31 December 2014 | 3 | 62 | 72 | 27 | - | 164 |
| Additions | - | - | 1 | 7 | - | 8 |
| Transfers/disposals | - | - | (4) | (7) | - | (11) |
| 30 June 2015 | 3 | 62 | 69 | 27 | - | 161 |
| <u>Accumulated depreciation</u> | | | | | | |
| 31 December 2014 | - | 40 | 59 | 22 | - | 121 |
| Transfers/disposals | - | - | (4) | - | - | (4) |
| Depreciation for the period | - | 1 | 2 | 1 | - | 4 |
| 30 June 2015 | - | 41 | 57 | 23 | - | 121 |
| <u>Net book value</u> | | | | | | |
| 30 June 2015 | 3 | 21 | 12 | 4 | - | 40 |
| Depreciation charge for the six-month periods ended 30 June | | | | | | |
| 2014 | | | | | | 5 |
| 2015 | | | | | | 4 |

(Unit: Million Baht)

| Separate financial statements | | | | | | |
|-------------------------------------|------|---|---|----------|------------------------------|-------|
| For the year ended 31 December 2014 | | | | | | |
| | Land | Buildings and buildings 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 |

As at 30 June 2015 and 31 December 2014, the Company and its subsidiaries have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 13 million and Baht 11 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 4,053 million and Baht 3,714 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 5 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 73 million, respectively).

16. Intangible assets

(Unit: Million Baht)

| For the six-month period ended 30 June 2015 | | | | | | |
|--|---|-------------------|--|-------------------------------------|-------------------------------|-------------------|
| | 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 2014 | 4,100 | 2,227 | 7 | 229 | 6,563 | 10 |
| Additions | - | 51 | 1 | 46 | 98 | - |
| Transfers/disposals | - | 67 | - | (79) | (12) | - |
| 30 June 2015 | 4,100 | 2,345 | 8 | 196 | 6,649 | 10 |
| <u>Accumulated amortisation</u> | | | | | | |
| 31 December 2014 | 2,127 | 939 | 7 | - | 3,073 | 8 |
| Amortisation for the period | 231 | 108 | - | - | 339 | - |
| 30 June 2015 | 2,358 | 1,047 | 7 | - | 3,412 | 8 |
| <u>Allowance for impairment</u> | | | | | | |
| 31 December 2014 | - | 63 | - | - | 63 | - |
| 30 June 2015 | - | 63 | - | - | 63 | - |
| <u>Net book value</u> | | | | | | |
| 30 June 2015 | 1,742 | 1,235 | 1 | 196 | 3,174 | 2 |
| Remaining amortisation period | 4.75 years | 0 - 10 years | - | - | | 0 - 2 years |
| Amortisation for the six-month periods ended 30 June | | | | | | |
| 2014 | | | | | 334 | - |
| 2015 | | | | | 339 | - |

(Unit: Million Baht)

For the year ended 31 December 2014

| | 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 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 |

As at 30 June 2015 and 31 December 2014, 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 87 million and Baht 93 million, respectively (separate financial statements: Baht 7 million and Baht 8 million, respectively).

17. Goodwill

As at 30 June 2015 and 31 December 2014, goodwill stated in the consolidated financial statements are as follows:

| | (Unit: Million Baht) | |
|---|----------------------|------------------|
| | 30 June 2015 | 31 December 2014 |
| Goodwill | 17,986 | 17,986 |
| Deferred gain on disposal of investment | (898) | (1,017) |
| Goodwill - ending of the period/year | 17,088 | 16,969 |

18. Deferred tax assets/ liabilities and income tax

18.1 Deferred tax assets/ liabilities

As at 30 June 2015 and 31 December 2014, deferred tax assets/liabilities are as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Deferred tax assets | 1,181 | 1,168 | 70 | 61 |
| Deferred tax liabilities | (1,025) | (1,826) | - | - |
| Net | 156 | (658) | 70 | 61 |

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

(Unit: Million Baht)

| | Consolidated financial statements | |
|---|-----------------------------------|------------------|
| | 30 June 2015 | 31 December 2014 |
| Deferred tax assets | | |
| Intercompany gain from disposal of assets | 315 | 340 |
| Non-accrual of interest income | 87 | 102 |
| Allowance for doubtful debts - general provision/other assets | 962 | 558 |
| Allowance for impairment of properties foreclosed | 223 | 220 |
| Provisions for employee benefits | 396 | 384 |
| Provisions | 240 | 182 |
| Accrued interest expenses/Accrued expenses | 100 | 111 |
| Insurance contract liabilities | 286 | 292 |
| Unused tax loss | 48 | 71 |
| Fees income received in advance | 375 | 382 |
| Late payment fee | 159 | 147 |
| Others | 450 | 255 |
| Deferred tax assets | 3,641 | 3,044 |
| Deferred tax liabilities | | |
| Assets transferred as a result of business combination | (1,104) | (1,108) |
| Deferred commissions and direct expenses incurred at the initiation of hire purchase | (1,325) | (1,370) |
| Intangible assets | (348) | (395) |
| Unrealised gains on changes in value of available-for-sale securities | (531) | (614) |
| Others | (177) | (215) |
| Deferred tax liabilities | (3,485) | (3,702) |
| Net | 156 | (658) |

As at 30 June 2015, a subsidiary has tax losses totaling Baht 28,935 million arising from investment in a subsidiary company, which has already completed the liquidation process. The subsidiary has not recognised deferred tax assets in respect of these losses because management's assessment is that there is uncertainty about their future benefit.

| | (Unit: Million Baht) | |
|---|-------------------------------|---------------------|
| | Separate financial statements | |
| | 30 June 2015 | 31 December 2014 |
| Deferred tax assets | | |
| Allowance for impairment of properties foreclosed | 144 | 133 |
| Difference between appraisal value of properties foreclosed and amount of asset transfer for debt settlement | 20 | 20 |
| Provisions for employee benefits | 6 | 7 |
| Provisions | 2 | 2 |
| Unused tax loss | 21 | 21 |
| Others | 1 | 2 |
| Deferred tax assets | 194 | 185 |
| Deferred tax liabilities | | |
| Unrealised gains on changes in value of available-for-sale securities | (123) | (122) |
| Others | (1) | (2) |
| Deferred tax liabilities | (124) | (124) |
| Net | 70 | 61 |

18.2 Income tax

Income tax expenses for the three-month and six-month periods ended 30 June 2015 and 2014 are as follows:

| | (Unit: Million Baht) | | | |
|---|---|------------|----------------------|-------------|
| | For the three-month periods ended 30 June | | | |
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Current income tax: | | | | |
| Interim corporate income tax (reversal) | (508) | 848 | - | - |
| Adjustment in respect of income tax from previous year | 12 | 27 | - | - |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (546) | (198) | (6) | (13) |
| Income tax expense reported in statements of comprehensive income (income) | (1,042) | 677 | (6) | (13) |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|---|---|--------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Current income tax: | | | | |
| Interim corporate income tax | 359 | 1,553 | - | - |
| Adjustment in respect of income tax from previous year | 12 | 28 | - | - |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (725) | (233) | (10) | (38) |
| Income tax expense reported in statements of comprehensive income (income) | (354) | 1,348 | (10) | (38) |

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2015 and 2014 are as follows:

(Unit: Million Baht)

| | For the three-month periods ended 30 June | | | |
|---|---|-----------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Deferred tax relating to gain (loss) on changes in value of available-for-sale securities | (78) | 66 | 5 | 35 |
| | <u>(78)</u> | <u>66</u> | <u>5</u> | <u>35</u> |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|---|---|------------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Deferred tax relating to gain (loss) on changes in value of available-for-sale securities | (83) | 178 | 1 | 40 |
| | <u>(83)</u> | <u>178</u> | <u>1</u> | <u>40</u> |

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the three-month and six-month periods ended 30 June 2015 and 2014 are as follows:

(Unit: Million Baht)

| | For the three-month periods ended 30 June | | | |
|---|---|-------|----------------------|-------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Accounting profit before tax | 1,777 | 3,168 | 1,188 | 1,286 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit before tax multiplied by applicable tax rate | 355 | 634 | 238 | 257 |
| Adjustment in respect of income tax from previous year | 12 | 27 | - | - |
| Effects of non-taxable revenue and non-deductible expenses - net | (1,409) | 16 | (244) | (270) |
| Income tax expenses reported in statements of comprehensive income (income) | (1,042) | 677 | (6) | (13) |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|---|---|-------|----------------------|-------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Accounting profit before tax | 5,145 | 6,505 | 1,745 | 1,709 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit before tax multiplied by applicable tax rate | 1,029 | 1,301 | 349 | 342 |
| Adjustment in respect of income tax from previous year | 12 | 28 | - | - |
| Effects of non-taxable revenue and non-deductible expenses - net | (1,395) | 19 | (359) | (380) |
| Income tax expenses reported in statements of comprehensive income (income) | (354) | 1,348 | (10) | (38) |

19. Other assets

(Unit: Million Baht)

| | Consolidated | | Separate | |
|---|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Accrued premium insurance income | 152 | 274 | - | - |
| Other receivables | 1,740 | 1,127 | 77 | 78 |
| Receivable - capital return from a subsidiary company | - | - | 300 | - |
| VAT refundable | 23 | 32 | - | - |
| Other receivables - VAT paid in advance for customers | 318 | 312 | - | - |
| Deposits | 298 | 312 | 3 | 3 |
| Estimated insurance claims recoveries | 304 | 301 | - | - |
| Receivable from clearing house | 113 | 18 | - | - |
| Leasehold right | 233 | 254 | 11 | 11 |
| Prepaid corporate income tax | 169 | 73 | 46 | 42 |
| Deposits from derivative contracts | 587 | 444 | - | - |
| Prepaid expenses | 536 | 485 | 13 | 12 |
| Reinsurance assets | 207 | 179 | - | - |
| Others | 814 | 1,105 | 26 | 29 |
| Total | 5,494 | 4,916 | 476 | 175 |
| Less: Allowance for impairment | (486) | (488) | (77) | (78) |
| Other assets - net | 5,008 | 4,428 | 399 | 97 |

20. Deposits

20.1 Classified by type of deposits

(Unit: Million Baht)

| | Consolidated | | Separate | |
|-----------------------------|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Current | 9,157 | 8,667 | - | - |
| Saving | 252,572 | 240,554 | - | - |
| Certificates of deposit | 193,258 | 228,654 | - | - |
| Fixed deposits | | | | |
| - Less than 6 months | 45,163 | 64,122 | - | - |
| - 6 months and up to 1 year | 45,622 | 22,583 | - | - |
| - Over 1 year | 114,786 | 132,369 | - | - |
| Total deposits | 660,558 | 696,949 | - | - |

20.2 Classified by currency and country

(Unit: Million Baht)

| | Consolidated financial statements | | | | | |
|------------------|-----------------------------------|-----------|----------------|------------------|-----------|----------------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| Baht | 659,956 | 1 | 659,957 | 696,487 | 2 | 696,489 |
| US Dollar | 440 | 36 | 476 | 249 | 25 | 274 |
| Other currencies | 114 | 11 | 125 | 182 | 4 | 186 |
| Total | 660,510 | 48 | 660,558 | 696,918 | 31 | 696,949 |

21. Interbank and money market items (liabilities)

(Unit: Million Baht)

| | Consolidated financial statements | | | | | |
|--|-----------------------------------|---------------|---------------|------------------|---------------|---------------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | At call | Term | Total | At call | Term | Total |
| Domestic | | | | | | |
| Bank of Thailand and Financial Institutions Development Fund | 708 | 3,657 | 4,365 | 710 | 3,980 | 4,690 |
| Commercial banks | 868 | 10,438 | 11,306 | 731 | 17,573 | 18,304 |
| Specialised financial institutions | 52 | 592 | 644 | 35 | 10,101 | 10,136 |
| Other financial institutions | 9,175 | 19,197 | 28,372 | 10,650 | 16,636 | 27,286 |
| Total domestic items | 10,803 | 33,884 | 44,687 | 12,126 | 48,290 | 60,416 |
| Foreign | | | | | | |
| US Dollar | 78 | 16,481 | 16,559 | 39 | 15,476 | 15,515 |
| Euro | 2 | - | 2 | 1 | - | 1 |
| Baht | 3,776 | 1,648 | 5,424 | 3,375 | 832 | 4,207 |
| Total foreign items | 3,856 | 18,129 | 21,985 | 3,415 | 16,308 | 19,723 |
| Total | 14,659 | 52,013 | 66,672 | 15,541 | 64,598 | 80,139 |

As at 30 June 2015, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 1,523 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 56 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 167 million, repayable in quarterly installments, carrying interest at a fixed rate 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 (31 December 2014: included loans of a subsidiary company amounting to Baht 2,012 million).

22. Debt issued and borrowings

As at 30 June 2015 and 31 December 2014, the balance of domestic debt issued and borrowings, which stated in Baht, are as follows:

| (Unit: Million Baht) | | | | | | |
|--|--|---------------|-----------------------------------|------------------|-------------------------------|------------------|
| Types of borrowings | Interest rate per annum (as at 30 June 2015) | Maturity date | Consolidated financial statements | | Separate financial statements | |
| | | | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| | | | | | | |
| Unsubordinated debentures (a - r) | 2.15 - 5.50 percent | 2015 - 2025 | 27,171 | 27,471 | 13,200 | 12,200 |
| Perpetual subordinated hybrid bonds issued under Tier I (s) | 7.30 percent | Dissolution | 3,494 | 3,494 | - | - |
| Subordinated debentures issued under Tier II (t - w) | 4.70 percent | 2022 | 12,515 | 23,514 | - | - |
| Subordinated instruments issued under Tier II (x - y) | 4.65, 6.00 percent | 2024 - 2025 | 19,530 | 12,600 | - | - |
| Short-term debentures | 1.65 - 2.40 percent | 2015 - 2016 | 22,683 | 30,180 | - | - |
| Structured notes | 1.00 percent | 2015 | 27 | 37 | - | - |
| Promissory notes | 0.40 - 2.50, 3.90, 7.40 percent | At call, 2015 | 1,183 | 1,110 | - | - |
| Borrowings - Department of Alternative Energy Development and Efficiency | 0.50 percent | 2016 - 2017 | 9 | 12 | - | - |
| Total debt issued and borrowings | | | 86,612 | 98,418 | 13,200 | 12,200 |

- (a) 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 a fixed rate of 4.60 percent per annum, payable semi-annually.
- (b) On 27 April 2012, a subsidiary issued 4,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. Of these, 1,500,000 units bear interest at a fixed rate of 5.20 percent per annum and matured in the second quarter of 2015, and the remaining 2,500,000 units bear interest at a fixed rate of 5.50 percent per annum and will 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.

- (c) 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 a 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.
- (d) 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 a 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.
- (e) 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 a fixed rate of 4.85 percent per annum, payable semi-annually. The remaining 900,000 debentures will mature in 2025 and bear interest at a fixed rate of 4.95 percent per annum, payable semi-annually.
- (f) 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 a 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.
- (g) 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 a fixed rate of 5.00 percent per annum, payable semi-annually.
- (h) 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 a 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.

- (i) 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 a 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 a fixed rate of 5.03 percent per annum, payable semi-annually.
- (j) 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 a 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.
- (k) 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 a 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.
- (l) 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 a 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.
- (m) 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.
- (n) 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.

- (o) 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 a fixed rate of 2.84 percent per annum, payable semi-annually.
- (p) On 22 January 2015, 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 2016 and bear interest at a fixed rate of 2.60 percent per annum, payable semi-annually.
- (q) On 28 April 2015, a subsidiary issued 200,000 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 a fixed rate of 3.35 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.
- (r) On 26 May 2015, 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 2016 and bear interest at a fixed rate of 2.15 percent per annum, payable semi-annually.
- (s) On 22 April 2010, Thanachart Bank issued 7,130,000 units of 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.
- (t) On 9 May 2008, Thanachart Bank issued 5,000,000 units of 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. These debentures had been mature in the second quarter of 2015.

- (u) On 2 April 2010, Thanachart Bank issued 6,000,000 units of 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. These debentures had been early redeemed in the second quarter of 2015.
- (v) On 20 July 2012, Thanachart Bank issued 8,497,000 units of 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.
- (w) On 19 October 2012, Thanachart Bank issued 4,018,500 units of 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 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 will 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.
- (y) On 11 May 2015, Thanachart Bank issued 7,000,000 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 will mature in 2025 and bear interest at a fixed rate of 4.65 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these instruments at par if conditions specified are met.

23. Provisions

(Unit: Million Baht)

| | Consolidated financial statements | | | | |
|-------------------------------|---|----------|---------------|--------|-------|
| | For the six-month period ended 30 June 2015 | | | | |
| | | | Obligations | | |
| | Loss from | Employee | from off- | | |
| | litigation | benefits | balance items | Others | Total |
| As at 1 January 2015 | 171 | 1,944 | 434 | 302 | 2,851 |
| Increase during the period | 272 | 120 | 3 | 129 | 524 |
| Decrease from actual utilised | - | (63) | (5) | (104) | (172) |
| Reversal of provisions | (3) | - | - | - | (3) |
| As at 30 June 2015 | 440 | 2,001 | 432 | 327 | 3,200 |

(Unit: Million Baht)

| | Consolidated financial statements | | | | |
|-------------------------------|-------------------------------------|----------|---------------|--------|-------|
| | For the year ended 31 December 2014 | | | | |
| | | | Obligations | | |
| | Loss from | Employee | from off- | | |
| | litigation | benefits | 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)

| | Separate financial statements | | |
|-------------------------------|---|-------------------|-------|
| | For the six-month period ended 30 June 2015 | | |
| | Loss from litigation | Employee benefits | Total |
| As at 1 January 2015 | 9 | 37 | 46 |
| Increase during the period | - | 2 | 2 |
| Decrease from actual utilised | - | (6) | (6) |
| As at 30 June 2015 | 9 | 33 | 42 |

(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 |

Long-term employee benefits

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

| | (Unit: Million Baht) | | | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Defined benefit obligation at the beginning of the period/year | 1,889 | 1,816 | 37 | 31 |
| Employee benefits transfer from | | | | |
| Thanachart Bank | - | - | - | 2 |
| Current service cost | 68 | 133 | 1 | 2 |
| Interest cost | 39 | 84 | 1 | 1 |
| Actuarial (gain) loss arising from | | | | |
| - Demographic assumptions changes | - | 88 | - | 1 |
| - Financial assumptions changes | - | (93) | - | (1) |
| - Other adjustments | - | 10 | - | 3 |
| Decrease from curtailment | (66) | (99) | - | (2) |
| Decrease from actual paid | (50) | (50) | (6) | - |
| Defined benefit obligation at the end of the period/year | 1,880 | 1,889 | 33 | 37 |

As at 30 June 2015 and 31 December 2014, the Company and its subsidiaries expect to pay Baht 48 million and Baht 57 million, respectively in long-term employee benefits during the next one year.

The long-term employee benefit expenses, included in profit or loss for the six-month periods ended 30 June 2015 and 2014, can be summarised as follows:

| | (Unit: Million Baht) | | | |
|---|----------------------|-----------|----------------------|----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Current service cost | 68 | 67 | 1 | 1 |
| Interest cost | 39 | 43 | 1 | 1 |
| Decrease from curtailment | (66) | (82) | - | - |
| Total expense recognised in profit or loss | 41 | 28 | 2 | 2 |

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

| | (Percent per annum) | | | |
|---|-----------------------------------|---------------------|-------------------------------|---------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Discount rate | 3.43 - 4.03 | 3.43 - 4.03 | 4.03 | 4.03 |
| Future salary increase rate | 5.00 - 7.10 | 5.00 - 7.10 | 5.00 | 5.00 |
| Average staff turnover rate (depending on age) | 0.00 - 71.43 | 0.00 - 71.43 | 0.32 - 19.86 | 0.32 - 19.86 |

The result of sensitivity analysis for significant assumptions that affect the increasing in present value of the long-term employee benefit obligation as at 30 June 2015 are summarised below:

| | Change | (Unit: Million Baht) | |
|-----------------------------|----------------|--------------------------------------|----------------------------------|
| | | Consolidated financial statements | Separate financial statements |
| Discount rate | Decrease 0.25% | 51 | 1 |
| Future salary increase rate | Increase 0.25% | 55 | 1 |
| Average staff turnover rate | Decrease 0.25% | 58 | 1 |

As at 30 June 2015 and 31 December 2014, the weighted average durations of the liabilities for long-term employee benefit of the Company and its subsidiaries are 12.63, 21.02 - 23.50 years and 13.13, 21.52 - 24.00 years, respectively (separate financial statements: 21.02 years and 21.52 years, respectively).

24. Insurance contract liabilities

| | (Unit: Million Baht) | | | |
|--|----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Life policy reserve | 9,704 | 9,827 | - | - |
| Loss reserves and outstanding claims | 1,721 | 1,652 | - | - |
| Unearned premium reserve | 3,062 | 3,070 | - | - |
| Other liabilities under insurance policies | 64 | 61 | - | - |
| Total insurance contract liabilities | 14,551 | 14,610 | - | - |

25. Other liabilities

| | (Unit: Million Baht) | | | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Other payables | 1,578 | 1,778 | 14 | 10 |
| Suspense cash received from accounts receivable | 835 | 551 | 16 | 18 |
| Income received in advance | 1,881 | 1,946 | - | - |
| Corporate income tax payable | 370 | 1,219 | - | - |
| Accrued personnel expenses | 1,313 | 2,080 | 56 | 57 |
| Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency | 1,704 | 1,778 | - | - |
| Accrued other expenses | 1,326 | 1,417 | 4 | 2 |
| Payables to clearing house | 946 | 480 | - | - |
| Insurance premium received in advance | 1,434 | 1,482 | - | - |
| Others | 988 | 1,339 | 4 | 4 |
| Total other liabilities | 12,375 | 14,070 | 94 | 91 |

26. Share capital/Treasury stocks

During the six-month period ended 30 June 2015, there's no conversion of preferred shares to the Company's common shares. Therefore, as at 30 June 2015, 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.

On 26 January 2015, a meeting of the Company's Board of Directors passed a resolution approving a plan to repurchase the Company's shares for the purpose of financial management. The scheme has a budget of up to Baht 1,400 million with no more than 56,431,642 shares to be repurchased and the period of the share repurchase is from 10 February 2015 to 9 August 2015. When combined with the 71,350,000 treasury shares repurchased during 11 December 2012 to 10 June 2013, the Company will have a total of 127,781,642 treasury shares, which is not more than 10 percent of the shares of the Company in issue.

As at 30 June 2015, the Company had 112,700,000 shares of treasury stocks, valued at Baht 4,798 million, at an average price of Baht 42.58 per share. These consist of 71,350,000 treasury shares from the now ended share repurchase plan that the directors approved on 26 November 2012, from which the treasury shares have not yet been sold, and 41,350,000 treasury shares from the ongoing share repurchase plan that the directors approved on 26 January 2015. Both plans require that the treasury shares are to be sold within 3 years from the repurchase date.

27. Other components of equity

| | (Unit: Million Baht) | | | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Share premium of a subsidiary | 776 | 776 | - | - |
| Amount by which the value of investment in subsidiary lower than attributable net book value | 226 | 226 | - | - |
| Revaluation surplus (deficit) on investments | | | | |
| Revaluation surplus on investments | | | | |
| Available-for-sale securities | | | | |
| Debt instruments | 805 | 948 | 26 | 24 |
| Equity instruments | 938 | 954 | 590 | 584 |
| Total | 1,743 | 1,902 | 616 | 608 |
| Revaluation deficit on investments | | | | |
| Available-for-sale securities | | | | |
| Debt instruments | (14) | (22) | - | - |
| Equity instruments | (65) | (6) | (2) | - |
| Total | (79) | (28) | (2) | - |
| Total revaluation surplus on investments | 1,664 | 1,874 | 614 | 608 |
| Less: The effect of deferred tax liabilities | (332) | (374) | (123) | (122) |
| Net revaluation surplus on investments | 1,332 | 1,500 | 491 | 486 |
| Share of other comprehensive income of associate | 11 | 15 | - | - |
| Less: The effect of deferred tax liabilities | - | (1) | - | - |
| Net share of other comprehensive income of associate | 11 | 14 | - | - |
| Total | 2,345 | 2,516 | 491 | 486 |

28. 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 30 June 2015, the statutory reserve has fully been set aside.

29. 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 30 June 2015 on its website at www.thanachart.co.th, within October 2015. Moreover, the Company and its subsidiaries had disclosed capital requirement information as at 31 December 2014 on the Company's website since April 2015.

30. Dividends

During the six-month periods ended 30 June 2015 and 2014, the Company has dividend payment as below.

| Dividends | Approved by | Dividend payment | Dividend per share | Payment date |
|---|--|------------------|--------------------|---------------|
| | | Million Baht | Baht | |
| Dividend for the second half-year of 2014 | The Annual General Meeting of shareholders on 2 April 2015 | <u>1,206</u> | <u>1.00</u> | 30 April 2015 |
| Dividend for the second half-year of 2013 | The Annual General Meeting of shareholders on 3 April 2014 | <u>1,206</u> | <u>1.00</u> | 30 April 2014 |

31. Interest income

Interest income for the three-month and six-month periods ended 30 June 2015 and 2014 consisted of the following:

(Unit: Million Baht)

| | For the three-month periods ended 30 June | | | |
|--------------------------------------|---|--------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Interbank and money market items | 413 | 430 | - | 20 |
| Investments and trading transactions | 88 | 134 | - | - |
| Investments in debt securities | 925 | 1,082 | 72 | 114 |
| Loans to customers | 4,910 | 5,045 | 15 | 3 |
| Hire purchase and financial lease | 5,892 | 6,561 | - | - |
| Total interest income | 12,228 | 13,252 | 87 | 137 |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|--------------------------------------|---|--------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Interbank and money market items | 819 | 936 | - | 50 |
| Investments and trading transactions | 194 | 251 | - | - |
| Investments in debt securities | 1,991 | 2,220 | 147 | 235 |
| Loans to customers | 9,842 | 10,142 | 29 | 3 |
| Hire purchase and financial lease | 11,977 | 13,275 | - | - |
| Total interest income | 24,823 | 26,824 | 176 | 288 |

32. Interest expenses

Interest expenses for the three-month and six-month periods ended 30 June 2015 and 2014 consisted of the following:

(Unit: Million Baht)

| | For the three-month periods ended 30 June | | | |
|--|---|-------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Deposits | 3,262 | 3,951 | - | - |
| Interbank and money market items | 257 | 342 | - | - |
| Contribution fee to the Financial Institutions | | | | |
| Development Fund and the Deposit | | | | |
| Protection Agency | 847 | 878 | - | - |
| Debt issued and borrowings | | | | |
| - Subordinated debentures | 242 | 431 | - | - |
| - Unsubordinated debentures | 441 | 571 | 148 | 250 |
| - Subordinated instruments | 233 | 25 | - | - |
| - Others | 12 | 11 | - | - |
| Borrowings cost | 3 | 3 | 1 | 1 |
| Total interest expenses | 5,297 | 6,212 | 149 | 251 |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|--|---|--------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Deposits | 6,903 | 8,250 | - | - |
| Interbank and money market items | 530 | 678 | - | - |
| Contribution fee to the Financial Institutions | | | | |
| Development Fund and the Deposit | | | | |
| Protection Agency | 1,704 | 1,778 | - | - |
| Debt issued and borrowings | | | | |
| - Subordinated debentures | 524 | 1,043 | - | - |
| - Unsubordinated debentures | 912 | 1,226 | 293 | 498 |
| - Subordinated instruments | 419 | 25 | - | - |
| - Others | 24 | 22 | - | - |
| Borrowings cost | 4 | 4 | 1 | 1 |
| Total interest expenses | 11,020 | 13,026 | 294 | 499 |

33. Fees and service income

Fees and service income for the three-month and six-month periods ended 30 June 2015 and 2014 consisted of the following:

(Unit: Million Baht)

| | For the three-month periods ended 30 June | | | |
|---|---|-------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Fees and service income | | | | |
| Acceptance, aval and guarantees | 57 | 57 | - | - |
| Hire purchase fee income | 380 | 369 | - | - |
| Credit card | 244 | 251 | - | - |
| ATM and electronic banking services | 207 | 201 | - | - |
| Brokerage fee from securities/derivatives | 313 | 330 | - | - |
| Insurance brokerage fee income | 281 | 248 | - | - |
| Others | 397 | 418 | - | - |
| Total fees and service income | 1,879 | 1,874 | - | - |
| Fees and service expenses | (666) | (661) | - | - |
| Net fees and service income | 1,213 | 1,213 | - | - |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|---|---|---------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Fees and service income | | | | |
| Acceptance, aval and guarantees | 108 | 123 | - | - |
| Hire purchase fee income | 754 | 738 | - | - |
| Credit card | 483 | 518 | - | - |
| ATM and electronic banking services | 440 | 425 | - | - |
| Brokerage fee from securities/derivatives | 774 | 575 | - | - |
| Insurance brokerage fee income | 571 | 652 | - | - |
| Others | 804 | 898 | - | - |
| Total fees and service income | 3,934 | 3,929 | - | - |
| Fees and service expenses | (1,355) | (1,370) | - | - |
| Net fees and service income | 2,579 | 2,559 | - | - |

34. Gains on trading and foreign exchange transactions

Gains (losses) on trading and foreign exchange transactions for the three-month and six-month periods ended 30 June 2015 and 2014 consisted of the following:

(Unit: Million Baht)

| | For the three-month periods ended 30 June | | | |
|---|---|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Foreign exchange and derivatives contract | | | | |
| relating to foreign exchange | 200 | 128 | - | - |
| Derivatives relating to interest | (2) | (14) | - | - |
| Debt securities | (55) | 49 | - | - |
| Equity securities | (13) | - | - | - |
| Others | 8 | 1 | - | - |
| Total | 138 | 164 | - | - |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|---|---|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Foreign exchange and derivatives contract | | | | |
| relating to foreign exchange | 359 | 303 | - | - |
| Derivatives relating to interest | 8 | (5) | - | - |
| Debt securities | 13 | 201 | 1 | 2 |
| Equity securities | 4 | - | - | - |
| Others | 10 | 12 | - | - |
| Total | 394 | 511 | 1 | 2 |

35. Gains on investments

Gains on investments for the three-month and six-month periods ended 30 June 2015 and 2014 consisted of the following:

(Unit: Million Baht)

| | For the three-month periods ended 30 June | | | |
|--|---|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Gains on disposal | | | | |
| Available-for-sale securities | 635 | 388 | 14 | 79 |
| General investments | - | 1 | - | - |
| Investments in subsidiary companies | 50 | 61 | - | - |
| Gains on debt settlement/assets transferred from | | | | |
| investments in receivables purchased | 20 | 4 | 15 | 4 |
| Loss on impairment of investments | - | (44) | (1) | - |
| Total | 705 | 410 | 28 | 83 |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|--|---|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Gains on disposal | | | | |
| Available-for-sale securities | 1,223 | 624 | 15 | 80 |
| General investments | 13 | 1 | 10 | - |
| Investments in subsidiary companies | 110 | 122 | 1 | - |
| Gains on debt settlement/assets transferred from | | | | |
| investments in receivables purchased | 21 | 9 | 16 | 9 |
| Gain on the capital returned | 2 | - | - | - |
| Reversal of impairment on investments (loss) | 14 | (44) | 10 | - |
| Total | 1,383 | 712 | 52 | 89 |

36. 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.

37. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month and six-month periods ended 30 June 2015 and 2014 consisted of the following:

(Unit: Million Baht)

| | For the three-month periods ended 30 June | | | |
|--|---|-------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Impairment loss of loans (reversal) | | | | |
| Interbank and money market items | 19 | (24) | - | - |
| Loans to customers | 3,514 | 2,089 | (1) | (2) |
| Reversal of revaluation allowance for debts restructured during the period | (1) | (5) | - | - |
| Total (reversal) | 3,532 | 2,060 | (1) | (2) |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|--|---|-------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Impairment loss of loans (reversal) | | | | |
| Interbank and money market items | (5) | (28) | - | - |
| Loans to customers | 5,185 | 3,750 | 1 | (2) |
| Reversal of revaluation allowance for debts restructured during the period | (1) | (7) | - | - |
| Loss from impairment of investments in receivables purchased | - | 2 | - | - |
| Total (reversal) | 5,179 | 3,717 | 1 | (2) |

38. Components of other comprehensive income

Components of other comprehensive income for the three-month and six-month periods ended 30 June 2015 and 2014 are as the following:

| | (Unit: Million Baht) | | | |
|--|---|-------|----------------------|------|
| | For the three-month periods ended 30 June | | | |
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Other comprehensive income | | | | |
| Available-for-sale securities: | | | | |
| Unrealised gains during the period | 247 | 719 | 40 | 253 |
| Less: Reclassification of adjustment for realised gains/losses that included in profit or loss | (635) | (388) | (14) | (79) |
| | (388) | 331 | 26 | 174 |
| Share of other comprehensive income of associate (losses) | (7) | (2) | - | - |
| Other comprehensive income for the period (losses) | (395) | 329 | 26 | 174 |
| Effects of relevant income taxes | | | | |
| Income tax - gains (losses) on changes in value of available-for-sale securities | 78 | (66) | (5) | (35) |
| Effects of relevant income taxes | 78 | (66) | (5) | (35) |
| Net other comprehensive income for the period (losses) | (317) | 263 | 21 | 139 |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|--|---|-------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Other comprehensive income | | | | |
| Available-for-sale securities: | | | | |
| Unrealised gains during the period | 809 | 1,516 | 20 | 282 |
| Less: Reclassification of adjustment for realised gains/losses that included in profit or loss | (1,223) | (624) | (15) | (80) |
| | (414) | 892 | 5 | 202 |
| Share of other comprehensive income of associate (losses) | (5) | (2) | - | - |
| Other comprehensive income for the period (losses) | (419) | 890 | 5 | 202 |
| Effects of relevant income taxes | | | | |
| Income tax - gains (losses) on changes in value of available-for-sale securities | 83 | (178) | (1) | (40) |
| Effects of relevant income taxes | 83 | (178) | (1) | (40) |
| Net other comprehensive income for the period (losses) | (336) | 712 | 4 | 162 |

39. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares issued during the period, netting of treasury shares held by the Company.

Diluted earnings per share is calculated by dividing profit for the period 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 period, 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 period or on the date the potential common shares were issued.

| Consolidated financial statements | | | | | | |
|--|-----------------------|------------------|---|--------------------|--------------------|------|
| For the three-month periods ended 30 June | | | | | | |
| | Profit for the period | | Weighted average number of common shares | | Earnings per share | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht |
| Basic earnings per share | | | | | | |
| Profit attributable to the Company | 1,392,805 | 1,235,295 | 1,181,405 | 1,206,467 | 1.18 | 1.02 |
| Effect of dilutive securities | | | | | | |
| Preference shares convertible to common shares | - | - | 13 | 13 | | |
| Diluted earnings per share | | | | | | |
| Profit of common shareholders assuming conversion of dilutive securities | 1,392,805 | 1,235,295 | 1,181,418 | 1,206,480 | 1.18 | 1.02 |

| Consolidated financial statements | | | | | | |
|--|-----------------------|------------------|---|--------------------|--------------------|------|
| For the six-month periods ended 30 June | | | | | | |
| | Profit for the period | | Weighted average number of common shares | | Earnings per share | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht |
| Basic earnings per share | | | | | | |
| Profit attributable to the Company | 2,724,313 | 2,558,638 | 1,193,831 | 1,206,467 | 2.28 | 2.12 |
| Effect of dilutive securities | | | | | | |
| Preference shares convertible to common shares | - | - | 13 | 13 | | |
| Diluted earnings per share | | | | | | |
| Profit of common shareholders assuming conversion of dilutive securities | 2,724,313 | 2,558,638 | 1,193,844 | 1,206,480 | 2.28 | 2.12 |

| Separate financial statements | | | | | |
|--|------------------|---|--------------------|--------------------|-----------|
| For the three-month periods ended 30 June | | | | | |
| Profit for the period | | Weighted average number of common shares | | Earnings per share | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht |
| Basic earnings per share | | | | | |
| Profit attributable to the Company | 1,194,030 | 1,298,810 | 1,181,405 | 1,206,467 | 1.01 1.08 |
| Effect of dilutive securities | | | | | |
| Preference shares convertible to common shares | - | - | 13 | 13 | |
| Diluted earnings per share | | | | | |
| Profit of common shareholders assuming conversion of dilutive securities | 1,194,030 | 1,298,810 | 1,181,418 | 1,206,480 | 1.01 1.08 |

| Separate financial statements | | | | | |
|--|------------------|---|--------------------|--------------------|-----------|
| For the six-month periods ended 30 June | | | | | |
| Profit for the period | | Weighted average number of common shares | | Earnings per share | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht |
| Basic earnings per share | | | | | |
| Profit attributable to the Company | 1,755,195 | 1,746,314 | 1,193,831 | 1,206,467 | 1.47 1.45 |
| Effect of dilutive securities | | | | | |
| Preference shares convertible to common shares | - | - | 13 | 13 | |
| Diluted earnings per share | | | | | |
| Profit of common shareholders assuming conversion of dilutive securities | 1,755,195 | 1,746,314 | 1,193,844 | 1,206,480 | 1.47 1.45 |

40. 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 six-month period ended 30 June 2015, amounting to Baht 218 million was contributed to the fund by the Company and its subsidiaries (separate financial statements: Baht 3 million) (2014: Baht 218 million in the consolidated financial statements and Baht 3 million in the separate financial statements).

41. Related party transactions

During the periods, 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 three-month periods ended 30 June | | | | |
|---|---|---------|----------------------|-------|---|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | Transfer pricing policy |
| | 2015 | 2014 | 2015 | 2014 | (For the period 2015) |
| Transactions occurred during the periods | | | | | |
| Subsidiary companies | | | | | |
| Sales of debt securities | - | - | 265 | 3,848 | At market prices |
| Purchase of investment in a subsidiary | - | - | - | 482 | |
| Returned capital from subsidiary companies | - | - | 300 | 2 | Net assets value |
| Interest income | - | - | 81 | 85 | At interest rate of 0.10 - 7.50 percent per annum |
| Dividend income | - | - | 1,264 | 1,368 | As declared |
| Rental and other service income | - | - | 23 | 80 | At the rate agreed under the contract |
| Other expenses | - | - | 3 | 3 | |
| Associated company | | | | | |
| Sales of investment in a subsidiary | - | 418 | - | - | |
| Other income | 2 | 1 | - | - | |
| Interest expenses | 2 | 16 | - | - | At interest rate of 0.40 - 7.50 percent per annum |
| Dividend payment | - | - | 130 | 130 | As declared |
| Other expenses | 33 | 33 | 2 | 2 | |
| Related companies | | | | | |
| Purchase of debt securities | 442 | 38 | - | - | At market prices |
| Sales of debt securities | 139 | - | - | - | At market prices |
| Purchases/Sales of forward exchange contracts | 83,166 | 108,061 | - | - | At market prices |
| Interest income | 79 | 85 | - | - | At interest rate of 0.10 - 7.78 percent per annum |
| Dividend income | 5 | 5 | 5 | 5 | As declared |
| Other income | 2 | 2 | - | - | |
| Dividend payment | 1,216 | 1,216 | - | - | As declared |
| Interest expenses | 85 | 82 | - | - | At interest rate of 0.38 - 2.95 and 7.30 percent per annum |
| Project management expenses | 16 | 17 | 4 | 5 | At the contract price calculated by reference to estimated usage time |
| Insurance premium/life insurance premium expenses | 5 | 2 | - | - | At the rate agreed under the contract |
| Other expenses | 28 | 30 | 1 | 1 | |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | | |
|--|---|---------|----------------------|-------|---|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | Transfer pricing policy |
| | 2015 | 2014 | 2015 | 2014 | (For the period 2015) |
| <u>Transactions occurred during the periods</u> | | | | | |
| Subsidiary companies | | | | | |
| Purchase of debt securities | - | - | - | 1,035 | |
| Sales of debt securities | - | - | 265 | 5,064 | At market prices |
| Purchase of investment in a subsidiary | - | - | - | 482 | |
| Returned capital from subsidiary companies | - | - | 300 | 2 | Net assets value |
| Interest income | - | - | 157 | 186 | At interest rate of 0.10 - 7.625 percent per annum |
| Dividend income | - | - | 1,849 | 1,845 | As declared |
| Rental and other service income | - | - | 38 | 96 | At the rate agreed under the contract |
| Other expenses | - | - | 6 | 6 | |
| Associated company | | | | | |
| Sales of investment in a subsidiary | - | 418 | - | - | |
| Dividend income | - | - | 57 | 56 | As declared |
| Other income | 3 | 2 | 1 | - | |
| Interest expenses | 3 | 34 | - | - | At interest rate of 0.40 - 7.625 percent per annum |
| Dividend payment | - | - | 130 | 130 | As declared |
| Other expenses | 65 | 66 | 5 | 5 | |
| Related companies | | | | | |
| Purchase of debt securities | 919 | 38 | - | - | At market prices |
| Sales of debt securities | 361 | 108 | - | - | At market prices |
| Purchase/Sales of forward exchange contracts | 152,914 | 275,056 | - | - | At market prices |
| Interest income | 150 | 150 | - | - | At interest rate of 0.09 - 7.78 percent per annum |
| Dividend income | 35 | 31 | 20 | 18 | As declared |
| Other income | 3 | 4 | - | - | |
| Dividend payment | 1,216 | 1,216 | - | - | As declared |
| Interest expenses | 170 | 189 | - | - | At interest rate of 0.25 - 7.55 percent per annum |
| Project management expenses | 32 | 35 | 8 | 10 | At the contract price calculated by reference to estimated usage time |
| Insurance premium/life insurance premium expenses | 5 | 1 | - | - | At the rate agreed under the contract |
| Other expenses | 57 | 58 | 1 | 1 | |

The outstanding balances of the above transactions during the six-month periods ended 30 June 2015 and 2014 have been shown at the average balance at the end of each month as follows:

| | (Unit: Million Baht) | | | |
|--|----------------------|--------|----------------------|-------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Subsidiary companies</u> | | | | |
| Interbank and money market items (assets) | - | - | 135 | 2,780 |
| Debt issued and borrowings | - | - | - | 1 |
| Loans to customers | - | - | 577 | - |
| <u>Associated company</u> | | | | |
| Deposits | 134 | 311 | - | - |
| Debt issued and borrowings | 58 | 1,200 | - | - |
| <u>Related companies</u> | | | | |
| Interbank and money market items (assets) | 246 | 204 | - | - |
| Loans to customers | 7,264 | 7,214 | - | - |
| Deposits | 1,249 | 2,108 | - | - |
| Interbank and money market items (liabilities) | 12,828 | 14,352 | - | - |
| Debt issued and borrowings | 3,685 | 3,914 | - | - |

As at 30 June 2015 and 31 December 2014, the significant outstanding balances of the above transactions are as follows:

| | (Unit: Million Baht) | | | | | | | | |
|---------------------------|---|-------------------------------------|--|-----------------|-------------|---|----------------------------------|----------------------|-------------|
| | Consolidated financial statements | | | | | | | | |
| | 30 June 2015 | | | | | | | | |
| | 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 | Commitments |
| Associated company | | | | | | | | | |
| MBK Plc. | - | - | - | 178 | 93 | - | 58 | - | - |
| Related companies | | | | | | | | | |
| The Bank of Nova Scotia | 209 | - | - | - | - | 12,103 | 3,494 | 69 | 3,912 |
| Krungthai Card Plc. | - | - | 4,938 | - | 5 | - | - | - | - |
| I-Con Siam Co., Ltd. | - | - | 1,299 | - | - | - | - | - | 3 |
| Synphaet Co., Ltd. | - | - | 920 | - | 20 | - | - | - | 36 |
| Srithai Superware Plc. | - | - | 574 | - | 39 | - | - | - | 30 |
| Other related companies | - | - | 1,225 | 45 | 1,266 | 60 | 139 | 21 | 133 |
| | 209 | - | 8,956 | 223 | 1,423 | 12,163 | 3,691 | 90 | 4,114 |

(Unit: Million Baht)

| Consolidated financial statements | | | | | | | | | |
|---|-------------------------------------|--|-----------------|------------|---|----------------------------------|----------------------|-----------------|--------------|
| 31 December 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 | |
| Associated company | | | | | | | | | |
| MBK Plc. | - | - | - | 39 | 116 | - | 58 | 1 | - |
| Related companies | | | | | | | | | |
| The Bank of Nova Scotia | 348 | - | - | - | - | 12,842 | 3,494 | 74 | 3,566 |
| Krungthai Card Plc. | - | - | 4,770 | - | 8 | - | - | - | - |
| Synphaet Co., Ltd. | - | - | 815 | - | 1 | - | - | - | 36 |
| Srithai Superware Plc. | - | - | 433 | - | 20 | - | - | - | 32 |
| Other related companies | - | 684 | 1,032 | 76 | 1,125 | 71 | - | 124 | 347 |
| | <u>348</u> | <u>684</u> | <u>7,050</u> | <u>115</u> | <u>1,270</u> | <u>12,913</u> | <u>3,552</u> | <u>199</u> | <u>3,981</u> |

(Unit: Million Baht)

| Separate financial statements | | | | | | | | | |
|---|-------------------------------------|--|-----------------|------------|---|----------------------------------|----------------------|-------------|----------|
| 30 June 2015 | | | | | | | | | |
| 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 | Commitments | |
| Subsidiary companies | | | | | | | | | |
| Thanachart Bank Plc. | 220 | 3,636 | - | 69 | - | - | - | 2 | - |
| Thanachart Securities Plc. | - | - | - | 2 | - | - | - | - | - |
| NFS Asset Management Co., Ltd. | - | - | 500 | 302 | - | - | - | - | - |
| National Leasing Co., Ltd. | - | - | - | - | - | - | - | 5 | - |
| Max Asset Management Co., Ltd. | - | - | 291 | 1 | - | - | - | - | - |
| Associated company | | | | | | | | | |
| MBK Plc. | - | - | - | 3 | - | - | - | - | - |
| | <u>220</u> | <u>3,636</u> | <u>791</u> | <u>377</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7</u> | <u>-</u> |

(Unit: Million Baht)

| Separate financial statements | | | | | | | | | |
|---|-------------------------------------|--|-----------------|----------|---|----------------------------------|----------------------|-------------|---|
| 31 December 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 | Commitments | |
| Subsidiary companies | | | | | | | | | |
| Thanachart Bank Plc. | 17 | 3,638 | - | 77 | - | - | - | - | - |
| Thanachart Securities Plc. | - | - | - | 2 | - | - | - | - | - |
| National Leasing Co., Ltd. | - | - | - | - | - | - | 8 | - | - |
| Max Asset Management Co., Ltd. | - | - | 291 | - | - | - | - | - | - |
| Associated company | | | | | | | | | |
| MBK Plc. | - | - | - | 3 | - | - | - | - | - |
| | 17 | 3,638 | 291 | 82 | - | - | 8 | - | - |

As at 30 June 2015 and 31 December 2014, the Company has loans to subsidiary companies as follows:

(Unit: Million Baht)

| Company's name | Interest rate | Outstanding balances | |
|--------------------------------|---------------------------|----------------------|------------------|
| | | 30 June 2015 | 31 December 2014 |
| Max Asset Management Co., Ltd. | MLR | 291 | 291 |
| | of Thanachart Bank + 0.5% | | |
| NFS Asset Management Co., Ltd. | MLR of Thanachart Bank | 500 | - |
| Total | | 791 | 291 |

As at 30 June 2015, the Company and its subsidiaries have investments amounting to Baht 1,602 million (Baht 767 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 (31 December 2014: Baht 1,594 million in the consolidated financial statements and Baht 761 million in the separate financial statements).

As at 30 June 2015 and 31 December 2014, 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 | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Loans to customers | 73 | 91 | - | - |
| Deposits | 614 | 712 | - | - |

Directors and management's remuneration

During the three-month and six-month periods ended 30 June 2015 and 2014, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unit: Million Baht)

| | For the three-month periods ended 30 June | | | |
|------------------------------|---|------------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Short-term employee benefits | 185 | 201 | 40 | 40 |
| Post-employment benefits | 5 | 3 | - | - |
| | <u>190</u> | <u>204</u> | <u>40</u> | <u>40</u> |

(Unit: Million Baht)

| | For the six-month periods ended 30 June | | | |
|------------------------------|---|------------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Short-term employee benefits | 332 | 317 | 59 | 59 |
| Post-employment benefits | 9 | 7 | - | - |
| | <u>341</u> | <u>324</u> | <u>59</u> | <u>59</u> |

42. Financial information classified by operating segment

42.1 Financial position and results of operations classified by business activity

The financial position as at 30 June 2015 and 31 December 2014, and the operating results for the three-month and six-month periods ended 30 June 2015 and 2014, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|-----------------------|--------------|---------|
| | 30 June 2015 | | | |
| | Domestic operations | Foreign operations | Eliminations | Total |
| Total assets | 968,348 | 20,846 | (21,940) | 967,254 |
| Interbank and money market items (assets) | 83,316 | 17,771 | (21,940) | 79,147 |
| Investments | 128,508 | 3,048 | - | 131,556 |
| Investment in an associated company | 2,456 | - | - | 2,456 |
| Loans to customers and accrued interest receivables | 691,099 | - | - | 691,099 |
| Deposits | 660,558 | - | - | 660,558 |
| Interbank and money market items (liabilities) | 67,950 | 20,662 | (21,940) | 66,672 |
| Debt issued and borrowings | 86,612 | - | - | 86,612 |

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|-----------------------|--------------|-----------|
| | 31 December 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 | | | | |
|---|------------------------|-----------------------|--------------|---------|
| For the three-month period ended 30 June 2015 | | | | |
| | Domestic operations | Foreign operations | Eliminations | Total |
| Interest income | 12,206 | 44 | (22) | 12,228 |
| Interest expenses | (5,298) | (21) | 22 | (5,297) |
| Net interest income | 6,908 | 23 | - | 6,931 |
| Net fee and service income | 1,213 | - | - | 1,213 |
| Net insurance/life insurance income | 584 | - | - | 584 |
| Other operating income | 1,574 | (3) | - | 1,571 |
| Other operating expenses | (4,990) | - | - | (4,990) |
| Impairment loss of loans and debt securities | (3,532) | - | - | (3,532) |
| Profit before income tax | 1,757 | 20 | - | 1,777 |
| Income tax | 1,042 | - | - | 1,042 |
| Profit before non-controlling interests | 2,799 | 20 | - | 2,819 |

(Unit: Million Baht)

| Consolidated financial statements | | | | |
|---|------------------------|-----------------------|--------------|---------|
| For the three-month period ended 30 June 2014 | | | | |
| | Domestic operations | Foreign operations | Eliminations | Total |
| Interest income | 13,213 | 70 | (31) | 13,252 |
| Interest expenses | (6,212) | (31) | 31 | (6,212) |
| Net interest income | 7,001 | 39 | - | 7,040 |
| Net fees and service income | 1,213 | - | - | 1,213 |
| Net insurance/life insurance income | 482 | - | - | 482 |
| Other operating income | 1,303 | - | - | 1,303 |
| Other operating expenses | (4,810) | - | - | (4,810) |
| Impairment loss of loans and debt securities | (2,060) | - | - | (2,060) |
| Profit before income tax | 3,129 | 39 | - | 3,168 |
| Income tax | (677) | - | - | (677) |
| Profit before non-controlling interests | 2,452 | 39 | - | 2,491 |

(Unit: Million Baht)

| Consolidated financial statements | | | | |
|--|------------------------|-----------------------|--------------|----------|
| For the six-month period ended 30 June 2015 | | | | |
| | Domestic operations | Foreign operations | Eliminations | Total |
| Interest income | 24,779 | 87 | (43) | 24,823 |
| Interest expenses | (11,021) | (42) | 43 | (11,020) |
| Net interest income | 13,758 | 45 | - | 13,803 |
| Net fee and service income | 2,579 | - | - | 2,579 |
| Net insurance/life insurance income | 1,079 | - | - | 1,079 |
| Other operating income | 2,970 | (2) | - | 2,968 |
| Other operating expenses | (10,105) | - | - | (10,105) |
| Impairment loss of loans and debt securities | (5,179) | - | - | (5,179) |
| Profit before income tax | 5,102 | 43 | - | 5,145 |
| Income tax | 354 | - | - | 354 |
| Profit before non-controlling interests | 5,456 | 43 | - | 5,499 |

(Unit: Million Baht)

| Consolidated financial statements | | | | |
|--|------------------------|-----------------------|--------------|----------|
| For the six-month period ended 30 June 2014 | | | | |
| | Domestic operations | Foreign operations | Eliminations | Total |
| Interest income | 26,748 | 140 | (64) | 26,824 |
| Interest expenses | (13,026) | (64) | 64 | (13,026) |
| Net interest income | 13,722 | 76 | - | 13,798 |
| Net fees and service income | 2,559 | - | - | 2,559 |
| Net insurance/life insurance income | 880 | - | - | 880 |
| Other operating income | 2,587 | - | - | 2,587 |
| Other operating expenses | (9,602) | - | - | (9,602) |
| Impairment loss of loans and debt securities | (3,717) | - | - | (3,717) |
| Profit before income tax | 6,429 | 76 | - | 6,505 |
| Income tax | (1,348) | - | - | (1,348) |
| Profit before non-controlling interests | 5,081 | 76 | - | 5,157 |

42.2 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 of the Company and its subsidiaries presented by operating segments are as follows:

(Unit: Million Baht)

| For the three-month period ended 30 June 2015 | | | | | | | | | |
|---|-------------|------------------|---------------------|-------------------------|-----------------------------|---------------------------|------------------|--------------|--------------|
| | The Company | Banking business | Securities business | Life insurance business | Non-life insurance business | Asset management business | Other businesses | Eliminations | Consolidated |
| Net interest income | (61) | 6,364 | 55 | 106 | 66 | 71 | 337 | (7) | 6,931 |
| Other operating income | 1,325 | 3,548 | 454 | (97) | 515 | 65 | 233 | (2,675) | 3,368 |
| Other operating expenses | (77) | (4,267) | (318) | (30) | (208) | (56) | (185) | 151 | (4,990) |
| Impairment loss of loans and debt securities | 1 | (3,453) | 17 | - | - | (49) | (107) | 59 | (3,532) |
| Profit before income tax | 1,188 | 2,192 | 208 | (21) | 373 | 31 | 278 | (2,472) | 1,777 |
| Income tax | 6 | 1,241 | (40) | 10 | (76) | (13) | (58) | (28) | 1,042 |
| Profit before non-controlling interests | 1,194 | 3,433 | 168 | (11) | 297 | 18 | 220 | (2,500) | 2,819 |

(Unit: Million Baht)

| For the three-month period ended 30 June 2014 | | | | | | | | | |
|---|-------------|------------------|---------------------|-------------------------|-----------------------------|---------------------------|------------------|--------------|--------------|
| | The Company | Banking business | Securities business | Life insurance business | Non-life insurance business | Asset management business | Other businesses | Eliminations | Consolidated |
| Net interest income | (114) | 6,495 | 48 | 113 | 73 | 79 | 354 | (8) | 7,040 |
| Other operating income | 1,478 | 3,040 | 483 | (74) | 434 | 152 | 197 | (2,712) | 2,998 |
| Other operating expenses | (79) | (4,221) | (307) | (26) | (120) | (48) | (161) | 152 | (4,810) |
| Impairment loss of loans and debt securities | 1 | (1,918) | - | - | - | 58 | (128) | (73) | (2,060) |
| Profit before income tax | 1,286 | 3,396 | 224 | 13 | 387 | 241 | 262 | (2,641) | 3,168 |
| Income tax | 13 | (447) | (45) | (2) | (87) | (57) | (52) | - | (677) |
| Profit before non-controlling interests | 1,299 | 2,949 | 179 | 11 | 300 | 184 | 210 | (2,641) | 2,491 |

(Unit: Million Baht)

For the six-month period ended 30 June 2015

| | The | Banking | Securities | Life | Non-life | Asset | Other | | |
|---|---------|----------|------------|-----------|-----------|------------|------------|--------------|--------------|
| | Company | business | business | insurance | insurance | management | businesses | Eliminations | Consolidated |
| Net interest income | (118) | 12,658 | 109 | 214 | 134 | 155 | 665 | (14) | 13,803 |
| Other operating income | 1,997 | 5,624 | 1,083 | (161) | 1,050 | 104 | 459 | (3,530) | 6,626 |
| Other operating expenses | (133) | (8,618) | (670) | (64) | (432) | (118) | (377) | 307 | (10,105) |
| Impairment loss of loans and debt securities | (1) | (4,804) | 18 | - | - | (237) | (205) | 50 | (5,179) |
| Profit before income tax | 1,745 | 4,860 | 540 | (11) | 752 | (96) | 542 | (3,187) | 5,145 |
| Income tax | 10 | 728 | (105) | 14 | (152) | 6 | (112) | (35) | 354 |
| Profit before non-controlling interests | 1,755 | 5,588 | 435 | 3 | 600 | (90) | 430 | (3,222) | 5,499 |

(Unit: Million Baht)

For the six-month period ended 30 June 2014

| | The | Banking | Securities | Life | Non-life | Asset | Other | | |
|---|---------|----------|------------|-----------|-----------|------------|------------|--------------|--------------|
| | Company | business | business | insurance | insurance | management | businesses | Eliminations | Consolidated |
| Net interest income | (211) | 12,678 | 103 | 229 | 145 | 158 | 710 | (14) | 13,798 |
| Other operating income | 2,055 | 5,020 | 898 | (135) | 865 | 239 | 398 | (3,314) | 6,026 |
| Other operating expenses | (138) | (8,399) | (588) | (43) | (310) | (105) | (319) | 300 | (9,602) |
| Impairment loss of loans and debt securities | 2 | (3,490) | - | - | - | 39 | (203) | (65) | (3,717) |
| Profit before income tax | 1,708 | 5,809 | 413 | 51 | 700 | 331 | 586 | (3,093) | 6,505 |
| Income tax | 38 | (937) | (80) | (11) | (150) | (76) | (121) | (11) | (1,348) |
| Profit before non-controlling interests | 1,746 | 4,872 | 333 | 40 | 550 | 255 | 465 | (3,104) | 5,157 |

The segment assets of the Company and its subsidiaries as at 30 June 2015 and 31 December 2014 are as follow:

(Unit: Million Baht)

| | The | Banking | Securities | Life | Non-life | Asset | Other | | |
|------------------------|---------|----------|------------|-----------|-----------|------------|------------|--------------|--------------|
| | Company | business | business | insurance | insurance | management | businesses | Eliminations | Consolidated |
| Segment assets | | | | | | | | | |
| As at 30 June 2015 | 39,211 | 905,873 | 9,939 | 11,083 | 11,185 | 9,223 | 30,088 | (49,348) | 967,254 |
| As at 31 December 2014 | 39,052 | 967,216 | 8,060 | 11,294 | 11,234 | 10,784 | 30,824 | (52,834) | 1,025,630 |

42.3 Major of principal customers

During the six-month periods ended 30 June 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

43. Encumbrance of assets

As at 30 June 2015 and 31 December 2014, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follow:

| | (Unit: Million Baht) | | | |
|--|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June | 31 December | 30 June | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| Interbank and money market items (assets) | | | | |
| Placed at insurance registrar | 600 | - | - | - |
| Placed at court | 7 | 7 | - | - |
| Investments in securities | | | | |
| Placed at insurance registrar | 2,474 | 3,295 | - | - |
| Placed at court | 409 | 422 | - | - |
| Placed for electricity usage | 1 | 1 | - | - |
| Property foreclosed | | | | |
| Immovable assets subject to buyback | | | | |
| options or first refusal rights | 290 | 289 | - | - |
| Immovable assets subject to purchase or | | | | |
| sell agreements with clients but currently | | | | |
| being settled in installments or through | | | | |
| transfer of ownership | 254 | 426 | 9 | 1 |
| | 4,035 | 4,440 | 9 | 1 |

44. Commitments and contingent liabilities

As at 30 June 2015 and 31 December 2014, significant commitments and contingent liabilities consisted of:

44.1 Commitments

(Unit: Million Baht)

| | Consolidated | | Separate | |
|--|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 June 2015 | 31 December 2014 | 30 June 2015 | 31 December 2014 |
| Aval to bills | 481 | 256 | - | - |
| Liability under unmatured import bills | 565 | 509 | - | - |
| Letter of credits | 9,188 | 4,796 | - | - |
| Other obligations | | | | |
| Committed (but not drawn) overdraft | 24,527 | 27,400 | - | - |
| Others | 21,478 | 22,951 | 1 | 1 |
| Total | 56,239 | 55,912 | 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 7 to the financial statements.

44.2 As at 30 June 2015, 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:

(Unit: Million Baht)

| Year | Consolidated | Separate |
|-------------|----------------------|----------------------|
| | financial statements | financial statements |
| | Other companies | Other companies |
| 2015 | 1,060 | 13 |
| 2016 | 1,720 | 5 |
| 2017 onward | 2,371 | 4 |

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.

44.3 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 30 June 2015, 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 amount relate to transfers of guarantee claims, for which there are pending issues with regard to proof of rights of claim or the qualification of the assets transferred under 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 30 June 2015, the transferred assets which SAM is re-examining totaling Baht 38 million of transactions 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 1,266 million, as disclosed under contingent liabilities in Note 45 to the financial statements.
- d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in FIDF's account. This deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if actual losses are incurred due to the outstanding issues described in a), b), c) and d) above. As at 30 June 2015, 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), under which claims total Baht 379 million. During the period, this case was finalised and Thanachart Bank paid compensation of Baht 346 million for the losses, which it is in the process of seeking to recover from FIDF.

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.

45. Litigation

As at 30 June 2015, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 4,347 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 1,266 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.

46. Letter of guarantees

As at 30 June 2015, the Company and its subsidiaries had letter of guarantees issued by banks on behalf of the Company and its subsidiaries, amounting approximately Baht 33 million, placed for electricity usage (separate financial statements: Baht 1 million).

47. Acquisition and disposal of investment in a subsidiary company

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.

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.

During the first quarter of 2015, the Company sold 1,750,000 ordinary shares of Siam City Life Assurance Plc. to MBK Plc. As a result, the Company's investment in Siam City Life Assurance Plc. amounts to 35,700,000 ordinary shares, representing 51 percent of its issued and paid-up share capital.

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. 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.

48.1 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.

48.2 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 30 June 2015 and 31 December 2014, financial assets and liabilities classified by types of interest rate are as follows:

| (Unit: Million Baht) | | | | |
|--|------------------------------|---------------------------|-----------------------------|---------|
| Consolidated financial statements | | | | |
| 30 June 2015 | | | | |
| Transactions | Floating interest rate | Fixed interest rate | Non- interest bearing | Total |
| <u>Financial assets</u> | | | | |
| Cash | - | - | 11,035 | 11,035 |
| Interbank and money market items | 173 | 70,817 | 8,330 | 79,320 |
| Derivatives assets | - | - | 5,225 | 5,225 |
| Investments | 1,252 | 120,408 | 7,345 | 129,005 |
| Loans to customers ⁽¹⁾ | 253,029 | 465,466 | 736 | 719,231 |
| Receivables from purchase and sale of securities | - | - | 3,894 | 3,894 |
| Other assets - receivable from clearing house | - | - | 113 | 113 |
| <u>Financial liabilities</u> | | | | |
| Deposits | 259,513 | 394,698 | 6,347 | 660,558 |
| Interbank and money market items | 12,802 | 52,657 | 1,213 | 66,672 |
| Liability payable on demand | - | - | 2,388 | 2,388 |
| Derivatives liabilities | - | - | 6,163 | 6,163 |
| Debt issued and borrowings | 61 | 86,551 | - | 86,612 |
| Payables from purchase and sale of securities | - | - | 4,428 | 4,428 |
| Other liabilities - payable to clearing house | - | - | 946 | 946 |

(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 | | | | |
|--|------------------------------|---------------------------|-----------------------------|---------|
| 31 December 2014 | | | | |
| Transactions | Floating interest rate | Fixed interest rate | Non- interest bearing | Total |
| <u>Financial assets</u> | | | | |
| 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 |
| Loans to customers ⁽¹⁾ | 261,461 | 493,259 | 988 | 755,708 |
| Receivables from purchase and sale of securities | - | - | 1,805 | 1,805 |
| Other assets - receivable from clearing house | - | - | 18 | 18 |
| <u>Financial liabilities</u> | | | | |
| Deposits | 246,803 | 443,490 | 6,656 | 696,949 |
| Interbank and money market items | 12,501 | 65,035 | 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)

| Separate financial statements | | | | |
|-------------------------------------|------------------------------|---------------------------|-----------------------------|--------|
| 30 June 2015 | | | | |
| Transactions | Floating interest rate | Fixed interest rate | Non- interest bearing | Total |
| <u>Financial assets</u> | | | | |
| Interbank and money market items | 213 | - | 9 | 222 |
| Investments | 696 | 4,141 | 269 | 5,106 |
| Loans to customers ⁽¹⁾ | 873 | 91 | 4 | 968 |
| <u>Financial liabilities</u> | | | | |
| Debt issued and borrowings | - | 13,200 | - | 13,200 |

(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 | | | |
|-----------------------------------|-------------------------------|----------|----------|--------|
| | 31 December 2014 | | | |
| | Floating | Fixed | Non- | Total |
| | interest | interest | interest | |
| | rate | rate | bearing | |
| Financial assets | | | | |
| Interbank and money market items | 11 | - | 10 | 21 |
| Investments | 708 | 4,368 | 479 | 5,555 |
| Loans to customers ⁽¹⁾ | 378 | 156 | 5 | 539 |
| Financial liabilities | | | | |
| 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.

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)

| Transactions | Consolidated financial statements | | | | | | |
|--|-----------------------------------|---------|---------|---------|--------|---------|----------------|
| | 30 June 2015 | | | | | | |
| | Repricing or maturity date | | | | | | Weighted |
| | At call | 0 - 3 | 3 - 12 | 1 - 5 | Over 5 | Total | average |
| | | months | months | years | years | | interest rates |
| | | | | | | | Percent |
| Financial assets | | | | | | | |
| Interbank and money market items | 150 | 65,824 | 3,843 | 1,000 | - | 70,817 | 2.50 - 3.14 |
| Investments | - | 4,975 | 20,209 | 86,184 | 9,040 | 120,408 | 2.81 - 4.60 |
| Loans to customers (include intercompany gain on loan transferred) | 7,421 | 36,432 | 20,664 | 303,980 | 96,969 | 465,466 | 7.37 - 8.15 |
| Financial liabilities | | | | | | | |
| Deposits | 173 | 153,965 | 217,993 | 22,567 | - | 394,698 | 2.44 |
| Interbank and money market items | 700 | 23,587 | 23,037 | 5,333 | - | 52,657 | 1.25 - 2.94 |
| Debt issued and borrowings | 1,121 | 11,111 | 19,095 | 14,578 | 40,646 | 86,551 | 4.10 - 4.81 |

(Unit: Million Baht)

| Consolidated financial statements | | | | | | | |
|--|----------------------------|--------------|---------------|-------------|--------------|---------|---------------------------------|
| 31 December 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 | | | | | | | |
| Financial assets | | | | | | | |
| 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) | 9,065 | 34,415 | 20,362 | 317,445 | 111,972 | 493,259 | 7.30 - 8.71 |
| Financial liabilities | | | | | | | |
| Deposits | 146 | 152,695 | 257,989 | 32,660 | - | 443,490 | 2.76 |
| Interbank and money market items | 549 | 46,094 | 13,473 | 4,919 | - | 65,035 | 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)

| Separate financial statements | | | | | | | |
|-------------------------------------|----------------------------|--------------|---------------|-------------|--------------|--------|---------------------------------|
| 30 June 2015 | | | | | | | |
| 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 |
| <u>Financial assets</u> | | | | | | | |
| Investments | - | - | 3,636 | 505 | - | 4,141 | 6.98 |
| Loans to customers | 91 | - | - | - | - | 91 | 7.49 |
| <u>Financial liabilities</u> | | | | | | | |
| Debt issued and borrowings | - | - | 1,500 | 3,100 | 8,600 | 13,200 | 4.56 |

(Unit: Million Baht)

| Separate financial statements | | | | | | | |
|-------------------------------------|----------------------------|--------------|---------------|-------------|--------------|--------|---------------------------------|
| 31 December 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 |
| <u>Financial assets</u> | | | | | | | |
| Investments | - | - | 3,636 | 650 | 82 | 4,368 | 7.58 |
| Loans to customers | 145 | - | - | - | 11 | 156 | 8.27 |
| <u>Financial liabilities</u> | | | | | | | |
| Debt issued and borrowings | - | - | 500 | 3,100 | 8,600 | 12,200 | 4.73 |

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 period, and the average interest rate for the six-month periods ended 30 June 2015 and 2014 can be summarised as follows:

(Unit: Million Baht)

| Consolidated financial statements | | | | | | |
|---|----------|----------|-----------|----------|----------|-----------|
| | 2015 | | | 2014 | | |
| | Average | Interest | Average | Average | Interest | Average |
| | balances | | rate | balances | | rate |
| | | | (Percent) | | | (Percent) |
| <u>Interest bearings financial assets</u> | | | | | | |
| Interbank and money market items | 52,250 | 819 | 3.13 | 44,114 | 936 | 4.24 |
| Investments and trading operations | 11,037 | 194 | 3.52 | 13,253 | 251 | 3.78 |
| Investments in debt securities | 128,381 | 1,991 | 3.10 | 129,926 | 2,220 | 3.42 |
| Loans to customers/hire purchase and financial lease | 711,644 | 21,818 | 6.13 | 763,834 | 23,417 | 6.13 |
| <u>Interest bearings financial liabilities</u> | | | | | | |
| Deposits | 666,888 | 8,607 | 2.58 | 695,603 | 10,028 | 2.88 |
| Interbank and money market items | 70,735 | 530 | 1.50 | 77,774 | 678 | 1.75 |
| Debt issued and borrowings | 89,908 | 1,883 | 4.19 | 106,503 | 2,320 | 4.36 |

(Unit: Million Baht)

| Separate financial statements | | | | | | |
|---|----------|----------|-----------|----------|----------|-----------|
| | 2015 | | | 2014 | | |
| | Average | Interest | Average | Average | Interest | Average |
| | balances | | rate | balances | | rate |
| | | | (Percent) | | | (Percent) |
| <u>Interest bearings financial assets</u> | | | | | | |
| Interbank and money market items | 126 | - | 0.23 | 3,467 | 50 | 2.88 |
| Investments and trading operations | 27 | - | 0.18 | 26 | - | 1.80 |
| Investments in debt securities | 4,923 | 147 | 5.98 | 9,009 | 235 | 5.23 |
| Loans to customers/hire purchase and financial lease | 816 | 29 | 7.34 | 18 | 3 | 8.58 |
| <u>Interest bearings financial liabilities</u> | | | | | | |
| Debt issued and borrowings | 12,771 | 294 | 4.60 | 20,700 | 499 | 4.81 |

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 30 June 2015 and 31 December 2014 can be summarised as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | | | |
|--|-----------------------------------|------|-----|------|--------|
| | 30 June 2015 | | | | |
| | US Dollar | Euro | Yen | Yuan | Others |
| <u>Foreign currency in the statements of financial position</u> | | | | | |
| Cash | 60 | 30 | 8 | 3 | 40 |
| Interbank and money market items | 3,496 | 26 | 52 | 7 | 61 |
| Investments | 8,313 | - | - | - | 1,145 |
| Loans to customers | 21,534 | 66 | 41 | - | 805 |
| Other assets | 597 | - | - | - | 2 |
| Total assets | 34,000 | 122 | 101 | 10 | 2,053 |
| Deposits | 476 | 85 | - | - | 40 |
| Interbank and money market items | 18,586 | 2 | - | - | - |
| Total liabilities | 19,062 | 87 | - | - | 40 |
| Net | 14,938 | 35 | 101 | 10 | 2,013 |
| <u>Foreign currency commitments</u> | | | | | |
| Liability under unmatured import bills | 451 | 7 | 56 | - | - |
| Letter of credits | 8,571 | 250 | 320 | - | - |
| Others commitments | 1,346 | 24 | 5 | - | 28 |

(Unit: Million Baht)

| Consolidated financial statements | | | | | |
|--|-----------|------|-----|------|--------|
| 31 December 2014 | | | | | |
| | US Dollar | Euro | Yen | Yuan | Others |
| <u>Foreign currency in the statements of financial position</u> | | | | | |
| 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 |
| Total assets | 41,045 | 722 | 137 | 20 | 1,858 |
| Deposits | 274 | 36 | 137 | - | 13 |
| Interbank and money market items | 16,899 | 1 | - | - | - |
| Total liabilities | 17,173 | 37 | 137 | - | 13 |
| Net | 23,872 | 685 | - | 20 | 1,845 |
| <u>Foreign currency commitments</u> | | | | | |
| Liability under unmatured import bills | 378 | 19 | 71 | - | 2 |
| Letter of credits | 4,418 | 48 | 215 | 8 | 5 |
| Others commitments | 873 | 26 | 5 | - | 28 |

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 | | | | | |
|---|-----------|------|-------|------|--------|
| 30 June 2015 | | | | | |
| | US Dollar | Euro | Yen | Yuan | Others |
| Foreign exchange contracts | | | | | |
| - Bought | 57,965 | 739 | 1,765 | 284 | 2,848 |
| - Sold | 64,566 | 769 | 1,859 | 290 | 3,707 |
| Cross currency and interest rate swap contracts | | | | | |
| - Bought | 5,170 | - | - | - | - |
| - Sold | 13,462 | - | - | - | 1,110 |
| Interest rate swap contracts | | | | | |
| - Bought | 66,465 | - | - | - | - |
| - Sold | 66,465 | - | - | - | - |

(Unit: Million Baht)

| | Consolidated financial statements | | | | |
|---|-----------------------------------|-------|-----|------|--------|
| | 31 December 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 | - | - | - | - |

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.

48.3 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 30 June 2015 and 31 December 2014 are as follows:

(Unit: Million Baht)

| Transactions | Consolidated financial statements | | | | |
|---|-----------------------------------|---------------------|----------------|-------------|---------|
| | 30 June 2015 | | | | |
| | At call | Less than 1 year | Over 1 year | Unspecified | Total |
| <u>Financial assets</u> | | | | | |
| Cash | 11,035 | - | - | - | 11,035 |
| Interbank and money market items | 8,653 | 69,667 | 1,000 | - | 79,320 |
| Derivatives assets | - | 5,225 | - | - | 5,225 |
| Investments | 1,272 | 34,679 | 85,754 | 7,300 | 129,005 |
| Loans to customers ⁽¹⁾ | 54,444 | 224,508 | 440,279 | - | 719,231 |
| Receivables from purchase and sale of securities | - | 3,894 | - | - | 3,894 |
| Other assets - receivable from clearing house | - | 113 | - | - | 113 |
| <u>Financial liabilities</u> | | | | | |
| Deposits | 261,929 | 374,047 | 24,582 | - | 660,558 |
| Interbank and money market items | 14,659 | 44,330 | 7,683 | - | 66,672 |
| Liability payable on demand | 2,388 | - | - | - | 2,388 |
| Derivatives liabilities | - | 6,163 | - | - | 6,163 |
| Debt issued and borrowings | 1,125 | 26,770 | 55,223 | 3,494 | 86,612 |
| Payables from purchase and sale of securities | - | 4,428 | - | - | 4,428 |
| Other liabilities - payable to clearing house | - | 946 | - | - | 946 |
| <u>Commitments</u> | | | | | |
| Aval to bill | 38 | 443 | - | - | 481 |
| Liability under unmatured import bills | 50 | 515 | - | - | 565 |
| Letter of credits | 2,277 | 6,911 | - | - | 9,188 |
| Other commitments | 38,769 | 6,390 | 846 | - | 46,005 |

(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 | | | | | |
|--|---------|---------------------|----------------|-------------|---------|
| 31 December 2014 | | | | | |
| Transactions | At call | Less than 1 year | Over 1 year | Unspecified | Total |
| <u>Financial assets</u> | | | | | |
| 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 |
| Loans to customers ⁽¹⁾ | 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 |
| <u>Financial liabilities</u> | | | | | |
| 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 |
| <u>Commitments</u> | | | | | |
| 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 | 43,507 | 6,213 | 631 | - | 50,351 |

(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 | | | | | |
|-------------------------------------|---------|---------------------|----------------|-------------|--------|
| 30 June 2015 | | | | | |
| Transactions | At call | Less than 1 year | Over 1 year | Unspecified | Total |
| <u>Financial assets</u> | | | | | |
| Interbank and money market items | 222 | - | - | - | 222 |
| Investments | 696 | - | 505 | 3,905 | 5,106 |
| Loans to customers ⁽¹⁾ | 952 | - | 16 | - | 968 |
| <u>Financial liabilities</u> | | | | | |
| Debt issued and borrowings | - | 1,500 | 11,700 | - | 13,200 |
| <u>Commitments</u> | | | | | |
| 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 | | | | | |
|-------------------------------------|---------|---------------------|----------------|-------------|--------|
| 31 December 2014 | | | | | |
| Transactions | At call | Less than 1 year | Over 1 year | Unspecified | Total |
| <u>Financial assets</u> | | | | | |
| Interbank and money market items | 21 | - | - | - | 21 |
| Investments | 708 | 1 | 730 | 4,116 | 5,555 |
| Loans to customers ⁽¹⁾ | 524 | - | 15 | - | 539 |
| <u>Financial liabilities</u> | | | | | |
| Debt issued and borrowings | - | 500 | 11,700 | - | 12,200 |
| <u>Commitments</u> | | | | | |
| Other commitments | 1 | - | - | - | 1 |

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

48.4 Fair value

As at 30 June 2015, the Company and its subsidiaries had the financial assets and financial liabilities which presented based on fair value hierarchy as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | |
|--|-----------------------------------|------------|---------|---------|---------|------------------|------------|
| | 30 June 2015 | | | | | 31 December 2014 | |
| | Book value | Fair value | | | | Book value | Fair value |
| | | Total | Level 1 | Level 2 | Level 3 | | |
| <u>Financial assets and liabilities</u> | | | | | | | |
| <u>measured at fair value</u> | | | | | | | |
| Derivatives assets | 5,144 | 5,144 | - | 5,144 | - | 4,327 | 4,327 |
| Investments | 117,694 | 117,694 | 4,518 | 113,176 | - | 145,796 | 145,796 |
| Derivatives liabilities | 5,057 | 5,057 | 2 | 5,055 | - | 4,183 | 4,183 |
| <u>Financial assets and liabilities for</u> | | | | | | | |
| <u>which fair value are disclosed</u> | | | | | | | |
| Cash | 11,035 | 11,035 | 11,035 | - | - | 16,605 | 16,605 |
| Interbank and money market items | | | | | | | |
| (assets) | 79,147 | 79,147 | 8,405 | 49,179 | 21,563 | 66,038 | 66,038 |
| Derivatives assets | 81 | 93 | - | 93 | - | 62 | 62 |
| Investments | 13,862 | 19,179 | - | 9,408 | 9,771 | 16,522 | 16,873 |
| Loans to customers | 691,099 | 696,012 | - | 319,717 | 376,295 | 727,994 | 727,994 |
| Receivables from purchase and sale | | | | | | | |
| of securities | 3,894 | 3,894 | - | 3,894 | - | 1,805 | 1,805 |
| Other assets - receivable from | | | | | | | |
| clearing house | 113 | 113 | - | 113 | - | 18 | 18 |
| Deposits | 660,558 | 660,835 | 265,860 | 394,975 | - | 696,949 | 696,949 |
| Interbank and money market items | | | | | | | |
| (liabilities) | 66,672 | 66,783 | 13,959 | 39,415 | 13,409 | 80,139 | 80,139 |
| Liability payable on demand | 2,388 | 2,388 | 2,388 | - | - | 1,655 | 1,655 |
| Derivatives liabilities | 1,106 | 1,000 | - | 1,000 | - | 1,017 | 1,017 |
| Debt issued and borrowings | 86,612 | 88,656 | - | 88,656 | - | 98,418 | 98,418 |
| Payables from purchase and sale of | | | | | | | |
| securities | 4,428 | 4,428 | - | 4,428 | - | 1,520 | 1,520 |
| Other liabilities - payable to clearing | | | | | | | |
| house | 946 | 946 | - | 946 | - | 480 | 480 |

(Unit: Million Baht)

| | | Separate financial statements | | | | | |
|--|--------|-------------------------------|------------|---------|---------|------------------|----------------------------|
| | | 30 June 2015 | | | | 31 December 2014 | |
| | | Book value | Fair value | | | | Book value Fair value |
| | | | Total | Level 1 | Level 2 | Level 3 | |
| <u>Financial assets and liabilities</u> | | | | | | | |
| <u>measured at fair value</u> | | | | | | | |
| Investments | 1,312 | 1,312 | 778 | 534 | - | 1,708 | 1,708 |
| <u>Financial assets and liabilities for</u> | | | | | | | |
| <u>which fair value are disclosed</u> | | | | | | | |
| Interbank and money market items | | | | | | | |
| (assets) | 222 | 222 | 222 | - | - | 21 | 21 |
| Investments | 4,295 | 5,128 | - | 3,636 | 1,492 | 4,332 | 4,326 |
| Loans to customers | 878 | 878 | - | 799 | 79 | 389 | 389 |
| Debt issued and borrowings | 13,200 | 13,961 | - | 13,961 | - | 12,200 | 12,200 |

Valuation techniques and inputs used for fair value measurement

- | | | |
|---|---|--|
| Cash | - | The fair value is assumed to approximate its book value in the statement of financial position. |
| Interbank and money market items (assets) | - | The fair value is assumed to approximate their book value in the statement of financial position due to their short-term nature. |
| Derivatives | - | The fair value is based on quoted market prices. When there is no observable market price, the fair value is measured using a valuation technique that uses observable inputs such as interest rates and foreign exchange rates, obtained from reliable sources and adjusted to reflect counterparty credit risk, as mentioned in Note 4.22 to the financial statements. |

Investments

- The fair value of marketable securities is based on the latest bid price of the last working day of the period.
- The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association or on other markets.
- The fair value of unit trusts is determined from their net asset value, as mentioned in Note 4.3 to the financial statements.
- The fair value of investments in non-marketable equity securities is determined using common valuation techniques such as market approach, cost approach or income approach, as well as book value or adjusted book value.
- The fair value of investments in receivables is calculated based on the present value of future cash flows expected to be derived from the sale of collateral.

Loans to customers

- The fair value of floating rate loans is assumed to approximate their book value, net of allowance for doubtful debt and allowance for debt restructuring.
- The fair value of fixed rate loans is determined by discounting the expected future cash flows at the interest rate of similar loans, net of allowance for doubtful debt and deferred revenue.
- The fair value of non-performing loans is assumed to approximate their book value, net of allowance for doubtful debt or to approximate the amount expected to be derived from their sale or to approximate the net present value of the cash flows expected to be derived from the sale of collateral.

| | |
|---|--|
| Receivables from purchase and sale securities | - The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature. |
| Receivables from and payables to clearing house | - The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature. |
| Deposits | <ul style="list-style-type: none"> - The fair value of payable on demand deposits, floating rate deposits or fixed rate deposits with no longer than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate deposits with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the Thanachart Bank's interest rate for similar deposits. |
| Interbank and money market items (liabilities) | <ul style="list-style-type: none"> - The fair value of interbank and money market items payable on demand, floating rate deposits, fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate interbank and money market items with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate of debt or the Thanachart Bank's announced interest rate for similar deposits. |
| Liabilities payable on demand | - The fair value is assumed to approximate its book value in the statement of financial position due to its short-term nature. |
| Debt issued and borrowings | - The fair value of floating rate or fixed rate debt issues and borrowings with not more than 1 year from the statement of financial position date remaining to maturity are assumed to approximate |

their book values.

- The fair value of fixed rate debt issues and borrowings with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate for similar debt.

During the current period, the Company and its subsidiaries did not transfer any items among fair value hierarchy levels.

48.5 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, as a result, the Company and its subsidiaries are able to maintain overall risk at acceptable levels.

As at 30 June 2015 and 31 December 2014, 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 | | | | | |
|--|-----------------------------------|----------------|---------|---------------------|----------------|---------|
| | 30 June 2015 | | | 31 December 2014 | | |
| | Less than 1 year | Over 1 year | Total | Less than 1 year | Over 1 year | Total |
| Foreign exchange contracts | | | | | | |
| - Bought | 63,601 | - | 63,601 | 35,521 | - | 35,521 |
| - Sold | 71,191 | - | 71,191 | 49,751 | - | 49,751 |
| Cross currency and interest rate swap contracts | | | | | | |
| - Bought | 1,079 | 4,091 | 5,170 | - | 2,463 | 2,463 |
| - Sold | 2,358 | 12,214 | 14,572 | - | 14,180 | 14,180 |
| Interest rate swap contracts | | | | | | |
| - Paid fixed interest rate | 46,110 | 139,753 | 185,863 | 62,552 | 130,625 | 193,177 |
| - Paid floating interest rate | 41,203 | 140,866 | 182,069 | 46,647 | 128,460 | 175,107 |
| - Received fixed interest rate | 41,203 | 139,866 | 181,069 | 46,647 | 127,460 | 174,107 |
| - Received floating interest rate | 46,110 | 140,753 | 186,863 | 62,552 | 131,625 | 194,177 |
| Future contracts | | | | | | |
| - Bought | - | - | - | 8 | - | 8 |
| - Sold | 110 | - | 110 | 237 | - | 237 |
| Derivative warrant contracts | | | | | | |
| - Bought | - | - | - | - | - | - |
| - Sold | 12 | - | 12 | 17 | - | 17 |
| Other | | | | | | |
| - Sold | 27 | - | 27 | 37 | - | 37 |

49. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 24 August 2015.