

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
31 March 2014

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 2014, the related consolidated statements of comprehensive income, changes in equity, and cash flows for 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.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Bangkok: 12 May 2014

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2014

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets				
Cash	13,246,079	17,940,109	10	-
Interbank and money market items - net	49,949,378	70,214,825	3,564,905	3,542,552
Derivative assets	3 3,386,231	3,913,805	-	-
Investments - net	4 152,365,599	147,686,390	11,382,312	11,047,674
Investments in subsidiaries and associates - net	5 2,338,516	2,389,163	31,550,030	31,552,224
Loans to customers and accrued interest receivables	6			
Loans to customers	851,640,522	853,177,090	279,197	279,776
Accrued interest receivables	863,649	1,015,204	13	26
Total loans to customers and accrued interest receivables	852,504,171	854,192,294	279,210	279,802
Less: Deferred revenue	(61,036,483)	(62,002,495)	(3,973)	(3,982)
Allowance for doubtful accounts	7 (30,859,585)	(30,467,235)	(179,090)	(179,470)
Revaluation allowance for debt restructuring	8 (303,101)	(305,386)	-	-
Net loans to customers and accrued interest receivables	760,305,002	761,417,178	96,147	96,350
Customers' liability under acceptances	44,100	30,330	-	-
Property foreclosed - net	8,629,346	9,027,386	1,250,302	1,254,916
Land, premises and equipment - net	7,963,244	8,083,957	44,508	46,696
Intangible assets - net	3,695,988	3,843,509	471	486
Goodwill	10 16,786,462	16,725,637	-	-
Receivables from purchase and sale of securities	4,046,101	1,645,667	-	-
Accrued interest and dividend receivables	1,412,582	1,081,291	284,286	88,395
Reinsurance assets	364,317	401,450	-	-
Deferred tax assets	1,171,798	1,075,552	75,045	55,904
Other assets - net	11 5,612,601	5,437,643	113,874	109,079
Total assets	1,031,317,344	1,050,913,892	48,361,890	47,794,276

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 2014

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and equity				
Deposits	676,280,243	715,931,146	-	-
Interbank and money market items	12 95,646,607	81,082,201	14	13
Liability payable on demand	2,653,113	3,218,667	-	-
Derivatives liabilities	3 4,228,232	5,701,330	-	-
Debts issued and borrowings	13 112,077,867	109,290,446	20,700,000	20,700,000
Bank's liability under acceptances	44,100	30,330	-	-
Provisions	14 2,993,591	3,183,299	40,950	40,195
Accrued interest payable	4,714,027	4,474,707	255,246	153,432
Payables from purchase and sale of securities	5,015,983	1,466,719	-	-
Insurance contract liabilities	15 14,929,825	15,019,053	-	-
Deferred tax liabilities	1,873,895	1,700,941	-	-
Other liabilities	16 12,349,921	14,375,627	116,874	121,472
Total liabilities	932,807,404	955,474,466	21,113,084	21,015,112

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 2014

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2014	31 December 2013	31 March 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Equity					
Share capital	17				
Registered, issued and paid-up					
13,306 preferred shares of Baht 10 each		133	133	133	133
1,277,816,397 common shares of Baht 10 each		12,778,164	12,778,164	12,778,164	12,778,164
		<u>12,778,297</u>	<u>12,778,297</u>	<u>12,778,297</u>	<u>12,778,297</u>
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	1,963,021	1,723,075	392,144	370,006
Retained earnings					
Appropriated - statutory reserve		1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		3,398,455	3,398,455	3,398,455	3,398,455
Unappropriated		30,681,649	29,358,306	10,569,148	10,121,644
Less: Treasury shares - common shares		(3,398,455)	(3,398,455)	(3,398,455)	(3,398,455)
Equity attributable to owners of the Company		<u>48,932,184</u>	<u>47,368,895</u>	<u>27,248,806</u>	<u>26,779,164</u>
Non-controlling interests		49,577,756	48,070,531	-	-
Total equity		<u>98,509,940</u>	<u>95,439,426</u>	<u>27,248,806</u>	<u>26,779,164</u>
Total liabilities and equity		<u>1,031,317,344</u>	<u>1,050,913,892</u>	<u>48,361,890</u>	<u>47,794,276</u>
		-	-	-	-

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

Directors

Statement of comprehensive income

For the three-month period ended 31 March 2014

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

	Note	Consolidated		Separate	
		financial statements	financial statements	financial statements	financial statements
		2014	2013	2014	2013
Profit or loss					
Continuing operations					
Interest income	20	13,573,456	13,126,047	151,342	182,720
Interest expenses	21	(6,800,993)	(6,815,419)	(248,027)	(148,736)
Net interest income		6,772,463	6,310,628	(96,685)	33,984
Fees and service income		2,077,580	2,245,935	192	664
Fees and service expenses		(516,382)	(443,789)	(62)	(239)
Net fees and service income	22	1,561,198	1,802,146	130	425
Gains on trading and foreign exchange transactions (losses)	23	346,828	167,503	1,534	(1)
Gains on investments	24	301,911	209,959	5,509	549
Share of profit from investments accounted for under equity method		61,243	404,964	-	-
Gains on property foreclosed and other assets		197,085	312,847	1,276	155,130
Insurance/Life insurance income		1,575,125	1,683,923	-	-
Dividend income		37,150	203,380	550,781	65,074
Other operating income		340,791	425,866	18,347	22,112
Total operating income		11,193,794	11,521,216	480,892	277,273
Insurance expenses		(1,177,606)	(1,115,986)	-	-
Net operating income		10,016,188	10,405,230	480,892	277,273
Other operating expenses					
Employee's expenses		2,733,384	2,667,943	30,962	32,128
Directors' remuneration		8,082	6,682	3,115	2,981
Premises and equipment expenses		707,119	731,910	7,545	6,907
Taxes and duties		211,784	231,246	170	3,015
Other expenses		1,362,237	1,526,412	16,646	19,545
Total other operating expenses		5,022,606	5,164,193	58,438	64,576
Impairment loss of loans and debt securities (reversal)	25	1,656,965	1,365,185	(373)	13,453
Profit before income tax		3,336,617	3,875,852	422,827	199,244
Income tax	26	(670,528)	(709,980)	24,677	(37,018)
Profit for the period from continuing operations		2,666,089	3,165,872	447,504	162,226
Discontinued operations					
Profit for the period from discontinued operations	35	-	312,230	-	-
Profit for the period		2,666,089	3,478,102	447,504	162,226

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

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2014

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

	Note	Consolidated		Separate	
		2014	2013	2014	2013
Other comprehensive income					
Continuing operations	27				
Gains on change in value of available-for-sale investments		560,670	302,712	27,673	145,325
Share of other comprehensive income of associates (loss)		722	(37,637)	-	-
Income tax relating to components of other comprehensive income		(111,973)	(57,659)	(5,535)	(29,065)
Total other comprehensive income from continuing operations		449,419	207,416	22,138	116,260
Discontinued operations					
Other comprehensive income from discontinued operations (loss)	35	-	(16,717)	-	-
Total other comprehensive income		449,419	190,699	22,138	116,260
Total comprehensive income					
Total comprehensive income from continuing operations		3,115,508	3,373,288	469,642	278,486
Total comprehensive income from discontinued operations		-	295,513	-	-
Total comprehensive income		3,115,508	3,668,801	469,642	278,486
Profit attributable to					
The Company					
Profit for the period from continuing operations		1,323,343	1,794,101	447,504	162,226
Profit for the period from discontinued operations		-	159,110	-	-
Profit for the period attributable to the Company		1,323,343	1,953,211	447,504	162,226
Non-controlling interests					
Profit for the period from continuing operations		1,342,746	1,371,771	-	-
Profit for the period from discontinued operations		-	153,120	-	-
Profit for the period attributable to non-controlling interests		1,342,746	1,524,891	-	-
		2,666,089	3,478,102	447,504	162,226

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

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2014

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

Note	Consolidated		Separate	
	2014	2013	2014	2013
Total comprehensive income attributable to				
The Company				
Total comprehensive income from continuing operations	1,563,289	1,946,920	469,642	278,486
Total comprehensive income from discontinued operations	-	145,355	-	-
Total comprehensive income attributable to the Company	<u>1,563,289</u>	<u>2,092,275</u>	<u>469,642</u>	<u>278,486</u>
Non-controlling interests				
Total comprehensive income from continuing operations	1,552,219	1,426,368	-	-
Total comprehensive income from discontinued operations	-	150,158	-	-
Total comprehensive income attributable to non-controlling interests	<u>1,552,219</u>	<u>1,576,526</u>	<u>-</u>	<u>-</u>
	<u>3,115,508</u>	<u>3,668,801</u>	<u>469,642</u>	<u>278,486</u>
Earnings per share of the Company				
	28			
Basic earnings per share (Baht per share)				
From continuing operations	1.10	1.40	0.37	0.13
From discontinued operations	-	0.13	-	-
Profit attributable to the Company	<u>1.10</u>	<u>1.53</u>	<u>0.37</u>	<u>0.13</u>
Diluted earnings per share (Baht per share)				
From continuing operations	1.10	1.40	0.37	0.13
From discontinued operations	-	0.13	-	-
Profit attributable to the Company	<u>1.10</u>	<u>1.53</u>	<u>0.37</u>	<u>0.13</u>

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

Statement of changes in equity

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to the Company's shareholders															
Other components of equity															
Issued and		Premium	Premium	Share	Amount by which	Revaluation	Share of other	Amounts recognised	Retained earnings						
paid-up share capital									on common	on treasury	premium	lower than	surplus on	comprehensive	Appropriated
Preferred	Common	share	share	of a subsidiary	net book value	investments - net	income (losses)	accumulated in	Statutory	Treasury shares	Unappropriated	shares	interests		
shares	shares							equity relating to	reserve	reserve					
Balance as at 1 January 2013	133	12,778,164	2,065,645	165,742	775,814	226,460	835,605	14,237	49,458	1,277,830	-	25,396,290	-	41,648,479	85,233,857
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(79)	(79)
Total comprehensive income for the period (loss)	-	-	-	-	-	-	181,788	(28,969)	(13,755)	-	-	1,953,211	-	1,576,526	3,668,801
Balance as at 31 March 2013	<u>133</u>	<u>12,778,164</u>	<u>2,065,645</u>	<u>165,742</u>	<u>775,814</u>	<u>226,460</u>	<u>1,017,393</u>	<u>(14,732)</u>	<u>35,703</u>	<u>1,277,830</u>	<u>-</u>	<u>27,349,501</u>	<u>-</u>	<u>43,224,926</u>	<u>88,902,579</u>
Balance as at 1 January 2014	133	12,778,164	2,065,645	165,742	775,814	226,460	714,616	6,185	-	1,277,830	3,398,455	29,358,306	(3,398,455)	48,070,531	95,439,426
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(44,994)	(44,994)
Total comprehensive income for the period	-	-	-	-	-	-	239,419	527	-	-	-	1,323,343	-	1,552,219	3,115,508
Balance as at 31 March 2014	<u>133</u>	<u>12,778,164</u>	<u>2,065,645</u>	<u>165,742</u>	<u>775,814</u>	<u>226,460</u>	<u>954,035</u>	<u>6,712</u>	<u>-</u>	<u>1,277,830</u>	<u>3,398,455</u>	<u>30,681,649</u>	<u>(3,398,455)</u>	<u>49,577,756</u>	<u>98,509,940</u>

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

Thanachart Capital Public Company Limited and its subsidiaries

(Unaudited but reviewed)

Statement of changes in equity (continued)

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and		Premium on	Premium on	Other components of equity - revaluation surplus on	Retained earnings			Treasury	Total
	paid-up share capital					common share	treasury share	Appropriated		
	Preferred	Common			investments - net	Statutory	Treasury shares	Unappropriated		
shares	shares				reserve	reserve				
Balance as at 1 January 2013	133	12,778,164	2,065,645	165,742	293,602	1,277,830	-	13,210,276	-	29,791,392
Total comprehensive income for the period	-	-	-	-	116,260	-	-	162,226	-	278,486
Balance as at 31 March 2013	<u>133</u>	<u>12,778,164</u>	<u>2,065,645</u>	<u>165,742</u>	<u>409,862</u>	<u>1,277,830</u>	<u>-</u>	<u>13,372,502</u>	<u>-</u>	<u>30,069,878</u>
Balance as at 1 January 2014	133	12,778,164	2,065,645	165,742	370,006	1,277,830	3,398,455	10,121,644	(3,398,455)	26,779,164
Total comprehensive income for the period	-	-	-	-	22,138	-	-	447,504	-	469,642
Balance as at 31 March 2014	<u>133</u>	<u>12,778,164</u>	<u>2,065,645</u>	<u>165,742</u>	<u>392,144</u>	<u>1,277,830</u>	<u>3,398,455</u>	<u>10,569,148</u>	<u>(3,398,455)</u>	<u>27,248,806</u>
	-	-	-	-	-	-	-	-	-	-

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

Statements of cash flows

For the three-month period ended 31 March 2014

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before income tax from continuing operations	3,336,617	3,875,852	422,827	199,244
Profit before income tax from discontinued operations	-	390,585	-	-
Profit before income tax	3,336,617	4,266,437	422,827	199,244
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	(61,243)	(404,964)	-	-
Depreciation and amortisation	350,730	368,341	5,505	5,245
Impairment loss of loans and debt securities (reversal)	1,656,965	1,365,185	(373)	13,453
Increase in provisions	125,563	82,190	755	505
Increase (decrease) in allowance for impairment of property foreclosed	(74,949)	(29,769)	745	1,962
Increase (decrease) in allowance for impairment of equipment/other assets	2,423	33,608	81	(189)
Unrealised loss (gain) from change in value of investments/allowance for impairment of investments	(137,948)	(11,640)	(36)	1
Unrealised loss (gain) on exchange	(60,651)	560,573	-	-
Loss (gain) from disposal of/capital return from investments in subsidiary companies	(60,825)	(66,253)	12	-
Loss (gain) on disposal of equipment	7,092	(2,218)	-	-
Decrease (increase) in other income receivable	74,980	277,577	(1,791)	(6,239)
	5,158,754	6,439,067	427,725	213,982
Net interest income	(6,772,463)	(6,310,628)	96,686	(33,984)
Dividend income	(37,150)	(203,380)	(550,781)	(65,074)
Cash received from interest on operating activities	12,675,547	12,119,941	3,442	26,522
Cash paid for interest on operating activities	(6,447,828)	(6,282,123)	-	-
Cash paid for income tax	(179,751)	(738,782)	(687)	(2,483)
Income from operating activities before changes in operating assets and liabilities (loss)	4,397,109	5,024,095	(23,615)	138,963

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

Statements of cash flows (continued)

For the three-month period ended 31 March 2014

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	20,154,760	23,563,097	5,079	3,304,630
Derivative assets	1,131,915	827,873	-	-
Investments in trading securities	(3,213,378)	(7,701,546)	(3,699)	100
Loans to customers	(3,130,725)	(19,799,938)	817	2,845
Property foreclosed	2,698,274	2,147,997	4,546	75,210
Receivables from purchase and sale of securities	(2,400,434)	(2,729,502)	-	(3,022)
Reinsurance assets	37,133	306,464	-	-
Assets classified as held for sale	-	(1,611,050)	-	-
Other assets	(281,553)	1,258,513	(14,502)	(13,544)
Increase (decrease) in operating liabilities				
Deposits	(39,650,903)	(5,105,872)	-	-
Interbank and money market items	14,705,776	642,646	1	74
Liability payable on demand	(565,554)	(1,155,707)	-	-
Derivatives liabilities	(1,603,515)	(348,204)	-	-
Payable from purchase and sales of securities	3,549,264	462,400	-	-
Insurance contract liabilities	(89,227)	101,079	-	-
Liabilities directly associated with				
assets classified as held for sale	-	1,304,829	-	-
Other liabilities	(1,859,862)	843,841	(5,037)	44,407
Net cash flows from (used in) operating activities	(6,120,920)	(1,968,985)	(36,410)	3,549,663
Cash flows from investing activities				
Increase in investments in securities	(1,001,787)	(5,440,502)	(301,063)	(490,118)
Cash received from interest	957,094	909,464	6,659	77,426
Cash received from dividend	487	74,309	476,706	-
Cash paid for purchase of land and equipment/ intangible assets	(247,036)	(165,388)	(44)	(473)
Cash received from disposal of equipment/ intangible assets	3,726	15,394	1	-
Net cash flows from (used in) investing activities	(287,516)	(4,606,723)	182,259	(413,165)

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

Statements of cash flows (continued)

For the three-month period ended 31 March 2014

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Cash flows from financing activities				
Cash received from debts issued and borrowings	26,453,000	17,019,100	-	-
Cash paid for debts issued and borrowings	(23,665,579)	(12,783,759)	-	(3,000,000)
Cash paid for interest expenses on debt issued and borrowings	(1,028,021)	(834,580)	(145,839)	(136,488)
Cash paid for dividend to non-controlling interests	(44,994)	-	-	-
Net cash flows from (used in) financing activities	1,714,406	3,400,761	(145,839)	(3,136,488)
Net increase (decrease) in cash	(4,694,030)	(3,174,947)	10	10
Cash at beginning of the period	17,940,109	15,181,182	-	-
Cash at end of the period	13,246,079	12,006,235	10	10
	-	-	-	-

Supplemental cash flows information

Non-cash transactions

Property foreclosed transferred from loans,

other receivable and investments in

receivables purchased

2,225,285 1,571,751 - 1,037

Property foreclosed received from

capital returned from a subsidiary company

- - 678 -

Bad debt written off/hair-cut loans from

debt restructuring

1,396,874 1,207,593 - 97

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 2014

1. General information

Thanachart Capital Public Company Limited (“the Company”) is incorporated as a public limited company and operated its business in Thailand. The Company is mainly engaged in investment holding and is the parent company of the Thanachart Group. The registered office of the Company is at 444, 16-17th 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 2012) “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 BOT’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 3 December 2010.

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 basis of preparation for the interim consolidated financial statements is the same as that for the consolidated financial statements for the year ended 31 December 2013, 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 2014	31 December 2013	31 March 2014	31 December 2013
	<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
Thanachart SPV 01 Co., Ltd.	100.00	100.00	-	-
<u>Subsidiaries indirectly held by the Company</u>				
SCIB Plc.	-	-	99.98	99.98
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
Siam City Life Assurance Plc.	-	-	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 2014 and 31 December 2013 and for the three-month periods ended 31 March 2014 and 2013, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the three-month periods ended 31 March	
	31 March	31 December	2014	2013
	2014	2013	2014	2013
Thanachart Bank Plc.	953,209	975,824	8,220	7,575
Siam City Life Assurance Plc.	11,228	10,216	44	42
Thanachart Insurance Plc.	9,797	8,794	688	753
Thanachart Securities Plc.	7,272	6,536	314	663
TS Asset Management Co., Ltd.	8,755	9,055	143	101
Ratchthani Leasing Plc.	27,307	26,654	406	328
NFS Asset Management Co., Ltd.	1,864	1,997	20	69

- c) The consolidated statement of comprehensive income for the three-month period ended 31 March 2013 included the operating results of Thanachart Life Assurance Plc. (“the subsidiary”) since the Company still retains control over that subsidiary. However, the transactions of the subsidiary are separately presented as part of “Discontinued operations” as described in Note 35 to the financial statements.

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

2.4 New accounting standards

- a. Accounting standards that became effective in the current accounting period

The Company and its subsidiaries disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The management of the Company and its subsidiaries has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company and its subsidiaries or do not have a significant impact, except for TFRIC 13 as the following:

Financial Reporting Standard Interpretation 13: Customer Loyalty Programmes

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

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

b. Accounting standards that will become effective in the future

The Company and its subsidiaries have disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The management of the Company and its subsidiaries are still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

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 2013, except for the change in the accounting policies as follows:

Fee and service income recognition

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

3. Derivatives

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

(Unit: Million Baht)

Type of risk	Consolidated financial statements					
	31 March 2014			31 December 2013		
	Fair value/Adjustment on an accrual basis		Notional amount*	Fair value/Adjustment on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate						
Derivatives for trading	724	647	121,291	1,260	1,356	73,700
Derivatives for banking book	63	302	17,386	12	878	23,142
Interest rate						
Derivatives for trading	2,546	2,506	318,915	2,569	2,534	280,730
Derivatives for banking book	-	-	26,100	-	-	26,100
Foreign exchange rate and interest rate						
Derivatives for trading	16	10	2,888	24	18	1,640
Derivatives for banking book	37	759	12,599	49	914	12,754
Others						
Derivatives for trading	-	4	21	-	1	281
Total	3,386	4,228	499,200	3,914	5,701	418,347

* 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 derivative assets/derivative 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 2014		31 December 2013		31 March 2014		31 December 2013	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities								
Government and state enterprises securities	8,645	8,545	5,706	5,532	-	-	-	-
Private debt securities	5,542	5,553	5,266	5,214	6	6	2	2
Domestic marketable equity securities	16	15	17	16	-	-	-	-
	14,203	14,113	10,989	10,762	6	6	2	2
Less: Allowance for change in value	(90)		(227)		-		-	
Net	14,113		10,762		6		2	
Available-for-sale securities								
Government and state enterprises securities	76,377	77,095	76,880	77,313	3,782	3,846	5,482	5,508
Private debt securities	26,588	26,962	26,136	26,347	1,502	1,513	656	662
Foreign debt securities	14,443	14,389	14,691	14,543	-	-	-	-
Domestic marketable equity securities	2,507	3,315	1,119	1,909	1,286	1,701	127	558
	119,915	121,761	118,826	120,112	6,570	7,060	6,265	6,728
Add: Allowance for change in value	1,846		1,286		490		463	
Net	121,761		120,112		7,060		6,728	
Held-to-maturity debt securities								
Government and state enterprises securities	11,097	11,458	11,435	11,735	-	-	-	-
Private debt securities	372	391	352	369	3,636	3,632	3,636	3,631
Investment in receivables purchased	1,350	1,076	1,358	1,078	713	604	715	606
	12,819	12,925	13,145	13,182	4,349	4,236	4,351	4,237
Less: Allowance for impairment	(274)		(280)		(109)		(109)	
Net	12,545		12,865		4,240		4,242	
General Investment								
Investment in property fund	87		87		-		-	
Domestic non-marketable equity securities	3,879		3,879		112		112	
Foreign non-marketable equity securities	39		39		-		-	
	4,005		4,005		112		112	
Less: Allowance for impairment	(58)		(58)		(36)		(36)	
Net	3,947		3,947		76		76	
Total investment - net	152,366		147,686		11,382		11,048	

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

4.3 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 2014 and 31 December 2013 can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Investments in receivables purchased	1,350	1,358	713	715
Less: Allowance for impairment	(274)	(280)	(109)	(109)
Investments in receivables purchased - net	<u>1,076</u>	<u>1,078</u>	<u>604</u>	<u>606</u>

	31 March 2014				31 December 2013					
	Number of debtors	Balance		Purchase price	Yield	Number of debtors	Balance		Purchase price	Yield
		per agreement	Million Baht				Million Baht	Percent		
	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	522	9,912	1,350		537	9,919	1,358			

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	522	9,912	1,350		537	9,919	1,358	

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	202	4,851	713		202	4,851	715	

During the three-month period ended 31 March 2014, a subsidiary company had restructured with 1 debtor, with no book balances before restructuring and no losses on debt restructuring (For the three-month period ended 31 March 2013: the subsidiary companies had restructured with 3 debtors, with book balances before restructuring totaling approximately Baht 8 million with no losses on debt restructuring, by modification of repayment conditions)

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 2014 and 31 December 2013, there was no outstanding restructured receivables in the investments in receivables purchased account.

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

As at 31 March 2014 and 31 December 2013, investments in securities of the Company and its subsidiaries included investments in securities of companies with 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 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Investments in receivables purchased</u>							
1. Closed financial institutions	7	7	-	-	-	-	-
2. Non-listed companies with similar operating results and financial position to listed companies vulnerable to delisting from the SET	1	1	3	3	-	-	3
3. Companies which have loan settlement problems or have defaulted on the repayment	169	169	993	1,001	1,380	1,396	200

Separate financial statements							
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht

Investments in receivables purchased

1. Companies which have loan settlement problems or have defaulted on the repayment	69	69	547	549	845	845	81	81
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5. Investments in subsidiary and associated companies**5.1 Separate financial statements**

As at 31 March 2014 and 31 December 2013, investments in subsidiary companies and an associated company 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 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March	
							2014	2013
Subsidiary companies								
Thanachart Bank Plc.	55,137	55,137	50.96	50.96	29,056	29,056	-	-
NFS Asset Management Co., Ltd.	1,000	1,000	100.00	100.00	1,000	1,000	250	-
Max Asset Management Co., Ltd.	572	572	83.44	83.44	469	469	227	-
NASSET Property Fund 6	367	368	99.80	99.80	367	367	-	-
Thanachart SPV 01 Co., Ltd.	2	2	100.00	100.00	-	2	-	-
Associated company								
MBK Plc.	1,886	1,886	10.00	10.00	658	658	56	52
Total investments in subsidiary and associated companies					31,550	31,552	533	52

5.2 Consolidated financial statements

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

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income		Share of profit	
					Cost method		Equity method		for the three-month periods ended		for the three-month periods ended	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March		31 March	
									2014	2013	2014	2013
MBK Plc. (operating in property rental, hotel and services business)	1,886	1,886	19.90	19.90	948	948	2,339	2,389	113	103	61	405
Total investment in an associated company					948	948	2,339	2,389	113	103	61	405

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 2013 and 30 September 2013 and for the three-month periods ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

Paid-up share capital		Total assets		Total liabilities		Total income		Profit	
31 December 2013	30 September 2013	31 December 2013	30 September 2013	31 December 2013	30 September 2013	for the three-month periods ended		for the three-month periods ended	
						31 December		31 December ⁽¹⁾	
						2013	2012	2013	2012
1,886	1,886	37,854	39,584	21,957	23,617	2,623	2,415	309	409 ⁽²⁾

(1) Present the amount after adjusted for the effect of differences in accounting policies.

(2) Profit for the three-month period ended 31 December 2012 of an associated company before adjusting for significant profit or loss for the period ended 31 March 2013.

(Unaudited but reviewed)

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 2014 was determined based on financial statements that were prepared with reference to financial statements for the three-month period ended 31 December 2013 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that the income for period is not materially different from the income for the three-month period ended 31 March 2014.

b) Fair value of investment in an associated company

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
MBK Plc.	5,349	5,236	2,687	2,630

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
	2014	2013	2014	2013
<u>Loans to customers</u>				
Overdrafts	21,263	22,104	-	-
Loans	279,365	274,495	188	188
Notes receivable	47,804	49,526	7	8
Hire purchases receivables	497,871	501,998	84	84
Financial leases receivables	1,457	1,535	-	-
Others	275	202	-	-
Less: Deferred revenues	(61,036)	(62,003)	(4)	(4)
Total loans to customers net of deferred revenues	786,999	787,857	275	276
Add: Accrued interest receivables	864	1,015	-	-
Total loans to customers and accrued interest receivables net of deferred revenues	787,863	788,872	275	276
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(21,775)	(21,640)	(179)	(180)
- Collective approach	(8,881)	(8,635)	-	-
2) Excess provision	(33)	(20)	-	-
Less: Revaluation allowance for debt restructuring	(303)	(305)	-	-
Loans to customer and accrued interest receivables - net	756,871	758,272	96	96
<u>Securities business receivables</u>				
Credit balances receivables	3,433	3,144	-	-
Other receivables	172	173	-	-
Total securities business receivables	3,605	3,317	-	-
Less: Allowance for doubtful accounts	(171)	(172)	-	-
Securities business receivables - net	3,434	3,145	-	-
Loans to customer and accrued interest receivables - net	760,305	761,417	96	96

6.2 Non-performing loans

As at 31 March 2014 and 31 December 2013, the Company and its subsidiaries (banking, securities and asset management business) 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 2014	31 December 2013	31 March 2014	31 December 2013
Non-performing loans (excluding accrued interest receivables)				
The Company	266	266	266	266
Banking business	25,322	24,394	-	-
Securities business	172	173	-	-
Asset management business	11,472	11,636	-	-

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

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
The Company	182	170	182	170
Banking business	25,682	24,418	-	-
Securities business	172	173	-	-

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

6.3 Debt restructuring

During the three-month periods ended 31 March 2014 and 2013, the subsidiary companies (banking, asset management and securities businesses) have entered into debt restructuring agreements as follows:

Type of restructuring	Consolidated financial statements				
	For the three-month periods ended 31 March				
	Number of debtors	Outstanding balances before restructuring ⁽¹⁾ Million Baht	Outstanding balances after restructuring ⁽¹⁾ Million Baht	Type of assets to be transferred	Fair value of assets to be transferred under agreement Million Baht
2014					
Modification of repayment conditions	698	2,117	2,117		
Transfer of assets and/or common shares and/or modification of repayment conditions	8	54	54	Land, land and premise thereon	56
Total	706	2,171	2,171		
2013					
Modification of repayment conditions	593	1,411	1,409		
Transfer of assets and/or common shares and/or modification of repayment conditions	2	196	196	Land, land and premise thereon	56
Total	595	1,607	1,605		

(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 2014 and 2013, are summarised below.

Periods	Consolidated financial statements			
	For the three-month periods ended 31 March			
	2014		2013	
	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	136	746	136	604
Due within the year	68	856	78	140
Less than 5 years	152	79	140	505
5 - 10 years	278	297	130	157
10 - 15 years	30	102	50	86
Over 15 years	42	91	61	113
Total	706	2,171	595	1,605

Supplemental information for the three-month periods ended 31 March 2014 and 2013 relating to restructured loans is as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Interest incomes recognised in the statements of comprehensive income	409	558	-	1
Gain on debt settlement/disposal	-	12	-	-
Cash repayment from receivables	6,062	3,642	-	1
Property foreclosed received for debts settlement	83	125	-	-

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

	Total number of outstanding receivables		Restructured receivables				Outstanding balances, net of collateral	
			Number of receivables		Outstanding balances			
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	Thousand	Thousand			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	2.8	2.8	54	54	112	112	23	23
Thanachart Bank Plc.	1,872.1	1,861.4	40,603	43,138	19,282	20,222	10,000	10,983
Thanachart Securities Plc.	0.5	0.5	3	3	35	35	35	35
TS Asset Management Co., Ltd.	1.8	1.8	1,180	1,330	7,089	10,120	3,416	4,877
Other subsidiaries	0.6	0.6	176	175	528	534	136	137

6.4 Classified by classification

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

(Unit: Million Baht)

	Consolidated financial statements ⁽¹⁾					
	Loans and accrued interest receivables		Net balance used in made allowance for doubtful accounts		Allowance for doubtful accounts	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Normal	687,383	689,727	488,102	492,419	6,777	7,163
Special mention	34,735	34,909	31,562	31,413	4,201	4,217
Substandard	5,469	6,193	3,465	3,912	2,329	2,729
Doubtful	8,704	9,336	5,579	5,566	4,422	5,125
Doubtful of loss	22,945	20,826	12,181	10,920	11,501	9,682
Total	759,236	760,991	540,889	544,230	29,230	28,916
Additional allowance for possible uncollectible accounts					21	8
Total					29,251	28,924

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

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements					
	Loans and accrued interest receivables		Net balance used in made allowance for doubtful accounts		Allowance for doubtful accounts	
	31 March	31 December	31 March	31 December	31 March	31 December
	2014	2013	2014	2013	2014	2013
Normal	8	8	-	-	-	-
Special mention	1	2	1	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	8	8	-	-	-	-
Doubtful of loss	258	258	179	180	179	180
Total	275	276	180	180	179	180

	Percentage of allowance for doubtful account set up (Percent)			
	Hire purchase receivables -			
	personal consumer for Thanachart Bank		Other loans	
	31 March	31 December	31 March	31 December
	2014 ⁽²⁾	2013 ⁽²⁾	2014	2013
Normal	0.53	0.58	1	1
Special mention	8.14	8.49	2	2
Substandard	46.46	47.13	100	100
Doubtful	41.80	41.73	100	100
Doubtful of loss	60.49	57.91	100	100

(2) These percentages are average rate used in setting up allowance for doubtful accounts.

6.5 Loan to companies which have settlement problems

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

Consolidated financial statements

	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December
	2014	2013	2014	2013	2014	2013	2014	2013
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	6	6	811	811	73	73	768	768
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	7	7	554	554	324	324	230	230
3. Companies which have loan settlement problems or have defaulted on the repayment	1,381	1,347	19,059	19,098	10,961	11,102	9,175	9,084

Separate financial statements

	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December
	2014	2013	2014	2013	2014	2013	2014	2013
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted on the repayment	39	40	96	96	80	80	22	22

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

As at 31 March 2014 and 31 December 2013, 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)

	Receivable balances		Allowance for doubtful accounts		Debt balances net of allowance for doubtful accounts	
	31 March	31 December	31 March	31 December	31 March	31 December
	2014	2013	2014	2013	2014	2013
Normal	3,433	3,144	-	-	3,433	3,144
Substandard	3	3	2	2	1	1
Doubtful	169	170	169	170	-	-
Total	<u>3,605</u>	<u>3,317</u>	<u>171</u>	<u>172</u>	<u>3,434</u>	<u>3,145</u>

Allowance for doubtful accounts for substandard loans set aside by 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 receivables/financial lease receivables of subsidiaries classified by aging

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

(Unit: Million Baht)

	31 March 2014	31 December 2013
Current or overdue not over 90 days	27,318	26,645
Overdue 91 - 365 days	720	712
Overdue more than 1 year	80	62
Debtors under legal actions	318	288
Total	<u>28,436</u>	<u>27,707</u>
Allowance for doubtful accounts provided in the accounts	<u>1,436</u>	<u>1,370</u>

7. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the three-month period ended 31 March 2014									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the period	7,163	4,217	2,729	5,125	9,682	8	28,924	1,543	30,467
Increase (decrease) during the period	(386)	(16)	(400)	(703)	3,083	13	1,591	70	1,661
Bad debts recovery	-	-	-	-	127	-	127	1	128
Bad debts written-off	-	-	-	-	(1,391)	-	(1,391)	(5)	(1,396)
Balance - end of the period	<u>6,777</u>	<u>4,201</u>	<u>2,329</u>	<u>4,422</u>	<u>11,501</u>	<u>21</u>	<u>29,251</u>	<u>1,609</u>	<u>30,860</u>

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2013									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the year	4,885	1,475	3,559	2,394	10,801	499	23,613	930	24,543
Increase (decrease) during the year	2,278	2,742	(830)	2,731	4,416	(491)	10,846	666	11,512
Bad debts recovery	-	-	-	-	596	-	596	13	609
Bad debts written-off	-	-	-	-	(5,034)	-	(5,034)	(34)	(5,068)
Reversal on hair-cut loans	-	-	-	-	(378)	-	(378)	(1)	(379)
Reversal from disposal of loans	-	-	-	-	(719)	-	(719)	(31)	(750)
Balance - end of the year	<u>7,163</u>	<u>4,217</u>	<u>2,729</u>	<u>5,125</u>	<u>9,682</u>	<u>8</u>	<u>28,924</u>	<u>1,543</u>	<u>30,467</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements							
For the three-month period ended 31 March 2014							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Excess provision	Total
Balance - beginning of the period	-	-	-	-	180	-	180
Decrease during the period	-	-	-	-	(1)	-	(1)
Balance - end of the period	-	-	-	-	179	-	179

(Unit: Million Baht)

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

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 2014	31 December 2013	31 March 2014	31 December 2013
Balance - beginning of the period	305	348	-	-
Amortised during the period	(2)	(43)	-	-
Balance - end of the period	303	305	-	-

9. Classification of assets

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

(Unit: Million Baht)

Consolidated financial statements						
31 March 2014						
	Interbank and money market items	Loans to customer and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	28,693	687,383	-	-	254	716,330
Special mention	-	34,735	-	-	139	34,874
Substandard	-	5,469	-	-	17	5,486
Doubtful	-	8,704	-	-	17	8,721
Doubtful of loss	-	22,945	412	757	357	24,471
Total	28,693	759,236	412	757	784	789,882

(Unit: Million Baht)

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

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements						
31 March 2014						
	Interbank and money market items	Loans to customer and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	8	-	-	-	8
Special mention	-	1	-	-	1	2
Substandard	-	-	-	-	-	-
Doubtful	-	8	-	-	-	8
Doubtful of loss	-	258	145	438	77	918
Total	-	275	145	438	78	936

(Unit: Million Baht)

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

10. Goodwill

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

	(Unit: Million Baht)	
	31 March 2014	31 December 2013
Goodwill	17,986	17,986
Deferred gain on disposal of investment	(1,200)	(1,260)
Goodwill - ending of the period	16,786	16,726

11. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Accrued premium insurance income	127	237	-	-
Other receivables	1,200	1,216	78	83
VAT refundable	128	380	-	-
Other receivables - VAT paid in advance for customers	310	306	-	-
Deposit	312	313	5	5
Estimated insurance claims recoveries	330	312	-	-
Receivable from clearing house	1,075	170	-	-
Leasehold right	255	273	12	12
Prepaid corporate income tax	80	78	52	51
Deposit from derivative contracts	689	1,034	-	-
Prepaid expenses	536	423	15	14
Others	1,169	1,291	30	26
Total	6,211	6,033	192	191
Less: Allowance for impairment	(598)	(595)	(78)	(82)
Other assets - net	5,613	5,438	114	109

12. Interbank and money market items (liabilities)

As at 31 March 2014, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 2,261 million, consisting of (i) a loan of Baht 48 million, repayable in 36 monthly installments from the date of the loan drawdown, carrying interest at a fixed interest rate per annum, payable monthly, (ii) a loan of Baht 800 million, repayable in full within 3 years from the date of the loan drawdown, carrying interest at a fixed rate per annum, payable monthly, (iii) a loan of Baht 196 million, repayable in quarterly installments, carrying interest at MLR minus a fixed rate per annum, payable monthly, (iv) a loan of Baht 500 million, repayable in full within 4 years from the date of the loan drawdown, carrying interest at a fixed rate per annum, payable monthly, (v) a loan of Baht 417 million, repayable in quarterly installments, carrying interest at a fixed rate per annum, payable monthly, and (vi) a loan of Baht 300 million in the form of promissory note, repayable at the date as specified in each promissory note, 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 2013: included loans of a subsidiary company amounting to Baht 2,794 million).

13. Debts issued and borrowings

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

Type of borrowings	Interest rate per annum (as at 31 March 2014)	Maturity date	Consolidated		(Unit: Million Baht) Separate	
			financial statements		financial statements	
			31 March 2014	31 December 2013	31 March 2014	31 December 2013
Unsubordinated debentures	4.60 - 4.90 percent	2014 and 2022	12,000	12,000	12,000	12,000
Unsubordinated debentures	4.70 - 5.50 percent	2014 - 2017	11,000	11,000	-	-
Perpetual subordinated hybrid bonds issued under Tier I	8.25 percent	Dissolution	3,494	3,494	-	-
Subordinated hybrid bonds issued under Tier II	5.25 percent	2019 and 2024	4,999	5,000	-	-
Subordinated debentures issued under Tier II	4.70 - 6.00 percent	2015 - 2022	35,510	35,513	-	-
Unsubordinated debentures	4.70 - 5.03 percent	2017 - 2025	12,031	11,946	8,700	8,700
Short-term debentures	2.35 - 2.95 percent	2014	31,966	29,226	-	-
Promissory notes	0.50 - 2.50, 4.25 percent	At call	1,042	1,065	-	-
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2014 - 2017	36	46	-	-
Total debts issued and borrowings			112,078	109,290	20,700	20,700

(Unaudited but reviewed)

14. Provisions

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Loss from litigation	159	154	9	9
Employee benefits payable	1,831	1,906	32	31
Obligations of off-balance	504	579	-	-
Others	500	544	-	-
Total	2,994	3,183	41	40

15. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Life policy reserve	10,201	10,297	-	-
Loss reserves and outstanding claims	1,780	1,766	-	-
Unearned premium reserve	2,889	2,889	-	-
Other liabilities under insurance policies	60	67	-	-
Total insurance contract liabilities	14,930	15,019	-	-

16. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Other payables	1,912	2,198	17	14
Suspense cash received from account receivables	736	397	26	28
Income received in advance	1,964	1,980	-	-
Corporate income tax payable	1,937	1,296	-	-
Accrued personnel expenses	997	2,008	36	41
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	903	1,817	-	-
Accrued other expenses	1,395	1,544	7	6
Payables to clearing house	4	509	-	-
Insurance premium received in advance	1,556	1,495	-	-
Others	946	1,132	31	32
Total other liabilities	12,350	14,376	117	121

17. Share capital/Treasury stocks

During the three-month period ended 31 March 2014, there's no conversion of preferred shares to the Company's common shares. Therefore, as at 31 March 2014, 13,306 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

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

18. Other components of equity

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
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 investments				
Debt instruments	648	394	76	31
Equity instruments	641	650	414	432
Total	1,289	1,044	490	463
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(82)	(127)	-	-
Equity instruments	(15)	(24)	-	-
Total	(97)	(151)	-	-
Total revaluation surplus on investments	1,192	893	490	463
Less: The effect of deferred tax liabilities	(238)	(178)	(98)	(93)
Net revaluation surplus on investments	954	715	392	370
Share of other comprehensive income of associates	7	6	-	-
Less: The effect of deferred tax liabilities	-	-	-	-
Net share of other comprehensive income of associates	7	6	-	-

Total	1,963	1,723	392	370
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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.

In compliance with the Notification of BOT Re: Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The BOT granted a waiver for the Company to indirectly hold more shares of SCIB than permitted by law through Thanachart Bank, for the purposes of the business transfer. The BOT also permitted the Company not to include SCIB into the financial group until the date of completion of liquidation. The Company had disclosed capital requirement information as at 31 December 2013 on its website at www.thanachart.co.th in April 2014.

20. Interest income

Interest income for the three-month periods ended 31 March 2014 and 2013 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Interbank and money market items	506	487	30	17
Investments and trading transactions	117	136	-	-
Investments in debt securities	1,138	989	121	165
Loans to customers	5,099	5,137	-	1
Hire purchase and financial lease	6,713	6,377	-	-
Total interest income	13,573	13,126	151	183

21. Interest expenses

Interest expenses for the three-month periods ended 31 March 2014 and 2013 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Deposits	4,299	4,429	-	-
Interbank and money market items	323	398	-	-
Contribution fee to the Financial Institutions Development Fund and Deposit Protection Agency	899	878	-	-
Debts issued				
- Subordinated debentures	611	614	-	-
- Unsubordinated debentures	656	444	248	149
- Others	11	51	-	-
Borrowings cost	2	1	-	-
Total interest expenses	<u>6,801</u>	<u>6,815</u>	<u>248</u>	<u>149</u>

22. Fees and service income

Fees and service income for the three-month periods ended 31 March 2014 and 2013 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Fees and service income				
Acceptance, aval and guarantees	66	69	-	-
Hire purchase fee income	369	291	-	1
Credit card fee	267	228	-	-
ATM and electronic banking services	223	223	-	-
Brokerage fee from securities/ derivatives	246	615	-	-
Insurance brokerage fee income	403	368	-	-
Others	503	452	-	-
Total fees and service income	<u>2,077</u>	<u>2,246</u>	<u>-</u>	<u>1</u>
Fees and service expenses	<u>(516)</u>	<u>(444)</u>	<u>-</u>	<u>-</u>
Net fees and service income	<u>1,561</u>	<u>1,802</u>	<u>-</u>	<u>1</u>

23. Gains on trading and foreign exchange transactions

Gains on trading and foreign exchange transactions for the three-month periods ended 31 March 2014 and 2013 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Foreign exchange and derivatives relating to foreign exchange	175	131	-	-
Derivatives relating to interest	9	18	-	-
Debt securities	152	14	2	-
Others	11	5	-	-
Total	347	168	2	-

24. Gains on investments

Gains on investments for the three-month periods ended 31 March 2014 and 2013 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Gains on disposal				
Available-for-sale securities	236	115	1	1
Investments in subsidiary companies	60	66	-	-
Gains on debt settlement/disposal of debt/assets transferred from investments in receivables purchased	6	12	5	-
Reversal of impairment on general investments	-	17	-	-
Total	302	210	6	1

25. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month periods ended 31 March 2014 and 2013 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Impairment loss of loans				
Interbank and money market items (reversal)	(4)	7	-	-
Loans to customers (reversal)	1,661	1,343	-	(3)
Amortisation of revaluation allowance for debts restructured during the period	(2)	(3)	-	-
Loss from impairment of investments in receivables purchased	2	18	-	16
Total	1,657	1,365	-	13

26. Income tax

Income tax expenses for the three-month periods ended 31 March 2014 and 2013 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Continuing operations				
Current income tax:				
Interim corporate income tax	706	616	-	16
Deferred tax:				
Relating to origination and reversal of temporary differences	(35)	94	(25)	21
Income tax expense reported in statements of comprehensive income	671	710	(25)	37
Discontinued operations				
Current income tax:				
Interim corporate income tax	-	98	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	-	(19)	-	-
Income tax expense reported in statements of comprehensive income	-	79	-	-

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2014 and 2013 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Continuing operations				
Deferred tax relating to gain on changes in value of available-for-sale investments	112	58	6	29
Deferred tax relating to share of other comprehensive income of associates	-	-	-	-
	<u>112</u>	<u>58</u>	<u>6</u>	<u>29</u>
Discontinued operations				
Deferred tax relating to gain on changes in value of available-for-sale investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

27. Components of other comprehensive income

Components of other comprehensive income for the three-month periods ended 31 March 2014 and 2013 are as the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Other comprehensive income				
Continuing operations				
Available-for-sale investments:				
Unrealised gains during the period	796	418	27	145
Reclassification of adjustment for realised gains/losses that included in profit or loss	(236)	(115)	1	-
	<u>560</u>	<u>303</u>	<u>28</u>	<u>145</u>
Share of other comprehensive income of associates (losses)	1	(38)	-	-
Other comprehensive income for the period	<u>561</u>	<u>265</u>	<u>28</u>	<u>145</u>
Effects of relevant income taxes				
Income tax - gains on changes in value of available-for-sale investments	(112)	(58)	(6)	(29)
Effects of relevant income taxes	<u>(112)</u>	<u>(58)</u>	<u>(6)</u>	<u>(29)</u>
Net other comprehensive income for the period	<u>449</u>	<u>207</u>	<u>22</u>	<u>116</u>

28. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the periods 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 periods, 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 from continuing operations		Weighted average number of common shares		Earnings per share		
2014	2013	2014	2013	2014	2013	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Profit attributable to the Company	1,323,343	1,794,101	1,206,467	1,277,817	1.10	1.40
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	<u>1,323,343</u>	<u>1,794,101</u>	<u>1,206,480</u>	<u>1,277,830</u>	<u>1.10</u>	<u>1.40</u>

Consolidated financial statements						
For the three-month periods ended 31 March						
Profit for the period from discontinued operations		Weighted average number of common shares		Earnings per share		
2014	2013	2014	2013	2014	2013	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Profit attributable to the Company	-	159,110	1,206,467	1,277,817	-	0.13
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	-	159,110	1,206,480	1,277,830	-	0.13

Separate financial statements						
For the three-month periods ended 31 March						
Profit for the period		Weighted average number of common shares		Earnings per share		
2014	2013	2014	2013	2014	2013	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Profit attributable to the Company	447,504	162,226	1,206,467	1,277,817	0.37	0.13
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	447,504	162,226	1,206,480	1,277,830	0.37	0.13

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 transactions.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy (For the year 2014)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
<u>Transactions occurred during the period</u>					
Subsidiaries					
Purchase of debt securities	-	-	1,035	6,050	At market prices
Sales of debt securities	-	-	1,216	21	At market prices
Interest income	-	-	101	91	At interest rate of 0.50 - 8.25 percent per annum
Dividend income	-	-	477	-	As declared
Rental and other service income	-	-	16	16	At the rate agreed under the contract
Other expenses	-	-	3	3	At the rate agreed under the contract based on cost of service
Associated companies					
Dividend income	-	-	56	52	As declared
Other income	1	1	-	-	
Interest expenses	215	26	-	-	At interest rate of 0.50 - 0.60 and 5.25 percent per annum
Other expenses	33	34	3	3	
Dividend paid	45	-	-	-	As declared
Related companies (presented as part of continuing operation)					
Purchase of debt securities	-	229	-	-	
Sales of debt securities	108	89	-	-	At market prices
Purchase/sales of forward exchange contracts	166,995	75,016	-	-	At market prices
Interest income	65	38	-	-	At interest rate of 0.08 - 7.78 percent per annum
Dividend income	26	18	13	13	As declared
Insurance premium/life insurance premium income	1	2	-	-	At the rate agreed under the contract
Other income	2	3	-	-	
Interest expenses	107	104	-	-	At interest rate of 0.10 - 8.25 percent per annum
Project management expenses	18	15	5	5	At the contract price calculated by reference to estimated usage time
Other expenses	28	25	-	2	
Related companies (presented as part of discontinued operation)					
Life insurance premium income	-	2	-	-	
Other expenses	-	4	-	-	

(Unaudited but reviewed)

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	3,391	2,085
Loans to customers	-	-	-	-
Debts issued and borrowings	-	-	-	2
<u>Associated company</u>				
Deposits	400	1,509	-	-
Debts issued and borrowings	1,200	1,200	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	191	128	-	-
Loans to customers	7,015	9,155	-	-
Deposits	2,267	2,058	-	-
Interbank and money market items (liabilities)	14,432	11,481	-	-
Debts issued and borrowings	3,894	3,894	-	-

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

	(Unit: Million Baht)								
	Consolidated financial statements								
	31 March 2014								
	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debts issued and borrowings	Other liabilities	Commitments
Associated company									
MBK Plc.	-	-	-	151	85	-	1,200	12	-
Related companies									
Synphaet Co., Ltd.	-	-	396	-	16	-	-	-	5
The Bank of Nova Scotia	132	-	-	16	-	14,262	3,494	160	5,063
Sriithai Superware Plc.	-	-	551	-	22	-	-	-	14
Krungthai Card Plc.	-	-	4,518	-	5	-	-	-	-
Thai Reinsurance Plc.	-	-	-	-	460	-	-	15	-
GMM Grammy Plc.	-	-	29	-	300	-	-	1	-
Other related companies	-	-	1,001	193	1,045	102	400	111	442
	132	-	6,495	360	1,933	14,364	5,094	299	5,524

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements

31 December 2013

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

(Unit: Million Baht)

Separate financial statements

31 March 2014

	Assets				Liabilities				
	Interbank	Investments	Loans to	Other assets	Deposits	Interbank	Debts		Commitments
	and money	- debt	customers			and money	issued and	Other liabilities	
	market	securities	and interest			market	borrowings		
items		receivables	assets	items					
Subsidiary companies									
Thanachart Bank Plc.	3,052	3,642	-	151	-	-	-	21	-
Thanachart Securities Plc.	-	-	-	2	-	-	-	4	-
NFS Asset Management									
Co., Ltd.	-	-	-	1	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	11	-
Max Asset Management									
Co., Ltd.	-	-	-	1	-	-	-	-	-
Thanachart SPV 01									
Co., Ltd.	-	-	-	2	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	59	-	-	-	-	-
	3,052	3,642	-	216	-	-	-	36	-

(Unit: Million Baht)

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

As at 31 March 2014, the Company and its subsidiaries have investments amounting to Baht 1,365 million (Baht 581 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 2013: Baht 1,424 million in the consolidated financial statements and Baht 609 million in the separate financial statements).

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Loans	77	82	-	-
Deposits	873	906	-	-

Directors and management's remuneration

During the three-month periods ended 31 March 2014 and 2013, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Short-term employee benefits	116	129	19	19
Post-employment benefits	9	4	-	1
	125	133	19	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.

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

(Unit: Million Baht)

For the three-month period ended 31 March 2014

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other business	Eliminations	Consolidated
Net interest income	(97)	6,185	68	116	72	79	356	(7)	6,772
Other operating income	578	2,196	415	(62)	431	87	200	(601)	3,244
Other operating expenses	(58)	(4,396)	(294)	(17)	(191)	(57)	(157)	148	(5,022)
Impairment loss of loans and debt securities	-	(1,572)	-	-	-	(19)	(74)	8	(1,657)
Profit before income tax	423	2,413	189	37	312	90	325	(452)	3,337
Income tax	25	(490)	(35)	(8)	(62)	(19)	(70)	(12)	(671)
Profit before non-controlling interests	448	1,923	154	29	250	71	255	(464)	2,666

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 31 March 2013

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other business	Eliminations	Consolidated
Net interest income	35	5,707	56	131	58	37	293	(6)	6,311
Other operating income	243	2,123	772	(81)	474	130	211	222	4,094
Other operating expenses	(65)	(4,420)	(404)	(23)	(210)	(51)	(134)	143	(5,164)
Impairment loss of loans and debt securities	(14)	(1,299)	-	-	-	24	(26)	(50)	(1,365)
Profit before income tax	199	2,111	424	27	322	140	344	309	3,876
Income tax	(37)	(404)	(82)	(6)	(65)	(32)	(67)	(17)	(710)
Profit from continuing operations before non-controlling interests	162	1,707	342	21	257	108	277	292	3,166
Profit from discontinued operations before income tax	-	-	-	391	-	-	-	-	391
Income tax	-	-	-	(79)	-	-	-	-	(79)
Net profit before non-controlling interests	162	1,707	342	333	257	108	277	292	3,478

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

(Unit: Million Baht)

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other business	Eliminations	Consolidated
Segment assets									
As at 31 March 2014	48,362	968,398	7,911	11,320	10,199	11,427	31,225	(57,525)	1,031,317
As at 31 December 2013	47,794	990,724	7,121	11,399	9,896	12,188	30,700	(58,908)	1,050,914

31. Encumbrance of assets

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Interbank and money market items (assets)				
Placed at insurance registrar	-	700	-	-
Guarantees of loans at commercial bank	-	1,250	-	-
Placed at court	8	8	-	-
Investment in securities				
Placed at insurance registrar	3,788	1,783	-	-
Guarantees of loans at commercial bank	13,023	-	-	-
Placed at court	386	384	-	-
Property foreclosed				
Immovable assets subject to buyback options or first refusal rights	266	353	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	663	673	10	6
	<u>18,134</u>	<u>5,151</u>	<u>10</u>	<u>6</u>

32. Commitments and contingent liabilities

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

32.1 Commitments

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Aval to bills	647	665	-	-
Liability under unmatured import bills	571	646	-	-
Letter of credits	4,026	4,066	-	-
Other obligations				
Committed (but not draw) overdraft	28,543	27,984	-	-
Others	23,218	23,310	1	1

(Unaudited but reviewed)

Total	<u>57,005</u>	<u>56,671</u>	<u>1</u>	<u>1</u>
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In addition, its 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 2014, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental contracts, as follow:

(Unit: Million Baht)

Year	Consolidated	Separate	
	financial statements	financial statements	
	Other companies	Other companies	Subsidiaries
2014	1,527	27	1
2015	1,441	10	-
2016 onward	2,733	5	-

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 2014, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 93 million, as a result of the transfer of assets to SAM. These comprised receivables awaiting collection and the difference is presented under the caption of “Differences as a result of assets transferred to SAM” in the statements of financial position. Such amounts mainly relate to transfers of guarantee claims, for which there are pending issues with regard to proof the rights of claim or the qualification of the assets transferred in accordance with the conditions set out in the transfer agreements. Such differences are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.

As at 31 March 2014, such differences consist of (i) Baht 10 million of transactions incurred directly by SCIB, for which full allowance for doubtful debts has been set aside, and (ii) Baht 83 million of transactions incurred by BMB. If losses arise on the latter and collection cannot be made from SAM, the FIDF will consider compensating for all losses. Thanachart Bank’s management believes that no significant further losses will arise.

- 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 2014, the transferred assets which SAM is re-examining totaling Baht 125 million consist of (i) Baht 7 million of transactions incurred directly by SCIB, for which full allowance for doubtful loss has been set aside under the caption of “Provisions” in the statements of financial position, and (ii) Baht 118 million of transactions incurred by BMB. If losses arise, Thanachart Bank will receive compensation for loss 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 58 million. In addition, SAM is now negotiating with Thanachart Bank to request interest payment on the assets transferred back, or a price adjustment.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to approximately Baht 11,617 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 2014, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 707 million. In addition, there is a memorandum of agreement concerning conditions for additional loss compensation if Thanachart Bank incurs losses in relation to the two lawsuits discussed in c), with claims totaling Baht 9,965 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 losses will be incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will compensate by FIDF.

32.4 Commitments arising from sale of ordinary shares of Siam City Securities

As a result of the sale of all ordinary shares of Siam City Securities in August 2011, SCIB is obligated to pay compensation to indemnify the buyer from pending lawsuits including litigation in which Siam City Securities is pursuing collection of debt amounts and/or future litigation which made claims against its debtor that arose before the disposal date of such shares. Moreover, SCIB undertakes to compensate the buyer for any expenses incurred whenever the buyer or Siam City Securities provide SCIB with written notification of reasons for such compensation, together with evidence, for up to 3 years from the share transfer date. Such commitment of SCIB has transferred to Thanachart Bank at the date of the entire business transfer. However, Thanachart Bank's management believes that no further losses will be incurred.

32.5 Commitments arising from acquisition of ordinary shares of Siam City Life Assurance Plc.

On 5 March 2014, the Company and MBK Plc. ("an associated company") signed a Share Purchase Agreement with Thanachart Bank Plc. ("the subsidiary company") to buy the ordinary shares of Siam City Life Assurance Plc. The transaction value is Baht 900 million, of which the Company's portion is Baht 481.5 million, for a 53.5 percent shareholding. The transfer of the shares and payment can be made after the Company receives approval from the Bank of Thailand, and currently the Company is in the process of requesting such approval. The Company will record the share purchase transaction in the separate financial statements when the share transfer and payment are made. However, since this transaction is a restructuring of shareholding by converting an indirect shareholding into a direct shareholding, there will be no significant impact on the consolidated financial statements.

33. Litigation

As at 31 March 2014, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 15,577 million (separate financial statements: Baht 568 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 losses 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 11,617 million, relates to lawsuits involving Thanachart Bank, as a result of the transfer of business from BMB to SCIB. In this regard, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF (Baht 9,586 million of this amount relates to a single case brought by a debtor that BMB had already transferred to SAM before SCIB received the transfer of business from BMB, and Thanachart Bank believes that the lawsuit has been brought against the wrong party, and not Thanachart Bank and SCIB's responsibility

In addition, SCIB was requested to make restitution for the forging SCIB's documents and using such counterfeit documents by a person acting on behalf of SCIB. However, SCIB has already filed a complaint against the person who produced and used counterfeit documents so as to proceed with a legal action. The court has already ordered the transfer all of these cases to Thanachart Bank. Thanachart Bank's management believes that no liability will arise from such restitution claim.

34. Letter of guarantees

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

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

On 5 November 2012, Thanachart Bank, the subsidiary, signed a Share Purchase Agreement with Prudential Life Insurance (Thailand) Plc. (“the Buyer”) to sell all common shares of Thanachart Life Assurance Public Company Limited (“Thanachart Life Assurance”) held by Thanachart Bank.

During the three-month period ended 31 March 2013, the Buyer received approval from the Office of Insurance Commission (“OIC”) to acquire the shares of Thanachart Life Assurance for the purpose of the business combination, which was an important condition in the agreement. Therefore, the Company separately presented the operating results of Thanachart Life Assurance under “Profit for the period from discontinued operations” and “Other comprehensive income from discontinued operations” in the consolidated statement of comprehensive income for the period 2013. The details were disclosed in the financial statements for the first quarter of the year 2013. This sales transaction was recognised in the second quarter of the year 2013, as disclosed in the financial statements for the year 2013.

36. Events after the reporting period

On 3 April 2014, the Annual General Meeting of the Company’s Shareholders approve the dividend payment at a rate of Baht 1 per share, or a total of Baht 1,206 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 12 May 2014.