



Management Discussion and Analysis

For the year ended 31 December 2014

(Audited Financial Statements)

Thanachart Capital Public Company Limited

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Thanachart Capital Public Company Limited and Its Subsidiaries

Management Discussion and Analysis (Audited Financial Statements)

Economics Outlook and Competition in Banking Industry

In the first half of 2014, Thai economy faced unfavorable impacts from global economic slowdown, domestic political instability, high household debt, and irresolute issues in government expenditure budget. However, Thai economy in the second half of the year improved from expanded investments and private consumption although exports decreased at a slower pace. As a result, Thai economy in 2014 slightly grew by 0.70 percent, a decrease from 2.90 percent in 2013. From the fluctuation of key economic drivers and the low inflation rate, the Monetary Policy Committee of the Bank of Thailand had resolutions to reduce a policy rate by 0.25 percent, from 2.25 percent to 2.00 percent during the first quarter of 2014, and thereafter maintain at 2.00 percent to help stimulate the recovery of Thai economy.

Loans in the commercial banking system grew at a slower rate in 2014 as compared to last year. Diminished growth was present to corporate and consumer loans. This was a direct result of slow growth of Thai economy, political uncertainties, high household debts, and stricter credit policies implemented by commercial banks. Competition in deposit in 2014 however has subsided due to a slowdown in loan growth in the first half of the year. In the second half though, deposit acquisition has intensified to meet with recovered loan growth.

For clarification of information disclosure, Thanachart Group has submitted Management Discussion and Analysis of Thanachart BANK and its subsidiaries separately from this report

Major Events in 2014

1. On 3 April 2014, the Annual General Meeting of Shareholders for the year 2014 of Thanachart Capital Public Company Limited (“the Company”) had resolutions to pay dividend to shareholders at the rate of 1.00 baht per share, amounting to 1,206 million baht. Taking into account this round of dividend payment and the interim dividend payment worth 0.60 baht per share or 724 million baht, total dividend payment amounted to 1.60 baht per share or 1,930 million baht which accounted for 88.53 percent of the net profit of 2013 on separate comprehensive income statements of the Company. The payment was made on 30 April 2014.
2. According to the Agreement between the Company and MBK Public Company Limited (“MBK”) to purchase all common shares of Siam City Life Assurance Public Company Limited (“SCILIFE”) from Thanachart Bank Public Company Limited (“TBANK”) in the amount of 900 million baht, the Company received an approval from the Shareholders’ Meeting and a permission from the Bank of Thailand to enter into this transaction. The Company and MBK made the payment of all common shares of SCILIFE and also received transfer of all common shares of SCILIFE on 2 June 2014. According to the joint agreement, the Company has sold additional SCILIFE’s shares in the amount of 1,750,000 shares to MBK on 5 January 2015. As a result, the Company currently holds 35,700,000 shares of SCILIFE which accounts to 51.00 percent of SCILIFE’s total paid-up shares.
3. On 19 June 2014, Thanachart Bank issued and offered Tier 2 capital instrument under the Basel III regulations (subordinated instrument) No. 1/2014, due in 2024, with the issuer’s right to early redeem, in a total of 13,000 million baht. This capital instrument offers 6.00 percent coupon rate per annum and is rated A by TRIS Rating Company Limited. The Bank of Thailand has granted a permission to count this capital instrument as Tier 2 capital. This helps strengthen the capital fund of the Bank.
4. On 22 September 2014, the Board of Directors of the Company had a resolution to approve the payment of interim dividend for the first half of 2014 at a rate of 0.60 baht per share which amounted to 724 million baht in total, to all shareholders of the Company, totaling to 1,206,479,703¹ shares. The payment was made on 17 October 2014.

¹ The total shares eligible for dividend payment are the total ordinary shares and preferred shares of the Company deducted by the ordinary shares the Company repurchased and not yet resold amounting to 71,350,000 shares.

Financial Highlights

Audited Financial Statements	For the 3 months ended			For the year ended		
	31-Dec-14	30-Sep-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-13
Operating Performance (Million Baht)						Excluding Extra Items**
Interest Income	12,939	13,177	13,999	52,940	54,108	54,108
Interest Expenses	6,164	6,284	7,011	25,475	27,615	27,615
Net Interest Income	6,775	6,893	6,988	27,465	26,493	26,493
Non-interest Income	3,394	3,022	3,550	12,443	26,488	14,207
Net Operating Income ⁽¹⁾	10,169	9,915	10,538	39,908	52,981	40,700
Other Operating Expenses	5,215	5,014	5,109	19,830	20,624	20,624
Impairment Loss of Loans and Debt Securities	1,575	1,791	1,876	7,084	11,419	6,039
Profit before Tax	3,379	3,110	3,553	12,994	20,938	14,037
Income Tax	657	553	707	2,558	4,288	2,739
Net Profit After Tax	2,722	2,557	2,846	10,436	16,650	11,298
Profit for the period from discontinued operations*	-	-	-	-	354	354
Profit for the period	2,722	2,557	2,846	10,436	17,004	11,652
Operating Performance Ratios						
ROAA (%)	1.07	1.00	1.10	1.02	1.65	1.13
ROAE (%)	10.60	10.21	12.11	10.49	18.83	12.90
Interest Spread ⁽²⁾ (%)	2.54	2.59	2.61	2.55	2.54	2.54
Loan Spread ⁽³⁾ (%)	3.08	3.05	3.11	3.04	2.98	2.98
Credit Cost (%)	0.80	0.88	0.90	0.89	1.36	0.72
Non-interest Income Ratio ⁽⁴⁾ (%)	33.38	30.48	33.68	31.18	50.33	35.47
Cost to Income Ratio ⁽⁵⁾ (%)	51.28	50.57	48.48	49.69	38.67	50.24
Financial Position (Million Baht)						
Loans	755,656	771,924	791,174			
Total Assets	1,025,630	1,012,132	1,050,914			
Deposits and Debt Issued and Borrowings	795,367	808,938	825,221			
Total Liabilities	921,354	911,074	955,474			
Equity	104,276	101,058	95,440			
Financial Position Quality						
Loans to Deposits and Debt Issued and Borrowings (%)	95.01	95.42	95.87			
Non-performing Loans (Million Baht)	33,800	37,470	37,540			
NPL Ratio (%)	4.21	4.66	4.49			
Coverage Ratio ⁽⁶⁾ (%)	84.81	81.70	82.61			
Reserve to Required Reserve ⁽⁷⁾ (%)	132.64	130.34	127.36			

(1) Net Operating Income = Net Interest Income + Non-interest Income

(2) Interest Spread = Yield - Cost of Fund

Yield = Interest Income / Average Earning Assets

Cost of Fund = Interest Expenses / Average Paying Liabilities

(3) Loan Spread = Loan Yield - Cost of Fund

(4) Non-interest Income Ratio = Non-interest Income / Net Operating Income (including profit for the period from discontinued operations)

(5) Cost to Income Ratio = Other Operating Expenses / Net Operating Income (including profit for the period from discontinued operations)

(6) Coverage Ratio = Total Allowance / Non-performing Loans

(7) Reserve to Required Reserve = Total Allowance / Reserve Required by the BOT

* The performance of Thanachart Life Assurance is separately presented in the statements of comprehensive income

** Excluding gain from selling TLIFE and additional provision occurred in the second quarter of 2013

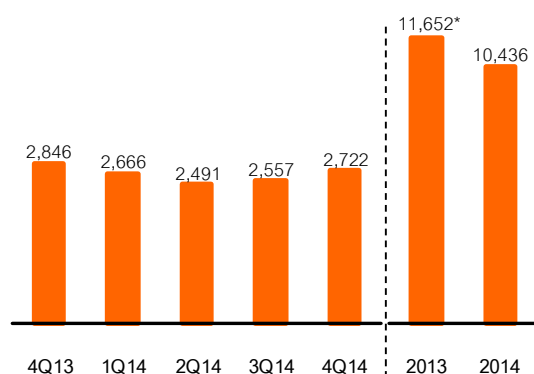
Operating Results for the Year 2014

Performance Overview

Thanachart Capital Public Company Limited (“the Company”) operates as the holding company and thus is the parent company of Thanachart Financial Business Conglomerate. The profit attributable to the Company comprises of the operating results of 2 main business groups which are (1) banking business including the operating results of Thanachart Bank Public Company Limited and its subsidiaries and (2) distressed asset management business under the Company. In order to compare its operating results with other companies’ in the industry, the financial information presented in this report should be under consolidated financial statements.

(In the second quarter of 2013, Thanachart Bank sold shares of Thanachart Life Assurance to Prudential Life Assurance. The Group realized gain from sale of 12,281 million baht and also set aside 5,380 million baht in special provision. These 2 transactions were considered as significant extraordinary items and so would be excluded from the operating results for the year 2013 in comparison with those for the year 2014.)

Net Profit (Million Baht)



*Excluding gain from selling TLIFE and extra provision

In 2014, Thanachart Group had total **net profit of 10,436 million baht**, a decrease of 1,216 million baht or 10.44 percent from the previous year. This was mainly from a decrease in gains on properties foreclose of the Company and its asset management companies in line with the unsupportive economic condition and also a decrease in profit from investment in an associated company since there were extra gains realized from an associated company in

2013. (These 2 items amounted to 1,172 million baht in total) However, **banking business has been growing** from the previous year. Thanachart Bank and its subsidiaries had **pre-provision operating profit (PPOP) amounting to 19,796 million baht, an increase of 884 million baht or 4.67 percent**. This was mainly attributable to an increase in net interest income and a decrease in operating expenses from its efficient cost control. Although Thanachart Bank has been providing more reserve from increasing non-performing hire purchase loans, overall non-performing loans of the Company and its subsidiaries decreased by 3,740 million baht from effective NPL management. As a result, coverage ratio improved and NPL ratio reduced significantly. This reflects a stronger asset quality of the Group.

The Company’s performance is mainly from the performance of Thanachart Bank and its subsidiaries. The Company holds shares in Thanachart Bank 50.96 percent and Scotiabank holds

49.00 percent in Thanachart Bank. As a result, profit attributable to the Company is calculated from the proportion shareholding of the Company in each subsidiary company.

In 2014, **net profit attributable to the Company was 5,120 million baht, a decrease of 1,344 million baht or 20.79 percent.**

For the year 2014, Earning per Share (EPS) was at 4.24 baht, a decrease from 5.25 baht per share in the previous year. Return on Average Assets (ROAA) and Return on Average Equity (ROAE) were 1.02 percent and 10.39 percent respectively.

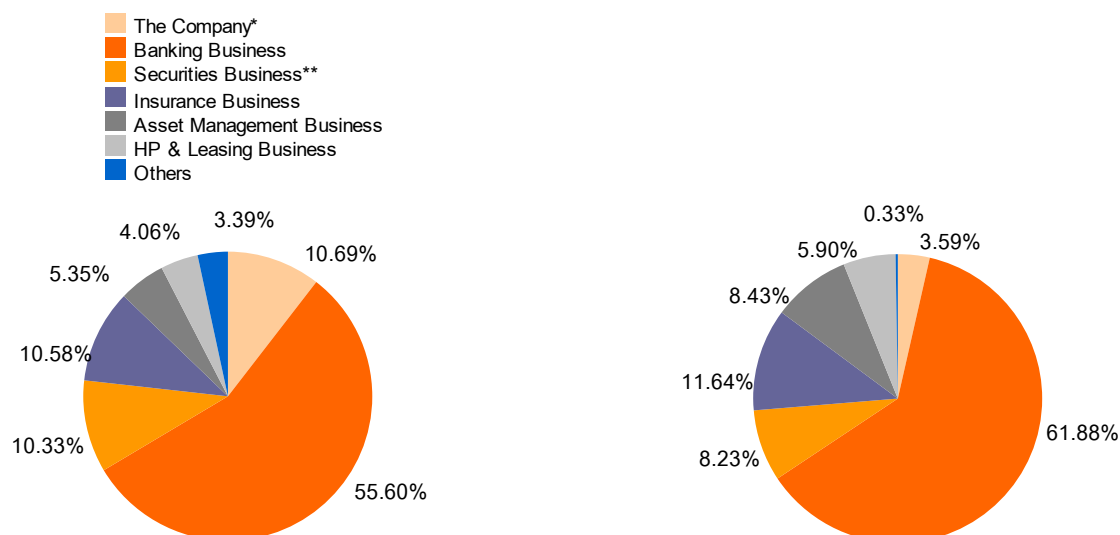
Audited Financial Statements	For the year ended		
	31-Dec-14	31-Dec-13	31-Dec-13
Net Profit (Million Baht)			Excluding Extra Items*
Profit for the year	10,436	17,004	11,652
Net Profit Attributable to the Company	5,120	9,231	6,464
Net Profit Attributable to Non-controlling interests	5,316	7,773	5,188
Basic Earning per Share (Baht)	4.24	7.49	5.25

* Excluding gain from selling TLIFE and additional provision occurred in the second quarter of 2013

The Company and Its Subsidiaries' Profit Contribution by Business (Percent)

31 December 2013

31 December 2014



*Including profits of asset management companies and Siam City Life Assurance under the Company

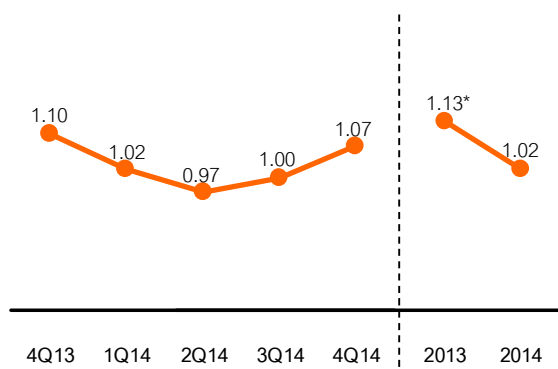
**Comprising of Thanachart Securities and Thanachart Fund Management

In 2014, Thanachart Group's profit contribution from banking business accounted for 61.88 percent, an increase from 55.60 percent from the previous year. This was due to a decline in gains on properties foreclose of the Company and its asset management companies and also a decrease in profit from investment in an associated company.

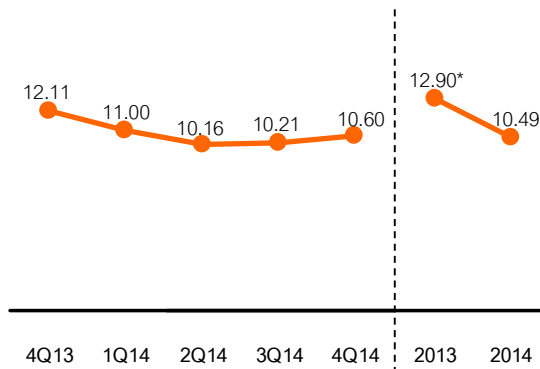
Summary of key operating results of the Company and its subsidiaries in 2014 comparing with 2013 is as follows:

- Net interest income increased by 3.67 percent from an effective management of funding costs
- Operating expenses decreased by 3.85 percent from a continued cost control
- Non-interest income decreased by 12.42 percent, mainly from the unsupportive market condition as a result of the economic slowdown which adversely affected fees and service income, gains on properties foreclose, and share of profit from investment in an associated company
- Provision increased by 17.30 percent, mainly from provision provided for non-performing hire purchase loans
- Assets decreased by 2.41 percent from loans contraction, especially the hire purchase loans. At the same time, other loans increased
- Non-performing loans decreased by 9.96 percent, resulting in an improvement of Coverage Ratio. This reflects a stronger asset quality of the Company

ROAA (%)



ROAE (%)



*Excluding gain from selling TLIFE and extra provision

Net Interest Income

Unit: Million Baht

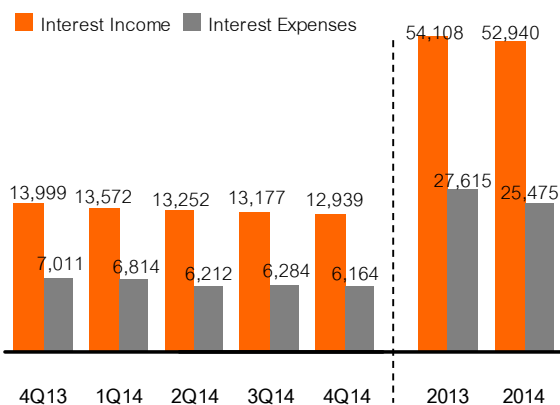
Net Interest Income	2014	2013	Change	
			+ / (-)	%
Interest Income	52,940	54,108	(1,168)	(2.16)
Interbank and Money Market Items	1,936	1,877	59	3.14
Investments for trading	464	467	(3)	(0.64)
Investments for debts securities	4,245	4,033	212	5.26
Loans	20,408	21,279	(871)	(4.09)
Hire Purchase and Financial Leases	25,887	26,452	(565)	(2.14)
Interest Expenses	25,475	27,615	(2,140)	(7.75)
Deposits	16,165	17,826	(1,661)	(9.32)
Interbank and Money Market Items	1,091	1,519	(428)	(28.18)
Fund Contributed to FIDF and DPA	3,556	3,598	(42)	(1.17)
Debts Issued	4,653	4,662	(9)	(0.19)
Borrowing Fee	10	10	-	-
Net Interest Income	27,465	26,493	972	3.67

In 2014, net interest income of the Company and its subsidiaries amounted to 27,465 million baht, an increase of 972 million baht or 3.67 percent from the previous year. Interest spread was at 2.55 percent, a slightly increase from the previous year of 2.54 percent. Interest income was 52,940 million baht, a decrease of 1,168 million baht or 2.16 percent from last year. This was mainly from loans contraction and lending rates decrease in line with the policy rate cut by the Bank of Thailand. Interest expenses were 25,475 million baht, a decrease of 2,140 million baht or 7.75 percent from last year. This was due mainly to the restructuring of funding, the effective cost management for suitable liquidity level of the Bank, and the decline in policy rate since the end of the year 2013.

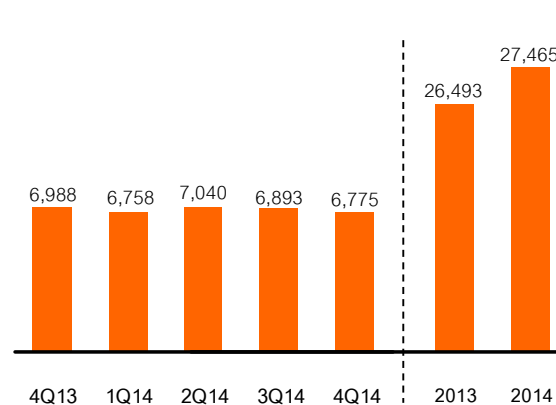
Unit: Percent

	4Q13	1Q14	2Q14	3Q14	4Q14	2013	2014
Average Policy Interest Rate	2.40	2.19	2.00	2.00	2.00	2.58	2.05
Yield	5.76	5.49	5.48	5.48	5.39	5.69	5.45
Cost of Fund	3.15	3.04	2.84	2.89	2.85	3.15	2.90
Interest Spread	2.61	2.45	2.64	2.59	2.54	2.54	2.55

Interest Income and Interest Expenses (Million Baht)



Net Interest Income (Million Baht)



Non-interest Income

Unit: Million Baht

Non-interest Income	2014	2013**	Change	
			+ / (-)	%
Net Fees and Service Income	5,920	6,112	(192)	(3.14)
Gains on Trading and Foreign Exchange Transactions	1,302	531	771	145.20
Gains on Investments	1,098	1,311	(213)	(16.25)
Share of Profit from Investments in Associated Companies				
Accounted for under Equity Method	264	800	(536)	(67.00)
Gains on Properties Foreclose and Other Assets	179	815	(636)	(78.04)
Net Insurance Premium/ Life Insurance Premium Income*	1,711	2,282	(571)	(25.02)
Dividend Income	350	634	(284)	(44.79)
Other Income	1,619	1,722	(103)	(5.98)
Operating Income	6,523	8,095	(1,572)	(19.42)
Non-interest Income	12,443	14,207	(1,764)	(12.42)

* Excluding Thanachart Life Assurance

** Excluding gain from selling Thanachart Life Assurance

In 2014, **non-interest income amounted to 12,443 million baht, a decrease of 1,764 million baht or 12.42 percent** from the previous year. Non-interest income from normal business improved except gains on properties foreclose, brokerage fees, and share of profit from investment in an associated company have declined.

■ Net Fees and Service Income

For the year 2014, the Company and its subsidiaries had **5,920 million baht in net fees and service income, a decrease of 192 million baht or 3.14 percent** from the previous year. This was mainly due to a decrease in brokerage fees which was in line with the decline in overall stock market.

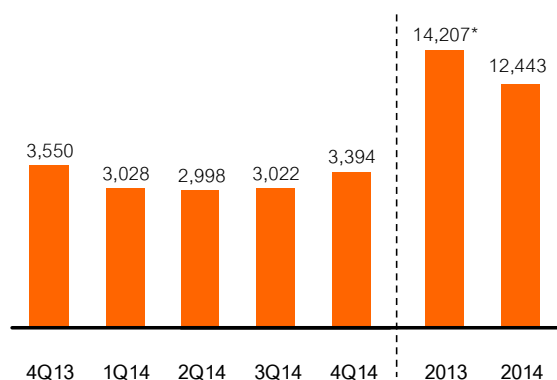
■ Operating Income

Operating income includes gain on trading and foreign exchange transactions, gain on investments, share of profit from investments in associated companies accounted for under equity method, gains on properties foreclosed and other assets, net insurance/life insurance premium income, dividend income, and other income.

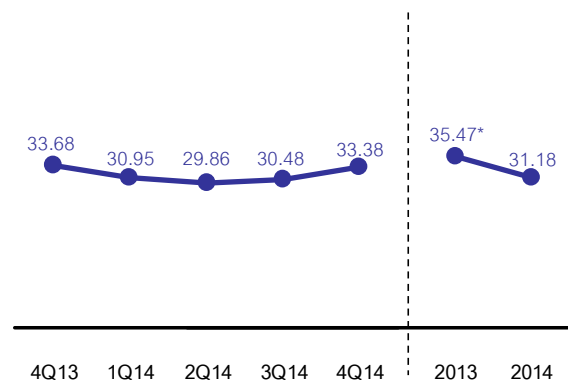
For the year 2014, **the Company and its subsidiaries' operating income amounted to 6,523 million baht, a decrease of 1,572 million baht or 19.42 percent** from the previous year. This was mainly attributable to a decrease in gains on properties foreclose as a result of unsupportive market condition, a decrease in net insurance/life insurance premium income, a decrease in share of profit from investment in an associated company since there were extra gains realized from an associated company in the previous year. Moreover, gains on investments and dividend income decreased from liquidation of Vayupak Fund since the end of last year.

As a result, non-interest income ratio in 2014 was at 31.18 percent, a decrease from 35.47 percent in the previous year.

Non-interest Income (Million Baht)



Non-interest Income Ratio (%)



*Excluding gain from selling TLIFE

Other Operating Expenses

Unit: Million Baht

Other Operating Expenses	2014	2013	Change	
			+ / (-)	%
Personnel Expenses	10,960	10,600	360	3.40
Premises and Equipment Expenses	2,958	3,037	(79)	(2.60)
Taxes and Duties	867	901	(34)	(3.77)
Directors' Remuneration	75	67	8	11.94
Other Expenses	4,970	6,019	(1,049)	(17.43)
Total Other Operating Expenses	19,830	20,624	(794)	(3.85)

In 2014, **operating expenses of the Company and its subsidiaries amounted to 19,830 million baht, a decrease of 794 million baht or 3.85 percent** from the previous year. This was a result of an effective cost management as well as a decline in overall business volume which led to a decline in variable costs. Cost to income ratio in 2014 was 49.69 percent, a decrease from 50.24 percent in the previous year.

Impairment Loss of Loans and Debt Securities

Unit: Million Baht

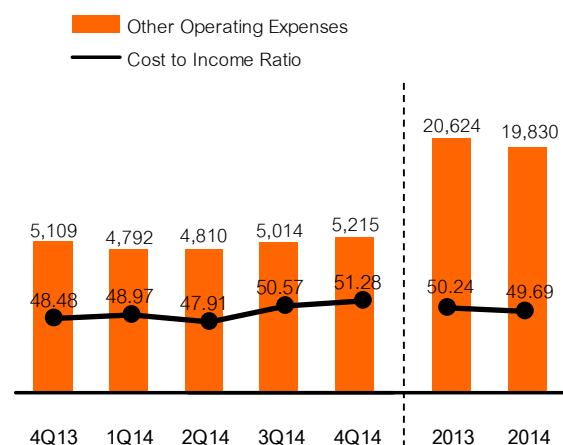
Impairment Loss of Loans and Debt Securities	2014	2013*	Change	
			+ / (-)	%
Impairment Loss of Loans	7,090	6,019	1,071	17.79
Loss from Debt Restructuring	12	4	8	200.00
Loss from impairment of debt securities	(18)	16	(34)	(212.50)
Total Impairment Loss of Loans and Debt Securities	7,084	6,039	1,045	17.30
Credit Cost (%)	0.89	0.72	0.17	23.61

* Excluding extra provision of 5,380 million baht

Amid sluggish economy and depressive used car market in 2014, **impairment loss of loans and debt securities increased by 1,045 million baht and recorded at 7,084 million baht.** The increase was mainly from impairment loss of hire purchase loans. Credit cost in 2014 was at 0.89 percent, an increase from 0.72 percent last year. However, NPL ratio decreased from last year from its attempt to manage NPL. Details are shown in the NPL section.

Other Operating Expenses (Million Baht) and

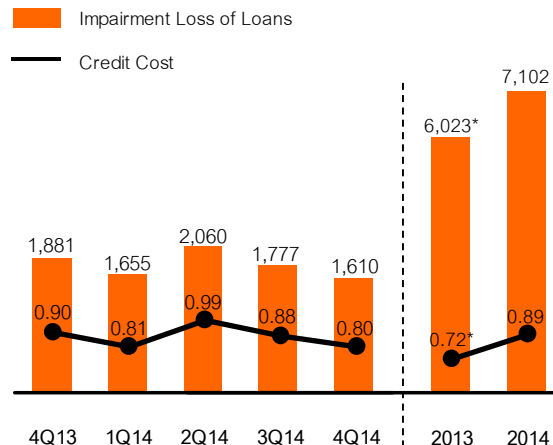
Cost to Income Ratio (%)



*Excluding extra provision of 5,380 million baht

Impairment Loss of Loans (Million Baht)

and Credit Cost (%)



Financial Position

Unit: Million Baht

Consolidated Statements of Financial Position	31 December 2014		31 December 2013		Change	
	Amount	%	Amount	%	+/(−)	%
Interbank and Money Market Items-net	66,038	6.44	70,215	6.68	(4,177)	(5.95)
Investment-net	162,318	15.82	147,686	14.05	14,632	9.91
Investment in Associated Company-net	2,417	0.24	2,389	0.23	28	1.17
Loans to Customers and Accrued Interest Receivables	756,444	73.75	792,189	75.38	(35,745)	(4.51)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(28,450)	(2.77)	(30,772)	(2.92)	2,322	(7.55)
Intangible Assets Acquired in a Business Combination-net	1,973	0.19	2,445	0.23	(472)	(19.30)
Goodwill	16,969	1.65	16,726	1.59	243	1.45
Other Assets	47,921	4.68	50,036	4.76	(2,115)	(4.23)
Total Assets	1,025,630	100.00	1,050,914	100.00	(25,284)	(2.41)
Deposits	696,949	67.95	715,931	68.12	(18,982)	(2.65)
Interbank and Money Market Items	80,139	7.81	81,082	7.72	(943)	(1.16)
Debt Issued and Borrowings	98,418	9.60	109,290	10.40	(10,872)	(9.95)
Other Liabilities	45,848	4.47	49,171	4.68	(3,323)	(6.76)
Total Liabilities	921,354	89.83	955,474	90.92	(34,120)	(3.57)
Company's Shareholders' Equity	51,353	5.01	47,369	4.51	3,984	8.41
Non-controlling Interests	52,923	5.16	48,071	4.57	4,852	10.09
Total Shareholders' Equity	104,276	10.17	95,440	9.08	8,836	9.26
Total Liabilities and Shareholders' Equity	1,025,630	100.00	1,050,914	100.00	(25,284)	(2.41)
Book Value per Share (Baht)	42.56		39.26			

Assets

As at 31 December 2014, **Thanachart Group's total assets amounted to 1,025,630 million baht, representing a decrease of 25,284 million baht or 2.41 percent** from the end of 2013.

The key contributing factors were as follows:

- Net interbank and money market items amounted to 66,038 million baht, a decrease of 4,177 million baht or 5.95 percent from the end of last year, due to the liquidity management.
- Investment-net was 162,318 million baht, an increase of 14,632 million baht or 9.91 percent from the end of previous year, due mostly to the investment in corporate bonds.
- Loans and accrued interest receivables were 756,444 million baht, a decrease of 35,745 million baht or 4.51 percent from the end of last year. This was mainly due to a decline of 9.28 percent in hire purchase loans following the slowdown in car market. At the same time, corporate, SME, and housing loans increased by 1.52 percent from its attempt to diversify to other types of loan. The decrease was also from the reduction of

NPLs from effective management. Portion of retail loans to corporate and SME loans was 68 percent to 32 percent.

Liabilities

Total liabilities of Thanachart Group as of 31 December 2014 were 921,354 million baht, a decrease of 34,120 million baht or 3.57 percent from the end of 2013. The key items were as follows:

Unit: Million Baht

Deposits and Debt Issued and Borrowings	31 December 2014		31 December 2013		Change	
	Amount	%	Amount	%	+/(-)	%
Current	8,667	1.09	8,759	1.06	(92)	(1.05)
Savings	240,554	30.25	239,189	28.99	1,365	0.57
Fixed Deposits						
Less than 6 Months	64,122	8.06	99,454	12.05	(35,332)	(35.53)
6 Months and up to 1 Year	22,583	2.84	167,756	20.33	(145,173)	(86.54)
Over 1 Year	132,369	16.64	197,532	23.94	(65,163)	(32.99)
Certificate of Deposit	228,654	28.75	3,241	0.39	225,413	6,955.04
Debt Issued and Borrowings	98,418	12.37	109,290	13.24	(10,872)	(9.95)
Total Deposits and Debt Issued and Borrowings	795,367	100.00	825,221	100.00	(29,854)	(3.62)

- Deposits and debts issued and borrowings were 795,367 million baht, a decrease of 29,854 million baht or 3.62 percent from the end of last year. This was due the deposit restructure and cost of fund management to be in line with the decline of loans.

The ratio of current and savings accounts to total deposits and debt issued and borrowings (CASA ratio) was at 31.34 percent, an increase from 30.05 percent at the end of the previous year.

- Interbank and money market items were 80,139 million baht, a decrease of 943 million baht or 1.16 percent from the end of last year. This was from the liquidity management.

Shareholders' Equity

Shareholders' equity as of 31 December 2014 was 104,276 million baht, an increase of 8,836 million baht or 9.26 percent from the end of 2013. This can be broken down as follows:

- Equity attributable to the owners of the Company was 51,353 million baht, an increase of 3,984 million baht or 8.41 percent. This was mainly due to the increase in operating profit of the Company and its subsidiaries in 2014 amounting to 5,120 million baht. At the same time, there were dividend payments paid for the performance in the second half of 2013 in the amount of 1,206 million baht and interim dividend payment of 724 million baht paid for the first six-month of 2014.

- Non-controlling interests were 52,923 million baht, an increase of 4,852 million baht or 10.09 percent, mainly due to the operating results of subsidiary companies.

Non-performing Loans: NPLs

	TCAP (Consol.)	
	31-Dec-14	31-Dec-13
NPL-gross (Million Baht)	33,800	37,540
Total Allowance* (Million Baht)	28,667	31,013
NPL-gross to Total Loans (%)	4.21	4.49
NPL-net to Total Loans (%)	2.07	2.30
Reserve to Required Reserve (%)	132.64	127.36
Coverage Ratio (%)	84.81	82.61

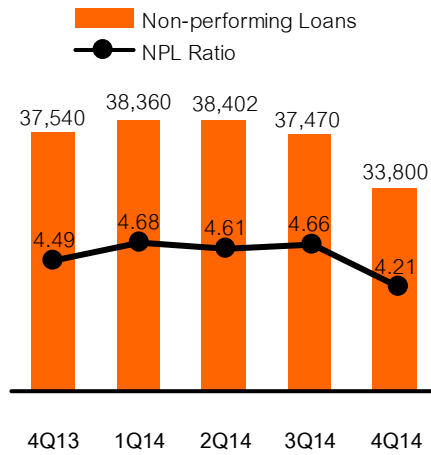
* Including revaluation allowance for debt restructuring

As of 31 December 2014, **NPLs amounted to 33,800 million baht, a decrease of 3,740 million baht or 9.96 percent** from the end of last year. This was due to the more effective NPL management amidst the unsupportive market condition and the economic slowdown.

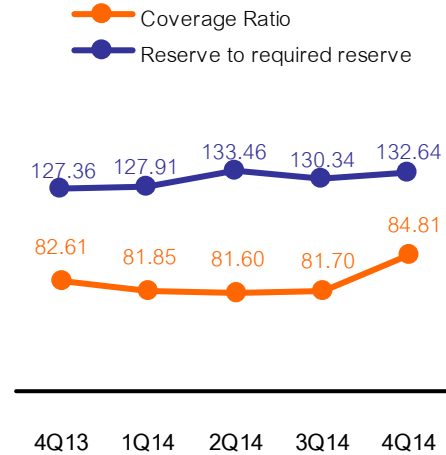
Non-performing loans to total loans to customers (NPL ratio) was at 4.21 percent, a decrease from 4.49 percent at the end of previous year. Despite loans contraction NPL ratio decreased from the effective management. Non-performing loans after deducting reserve (NPL-net) amounted to 16,227 million baht while the ratio of NPL-net to total loans was at 2.07 percent.

Coverage ratio at the end of December 2014 was at 84.81 percent, an increase from 82.61 percent at the end of December 2013. The ratio of reserve to required reserve under the BOT's regulation was at 132.64 percent at the end of December 2014, an increase from 127.36 percent from the end of December 2013. Excess reserve was 7,055 million baht.

Non-performing Loans (Million Baht) and
NPL Ratio (%)



Coverage Ratio (%) and Reserve to Required
Reserve (%)



Operating Results of Subsidiaries

Unit: Million Baht

Subsidiaries	% holding Direct/Indirect	Net Profit (Loss)	
		2014	2013*
Thanachart Bank Plc.			
Consolidated Financial Statements		9,922	10,101
Thanachart Securities Plc.	50.96%	561	801
Thanachart Fund Management Company Limited	38.22%	290	285
Thanachart Insurance Plc.	50.96%	1,047	953
TS AMC Company Limited	50.96%	320	404
Ratchthani Leasing Plc.	33.22%	704	754
NFS AMC Company Limited	100.00%	58	296
MAX AMC Company Limited	83.44%	130	103

* Excluding gain from selling Thanachart Life Assurance and extra provision

Risk Management and Risk Factors

For risk management, the Company and its subsidiaries have put in place the process to manage risk systematically by having the Company's Board of Directors specify risk management policies of Thanachart Group to ensure complete policy alignment throughout the entire organization. There is a business unit that is dedicatedly responsible for risk management and consistently monitors and controls risks to be in accordance with the specified policies of the Company. The measurement and analysis of various risks are done by using an appropriate tools and methodology. Such various risks include strategic risk, credit risk, market risk, interest rate risk, liquidity risk, and operational risk. For risk measurement and monitoring discipline, the risk limit and warning signal are set to ensure that business operation would always be within such acceptable risk limit. Moreover, the Executive Committee and the Board of Directors of the Company closely govern and monitor risk status and the efficiency of risk management system on a monthly basis.

In overall view, the risks of the Company and subsidiaries are within the risk limit and have enough capital after risk allocation to support the business expansion in sustainable and secure manners.

Disclaimer

Thanachart Capital Public Company Limited ('the Company') had provided this report to publish the Company's performance. In part of the information contained in this report is the prediction of the financial position and performance of the Company in the future, which is based on many hypotheses, including the financial information and any information from the other sources as of the date of this report. The information in this report may be changed according to economies and politics both inside and outside country. The readers or recipients should consider the information carefully and please use your discretion before making a decision in any transaction. Any unauthorized use, reproduction or distribution in whole or in part of the information contained in this report without the Company's permission is strictly prohibited. However, the Company reserves the right with its own discretion to amend or modify the information contained in this report without any prior notice. The Company shall have no responsibility for any inaccuracy, inappropriate or incomplete of any information contained in this report.