



Management Discussion and Analysis

For the second quarter and the first six-month period ended 30 June 2015

(Audited Financial Statements)

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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

Thai economy in the second quarter grew by 2.80 percent, a slowdown from the previous quarter growth of 3.00 percent. This was a result of the adverse impact from both internal and external factors. The key internal factors included slowdowns in private consumption, private investment, and government investment while government consumption expanded from the previous quarter. Furthermore, the external factors were unfavorable with the counter-party countries' weak economies, i.e. China and ASEAN which led to a continued contraction in export from the previous quarter. From the slowdown in Thai economy in the second quarter, the Monetary Policy Committee of the Bank of Thailand (MPC) issued a resolution to reduce the policy rate from 1.75 percent to 1.50 percent per annum in order to stimulate future Thai economy. For the economic growth in 2015, the Office of National Economic and Social Development Board (NESDB) has revised down the 2015 Thai economic growth from 3.00-4.00 percent to 2.70-3.20 percent.

Amid unfavorable economic environment as aforementioned, loan volume in the commercial banks expanded at a slower rate from the previous quarter with higher non-performing loans. The outlook for the third quarter of 2015 will be heavily depending upon the implementation and execution of the government policy to stimulate the economy.

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

Key Events in the Second Quarter of 2015

1. As Thanachart Capital Public Company Limited “the Company” notified the share repurchase project in the case of repurchasing the Company’s own shares for financial management purposes (Treasury Stock), the Company would repurchase its shares from the Stock Exchange of Thailand during 10 February 2015 to 9 August 2015. The maximum repurchasing shares allowed for this project would be 56,431,642 shares and the amount for the share repurchase would not exceed 1,400 million baht. As of 30 June 2015, the Company repurchased 41,350,000 shares or accounting for 3.24 percent of total paid-up shares with the total amount of 1,400 million baht.
2. On 2 April 2015, Thanachart Bank has early redeemed 6,000 million baht of name registered, unsecured subordinated debentures which will mature in 2020 and redeemed 5,000 million baht of matured name registered, unsecured subordinated debentures. In replacement, Thanachart Bank has issued and offered Tier II capital instrument under the Basel III regulations (subordinated instrument) No. 1/2015, due in 2025, with the issuer’s right to early redeem, in a total of 7,000 million baht. This capital instrument offers 4.65 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 II capital. This helps strengthen the capital fund of the Bank.
3. On 20 April 2015, SCIB Public Company Limited, a subsidiary company of Thanachart Bank, has registered completeness of liquidation with the Ministry of Commerce. In this connection, Thanachart Bank has had tax losses from its investment in such company but the transaction did not have any impact to accounting profit and loss. As a result, Thanachart Bank had no income tax expenses in the first six-month period of 2015. Therefore, the Bank has decided to provide a special provision in order enhance its strength and that did not incur any impact on the Group’s normal operating profit.

	For the 3 months ended			For the 6 months ended	
Audited Financial Statements	30-Jun-15	31-Mar-15	30-Jun-14	30-Jun-15	30-Jun-14
Operating Performance (Million Baht)					
Interest Income	12,228	12,595	13,252	24,823	26,824
Interest Expenses	5,297	5,723	6,212	11,020	13,026
Net Interest Income	6,931	6,872	7,040	13,803	13,798
Non-interest Income	3,368	3,258	2,998	6,626	6,026
Net Operating Income ⁽¹⁾	10,299	10,130	10,038	20,429	19,824
Other Operating Expenses	4,990	5,115	4,810	10,105	9,602
Pre-Provision Operating Profit (PPOP)	5,309	5,015	5,228	10,324	10,222
Impairment Loss of Loans and Debt Securities	1,736	1,647	2,060	3,383	3,717
Impairment Loss of Loans -Special Provision	1,796	-	-	1,796	-
Profit before Tax	1,777	3,368	3,168	5,145	6,505
Income Tax	(1,042)	688	677	(354)	1,348
Profit for the Period	2,819	2,680	2,491	5,499	5,157
Net Profit Attributable to the Company	1,393	1,332	1,235	2,724	2,559
Operating Performance Ratios					
ROAA (%)	1.16	1.07	0.97	1.11	1.00
ROAE ⁽²⁾ (%)	10.81	10.25	10.14	10.55	10.58
Interest Spread ⁽³⁾ (%)	2.74	2.62	2.64	2.68	2.54
Loan Spread ⁽⁴⁾ (%)	3.37	3.22	3.06	3.29	3.00
Credit Cost (%)	1.81	0.85	0.99	1.33	0.89
Credit Cost Excluding Special Provision (%)	0.89	0.85	0.99	0.87	0.89
Non-interest Income Ratio ⁽⁵⁾ (%)	32.70	32.17	29.86	32.43	30.40
Cost to Income Ratio ⁽⁶⁾ (%)	48.45	50.49	47.91	49.46	48.43
	30-Jun-15	31-Mar-15	31-Dec-14		
Financial Position (Million Baht)					
Loans	719,182	731,038	755,656		
Total Assets	967,254	990,377	1,025,630		
Deposits and Debt Issued and Borrowings	747,170	765,788	795,367		
Total Liabilities	861,702	883,457	921,354		
Equity	105,552	106,920	104,276		
Financial Position Quality					
Loans to Deposits and Debt Issued and Borrowings (%)	96.25	95.46	95.01		
Non-performing Loans (Million Baht)	29,290	31,695	33,800		
NPL Ratio (%)	3.76	4.07	4.21		
Coverage Ratio ⁽⁷⁾ (%)	98.85	88.90	84.81		
Reserve to Required Reserve ⁽⁸⁾ (%)	143.67	134.99	132.64		

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

Operating Results for the Second Quarter and the First Six-month of 2015

Performance Overview

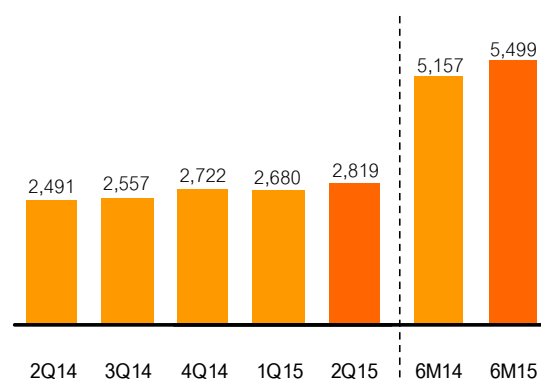
Thanachart Capital Public Company Limited (“the Company”) operates as the holding company and thus is the parent company of Thanachart Financial Business Conglomerate. The Company’s performance is mainly from the performance of Thanachart Bank and its subsidiaries. The Company holds shares in Thanachart 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 order to compare its operating results with other companies’ in the industry, the financial information presented in this report is based on consolidated financial statements.

Although in the second quarter of 2015 Thanachart Group has faced challenges of economic slowdown in many aspects, the Group could maintain its growth of income base and control operating expenses efficiently. As a result, **Thanachart Group had a pre-provision operating profit (PPOP) of 5,309 million baht, an increase of 294 million baht or 5.86 percent** from the previous quarter. Also, from the completeness of liquidation of a subsidiary company of the Bank, the Bank has had tax loss from its investment in such company. In this connection, the Bank did not have tax burden in the first six-month period of 2015. In order to improve the Bank’s strength, the Bank has decided to provide a special provision of 1,796 million baht. This did not have any impact to the normal operating profit of the Group. **The Group’s profit in the second quarter of 2015 amounted to 2,819 million baht, an increase of 139 million baht or 5.19 percent** from the previous quarter.

For the first six-month period of 2015, Thanachart Group had profit in the amount of **5,499 million baht, an increase of 342 million baht or 6.63 percent** from the same period last year. This was due to an increase in non-interest

income base and an efficiently management of impairment loss of loans.

Net Profit (Million Baht)



Moreover, Thanachart Group has significantly strengthened its asset quality and capital fund. Amid sluggish economy and unrecovered domestic car sale, the Group has emphasized on NPL management systematically. As a result, consolidated NPL decreased by 4,510 million baht from the end of 2014. **NPL ratio continued to decline and stayed at 3.76 percent while coverage ratio improved to stand at 98.85 percent. The Bank coverage ratio increased to 105.92 percent. On capital fund, the Bank had capital adequacy ratio of 17.19 percent, an increase from 15.83 percent from the end of last year.**

Summary of key operating results of Thanachart Group in **the second quarter of 2015 comparing with the first quarter of 2015** is as follows:

- Net interest income increased by 0.86 percent from an effective management of funding costs. As a result, interest spread increased to 2.74 percent which could be compensated with the loan contraction.
- Non-interest income increased by 3.38 percent, mainly from its ability to make gains on investments, gains on property foreclosed, and net insurance premium income.
- Operating expenses decreased by 2.44 percent from an effective cost control.
- Provision excluding special provision increased by 5.40 percent. The increase was from a seasonal effect.

Summary of key operating results in **the first six-month period of 2015 comparing with the same period last year** is as follows:

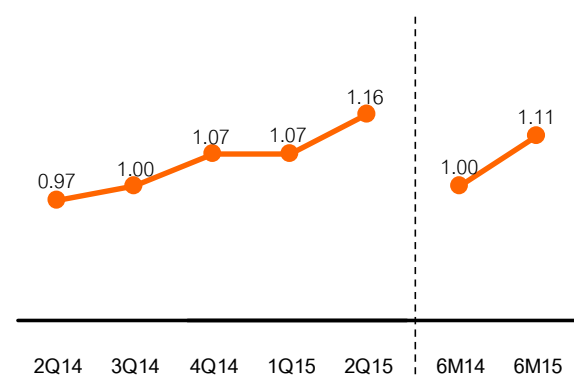
- Net interest income slightly increased from an appropriate management of funding costs. As a result, interest spread increased to 2.68 percent which could be compensated with the loan contraction.
- Non-interest income increased by 9.96 percent, mainly from its ability to make gains on investments and net insurance premium income.
- Operating expenses increased by 5.24 percent from setting aside expenses for litigation for future liabilities in the first quarter of 2015.
- Provision excluding special provision decreased by 8.99 percent from an effective management.

In the second quarter of 2015, net profit attributable to the Company was 1,393 million baht, an increase of 61 million baht or 4.58 percent from the previous quarter. Earning per share (EPS) for was 1.18 baht, an increase from 1.10 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.16 percent and 10.81 percent respectively.

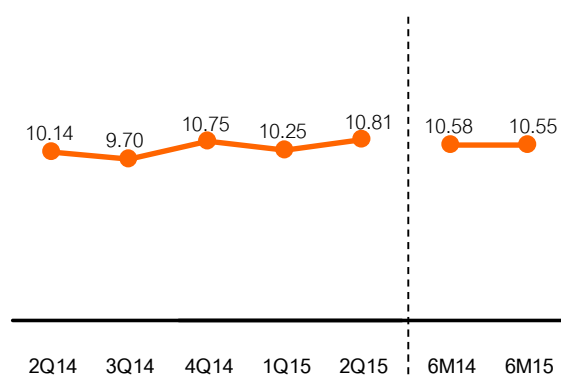
For the first six-month period of 2015, net profit attributable to the Company was 2,724 million baht, an increase of 165 million baht or 6.45 percent from the same period last year. Earning per share (EPS) for was 2.28 baht, an increase from 2.12 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.11 percent and 10.55 percent respectively.

Audited Financial Statements	For the 3 months ended			For the 6 months ended	
	30-Jun-15	31-Mar-15	30-Jun-14	30-Jun-15	30-Jun-14
Net Profit (Million Baht)					
Profit for the period	2,819	2,680	2,491	5,499	5,157
Net Profit Attributable to the Company	1,393	1,332	1,235	2,724	2,559
Net Profit Attributable to Non-controlling interests	1,426	1,348	1,256	2,775	2,598
Basic Earning per Share (Baht)	1.18	1.10	1.02	2.28	2.12

ROAA (%)



ROAE* (%)



*Equity attributable to the Company's shareholders

Net Interest Income

Net Interest Income	2Q15	1Q15	Change		6M15	6M14	Change	
			+ / (-)	%			+ / (-)	%
Interest Income	12,228	12,595	(367)	(2.91)	24,823	26,824	(2,001)	(7.46)
Interbank and Money Market Items	413	406	7	1.72	819	936	(117)	(12.50)
Investments for trading	88	106	(18)	(16.98)	194	251	(57)	(22.71)
Investments for debts securities	925	1,066	(141)	(13.23)	1,991	2,220	(229)	(10.32)
Loans	4,910	4,932	(22)	(0.45)	9,842	10,142	(300)	(2.96)
Hire Purchase and Financial Leases	5,892	6,085	(193)	(3.17)	11,977	13,275	(1,298)	(9.78)
Interest Expenses	5,297	5,723	(426)	(7.44)	11,020	13,026	(2,006)	(15.40)
Deposits	3,262	3,641	(379)	(10.41)	6,903	8,250	(1,347)	(16.33)
Interbank and Money Market Items	257	274	(17)	(6.20)	530	678	(148)	(21.83)
Fund Contributed to FIDF and DPA	847	857	(10)	(1.17)	1,704	1,778	(74)	(4.16)
Debts Issued	928	950	(22)	(2.32)	1,879	2,316	(437)	(18.87)
Borrowing Fee	3	1	2	200.00	4	4	-	-
Net Interest Income	6,931	6,872	59	0.86	13,803	13,798	5	0.04

In the second quarter of 2015, the Company and its subsidiaries had 6,931 million baht in net interest income, an increase of 59 million baht or 0.86 percent from the previous quarter. Interest Spread was at 2.74 percent, an increase from 2.62 percent.

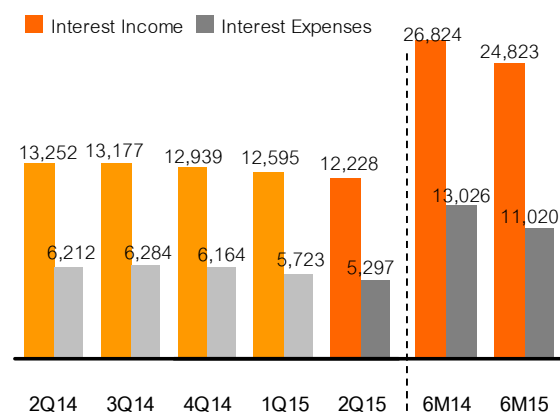
- Interest income was 12,228 million baht, a decrease of 367 million baht or 2.91 percent. This was mainly from loans contraction and lending rates decreased in line with the policy rate cut by the Bank of Thailand.
- Interest expenses were 5,297 million baht, a decrease of 426 million baht or 7.44 percent. This was due mainly to the restructuring of funding and the effective cost management for the Bank's liquidity management as well as the decrease in policy rate.

For the first six-month period of 2015, the Company and its subsidiaries had 13,803 million baht in net interest income, an increase of 5 million baht or 0.04 percent from the same period last year. Interest Spread was at 2.68 percent, an increase from 2.54 percent.

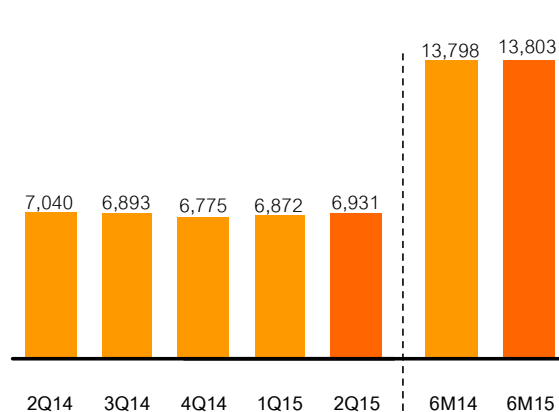
- Interest income was 24,823 million baht, a decrease of 2,001 million baht or 7.46 percent. This was mainly from loans contraction and the policy rate cut.
- Interest expenses were 11,020 million baht, a decrease of 2,006 million baht or 15.40 percent. This was due mainly to the effective cost of fund management under the Bank's strategy to manage liquidity and the decrease in policy rate in the first six month of the year.

	2Q14	3Q14	4Q14	1Q15	2Q15	6M14	6M15
Average Policy Interest Rate	2.00	2.00	2.00	1.94	1.58	2.10	1.76
Yield	5.48	5.48	5.39	5.32	5.32	5.48	5.32
Cost of Fund	2.84	2.89	2.85	2.70	2.58	2.94	2.64
Interest Spread	2.64	2.59	2.54	2.62	2.74	2.54	2.68

Interest Income and Interest Expenses (Million Baht)



Net Interest Income (Million Baht)



Non-interest Income

Unit: Million Baht

Non-interest Income	2Q15	1Q15	Change		6M15	6M14	Change	
			+ / (-)	%			+ / (-)	%
Net Fees and Service Income	1,213	1,366	(153)	(11.20)	2,579	2,559	20	0.78
Gains on Trading and Foreign Exchange Transactions	138	256	(118)	(46.09)	394	511	(117)	(22.90)
Gains on Investments	705	678	27	3.98	1,383	712	671	94.24
Share of Profit from Investments in Associated Companies Accounted for under Equity Method	84	73	11	15.07	157	120	37	30.83
Gains on Property Foreclosed and Other Assets	287	4	283	7,075.00	291	361	(70)	(19.39)
Net Insurance / Life Insurance Income	584	495	89	17.98	1,079	880	199	22.61
Dividend Income	55	70	(15)	(21.43)	125	145	(20)	(13.79)
Other Income	302	316	(14)	(4.43)	618	738	(120)	(16.26)
Operating Income	2,155	1,892	263	13.90	4,047	3,467	580	16.73
Non-interest Income	3,368	3,258	110	3.38	6,626	6,026	600	9.96

Non-interest income of the Company and its subsidiaries in the second quarter of 2015 was 3,368 million baht, an increase of 110 million baht or 3.38 percent from the previous quarter. This was mainly due to increases in gains on investments, gains on property foreclosed, and insurance / life insurance premium income.

- Net fees and service income amounted to 1,213 million baht, a decrease of 153 million baht or 11.20 percent. This was mainly from a decrease in brokerage fees following a slowdown in trading volume which was in line with overall stock market situation.
- Operating income

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

In the second quarter of 2015, operating income amounted to 2,155 million baht, an increase of 263 million baht or 13.90 percent. This was mainly due to an increase of 27 million baht or 3.98 percent in gains on investments which was mostly from selling of government bonds and debentures; an increase of 283 million baht in gains on property foreclosed and other assets which was from selling TBANK's property foreclosed; and an increase of 89 million baht or 17.98 percent in net insurance / life insurance premium income which was from a focus on products that generated better profit to the company and an effective claim management.

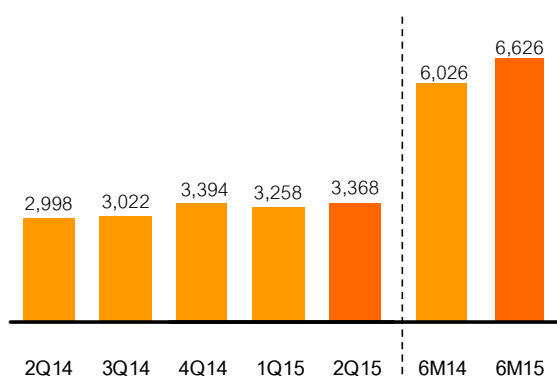
Consequently, non-interest income ratio in the second quarter of 2015 was 32.70 percent, an increase from the previous quarter of 32.17 percent.

Non-interest income of the Company and its subsidiaries in the first six-month period of 2015 was 6,626 million baht, an increase of 600 million baht or 9.96 percent from the same period last year. Non-interest income from normal business operation showed improving signs particularly in brokerage fees, gains on investments, and net insurance premium/ life insurance premium income.

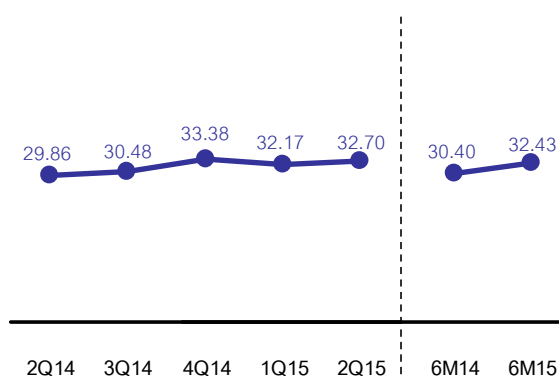
- Net fees and service income amounted to 2,579 million baht, an increase of 20 million baht or 0.78 percent. This was mainly from brokerage fees which increased in line with improving trading volume comparing to the same period last year.
- Operating income amounted to 4,047 million baht, an increase of 580 million baht or 16.73 percent. This was mainly due to an increase of 671 million baht or 94.24 percent in gains on investments which was mostly from selling of government bonds and debentures and an increase of 199 million baht or 22.61 percent in net insurance / life insurance premium income which was from a focus on products that generated better profit to the company and an effective claim management.

Consequently, non-interest income ratio in the first six-month period of 2015 was 32.43 percent, an increase from the same period last year of 30.40 percent.

Non-interest Income (Million Baht)



Non-interest Income Ratio (%)



Other Operating Expenses

Unit: Million Baht

Other Operating Expenses	2Q15	1Q15	Change		6M15	6M14	Change	
			+ / (-)	%			+ / (-)	%
Employee's Expenses	2,786	2,798	(12)	(0.43)	5,584	5,380	204	3.79
Premises and Equipment Expenses	717	711	6	0.84	1,427	1,446	(19)	(1.31)
Taxes and Duties	218	222	(4)	(1.80)	440	423	17	4.02
Directors' Remuneration	49	9	40	444.44	59	56	3	5.36
Other Expenses	1,220	1,375	(155)	(11.27)	2,595	2,297	298	12.97
Total Other Operating Expenses	4,990	5,115	(125)	(2.44)	10,105	9,602	503	5.24

In the second quarter of 2015, other operating expenses of the Company and its subsidiaries amounted to 4,990 million baht, a decrease of 125 million baht or 2.44 percent from the previous quarter. This was mainly due to a decrease of 155 million baht or 11.27 percent in other expenses from a provision set aside for litigation for future liabilities in the first quarter of 2015.

As a result, cost to income ratio in the second quarter of 2015 was 48.45 percent, a decrease from the previous quarter of 50.49 percent.

For the first six-month period of 2015, other operating expenses of the Company and its subsidiaries amounted to 10,105 million baht, an increase of 503 million baht or 5.24 percent from the same period last year. Key factors include the following.

- Personnel expenses increased by 204 million baht or 3.79 percent following the increase in compensation of employees.
- Other expenses increased by 298 million baht or 12.97 percent due to a provision set aside for litigation for future liabilities in the first quarter of 2015.

As a result, cost to income ratio in the first six-month period of 2015 was 49.46 percent, an increase from the same period last year of 48.43 percent.

Impairment Loss of Loans and Debt Securities

Unit: Million Baht

Impairment Loss of Loans and Debt Securities	2Q15	1Q15	Change		6M15	6M14	Change	
			+ / (-)	%			+ / (-)	%
Impairment Loss of Loans	1,736	1,647	89	5.40	3,383	3,715	(332)	(8.94)
Impairment Loss of Loans -Special Provision	1,796	-	1,796	100.00	1,796	-	1,796	100.00
Loss from impairment of debt securities	-	-	-	-	-	2	(2)	(100.00)
Total Impairment Loss of Loans and Debt Securities	3,532	1,647	1,885	114.45	5,179	3,717	1,462	39.33
Credit Cost (%)	1.81	0.85	0.96	112.94	1.33	0.89	0.44	49.44
Credit Cost Excluding Special Provision (%)	0.89	0.85	0.04	4.71	0.87	0.89	(0.02)	(2.25)

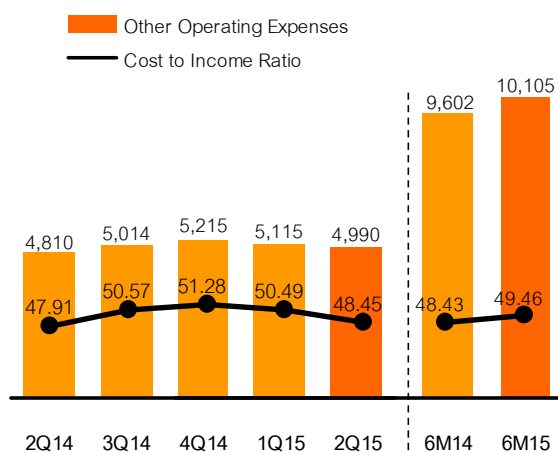
Amid sluggish economy and a normally high provision from seasonal effect in the second quarter, Thanachart Group has managed NPL efficiently. As a result, **impairment loss of loans and debt securities excluding special provision in the second quarter of 2015 amounted to 1,736 million baht, an increase of 89 million baht or 5.40 percent** from the previous quarter. Credit cost was at 0.89 percent, an increase from 0.85 percent. In addition, Thanachart Bank has provided special provision in the amount of 1,796 million baht for improving its own strength. The special provision provided did not have any impact to the Group's profit as mentioned earlier.

For the first six-month period of 2015, the Company and its subsidiaries had **impairment loss of loans and debt securities excluding special provision amounting to 3,383 million baht, a decrease of 332 million baht or 8.94 percent** from the same period last year. Credit cost

was at 0.87 percent, a decrease from 0.89 percent. In addition, Thanachart Bank has provided special provision in the amount of 1,796 million baht in the second quarter of 2015 for improving its own strength. From the attempt to manage NPL of the Company and its subsidiaries, NPL ratios has been declining and coverage ratio has been improving significantly from the end of last year. The details of which are shown in the NPL section.

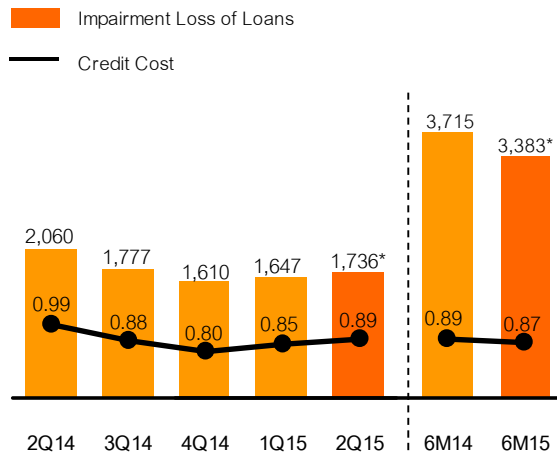
Other Operating Expenses (Million Baht) and

Cost to Income Ratio (%)



Impairment Loss of Loans (Million Baht)

and Credit Cost (%)



*Excluding Special Provision

Income Tax

For the first six-month period of 2015, Thanachart Bank did not have income tax expenses, due to that it had tax losses from liquidation of SCIB Public Company Limited in the second quarter. At the same time, other subsidiaries still had income tax expenses as usual.

Financial Position

Unit: Million Baht

Consolidated Statements of Financial Position	30 June 2015		31 December 2014		Change	
	Amount	%	Amount	%	+/(−)	%
Interbank and Money Market Items-net	79,147	8.18	66,038	6.44	13,109	19.85
Investment-net	131,556	13.60	162,318	15.83	(30,762)	(18.95)
Investment in Associated Company-net	2,456	0.25	2,417	0.24	39	1.61
Loans to Customers and Accrued Interest Receivables	719,840	74.42	756,444	73.75	(36,604)	(4.84)
Allowance for Doubtful Accounts and						
Revaluation Allowance for Debt Restructuring	(28,741)	(2.97)	(28,450)	(2.77)	(291)	1.02
Intangible Assets Acquired in a Business Combination-net	1,742	0.18	1,973	0.19	(231)	(11.71)
Goodwill	17,088	1.77	16,969	1.65	119	0.70
Other Assets	44,166	4.57	47,921	4.67	(3,755)	(7.84)
Total Assets	967,254	100.00	1,025,630	100.00	(58,376)	(5.69)
Deposits	660,558	68.29	696,949	67.95	(36,391)	(5.22)
Interbank and Money Market Items	66,672	6.89	80,139	7.81	(13,467)	(16.80)
Debt Issued and Borrowings	86,612	8.96	98,418	9.60	(11,806)	(12.00)
Other Liabilities	47,860	4.95	45,848	4.47	2,012	4.39
Total Liabilities	861,702	89.09	921,354	89.83	(59,652)	(6.47)
Company's Shareholders' Equity	51,289	5.30	51,353	5.01	(64)	(0.12)
Non-controlling Interests	54,263	5.61	52,923	5.16	1,340	2.53
Total Shareholders' Equity	105,552	10.91	104,276	10.17	1,276	1.22
Total Liabilities and Shareholders' Equity	967,254	100.00	1,025,630	100.00	(58,376)	(5.69)
Book Value per Share (Baht)	44.02		42.56			

Assets

As of 30 June 2015, **Thanachart Group's total assets amounted to 967,254 million baht, a decrease of 58,376 million baht or 5.69 percent** from the end of 2014. Key factors are as follows:

- Net interbank and money market amounted to 79,147 million baht, an increase of 13,109 million baht or 19.85 percent from the end of the previous year due to liquidity management.
- Net investment amounted to 131,556 million baht, a decrease of 30,762 million baht or 18.95 percent from the end of last year. This was mainly from investment management following the supporting business opportunity.
- Loans and accrued interest receivables amounted to 719,840 million baht, a decrease of 36,604 million baht or 4.84 percent from the end of last year. This was due to a decrease of hire purchase loans as a result of slowdown in automotive market as well as an effective NPL management led to a decrease in NPL. Portion of retail loans to corporate and SME loans was 69 percent to 31 percent.

Liabilities

Total liabilities of Thanachart Group as of 30 June 2015 were 861,702 million baht, a decrease of 59,652 million baht or 6.47 percent from the end of 2014. The key items were as follows:

Unit: Million Baht

	30 June 2015		31 December 2014		Change	
	Amount	%	Amount	%	+ / (-)	%
Deposits and Debt Issued and Borrowings						
Current	9,157	1.23	8,667	1.09	490	5.65
Savings	252,572	33.80	240,554	30.25	12,018	5.00
Fixed Deposits						
Less than 6 Months	45,163	6.04	64,122	8.06	(18,959)	(29.57)
6 Months and up to 1 Year	45,622	6.11	22,583	2.84	23,039	102.02
Over 1 Year	114,786	15.36	132,369	16.64	(17,583)	(13.28)
Certificate of Deposit	193,258	25.87	228,654	28.75	(35,396)	(15.48)
Debt Issued and Borrowings	86,612	11.59	98,418	12.37	(11,806)	(12.00)
Total Deposits and Debt Issued and Borrowings	747,170	100.00	795,367	100.00	(48,197)	(6.06)

- Deposits and debt issued and borrowings were 747,170 million baht, a decrease of 48,197 million baht or 6.06 percent from the end of last year. This was mainly from deposit restructuring and cost of fund management to be in line with the slowdown of loans.

The ratio of current and saving account to total deposits and debt issued and borrowings (CASA) was 35.03 percent, an increase from 31.34 percent at the end of last year.

- Interbank and money market items were 66,672 million baht, a decrease of 13,467 million baht or 16.80 percent from the end of last year. This was due to liquidity management.

Shareholders' Equity

Total shareholders' equity as of 30 June 2015 was 105,552 million baht, an increase of 1,276 million baht or 1.22 percent from the end of 2014 which comprised of the following:

- Equity attributable to the owners of the Company was 51,289 million baht, a decrease of 64 million baht or 0.12 percent. This was mainly from an increase in operating profit attributable to the Company in the first six-month period of 2015 amounting to 2,724 million baht. At the same time, there were dividend payments paid for the performance in the second half of 2014 in the amount of 1,206 million baht and share repurchased for liquidity management in the amount of 1,400 million baht.
- Equity attributable to non-controlling interest amounted to 54,263 million baht, an increase of 1,340 million baht or 2.53 percent, mainly from profitable operating results of subsidiaries companies.

Non-performing Loans: NPLs

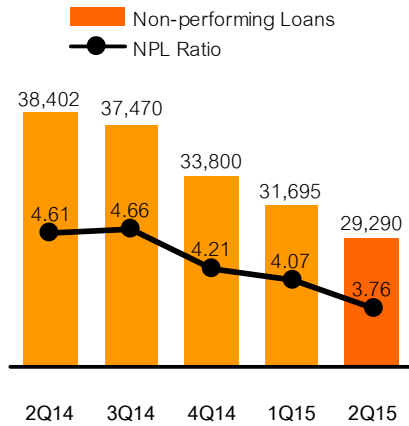
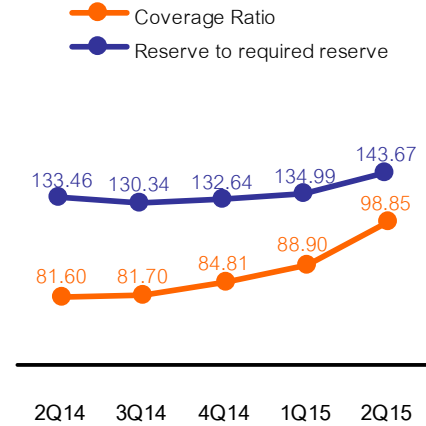
	TCAP (Consol.)	
	30-Jun-15	31-Dec-14
NPL-gross (Million Baht)	29,290	33,800
Total Allowance* (Million Baht)	28,953	28,667
NPL-gross to Total Loans (%)	3.76	4.21
NPL-net to Total Loans (%)	1.77	2.07
Reserve to Required Reserve (%)	143.67	132.64
Coverage Ratio (%)	98.85	84.81

* Including revaluation allowance for debt restructuring

Although market and economic conditions slowed down and NPL was on the uptrend across the industry, the Company and its subsidiaries managed to reduce NPL through systematic and effective control. As a result, **NPL** as of 30 June 2015 **amounted to 29,290 million baht, a decrease of 4,510 million baht or 13.34 percent** from the end of last year.

Non-performing loans to total loans to customers (NPL Ratio) was at 3.76 percent, a decrease from 4.21 percent at the end of previous year. Despite loans contraction, NPL ratio decreased from the effective NPL management. Non-performing loans after deducting reserve (NPL-net) amounted to 13,530 million baht while the ratio of NPL-net to total loans was at 1.77 percent.

Coverage ratio at the end of June 2015 was at 98.85 percent, an increase from 84.81 percent at the end of December 2014. The ratio of reserve to required reserve under the BOT's regulation was at 143.67 percent at the end of June 2015, an increase from 132.64 percent from the end of December 2014. Excess reserve was 8,800 million baht. At the same time, **coverage ratio of TBANK as of 30 June 2015 was at 105.92 percent, an increase from 90.64 percent at the end of December 2014.**

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

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


Capital Adequacy of TBANK

Thanachart Bank had capitals according to Basel III regulation in a total of 118,431 million baht as of 30 June 2015, of which 78,227 million baht was Tier I capital (including common equity Tier 1 and additional Tier I), and 40,204 million baht was Tier II capital. BIS ratio was at 17.19 percent, of which 11.35 percent was Tier I capital and 5.84 percent was Tier II capital, as compared to BIS ratio of 15.83 percent at the end of 2014.

Operating Results of Subsidiaries

Unit: Million Baht

Subsidiaries	% holding Direct/Indirect	Net Profit (Loss)			
		2Q15	1Q15	6M15	6M14
Thanachart Bank Plc.					
Consolidated Financial Statements		2,702	2,561	5,263	4,902
Thanachart Securities Plc.	50.96%	93	183	276	182
Thanachart Fund Management Company Limited	38.22%	73	84	157	151
Thanachart Insurance Plc.	50.96%	297	304	600	551
TS AMC Company Limited	50.96%	37	(104)	(67)	110
Ratchthani Leasing Plc.	33.22%	191	174	365	368
NFS AMC Company Limited	100.00%	7	25	32	18
MAX AMC Company Limited	83.44%	(2)	(5)	(7)	120

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.