

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
31 March 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thanachart Capital Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Thanachart Capital Public Company Limited and its subsidiaries as at 31 March 2016, the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Thanachart Capital Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, 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 the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Emphasis of matter

I draw attention to Note 2.6 to the financial statements regarding the change in accounting policy on the measurement of land, from cost method to revaluation method. My conclusion is not qualified in respect of this matter.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 9 May 2016

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2016

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2016	2015	2016	2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash		10,061,044	13,337,367	15	-
Interbank and money market items - net		84,894,746	58,138,243	31,816	24,515
Derivatives assets	3	5,971,825	5,446,810	-	-
Investments - net	4	174,011,961	184,561,830	2,922,673	2,711,809
Investments in subsidiary and associated companies - net	5	2,711,910	2,352,901	33,888,940	33,888,940
Loans to customers and accrued interest receivables	6				
Loans to customers		749,583,522	765,167,097	1,149,250	1,165,322
Accrued interest receivables		684,810	666,969	1	1
Total loans to customers and accrued interest receivables		750,268,332	765,834,066	1,149,251	1,165,323
Less: Deferred revenue		(48,932,315)	(50,539,098)	(2,573)	(2,619)
Allowance for doubtful accounts	7	(25,420,223)	(26,240,283)	(89,890)	(90,455)
Revaluation allowance for debt restructuring	8	(2,906)	(4,080)	-	-
Net loans to customers and accrued interest receivables		675,912,888	689,050,605	1,056,788	1,072,249
Customers' liability under acceptances		6,544	9,944	-	-
Property foreclosed - net		6,053,144	6,333,674	734,616	752,634
Land, premises and equipment - net	10	9,456,403	8,046,760	34,177	35,331
Intangible assets - net		2,936,605	3,010,856	1,101	1,084
Goodwill		17,265,124	17,207,128	-	-
Deferred tax assets		1,134,387	1,174,867	47,656	54,751
Receivables from purchase and sale of securities		2,538,249	912,328	-	-
Accrued interest and dividend receivables		913,043	1,094,012	142,583	682,250
Other assets - net	11	6,256,603	6,903,518	103,206	94,576
Total assets		1,000,124,476	997,580,843	38,963,571	39,318,139

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2016

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2016	2015	2016	2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and equity					
Deposits		679,037,567	669,454,481	-	-
Interbank and money market items	12	73,787,857	85,600,192	-	-
Liability payable on demand		2,355,976	2,201,580	-	-
Derivatives liabilities	3	7,096,448	6,757,528	-	-
Debts issued and borrowings	13	81,340,848	84,928,883	13,200,000	13,700,000
Bank's liability under acceptances		6,544	9,944	-	-
Provisions	14	3,342,366	3,350,858	74,408	48,755
Deferred tax liabilities		1,495,079	1,023,679	-	-
Accrued interest payables		3,615,156	3,064,362	205,706	103,070
Insurance contracts liabilities	15	14,822,583	14,594,566	-	-
Other liabilities	16	16,684,927	15,271,660	98,502	99,536
Total liabilities		883,585,351	886,257,733	13,578,616	13,951,361

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2016

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2016	2015	2016	2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Equity					
Share capital	17				
Registered, issued and paid-up					
13,216 preferred shares of Baht 10 each					
(31 December 2015: 13,276 preferred shares					
of Baht 10 each)		132	133	132	133
1,277,816,487 common shares of Baht 10 each					
(31 December 2015: 1,277,816,427 common shares					
of Baht 10 each)		12,778,165	12,778,164	12,778,165	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	18	3,250,657	1,920,203	488,404	461,190
Retained earnings					
Appropriated - statutory reserve		1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		4,798,369	4,798,369	4,798,369	4,798,369
Unappropriated		35,818,424	34,466,039	8,609,037	8,618,074
Less: Treasury shares - common shares	17	(4,798,369)	(4,798,369)	(4,798,369)	(4,798,369)
Equity attributable to owners of the Company		55,356,595	52,673,756	25,384,955	25,366,778
Non-controlling interests		61,182,530	58,649,354	-	-
Total equity		116,539,125	111,323,110	25,384,955	25,366,778
Total liabilities and equity		1,000,124,476	997,580,843	38,963,571	39,318,139

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

Directors

Statement of comprehensive income

For the three-month period ended 31 March 2016

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

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2016	2015	2016	2015
Profit or loss					
Interest income	20	11,648,516	12,594,637	22,371	88,611
Interest expenses	21	(4,693,638)	(5,723,057)	(149,302)	(145,246)
Net interest income		6,954,878	6,871,580	(126,931)	(56,635)
Fees and service income		2,006,014	2,055,095	73	101
Fees and service expenses		(714,669)	(689,220)	(32)	(83)
Net fees and service income	22	1,291,345	1,365,875	41	18
Gains on trading and foreign exchange transactions	23	328,475	256,008	-	815
Gains on investments	24	516,834	677,648	3,100	23,651
Share of profit from investments accounted for					
under equity method		108,647	73,277	-	-
Insurance/Life insurance income		1,645,725	1,657,744	-	-
Dividend income		56,859	70,333	140,048	656,371
Other operating income		315,365	316,106	20,519	16,581
Total operating income		11,218,128	11,288,571	36,777	640,801
Insurance expenses		(1,315,245)	(1,162,772)	-	-
Net operating income		9,902,883	10,125,799	36,777	640,801
Other operating expenses					
Employee's expenses		2,864,601	2,797,870	29,938	31,415
Directors' remuneration		9,752	9,294	3,315	3,001
Premises and equipment expenses		755,296	710,422	5,111	4,912
Taxes and duties		199,887	221,956	521	640
Other expenses		1,304,973	1,370,758	31,672	41,913
Total other operating expenses		5,134,509	5,110,300	70,557	81,881
Impairment loss of loans and debt securities (reversal)	25	1,767,020	1,647,497	(25,034)	1,966
Profit (loss) before income tax		3,001,354	3,368,002	(8,746)	556,954
Income tax	26	(185,838)	(688,352)	(291)	4,211
Profit (loss) for the period		2,815,516	2,679,650	(9,037)	561,165

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

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2016

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Other comprehensive income	27				
<i>Transactions will be reclassified subsequently to profit or loss</i>					
Gains (losses) on change in value of					
available-for-sale investments		965,233	(25,711)	34,018	(21,510)
Share of other comprehensive income (loss) of an associate		(26,417)	1,317	-	-
Income tax relating to components of					
other comprehensive income (loss)		(191,598)	5,323	(6,804)	4,302
		<u>747,218</u>	<u>(19,071)</u>	<u>27,214</u>	<u>(17,208)</u>
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Surplus on revaluation on assets	2.6	1,605,508	-	-	-
Share of other comprehensive income of an associate		400,651	-	-	-
Income tax relating to components of					
other comprehensive income		(341,038)	-	-	-
		<u>1,665,121</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive income (loss)		<u>2,412,339</u>	<u>(19,071)</u>	<u>27,214</u>	<u>(17,208)</u>
Total comprehensive income		<u>5,227,855</u>	<u>2,660,579</u>	<u>18,177</u>	<u>543,957</u>
Profit (loss) attributable to					
The Company		1,350,500	1,331,508	(9,037)	561,165
Non-controlling interests		1,465,016	1,348,142	-	-
		<u>2,815,516</u>	<u>2,679,650</u>	<u>(9,037)</u>	<u>561,165</u>
Total comprehensive income attributable to					
The Company		2,682,839	1,312,390	18,177	543,957
Non-controlling interests		2,545,016	1,348,189	-	-
		<u>5,227,855</u>	<u>2,660,579</u>	<u>18,177</u>	<u>543,957</u>
Earnings per share of the Company	28				
Basic earnings per share (Baht per share)		1.16	1.10	(0.01)	0.47
Diluted earnings per share (Baht per share)		1.16	1.10	(0.01)	0.47

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

Statements of cash flows

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (loss) before income tax	3,001,354	3,368,002	(8,746)	556,954
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Share of profit from investments				
accounted for under equity method	(108,647)	(73,277)	-	-
Depreciation and amortisation	390,373	373,828	4,501	4,838
Impairment loss of loans and debt securities (reversal)	1,767,020	1,647,497	(25,034)	1,966
Increase (decrease) in provisions	146,804	367,714	25,653	(5,280)
Increase (decrease) in allowance for impairment of property foreclosed	180,957	38,749	(834)	26,909
Increase (decrease) in allowance for impairment of equipment/other assets	(60,055)	7,631	38	(76)
Loss from revaluation of land	13,640	-	-	-
Unrealised gain from change in value of investments/ decrease in allowance for impairment of investments	(122,097)	(34,432)	-	(10,785)
Unrealised loss on exchange	114,112	195,635	-	-
Loss (gain) on disposal of land, premises and equipment	17,448	(3,317)	-	(17)
Decrease (increase) in accrued other income receivable	482,573	385,348	(5,179)	(7,087)
	5,823,482	6,273,378	(9,601)	567,422
Net interest income	(6,954,878)	(6,871,580)	126,931	56,635
Dividend income	(56,859)	(70,333)	(140,048)	(656,371)
Cash received from interest on operating activities	10,782,770	11,612,028	18,076	14,142
Cash paid for interest on operating activities	(4,242,029)	(4,901,056)	-	-
Cash paid for income tax	(77,103)	(67,785)	(781)	(453)
Income from operating activities before				
 changes in operating assets and liabilities (loss)	5,275,383	5,974,652	(5,423)	(18,625)

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

Statements of cash flows (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	(26,813,806)	(3,425,557)	(7,283)	401
Derivative assets	1,320,114	481,734	-	-
Investments in trading securities	1,800,561	888,838	-	(45,498)
Loans to customers	9,645,607	20,670,392	16,125	(488,613)
Property foreclosed	1,383,324	1,981,174	18,852	(113)
Receivables from purchase and sale of securities	(1,625,921)	(827,481)	-	-
Other assets	94,498	(911,621)	(5,906)	(3,618)
Increase (decrease) in operating liabilities				
Deposits	9,583,086	(23,196,918)	-	-
Interbank and money market items	(11,447,165)	(11,719,268)	-	55
Liability payable on demand	154,396	2,305,334	-	-
Derivatives liabilities	(1,278,734)	(497,404)	-	-
Payable from purchase and sales of securities	3,885,208	2,062,100	-	-
Insurance contract liabilities	228,017	88,050	-	-
Other liabilities	(1,822,039)	(1,826,787)	(1,083)	2,285
Net cash flows from (used in) operating activities	(9,617,471)	(7,952,762)	15,282	(553,726)
Cash flows from investing activities				
Decrease (increase) in investments in securities	9,676,542	10,046,377	(152,432)	(508,049)
Cash received from interest	1,168,288	1,201,558	2,283	6,455
Cash received from dividend	17,598	11,383	681,665	585,114
Cash received from disposal of investment in a subsidiary company	-	-	-	22,529
Cash paid for purchase of land, premises and equipment/ intangible assets	(240,242)	(114,947)	(635)	(616)
Cash received from disposal of land, premises and equipment	61,594	3,634	-	31
Net cash flows from investing activities	10,683,780	11,148,005	530,881	105,464

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

Thanachart Capital Public Company Limited and its subsidiaries

(Unaudited but reviewed)

Statements of cash flows (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash flows from financing activities				
Cash received from debts issued and borrowings	7,148,182	19,962,000	-	500,000
Cash paid for debts issued and borrowings	(10,736,217)	(26,343,295)	(500,000)	-
Cash paid for interest expenses on debt issued and borrowings	(742,757)	(947,156)	(46,148)	(34,683)
Cash paid for capital return to non-controlling interests of a subsidiary company	-	(317)	-	-
Cash paid for treasury shares	-	(17,040)	-	(17,040)
Cash paid for dividend to non-controlling interests	(11,840)	-	-	-
Net cash flows from (used in) financing activities	(4,342,632)	(7,345,808)	(546,148)	448,277
Net increase (decrease) in cash	(3,276,323)	(4,150,565)	15	15
Cash at beginning of the period	13,337,367	16,605,432	-	-
Cash at end of the period	10,061,044	12,454,867	15	15

Supplemental cash flows information

Non-cash transactions

Property foreclosed transferred from loans to customers, and investments in receivables purchased	1,283,752	1,542,884	-	-
Bad debt written off/hair-cut loans from debt restructuring	2,449,705	1,417,794	-	-
Payable from purchase of assets	70,244	35,787	111	-

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity

For the three-month period ended 31 March 2016

(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 share	Share premium of a subsidiary	Amount by which the value of investment in subsidiary lower than attributable net book value			Revaluation surplus on investments - net	Revaluation surplus on assets	Share of other comprehensive income of associate	Retained earnings			Treasury shares	Non-controlling interests	Total
						Appropriated		Unappropriated									
	Preferred shares	Common shares	Statutory reserve	Treasury shares reserve													
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	-	-	-	-	-	-	-	-	-	-	-	(10,632)	-	(10,232)	(20,864)		
Increase in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	22,183	22,183		
Cash payment for treasury shares (Note 17)	-	-	-	-	-	-	-	-	-	-	-	-	(17,040)	-	(17,040)		
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	-	17,040	(17,040)	-	-	-		
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,331,508	-	1,348,142	2,679,650		
Other comprehensive income for the period (loss)	-	-	-	-	-	-	(20,080)	-	962	-	-	-	-	47	(19,071)		
Balance as at 31 March 2015	133	12,778,164	2,065,645	165,742	775,814	226,460	1,479,876	-	15,177	1,277,830	3,415,495	33,852,873	(3,415,495)	54,282,761	106,920,475		
Balance as at 1 January 2016	133	12,778,164	2,065,645	165,742	775,814	226,460	933,217	-	(15,288)	1,277,830	4,798,369	34,466,039	(4,798,369)	58,649,354	111,323,110		
Conversion of preferred shares to ordinary shares (Note 17)	(1)	1	-	-	-	-	-	-	-	-	-	-	-	-	-		
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,840)	(11,840)		
Transfer to retained earnings	-	-	-	-	-	-	-	(1,885)	-	-	-	1,885	-	-	-		
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,350,500	-	1,465,016	2,815,516		
Other comprehensive income for the period	-	-	-	-	-	-	406,460	654,482	271,397	-	-	-	-	1,080,000	2,412,339		
Balance as at 31 March 2016	132	12,778,165	2,065,645	165,742	775,814	226,460	1,339,677	652,597	256,109	1,277,830	4,798,369	35,818,424	(4,798,369)	61,182,530	116,539,125		

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the three-month period ended 31 March 2016

(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 share	surplus on	Statutory	Treasury shares			
					investments - net	reserve	reserve	Unappropriated	Treasury shares	Total
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
Cash payment for treasury shares (Note 17)	-	-	-	-	-	-	-	-	(17,040)	(17,040)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	17,040	(17,040)	-	-
Profit for the period	-	-	-	-	-	-	-	561,165	-	561,165
Other comprehensive income for the period (loss)	-	-	-	-	(17,208)	-	-	-	-	(17,208)
Balance as at 31 March 2015	133	12,778,164	2,065,645	165,742	469,594	1,277,830	3,415,495	10,388,911	(3,415,495)	27,146,019
Balance as at 1 January 2016	133	12,778,164	2,065,645	165,742	461,190	1,277,830	4,798,369	8,618,074	(4,798,369)	25,366,778
Conversion of preferred shares to ordinary shares (Note 17)	(1)	1	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	-	(9,037)	-	(9,037)
Other comprehensive income for the period	-	-	-	-	27,214	-	-	-	-	27,214
Balance as at 31 March 2016	132	12,778,165	2,065,645	165,742	488,404	1,277,830	4,798,369	8,609,037	(4,798,369)	25,384,955

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 three-month period ended 31 March 2016

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 financial statements

2.1 Basis of preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in equity, and cash flows in the same format as that used for the annual financial statements, which are in accordance with the Bank of Thailand (“BOT”)’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 4 December 2015.

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

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

2.2 Basis of preparation of the interim consolidated financial statements

- a) The interim consolidated financial statements were prepared on the same basis as the consolidated financial statements for the year ended 31 December 2015, and there were no changes in shareholding structure during this period. Therefore, the interim consolidated financial statements included the financial statements of the Company and the following subsidiary companies.

	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
<u>Subsidiaries directly held by the Company</u>				
Thanachart Bank Plc.	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	100.00	100.00	-	-
Max Asset Management Co., Ltd.	83.44	83.44	-	-
NASSET Property Fund 6	99.80	99.80	0.06	0.06
Siam City Life Assurance Plc.	51.00	51.00	-	-
<u>Subsidiaries indirectly held by the Company</u>				
Thanachart Securities Plc.	-	-	100.00	100.00
Thanachart Insurance Plc.	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	-	-	100.00	100.00
TS Asset Management Co., Ltd.	-	-	100.00	100.00
Ratchthani Leasing Plc.	-	-	65.18	65.18
National Leasing Co., Ltd.	-	-	100.00	100.00
SCIB Service Co., Ltd.	-	-	100.00	100.00

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 31 March 2016 and 31 December 2015 and for the three-month periods ended 31 March 2016 and 2015, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income	
			for the three-month	
	31 March	31 December	periods ended 31 March	
	2016	2015	2016	2015
Thanachart Bank Plc.	928,325	929,037	7,902	8,111
Siam City Life Assurance Plc.	10,796	10,491	(60)	33
Thanachart Insurance Plc.	10,869	10,676	766	808
Thanachart Securities Plc.	8,688	7,139	432	518
TS Asset Management Co., Ltd.	3,721	4,295	118	120
Ratchthani Leasing Plc.	29,982	28,848	461	413
NFS Asset Management Co., Ltd.	1,590	1,604	2	24

- c) 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.

2.3 The separate financial statements present investments in subsidiary and associated companies under the cost method.

2.4 Financial reporting standards that became effective in the current accounting period

During the current period, the Company and its subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which became effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, 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:

TFRS 4 (Revised 2015) Insurance Contracts

The objective of Thai Financial Reporting Standard No. 4 (TFRS 4) is to specify the financial reporting for insurance contracts (including reinsurance contracts) issued by any entity and the reinsurance contracts held by an entity, and to provide limited amendments in accounting for insurance contracts until the second phase of the project on the financial reporting standard regarding insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. It also requires insurers to test for the adequacy of recognised insurance contract liabilities and perform an impairment test for reinsurance assets. Moreover, this standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

The management of the Company and its subsidiaries assesses and believes that this financial reporting standard does not have any significant impact on the Company and its subsidiaries' financial statements.

2.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in Note 2.4 to the financial statements, and the following change in the accounting policy for land, premises and equipment:

Land, premises and equipment

The Company and its subsidiaries initially record land at its cost on the acquisition date, and subsequently have it revalued by an independent professional appraiser, and state it at the revalued amount. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.

When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The Company and its subsidiaries derecognise the revaluation surplus on an asset upon disposal or when no future economic benefits are expected from its use or disposal. The revaluation surplus remaining upon derecognition is transferred directly to retained earnings.

2.6 Change in accounting policy relating to the valuation of land from cost method to revaluation method.

During the period, the Company and its subsidiaries reviewed and changed their accounting policy for recording the value of land from the cost method to the revaluation method, under which value is the fair value of the asset at the valuation date appraised by an independent professional appraiser.

In making the changes in accounting policy described in Note 2.5 to the financial statements, the Company and its subsidiaries adopted TAS 8. This is considered to be a revaluation of assets in accordance with TAS 16 Property, Plant and Equipment, which does not require the change to be applied retroactively. Therefore, the Company and its subsidiaries have applied the change prospectively.

The amounts of adjustments affecting the consolidated statements of financial position as at 31 March 2016 and the consolidated statements of comprehensive income for the three-month period then ended are as follows.

(Unit: Million Baht)

31 March 2016

The consolidated statements of financial position:

Increase in investment in an associated company	398
Increase in land, premises and equipment	1,587
Increase in deferred income tax liabilities	337
Increase in non-controlling interests in subsidiaries companies	710
Decrease in retained earnings - unappropriated	(7)
Increase in other components of equity	945

(Unit: Million Baht)

For the three-month
period ended
31 March 2016

The consolidated statements of comprehensive income:**Profit or loss**

Increase in premises and equipment expenses	14
Decrease in share of profit from investments accounted for under equity method	(2)
Decrease in income tax	(3)
Decrease in non-controlling interests in subsidiaries companies	(6)
Decrease in profit attributable to the company	(7)

Other comprehensive income

Increase in revaluation surplus on assets	1,606
Increase in share of other comprehensive income of an associate	400
Increase in income tax relating to components of other comprehensive income (loss)	341

Earnings per share of the Company

Basic earnings per share (Baht per share)	(0.006)
Diluted earnings per share (Baht per share)	(0.006)

3. Derivatives

As at 31 March 2016 and 31 December 2015, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), are classified by type of risk as follows:

(Unit: Million Baht)

Types of risk	Consolidated financial statements					
	31 March 2016			31 December 2015		
	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	782	709	107,043	1,282	1,160	86,309
Derivatives for banking book	67	53	8,673	3	56	4,661
Interest rate						
Derivatives for trading	4,904	4,888	318,000	3,749	3,712	345,178
Derivatives for banking book	-	-	2,000	-	-	3,000
Foreign exchange rate and interest rate						
Derivatives for trading	219	207	8,452	395	342	8,570
Derivatives for banking book	-	1,235	10,719	18	1,484	11,129
Others						
Derivatives for trading	-	4	540	-	4	432
Total	5,972	7,096	455,427	5,447	6,758	459,279

* 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.

4. Investments

4.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	31 March 2016		31 December 2015		31 March 2016		31 December 2015	
	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	4,089	4,116	6,251	6,286	-	-	-	-
Private debt securities	3,685	4,052	3,542	3,785	-	-	-	-
Domestic marketable								
equity securities	328	330	109	105	-	-	-	-
	8,102	8,498	9,902	10,176	-	-	-	-
Add: Allowance for change								
in value	396		274		-		-	
Net	8,498		10,176		-		-	
Available-for-sale securities								
Government and state								
enterprises securities	113,251	113,994	117,806	118,341	-	-	280	280
Private debt securities	20,594	21,530	26,082	26,832	447	466	447	463
Foreign debt securities	9,619	9,731	10,006	10,068	-	-	-	-
Domestic marketable								
equity securities	4,318	5,255	4,341	4,762	281	868	261	821
Unit trusts	939	944	524	524	929	933	514	514
	148,721	151,454	158,759	160,527	1,657	2,267	1,502	2,078
Add: Allowance for change								
in value	2,733		1,768		610		576	
Net	151,454		160,527		2,267		2,078	

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	31 March 2016		31 December 2015		31 March 2016		31 December 2015	
	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	8,675	8,820	8,666	8,852	-	-	-	-
Private debt securities	605	656	205	247	-	-	-	-
Investment in receivables purchased	1,196	2,182	1,199	2,189	691	1,123	694	1,131
	10,476	11,658	10,070	11,288	691	1,123	694	1,131
Less: Allowance for impairment	(208)		(233)		(86)		(111)	
Net	10,268		9,837		605		583	
General investment								
Domestic non-marketable equity securities	3,831		3,831		76		76	
Foreign non-marketable equity securities	39		39		-		-	
Unit trusts	24		254		-		-	
	3,894		4,124		76		76	
Less: Allowance for impairment	(102)		(102)		(25)		(25)	
Net	3,792		4,022		51		51	
Total investments - net	174,012		184,562		2,923		2,712	

4.2 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 31 March 2016 and 31 December 2015 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	31 March 2016	2015	31 March 2016	2015
Investments in receivables purchased	1,196	1,199	691	694
Less: Allowance for impairment	(208)	(233)	(86)	(111)
Investments in receivables purchased - net	988	966	605	583

31 March 2016				31 December 2015			
Number	Balance			Number	Balance		
of	per	Purchase		of	per	Purchase	
debtors	agreement	price	Yield	debtors	agreement	price	Yield
	Million	Million	Percent		Million	Million	Percent
	Baht	Baht			Baht	Baht	

Consolidated financial statements

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	324	8,627	1,196		325	8,632	1,199	

Separate financial statements

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	198	4,838	691		199	4,842	694	

During the three-month periods ended 31 March 2016 and 2015, the Company and its subsidiaries have entered into debt restructuring agreements with its investments in receivables purchased, by means of various types of restructuring, as summarised below.

Consolidated financial statements			
For the three-month periods ended 31 March			
Type of restructuring	Number of debtors	Outstanding	Outstanding
		balances before	balances after
		restructuring	restructuring
		Million Baht	Million Baht
<u>2016</u>			
Modification of repayment conditions	1	-	-
Total	1	-	-
<u>2015</u>			
Modification of repayment conditions	3	3	3
Total	3	3	3
Separate financial statements			
For the three-month periods ended 31 March			
Type of restructuring	Number of debtors	Outstanding	Outstanding
		balances before	balances after
		restructuring	restructuring
		Million Baht	Million Baht
<u>2016</u>			
Modification of repayment conditions	1	-	-
Total	1	-	-
<u>2015</u>			
Modification of repayment conditions	3	3	3
Total	3	3	3

Counting from the end of the period, the remaining periods to maturity of receivables of the Company and its subsidiaries that were restructured during the three-month periods ended 31 March 2016 and 2015 are as summarised below:

Consolidated financial statements				
For the three-month periods ended 31 March				
Periods	2016		2015	
	Number of receivables	Outstanding balances after restructuring	Number of receivables	Outstanding balances after restructuring
		Million Baht		Million Baht
Due within the year	1	-	3	3
Total	1	-	3	3

Separate financial statements				
For the three-month periods ended 31 March				
Periods	2016		2015	
	Number of receivables	Outstanding balances after restructuring	Number of receivables	Outstanding balances after restructuring
		Million Baht		Million Baht
Due within the year	1	-	3	3
Total	1	-	3	3

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 31 March 2016 and 31 December 2015, there were no outstanding restructured receivables in the investments in receivables purchased account.

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

As at 31 March 2016 and 31 December 2015, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, summarised below.

Consolidated financial statements							
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Investments in receivables purchased</u>							
1. Closed financial institutions	6	6	-	-	-	-	-
2. Companies which have loan settlement problems or have defaulted on the repayment	127	127	927	929	1,425	1,429	154 155

Separate financial statements								
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts		
31	31	31	31	31	31	31	31	
March	December	March	December	March	December	March	December	
2016	2015	2016	2015	2016	2015	2016	2015	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
<u>Investments in receivables purchased</u>								
1. Companies which have loan settlement problems or have defaulted on the repayment	68	68	534	537	914	918	59	59

5. Investments in subsidiary and associated companies

5.1 Separate financial statements

As at 31 March 2016 and 31 December 2015, investments in subsidiary and associated companies in the separate financial statements stated under the cost method consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding (Percent)		Value of investment under the cost method		Dividend income for the three-month periods ended	
	31	31	31	31	31	31	31 March	
	March	December	March	December	March	December		
	2016	2015	2016	2015	2016	2015	2016	2015
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	60,649	60,649	50.96	50.96	31,866	31,866	-	-
NFS Asset Management Co., Ltd.	700	700	100.00	100.00	700	700	-	585
Siam City Life Assurance Plc.	700	700	51.00	51.00	460	460	-	-
Max Asset Management Co., Ltd.	143	143	83.44	83.44	117	117	60	-
NASSET Property Fund 6	121	121	99.80	99.80	88	88	-	-
<u>Associated company</u>								
MBK Plc.	1,886	1,886	10.00	10.00	658	658	62	57
Total investments in subsidiary and associated companies					33,889	33,889	122	642

5.2 Consolidated financial statements

As at 31 March 2016 and 31 December 2015, investment in an associated company, which presented under the equity method, in the consolidated financial statements 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 three-month periods ended		Share of profit for the three-month periods ended		Share of other comprehensive income for the three-month periods ended	
	31	31	31	31	Cost method		Equity method		for the three-month periods ended		for the three-month periods ended		for the three-month periods ended	
	March	December	March	December	March	December	March	December	31 March		31 March		31 March	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
MBK Plc. (operating in property rental, hotel and services businesses)	1,886	1,886	19.90	19.90	948	948	2,712	2,353	124	113	109	73	374	1
Total investment in an associated company					948	948	2,712	2,353	124	113	109	73	374	1

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.

5.3 Summarised financial information of an associated company

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

(Unit: Million Baht)

Paid-up share capital		Total assets		Total liabilities		Total income for the		Profit for the		Other comprehensive	
						three-month		three-month		income for the	
						periods ended		periods ended		three-month	
						31 December		31 December ⁽¹⁾		31 December ⁽²⁾	
December	September	December	September	December	September	2015	2014	2015	2014	2015	2014
2015	2015	2015	2015	2015	2015	2015	2014	2015	2014	2015	2014
1,886	1,886	40,472	39,487	22,593	22,173	4,103	2,702	555	369	376	(528)

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

(2) Other comprehensive income for the three-month period ended 31 December 2015 of an associated company before adjusting for significant other comprehensive income for the three-month period ended 31 March 2016

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 three-month period ended 31 March 2016 was determined based on financial statements that were prepared with reference to financial statements for the three-month period ended 31 December 2015 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies and the effect of significant accounting transaction that occurred during for the three-month period ended 31 March 2016 by the Company's management.

- b) Fair value of investment in an associated company

As at 31 March 2016 and 31 December 2015, 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	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
MBK Plc.	5,555	5,293	2,791	2,659

6. Loans to customers and accrued interest receivables**6.1 Classified by loan type**

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
<u>Loans to customers</u>				
Overdrafts	17,203	18,294	-	-
Loans	266,012	271,375	108	116
Notes receivables	55,823	54,892	986	994
Hire purchase receivables	405,094	415,334	56	56
Financial lease receivables	1,445	1,463	-	-
Others	245	351	-	-
Less: Deferred revenues	(48,932)	(50,539)	(3)	(3)
Total loans to customers net of deferred revenues	696,890	711,170	1,147	1,163
Add: Accrued interest receivables	685	667	-	-
Total loans to customers and accrued interest				
receivables net of deferred revenues	697,575	711,837	1,147	1,163
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(15,042)	(16,070)	(90)	(91)
- Collective approach	(8,076)	(8,555)	-	-
2) Excess provision	(2,189)	(1,502)	-	-
Less: Revaluation allowance for debt restructuring	(3)	(4)	-	-
Loans to customers and accrued interest				
receivables - net	672,265	685,706	1,057	1,072
<u>Securities business receivables</u>				
Credit balances receivables	3,634	3,336	-	-
Other receivables	127	122	-	-
Total securities business receivables	3,761	3,458	-	-
Less: Allowance for doubtful accounts	(113)	(113)	-	-
Securities business receivables - net	3,648	3,345	-	-
Total loans to customers and accrued interest				
receivables - net	675,913	689,051	1,057	1,072

6.2 Non-performing loans

As at 31 March 2016 and 31 December 2015, 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	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Non-performing loans (excluding accrued interest receivables)				
The Company	159	160	159	160
Banking business	15,129	15,957	-	-
Securities business	113	113	-	-
Asset management business	4,663	4,932	-	-

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	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
The Company	159	160	159	160
Banking business	15,465	16,940	-	-
Securities business	113	113	-	-

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.

6.3 Debt restructuring

During the three-month periods ended 31 March 2016 and 2015, the Company and its subsidiaries (banking, asset management and securities businesses) have entered into debt restructuring agreements with their debtors as follows:

	Consolidated financial statements				
	For the three-month periods ended 31 March				
Type of restructuring	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
<u>2016</u>					
Modification of repayment conditions	635	583	582		
Transfer of assets and/or common shares and/or modification of repayment conditions	5	24	18	Land and premise thereon	18
Total	640	607	600		
<u>2015</u>					
Modification of repayment conditions	507	763	720		
Transfer of assets and/or common shares and/or modification of repayment conditions	6	145	145	Land and premise thereon	36
Total	513	908	865		

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

Type of restructuring	Separate financial statements		
	For the three-month periods ended 31 March		
	Number of debtors	Outstanding balances before restructuring ⁽¹⁾	Outstanding balances after restructuring ⁽¹⁾
		Million Baht	Million Baht
<u>2016</u>			
Modification of repayment conditions	-	-	-
Total	-	-	-
<u>2015</u>			
Modification of repayment conditions	5	3	3
Total	5	3	3

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

Counting from the end of the period, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the three-month periods ended 31 March 2016 and 2015, are summarised below.

Consolidated financial statements				
For the three-month periods ended 31 March				
	2016		2015	
Periods	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	123	50	89	74
Due within the year	43	240	86	391
Less than 5 years	351	77	143	72
5 - 10 years	66	109	162	140
10 - 15 years	10	16	19	132
Over 15 years	47	108	14	56
Total	640	600	513	865

Separate financial statements				
For the three-month periods ended 31 March				
	2016		2015	
Periods	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Due within the year	-	-	5	3
Total	-	-	5	3

Supplemental information for the three-month periods ended 31 March 2016 and 2015 relating to restructured loans is as follows:

(Unit: Million Baht)			
Consolidated financial statements		Separate financial statements	
	2016	2015	
Interest income recognised in the statements of comprehensive income	263	313	6
Gain on debt settlement/disposal	10	4	2
Cash repayment from receivables	1,161	2,133	16
Property foreclosed received for debts settlement	23	42	-

As at 31 March 2016 and 31 December 2015, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables					
	Number of receivables		Outstanding balances		Outstanding balances, net of collateral	
	31	31	31	31	31	31
	March	December	March	December	March	December
	2016	2015	2016	2015	2016	2015
			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	16	17	93	101	14	13
Thanachart Bank Plc.	18,806	20,756	10,672	11,196	3,917	4,668
Thanachart Securities Plc.	1	1	7	7	7	7
TS Asset Management Co., Ltd.	537	564	4,873	5,316	3,246	3,249
Other subsidiaries	142	141	405	409	133	134

6.4 Classified by classification

As at 31 March 2016 and 31 December 2015, 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⁾					
	31 March 2016			31 December 2015		
	Net balance			Net balance		
	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts ⁽²⁾	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts ⁽²⁾
Normal	617,205	415,321	7,594	629,494	424,401	8,101
Special mention	28,922	26,537	3,150	30,993	27,994	3,524
Substandard	3,890	2,238	1,452	4,119	2,725	1,819
Doubtful	3,029	1,909	1,059	3,336	2,441	1,352
Doubtful of loss	13,045	8,510	8,134	13,595	8,972	8,096
Total	666,091	454,515	21,389	681,537	466,533	22,892
Additional allowance for possible uncollectible accounts			2,189			1,502
Total			23,578			24,394

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

(2) As at 31 March 2016, 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 9,722 million (31 December 2015: Baht 9,681 million). The Company and subsidiary companies allocated Baht 7,533 million (31 December 2015: Baht 8,179 million) of the excess provision to a specific provision for an individual debtor and so combined with the minimum provision requirement of Baht 13,856 million (31 December 2015: Baht 14,713 million), the total provision set aside in accordance with BOT requirements is Baht 21,389 million (31 December 2015: Baht 22,892 million).

(Unit: Million Baht)

Separate financial statements						
	31 March 2016			31 December 2015		
	Net balance			Net balance		
	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts
Normal	987	979	10	1,003	986	10
Special mention	1	-	-	-	-	-
Substandard	-	-	-	1	-	-
Doubtful	1	-	-	-	-	-
Doubtful of loss	158	80	80	159	81	81
Total	1,147	1,059	90	1,163	1,067	91

Percentage of allowance for doubtful account set up				
	Hire purchase receivables -		Other loans	
	personal consumer for Thanachart Bank ⁽³⁾			
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Normal	0.78	0.76	1	1
Special mention	8.48	8.56	2	2
Substandard	45.73	46.40	100	100
Doubtful	41.97	41.47	100	100
Doubtful of loss	69.17	60.98	100	100

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

6.5 Loans to companies which have settlement problems

As at 31 March 2016 and 31 December 2015, loans of the Company and its subsidiaries (which engaged in banking business, asset management business, and 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								
							Allowance for doubtful accounts provided in the accounts	
Number of debtors		Debt balances		Collateral value				
31	31	31	31	31	31	31	31	
March	December	March	December	March	December	March	December	
2016	2015	2016	2015	2016	2015	2016	2015	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
1. Listed companies possible to delisting from the SET	3	2	618	416	5	8	613	408
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	21	39	413	490	299	322	114	169
3. Companies which have loan settlement problems or have defaulted on the repayment	851	949	8,569	8,518	4,468	3,972	4,372	4,907
Separate financial statements								
							Allowance for doubtful accounts provided in the accounts	
Number of debtors		Debt balances		Collateral value				
31	31	31	31	31	31	31	31	
March	December	March	December	March	December	March	December	
2016	2015	2016	2015	2016	2015	2016	2015	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
1. Companies which have loan settlement problems or have defaulted on the repayment	21	22	84	84	88	88	11	11

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

As at 31 March 2016 and 31 December 2015, 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)

	31 March 2016			31 December 2015		
	Debt balances net			Debt balances net		
	Debt balances	Allowance for doubtful accounts	of allowance for doubtful accounts	Debt balances	Allowance for doubtful accounts	of allowance for doubtful accounts
Normal	3,648	-	3,648	3,345	-	3,345
Substandard	1	1	-	1	1	-
Doubtful	112	112	-	112	112	-
Total	3,761	113	3,648	3,458	113	3,345

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.

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

As at 31 March 2016 and 31 December 2015, 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)

	31 March 2016	31 December 2015
Current or overdue not over 90 days	29,714	28,548
Overdue 91 - 365 days	822	922
Overdue more than 1 year	233	218
Debtors under legal actions	339	269
Total	31,108	29,957
Allowance for doubtful accounts provided in the accounts	1,728	1,731

7. Allowance for doubtful accounts

(Unit: Million Baht)

	Consolidated financial statements								
	For the three-month period ended 31 March 2016								
	The Company and subsidiary companies which are financial institutions							Other	
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	subsidiary companies	Consolidated
Balance - beginning of the period	8,101	3,524	1,819	1,352	8,096	1,502	24,394	1,846	26,240
Increase (decrease) during the period	(507)	(374)	(367)	(293)	2,305	687	1,451	7	1,458
Bad debts recovery	-	-	-	-	171	-	171	1	172
Bad debts written-off	-	-	-	-	(2,438)	-	(2,438)	(12)	(2,450)
Balance - end of the period	7,594	3,150	1,452	1,059	8,134	2,189	23,578	1,842	25,420

(Unit: Million Baht)

	Consolidated financial statements								
	For the year ended 31 December 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 year	5,831	4,342	2,421	1,704	11,760	294	26,352	1,995	28,347
Increase (decrease)									
during the year	2,270	(818)	(602)	(352)	2,351	1,208	4,057	63	4,120
Bad debts recovery	-	-	-	-	1,609	-	1,609	15	1,624
Bad debts written-off	-	-	-	-	(7,624)	-	(7,624)	(227)	(7,851)
Balance - end of the year	8,101	3,524	1,819	1,352	8,096	1,502	24,394	1,846	26,240

(Unit: Million Baht)

Separate financial statements						
For the three-month period ended 31 March 2016						
Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total	
Balance - beginning of the period	10	-	-	-	81	91
Increase (decrease) during the period	-	-	-	-	(1)	(1)
Balance - end of the period	10	-	-	-	80	90

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2015					
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	3	-	-	-	147	150
Increase (decrease) during the year	7	-	-	-	(67)	(60)
Bad debts recovery	-	-	-	-	1	1
Balance - end of the year	10	-	-	-	81	91

8. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month period ended	For the year ended	For the three-month period ended	For the year ended
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Balance - beginning of the period	4	103	-	-
Amortised during the period	(1)	(99)	-	-
Balance - end of the period	3	4	-	-

9. Classification of assets

As at 31 March 2016 and 31 December 2015, 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					
	31 March 2016					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	63,779	617,205	-	-	227	681,211
Special mention	-	28,922	-	-	124	29,046
Substandard	-	3,890	-	-	12	3,902
Doubtful	-	3,029	-	-	12	3,041
Doubtful of loss	-	13,045	359	1,538	369	15,311
Total	63,779	666,091	359	1,538	744	732,511

(Unit: Million Baht)

Consolidated financial statements

31 December 2015

	Loans to customers and Interbank and money market	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
	items					
Normal	48,755	629,494	-	-	236	678,485
Special mention	-	30,993	-	-	127	31,120
Substandard	-	4,119	-	-	14	4,133
Doubtful	-	3,336	-	-	14	3,350
Doubtful of loss	-	13,595	607	1,351	377	15,930
Total	48,755	681,537	607	1,351	768	733,018

(Unit: Million Baht)

Separate financial statements

31 March 2016

	Loans to customers and Interbank and money market	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
	items					
Normal	-	987	-	-	-	987
Special mention	-	1	-	-	-	1
Substandard	-	-	-	-	-	-
Doubtful	-	1	-	-	-	1
Doubtful of loss	-	158	115	716	77	1,066
Total	-	1,147	115	716	77	2,055

(Unit: Million Baht)

Separate financial statements

31 December 2015

	Loans to customers and Interbank and money market	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
	items					
Normal	-	1,003	-	-	-	1,003
Special mention	-	-	-	-	-	-
Substandard	-	1	-	-	-	1
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	159	148	717	77	1,101
Total	-	1,163	148	717	77	2,105

10. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the three-month period ended 31 March 2016						
	Land*	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2015	4,435	2,627	6,841	93	57	14,053
Additions	-	13	32	1	13	59
Transfers/disposals	(28)	(6)	9	(8)	(54)	(87)
Revaluation surplus*	1,606	-	-	-	-	1,606
Revaluation deficit*	(14)	-	-	-	-	(14)
31 March 2016	5,999	2,634	6,882	86	16	15,617
<u>Accumulated depreciation</u>						
31 December 2015	-	857	4,977	73	-	5,907
Transfers/disposals	-	(1)	(42)	(8)	-	(51)
Depreciation for the period	-	32	172	2	-	206
31 March 2016	-	888	5,107	67	-	6,062
<u>Allowance for impairment</u>						
31 December 2015	68	25	6	-	-	99
31 March 2016	68	25	6	-	-	99
<u>Net book value</u>						
31 March 2016	5,931	1,721	1,769	19	16	9,456
Depreciation charge for the three-month periods ended 31 March						
2015						190
2016						206

* In 2016, the Company and its subsidiaries changed its accounting policy to present land at revalued amount.

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2015						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2014	4,447	2,599	6,227	111	91	13,475
Additions	-	49	525	4	268	846
Transfers/disposals	(12)	(21)	89	(22)	(302)	(268)
31 December 2015	4,435	2,627	6,841	93	57	14,053
<u>Accumulated depreciation</u>						
31 December 2014	-	757	4,553	84	-	5,394
Transfers/disposals	-	(20)	(208)	(21)	-	(249)
Depreciation for the year	-	120	632	10	-	762
31 December 2015	-	857	4,977	73	-	5,907
<u>Allowance for impairment</u>						
31 December 2014	68	25	6	-	-	99
31 December 2015	68	25	6	-	-	99
<u>Net book value</u>						
31 December 2015	4,367	1,745	1,858	20	57	8,047

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements						
For the three-month period ended 31 March 2016						
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2015	3	45	70	27	-	145
Additions	-	-	1	-	-	1
31 March 2016	3	45	71	27	-	146
<u>Accumulated depreciation</u>						
31 December 2015	-	28	59	23	-	110
Depreciation for the period	-	-	1	1	-	2
31 March 2016	-	28	60	24	-	112
<u>Net book value</u>						
31 March 2016	3	17	11	3	-	34
Depreciation charge for the three-month periods ended 31 March						
2015						2
2016						2

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 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	-	-	2	-	-	2
Transfers/disposals	-	(17)	(4)	-	-	(21)
31 December 2015	3	45	70	27	-	145
<u>Accumulated depreciation</u>						
31 December 2014	-	40	59	22	-	121
Transfers/disposals	-	(15)	(4)	-	-	(19)
Depreciation for the year	-	3	4	1	-	8
31 December 2015	-	28	59	23	-	110
<u>Net book value</u>						
31 December 2015	3	17	11	4	-	35

The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of land in 2015, using the market approach.

Had the land been carried in the financial statements on a historical cost basis, its net book value as of 31 March 2016 would have been as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Land	4,344	3

11. Other assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	31 March 2016	2015	31 March 2016	2015
Accrued premium insurance income	142	275	-	-
Other receivables	1,331	1,202	76	76
VAT refundable	30	450	-	-
Other receivables - VAT paid in advance for customers	283	292	-	-
Deposits	286	293	3	3
Estimated insurance claims recoveries	290	285	-	-
Receivable from clearing house	1,279	1,101	-	-
Leasehold right	203	213	10	10
Prepaid corporate income tax	302	254	50	49
Deposits from derivative contracts	1,075	1,226	-	-
Prepaid expenses	553	455	14	11
Reinsurance assets	229	235	-	-
Others	718	1,098	27	23
Total	6,721	7,379	180	172
Less: Allowance for impairment	(464)	(475)	(77)	(77)
Other assets - net	6,257	6,904	103	95

12. Interbank and money market items (liabilities)

As at 31 March 2016, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 1,673 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 500 million, repayable in full within 4 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, (iii) a loan of Baht 200 million, repayable in full within 3 years from the date of the loan drawdown, carrying interest at a fixed rate per annum, payable quarterly, and (iv) a loan of Baht 83 million, repayable in quarterly installments, carrying interest at a fixed rate per annum, payable monthly, and (v) a loan of Baht 90 million in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (31 December 2015: included loans of a subsidiary company amounting to Baht 1,573 million).

13. Debt issued and borrowings

As at 31 March 2016 and 31 December 2015, the balance of domestic debt issued and borrowings, which stated in Baht, are as follows:

			(Unit: Million Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
Types of borrowings	Interest rate per annum (as at 31 March 2016)	Maturity date	31	31	31	31
			March 2016	December 2015	March 2016	December 2015
Unsubordinated debentures	1.96 - 5.50 percent	2016 - 2025	29,241	28,771	13,200	13,700
Subordinated debentures issued under Tier II	4.70 percent	2022	12,516	12,516	-	-
Subordinated instruments issued under Tier II	4.65, 6.00 percent	2024 - 2025	19,530	19,530	-	-
Short-term debentures	1.60 - 1.75 percent	2016	18,800	22,900	-	-
Structured notes	1.00 percent	2016	12	-	-	-
Promissory notes	0.40 - 2.50, 3.70, 7.40 percent	At call, 2016	1,238	1,207	-	-
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2017	4	5	-	-
Total debt issued and borrowings			81,341	84,929	13,200	13,700

During the first quarter of 2016, the Company redeemed 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 Company issued these debentures on 22 January 2015.

On 15 February 2016, 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 2019 and bear interest at a fixed rate of 2.88 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.

On 11 March 2016, a subsidiary issued 770,000 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 2.60 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.

14. Provisions

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Loss from litigation	377	350	39	14
Employee benefits payable	2,143	2,161	35	35
Obligations from off-balance items	442	447	-	-
Others	380	393	-	-
Total	3,342	3,351	74	49

15. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Life policy reserve	10,009	9,723	-	-
Loss reserves and outstanding claims	1,656	1,714	-	-
Unearned premium reserve	3,099	3,097	-	-
Other liabilities under insurance policies	59	61	-	-
Total insurance contract liabilities	14,823	14,595	-	-

16. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Other payables	1,919	2,198	20	12
Suspense cash received from accounts receivable	787	646	12	14
Income received in advance	1,893	1,899	-	-
Corporate income tax payable	533	346	-	-
Accrued personnel expenses	1,094	1,957	58	67
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	859	1,701	-	-
Accrued other expenses	1,294	2,121	3	2
Payables to clearing house	116	-	-	-
Insurance premium received in advance	1,403	1,429	-	-
Payables from purchase and sale of securities	5,958	2,073	-	-
Others	829	902	6	5
Total other liabilities	16,685	15,272	99	100

17. Share capital/Treasury stocks

During the three-month period ended 31 March 2016, preferred shares converted 60 preferred shares to the Company's common shares. Therefore, as at 31 March 2016, 13,216 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, the Company repurchased 71,350,000 shares of treasury stocks, valued at Baht 3,398 million.

On 26 January 2015, a meeting of the Company's Board of Directors passed a resolution approving a plan to additionally 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, the Company repurchased 41,350,000 shares of treasury stocks, valued at Baht 1,400 million. When combined with the 71,350,000 treasury shares repurchased during 11 December 2012 to 10 June 2013 as mentioned in the previous paragraph, the Company have a total of 112,700,000 treasury shares.

Both plans require that the treasury shares are to be sold within 3 years from the repurchase date.

18. Other components of equity

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
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	925	740	19	16
Equity instruments	923	845	595	572
Total	1,848	1,585	614	588
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(1)	(43)	-	-
Equity instruments	(168)	(371)	(4)	(12)
Total	(169)	(414)	(4)	(12)
Total revaluation surplus on investments	1,679	1,171	610	576
Less: The effect of deferred tax liabilities	(339)	(238)	(122)	(115)
Net revaluation surplus on investments	1,340	933	488	461
Revaluation surplus on assets	816	-	-	-
Less: The effect of deferred tax liabilities	(163)	-	-	-
Net revaluation surplus on assets	653	-	-	-
Share of other comprehensive income of associate	265	(16)	-	-
Less: The effect of deferred tax liabilities	(9)	1	-	-
Net share of other comprehensive income of associate	256	(15)	-	-
Total	3,251	1,920	488	461

19. 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.

As at 31 March 2016 and 31 December 2015 the capital funds of the Company and its subsidiaries, calculated in accordance with the BOT regulation regarding "Consolidated Supervision", consist of the following:

	(Unit: Million Baht)	
	31 March 2016	31 December 2015
<u>Tier I capital</u>		
Common Equity Tier I capital		
Issued and fully paid-up share capital less treasury shares	7,980	7,980
Share premium	2,231	2,231
Statutory reserve	1,278	1,278
Retained earnings - unappropriated	35,701	35,701
Other components of equity		
Accumulated other comprehensive income	1,659	583
Other components of changes in equity	776	776
Portion of non-controlling interest of subsidiary operating commercial banking business qualifying as Tier I capital	50,330	49,447
Less: Deductions from Common Equity Tier I capital	(20,056)	(19,457)
Total Common Equity Tier I capital	79,899	78,539
Total Tier I capital	79,899	78,539
<u>Tier II capital</u>		
Subordinated debentures	25,121	25,270
Reserve for assets classified as normal	8,526	8,508
Total Tier II capital	33,647	33,778
Total capital funds	113,546	112,317

As at 31 March 2016 and 31 December 2015, the capital adequacy ratios of the financial group calculated in accordance with the Notification of BOT are as follows:

	31 March 2016		31 December 2015	
	Capital ratio of the financial group	Minimum BOT requirement	Capital ratio of the financial group	Minimum BOT requirement
Total capital to risk-weighted assets (percent)	14.84	9.125	14.71	8.50
Total Tier I to risk-weighted assets (percent)	10.44	6.625	10.29	6.00
Total Common Equity Tier I to risk-weighted assets (percent)	10.44	5.125	10.29	4.50

In compliance with the Notification of the BOT regarding 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 Company has disclosed capital requirement information as at 31 December 2015 on its website at www.thanachart.co.th since April 2016.

20. Interest income

Interest income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	Consolidated		(Unit: Million Baht) Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Interbank and money market items	415	406	-	-
Investments and trading transactions	64	106	-	-
Investments in debt securities	876	1,066	4	75
Loans to customers	4,737	4,932	18	14
Hire purchase and financial lease	5,557	6,085	-	-
Total interest income	11,649	12,595	22	89

21. Interest expenses

Interest expenses for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Deposits	2,786	3,641	-	-
Interbank and money market items	201	274	-	-
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	859	857	-	-
Debts issued				
- Subordinated debentures	147	282	-	-
- Unsubordinated debentures/short-term debentures	419	471	149	145
- Subordinated instruments	268	186	-	-
- Others	12	11	-	-
Borrowings cost	2	1	-	-
Total interest expenses	4,694	5,723	149	145

22. Fees and service income

Fees and service income for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Fees and service income				
Acceptance, aval and guarantees	52	51	-	-
Hire purchase fee income	384	374	-	-
Credit card fee	221	239	-	-
ATM and electronic banking services	250	233	-	-
Brokerage fee from securities/ derivatives	363	461	-	-
Insurance brokerage fee income	331	290	-	-
Others	405	407	-	-
Total fees and service income	2,006	2,055	-	-
Fees and service expenses	(715)	(689)	-	-
Net fees and service income	1,291	1,366	-	-

23. Gains on trading and foreign exchange transactions

Gains on trading and foreign exchange transactions for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Foreign exchange and derivatives relating to				
foreign exchange	105	159	-	-
Derivatives relating to interest	11	10	-	-
Debt securities	187	67	-	1
Equity securities	17	18	-	-
Others	8	2	-	-
Total	328	256	-	1

24. Gains on investments

Gains on investments for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Gains on disposal of available-for-sale securities	456	588	-	1
Gains on debt settlement/disposal of debt/assets				
transferred from investments in receivables				
purchased	3	1	3	1
Reversal of impairment on investments	-	14	-	11
Others	58	75	-	11
Total	517	678	3	24

25. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month periods ended 31 March 2016 and 2015 consisted of the following:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Impairment loss of loans (reversal)				
Interbank and money market items	3	(23)	-	-
Loans to customers	1,789	1,671	(1)	2
Amortisation of revaluation allowance for debts restructured during the period	(1)	(1)	-	-
Reversal loss from impairment of investments in receivables purchased	(24)	-	(24)	-
Total	1,767	1,647	(25)	2

26. Income tax

Income tax expenses for the three-month periods ended 31 March 2016 and 2015 are as follows:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax	207	867	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(21)	(179)	-	(4)
Income tax expense reported in statements of comprehensive income	186	688	-	(4)

A subsidiary company has no tax expenses for the three-month period ended 31 March 2016 because the subsidiary has unused tax losses resulting from the liquidation of its subsidiary. As at 31 March 2016, a subsidiary has unused tax losses arising from the liquidation of its subsidiary totaling Baht 20,681 million.

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2016 and 2015 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax relating to gain on changes in value of available-for-sale investments	193	(6)	7	(4)
Deferred tax relating to revaluation surplus on assets	321	-	-	-
Deferred tax relating to share of other comprehensive income of associate	19	-	-	-
	<u>533</u>	<u>(6)</u>	<u>7</u>	<u>(4)</u>

27. Components of other comprehensive income

Components of other comprehensive income for the three-month periods ended 31 March 2016 and 2015 are as the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Other comprehensive income				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Available-for-sale investments:				
Unrealised gains (losses) during the period	1,421	562	34	(22)
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(456)	(588)	-	1
	<u>965</u>	<u>(26)</u>	<u>34</u>	<u>(21)</u>
Share of other comprehensive income (loss) of an associate company	(26)	1	-	-
Other comprehensive income for the period (loss)	<u>939</u>	<u>(25)</u>	<u>34</u>	<u>(21)</u>
Impact from relevant income taxes:				
Income taxes - gains (losses) on changes in value of available-for-sale investments	(193)	6	(7)	4
Income taxes - other comprehensive income (loss) of an associate company	1	-	-	-
Impact from related income taxes	<u>(192)</u>	<u>6</u>	<u>(7)</u>	<u>4</u>
	<u>747</u>	<u>(19)</u>	<u>27</u>	<u>(17)</u>

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Revaluation surplus on assets	1,606	-	-	-
Share of other comprehensive income of an associate company	400	-	-	-
Income taxes - revaluation surplus on assets	(321)	-	-	-
Income taxes - other comprehensive income (loss) of an associate company	(20)	-	-	-
	1,665	-	-	-
Other comprehensive income for the period - net (loss)	2,412	(19)	27	(17)

28. 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 in issued during the periods, 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 31 March						
Profit for the period		Weighted average		Earnings per share		
		number of common shares				
2016	2015	2016	2015	2016	2015	
Thousand	Thousand	Thousand	Thousand	Baht	Baht	
Baht	Baht	shares	shares			
Basic earnings per share						
Profit attributable to the Company	1,350,500	1,331,508	1,165,117	1,206,394	1.16	1.10
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	1,350,500	1,331,508	1,165,130	1,206,407	1.16	1.10

Separate financial statements						
For the three-month periods ended 31 March						
Profit for the period		Weighted average		Earnings per share		
		number of common shares				
2016	2015	2016	2015	2016	2015	
Thousand	Thousand	Thousand	Thousand	Baht	Baht	
Baht	Baht	shares	shares			
Basic earnings per share						
Profits (losses) attributable to the Company	(9,037)	561,165	1,165,117	1,206,394	(0.01)	0.47
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profits (losses) of common shareholders assuming conversion of dilutive securities	(9,037)	561,165	1,165,130	1,206,407	(0.01)	0.47

29. 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 significant transactions.

(Unit: Million Baht)

	For the three-month periods ended 31 March				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2016	2015	2016	2015	(For the year 2016)
<u>Transactions occurred during the periods</u>					
Subsidiaries					
Interest income	-	-	17	76	At interest rate of 0.40 - 7.40 percent per annum
Dividend income	-	-	60	585	As declared
Rental and other service income	-	-	11	13	At the rate agreed under the contract
Other expenses	-	-	1	1	
Associated company					
Dividend income	-	-	62	57	As declared
Other income	1	1	-	1	
Interest expenses	1	1	-	-	At interest rate of 0.40 - 7.40 percent per annum
Other expenses	33	32	3	3	
Related companies					
Purchase of debt securities	232	477	-	-	At market prices
Sales of debt securities	200	222	-	-	At market prices
Purchase/sales of forward exchange contracts	31,267	69,748	-	-	At market prices
Interest income	54	71	-	-	At interest rate of 0.34 - 7.68 percent per annum
Dividend income	33	30	16	15	As declared
Insurance premium/life insurance premium income	1	-	-	-	At the rate agreed under the contract
Other income	1	1	-	-	
Interest expenses	29	85	-	-	At interest rate of 0.37 - 2.95 percent per annum
Project management expenses	16	16	4	4	At the contract price calculated by reference to estimated usage time
Other expenses	30	29	-	-	

The outstanding balances of the above transactions during the three-month periods ended 31 March 2016 and 2015 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	22	148
Loans to customers	-	-	982	416
Investment in debt securities	-	-	-	3,639
<u>Associated company</u>				
Deposits	97	153	-	-
Debts issued and borrowings	62	58	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	190	273	-	-
Loans to customers	6,605	6,492	-	-
Investment in debt securities	-	596	-	-
Deposits	1,368	1,193	-	-
Interbank and money market items (liabilities)	7,559	12,703	-	-
Debt issued and borrowings	7,479	3,674	-	-

As at 31 March 2016 and 31 December 2015, the significant outstanding balances of the above transactions are as follows:

	(Unit: Million Baht)							
	Consolidated financial statements							
	31 March 2016							
	Assets				Liabilities			
	Interbank and money market items	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.	-	-	164	84	-	65	289	-
Related companies								
The Bank of Nova Scotia	205	-	-	-	14,558	-	17	2,004
I-Con Siam Co., Ltd.	-	1,967	-	1	-	-	-	30
Synphaet Co., Ltd.	-	1,119	-	1	-	-	-	31
Srithai Superware Plc.	-	892	-	13	-	-	-	32
Krungthai Card Plc.	-	230	-	4	-	-	-	-
Pruksa Real Estate Plc.	-	-	-	1	-	-	-	532
Other related companies	-	1,251	61	1,253	204	-	23	528
	205	5,459	225	1,357	14,762	65	329	3,157

(Unit: Million Baht)

Consolidated financial statements							
31 December 2015							
Assets				Liabilities			
Interbank and money market items	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.	-	-	39	63	-	58	-
Related companies							
The Bank of Nova Scotia	244	-	-	-	15,063	-	666
Krungthai Card Plc.	-	3,018	-	5	-	-	-
I-Con Siam Co., Ltd.	-	1,897	-	39	-	-	30
Synphaet Co., Ltd.	-	1,136	-	21	-	-	36
Srithai Superware Plc.	-	883	-	25	-	-	37
Pruksa Real Estate Plc.	-	-	-	-	-	-	851
Other related companies	-	1,517	28	1,253	180	140	16
	244	8,451	67	1,406	15,243	198	682
							1,961

(Unit: Million Baht)

Separate financial statements							
31 March 2016							
Assets				Liabilities			
Interbank and money market items	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.	32	-	5	-	-	1	-
Thanachart Securities Plc.	-	-	1	-	-	-	-
NFS Asset Management Co., Ltd.	-	650	1	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	2	-
Max Asset Management Co., Ltd.	-	329	1	-	-	-	-
Associated company							
MBK Plc.	-	-	65	-	-	-	-
	32	979	73	-	-	3	-

(Unit: Million Baht)

Separate financial statements								
31 December 2015								
Assets				Liabilities				
Interbank and money market items	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.	24	-	681	-	-	-	-	-
Thanachart Securities Plc.	-	-	1	-	-	-	-	-
NFS Asset Management								
Co., Ltd.	-	650	-	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	2	-	-
Max Asset Management								
Co., Ltd.	-	336	-	-	-	-	-	-
Associated company								
MBK Plc.	-	-	3	-	-	-	-	-
	24	986	685	-	-	2	-	-

As at 31 March 2016 and 31 December 2015, the Company has loans to subsidiary companies as follows:

(Unit: Million Baht)

Company's name	Interest rate	Outstanding balances	
		31 March 2016	31 December 2015
Max Asset Management Co., Ltd.	MLR	329	336
	of Thanachart Bank + 0.5%		
NFS Asset Management Co., Ltd.	MLR of Thanachart Bank	650	650
Total		979	986

As at 31 March 2016, the Company and its subsidiaries have investments amounting to Baht 2,334 million (Baht 756 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 2015: Baht 1,568 million in the consolidated financial statements and Baht 749 million in the separate financial statements).

As at 31 March 2016 and 31 December 2015, 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 and above, including persons related with these employees:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Loans to customers	104	84	-	-
Deposits	745	768	-	-

Directors and management's remuneration

During the three-month periods ended 31 March 2016 and 2015, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	151	147	20	20
Post-employment benefits	5	4	-	-
	156	151	20	20

30. Financial information classified by operating segment

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.

(Unaudited but reviewed)

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

(Unit: Million Baht)

	For the three-month period ended 31 March 2016								
	The	Banking	Securities	Life	Non-life	Asset	Other		
	Company	business	business	insurance	insurance	management	businesses	Eliminations	Consolidated
				business	business	business			
Net interest income	(127)	6,464	52	84	50	88	356	(12)	6,955
Other operating income	164	1,733	547	(136)	509	10	266	(145)	2,948
Other operating expenses	(71)	(4,208)	(322)	(35)	(246)	(206)	(202)	155	(5,135)
Impairment loss of loans and debt securities	25	(1,767)	-	-	-	(14)	(103)	92	(1,767)
Profit before income tax	(9)	2,222	277	(87)	313	(122)	317	90	3,001
Income tax	-	29	(52)	(18)	(62)	12	(65)	(30)	(186)
Profit (loss) before non- controlling interests	(9)	2,251	225	(105)	251	(110)	252	60	2,815

(Unit: Million Baht)

	For the three-month period ended 31 March 2015								
	The	Banking	Securities	Life	Non-life	Asset			
	Company	business	business	insurance	insurance	management	Other		
				business	business	business	businesses	Eliminations	Consolidated
Net interest income	(57)	6,294	54	108	67	84	329	(7)	6,872
Other operating income	698	2,053	629	(65)	535	31	227	(854)	3,254
Other operating expenses	(82)	(4,328)	(353)	(33)	(223)	(54)	(193)	155	(5,111)
Impairment loss of loans and debt securities	(2)	(1,351)	1	-	-	(188)	(98)	(9)	(1,647)
Profit before income tax	557	2,668	331	10	379	(127)	265	(715)	3,368
Income tax	4	(513)	(64)	4	(75)	19	(55)	(8)	(688)
Profit before non-controlling interests	561	2,155	267	14	304	(108)	210	(723)	2,680

The segment assets of the Company and its subsidiaries as at 31 March 2016 and 31 December 2015 are as follows:

(Unit: Million Baht)

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Segment assets									
As at 31 March 2016	38,964	937,735	9,326	11,298	11,772	6,210	31,721	(46,902)	1,000,124
As at 31 December 2015	39,318	938,834	7,862	11,052	11,532	6,797	30,736	(48,550)	997,581

31. Encumbrance of assets

As at 31 March 2016 and 31 December 2015, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Interbank and money market items (assets)				
Placed at insurance registrar	650	650	-	-
Placed at court	6	7	-	-
Investments in securities				
Placed at insurance registrar	2,612	2,431	-	-
Placed at court	413	404	-	-
Placed for electricity usage	1	1	-	-
Property foreclosed				
Immovable assets subject to buyback				
options or first refusal rights	182	262	-	-
Immovable assets subject to purchase or				
sell agreements with clients but currently				
being settled in installments or through				
transfer of ownership	129	131	25	27
	<u>3,993</u>	<u>3,886</u>	<u>25</u>	<u>27</u>

32. Commitments and contingent liabilities

As at 31 March 2016 and 31 December 2015, significant commitments and contingent liabilities consisted of:

32.1 Commitments

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Aval to bills	2,090	1,270	-	-
Liability under unmatured import bills	660	497	-	-
Letter of credits	1,636	2,310	-	-
Other obligations				
Committed (but not drawn) overdraft	25,058	24,506	-	-
Others	53,638	53,203	1	1
Total	83,082	81,786	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 3 to the financial statements.

32.2 As at 31 March 2016, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system and other services, including commitments in respect of office rental and related service fees under long-term contracts, as follows:

(Unit: Million Baht)

Year	Consolidated		Separate	
	financial statements		financial statements	
	Other companies		Other companies	
2016	1,595		17	
2017	1,760		15	
2018 onward	1,379		12	

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.

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

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of the Financial Institutions Development Fund (“FIDF”) to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 31 March 2016, 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. This 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. The remaining mainly relates 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 31 March 2016, the transferred assets which SAM is re-examining totaling Baht 29 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 29 million.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to Baht 977 million, as disclosed under contingent liabilities in Note 33 to the financial statements.

- d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in the FIDF's account. Such deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if such losses are actually incurred due to the outstanding issues described in a), b), c) and d) above. As at 31 March 2016, the outstanding balance of FIDF's deposit account with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 407 million.

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

33. Contingent liabilities/litigation

- a) As at 31 March 2016, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 3,397 million (separate financial statements: Baht 80 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 977 million, relates to lawsuits involving Thanachart Bank, as a result of the transfer of business from BMB to SCIB, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF.

- b) Furthermore, an organization supervised by a government agency requested that a subsidiary pay compensation amounting to Baht 2,100 million, plus interest at 7.5 percent per annum. The management of a subsidiary is confident that no loss will be incurred.

34. Letter of guarantees

As at 31 March 2016, the Company and its subsidiaries had letter of guarantees issued by banks on behalf of the Company and its subsidiaries, amounting approximately to Baht 31 million, placed for electricity usage (separate financial statements: Baht 1 million).

35. Fair value of financial instruments

As at 31 March 2016 and 31 December 2015, the Company and its subsidiaries had financial assets and financial liabilities that were measured at fair value using the different input levels as follows:

(Unit: Million Baht)

Consolidated financial statements					
31 March 2016					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Derivatives assets	5,905	5,905	-	5,905	-
Investments	159,952	159,952	5,585	154,367	-
Derivatives liabilities	5,808	5,808	4	5,804	-

(Unit: Million Baht)

Consolidated financial statements					
31 December 2015					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Derivatives assets	5,426	5,426	-	5,426	-
Investments	170,703	170,703	4,867	165,836	-
Derivatives liabilities	5,218	5,218	4	5,214	-

(Unit: Million Baht)

Separate financial statements					
31 March 2016					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Investments	2,267	2,267	868	1,399	-

(Unit: Million Baht)

Separate financial statements					
31 December 2015					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Investments	2,078	2,078	821	1,257	-

Valuation techniques and inputs used for Level 2 fair value measurement

- A) The fair value of investments in debt securities has been determined by using the yield rates quoted by the Thai Bond Market Association or by other market.
- B) The fair value of derivatives, which have no active market, has been determined by using valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as interest rate and foreign exchange rate and adjust with counterparty credit risk.

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

36. Events after the reporting period

On 5 April 2016, the Annual General Meeting of the Shareholders of the Company to approve the payment of a dividend of Baht 1.10 per share, or a total of Baht 1,282 million, to the ordinary and preference shareholders.

37. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 May 2016.