

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
30 June 2014

Independent Auditor's Report

To the Shareholders of Thanachart Capital Public Company Limited

Report on Audit of Financial Statements

I have audited the accompanying consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 30 June 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thanachart Capital Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 30 June 2014, and their financial performance and cash flows for the six-month period then ended, in accordance with Thai Financial Reporting Standards.

Review Report of Interim Financial Information

I have reviewed the accompanying consolidated statement of comprehensive income for the three-month period ended 30 June 2014 of Thanachart Capital Public Company Limited and its subsidiaries, and of Thanachart Capital Public Company Limited for the same period.

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

Scope of Review

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

Conclusion

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

Ratana Jala
Certified Public Accountant (Thailand) No. 3734

EY Office Limited
Bangkok: 25 August 2014

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2014

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
Assets					
Cash		12,950,259	17,940,109	-	-
Interbank and money market items - net	7	64,183,075	70,214,825	3,842,771	3,542,552
Derivatives assets	8	3,299,572	3,913,805	-	-
Investments - net	9	138,391,938	147,686,390	11,000,828	11,047,674
Investments in subsidiaries and associated companies - net	10	2,372,908	2,389,163	32,032,149	31,552,224
Loans to customers and accrued interest receivables	11				
Loans to customers		842,703,343	853,177,090	277,398	279,776
Accrued interest receivables		853,424	1,015,204	16	26
Total loans to customers and accrued interest receivables		843,556,767	854,192,294	277,414	279,802
Less: Deferred revenue		(59,467,815)	(62,002,495)	(3,935)	(3,982)
Allowance for doubtful accounts	12	(30,824,965)	(30,467,235)	(177,773)	(179,470)
Revaluation allowance for debt restructuring	13	(297,852)	(305,386)	-	-
Net loans to customers and accrued interest receivables		752,966,135	761,417,178	95,706	96,350
Customers' liability under acceptances		31,067	30,330	-	-
Property foreclosed - net	15	8,525,908	9,027,386	1,241,004	1,254,916
Land, premises and equipment - net	16	7,960,082	8,083,957	43,726	46,696
Intangible assets - net	17	3,617,349	3,843,509	457	486
Goodwill	18	16,847,286	16,725,637	-	-
Receivables from purchase and sale of securities		3,721,505	1,645,667	-	-
Accrued interest and dividend receivables		974,759	1,081,291	85,132	88,395
Deferred tax assets	19	1,143,008	1,075,552	53,323	55,904
Other assets - net	20	4,561,660	5,839,093	113,793	109,079
Total assets		1,021,546,511	1,050,913,892	48,508,889	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 30 June 2014

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
Liabilities and equity					
Deposits	21	712,919,514	715,931,146	-	-
Interbank and money market items	22	64,407,838	81,082,201	-	13
Liability payable on demand		2,548,278	3,218,667	-	-
Derivatives liabilities	8	4,049,081	5,701,330	-	-
Debts issued and borrowings	23	99,035,780	109,290,446	20,700,000	20,700,000
Bank's liability under acceptances		31,067	30,330	-	-
Provisions	24	2,862,434	3,183,299	41,768	40,195
Accrued interest payables		3,934,492	4,474,707	152,689	153,432
Payables from purchase and sale of securities		2,968,144	1,466,719	-	-
Insurance contracts liabilities	25	14,658,609	15,019,053	-	-
Deferred tax liabilities	19	1,713,897	1,700,941	-	-
Other liabilities	26	13,313,081	14,375,627	133,827	121,472
Total liabilities		922,442,215	955,474,466	21,028,284	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 30 June 2014

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
Equity					
Share capital	27				
Registered, issued and paid-up					
13,276 preferred shares of Baht 10 each (31 December 2013: 13,306 preferred shares of Baht 10 each)		133	133	133	133
1,277,816,427 common shares of Baht 10 each (31 December 2013: 1,277,816,397 common shares of Baht 10 each)		12,778,164	12,778,164	12,778,164	12,778,164
		12,778,297	12,778,297	12,778,297	12,778,297
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Premium on treasury share		165,742	165,742	165,742	165,742
Other components of equity	28	2,164,271	1,723,075	531,524	370,006
Retained earnings					
Appropriated - statutory reserve	29	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		30,710,553	29,358,306	10,661,567	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		49,162,338	47,368,895	27,480,605	26,779,164
Non-controlling interests		49,941,958	48,070,531	-	-
Total equity		99,104,296	95,439,426	27,480,605	26,779,164
Total liabilities and equity		1,021,546,511	1,050,913,892	48,508,889	47,794,276
		-	-	-	-

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

Directors

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2014

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

Note	Consolidated		Separate		
	financial statements		financial statements		
	2014	2013	2014	2013	
Profit or loss					
Continuing operations					
Interest income	32	13,252,464	13,358,892	136,874	104,370
Interest expenses	33	(6,212,214)	(6,810,398)	(250,785)	(144,453)
Net interest income		7,040,250	6,548,494	(113,911)	(40,083)
Fees and service income		1,873,736	2,270,422	142	657
Fees and service expenses		(660,802)	(650,285)	(278)	(379)
Net fees and service income	34	1,212,934	1,620,137	(136)	278
Gains on trading and foreign exchange transactions (losses)	35	164,490	(23,445)	220	(7)
Gains on investments	36	409,778	12,417,780	83,320	19,028
Share of profit from investments accounted for under equity method		59,167	96,945	-	-
Gains on property foreclosed and other assets		164,257	143,757	1,946	111,977
Insurance/Life insurance income		1,594,302	1,788,404	-	-
Dividend income		107,836	28,780	1,373,139	1,211,256
Other operating income		494,527	439,696	19,095	22,931
Total operating income		11,247,541	23,060,548	1,363,673	1,325,380
Insurance/Life insurance expenses		(1,112,030)	(1,053,117)	-	-
Net operating income		10,135,511	22,007,431	1,363,673	1,325,380
Other operating expenses					
Employee's expenses		2,646,966	2,794,121	31,514	30,201
Directors' remuneration	37	48,082	42,371	22,419	20,690
Premises and equipment expenses		738,871	749,259	7,302	6,960
Taxes and duties		210,094	215,011	286	1,013
Other expenses		1,165,474	1,783,956	17,751	21,185
Total other operating expenses		4,809,487	5,584,718	79,272	80,049
Impairment loss of loans and debt securities (reversal)	38	2,157,925	6,563,332	(1,287)	(30,370)
Profit before income tax		3,168,099	9,859,381	1,285,688	1,275,701
Income tax	19.2	(677,391)	(2,189,275)	13,122	(15,595)
Profit for the period from continuing operations		2,490,708	7,670,106	1,298,810	1,260,106
Discontinued operations					
Profit for the period from discontinued operations	48	-	42,012	-	-
Profit for the period		2,490,708	7,712,118	1,298,810	1,260,106

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

Thanachart Capital Public Company Limited and its subsidiaries**Statement of comprehensive income (continued)****For the three-month period ended 30 June 2014**

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

Note	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Other comprehensive income				
39				
Continuing operations				
Gains (losses) on change in value of available-for-sale securities	331,474	(743,555)	174,224	(39,821)
Share of other comprehensive income of associates (loss)	(2,389)	26,521	-	-
Income tax relating to components of other comprehensive income	(66,191)	149,210	(34,844)	7,964
Total other comprehensive income from continuing operations (loss)	262,894	(567,824)	139,380	(31,857)
Discontinued operations				
Other comprehensive income from discontinued operations (loss)	-	(93,686)	-	-
Total other comprehensive income (loss)	262,894	(661,510)	139,380	(31,857)
Total comprehensive income				
Total comprehensive income from continuing operations	2,753,602	7,102,282	1,438,190	1,228,249
Total comprehensive income from discontinued operations (loss)	-	(51,674)	-	-
Total comprehensive income	2,753,602	7,050,608	1,438,190	1,228,249
Profit attributable to				
The Company				
Profit for the period from continuing operations	1,235,295	4,056,733	1,298,810	1,260,106
Profit for the period from discontinued operations	-	21,409	-	-
Profit for the period attributable to the Company	1,235,295	4,078,142	1,298,810	1,260,106
Non-controlling interests				
Profit for the period from continuing operations	1,255,413	3,613,373	-	-
Profit for the period from discontinued operations	-	20,603	-	-
Profit for the period attributable to non-controlling interests	1,255,413	3,633,976	-	-
	2,490,708	7,712,118	1,298,810	1,260,106

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

Thanachart Capital Public Company Limited and its subsidiaries**Statement of comprehensive income (continued)****For the three-month period ended 30 June 2014**

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

Note	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Total comprehensive income attributable to				
The Company				
Total comprehensive income from continuing operations	1,436,545	3,759,740	1,438,190	1,228,249
Total comprehensive income from discontinued operations (loss)	-	(5,316)	-	-
Total comprehensive income attributable to the Company	<u>1,436,545</u>	<u>3,754,424</u>	<u>1,438,190</u>	<u>1,228,249</u>
Non-controlling interests				
Total comprehensive income from continuing operations	1,317,057	3,342,542	-	-
Total comprehensive income from discontinued operations (loss)	-	(46,358)	-	-
Total comprehensive income attributable to non-controlling interests	<u>1,317,057</u>	<u>3,296,184</u>	<u>-</u>	<u>-</u>
	<u><u>2,753,602</u></u>	<u><u>7,050,608</u></u>	<u><u>1,438,190</u></u>	<u><u>1,228,249</u></u>
Earnings per share of the Company				
40				
Basic earnings per share (Baht per share)				
From continuing operations	1.02	3.27	1.08	1.02
From discontinued operations	-	0.02	-	-
Profit attributable to the Company	<u>1.02</u>	<u>3.29</u>	<u>1.08</u>	<u>1.02</u>
Diluted earnings per share (Baht per share)				
From continuing operations	1.02	3.27	1.08	1.02
From discontinued operations	-	0.02	-	-
Profit attributable to the Company	<u>1.02</u>	<u>3.29</u>	<u>1.08</u>	<u>1.02</u>

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2014

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

Note	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
Profit or loss					
Continuing operations					
Interest income	32	26,823,827	26,482,954	288,216	287,090
Interest expenses	33	(13,026,253)	(13,637,866)	(498,812)	(293,189)
Net interest income		13,797,574	12,845,088	(210,596)	(6,099)
Fees and service income		3,929,317	4,516,357	334	1,321
Fees and service expenses		(1,370,537)	(1,349,367)	(340)	(618)
Net fees and service income	34	2,558,780	3,166,990	(6)	703
Gains on trading and foreign exchange transactions (losses)	35	511,318	144,057	1,754	(8)
Gains on investments	36	711,690	12,627,739	88,829	19,577
Share of profit from investments accounted for under equity method	10.2	120,410	501,909	-	-
Gains on property foreclosed and other assets		361,342	456,604	3,222	267,107
Insurance/Life insurance income		3,169,427	3,472,328	-	-
Dividend income		144,986	232,160	1,923,920	1,276,330
Other operating income		835,318	865,561	37,442	45,043
Total operating income		22,210,845	34,312,436	1,844,565	1,602,653
Insurance/Life insurance expenses		(2,289,635)	(2,169,103)	-	-
Net operating income		19,921,210	32,143,333	1,844,565	1,602,653
Other operating expenses					
Employee's expenses		5,380,349	5,462,064	62,476	62,329
Directors' remuneration	37	56,164	49,053	25,534	23,671
Premises and equipment expenses		1,445,991	1,481,169	14,847	13,867
Taxes and duties		422,417	446,644	456	4,028
Other expenses		2,296,683	3,040,653	34,397	40,730
Total other operating expenses		9,601,604	10,479,583	137,710	144,625
Impairment loss of loans and debt securities (reversal)	38	3,814,890	7,928,517	(1,660)	(16,917)
Profit before income tax		6,504,716	13,735,233	1,708,515	1,474,945
Income tax	19.2	(1,347,918)	(2,899,254)	37,799	(52,613)
Profit for the period from continuing operations		5,156,798	10,835,979	1,746,314	1,422,332
Discontinued operations					
Profit for the period from discontinued operations	48	-	354,241	-	-
Profit for the period		5,156,798	11,190,220	1,746,314	1,422,332

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2014

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2014	2013	2014	2013
Other comprehensive income	39				
Continuing operations					
Gains (losses) on change in value of available-for-sale securities		892,145	(440,843)	201,897	105,504
Share of other comprehensive income of associates (loss)		(1,668)	(11,116)	-	-
Income tax relating to components of other comprehensive income		(178,165)	91,551	(40,379)	(21,101)
Total other comprehensive income from continuing operations (loss)		<u>712,312</u>	<u>(360,408)</u>	<u>161,518</u>	<u>84,403</u>
Discontinued operations					
Other comprehensive income from discontinued operations (loss)		-	(110,403)	-	-
Total other comprehensive income (loss)		<u>712,312</u>	<u>(470,811)</u>	<u>161,518</u>	<u>84,403</u>
Total comprehensive income					
Total comprehensive income from continuing operations		5,869,110	10,475,571	1,907,832	1,506,735
Total comprehensive income from discontinued operations		-	243,838	-	-
Total comprehensive income		<u>5,869,110</u>	<u>10,719,409</u>	<u>1,907,832</u>	<u>1,506,735</u>
Profit attributable to					
The Company					
Profit for the period from continuing operations		2,558,638	5,850,834	1,746,314	1,422,332
Profit for the period from discontinued operations		-	180,519	-	-
Profit for the period attributable to the Company		<u>2,558,638</u>	<u>6,031,353</u>	<u>1,746,314</u>	<u>1,422,332</u>
Non-controlling interests					
Profit for the period from continuing operations		2,598,160	4,985,145	-	-
Profit for the period from discontinued operations		-	173,722	-	-
Profit for the period attributable to non-controlling interests		<u>2,598,160</u>	<u>5,158,867</u>	<u>-</u>	<u>-</u>
		<u>5,156,798</u>	<u>11,190,220</u>	<u>1,746,314</u>	<u>1,422,332</u>

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2014

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

Note	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Total comprehensive income attributable to				
The Company				
Total comprehensive income from continuing operations	2,999,834	5,706,661	1,907,832	1,506,735
Total comprehensive income from discontinued operations	-	140,038	-	-
Total comprehensive income attributable to the Company	<u>2,999,834</u>	<u>5,846,699</u>	<u>1,907,832</u>	<u>1,506,735</u>
Non-controlling interests				
Total comprehensive income from continuing operations	2,869,276	4,768,910	-	-
Total comprehensive income from discontinued operations	-	103,800	-	-
Total comprehensive income attributable to non-controlling interests	<u>2,869,276</u>	<u>4,872,710</u>	<u>-</u>	<u>-</u>
	<u>5,869,110</u>	<u>10,719,409</u>	<u>1,907,832</u>	<u>1,506,735</u>
Earnings per share of the Company				
	40			
Basic earnings per share (Baht per share)				
From continuing operations	2.12	4.65	1.45	1.13
From discontinued operations	-	0.14	-	-
Profit attributable to the Company	<u>2.12</u>	<u>4.79</u>	<u>1.45</u>	<u>1.13</u>
Diluted earnings per share (Baht per share)				
From continuing operations	2.12	4.65	1.45	1.13
From discontinued operations	-	0.14	-	-
Profit attributable to the Company	<u>2.12</u>	<u>4.79</u>	<u>1.45</u>	<u>1.13</u>

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity

For the six-month period ended 30 June 2014

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to the Company's shareholders															
Other components of equity															
	Issued and		Premium on common share	Premium on treasury share	Share premium of a subsidiary	Amount by which		Share of other comprehensive income (losses) of associates	Amounts recognised in other comprehensive income and accumulated in equity relating to assets held for sale	Retained earnings			Treasury shares	Non-controlling interests	Total
	paid-up share capital					in subsidiary lower than attributable net book value	Revaluation surplus on investments - net			Appropriated					
	Preferred shares	Common shares								Statutory reserve	Treasury shares reserve	Unappropriated			
Balance as at 1 January 2013	133	12,778,164	2,065,645	165,742	775,814	226,460	844,582	14,237	40,481	1,277,830	-	25,396,290	-	41,648,479	85,233,857
Cash paid for treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(3,398,455)	-	(3,398,455)
Dividend paid (Note 31)	-	-	-	-	-	-	-	-	-	-	-	(1,150,047)	-	-	(1,150,047)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	1,368	-	-	1,368
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	-	3,398,455	(3,398,455)	-	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,080,556)	(1,080,556)
Total comprehensive income for the period (loss)	-	-	-	-	-	-	(139,252)	(4,921)	(40,481)	-	-	6,031,353	-	4,872,710	10,719,409
Balance as at 30 June 2013	133	12,778,164	2,065,645	165,742	775,814	226,460	705,330	9,316	-	1,277,830	3,398,455	26,880,509	(3,398,455)	45,440,633	90,325,576
Balance as at 1 January 2014	133	12,778,164	2,065,645	165,742	775,814	226,460	714,616	6,185	-	1,277,830	3,398,455	29,358,306	(3,398,455)	48,070,531	95,439,426
Dividend paid (Note 31)	-	-	-	-	-	-	-	-	-	-	-	(1,206,480)	-	-	(1,206,480)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	89	-	-	89
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(997,849)	(997,849)
Total comprehensive income for the period (loss)	-	-	-	-	-	-	442,414	(1,218)	-	-	-	2,558,638	-	2,869,276	5,869,110
Balance as at 30 June 2014	133	12,778,164	2,065,645	165,742	775,814	226,460	1,157,030	4,967	-	1,277,830	3,398,455	30,710,553	(3,398,455)	49,941,958	99,104,296

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the six-month period ended 30 June 2014

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and paid-up share capital				Other components of equity - revaluation surplus on investments - net	Retained earnings				Total
	Preferred shares	Common shares	Premium on common share	Premium on treasury share		Appropriated		Unappropriated	Treasury shares	
					Statutory reserve	Treasury shares 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
Cash paid for treasury shares	-	-	-	-	-	-	-	-	(3,398,455)	(3,398,455)
Dividend paid (Note 31)	-	-	-	-	-	-	-	(1,150,047)	-	(1,150,047)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	1,368	-	1,368
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	3,398,455	(3,398,455)	-	-
Total comprehensive income for the period	-	-	-	-	84,403	-	-	1,422,332	-	1,506,735
Balance as at 30 June 2013	<u>133</u>	<u>12,778,164</u>	<u>2,065,645</u>	<u>165,742</u>	<u>378,005</u>	<u>1,277,830</u>	<u>3,398,455</u>	<u>10,085,474</u>	<u>(3,398,455)</u>	<u>26,750,993</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
Dividend paid (Note 31)	-	-	-	-	-	-	-	(1,206,480)	-	(1,206,480)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	89	-	89
Total comprehensive income for the period	-	-	-	-	161,518	-	-	1,746,314	-	1,907,832
Balance as at 30 June 2014	<u>133</u>	<u>12,778,164</u>	<u>2,065,645</u>	<u>165,742</u>	<u>531,524</u>	<u>1,277,830</u>	<u>3,398,455</u>	<u>10,661,567</u>	<u>(3,398,455)</u>	<u>27,480,605</u>

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows

For the six-month period ended 30 June 2014

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before income tax from continuing operations	6,504,716	13,735,233	1,708,515	1,474,945
Profit before income tax from discontinued operations	-	443,187	-	-
Profit before income tax	6,504,716	14,178,420	1,708,515	1,474,945
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities				
Share of profit from investments accounted for under equity method	(120,410)	(501,909)	-	-
Depreciation and amortisation	710,746	737,333	11,435	10,677
Impairment loss of loans and debt securities (reversal)	3,814,890	7,928,517	(1,660)	(16,917)
Increase in provisions	152,247	353,509	1,574	1,468
Increase (decrease) in allowance for impairment of property foreclosed	(24,822)	(7,861)	817	(20,176)
Increase (decrease) in allowance for impairment of equipment/other assets	(117,341)	165,339	27	634
Unrealised loss (gain) from change in value of investments/ allowance for impairment of investments	(133,251)	174,950	(145)	9
Unrealised loss on exchange	101,820	329,198	-	-
Loss (gain) from disposal of/capital return from investments in subsidiary companies	(121,649)	(12,413,939)	12	-
Loss (gain) on disposal of equipment	10,545	21,032	(2)	-
Decrease (increase) in accrued other income receivable	340,025	(316,651)	(3,451)	(6,912)
	11,117,516	10,647,938	1,717,122	1,443,728
Net interest income	(13,797,574)	(12,845,088)	210,596	6,099
Dividend income	(144,986)	(232,160)	(1,923,920)	(1,276,330)
Cash received from interest on operating activities	24,870,075	25,807,018	61,104	47,729
Cash paid for interest on operating activities	(11,030,668)	(11,233,136)	(1)	(29)
Cash paid for income tax	(1,403,470)	(922,861)	(4,256)	(8,828)
Income from operating activities before changes in operating assets and liabilities	9,610,893	11,221,711	60,645	212,369

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month period ended 30 June 2014

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	6,014,851	10,493,366	(308,512)	4,379,174
Derivative assets	639,224	742,385	-	-
Investments in trading securities	(447,597)	1,003,910	(39,051)	1,000
Loans to customers	15,216	(38,448,393)	2,678	36,290
Property foreclosed	4,761,259	4,402,745	13,801	239,678
Receivables from purchase and sale of securities	(2,075,839)	(2,497,414)	-	-
Other assets	1,006,829	2,389,559	(2,403)	(3,585)
Increase (decrease) in operating liabilities				
Deposits	(3,011,632)	9,124,010	-	-
Interbank and money market items	(16,669,768)	(20,032,254)	(13)	25
Liability payable on demand	(670,389)	(1,388,585)	-	-
Derivatives liabilities	(1,407,209)	(2,076)	-	-
Payables from purchase and sales of securities	1,501,425	1,098,951	-	-
Insurance contract liabilities	(360,443)	(329,920)	-	-
Other liabilities	(1,495,607)	(907,348)	12,322	11,412
Net cash flows from (used in) operating activities	(2,588,787)	(23,129,353)	(260,533)	4,876,363
Cash flows from investing activities				
Decrease (increase) in investments in securities	10,968,236	(9,137,212)	287,823	1,457,680
Cash paid for purchase of investment in subsidiary	-	-	(482,119)	-
Cash received from interest	2,308,039	1,816,661	236,889	250,918
Cash received from dividend	257,544	336,191	1,923,920	1,276,330
Cash received from disposal of/capital return from subsidiary companies	-	17,466,126	1,504	-
Cash paid for purchase of land and equipment/ intangible assets	(556,580)	(303,333)	(2,294)	(1,706)
Cash received from disposal of equipment/ intangible assets	6,025	20,791	2	-
Net cash flows from investing activities	12,983,264	10,199,224	1,965,725	2,983,222

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month period ended 30 June 2014

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Cash flows from financing activities				
Cash received from debts issued and borrowings	55,630,400	45,808,600	-	-
Cash paid for debts issued and borrowings	(65,885,066)	(27,784,915)	-	(3,000,000)
Cash paid for interest expenses on debt issued and borrowings	(2,571,411)	(2,150,641)	(498,801)	(312,452)
Cash paid for dividend	(1,206,391)	(1,148,678)	(1,206,391)	(1,148,678)
Cash paid for treasury shares	-	(3,398,455)	-	(3,398,455)
Cash paid for dividend to non-controlling interests	(1,351,859)	(1,083,863)	-	-
Net cash flows from (used in) financing activities	(15,384,327)	10,242,048	(1,705,192)	(7,859,585)
Net decrease in cash	(4,989,850)	(2,688,081)	-	-
Cash at beginning of the period	17,940,109	15,181,402	-	-
Cash at end of the period	12,950,259	12,493,321	-	-
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans, other receivable and investments in receivables purchased	4,234,958	3,680,878	29	1,257
Property foreclosed received from capital returned from a subsidiary company	-	-	678	-
Bad debt written off/hair-cut loans from debt restructuring	3,726,831	2,128,095	-	374
Payable from purchase of assets	80,034	42,089	46	1,240

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

Thanachart Capital Public Company Limited and its subsidiaries

Notes to interim financial statements

For the six-month period ended 30 June 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** These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) “Interim Financial Reporting”, whereby the Company chooses to present the interim financial statements in the same full format as that used for the annual financial statements.

These interim financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the principles stipulated by the Bank of Thailand (“BOT”). The presentation of the financial statements has been made in compliance with the BOT’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 3 December 2010.

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

The interim financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of preparation of the interim consolidated financial statements

- a) The interim consolidated financial statements included the financial statements of the Company and the following subsidiary companies. (“the subsidiaries”).

Nature of business	Percentage of holding by the Company		Percentage of holding by the subsidiaries		
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	
<u>Subsidiaries directly held by</u>					
<u>the Company</u>					
Thanachart Bank Plc.	Commercial bank	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00	-	-
Max Asset Management Co., Ltd.	Non-performing asset management	83.44	83.44	-	-
NASSET Property Fund 6	Investment in non-performing assets and collection rights	99.80	99.80	0.06	0.06
Thanachart SPV 01 Co., Ltd.	Liquidated	-	100.00	-	-
Siam City Life Assurance Plc.	Life insurance	53.50	-	-	100.00
<u>Subsidiaries indirectly held by the</u>					
<u>Company</u>					
SCIB Plc.	In liquidation process	-	-	99.98	99.98
Thanachart Securities Plc.	Securities business	-	-	100.00	100.00
Thanachart Insurance Plc.	Non-life insurance	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	Fund management	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	Non-life insurance broker	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	Hire purchase	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	Services	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	Training services	-	-	100.00	100.00
TS Asset Management Co., Ltd.	Non-performing asset management	-	-	100.00	100.00
Ratchthani Leasing Plc.	Hire purchase and leasing business	-	-	65.18	65.18
National Leasing Co., Ltd.	Leasing business	-	-	100.00	100.00
SCIB Service Co., Ltd.	Service	-	-	100.00	100.00

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 30 June 2014 and 31 December 2013 and for the six-month periods ended 30 June 2014 and 2013, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the six-month periods ended 30 June*	
	30 June	31 December		
	2014	2013	2014	2013
Thanachart Bank Plc.	943,869	975,824	16,064	26,895
Siam City Life Assurance Plc.	10,485	10,216	79	56
Thanachart Insurance Plc.	9,942	8,794	1,382	1,501
Thanachart Securities Plc.	6,653	6,536	673	1,270
TS Asset Management Co., Ltd.	8,559	9,055	252	220
Ratchthani Leasing Plc.	27,349	26,654	818	688
NFS Asset Management Co., Ltd.	1,800	1,997	82	127

* Presented as part of continuing operations

- c) The consolidated statement of comprehensive income for the six-month period ended 30 June 2013 included the operating results of Thanachart Life Assurance Plc. from 1 January 2013 until the date of disposal of the investment. Such subsidiary had total income of Baht 4,025 million and net income of Baht 354 million.
- d) All subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- e) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using the same significant accounting policies. In case where there are different accounting policies, the Company has adjusted the effect of these in the consolidated financial statements.
- f) The outstanding balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Company's and subsidiaries' books of accounts have been eliminated against equity of the subsidiaries.

g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

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

3. Accounting standards that became effective in the current accounting period

Below is a summary of accounting standards that became effective in the current accounting period.

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

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.

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 period, but did not restate the prior period's financial statements presented as comparative information, since the managements of the Company and its subsidiaries consider that the change did not have a significant impact to the financial statements.

4. Accounting standard that will become effective in the future

Thai Financial Reporting Standard 4 Insurance Contracts will become effective for fiscal years beginning on or after 1 January 2016. 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.

5. Significant accounting policies

5.1 Revenue recognition

a) Interest and discounts on loans

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchase and financial lease is recognised based on the effective interest method.

For loans on which principal or interest payments have been defaulted for more than three months past the due date, the Company and its subsidiaries cease accrual of interest income, and accrued interest already recorded is reversed from the Company and its subsidiaries' accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received from the debtors.

Interest income on restructured loans is recognised as income on an accrual basis, with reference to the interest rate stipulated in the agreements, with the exception of interest on loans that are subject to monitoring for compliance with restructuring conditions, which the Company and its subsidiaries recognise as income on a cash basis until the receivable is able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

The Company and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the period based on the effective yield rate of the portfolio multiplied by the new book value (acquisition cost) of the outstanding balances of receivables, to the extent that this is not greater than the amount received from such receivables. After the restructuring, interest income is recognised using the effective interest method, for those receivables from which loan repayment was received during the period.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans or in proportion of debt repayment.

Interest income received in advance on hire purchase represents discounted on interest given to debtors by dealers, is recognised based on the effective interest method, in the same manner as interest income on hire purchase receivables.

b) Interest and dividends on investments

Interest on investments is recognised as income on an accrual basis based on the effective interest rate. Dividends are recognised as income when the right to receive the dividends is established.

c) Brokerage fee income

Brokerage fees on trading of securities and derivatives are recognised as income on the transaction date.

d) Interest on margin loans for purchase of securities

Interest on margin loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Securities and Exchange Commission (“SEC”).

e) Gains (losses) on investments and derivatives

Gains (losses) on investments and derivatives are recognised as income/ expenses on the transaction date.

f) Fees and service income

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

g) Insurance/life insurance premium income

Non-life insurance contract

Premium income consists of direct premium and reinsurance premium less premium of cancelled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium are recorded as unearned items, and recognised as income over the coverage period.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts.

Life insurance contract

Premium income is recognised as income on the date the insurance policy comes into effect, after deducting premium ceded and refunded. For renewal policy, premium income is recognised as income when the premium is due, only if the policy is still in force at the period-end date.

5.2 Expenses recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

b) Commission and direct expenses charged on hire purchase/financial leases

Initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct cost on the inception of the contracts.

c) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

5.3 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss in the statements of comprehensive income.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income in the statements of comprehensive income, and will be recognised in profit or loss when the securities are sold.

Investments in held-to-maturity debt securities are stated at amortised cost. The Company and its subsidiaries amortised premiums/discounts on debt securities by the effective rate method with the amortised/accreted amount is presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the period. The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association, other markets, or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

The fair value of embedded derivatives investments for which there is no active market or no available market value, is determined using a Black-Scholes Model, a universal theory that is widely used in estimating fair value. Gain/losses arising from revaluation are recognised in profit or loss in the statements of comprehensive income. This method of measurement is in compliance with the principles stipulated by BOT.

The Company and its subsidiaries recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and general investments in profit or loss in the statements of comprehensive income.

In the event that the Company and its subsidiaries transfer investments to another category, the investments are valued at their fair values prevailing on the transfer date. Differences between the carrying amount of the investments and their fair value on that date are recorded as profit or loss or other comprehensive income in the statements of comprehensive income, depending on the type of investment being reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss in the statement of comprehensive income. In case of disposal partial of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

5.4 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in profit or loss in the statements of comprehensive income.

In case that the receivables purchased enter into debt restructuring agreements, they are transferred to loans and presented at fair value. The fair value is determined based on the outstanding balance of investments as at the transfer date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is determined based on the fair value, with reference to the collateral value.

5.5 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expenses in profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the net income from the operations of the associated companies, in proportion to the investment.

5.6 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Unrecognised deferred income and discounts on loans are deducted from the loan balances.

Hire purchase receivables and financial lease receivables are stated at the contract value of the hire purchase receivables and financial lease receivables net of unearned income, which is presented after netting commission expenses and initial direct costs on the inception of the contracts.

Securities and derivatives business receivables comprise the net balances of securities business receivables and derivatives business receivables. Securities business receivables comprise credit balance receivables (for which the securities purchased are used as collateral), securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for borrowers of securities or Thailand Securities Depository) as well as other receivables, such as overdue amounts in cash accounts and receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balances of cash accounts are presented as "Receivables from purchase and sale of securities".

5.7 Allowances for doubtful accounts

a) Allowance for doubtful accounts for loans

The Company and its subsidiary companies, that operate in banking and asset management businesses, provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the period.

For loans, excluding hire purchase receivable - personal consuming of the subsidiary operates in banking business, the Company and its subsidiary companies set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value. For non-performing loans, provision is set at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or the present value of expected cash flows from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT's guideline. However, non-performing hire purchase receivables and financial lease receivables are treated as uncollateralised.

The subsidiary that operates in banking business sets provision for hire purchase receivable - personal consuming using the collective approach, which classifies groups of receivables having similar credit risk characteristics, and taking into account the historical loss of loans calculated based on the probability of default and a percentage of the loss given default. Furthermore, the subsidiary has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact certain borrowers' ability to pay. This methodology, its parameters and assumptions have been reviewed in detail and will be monitored on an ongoing basis for continued applicability.

- b) Subsidiary engaged in securities business has provided an allowance for doubtful accounts based on a review of debtors' repayment capability, taking into consideration the risk of recovery and the value of collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notifications of the SEC.
- c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under the BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided based on the loan balances without deducting collateral value for receivables overdue more than 3 months.
- d) Allowance for doubtful accounts for other receivables is set up based on the amount of debts that may not be collectible, determined from a review of the current status of the receivable as at the financial reporting date.
- e) The Company and its subsidiaries write off receivables when they determine that such receivables may not be collectible. Amounts written off as bad debts or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

5.8 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms of repayment, the fair value of the receivables after restructuring is based on the net present values of expected future cash flows, discounted by the market's minimum loan rate for credit to large customers prevailing at the restructuring date. The differences between the fair value of receivables as of the restructuring date and their previous book value is recorded as "Revaluation allowance for debt restructuring", and recognised as an expense in part of profit or loss in the statements of comprehensive income in the restructuring period. Such allowance is reviewed based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments against impairment loss of loans account.

In cases where the troubled debt restructuring involves the transfer of assets or equity, the Company and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtors (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as gain on restructuring or interest income in part of profit or loss in the statements of comprehensive income, as the case may be.

Losses arising from debt restructuring through waivers of part of principal or recorded accrued interest receivable are recognised as losses in part of profit or loss in the statements of comprehensive income when incurred.

5.9 Recognition and amortisation of customers' assets

Assets which customers have placed with the subsidiary company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of the subsidiary company for internal control purpose. As at the reporting date, the subsidiary company eliminates those amounts which there are no guarantee obligations from both assets and liabilities and present only those assets which belong to the subsidiary company.

5.10 Property foreclosed

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets.

Gains on disposal of property foreclosed are recognised as income in part of profit or loss in the statement of comprehensive income on the disposal date, unless the purchase is made with a loan. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment losses are recognised as expenses in part of profit or loss in the statement of comprehensive income.

5.11 Land, premises and equipment and depreciation

- a) Land and assets under installation are stated at cost, and depreciation is not provided.
- b) Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Buildings	-	20 - 30 years
Buildings improvement	-	5 - 10 years
Furniture, fixtures and equipment	-	3 - 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

- c) Land, premises and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of these assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the statement of comprehensive income.

5.12 Intangible assets and amortisation

The Company and its subsidiaries initially recognised intangible assets acquired through business combination at fair value on the date of business acquisition while intangible assets acquired in other cases are initially measured at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense and losses on impairment are recognised as expenses in part of profit or loss in the statements of comprehensive income.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

5.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease periods and the amortisation amounts are recognised as expenses in part of profit or loss in the statements of comprehensive income.

5.14 Business combination and goodwill

Business combination accounted for under purchase method.

Goodwill is initially recorded at cost, which equals to the excess of the cost of business combination over the Company's portion in the fair value of the net assets acquired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

5.15 Receivable from/payable to Clearing House

Receivable from/payable to Clearing House comprise the net balance receivable/ payable in respect of securities trades settled and derivatives business. These also include amounts pledged with Thailand Clearing House as security for derivatives trading.

5.16 Securities purchased under resale agreements/ securities sold under repurchase agreements

Subsidiary companies enter into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased are presented as assets under the caption of "Interbank and money market items" or "Loans to customers", depending on the counterparty, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of "Interbank and money market items" in the statements of financial position and the underlying securities are treated as collateral.

5.17 Premium receivable and allowance for doubtful accounts

Premium receivable from both direct and reinsurance is stated at its net realisable value. Subsidiary companies provide an allowance for doubtful accounts based on the estimated loss that may be incurred in the collection of the premium due, on the basis of collection experience and a review of current status of the premium receivable as at the end of reporting period.

5.18 Reinsurance assets and liabilities

- a) Reinsurance assets represent amounts due from reinsurers (consisting of claims receivable and various other items receivable for reinsurers excluding reinsurance premium receivable less allowance for doubtful accounts), amounts deposited on reinsurance and insurance reserve refundable from reinsurers. Insurance reserve refundable from reinsurers is estimated based on the proportion of premium reserve and loss reserve made in accordance with the law regarding insurance reserve calculation that has been reinsured.
- b) Amounts due to reinsurers are stated at the outstanding balances payable from reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers.

5.19 Assets held for sale and discontinued operations

Assets held for sale are measured at the lower of their carrying value and fair value less costs to sell. Disposal groups of assets are classified as assets held for sale if their carrying values are recovered principally through a sales transaction rather than through continuing use. In such case, the assets must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and their sale must be highly probable. Management of the Company and its subsidiaries must be committed to the sale plan, which should be expected to qualify for recognition as a complete sale within one year from the date the assets are classified as assets held for sale.

In the consolidated statements of comprehensive income of the reporting period and the prior comparable period, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations and shown as profit for the period from discontinued operations in the line item next to profit for the period from continuing operations.

5.20 Premium reserve/life insurance premium reserve

Non-life insurance contract

Premium insurance reserve comprise with unearned premium reserve and unexpired risks reserve.

a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	-	100% of premium as from the date policy is effective, throughout the period of insurance coverage
Other	-	Monthly average basis (the one-twenty fourth basis)

b) Unexpired risks reserve

Unexpired risks reserve is the reserve for the future claims that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

At the end of each reporting date, the subsidiary compares the amounts of unexpired risks reserve with the unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

Life insurance contract

Life insurance premium reserve represents the accumulated total liabilities for estimated future claims under all policies in force as at the financial statement date.

Subsidiaries determine life insurance premium reserve under long-term policies by using the higher of the net level premium valuation method (NPV) and the gross premium valuation method (GPV).

Life insurance premium reserve under NPV method is a type of actuarial method with the main assumptions used relating to mortality rate, morbidity rate, longevity and discount rates.

Calculation of life insurance premium reserve under GPV method is another type of actuarial method with main assumptions used relating to lapse rate or surrender rate, selling and administrative expenses, mortality and morbidity rate, discount rates and non-guaranteed dividend rate. This calculation method is in compliance with the bases stipulated in the notification of the Office of Insurance Commission (“OIC”) regarding valuation of assets and liabilities of life insurance company.

5.21 Loss reserve and outstanding claims/Benefits payment to life policy

Non-life insurance contract

Outstanding claims are recorded at the actual amount to be paid. Loss reserve is recorded upon the receipt of the claims advice from the insured based on the number of claims notified by the insured and estimates made by a subsidiary’s management. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, the subsidiaries set up additional reserve for losses incurred but not reported (IBNR) using an actuarial method based on a best estimate of claims which are expected to be paid in the future for losses occurring before or as at the reporting date, including both reported and unreported claims, and net of recorded claims.

Life insurance contract

Benefits paid under life policies are provided for upon receipt of the claims advices from the insured or in accordance with the conditions of the policy.

5.22 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company and its subsidiaries are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to profit or loss in the statement of comprehensive income over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses on a straight-line basis over the lease term.

5.23 Financial derivatives

The Company and its subsidiaries have entered into derivative financial instruments in order to manage risk of the Company and its subsidiaries and in response to customer needs.

Financial derivative contracts which were originated for trading purposes are recorded as off-balance items. Gains or losses arising from changes in the fair value of the contracts are recognised as part of profit or loss in the statement of comprehensive income. The fair values of the contracts are based on the quoted market prices. If the fair value of financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models, in which the variables used, are derived from observable market factors.

Other financial derivative contracts (forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts) which were not originated for trading purposes are recorded as off-balance items, and presented on an accrual basis. Foreign currency components are translated at the period-end exchange rate, in the same manner as the hedged items, with unrealised gains or losses on translation recognised as part of profit or loss in the statement of comprehensive income. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets or liabilities, with gains or losses recorded to interest income and interest expense over the terms of the contracts. Receivables and payables under foreign exchange contracts are presented at the net amount in the statement of financial position.

5.24 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated company and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that give them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company's and its subsidiaries' operations.

5.25 Impairment of assets

At the end of each reporting date, the Company and its subsidiaries assess whether there is an indication that an asset may be impaired. The Company and its subsidiaries perform impairment review whenever events or changes in circumstances indicate that an asset may be impaired. Loss on impairment is recognised when the asset's recoverable amount is less than the book value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell reflects the amount that the Company and its subsidiaries could obtain at the financial reporting date from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company and its subsidiaries recognise impairment losses as expenses in part of profit or loss in the statement of comprehensive income.

In assessing impairment of asset other than goodwill, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss for assets other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in part of profit or loss in the statement of comprehensive income.

5.26 Structured notes

Structured notes are debentures which a subsidiary offered to customers, who are institutional investors or high net worth investors. The notes are issued under conditions approved by the Office of the Securities and Exchange Commission, and the underlying assets are securities listed on the Stock Exchange of Thailand.

The notes are recorded at amortised cost, adjusted by the discount on the notes. The discount is amortised by the effective rate method with the amortised amount presented as interest expenses in profit or loss.

Embedded derivatives are recorded as derivative assets at fair value and the changes in fair value are recorded in profit or loss. In determining the fair value, the Company uses a valuation technique and theoretical model. The input to the model is derived from observable market conditions that include liquidity, dividend, interest rate, and the price and the volatility of the underlying asset.

5.27 Employee benefits

a) Short-term employee benefits

The Company and its subsidiaries recognised short-term employee benefits, such as salary, wages, bonuses, contributions to the social security fund, and vacation, as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund, and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

Actuarial gains and losses arising from post employment benefits are recognised immediately in profit or loss in the statement of comprehensive income.

5.28 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which are also the Company and its subsidiaries' functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Foreign currency transactions are translated into Baht at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the rates ruling at the reporting date.

Exchange gains and losses arising from trading or translation of foreign currencies are included in determining income.

5.29 Income tax

Income tax expense represents the sum of current income tax and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

5.30 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

6.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

6.2 Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables

Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables are intended to adjust the value of loans for probable credit losses. The management uses the BOT's and SEC's regulations regarding the provision of allowance for doubtful accounts and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions.

6.3 Allowance for impairment of investments in securities

The Company and its subsidiaries review an impairment of investments in securities when indication of impairment exists. The determination of what is indication of impairment requires the management's judgment.

6.4 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercised judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

6.5 Allowance for impairment of property foreclosed

The Company and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

6.6 Land, premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

In addition, the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses in the period when it is determined that the recoverable amounts are lower than the carrying amounts. This requires judgments in terms of forecasting future revenues and expenses relating to the assets subject to the review.

6.7 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to exercise judgment as to the recoverable amount to be generated by the asset, using the discounted cash flows method, and including the selection of a suitable discount rate in order to determine the present value of that cash flow. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions.

6.8 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

6.9 Finance lease/Operating lease

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

6.10 Unearned premium/Life insurance premium reserve

Unexpired risk reserve is calculated under an actuarial method, which reflects the best estimate of losses expected to be incurred over the remaining period of the insurance.

Life insurance premium reserve is calculated under an actuarial method, based on the best estimate at that time, which reflects current assumptions or assumption established at inception of the contract. Such reserve requires the management to exercise judgment in order to reflect the best estimates at that time.

6.11 Loss reserve and outstanding claims

At the end of each reporting date, subsidiaries estimate loss reserves and outstanding claims in two parts; loss incurred for which the claims advice has been received from the insured, and loss incurred but not reported (IBNR). The IBNR reserve is calculated using an international standard actuarial method. The main assumptions underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred losses, average costs per claim, and claim numbers. Such estimates require the management to exercise judgment in order to reflect the best estimates available at that time.

6.12 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate, based on their best knowledge of current situation.

6.13 Litigation and contingent liabilities

The Company and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgment to assess of the results of the litigation, and in case where they believe that there will be no losses, no provisions are recorded as at the end of the reporting period.

7. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2014			31 December 2013		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	7,343	-	7,343	8,251	1,500	9,751
Commercial banks	553	30,300	30,853	618	23,546	24,164
Specialised financial institutions	56	90	146	71	99	170
Other financial institutions	175	21,060	21,235	369	23,803	24,172
Total	8,127	51,450	59,577	9,309	48,948	58,257
Add: Accrued interest receivables	-	19	19	1	45	46
Less: Allowance for doubtful accounts	-	(208)	(208)	-	(231)	(231)
Total domestic items	8,127	51,261	59,388	9,310	48,762	58,072
Foreign						
US Dollar	377	2,390	2,767	719	10,663	11,382
Euro	58	2	60	34	-	34
Others	153	1,803	1,956	165	541	706
Total	588	4,195	4,783	918	11,204	12,122
Add: Accrued interest receivables	-	17	17	-	32	32
Less: Deferred revenues	-	(1)	(1)	-	(2)	(2)
Less: Allowance for doubtful accounts	-	(4)	(4)	-	(9)	(9)
Total foreign items	588	4,207	4,795	918	11,225	12,143
Total	8,715	55,468	64,183	10,228	59,987	70,215

(Unit: Million Baht)

	Separate financial statements					
	30 June 2014			31 December 2013		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	41	3,800	3,841	33	3,500	3,533
Add: Accrued interest receivables	-	2	2	-	10	10
Total domestic items	41	3,802	3,843	33	3,510	3,543

As at 30 June 2014, the Company had deposits with a subsidiary company of Baht 1,835 million in the separate financial statements (31 December 2013: Baht 3,028 million).

8. Derivatives

As at 30 June 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)

Types of risk	Consolidated financial statements					
	30 June 2014			31 December 2013		
	Fair value/Adjustments		Notional amount*	Fair value/Adjustments		Notional amount*
	on an accrual basis			on an accrual basis		
Assets	Liabilities		Assets	Liabilities		
Foreign exchange rate						
Derivatives for trading	282	213	95,796	1,260	1,356	73,700
Derivatives for banking book	23	89	15,990	12	878	23,142
Interest rate						
Derivatives for trading	2,939	2,909	340,966	2,569	2,534	280,730
Derivatives for banking book	-	-	16,100	-	-	26,100
Foreign exchange rate and interest rate						
Derivatives for trading	19	10	3,205	24	18	1,640
Derivatives for banking book	37	825	12,666	49	914	12,754
Others						
Derivatives for trading	-	3	69	-	1	281
Total	3,300	4,049	484,792	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 derivatives assets/derivatives liabilities. Accrued interest receivables/payables per the contracts are recorded as receivables and payables in other assets/other liabilities.

Below are the proportions of trading derivatives transactions classified by counterparty, determined based on the notional amount, as at 30 June 2014 and 31 December 2013.

Counterparty	Consolidated financial statements	
	30 June 2014	31 December 2013
	Percent	Percent
Financial institutions	95.90	95.83
Third parties	4.10	4.17
Total	100.00	100.00

9. Investments

9.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2014		31 December 2013		30 June 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	5,574	5,493	5,706	5,532	-	-	-	-
Private debt securities	5,800	5,831	5,266	5,214	41	41	2	2
Domestic marketable equity securities								
	63	62	17	16	-	-	-	-
	11,437	11,386	10,989	10,762	41	41	2	2
Less: Allowance for change in value								
	(51)		(227)		-		-	
Net	11,386		10,762		41		2	
Available-for-sale securities								
Government and state								
enterprises securities	62,481	62,932	76,880	77,313	-	-	5,482	5,508
Private debt securities	25,388	25,743	26,136	26,347	1,517	1,528	656	662
Foreign debt securities	14,507	14,558	14,691	14,543	-	-	-	-
Domestic marketable equity securities								
	5,847	7,168	1,119	1,909	4,465	5,118	127	558
	108,223	110,401	118,826	120,112	5,982	6,646	6,265	6,728
Add: Allowance for change in value								
	2,178		1,286		664		463	
Net	110,401		120,112		6,646		6,728	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2014		31 December 2013		30 June 2014		31 December 2013	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities								
Government and state enterprises securities	11,406	11,736	11,435	11,735	-	-	-	-
Private debt securities	222	242	352	369	3,636	3,631	3,636	3,631
Investment in receivables purchased	1,347	1,073	1,358	1,078	711	602	715	606
	12,975	13,051	13,145	13,182	4,347	4,233	4,351	4,237
Less: Allowance for impairment	(274)		(280)		(109)		(109)	
Net	12,701		12,865		4,238		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	(101)		(58)		(36)		(36)	
Net	3,904		3,947		76		76	
Total investments - net	138,392		147,686		11,001		11,048	

9.2 Classified by remaining period of debt securities

(Unit: Million Baht)

	Consolidated financial statements									
	30 June 2014					31 December 2013				
	Due within					Due within				
	At call	Less than 1 year	1 - 5 years	Over 5 years	Total	At call	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities										
Government and state enterprises securities	-	17,598	44,335	548	62,481	-	23,739	42,482	10,659	76,880
Private debt securities	-	2,861	18,591	3,936	25,388	-	2,894	19,700	3,542	26,136
Foreign debt securities	-	2,822	11,357	328	14,507	-	2,921	11,439	331	14,691
Total	-	23,281	74,283	4,812	102,376	-	29,554	73,621	14,532	117,707
Add: Allowance for change in value	-	69	753	35	857	-	85	401	10	496
Total	-	23,350	75,036	4,847	103,233	-	29,639	74,022	14,542	118,203
Held-to-maturity debt securities										
Government and state enterprises securities	-	2,939	8,425	42	11,406	-	448	10,945	42	11,435
Private debt securities	-	27	45	150	222	-	177	25	150	352
Investments in receivables purchased ⁽¹⁾	1,347	-	-	-	1,347	1,357	1	-	-	1,358
Total	1,347	2,966	8,470	192	12,975	1,357	626	10,970	192	13,145
Less: Allowance for impairment	(274)	-	-	-	(274)	(280)	-	-	-	(280)
Total	1,073	2,966	8,470	192	12,701	1,077	626	10,970	192	12,865
Total debt securities	1,073	26,316	83,506	5,039	115,934	1,077	30,265	84,992	14,734	131,068

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest.

(Unit: Million Baht)

		Separate financial statements									
		30 June 2014					31 December 2013				
		Due within					Due within				
		Less than			Over 5 years	Total	Less than			Over 5 years	Total
		At call	1 year	1 - 5 years			At call	1 year	1 - 5 years		
Available-for-sale securities											
Government and state enterprises securities											
		-	-	-	-	-	2,355	-	3,127	5,482	
Private debt securities											
		-	-	1,138	379	1,517	-	-	526	130	656
Total											
		-	-	1,138	379	1,517	-	2,355	526	3,257	6,138
Add: Allowance for change in value											
		-	-	10	1	11	-	1	4	27	32
Total											
		-	-	1,148	380	1,528	-	2,356	530	3,284	6,170
Held-to-maturity debt securities											
Private debt securities											
		-	-	-	3,636	3,636	-	-	-	3,636	3,636
Investments in receivables purchased ⁽¹⁾											
		711	-	-	-	711	715	-	-	-	715
Total											
		711	-	-	3,636	4,347	715	-	-	3,636	4,351
Less: Allowance for impairment											
		(109)	-	-	-	(109)	(109)	-	-	-	(109)
Total											
		602	-	-	3,636	4,238	606	-	-	3,636	4,242
Total debt securities											
		602	-	1,148	4,016	5,766	606	2,356	530	6,920	10,412

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest

9.3 As at 30 June 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.

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

As at 30 June 2014 and 31 December 2013, investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee, but which are not treated as subsidiary or associated companies, separated by industry as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Manufacturing and commerce	1,550	1,124	770	558
Banking and finance sector	98	142	-	-
Real estate and construction	21	21	20	20

9.5 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 30 June 2014 and 31 December 2013 can be summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Investments in receivables purchased	1,347	1,358	711	715
Less: Allowance for impairment	(274)	(280)	(109)	(109)
Investments in receivables purchased - net	1,073	1,078	602	606

	30 June 2014				31 December 2013			
	Number of debtors	Balance per agreement	Purchase price	Yield	Number of debtors	Balance per agreement	Purchase price	Yield
		Million Baht	Million Baht	Percent		Million Baht	Million Baht	Percent
<u>Consolidated financial statements</u>								
Total accumulated investments								
in receivables purchased	2,938	33,611	7,845	1.75 - 18.97	2,938	33,611	7,845	1.75 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the period	518	9,911	1,347		537	9,919	1,358	
<u>Separate financial statements</u>								
Total accumulated investments								
in receivables purchased	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the period	202	4,850	711		202	4,851	715	

During the six-month period ended 30 June 2014, the subsidiaries had restructured with 1 debtor, no book balances before restructuring and no losses on debt restructuring and had maturity in 2014. (For the six-month period ended 30 June 2013: the subsidiaries had restructured with 2 debtors, with book balances before restructuring totaling approximately Baht 8 million, by modification of repayment conditions. There were no losses on debt restructuring and had maturity in 2013)

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 30 June 2014 and 31 December 2013, there was no outstanding restructured receivables in the investments in receivables purchased account.

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

As at 30 June 2014 and 31 December 2013, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, summarised below.

Consolidated financial statements							
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht

Investments in receivables purchased

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
3. Companies which have loan settlement problems or have defaulted on the repayment	169	169	993	1,001	1,380	1,396	200	206

Separate financial statements							
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 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	844	845	81	81
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10. Investments in subsidiary and associated companies

10.1 Separate financial statements

As at 30 June 2014 and 31 December 2013, investments in subsidiary and associated companies in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding (Percent)		Value of investment under the cost method		Dividend income	
	30 June	31 December	30 June	31 December	30 June	31 December	for the six-month periods ended 30 June	
	2014	2013	2014	2013	2014	2013	2014	2013
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	55,137	55,137	50.96	50.96	29,056	29,056	1,264	1,040
NFS Asset Management Co., Ltd.	1,000	1,000	100.00	100.00	1,000	1,000	350	-
Max Asset Management Co., Ltd.	572	572	83.44	83.44	469	469	227	167
NASSET Property Fund 6	368	368	99.80	99.80	367	367	4	-
Thanachart SPV 01 Co., Ltd.	-	2	-	100.00	-	2	-	-
Siam City Life Assurance Plc.	700	-	53.50	-	482	-	-	-
<u>Associated company</u>								
MBK Plc.	1,886	1,886	10.00	10.00	658	658	56	52
Total investments in subsidiary and associated companies					32,032	31,552	1,901	1,259

During the six-month period ended 30 June 2014, NASSET Property Fund 6 decreased the number of its registered units and returned of Baht 0.7 million to the Company, based on the net assets value at the declaration date. The Company therefore recorded a gain on capital return of Baht 0.2 million in the separate financial statements. This gain has been eliminated in the consolidated financial statements. (During the six-month period ended 30 June 2013: no capital returned)

On 2 June 2014, the Company purchased 37,450,000 ordinary shares of Siam City Life Assurance Plc. from Thanachart Bank Plc. totaling Baht 482 million.

10.2 Investment in an associated company in the consolidated financial statements

As at 30 June 2014 and 31 December 2013, investment in an associated company in the consolidated financial statements, which are recorded under the equity method, consists of investment in ordinary shares of the following company which operates in Thailand:

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income		Share of profit	
					Cost method		Equity method		for the six-month periods ended		for the six-month periods ended	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June		30 June	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
MBK Plc. (operating in property rental, hotel and services businesses)	1,886	1,886	19.90	19.90	948	948	2,373	2,389	113	103	120	502
Total investment in an associated company					948	948	2,373	2,389	113	103	120	502

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.

10.3 Summarised financial information of an associated company

a) Summarised financial information of MBK Plc. as at 31 March 2014 and 30 September 2013 and for the six-month periods ended 31 March 2014 and 2013 are as follows:

(Unit: Million Baht)

Paid-up share capital		Total assets		Total liabilities		Total income		Profit	
						for the six-month periods ended		for the six-month periods ended	
31 March	30 September	31 March	30 September	31 March	30 September	31 March		31 March	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
1,886	1,886	37,880	39,584	21,245	23,617	4,960	6,900	594	2,522

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Company, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the six-month period ended 30 June 2014 was determined based on financial statements that were prepared with reference to financial statements for the six-month period ended 31 March 2014 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that the income for the six-month period is not materially different from the income for the six-month period ended 30 June 2014.

b) Fair value of investment in an associated company

As at 30 June 2014 and 31 December 2013, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
MBK Plc.	5,480	5,236	2,753	2,630

10.4 Cash flow information of asset management companies that are subsidiaries

Cash flow information of asset management companies that are subsidiaries for the six-month periods ended 30 June 2014 and 2013 are as follows:

	(Unit: Million Baht)					
	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2014	2013	2014	2013	2014	2013
Cash flows from operating activities						
Profit (loss) before income tax	24	155	158	55	150	(168)
Adjustments to reconcile profit (loss) before income tax to net cash provided by (paid for) operating activities						
Gain on assets transferred for debt settlement	-	(12)	(3)	-	-	-
Loss on impairment of property foreclosed and other assets (reversal)	(66)	(25)	(8)	(3)	14	10
Impairment loss of loans and debt securities (reversal)	(1)	(52)	-	-	(39)	223
Others	-	1	1	-	1	1
	(43)	67	148	52	126	66
Net interest income	(4)	(19)	(35)	(4)	(119)	(93)
Dividend income	-	(5)	-	-	-	-
Cash received from interest	2	13	33	2	184	197
Cash paid for income tax	(18)	(21)	(17)	(12)	(114)	(139)
Income from operating activities before changes in operating assets and liabilities (loss)	(63)	35	129	38	77	31
Decrease (increase) in operating assets						
Investments	76	(319)	(47)	49	-	-
Investments in receivables purchased	(2)	-	-	(3)	-	-
Loans to customers	8	82	31	24	338	222
Property foreclosed	175	71	74	91	243	155
Other assets	5	1	1	(5)	(55)	(17)
Increase (decrease) in operating liabilities						
Interbank and money market items	-	-	-	-	(514)	(361)
Other liabilities	60	(12)	87	(5)	(28)	(3)
Net cash flows from (used in) operating activities	259	(142)	275	189	61	27

(Unit: Million Baht)

	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2014	2013	2014	2013	2014	2013
	Cash flows from investing activities					
Cash received from disposal of investments	-	77	-	-	-	-
Cash received from dividend	-	5	-	-	-	-
Net cash flows from investing activities	-	82	-	-	-	-
Cash flows from financing activities						
Cash paid for interest on borrowings	-	-	-	-	(66)	(95)
Cash paid for dividend	(350)	-	(272)	(200)	-	-
Net cash flows used in financing activities	(350)	-	(272)	(200)	(66)	(95)
Net increase (decrease) in cash and cash equivalents	(91)	(60)	3	(11)	(5)	(68)
Cash and cash equivalents at beginning of the period	109	82	9	20	61	118
Cash and cash equivalents at end of the period	18	22	12	9	56	50

10.5 During the year 2013, Thiravanit Co., Ltd. registered its dissolution and had completed its liquidation process. During the year 2014, Thanachart SPV 01 Co., Ltd. registered its dissolution and has already completed its liquidation process.

11. Loans to customers and accrued interest receivables

11.1 Classified by loan type

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<u>Loans to customers</u>				
Overdrafts	21,434	22,104	-	-
Loans	281,572	274,495	187	188
Notes receivables	49,199	49,526	7	8
Hire purchase receivables	486,018	501,998	83	84
Financial lease receivables	1,362	1,535	-	-
Others	305	202	-	-
Less: Deferred revenues	(59,468)	(62,003)	(4)	(4)
Total loans to customers net of deferred revenues	780,422	787,857	273	276
Add: Accrued interest receivables	854	1,015	-	-
Total loans to customers and accrued interest receivables net of deferred revenues	781,276	788,872	273	276
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(21,926)	(21,640)	(177)	(180)
- Collective approach	(8,705)	(8,635)	-	-
2) Excess provision	(23)	(20)	-	-
Less: Revaluation allowance for debt restructuring	(298)	(305)	-	-
Loans to customers and accrued interest receivables - net	750,324	758,272	96	96
<u>Securities business receivables</u>				
Credit balances receivables	2,641	3,144	-	-
Other receivables	172	173	-	-
Total securities business receivables	2,813	3,317	-	-
Less: Allowance for doubtful accounts	(171)	(172)	-	-
Securities business receivables - net	2,642	3,145	-	-
Loans to customers and accrued interest receivables - net	752,966	761,417	96	96

11.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	760,143	109	760,252	768,243	-	768,243
US Dollar	16,952	5,898	22,850	17,384	5,318	22,702
Other currencies	201	-	201	297	-	297
Total loans to customers	777,296	6,007	783,303	785,924	5,318	791,242
Less: Intercompany gain						
from loans transferred	(68)	-	(68)	(68)	-	(68)
Total*	777,228	6,007	783,235	785,856	5,318	791,174

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	30 June 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	273	-	273	276	-	276
Total*	273	-	273	276	-	276

* Total loans net of deferred revenues

11.3 Classified by type of business and loan classification

(Unit: Million Baht)

Consolidated financial statements								
30 June 2014								
The Company and subsidiary companies which are financial institutions								
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total	Other subsidiary companies	Consolidated
Agricultural and mining	12,615	8	6	65	725	13,419	2	13,421
Manufacturing and commerce	73,228	542	281	3,041	7,025	84,117	139	84,256
Real estate and construction	48,911	234	115	468	2,225	51,953	22	51,975
Public utilities and services	60,088	1,267	316	440	5,751	67,862	109	67,971
Personal consuming								
Housing loans	80,302	1,345	481	766	3,339	86,233	13	86,246
Securities business	-	-	-	-	-	-	2,813	2,813
Hire purchase	357,832	31,180	2,633	2,152	4,569	398,366	28,349	426,715
Others	24,763	862	697	207	1,062	27,591	290	27,881
Others	21,430	26	109	72	387	22,024	1	22,025
Total loans to customers	679,169	35,464	4,638	7,211	25,083	751,565	31,738	783,303
Less: Intercompany gain from loans transferred								(68)
Total*								783,235

* Total loans net of deferred revenues

(Unit: Million Baht)

Consolidated financial statements								
31 December 2013								
The Company and subsidiary companies which are financial institutions								
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total	Other subsidiary companies	Consolidated
Agricultural and mining	11,180	32	21	577	190	12,000	3	12,003
Manufacturing and commerce	70,080	411	1,685	2,594	6,361	81,131	120	81,251
Real estate and construction	47,621	293	412	222	2,303	50,851	16	50,867
Public utilities and services	59,835	1,876	380	3,165	3,093	68,349	103	68,452
Personal consuming								
Housing loans	77,848	1,301	584	559	3,365	83,657	8	83,665
Securities business	-	-	-	-	-	-	3,317	3,317
Hire purchase	374,455	29,946	2,302	1,968	4,042	412,713	27,464	440,177
Others	25,362	976	699	160	1,025	28,222	223	28,445
Others	22,421	35	108	83	417	23,064	1	23,065
Total loans to customers	688,802	34,870	6,191	9,328	20,796	759,987	31,255	791,242
Less: Intercompany gain from loans transferred								(68)
Total*								791,174

* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements						
30 June 2014						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	2	2
Public utilities and services	-	-	-	-	1	1
Personal consuming						
Housing loans	16	1	-	-	6	23
Hire purchase	-	-	-	-	79	79
Others	-	-	-	-	168	168
Total*	16	1	-	-	256	273

* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements						
31 December 2013						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	2	2
Public utilities and services	-	-	-	-	1	1
Personal consuming						
Housing loans	8	1	-	8	7	24
Hire purchase	-	-	-	-	80	80
Others	-	1	-	-	168	169
Total*	8	2	-	8	258	276

* Total loans net of deferred revenues

11.4 Non-performing loans

As at 30 June 2014 and 31 December 2013, the Company and its subsidiaries (banking, securities and asset management businesses) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Non-performing loans (excluding accrued interest receivables)				
The Company	256	266	256	266
Banking business	25,554	24,394	-	-
Securities business	172	173	-	-
Asset management business	11,102	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 businesses) had loans for which income recognition under an accrual basis has been discontinued, as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
The Company	172	170	172	170
Banking business	25,989	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.

11.5 Debt restructuring

During the six-month periods ended 30 June 2014 and 2013, the Company and its subsidiaries (banking, asset management and securities businesses) have entered into debt restructuring agreements with their debtors as follows:

Type of restructuring	Consolidated financial statements				
	For the six-month periods ended 30 June				
	Number of debtors	Outstanding balances before restructuring ⁽¹⁾ 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	1,741	3,070	3,070		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	26	257	231	Land, land and premise thereon	213
Total	1,767	3,327	3,301		
2013					
Modification of repayment conditions	1,830	4,925	4,923		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	2	196	196	Land, land and premise thereon	56
Total	1,832	5,121	5,119		

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

Type of restructuring	Separate financial statements		
	For the six-month periods ended 30 June		
	Number of debtors	Outstanding loans balance before restructuring ⁽¹⁾ Million Baht	Outstanding loans balance after restructuring ⁽¹⁾ Million Baht
2014			
Modification of repayment conditions	5	8	8
Total	5	8	8
2013			
Modification of repayment conditions	36	1	1
Total	36	1	1

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

Counting from the end of the period, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the six-month periods ended 30 June 2014 and 2013, are summarised below.

Consolidated financial statements				
For the six-month periods ended 30 June				
Periods	2014		2013	
	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	419	931	427	758
Due within the year	191	1,295	207	2,309
Less than 5 years	399	229	386	568
5 - 10 years	646	568	555	1,024
10 - 15 years	41	131	133	233
Over 15 years	71	147	124	227
Total	1,767	3,301	1,832	5,119

Separate financial statements				
For the six-month periods ended 30 June				
Periods	2014		2013	
	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	-	-	1	-
Due within the year	4	-	35	1
5 - 10 years	1	8	-	-
Total	5	8	36	1

Supplemental information for the six-month periods ended 30 June 2014 and 2013 relating to restructured loans is as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Interest income recognised in the statements of comprehensive income	787	1,096	2	10
Gain on debt settlement/disposal	30	29	-	2
Gain on transfers of assets for debt repayment	2	-	-	-
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	2	3	-	-
Cash received from receivables	4,713	6,150	3	16
Property foreclosed received for debts settlement	330	245	-	-

As at 30 June 2014 and 31 December 2013, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables							
	Total number of outstanding receivables		Number of receivables				Outstanding balances - net of collateral	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Thousand	Thousand			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	2.8	2.8	53	54	111	112	22	23
Thanachart Bank Plc.	1,669.5	1,861.4	37,570	43,138	18,391	20,222	9,085	10,983
Thanachart Securities Plc.	0.6	0.5	3	3	35	35	35	35
TS Asset Management Co., Ltd.	1.7	1.8	1,314	1,330	9,889	10,120	5,040	4,877
Other subsidiaries	0.5	0.6	173	175	499	534	136	137

11.6 Hire purchase/Financial lease receivables

As at 30 June 2014 and 31 December 2013, the Company and its subsidiaries, which are engaged in banking, hire purchases and financial leases businesses, have hire purchase and financial lease receivables. These mostly comprise hire purchase agreements or financial lease agreements for cars, trucks and motorcycles. The terms of the agreements are generally between 3 and 7 years and they carry interest at fixed rates stipulated in the agreements.

(Unit: Million Baht)

Consolidated financial statement as at 30 June 2014				
Amounts due under lease agreements				
	Less than			
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	141,093	325,837	20,450	487,380
Less: Unearned finance income	(22,306)	(36,055)	(1,053)	(59,414)
Present value of minimum lease payments receivables				
Allowance for doubtful accounts	118,787	289,782	19,397	427,966
Hire purchase/Financial lease receivables - net				(10,985)
				416,981

* Included non-performing receivables

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2013				
Amounts due under lease agreements				
	Less than			
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	141,872	340,993	20,668	503,533
Less: Unearned finance income	(22,927)	(38,057)	(962)	(61,946)
Present value of minimum lease payments receivables	118,945	302,936	19,706	441,587
Allowance for doubtful accounts				(10,446)
Hire purchase/Financial lease receivables - net				431,141

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 30 June 2014

	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	83	-	-	83
Less: Unearned finance income	(4)	-	-	(4)
Present value of minimum lease payments receivables	79	-	-	79
Allowance for doubtful accounts				(79)
Hire purchase/Financial lease receivables - net				-

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2013

	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	84	-	-	84
Less: Unearned finance income	(4)	-	-	(4)
Present value of minimum lease payments receivables	80	-	-	80
Allowance for doubtful accounts				(80)
Hire purchase/Financial lease receivables - net				-

* Included non-performing receivables

11.7 Classified by classification

As at 30 June 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 making allowance for doubtful accounts		Allowance for doubtful accounts	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Normal	679,938	689,727	477,756	492,419	6,588	7,163
Special mention	35,500	34,909	32,187	31,413	4,394	4,217
Substandard	4,639	6,193	3,566	3,912	2,228	2,729
Doubtful	7,218	9,336	4,645	5,566	3,434	5,125
Doubtful of loss	25,112	20,826	13,285	10,920	12,367	9,682
Total	<u>752,407</u>	<u>760,991</u>	<u>531,439</u>	<u>544,230</u>	<u>29,011</u>	<u>28,916</u>
Additional allowance for possible uncollectible accounts					11	8
Total					<u>29,022</u>	<u>28,924</u>

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

(Unit: Million Baht)

	Separate financial statements					
	Loans and accrued interest receivables		Net balance used in making allowance for doubtful accounts		Allowance for doubtful accounts	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Normal	16	8	-	-	-	-
Special mention	1	2	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	8	-	-	-	-
Doubtful of loss	256	258	177	180	177	180
Total	<u>273</u>	<u>276</u>	<u>177</u>	<u>180</u>	<u>177</u>	<u>180</u>

Percentage of allowance for doubtful account set up

	Hire purchase receivables -			
	personal consumer for Thanachart Bank ⁽²⁾		Other loans	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Normal	0.52	0.58	1	1
Special mention	8.27	8.49	2	2
Substandard	47.99	47.13	100	100
Doubtful	42.15	41.73	100	100
Doubtful of loss	52.75	57.91	100	100

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

11.8 Loans to companies which have settlement problems

As at 30 June 2014 and 31 December 2013, loans of the Company and its subsidiaries (which engaged in banking, asset management, hire purchase and financial lease businesses) in the consolidated financial statements and the separate financial statements included amounts due from companies with weak financial positions and poor operating results, as follows:

		Consolidated financial statements							
		Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
		30	31	30	31	30	31	30	31
		June	December	June	December	June	December	June	December
		2014	2013	2014	2013	2014	2013	2014	2013
				Million	Million	Million	Million	Million	Million
				Baht	Baht	Baht	Baht	Baht	Baht
1.	Listed companies possible to delisting from the SET	7	7	822	823	85	85	767	768
2.	Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	41	41	1,011	1,011	517	521	494	490
3.	Companies which have loan settlement problems or have defaulted on the repayment	1,263	1,312	18,194	18,628	10,499	10,893	8,781	8,824

		Separate financial statements							
		Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
		30	31	30	31	30	31	30	31
		June	December	June	December	June	December	June	December
		2014	2013	2014	2013	2014	2013	2014	2013
				Million	Million	Million	Million	Million	Million
				Baht	Baht	Baht	Baht	Baht	Baht
1.	Companies which have loan settlement problems or have defaulted on the repayment	40	40	96	96	80	80	22	22

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

As at 30 June 2014 and 31 December 2013, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables in accordance with the Notification of the Securities and Exchange Commission (“SEC”) governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	Debt balances		Allowance for doubtful accounts		Debt balances net of allowance for doubtful accounts	
	30 June	31 December	30 June	31 December	30 June	31 December
	2014	2013	2014	2013	2014	2013
Normal	2,641	3,144	-	-	2,641	3,144
Substandard	4	3	3	2	1	1
Doubtful	168	170	168	170	-	-
Total	2,813	3,317	171	172	2,642	3,145

Allowance for doubtful accounts for substandard loans set aside by the subsidiary is higher than the minimum amount required by the SEC, and takes into account uncertainties as to collateral value and the risk from collection of such receivables.

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

As at 30 June 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)

	30 June 2014	31 December 2013
Current or overdue not over 90 days	27,313	26,645
Overdue 91 - 365 days	846	712
Overdue more than 1 year	119	62
Debtors under legal actions	343	288
Total	28,621	27,707
Allowance for doubtful accounts provided in the accounts	1,630	1,370

12. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the six-month period ended 30 June 2014									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the period	7,163	4,217	2,729	5,125	9,682	8	28,924	1,543	30,467
Increase (decrease) during the period	(575)	177	(501)	(1,691)	6,164	3	3,577	269	3,846
Bad debts recovery	-	-	-	-	258	-	258	2	260
Bad debts written-off	-	-	-	-	(3,700)	-	(3,700)	(11)	(3,711)
Reversal on hair-cut loans	-	-	-	-	(35)	-	(35)	-	(35)
Reversal from disposal of loans	-	-	-	-	(2)	-	(2)	-	(2)
Balance - end of the period	6,588	4,394	2,228	3,434	12,367	11	29,022	1,803	30,825

(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	Other 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	7,163	4,217	2,729	5,125	9,682	8	28,924	1,543	30,467

(Unit: Million Baht)

	Separate financial statements					
	For the six-month period ended 30 June 2014					
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Balance - beginning of the period	-	-	-	-	180	180
Decrease during the period	-	-	-	-	(3)	(3)
Balance - end of the period	-	-	-	-	177	177

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2013					
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	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

13. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the	For the	For the	For the
	six-month period ended	year ended	six-month period ended	year ended
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Balance - beginning of the period	305	348	-	-
Amortised during the period	(7)	(43)	-	-
Balance - end of the period	298	305	-	-

14. Classification of assets

As at 30 June 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						
30 June 2014						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	49,770	679,938	-	-	270	729,978
Special mention	-	35,500	-	-	145	35,645
Substandard	-	4,639	-	-	21	4,660
Doubtful	-	7,218	-	-	15	7,233
Doubtful of loss	-	25,112	359	806	361	26,638
Total	49,770	752,407	359	806	812	804,154

(Unit: Million Baht)

Consolidated financial statements						
31 December 2013						
	Loans to customers and Interbank and money market items	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

(Unit: Million Baht)

Separate financial statements

30 June 2014

	Loans to customers and			Property		
	Interbank and money market items	accrued interest receivables	Investments	foreclosed	Other assets	Total
Normal	-	16	-	-	-	16
Special mention	-	1	-	-	-	1
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	256	145	438	78	917
Total	-	273	145	438	78	934

(Unit: Million Baht)

Separate financial statements

31 December 2013

	Loans to customers and			Property		
	Interbank and money market items	accrued interest receivables	Investments	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

15. Property foreclosed

(Unit: Million Baht)

Consolidated financial statements					
For the six-month period ended 30 June 2014					
	Balance - beginning of the period	Additions	Disposals	Change appraiser	Balance - end of the period
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	6,310	240	(598)	710	6,662
Internal appraiser	710	-	-	(710)	-
Movable assets	1,284	4,121	(4,406)	-	999
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	1,335	179	(58)	-	1,456
Non-used branches					
External appraiser	240	-	(4)	-	236
Total property foreclosed	9,879	4,540	(5,066)	-	9,353
Less: Allowance for impairment	(852)	(495)	520	-	(827)
Property foreclosed - net	9,027	4,045	(4,546)	-	8,526

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2013					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	7,236	310	(1,368)	132	6,310
Internal appraiser	838	5	(1)	(132)	710
Movable assets	676	8,060	(7,452)	-	1,284
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	1,505	142	(431)	119	1,335
Internal appraiser	123	2	(6)	(119)	-
Non-used branches					
External appraiser	300	87	(147)	-	240
Total property foreclosed	10,678	8,606	(9,405)	-	9,879
Less: Allowance for impairment	(763)	(868)	779	-	(852)
Property foreclosed - net	9,915	7,738	(8,626)	-	9,027

(Unit: Million Baht)

Separate financial statements					
For the six-month period ended 30 June 2014					
	Balance - beginning of the period	Additions	Disposals	Change appraiser	Balance - end of the period
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	1,296	3	(3)	-	1,296
Movable assets	2	-	(1)	-	1
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	303	1	(4)	-	300
Others					
Immovable assets					
External appraiser	91	1	(10)	-	82
Total property foreclosed	1,692	5	(18)	-	1,679
Less: Allowance for impairment	(437)	(2)	1	-	(438)
Property foreclosed - net	1,255	3	(17)	-	1,241

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2013					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	1,551	15	(334)	64	1,296
Internal appraiser	64	-	-	(64)	-
Movable assets	2	1	(1)	-	2
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	366	-	(86)	23	303
Internal appraiser	28	-	(5)	(23)	-
Others					
Immovable assets					
External appraiser	120	4	(33)	-	91
Total property foreclosed	2,131	20	(459)	-	1,692
Less: Allowance for impairment	(464)	(11)	38	-	(437)
Property foreclosed - net	1,667	9	(421)	-	1,255

16. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the six-month period ended 30 June 2014						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2013	4,460	2,624	5,708	134	163	13,089
Additions	-	1	188	-	53	242
Transfers/disposals	-	(20)	(59)	(13)	(79)	(171)
30 June 2014	4,460	2,605	5,837	121	137	13,160
<u>Accumulated depreciation</u>						
31 December 2013	-	650	4,159	96	-	4,905
Transfers/disposals	-	(14)	(134)	(12)	-	(160)
Depreciation for the period	-	63	285	8	-	356
30 June 2014	-	699	4,310	92	-	5,101
<u>Allowance for impairment</u>						
31 December 2013	68	26	6	-	-	100
Decrease during the period	-	(1)	-	-	-	(1)
30 June 2014	68	25	6	-	-	99
<u>Net book value</u>						
30 June 2014	4,392	1,881	1,521	29	137	7,960
Depreciation charge for the six-month periods ended 30 June						
2013						389
2014						356

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2013						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2012	4,519	2,746	5,647	221	116	13,249
Additions	-	-	505	9	190	704
Decrease from disposal of a subsidiary company	-	(60)	(230)	(3)	-	(293)
Transfers/disposals	(59)	(62)	(214)	(93)	(143)	(571)
31 December 2013	4,460	2,624	5,708	134	163	13,089
<u>Accumulated depreciation</u>						
31 December 2012	-	583	4,054	168	-	4,805
Transfers/disposals	-	(40)	(336)	(90)	-	(466)
Decrease from disposal of a subsidiary company	-	(27)	(156)	(3)	-	(186)
Depreciation for the year	-	134	597	21	-	752
31 December 2013	-	650	4,159	96	-	4,905
<u>Allowance for impairment</u>						
31 December 2012	68	26	6	-	-	100
31 December 2013	68	26	6	-	-	100
<u>Net book value</u>						
31 December 2013	4,392	1,948	1,543	38	163	8,084

(Unit: Million Baht)

Separate financial statements						
For the six-month period ended 30 June 2014						
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2013	3	62	66	26	-	157
Additions	-	-	1	-	2	3
Transfers/disposals	-	-	-	-	(1)	(1)
30 June 2014	3	62	67	26	1	159
<u>Accumulated depreciation</u>						
31 December 2013	-	37	55	18	-	110
Depreciation for the period	-	1	2	2	-	5
30 June 2014	-	38	57	20	-	115
<u>Net book value</u>						
30 June 2014	3	24	10	6	1	44
Depreciation charge for the six-month periods ended 30 June						
2013						5
2014						5

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2013						
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2012	3	62	57	26	4	152
Additions	-	-	4	-	1	5
Transfers/disposals	-	-	5	-	(5)	-
31 December 2013	3	62	66	26	-	157
<u>Accumulated depreciation</u>						
31 December 2012	-	34	52	14	-	100
Depreciation for the year	-	3	3	4	-	10
31 December 2013	-	37	55	18	-	110
<u>Net book value</u>						
31 December 2013	3	25	11	8	-	47

As at 30 June 2014 and 31 December 2013, the Company and its subsidiaries have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 15 million and Baht 22 million, respectively. In addition, the Company and its subsidiaries have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 2,711 million and Baht 2,294 million, respectively (separate financial statements: the Company have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 5 million and Baht 7 million, respectively and have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 58 million and Baht 50 million, respectively).

17. Intangible assets

(Unit: Million Baht)

	For the six-month period ended 30 June 2014					Separate financial statements
	Consolidated financial statements				Total	
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development		
<u>Cost</u>						
31 December 2013	4,100	1,960	7	240	6,307	8
Additions	-	62	-	45	107	-
Transfers/disposals	-	67	-	(67)	-	-
30 June 2014	4,100	2,089	7	218	6,414	8
<u>Accumulated amortisation</u>						
31 December 2013	1,655	738	7	-	2,400	8
Amortisation for the period	236	98	-	-	334	-
30 June 2014	1,891	836	7	-	2,734	8
<u>Allowance for impairment</u>						
31 December 2013	-	63	-	-	63	-
30 June 2014	-	63	-	-	63	-
<u>Net book value</u>						
30 June 2014	2,209	1,190	-	218	3,617	-
Remaining amortisation period	5.7 years	0 - 10 years	-	-		0 - 2 years
Amortisation for the six-month periods ended 30 June						
2013					339	-
2014					334	-

(Unit: Million Baht)

For the year ended 31 December 2013

	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
31 December 2012	4,100	1,695	7	275	6,077	8
Additions	-	139	-	162	301	-
Transfers/disposals	-	166	-	(196)	(30)	-
Decrease from disposal of a subsidiary company	-	(40)	-	(1)	(41)	-
31 December 2013	4,100	1,960	7	240	6,307	8
<u>Accumulated amortisation</u>						
31 December 2012	1,141	575	7	-	1,723	8
Decrease from disposal of a subsidiary company	-	(22)	-	-	(22)	-
Amortisation for the year	514	185	-	-	699	-
31 December 2013	1,655	738	7	-	2,400	8
<u>Allowance for impairment</u>						
31 December 2012	-	60	-	-	60	-
Increase during the year	-	3	-	-	3	-
31 December 2013	-	63	-	-	63	-
<u>Net book value</u>						
31 December 2013	2,445	1,159	-	240	3,844	-

As at 30 June 2014 and 31 December 2013, the Company and its subsidiaries have computer software which have been fully amortised but are still in use with the gross carrying amount, before deducting accumulated amortisation and allowance for impairment, amounting to approximately Baht 80 million and Baht 78 million, respectively (separate financial statements: Baht 8 million and Baht 8 million, respectively).

18. Goodwill

As at 30 June 2014 and 31 December 2013, goodwill stated in the consolidated financial statements are as follows:

	(Unit: Million Baht)	
	30 June 2014	31 December 2013
Goodwill - beginning of the period/year	17,986	17,986
Deferred gain on disposal of investment	(1,139)	(1,260)
Goodwill - ending of the period/year	16,847	16,726

19. Deferred tax assets/ liabilities and income tax

19.1 Deferred tax assets/ liabilities

As at 30 June 2014 and 31 December 2013, deferred tax assets/liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Deferred tax assets	1,143	1,075	53	56
Deferred tax liabilities	(1,714)	(1,701)	-	-
Net	(571)	(626)	53	56

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

(Unit: Million Baht)

	Consolidated financial statements	
	30 June 2014	31 December 2013
Deferred tax assets		
Intercompany gain from disposal of assets	366	390
Non-accrual of interest income	115	108
Allowance for doubtful debts - general provision/other assets	437	400
Allowance for impairment of properties foreclosed	162	194
Provisions for employee benefits	356	379
Provisions	212	254
Accrued interest expenses/Accrued expenses	131	150
Insurance contract liabilities	273	272
Unused tax loss	71	26
Fees income received in advance	409	412
Late payment fee	147	136
Bad debts written-off	168	-
Others	225	211
	3,072	2,932
Deferred tax liabilities		
Assets transferred as a result of business combination	(1,107)	(1,110)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(1,492)	(1,544)
Intangible assets	(442)	(489)
Unrealised gains on changes in value of available-for-sale securities	(436)	(258)
Others	(166)	(157)
	(3,643)	(3,558)
Net	(571)	(626)

	(Unit: Million Baht)	
	Separate financial statements	
	30 June 2014	31 December 2013
Deferred tax assets		
Allowance for impairment of properties foreclosed	88	88
Difference between appraisal value of properties foreclosed and amount of asset transfer for debt settlement	27	27
Provisions for employee benefits	6	6
Provisions	2	2
Unused tax loss	63	26
Others	2	2
Deferred tax assets	188	151
Deferred tax liabilities		
Unrealised gains on changes in value of available-for-sale securities	(133)	(93)
Others	(2)	(2)
Deferred tax liabilities	(135)	(95)
Net	53	56

19.2 Income tax

Income tax expenses for the three-month and six-month periods ended 30 June 2014 and 2013 are as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Continuing operations				
Current income tax:				
Interim corporate income tax	848	2,455	-	9
Adjustment in respect of income tax from previous year	27	67	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(198)	(333)	(13)	7
Income tax expense reported in statements of comprehensive income	677	2,189	(13)	16
Discontinued operations				
Current income tax:				
Interim corporate income tax	-	21	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	-	(10)	-	-

**Income tax expense reported in statements
of comprehensive income**

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(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Continuing operations				
Current income tax:				
Interim corporate income tax	1,553	3,058	-	25
Adjustment in respect of income tax from previous year	28	67	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(233)	(226)	(38)	28
Income tax expense reported in statements of comprehensive income	<u>1,348</u>	<u>2,899</u>	<u>(38)</u>	<u>53</u>
Discontinued operations				
Current income tax:				
Interim corporate income tax	-	119	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	-	(30)	-	-
Income tax expense reported in statements of comprehensive income	<u>-</u>	<u>89</u>	<u>-</u>	<u>-</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2014 and 2013 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Continuing operations				
Deferred tax relating to gain (loss) on changes in value of available-for-sale securities	66	(148)	35	(8)
Deferred tax relating to share of other comprehensive income of associates	-	(1)	-	-
	<u>66</u>	<u>(149)</u>	<u>35</u>	<u>(8)</u>
Discontinued operations				
Deferred tax relating to gain on changes in value of available-for-sale securities	-	28	-	-
	<u>-</u>	<u>28</u>	<u>-</u>	<u>-</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Continuing operations				
Deferred tax relating to gain (loss) on changes in value of available-for-sale securities	178	(90)	40	21
Deferred tax relating to share of other comprehensive income of associates	-	(2)	-	-
	<u>178</u>	<u>(92)</u>	<u>40</u>	<u>21</u>
Discontinued operations				
Deferred tax relating to gain on changes in value of available-for-sale securities	-	28	-	-
	<u>-</u>	<u>28</u>	<u>-</u>	<u>-</u>

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the three-month and six-month periods ended 30 June 2014 and 2013 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Accounting profit before tax - continuing operations	3,168	9,859	1,286	1,276
Accounting profit before tax - discontinued operations	-	53	-	-
	<u>3,168</u>	<u>9,912</u>	<u>1,286</u>	<u>1,276</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	634	1,983	257	255
Adjustment in respect of income tax from previous year	27	67	-	-
Effects of non-taxable revenue and non-deductible expenses - net	16	150	(270)	(239)
Income tax expenses reported in statements of comprehensive income	<u>677</u>	<u>2,200</u>	<u>(13)</u>	<u>16</u>
Income tax expenses - continuing operations	677	2,189	(13)	16
Income tax expenses - discontinued operations	-	11	-	-
	<u>677</u>	<u>2,200</u>	<u>(13)</u>	<u>16</u>

(Unit: Million Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Accounting profit before tax - continuing operations	6,505	13,735	1,709	1,475
Accounting profit before tax - discontinued operations	-	443	-	-
	<u>6,505</u>	<u>14,178</u>	<u>1,709</u>	<u>1,475</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,301	2,836	342	295
Adjustment in respect of income tax from previous year	28	67	-	-
Effects of non-taxable revenue and non-deductible expenses - net	19	85	(380)	(242)
Income tax expenses reported in statements of comprehensive income	<u>1,348</u>	<u>2,988</u>	<u>(38)</u>	<u>53</u>
Income tax expenses - continuing operations	1,348	2,899	(38)	53
Income tax expenses - discontinued operations	-	89	-	-
	<u>1,348</u>	<u>2,988</u>	<u>(38)</u>	<u>53</u>

20. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Accrued premium insurance income	196	237	-	-
Other receivables	1,196	1,216	78	83
VAT refundable	15	380	-	-
Other receivables - VAT paid in advance				
for customers	328	306	-	-
Deposits	324	313	5	5
Estimated insurance claims recoveries	330	312	-	-
Receivable from clearing house	458	170	-	-
Leasehold right	245	273	12	12
Prepaid corporate income tax	74	78	55	51
Deposits from derivative contracts	347	1,034	-	-
Prepaid expenses	548	423	14	14
Reinsurance assets	205	401	-	-
Others	774	1,291	28	26
Total	5,040	6,434	192	191
Less: Allowance for impairment	(478)	(595)	(78)	(82)
Other assets - net	4,562	5,839	114	109

21. Deposits

21.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Current	8,115	8,759	-	-
Saving	231,860	239,189	-	-
Certificates of deposit	139,763	3,241	-	-
Fixed deposits				
- Less than 6 months	71,890	99,454	-	-
- 6 months and up to 1 year	58,710	167,756	-	-
- Over 1 year	202,582	197,532	-	-
Total deposits	712,920	715,931	-	-

21.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	712,485	2	712,487	715,481	1	715,482
US Dollar	378	30	408	361	23	384
Other currencies	17	8	25	20	45	65
Total	712,880	40	712,920	715,862	69	715,931

22. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2014			31 December 2013		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	708	4,308	5,016	708	7,500	8,208
Commercial banks	234	12,422	12,656	940	17,012	17,952
Specialised financial institutions	1,067	6,492	7,559	598	8,074	8,672
Other financial institutions	8,959	13,919	22,878	8,931	17,736	26,667
Total domestic items	10,968	37,141	48,109	11,177	50,322	61,499
Foreign						
US Dollar	57	15,189	15,246	104	18,638	18,742
Euro	12	-	12	3	-	3
Baht	991	50	1,041	838	-	838
Total foreign items	1,060	15,239	16,299	945	18,638	19,583
Total	12,028	52,380	64,408	12,122	68,960	81,082

As at 30 June 2014, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 1,874 million, consisting of (i) a loan of Baht 23 million, repayable in 36 monthly installments from the date of the loan drawdown, and carrying interest at a fixed 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 and carrying interest at a fixed rate per annum, payable monthly, (iii) a loan of Baht 168 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 333 million, repayable in quarterly installments, carrying interest at a fixed rate per annum, payable monthly, and (vi) a loan of Baht 50 million in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (31 December 2013: included loans of a subsidiary company amounting to Baht 2,794 million).

23. Debt issued and borrowings

As at 30 June 2014 and 31 December 2013, the balance of domestic debt issued and borrowings, which stated in Baht, are as follows:

Types of borrowings	Interest rate per annum (as at 30 June 2014)	Maturity date	Consolidated		Separate	
			financial statements		financial statements	
			30	31	30	31
			June	December	June	December
			2014	2013	2014	2013
Unsubordinated debentures (a - m)	4.25 - 5.50 percent	2014 - 2025	35,521	34,946	20,700	20,700
Perpetual subordinated hybrid bonds issued under Tier I (n)	7.65 percent	Dissolution	3,494	3,494	-	-
Subordinated hybrid bonds issued under Tier II (o)	5.25 percent	2019 and 2024	4,992	5,000	-	-
Subordinated debentures issued under Tier II (p - u)	4.70 - 6.00 percent	2015 - 2022	23,507	35,513	-	-
Subordinated instruments issued under Tier II (v)	6.00 percent	2024	12,600	-	-	-
Short-term debentures	2.40 - 2.75 percent	2014 - 2015	17,834	29,226	-	-
Structured notes	1.00 percent	2014	4	-	-	-
Promissory notes	0.50 - 2.50, 4.25 percent	At call	1,059	1,065	-	-
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2014 - 2017	25	46	-	-
Total debt issued and borrowings			99,036	109,290	20,700	20,700

- (a) On 12 November 2009, the Company issued 9,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2014 and bear interest at fixed rate of 4.90 percent per annum, payable quarterly.
- (b) On 21 November 2012, the Company issued 3,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at fixed rate of 4.60 percent per annum, payable semi-annually.

- (c) On 27 April 2012, a subsidiary issued 6,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. Of these, 2 million units bear interest at fixed rate of 4.90 percent per annum and matured in the second quarter of 2014, and 1.5 million units bear interest at fixed rate of 5.20 percent per annum and mature in 2015, and another 2.5 million units bear interest at fixed interest rate of 5.50 percent per annum and mature in 2016. All debentures pay interest quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (d) On 1 November 2012, a subsidiary issued 3,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2016 and bear interest at fixed rate of 5.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (e) On 14 June 2013, a subsidiary issued 2,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.70 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (f) On 9 August 2013, the Company issued 1,400,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. Of these, 500,000 units will mature in 2023 and bear interest at fixed rate of 4.85 percent per annum, payable semi-annually. The remaining 900,000 debentures will mature in 2025 and bear interest at fixed rate of 4.95 percent per annum, payable semi-annually.
- (g) On 30 August 2013, a subsidiary issued 760,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.759 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (h) On 22 October 2013, the Company issued 1,300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2023 and bear interest at fixed rate of 5.00 percent per annum, payable semi-annually.
- (i) On 25 October 2013, a subsidiary issued 3,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.80 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (j) On 15 November 2013, the Company issued 6,000,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. Of these, 3,100,000 debentures will mature in 2018 and bear interest at fixed rate of 4.70 percent per annum, payable semi-annually. The remaining 2,900,000 units will mature in 2020 and bear interest at fixed rate of 5.03 percent per annum, payable semi-annually.
- (k) On 30 April 2014, a subsidiary issued 280,000 units of name registered unsubordinated and unsecured debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.25 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (l) On 2 May 2014, a subsidiary issued 2,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at fixed rate of 4.75 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (m) On 2 May 2014, a subsidiary issued 210,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.25 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (n) On 22 April 2010, Thanachart Bank issued 7,130,000 name registered of perpetual, non-cumulative, subordinated, hybrid Tier I bonds, with a face value of Baht 1,000 each, and sold them to two major shareholders of Thanachart Bank. The bonds mature upon dissolution or liquidation of Thanachart Bank. The bonds are unsecured and non-convertible and bear interest at a fixed rate equal to the highest interest rate for a six-month fixed deposit plus 6.00 percent per annum, payable semi-annually. Thanachart Bank has a call option to early redeem the bonds at par if the condition specified are met. The Company has investments in subordinated debentures amounting to Baht 3,636 million.
- (o) On 24 July 2009, Thanachart Bank issued 5,000,000 name registered subordinated hybrid bonds, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. Of these, 3.5 million units mature in 2019 and bear interest at a fixed rate of 5.25 percent per annum for the first five years, and 5.50 percent per annum for the sixth to tenth years, while 1.5 million units mature in 2024 and bear interest at a fixed rate of 5.25 percent per annum for the first five years, 6.00 percent per annum for the sixth to tenth years and 6.50 percent per annum for the eleventh to fifteenth years, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par and has option to postpone principal and/or interest payment date if the conditions as specified are met.
- (p) On 9 May 2008, Thanachart Bank issued 5,000,000 name registered subordinated, unsecured, unconvertible debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2015 and bear interest at a fixed rate of 5.10 percent per annum for the first three years, and 6.00 percent per annum for the fourth to seventh years, payable quarterly.
- (q) On 3 April 2009, Thanachart Bank issued 2,000,000 name registered subordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 5.25 percent per annum for the first three years, 5.75 percent per annum for the fourth to seventh years, and 6.50 percent per annum for the eighth to tenth years, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met. These debentures had been early redeemed in the second quarter of 2014.

- (r) On 2 April 2010, Thanachart Bank issued 6,000,000 name registered subordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2020 and bear interest at a fixed rate of 5.00 percent per annum for the first five years and 5.50 percent per annum for the sixth to tenth years, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (s) On 20 June 2011, Thanachart Bank issued 10,000,000 unsecured subordinated debentures with a face value of Baht 1,000 each. The debentures mature in 2019 and bear interest at a fixed rate of 6.00 percent per annum until June 2016, and 6.50 percent per annum for the remaining years. Interest is payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met. (These debentures were issued to replace SCIB's debentures which were early redeemed in accordance with the BOT stipulations regarding the transfer of the entire business of SCIB). These debentures had been early redeemed in the second quarter of 2014.
- (t) On 20 July 2012, Thanachart Bank issued 8,497,000 name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (u) On 19 October 2012, Thanachart Bank issued 4,018,500 name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (v) On 19 June 2014, Thanachart Bank issued 13 million units of name registered Tier II capital subordinated unsecured instruments with no instrument holder's representative, with a face value of Baht 1,000 each. The instruments will be fully converted to ordinary shares of the issuer in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. The instruments mature in 2024 and bear interest at a fixed rate of 6.00 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these instruments at par if conditions specified are met.

24. Provisions

(Unit: Million Baht)

Consolidated financial statements					
For the six-month period ended 30 June 2014					
	Loss from litigation	Employee benefits	Obligations from off-		Total
			balance items	Others	
As at 1 January 2014	154	1,906	579	544	3,183
Increase during the period	10	29	6	166	211
Decrease from actual utilised	(9)	(133)	(100)	(231)	(473)
Reversal of provisions	(1)	-	-	(58)	(59)
As at 30 June 2014	154	1,802	485	421	2,862

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2013					
	Loss from litigation	Employee benefits	Provision for		Total
			Obligations from off- balance items	loss sharing from loans transferred to TAMC	
			Others		
As at 1 January 2013	196	1,943	222	383	3,300
Increase during the year	54	83	357	-	824
Decrease from actual utilised	(46)	(97)	-	(307)	(791)
Reversal of provisions	(50)	-	-	(76)	(127)
Decrease from disposal of a subsidiary company	-	(23)	-	-	(23)
As at 31 December 2013	154	1,906	579	-	3,183

(Unit: Million Baht)

Separate financial statements		
For the six-month period ended 30 June 2014		
	Loss from litigation	Employee benefits
		Total
As at 1 January 2014	9	40
Increase during the period	-	2
As at 30 June 2014	9	42

(Unit: Million Baht)

	Separate financial statements			
	For the year ended 31 December 2013			
	Loss from litigation	Employee benefits	Provision for loss sharing from loans transferred	
			to TAMC	Total
As at 1 January 2013	9	23	183	215
Increase during the year	-	8	-	8
Decrease from actual utilised	-	-	(176)	(176)
Reversal of provisions	-	-	(7)	(7)
As at 31 December 2013	9	31	-	40

Long-term employee benefits

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Defined benefit obligation at the beginning of the period/year	1,816	1,923	31
Decrease from disposal of a subsidiary company	-	(23)	-	-
Current service cost	67	152	1	3
Interest cost	43	89	1	1
Actuarial (gain) loss	-	(209)	-	4
Decrease from curtailment	(82)	(69)	-	-
Decrease from actual paid	(50)	(47)	-	-
Defined benefit obligation at the end of the period/year	1,794	1,816	33	31

The long-term employee benefit expenses, included in profit or loss for the six-month periods ended 30 June 2014 and 2013, can be summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current service cost	67	134	1	1
Interest cost	43	46	1	1
Decrease from curtailment	(82)	(55)	-	-
Total expense recognised in profit or loss	28	125	2	2

Amounts of defined benefit obligation for the current period and previous four years are as follows:

(Unit: Million Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
30 June 2014	1,794	33	-	-
31 December 2013	1,816	31	14	6
31 December 2012	1,923	23	(21)	3
31 December 2011	1,947	18	-	-
31 December 2010	1,994	15	-	-

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

(Percent per annum)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Discount rate	4.40 - 4.77	4.40 - 4.77	4.62	4.62
Future salary increase rate	5.11 - 7.84	5.11 - 7.84	5.11	5.11
Average staff turnover rate (depending on age)	0.00 - 59.57	0.00 - 59.57	0.17 - 14.11	0.17 - 14.11

25. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Life policy reserve	9,900	10,297	-	-
Loss reserves and outstanding claims	1,778	1,766	-	-
Unearned premium reserve	2,926	2,889	-	-
Other liabilities under insurance policies	55	67	-	-
Total insurance contract liabilities	14,659	15,019	-	-

26. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Other payables	1,618	2,198	31	14
Suspense cash received from accounts receivable	783	397	27	28
Income received in advance	2,230	1,980	-	-
Corporate income tax payable	1,475	1,296	-	-
Accrued personnel expenses	1,309	2,008	43	41
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	1,782	1,817	-	-
Accrued other expenses	1,231	1,544	2	6
Payables to clearing house	160	509	-	-
Insurance premium received in advance	1,544	1,495	-	-
Others	1,181	1,132	31	32
Total other liabilities	13,313	14,376	134	121

27. Share capital/Treasury stocks

During the six-month period ended 30 June 2014, preferred shares converted 30 preference shares to the Company's common shares. Therefore, as at 30 June 2014, 13,276 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

On 26 November 2012, the Company's Board of Directors approved a treasury stock program for financial management purposes, with a budget of up to Baht 3,400 million, and the number of shares to be repurchased not to exceed 127,781,636 shares, representing 10 percent of the shares of the Company in issue. The repurchase period runs from 11 December 2012 to 10 June 2013. As at 30 June 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.

28. Other components of equity

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	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 securities				
Debt instruments	491	394	12	31
Equity instruments	1,008	650	653	432
Total	1,499	1,044	665	463
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(50)	(127)	-	-
Equity instruments	(3)	(24)	-	-
Total	(53)	(151)	-	-
Total revaluation surplus on investments	1,446	893	665	463
Less: The effect of deferred tax liabilities	(289)	(178)	(133)	(93)
Net revaluation surplus on investments	1,157	715	532	370
Share of other comprehensive income of associates	5	6	-	-
Less: The effect of deferred tax liabilities	-	-	-	-
Net share of other comprehensive income of associates	5	6	-	-
Total	2,164	1,723	532	370

29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

As at 30 June 2014, the statutory reserve has fully been set aside.

30. Capital funds

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and preserve the ability to continue their business as going concerns. Moreover, the Company and its subsidiaries have legal requirements and rules specific to their areas of each business regarding maintenance of capital funds, cash, liquidity and other matters.

In compliance with the Notification of BOT Re: Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The BOT granted a waiver for the Company to indirectly hold more shares of SCIB than permitted by law through Thanachart Bank, for the purposes of the business transfer. The BOT also permitted the Company not to include SCIB into the financial group until the date of completion of liquidation. The Company will disclose capital requirement information as at 30 June 2014 on its website at www.thanachart.co.th, within October 2014. Moreover, the Company and its subsidiaries had disclosed capital requirement information as at 31 December 2013 on the Company's website since April 2014.

31. Dividends

During the six-month periods ended 30 June 2014 and 2013, the Company has dividend payment as below.

<u>Dividends</u>	<u>Approved by</u>	<u>Dividend payment</u>	<u>Dividend per share</u>	<u>Payment date</u>
		Million Baht	Baht	
Dividend for the second half-year of 2013	The Annual General Meeting of shareholders on 3 April 2014	<u>1,206</u>	<u>1.00</u>	30 April 2014
Dividend for the second half-year of 2012	The Annual General Meeting of shareholders on 4 April 2013	<u>1,150</u>	<u>0.90</u>	30 April 2013

32. Interest income

Interest income for the three-month and six-month periods ended 30 June 2014 and 2013 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Interbank and money market items	430	433	20	8
Investments and trading transactions	134	122	-	-
Investments in debt securities	1,082	962	114	86
Loans to customers	5,045	5,222	3	10
Hire purchase and financial lease	6,561	6,620	-	-
Total interest income	13,252	13,359	137	104

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Interbank and money market items	936	921	50	25
Investments and trading transactions	251	258	-	-
Investments in debt securities	2,220	1,950	235	251
Loans to customers	10,142	10,357	3	11
Hire purchase and financial lease	13,275	12,997	-	-
Total interest income	26,824	26,483	288	287

33. Interest expenses

Interest expenses for the three-month and six-month periods ended 30 June 2014 and 2013 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Deposits	3,951	4,369	-	-
Interbank and money market items	342	386	-	-
Contribution fee to the Financial Institutions Development Fund and Deposit Protection Agency	878	903	-	-
Debt issued and borrowings				
- Subordinated debentures	431	618	-	-
- Unsubordinated debentures	571	515	250	144
- Subordinated instruments	25	-	-	-
- Others	11	18	-	-
Borrowings cost	3	2	1	-
Total interest expenses	6,212	6,811	251	144

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Deposits	8,250	8,798	-	-
Interbank and money market items	678	796	-	-
Contribution fee to the Financial Institutions Development Fund and Deposit Protection Agency	1,778	1,781	-	-
Debt issued and borrowings				
- Subordinated debentures	1,043	1,232	-	-
- Unsubordinated debentures	1,226	959	498	293
- Subordinated instruments	25	-	-	-
- Others	22	69	-	-
Borrowings cost	4	3	1	-
Total interest expenses	13,026	13,638	499	293

34. Fees and service income

Fees and service income for the three-month and six-month periods ended 30 June 2014 and 2013 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Fees and service income				
Acceptance, aval and guarantees	57	73	-	-
Hire purchase fee income	369	322	-	-
Credit card	251	219	-	-
ATM and electronic banking services	201	201	-	-
Brokerage fee from securities/derivatives	330	498	-	-
Insurance brokerage fee income	248	421	-	-
Others	418	536	-	-
Total fees and service income	1,874	2,270	-	-
Fees and service expenses	(661)	(650)	-	-
Net fees and service income	1,213	1,620	-	-

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Fees and service income				
Acceptance, aval and guarantees	123	142	-	-
Hire purchase fee income	738	613	-	1
Credit card	518	447	-	-
ATM and electronic banking services	425	424	-	-
Brokerage fee from securities/derivatives	575	1,113	-	-
Insurance brokerage fee income	652	789	-	-
Others	898	988	-	1
Total fees and service income	3,929	4,516	-	2
Fees and service expenses	(1,370)	(1,349)	-	(1)
Net fees and service income	2,559	3,167	-	1

35. Gains on trading and foreign exchange transactions

Gains (losses) on trading and foreign exchange transactions for the three-month and six-month periods ended 30 June 2014 and 2013 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Foreign exchange and derivatives contract				
relating to foreign exchange	128	154	-	-
Derivatives contract relating to interest rate	(14)	(13)	-	-
Debt securities	49	(171)	-	-
Equity securities	-	(8)	-	-
Others	1	15	-	-
Total	164	(23)	-	-

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Foreign exchange and derivatives contract				
relating to foreign exchange	303	284	-	-
Derivatives contract relating to interest rate	(5)	5	-	-
Debt securities	201	(157)	2	-
Equity securities	-	(8)	-	-
Others	12	20	-	-
Total	511	144	2	-

36. Gains on investments

Gains on investments for the three-month and six-month periods ended 30 June 2014 and 2013 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Gains (losses) on disposal				
Available-for-sale securities	388	70	79	16
General investments	1	(9)	-	-
Investments in subsidiaries	61	12,348	-	-
Gains on debt settlement/disposal of debt/assets transferred from investments in receivables purchased	4	4	4	3
Reversal of losses from impairment of investments (loss)	(44)	5	-	-
Total	410	12,418	83	19

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Gains (losses) on disposal				
Available-for-sale securities	624	185	80	17
General investments	1	(9)	-	-
Investments in subsidiaries	122	12,414	-	-
Gains on debt settlement/disposal of debt/assets transferred from investments in receivables purchased	9	16	9	3
Reversal of losses from impairment of investments (loss)	(44)	22	-	-
Total	712	12,628	89	20

37. Directors' remuneration

Directors' remuneration represents the benefits paid to the directors of the Company and public subsidiary companies in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions but including the payment of remuneration amounting to Baht 39 million (separate financial statement: Baht 19 million) to the Company's and its subsidiaries' directors, which were approved by the Annual General Meeting of Shareholders held.

38. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month and six-month periods ended 30 June 2014 and 2013 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Impairment loss of loans (reversal)				
Interbank and money market items	(24)	4	-	-
Loans to customers	2,185	6,555	(2)	(35)
Reversal of revaluation allowance for debts				
restructured during the period	(5)	(3)	-	-
Loss from debt restructuring	2	3	-	-
Loss from impairment of investments in				
receivables purchased	-	4	-	5
Total (reversal)	<u>2,158</u>	<u>6,563</u>	<u>(2)</u>	<u>(30)</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Impairment loss of loans (reversal)				
Interbank and money market items	(28)	11	-	-
Loans to customers	3,846	7,898	(2)	(38)
Reversal of revaluation allowance for debts				
restructured during the period	(7)	(6)	-	-
Loss from debt restructuring	2	3	-	-
Loss from impairment of investments in				
receivables purchased	2	22	-	21
Total (reversal)	<u>3,815</u>	<u>7,928</u>	<u>(2)</u>	<u>(17)</u>

39. Components of other comprehensive income

Components of other comprehensive income for the three-month and six-month periods ended 30 June 2014 and 2013 are as the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
Other comprehensive income				
Continuing operations				
Available-for-sale securities:				
Unrealised gains (losses) during the period	719	(674)	253	(24)
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(388)	(70)	(79)	(16)
	331	(744)	174	(40)
Share of other comprehensive income of associates (loss)	(2)	27	-	-
Other comprehensive income for the period (loss)	329	(717)	174	(40)
Effects of relevant income taxes				
Income tax - gains (losses) on changes in value of available-for-sale securities	(66)	148	(35)	8
Income tax - share of other comprehensive income of associates	-	1	-	-
Effects of relevant income taxes	(66)	149	(35)	8
Net other comprehensive income for the period (loss)	263	(568)	139	(32)

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
Other comprehensive income				
Continuing operations				
Available-for-sale securities:				
Unrealised gains (losses) during the period	1,516	(256)	282	122
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(624)	(185)	(80)	(17)
	892	(441)	202	105
Share of other comprehensive income of associates (loss)	(2)	(11)	-	-
Other comprehensive income for the period (loss)	890	(452)	202	105
Effects of relevant income taxes				
Income tax - gains (losses) on changes in value of available-for-sale securities	(178)	90	(40)	(21)
Income tax - share of other comprehensive income of associates	-	2	-	-
Effects of relevant income taxes	(178)	92	(40)	(21)
Net other comprehensive income for the period (loss)	712	(360)	162	84

40. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of common shares outstanding during the period, netting of treasury shares held by the Company, plus the weighted average number of common shares that would be required to be issued to convert all potential common shares to common shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential common shares were issued.

Consolidated financial statements

For the three-month periods ended 30 June

	Profit for the period 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	1,235,295	4,056,733	1,206,467	1,239,635	1.02	3.27
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>1,235,295</u>	<u>4,056,733</u>	<u>1,206,480</u>	<u>1,239,648</u>	<u>1.02</u>	<u>3.27</u>

Consolidated financial statements

For the three-month periods ended 30 June

	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	-	21,409	1,206,467	1,239,635	-	0.02
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	<u>-</u>	<u>21,409</u>	<u>1,206,480</u>	<u>1,239,648</u>	<u>-</u>	<u>0.02</u>

Consolidated financial statements

For the six-month periods ended 30 June

	Profit for the period from		Weighted average		Earnings per share	
	continuing operations		number of common shares			
	2014	2013	2014	2013	2014	2013
	Thousand	Thousand	Thousand	Thousand	Baht	Baht
	Baht	Baht	shares	shares		
Basic earnings per share						
Profit attributable to the Company	2,558,638	5,850,834	1,206,467	1,258,620	2.12	4.65
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>2,558,638</u>	<u>5,850,834</u>	<u>1,206,480</u>	<u>1,258,633</u>	<u>2.12</u>	<u>4.65</u>

Consolidated financial statements

For the six-month periods ended 30 June

	Profit for the period from		Weighted average		Earnings per share	
	discontinued operations		number of common shares			
	2014	2013	2014	2013	2014	2013
	Thousand	Thousand	Thousand	Thousand	Baht	Baht
	Baht	Baht	shares	shares		
Basic earnings per share						
Profit attributable to the Company	-	180,519	1,206,467	1,258,620	-	0.14
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>-</u>	<u>180,519</u>	<u>1,206,480</u>	<u>1,258,633</u>	<u>-</u>	<u>0.14</u>

	Separate financial statements					
	For the three-month periods ended 30 June					
	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	1,298,810	1,260,106	1,206,467	1,239,635	1.08	1.02
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	1,298,810	1,260,106	1,206,480	1,239,648	1.08	1.02

	Separate financial statements					
	For the six-month periods ended 30 June					
	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	1,746,314	1,422,332	1,206,467	1,258,620	1.45	1.13
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	1,746,314	1,422,332	1,206,480	1,258,633	1.45	1.13

41. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 3 - 10 percent of their basic salaries, and the Company and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the six-month period ended 30 June 2014, amounting to Baht 218 million was contributed to the fund by the Company and its subsidiaries (separate financial statements: Baht 3 million). (2013: Baht 213 million in the consolidated financial statements and Baht 3 million in the separate financial statements)

42. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended 30 June				Pricing policies (For the period 2014)
	Consolidated		Separate		
	financial statements		financial statements		
	2014	2013	2014	2013	
Transactions occurred during the periods					
Subsidiary companies					
Purchase of investments in debt securities	-	-	-	1,072	
Sales of investments in debt securities	-	-	3,848	2,454	At market prices
Purchase of investment in a subsidiary	-	-	482	-	At the contract rate agreed with reference to the opinion of an independent financial advisor
Returned capital from a subsidiary company	-	-	2	-	Net assets value
Interest income	-	-	85	80	At interest rate of 0.10 - 8.25 percent per annum
Dividend income	-	-	1,368	1,207	As declared
Rental and other service income	-	-	80	32	At the rate agreed under the contract
Other expenses	-	-	3	4	
Associated companies					
Sales of investment in a subsidiary	418	-	-	-	At the contract rate agreed with reference to the opinion of an independent financial advisor
Other income	1	5	-	-	
Interest expenses	16	28	-	-	At interest rate of 0.50 - 5.25 percent per annum
Dividend payment	-	-	130	117	As declared
Other expenses	33	35	2	2	

(Unit: Million Baht)

	For the three-month periods ended 30 June				Pricing policies (For the period 2014)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
<u>Transactions occurred during the periods (continued)</u>					
Related companies (presented as part of continuing operations)					
Purchase of investments in debt securities	38	229	-	-	At market prices
Sales of investments in debt securities	-	7	-	-	
Purchases/Sales of forward exchange contracts	108,061	84,339	-	-	At market prices
Interest income	85	57	-	-	At interest rate of 0.07 - 7.78 percent per annum
Dividend income	5	21	5	5	As declared
Insurance/Life insurance income	-	23	-	-	
Other income	2	2	-	-	
Dividend payment	1,216	900	-	-	As declared
Interest expenses	82	100	-	-	At interest rate of 0.10 - 7.65 percent per annum
Project management expenses	17	19	5	6	At the contract price calculated by reference to estimated usage time
Insurance/Life insurance expenses	2	-	-	-	At the rate agreed under the contract
Other expenses	30	48	1	4	
Related companies (presented as part of discontinued operations)					
Other expenses	-	1	-	-	

(Unit: Million Baht)

	For the six-month periods ended 30 June				Pricing policies (For the period 2014)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
<u>Transactions occurred during the periods</u>					
Subsidiary companies					
Purchase of investments in debt securities	-	-	1,035	7,122	At market prices
Sales of investments in debt securities	-	-	5,064	2,475	At market prices
Purchase of investment in a subsidiary	-	-	482	-	At the contract rate agreed with reference to the opinion of an independent financial advisor
Returned capital from a subsidiary company	-	-	2	-	Net assets value
Interest income	-	-	186	171	At interest rate of 0.10 - 8.25 percent per annum
Dividend income	-	-	1,845	1,207	As declared
Rental and other service income	-	-	96	48	At the rate agreed under the contract
Other expenses	-	-	6	7	

(Unit: Million Baht)

For the six-month periods ended 30 June

	Consolidated		Separate		Pricing policies (For the period 2014)
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
Transactions occurred during the periods (continued)					
Associated companies					
Sales of investment in a subsidiary	418	-	-	-	At the contract rate agreed with reference to the opinion of an independent financial advisor
Dividend income	-	-	56	52	As declared
Other income	2	5	-	-	
Interest expenses	34	54	-	-	At interest rate of 0.50 - 5.25 percent per annum
Dividend payment	-	-	130	117	As declared
Other expenses	66	69	5	5	
Related companies (presented as part of continuing operations)					
Purchase of investments in debt securities	38	229	-	-	At market prices
Sales of investments in debt securities	108	96	-	-	At market prices
Purchase/Sales of forward exchange contracts	275,056	159,355	-	-	At market prices
Interest income	150	95	-	-	At interest rate of 0.07 – 7.78 percent per annum
Dividend income	31	39	18	18	As declared
Insurance/Life insurance income	-	25	-	-	
Other income	4	5	-	-	
Dividend payment	1,216	900	-	-	As declared
Interest expenses	189	204	-	-	At interest rate of 0.10 – 8.25 percent per annum
Project management expenses	35	34	10	11	At the contract price calculated by reference to estimated usage time
Insurance/Life insurance expenses	1	-	-	-	At the rate agreed under the contract
Other expenses	58	73	1	6	
Related companies (presented as part of discontinued operations)					
Insurance/Life insurance income	-	2	-	-	
Other expenses	-	5	-	-	

The outstanding balances of the above transactions during the six-month periods ended 30 June 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)	-	-	2,780	1,492
Debt issued and borrowings	-	-	1	1
<u>Associated companies</u>				
Deposits	311	1,615	-	-
Debt issued and borrowings	1,200	1,200	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	204	200	-	-
Loans to customers	7,214	8,128	-	-
Deposits	2,108	2,156	-	-
Interbank and money market items (liabilities)	14,352	11,783	-	-
Debt issued and borrowings	3,914	3,894	-	-

As at 30 June 2014 and 31 December 2013, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

	Consolidated financial statements								
	30 June 2014								
	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Associated company									
MBK Plc.	-	-	-	39	107	-	1,200	11	-
Related companies									
Synphaet Co., Ltd.	-	-	692	-	3	-	-	-	5
The Bank of Nova Scotia	115	-	-	-	-	14,146	3,494	77	6,236
Sriithai Superware Plc.	-	-	509	-	29	-	-	-	-
Krungthai Card Plc.	-	-	4,019	-	5	-	-	-	-
Thai Reinsurance Plc.	-	-	-	-	460	-	-	18	-
GMM Grammy Plc.	-	-	29	-	-	-	-	-	-
Bangkok Dusit Medical Services Plc.									
	-	-	2,119	-	1	-	-	-	40
Other related companies	-	-	1,173	165	1,246	105	540	96	217
	115	-	8,541	204	1,851	14,251	5,234	202	6,498

(Unit: Million Baht)

Consolidated 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	Debt issued and borrowings	Other liabilities	Commitments
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
Srihai 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

30 June 2014

	Assets				Liabilities				
	Interbank and money market items	Investment s - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies									
Thanachart Bank Plc.	1,836	3,653	-	71	-	-	-	20	-
Thanachart Securities Plc.	-	-	-	2	-	-	-	5	-
NFS Asset Management Co., Ltd.	-	-	-	2	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	9	-
MAX Asset Management Co., Ltd.	-	-	-	1	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	-	-
	1,836	3,653	-	79	-	-	-	34	-

(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	Debt 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 30 June 2014, the Company and its subsidiaries have investments amounting to Baht 1,803 million (Baht 820 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 30 June 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	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Loans to customers	81	82	-	-
Deposits	849	906	-	-

Directors and management's remuneration

During the three-month and six-month periods ended 30 June 2014 and 2013, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Short-term employee benefits	201	167	40	36
Post-employment benefits	4	4	-	-
	<u>205</u>	<u>171</u>	<u>40</u>	<u>36</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Short-term employee benefits	317	296	59	55
Post-employment benefits	8	8	-	1
	<u>325</u>	<u>304</u>	<u>59</u>	<u>56</u>

43. Financial information classified by operating segment

43.1 Financial position and results of operations classified by business activity

The financial position as at 30 June 2014 and 31 December 2013, and the operating results for the three-month and six-month periods ended 30 June 2014 and 2013, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2014			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,021,478	22,195	(22,126)	1,021,547
Interbank and money market items (assets)	71,581	14,728	(22,126)	64,183
Investments	131,010	7,382	-	138,392
Investment in an associated company	2,373	-	-	2,373
Loans to customers and accrued interest				
receivables	752,966	-	-	752,966
Deposits	712,920	-	-	712,920
Interbank and money market items (liabilities)	64,364	22,170	(22,126)	64,408
Debt issued and borrowings	99,036	-	-	99,036

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2013			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,051,025	24,511	(24,622)	1,050,914
Interbank and money market items (assets)	77,791	17,046	(24,622)	70,215
Investments	140,275	7,411	-	147,686
Investment in an associated company	2,389	-	-	2,389
Loans to customers and accrued interest				
receivables	761,417	-	-	761,417
Deposits	715,931	-	-	715,931
Interbank and money market items (liabilities)	81,094	24,610	(24,622)	81,082
Debt issued and borrowings	109,290	-	-	109,290

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended 30 June 2014				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	13,213	70	(31)	13,252
Interest expenses	(6,212)	(31)	31	(6,212)
Net interest income	7,001	39	-	7,040
Net fees and service income	1,213	-	-	1,213
Net insurance/life insurance income	482	-	-	482
Other operating income	1,400	-	-	1,400
Other operating expenses	(4,809)	-	-	(4,809)
Impairment loss of loans and debt securities	(2,158)	-	-	(2,158)
Profit before income tax	3,129	39	-	3,168
Income tax	(677)	-	-	(677)
Profit before non-controlling interests	2,452	39	-	2,491

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended 30 June 2013				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	13,342	40	(23)	13,359
Interest expenses	(6,811)	(23)	23	(6,811)
Net interest income	6,531	17	-	6,548
Net fees and service income	1,620	-	-	1,620
Net insurance/life insurance income	735	-	-	735
Other operating income	13,104	-	-	13,104
Other operating expenses	(5,585)	-	-	(5,585)
Impairment loss of loans and debt securities	(6,563)	-	-	(6,563)
Profit before income tax	9,842	17	-	9,859
Income tax	(2,189)	-	-	(2,189)
Profit from continuing operations before non-controlling interests	7,653	17	-	7,670
Profit from discontinued operations before income tax	52	-	-	52
Income tax	(10)	-	-	(10)
Profit before non-controlling interests	7,695	17	-	7,712

(Unit: Million Baht)

Consolidated financial statements				
For the six-month period ended 30 June 2014				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	26,748	140	(64)	26,824
Interest expenses	(13,026)	(64)	64	(13,026)
Net interest income	13,722	76	-	13,798
Net fees and service income	2,559	-	-	2,559
Net insurance/life insurance income	880	-	-	880
Other operating income	2,685	-	-	2,685
Other operating expenses	(9,602)	-	-	(9,602)
Impairment loss of loans and debt securities	(3,815)	-	-	(3,815)
Profit before income tax	6,429	76	-	6,505
Income tax	(1,348)	-	-	(1,348)
Profit before non-controlling interests	5,081	76	-	5,157

(Unit: Million Baht)

Consolidated financial statements				
For the six-month period ended 30 June 2013				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	26,460	63	(40)	26,483
Interest expenses	(13,638)	(40)	40	(13,638)
Net interest income	12,822	23	-	12,845
Net fees and service income	3,167	-	-	3,167
Net insurance/life insurance income	1,303	-	-	1,303
Other operating income	14,836	(8)	-	14,828
Other operating expenses	(10,480)	-	-	(10,480)
Impairment loss of loans and debt securities	(7,928)	-	-	(7,928)
Profit before income tax	13,720	15	-	13,735
Income tax	(2,899)	-	-	(2,899)
Profit from continuing operations before non-controlling interests	10,821	15	-	10,836
Profit from discontinued operations before income tax	443	-	-	443
Income tax	(89)	-	-	(89)
Profit before non-controlling interests	11,175	15	-	11,190

43.2 Financial positions and results of operations classified by business type

The Company and its subsidiaries' operations involve 6 principal segments: (1) Company; (2) Banking business; (3) Asset management business; (4) Securities business; (5) Life insurance business; and (6) Non-life insurance business.

The chief operating decision maker reviews the operating results of each segment separately in order to make decisions on the allocation of resources to each operating segment and to assess performance. The Company and its subsidiaries measure segment performance based on net interest income generated by each segment with net interest income being interest income and interest expenses from external customers, net of interest income and interest expenses from inter-segment lending and borrowing with other business segment. For inter-segment borrowing, market interest rates are charged.

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

(Unit: Million Baht)

	For the three-month period ended 30 June 2014								
	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Net interest income	(114)	6,495	48	113	73	79	354	(8)	7,040
Other operating income	1,478	3,137	483	(74)	434	152	197	(2,712)	3,095
Other operating expenses	(79)	(4,220)	(307)	(26)	(120)	(48)	(161)	152	(4,809)
Impairment loss of loans and debt securities	1	(2,016)	-	-	-	58	(128)	(73)	(2,158)
Profit before income tax	1,286	3,396	224	13	387	241	262	(2,641)	3,168
Income tax	13	(447)	(45)	(2)	(87)	(57)	(52)	-	(677)
Profit before non-controlling interests	1,299	2,949	179	11	300	184	210	(2,641)	2,491

(Unit: Million Baht)

For the three-month period ended 30 June 2013

	The	Banking	Securities	Life	Non-life	Asset	Other	Eliminations	Consolidated
	Company	business	business	insurance	insurance	management	businesses		
				business	business	business			
Net interest income	(40)	5,943	51	134	65	79	320	(4)	6,548
Other operating income	1,365	15,539	719	(114)	492	72	190	(2,804)	15,459
Other operating expenses	(80)	(4,776)	(355)	(23)	(302)	(55)	(141)	147	(5,585)
Impairment loss of loans and debt securities	30	(6,289)	-	-	-	(194)	(38)	(72)	(6,563)
Profit (loss) before income tax	1,275	10,417	415	(3)	255	(98)	331	(2,733)	9,859
Income tax	(15)	(1,970)	(83)	1	(52)	17	(75)	(12)	(2,189)
Profit (loss) from continuing operations before non- controlling interests	1,260	8,447	332	(2)	203	(81)	256	(2,745)	7,670
Profit from discontinued operations before income tax	-	-	-	52	-	-	-	-	52
Income tax	-	-	-	(10)	-	-	-	-	(10)
Profit (loss) before non-controlling interests	1,260	8,447	332	40	203	(81)	256	(2,745)	7,712

(Unit: Million Baht)

For the six-month period ended 30 June 2014

	The	Banking	Securities	Life	Non-life	Asset	Other	Eliminations	Consolidated
	Company	business	business	insurance	insurance	management	businesses		
				business	business	business			
Net interest income	(211)	12,678	103	229	145	158	710	(14)	13,798
Other operating income	2,055	5,118	898	(135)	865	239	398	(3,314)	6,124
Other operating expenses	(138)	(8,399)	(588)	(43)	(310)	(105)	(319)	300	(9,602)
Impairment loss of loans and debt securities	2	(3,588)	-	-	-	39	(203)	(65)	(3,815)
Profit before income tax	1,708	5,809	413	51	700	331	586	(3,093)	6,505
Income tax	38	(937)	(80)	(11)	(150)	(76)	(121)	(11)	(1,348)
Profit before non-controlling interests	1,746	4,872	333	40	550	255	465	(3,104)	5,157

(Unit: Million Baht)

For the six-month period ended 30 June 2013

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Net interest income	(6)	11,649	95	265	123	117	612	(10)	12,845
Other operating income	1,609	17,406	1,490	(194)	965	202	402	(2,582)	19,298
Other operating expenses	(145)	(8,938)	(746)	(47)	(511)	(106)	(276)	289	(10,480)
Impairment loss of loans and debt securities	17	(7,588)	-	-	-	(170)	(65)	(122)	(7,928)
Profit before income tax	1,475	12,529	839	24	577	43	673	(2,425)	13,735
Income tax	(53)	(2,374)	(165)	(5)	(116)	(16)	(141)	(29)	(2,899)
Profit from continuing operations before non-controlling interests	1,422	10,155	674	19	461	27	532	(2,454)	10,836
Profit from discontinued operations before income tax	-	-	-	443	-	-	-	-	443
Income tax	-	-	-	(89)	-	-	-	-	(89)
Profit before non-controlling interests	1,422	10,155	674	373	461	27	532	(2,454)	11,190

The segment assets of the Company and its subsidiaries as at 30 June 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 businesses	Eliminations	Consolidated
Segment assets									
As at 30 June 2014	48,509	957,815	7,238	11,024	10,695	11,352	31,223	(56,309)	1,021,547
As at 31 December 2013	47,794	990,724	7,121	11,399	9,896	12,188	30,700	(58,908)	1,050,914

43.3 Major of principal customers

During the six-month periods ended 30 June 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

44. Encumbrance of assets

As at 30 June 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	
	30 June 2014	31 December 2013	30 June 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	-	-
Investments in securities				
Placed at insurance registrar	3,504	1,783	-	-
Placed at court	384	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	490	673	83	6
	<u>4,652</u>	<u>5,151</u>	<u>83</u>	<u>6</u>

45. Commitments and contingent liabilities

As at 30 June 2014 and 31 December 2013, significant commitments and contingent liabilities consisted of:

45.1 Commitments

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Aval to bills	524	665	-	-
Liability under unmatured import bills	744	646	-	-
Letter of credits	3,994	4,066	-	-
Other obligations				
Committed (but not drawn) overdraft	28,388	27,984	-	-
Others	22,611	23,310	1	1
Total	<u>56,261</u>	<u>56,671</u>	<u>1</u>	<u>1</u>

In addition, the subsidiaries have commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and gold futures contracts, as mentioned in Note 8 to the financial statements.

- 45.2** As at 30 June 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 and services contracts, as follows:

(Unit: Million Baht)

Year	Consolidated	Separate	
	financial statements	financial statements	
	Other companies	Other companies	Subsidiaries
2014	1,072	17	-
2015	1,523	10	-
2016 onward	2,891	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.

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

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of the Financial Institutions Development Fund (“FIDF”) to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 30 June 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 30 June 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 30 June 2014, the transferred assets which SAM is re-examining totaling Baht 106 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 99 million of transactions incurred by BMB. If losses arise from (ii), Thanachart Bank will receive compensation for those from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 54 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 Baht 2,030 million, as disclosed under contingent liabilities in Note 46 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 30 June 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 one lawsuit discussed in c), with claims totaling Baht 379 million.

However, Thanachart Bank and SAM had a meeting and mutually agreed a resolution to such pending issues. Thanachart Bank believes that no significant further loss will be

incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will be compensated by FIDF.

45.4 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 loss will be incurred.

46. Litigation

As at 30 June 2014, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 5,927 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 loss will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities for litigation mentioned above in the consolidated financial statements amounting to Baht 2,030 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.

47. Letter of guarantees

As at 30 June 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).

48. Acquisition and disposal of investments in subsidiary companies / Discontinued operations

48.1 Acquisition of investment in a subsidiary company - Investment in 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 482 million, for a 53.5 percent shareholding.

On 3 April 2014, the Annual General Meeting of Shareholders of the Company approved a resolution to purchase ordinary shares of Siam City Life Assurance Plc. from the subsidiary company. On 23 May 2014, the Company received approval from the Bank of Thailand to acquire more than 10 percent of all issued shares of Siam City Life Assurance Plc., which was in accordance with the conditions stated in the agreement. On 2 June 2014, the Company received 37,450,000 ordinary shares in Siam City Life Assurance Plc., which was 53.5 percent of all shares issued, and paid Baht 482 million.

The agreement stipulates that if the buyers resell the acquired shares within two years from the contract date, and either or both buyers earn a capital gain from the sales, the buyers are to pay the capital gain to the contracted seller within 15 days from the date on which the shares are resold.

However, since this transaction is a restructuring of shareholding, by converting an indirect shareholding into a direct shareholding, there is no significant impact on the consolidated financial statements.

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

On 5 November 2012, Thanachart Bank, a subsidiary company, signed a Share Purchase Agreement with Prudential Life Insurance (Thailand) Plc. (“the Buyer”) to sell the ordinary shares of Thanachart Life Assurance Public Company Limited (“Thanachart Life Assurance”) held by Thanachart Bank. The value of the transaction was Baht 17,500 million, with a post-completion adjustment to be made based on agreed terms to reflect the net asset value as at the completion date. A further payment of Baht 500 million is also due in 12 months after the completion date. Under this agreement, the share payment and transfer will occur after the Buyer obtains an approval from the Office of Insurance Commission (“OIC”) and both parties sign the Exclusive Bancassurance Agreement. The transaction will be recognised when the transfer of the shares and related payment are complete.

On 29 March 2013, the Buyer received an approval from the Office of Insurance Commission (“OIC”) to acquire more than 10% of the issued and paid up shares of Thanachart Life Assurance for the purpose of the business combination, which was an important condition in the agreement. On 3 May 2013, the Share Purchase Agreement became legally effective as both parties fulfilled the conditions stated in the agreement, including the conclusion of an Exclusive Bancassurance Agreement between Thanachart Bank and Prudential Life Insurance, which will be effective for a period of 15 years. Thanachart Bank transferred 328,500,000 shares of Thanachart Life Assurance Plc., representing 100% of shares, and received payment for the shares in the amount of Baht 17,500 million in accordance with the agreement. A post-completion adjustment on the net asset value of Thanachart Life Assurance as at the completion date amounting to Baht 940 million was recognised as a part of this transaction and payment of this amount was received in July 2013. During the year 2013, Thanachart Bank therefore recognised the transaction and allocated the full selling price of investment between the value of the shares and the service to be provided by Thanachart Bank under the Exclusive Bancassurance Agreement, based on the estimated fair value of shares as determined by Thanachart Bank’s management and other factors. Gain on disposal of Baht 12,281 million was recognised in the consolidated statement of comprehensive income for the six-month period ended 30 June 2013.

In addition, Thanachart Bank is to receive a further payment amounting to Baht 500 million for granting the right to use Thanachart logo. The further payment is due in 12 months after the date the payment was made for the shares. Thanachart Bank amortises the amount to income over the period.

According to the Exclusive Bancassurance Agreement, Thanachart Bank is to recognise such allocated income throughout the period as specified in the agreement and to present such allocated service fee as a part of “Other liabilities - income received in advance”. In addition, Thanachart Bank has to comply with the terms and conditions as specified in such agreement.

Therefore, to comply with the requirements of accounting standards, the operating results of Thanachart Life Assurance Plc. were separately presented under “Profit for the period from discontinued operations” and “Other comprehensive income from discontinued operations” in the consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2013, for comparative purposes. The details are as follows:

(Unit: Million Baht)

	For the three-month period ended 30 June 2013 ⁽¹⁾	For the six-month period ended 30 June 2013 ⁽²⁾
<u>Consolidated statement of comprehensive income</u>		
Profit or loss		
Discontinued operations		
Interest income	91	358
Interest expenses	-	-
Net interest income	91	358
Fees and service income	-	-
Fees and service expenses	-	(1)
Net fees and service income	-	(1)
Gains on investments	-	17
Life insurance income	375	3,644
Dividend income	-	4
Other income	2	3
Total operating income	468	4,025
Insurance expenses	(387)	(3,452)
Net operating income	81	573
Other operating expenses		
Personnel expenses	10	49
Premises and equipment expenses	6	21
Taxes and duties	3	11
Other expenses	9	49
Total other operating expenses	28	130
Profit before income tax	53	443
Income tax	(11)	(89)
Profit for the period from discontinued operations	42	354
Other comprehensive income		
Losses on remeasuring available-for-sale investments	(122)	(138)
Income tax relating to components of other comprehensive income	28	28
Other comprehensive income from discontinued operations (loss)	(94)	(110)
Total other comprehensive income (loss)	(52)	244

(1) Present operation of Thanachart Life Plc. since 1 April 2013 to the date of disposal of the investment

(2) Present operation of Thanachart Life Plc. since 1 January 2013 to the date of disposal of the investment

Changes of operating assets and operating liabilities of Thanachart Life Assurance Plc. which included in consolidated cash flows statements for the six-month period ended 30 June 2013 are as follows:

	(Unit: Million Baht)
	<u>2013⁽¹⁾</u>
Operating assets (increase) decrease	
- Interbank and money market items	538
- Investment - net	(2,862)
- Others	60
	<u>(2,264)</u>
Operating liabilities increase (decrease)	
- Insurance contract liabilities	706
- Income tax payable	115
- Payables from purchase and sale of securities	959
- Others	98
	<u>1,878</u>

(1) For period since 1 January 2013 to the date of disposal of the investment

Cash flow information of Thanachart Life Assurance Plc. for the six-month period ended 30 June 2013 are as follows:

	(Unit: Million Baht)
	<u>2013⁽¹⁾</u>
Net cash flows from (used in) operating activities	2,819
Net cash flows from (used in) investing activities	(2,819)

(1) For period since 1 January 2013 to the date of disposal of investment

49. Financial instruments

Financial instruments are any contracts which give rise to both a financial assets of one enterprise and a financial liability or equity instruments of another enterprise.

49.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation, causing the Company and its subsidiaries to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position and the risk of commitments from avals, guarantees of loans, other guarantees and derivative contracts.

In addition, the Company and its subsidiaries manage credit risk by the means of careful consideration of credit approval process, analysis of risk factors and the ability to service debt of customers, and a credit review process, which examines and reviews the quality of the loan portfolio so as to prevent and provide a remedy for problem loans in the future.

49.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company and its subsidiaries' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity/commodity position risk.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

The Company and its subsidiaries manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels. Such management is under the supervision of the Asset and Liabilities Management Committee.

As at 30 June 2014 and 31 December 2013, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements			
	30 June 2014			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	12,950	12,950
Interbank and money market items	217	55,645	8,498	64,360
Derivatives assets	-	-	3,300	3,300
Investments	1,347	125,379	9,915	136,641
Investment in an associated company	-	-	2,373	2,373
Loans to customers ⁽¹⁾	330,385	452,130	788	783,303
Receivables from purchase and sale of securities	-	-	3,722	3,722
Other assets - receivable from clearing house	-	-	458	458
<u>Financial liabilities</u>				
Deposits	237,314	469,193	6,413	712,920
Interbank and money market items	9,905	53,262	1,241	64,408
Liability payable on demand	-	-	2,548	2,548
Derivatives liabilities	-	-	4,049	4,049
Debt issued and borrowings	4	99,032	-	99,036
Payables from purchase and sale of securities	-	-	2,968	2,968
Other liabilities - payable to clearing house	-	-	160	160

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Consolidated financial statements			
	31 December 2013			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash	-	-	17,940	17,940
Interbank and money market items	549	60,150	9,678	70,377
Derivatives assets	-	-	3,914	3,914
Investments	1,358	140,466	5,141	146,965
Investment in an associated company	-	-	2,389	2,389
Loans to customers ⁽¹⁾	326,640	464,004	598	791,242
Receivables from purchase and sale of securities	-	-	1,646	1,646
Other assets - receivable from clearing house	-	-	170	170
Financial liabilities				
Deposits	245,130	463,957	6,844	715,931
Interbank and money market items	9,802	69,730	1,550	81,082
Liability payable on demand	-	-	3,219	3,219
Derivatives liabilities	-	-	5,701	5,701
Debt issued and borrowings	4	109,286	-	109,290
Payables from purchase and sale of securities	-	-	1,467	1,467
Other liabilities - payable to clearing house	-	-	509	509

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements			
	30 June 2014			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Interbank and money market items	29	3,800	12	3,841
Investments	711	5,194	4,576	10,481
Investments in subsidiary and associated companies	-	-	32,032	32,032
Loans to customers ⁽¹⁾	89	175	9	273
Financial liabilities				
Debt issued and borrowings	-	20,700	-	20,700

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements			
	31 December 2013			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Interbank and money market items	19	3,500	14	3,533
Investments	715	9,777	238	10,730
Investments in subsidiary and associated companies	-	-	31,552	31,552
Loans to customers ⁽¹⁾	90	176	10	276
Financial liabilities				
Debt issued and borrowings	-	20,700	-	20,700

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

With respect to financial instruments that carry fixed interest rates, the periods from the financial statements date to the repricing or maturity date (whichever is the earlier) are presented below:

(Unit: Million Baht)

Consolidated financial statements							
30 June 2014							
Transactions	Repricing or maturity date					Total	Weighted average interest rates Percent
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items	50	49,562	6,033	-	-	55,645	2.66 - 3.40
Investments	-	3,352	23,887	85,439	12,701	125,379	3.37 - 4.51
Loans to customers (include intercompany gain on loan transferred)	5,866	19,024	13,270	314,044	99,926	452,130	7.69 - 8.81
<u>Financial liabilities</u>							
Deposits	58	156,931	287,454	24,750	-	469,193	2.79
Interbank and money market items	1,001	34,791	12,342	5,128	-	53,262	2.99 - 3.60
Debt issued and borrowings	1,055	14,747	33,078	16,436	33,716	99,032	4.69 - 4.85

(Unit: Million Baht)

Consolidated financial statements							
31 December 2013							
Transactions	Repricing or maturity date					Total	Weighted average interest rates Percent
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items	22	48,220	11,908	-	-	60,150	3.21 - 3.62
Investments	-	3,797	28,832	85,907	21,930	140,466	3.31 - 4.93
Loans to customers (include intercompany gain on loan transferred)	6,558	17,917	11,601	312,605	115,323	464,004	7.70 - 8.95
<u>Financial liabilities</u>							
Deposits	31	222,328	218,391	23,207	-	463,957	3.02
Interbank and money market items	995	43,680	18,620	6,435	-	69,730	1.73 - 3.62
Debt issued and borrowings	1,061	23,265	25,462	35,283	24,215	109,286	4.65 - 4.96

(Unit: Million Baht)

Separate financial statements							
30 June 2014							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market							
items	-	-	3,800	-	-	3,800	2.56
Investments	-	40	3,636	1,138	380	5,194	6.71
Loans to customers	161	-	-	1	13	175	9.72
Financial liabilities							
Debt issued and borrowings	-	-	9,000	3,100	8,600	20,700	4.85

(Unit: Million Baht)

Separate financial statements							
31 December 2013							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market							
items	-	-	3,500	-	-	3,500	3.17
Investments	-	1,069	4,922	526	3,260	9,777	5.15
Loans to customers	162	-	-	8	6	176	9.42
Financial liabilities							
Debt issued and borrowings	-	-	9,000	-	11,700	20,700	4.85

In addition, the average balances of the financial assets and liabilities of the Company and its subsidiaries generating revenues and expenses, calculated based on the average balances outstanding during the period, and the average interest rate for the six-month periods ended 30 June 2014 and 2013 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements						
For the six-month periods ended 30 June						
2014			2013			
Average balances	Interest	Average rate (Percent)	Average balances	Interest	Average rate (Percent)	
<u>Interest bearings financial assets</u>						
Interbank and money market items	44,114	936	4.24	51,184	921	3.60
Investments and trading operations	13,253	251	3.78	15,040	258	3.43
Investments in debt securities	129,926	2,220	3.42	106,785	1,950	3.65
Loans to customers/hire purchase and financial lease	763,834	23,417	6.13	750,479	23,354	6.22
<u>Interest bearings financial liabilities</u>						
Deposits	695,603	10,028	2.88	685,968	10,579	3.08
Interbank and money market items	77,774	678	1.75	78,661	796	2.03
Debt issued and borrowings	106,503	2,320	4.36	97,951	2,263	4.62

(Unit: Million Baht)

Separate financial statements						
For the six-month periods ended 30 June						
2014			2013			
Average balances	Interest	Average rate (Percent)	Average balances	Interest	Average rate (Percent)	
<u>Interest bearings financial assets</u>						
Interbank and money market items	3,467	50	2.88	1,769	25	2.87
Investments and trading operations	26	-	1.80	-	-	-
Investments in debt securities	9,009	235	5.23	5,800	251	8.64
Loans to customers/hire purchase and financial lease	18	3	8.58	53	11	14.07
<u>Interest bearings financial liabilities</u>						
Debt issued and borrowings	20,700	499	4.81	12,429	293	4.71

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the subsidiaries have foreign exchange transactions, it may be exposed to foreign exchange risk. However, the subsidiaries have a policy to mitigate this foreign exchange exposure through management of its net exchange position and operation in accordance with a risk management policy which has been approved by their Board of Directors and is in strict accordance with BOT guidelines.

The status of subsidiaries' foreign currency balances as at 30 June 2014 and 31 December 2013 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	30 June 2014				
	US Dollar	Euro	Yen	Yuan	Others
<u>Foreign currency in the statements of financial position</u>					
Cash	659	274	167	2	297
Interbank and money market items	2,774	60	45	1,817	103
Investments	10,512	1	-	2,823	1,210
Loans to customers	22,918	82	96	-	24
Other assets	432	-	-	48	2
Total assets	37,295	417	308	4,690	1,636
Deposits	408	12	-	-	13
Interbank and money market items	15,749	12	-	-	-
Other liabilities	2	-	-	-	-
Total liabilities	16,159	24	-	-	13
Net	21,136	393	308	4,690	1,623
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	560	30	116	-	2
Letter of credits	3,525	70	345	-	11
Others commitments	902	51	1	-	29

(Unit: Million Baht)

Consolidated financial statements					
31 December 2013					
	US Dollar	Euro	Yen	Yuan	Others
<u>Foreign currency in the statements of financial position</u>					
Cash	1,303	586	62	3	474
Interbank and money market items	11,409	34	63	545	101
Investments	10,638	1	-	2,921	1,170
Loans to customers	22,824	137	112	-	50
Other assets	1,123	-	-	13	2
Total assets	47,297	758	237	3,482	1,797
Deposits	384	45	-	-	20
Interbank and money market items	22,319	4	-	-	-
Other liabilities	10	-	-	-	-
Total liabilities	22,713	49	-	-	20
Net	24,584	709	237	3,482	1,777
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	466	29	102	-	7
Letter of credits	3,605	39	292	-	53
Others commitments	901	52	1	-	47

In addition, subsidiaries have commitments from foreign currency exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts and other derivative contracts which have to pay or receive repayment in foreign currency that the subsidiaries made for trading transactions or hedging transactions (banking book) as follows:

(Unit: Million Baht)

Consolidated financial statements					
30 June 2014					
	US Dollar	Euro	Yen	Yuan	Others
Foreign exchange contracts					
- Bought	47,843	1,708	1,667	2,638	1,355
- Sold	58,115	2,130	1,996	7,368	1,833
Cross currency and interest rate swap contracts					
- Bought	2,650	-	-	-	-
- Sold	13,101	-	-	-	1,178
Interest rate swap contracts					
- Bought	50,206	-	-	-	-
- Sold	50,206	-	-	-	-

(Unit: Million Baht)

	Consolidated financial statements				
	31 December 2013				
	US Dollar	Euro	Yen	Yuan	Others
Foreign exchange contracts					
- Bought	41,331	144	133	-	334
- Sold	53,267	888	375	3,546	970
Cross currency and interest rate swap contracts					
- Bought	1,885	-	-	-	-
- Sold	12,451	-	-	-	1,140
Interest rate swap contracts					
- Bought	40,990	-	-	-	-
- Sold	40,990	-	-	-	-

c) Equity position risk/commodity risk

Equity position risk/commodity risk is the risk that changes in the market prices of equity securities/commodity which will result in fluctuations in revenue and the value of financial assets.

The Company and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the Board of Directors, related business unit and related management, in order to facilitate responsive risk management, under the supervision of the Investment Portfolio Committee.

49.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Company and its subsidiaries incurring a financial loss.

The Company and its subsidiaries manage liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Company and its subsidiaries have a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Asset and Liability Management Committee.

Counting from the financial position date, the periods to maturity of financial instruments held as at 30 June 2014 and 31 December 2013 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	30 June 2014				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	12,950	-	-	-	12,950
Interbank and money market items	8,765	55,595	-	-	64,360
Derivatives assets	-	3,300	-	-	3,300
Investments	1,347	37,643	87,823	9,828	136,641
Investment in an associated company	-	-	-	2,373	2,373
Loans to customers ⁽¹⁾	62,739	227,941	492,623	-	783,303
Receivables from purchase and sale of securities	-	3,722	-	-	3,722
Other assets - receivable from clearing house	-	458	-	-	458
<u>Financial liabilities</u>					
Deposits	240,070	447,235	25,615	-	712,920
Interbank and money market items	12,029	47,195	5,184	-	64,408
Liability payable on demand	2,548	-	-	-	2,548
Derivatives liabilities	-	4,049	-	-	4,049
Debt issued and borrowings	1,059	33,348	61,135	3,494	99,036
Payables from purchase and sale of securities	-	2,968	-	-	2,968
Other liabilities - payable to clearing house	-	160	-	-	160
<u>Commitments</u>					
Aval to bill	38	427	59	-	524
Liability under unmatured import bills	36	708	-	-	744
Letter of credits	102	3,885	7	-	3,994
Other commitments	44,045	4,553	2,401	-	50,999

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

(Unit: Million Baht)

Consolidated financial statements					
31 December 2013					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	17,940	-	-	-	17,940
Interbank and money market items	10,249	60,008	120	-	70,377
Derivatives assets	-	3,914	-	-	3,914
Investments	1,357	41,152	99,401	5,055	146,965
Investment in an associated company	-	-	-	2,389	2,389
Loans to customers ⁽¹⁾	63,738	224,498	503,006	-	791,242
Receivables from purchase and sale of securities	-	1,646	-	-	1,646
Other assets - receivable from clearing house	-	170	-	-	170
<u>Financial liabilities</u>					
Deposits	248,034	440,295	27,602	-	715,931
Interbank and money market items	12,123	62,411	6,548	-	81,082
Liability payable on demand	3,219	-	-	-	3,219
Derivatives liabilities	-	5,701	-	-	5,701
Debt issued and borrowings	1,065	40,235	64,496	3,494	109,290
Payables from purchase and sale of securities	-	1,467	-	-	1,467
Other liabilities - payable to clearing house	-	509	-	-	509
<u>Commitments</u>					
Aval to bill	15	571	79	-	665
Liability under unmatured import bills	42	604	-	-	646
Letter of credits	326	3,740	-	-	4,066
Other commitments	43,886	4,959	2,449	-	51,294

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

(Unit: Million Baht)

Separate financial statements					
30 June 2014					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Interbank and money market items	41	3,800	-	-	3,841
Investments	711	56	1,501	8,213	10,481
Investments in subsidiary and associated companies	-	-	-	32,032	32,032
Loans to customers ⁽¹⁾	256	-	17	-	273
Financial liabilities					
Debt issued and borrowings	-	9,000	11,700	-	20,700
Commitments					
Other commitments	1	-	-	-	1

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

(Unit: Million Baht)

Separate financial statements					
31 December 2013					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Interbank and money market items	33	3,500	-	-	3,533
Investments	715	2,357	3,783	3,875	10,730
Investments in subsidiary and associated companies	-	-	-	31,552	31,552
Loans to customers ⁽¹⁾	259	-	17	-	276
Financial liabilities					
Debt issued and borrowings	-	9,000	11,700	-	20,700
Commitments					
Other commitments	1	-	-	-	1

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

49.4 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company and its subsidiaries have estimated the fair value of financial instruments as follows:

a) Financial assets

The method used for determining the fair value depends upon the characteristics of the financial instruments. The fair values of most financial assets are presented at the amount stated in the statement of financial position, including cash, interbank and money market items, derivatives assets, receivables from purchase and sale of securities, receivable from clearing house and loans to customers. These financial assets have their fair value approximate to their respective carrying value since the values of these financial instruments are predominantly subject to market interest rates. Financial instruments with standard terms and conditions which are traded on an active and liquid market, such as investments, have their fair values determined by the quoted market price. Investments in subsidiary and associated companies are stated at the book value.

b) Financial liabilities

The fair values of financial liabilities, including deposits, interbank and money market items, liability payable on demand, derivatives liabilities, debt issued and borrowings, payable from purchase and sale of securities, and payable to clearing house are considered to approximate their respective carrying values for the same reasons as described above.

As at 30 June 2014 and 31 December 2013, the book value and fair value of financial instruments of the Company and its subsidiaries are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2014		31 December 2013	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	12,950	12,950	17,940	17,940
Interbank and money market items	64,183	64,183	70,215	70,215
Derivatives assets	3,300	3,300	3,914	3,914
Investments	138,392	138,742	147,686	148,003
Investment in an associated company	2,373	2,373	2,389	2,389
Loans to customers	752,966	752,966	761,417	761,417
Receivables from purchase and sale of securities	3,721	3,721	1,646	1,646
Other assets - receivable from clearing house	458	458	170	170
<u>Financial liabilities</u>				
Deposits	712,920	712,920	715,931	715,931
Interbank and money market items	64,408	64,408	81,082	81,082
Liability payable on demand	2,548	2,548	3,219	3,219
Derivatives liabilities	4,049	4,049	5,701	5,701
Debt issued and borrowings	99,036	99,036	109,290	109,290
Payables from purchase and sale of securities	2,968	2,968	1,467	1,467
Other liabilities - payable to clearing house	160	160	509	509

(Unit: Million Baht)

	Separate financial statements			
	30 June 2014		31 December 2013	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Interbank and money market items	3,843	3,843	3,543	3,543
Investments	11,001	11,001	11,048	11,043
Investments in subsidiary and associated companies	32,032	32,032	31,552	31,552
Loans to customers	96	96	96	96
<u>Financial liabilities</u>				
Debt issued and borrowings	20,700	20,700	20,700	20,700

49.5 Financial derivatives

The Company and its subsidiaries engage in financial derivatives activities as required in the normal course of their business to manage risk and to meet their clients' needs. These financial derivatives include foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and commodity futures contracts.

The Company and its subsidiaries have set a policy and limit to mitigate related risk, and require risk reporting for the various types of risk, as a control over financial derivative activities. The Company and its subsidiaries manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process as used when granting loans to a customer is adopted for financial derivative customers, and so the Company and its subsidiaries are able to maintain risk at acceptable levels.

As at 30 June 2014 and 31 December 2013, the Company and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2014			31 December 2013		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	55,211	-	55,211	41,942	-	41,942
- Sold	71,442	-	71,442	59,046	-	59,046
Cross currency and interest rate swap contracts						
- Bought	215	2,435	2,650	217	1,668	1,885
- Sold	215	14,064	14,279	217	13,374	13,591
Interest rate swap contracts						
- Paid fixed interest rate	47,813	137,013	184,826	26,434	140,977	167,411
- Paid floating interest rate	38,919	133,320	172,239	14,229	125,190	139,419
- Received fixed interest rate	38,919	133,320	172,239	14,229	125,190	139,419
- Received floating interest rate	47,813	137,013	184,826	26,434	140,977	167,411
Future contracts						
- Sold	53	-	53	272	-	272
Derivative warrant contracts						
- Bought	-	-	-	9	-	9
- Sold	12	-	12	-	-	-
Other						
- Sold	4	-	4	-	-	-

50. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 25 August 2014