

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
31 March 2015

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thanachart Capital Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Thanachart Capital Public Company Limited and its subsidiaries as at 31 March 2015, the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Thanachart Capital Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 8 May 2015

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2015

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	31 March	31 December	31 March	31 December	
	Note	2015	2014	2015	2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash		12,454,867	16,605,432	15	-
Interbank and money market items - net		69,458,681	66,037,890	20,731	21,076
Derivatives assets	3	4,658,621	4,389,463	-	-
Investments - net	4	151,282,256	162,318,264	6,579,683	6,039,651
Investments in subsidiary and associated companies - net	5	2,378,354	2,416,988	31,412,861	31,435,390
Loans to customers and accrued interest receivables	6				
Loans to customers		785,080,453	811,443,114	971,229	541,675
Accrued interest receivables		696,779	787,822	6	12
Total loans to customers and accrued interest receivables		785,777,232	812,230,936	971,235	541,687
Less: Deferred revenue		(54,042,067)	(55,786,980)	(2,692)	(2,712)
Allowance for doubtful accounts	7	(27,865,975)	(28,347,084)	(90,454)	(149,939)
Revaluation allowance for debt restructuring	8	(117,475)	(103,222)	-	-
Net loans to customers and accrued interest receivables		703,751,715	727,993,650	878,089	389,036
Customers' liability under acceptances		22,318	48,217	-	-
Property foreclosed - net		8,464,535	8,930,622	859,128	885,924
Land, premises and equipment - net		7,792,980	7,981,567	41,670	43,390
Intangible assets - net		3,291,653	3,426,976	2,222	2,081
Goodwill	10	17,028,483	16,968,935	-	-
Deferred tax assets		1,207,656	1,167,662	69,514	61,000
Receivables from purchase and sale of securities		2,632,221	1,804,740	-	-
Accrued interest and dividend receivables		1,088,345	1,111,511	216,538	76,886
Other assets - net	11	4,864,358	4,428,454	105,398	97,370
Total assets		990,377,043	1,025,630,371	40,185,849	39,051,804

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2015

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	31 March	31 December	31 March	31 December	
	Note	2015	2014	2015	2014
	(Unaudited	(Audited)	(Unaudited	(Audited)	
	but reviewed)		but reviewed)		
Liabilities and equity					
Deposits		673,751,589	696,948,507	-	-
Interbank and money market items	12	68,408,021	80,138,910	60	5
Liability payable on demand		3,960,715	1,655,381	-	-
Derivatives liabilities	3	5,225,010	5,200,037	-	-
Debts issued and borrowings	13	92,036,419	98,417,715	12,700,000	12,200,000
Bank's liability under acceptances		22,318	48,217	-	-
Provisions	14	3,095,470	2,850,552	41,126	46,406
Deferred tax liabilities		1,675,910	1,825,834	-	-
Accrued interest payables		4,866,015	4,069,972	205,350	95,161
Payables from purchase and sale of securities		3,581,796	1,519,696	-	-
Insurance contracts liabilities	15	14,698,171	14,610,121	-	-
Other liabilities	16	12,135,134	14,069,812	93,294	91,130
Total liabilities		883,456,568	921,354,754	13,039,830	12,432,702

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2015

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2015	2014	2015	2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Equity					
Share capital	17				
Registered, issued and paid-up					
13,276 preferred shares of Baht 10 each		133	133	133	133
1,277,816,427 common shares of Baht 10 each		12,778,164	12,778,164	12,778,164	12,778,164
		<u>12,778,297</u>	<u>12,778,297</u>	<u>12,778,297</u>	<u>12,778,297</u>
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Premium on treasury share		165,742	165,742	165,742	165,742
Other components of equity	18	2,497,327	2,516,445	469,594	486,802
Retained earnings					
Appropriated - statutory reserve		1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		3,415,495	3,398,455	3,415,495	3,398,455
Unappropriated		33,852,873	32,549,037	10,388,911	9,844,786
Less: Treasury shares - common shares		(3,415,495)	(3,398,455)	(3,415,495)	(3,398,455)
Equity attributable to owners of the Company		<u>52,637,714</u>	<u>51,352,996</u>	<u>27,146,019</u>	<u>26,619,102</u>
Non-controlling interests		54,282,761	52,922,621	-	-
Total equity		<u>106,920,475</u>	<u>104,275,617</u>	<u>27,146,019</u>	<u>26,619,102</u>
Total liabilities and equity		<u>990,377,043</u>	<u>1,025,630,371</u>	<u>40,185,849</u>	<u>39,051,804</u>

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

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Directors
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Statement of comprehensive income

For the three-month period ended 31 March 2015

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

Note	Consolidated		Separate		
	financial statements		financial statements		
	2015	2014	2015	2014	
Profit or loss					
Interest income	20	12,594,637	13,571,363	88,611	151,342
Interest expenses	21	(5,723,057)	(6,814,038)	(145,246)	(248,027)
Net interest income		6,871,580	6,757,325	(56,635)	(96,685)
Fees and service income		2,055,095	2,055,581	101	192
Fees and service expenses		(689,220)	(709,735)	(83)	(62)
Net fees and service income	22	1,365,875	1,345,846	18	130
Gains on trading and foreign exchange transactions	23	256,008	346,828	815	1,534
Gains on investments	24	677,648	301,911	23,651	5,509
Share of profit from investments accounted for					
under equity method		73,277	61,243	-	-
Gains (losses) on property foreclosed and other assets		4,187	197,085	(27,290)	1,276
Insurance/Life insurance income		1,657,744	1,575,125	-	-
Dividend income		70,333	37,150	656,371	550,781
Other operating income		316,106	340,798	18,486	18,347
Total operating income		11,292,758	10,963,311	615,416	480,892
Insurance expenses		(1,162,772)	(1,177,606)	-	-
Net operating income		10,129,986	9,785,705	615,416	480,892
Other operating expenses					
Employee's expenses		2,797,870	2,733,384	31,415	30,962
Directors' remuneration		9,294	8,082	3,001	3,115
Premises and equipment expenses		710,422	707,119	6,817	7,545
Taxes and duties		221,956	212,323	640	170
Other expenses		1,374,945	1,131,209	14,623	16,646
Total other operating expenses		5,114,487	4,792,117	56,496	58,438
Impairment loss of loans and debt securities (reversal)	25	1,647,497	1,656,971	1,966	(373)
Profit before income tax		3,368,002	3,336,617	556,954	422,827
Income tax	26	(688,352)	(670,528)	4,211	24,677
Profit for the period		2,679,650	2,666,089	561,165	447,504

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

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2015

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

Note	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Other comprehensive income				
27				
<i>Transactions will be reclassified subsequently to profit or loss</i>				
Gains (losses) on change in value of				
available-for-sale investments	(25,711)	560,670	(21,510)	27,673
Share of other comprehensive income of associate	1,317	722	-	-
Income tax relating to components of				
other comprehensive income	5,323	(111,973)	4,302	(5,535)
Total other comprehensive income (loss)	(19,071)	449,419	(17,208)	22,138
Total comprehensive income	2,660,579	3,115,508	543,957	469,642
Profit attributable to				
The Company	1,331,508	1,323,343	561,165	447,504
Non-controlling interests	1,348,142	1,342,746	-	-
	2,679,650	2,666,089	561,165	447,504
Total comprehensive income attributable to				
The Company	1,312,390	1,563,289	543,957	469,642
Non-controlling interests	1,348,189	1,552,219	-	-
	2,660,579	3,115,508	543,957	469,642
Earnings per share of the Company				
28				
Basic earnings per share (Baht per share)	1.10	1.10	0.47	0.37
Diluted earnings per share (Baht per share)	1.10	1.10	0.47	0.37

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

Thanachart Capital Public Company Limited and its subsidiaries

(Unaudited but reviewed)

Statements of cash flows

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before income tax	3,368,002	3,336,617	556,954	422,827
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Share of profit from investments				
accounted for under equity method	(73,277)	(61,243)	-	-
Depreciation and amortisation	373,828	350,730	4,838	5,505
Impairment loss of loans and debt securities (reversal)	1,647,497	1,656,971	1,966	(373)
Increase (decrease) in provisions	367,714	125,563	(5,280)	755
Increase (decrease) in allowance for impairment of property foreclosed	38,749	(74,949)	26,909	745
Increase (decrease) in allowance for impairment of equipment/other assets	7,631	2,423	(76)	81
Unrealised gain from change in value of investments/ decrease in allowance for impairment of investments	(34,432)	(137,948)	(10,785)	(36)
Unrealised loss (gain) on exchange	195,635	(60,651)	-	-
Loss (gain) from disposal of/capital return from investments in subsidiary companies	(59,548)	(60,825)	(617)	12
Loss (gain) on disposal of equipment	(3,317)	7,092	(17)	-
Decrease (increase) in accrued other income receivable	385,348	74,980	(7,087)	(1,791)
	6,213,830	5,158,760	566,805	427,725
Net interest income	(6,871,580)	(6,757,325)	56,635	96,686
Dividend income	(70,333)	(37,150)	(656,371)	(550,781)
Cash received from interest on operating activities	11,612,028	12,675,547	14,142	3,442
Cash paid for interest on operating activities	(4,901,056)	(6,447,828)	-	-
Cash paid for income tax	(67,785)	(179,751)	(453)	(687)
Income from operating activities before changes in operating assets and liabilities (loss)	5,915,104	4,412,253	(19,242)	(23,615)

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

Thanachart Capital Public Company Limited and its subsidiaries

(Unaudited but reviewed)

Statements of cash flows (continued)

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	(3,425,557)	20,154,760	401	5,079
Derivative assets	481,734	1,131,915	-	-
Investments in trading securities	888,838	(3,213,378)	(45,498)	(3,699)
Loans to customers	20,670,392	(3,145,869)	(488,613)	817
Property foreclosed	1,981,174	2,698,274	(113)	4,546
Receivables from purchase and sale of securities	(827,481)	(2,400,434)	-	-
Other assets	(852,073)	(244,420)	(3,618)	(14,502)
Increase (decrease) in operating liabilities				
Deposits	(23,196,918)	(39,650,903)	-	-
Interbank and money market items	(11,719,268)	14,705,776	55	1
Liability payable on demand	2,305,334	(565,554)	-	-
Derivatives liabilities	(497,404)	(1,603,515)	-	-
Payable from purchase and sales of securities	2,062,100	3,549,264	-	-
Insurance contract liabilities	88,050	(89,227)	-	-
Other liabilities	(1,826,787)	(1,859,862)	2,285	(5,037)
Net cash flows used in operating activities	(7,952,762)	(6,120,920)	(554,343)	(36,410)
Cash flows from investing activities				
Decrease (increase) in investments in securities	10,046,377	(1,001,787)	(508,049)	(301,063)
Cash received from interest	1,201,558	957,094	6,455	6,659
Cash received from dividend	11,383	487	585,114	476,706
Cash received from disposal of investment in a subsidiary company	-	-	23,146	-
Cash paid for purchase of land and equipment/intangible assets	(114,947)	(247,036)	(616)	(44)
Cash received from disposal of equipment/intangible assets	3,634	3,726	31	1
Net cash flows from (used in) investing activities	11,148,005	(287,516)	106,081	182,259

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

Thanachart Capital Public Company Limited and its subsidiaries

(Unaudited but reviewed)

Statements of cash flows (continued)

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Cash flows from financing activities				
Cash received from debts issued and borrowings	19,962,000	26,453,000	500,000	-
Cash paid for debts issued and borrowings	(26,343,295)	(23,665,579)	-	-
Cash paid for interest expenses on debt issued and borrowings	(947,156)	(1,028,021)	(34,683)	(145,839)
Cash paid for capital return to non-controlling interests of a subsidiary company	(317)	-	-	-
Cash paid for treasury shares	(17,040)	-	(17,040)	-
Cash paid for dividend to non-controlling interests	-	(44,994)	-	-
Net cash flows from (used in) financing activities	(7,345,808)	1,714,406	448,277	(145,839)
Net increase (decrease) in cash	(4,150,565)	(4,694,030)	15	10
Cash at beginning of the period	16,605,432	17,940,109	-	-
Cash at end of the period	12,454,867	13,246,079	15	10

Supplemental cash flows information

Non-cash transactions

Property foreclosed transferred from loans to customers, other receivable and investments in receivables purchased	1,542,884	2,225,285	-	-
Property foreclosed received from capital returned from a subsidiary company	-	-	-	678
Bad debt written off/hair-cut loans from debt restructuring	1,417,794	1,396,874	-	-
Payable from purchase of assets	35,787	115,521	-	451

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity

For the three-month period ended 31 March 2015

(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 the value of investment in subsidiary lower than attributable net book value		Revaluation surplus on investments - net	Share of other comprehensive income of associate	Retained earnings			Treasury shares	Non-controlling interests	Total
	Preferred shares	Common shares				Statutory reserve	Treasury shares reserve			Unappropriated					
Balance as at 1 January 2014	133	12,778,164	2,065,645	165,742	775,814	226,460	714,616	6,185	1,277,830	3,398,455	29,358,306	(3,398,455)	48,070,531	95,439,426	
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(44,994)	(44,994)	
Total comprehensive income for the period	-	-	-	-	-	-	239,419	527	-	-	1,323,343	-	1,552,219	3,115,508	
Balance as at 31 March 2014	133	12,778,164	2,065,645	165,742	775,814	226,460	954,035	6,712	1,277,830	3,398,455	30,681,649	(3,398,455)	49,577,756	98,509,940	
Balance as at 1 January 2015	133	12,778,164	2,065,645	165,742	775,814	226,460	1,499,956	14,215	1,277,830	3,398,455	32,549,037	(3,398,455)	52,922,621	104,275,617	
Cumulative effect of change in accounting policy for fair value measurement (Note 2.4)	-	-	-	-	-	-	-	-	-	-	(10,632)	-	(10,232)	(20,864)	
Increase in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	22,183	22,183	
Cash payment for treasury shares (Note 17)	-	-	-	-	-	-	-	-	-	-	-	(17,040)	-	(17,040)	
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	17,040	(17,040)	-	-	-	
Total comprehensive income for the period (loss)	-	-	-	-	-	-	(20,080)	962	-	-	1,331,508	-	1,348,189	2,660,579	
Balance as at 31 March 2015	133	12,778,164	2,065,645	165,742	775,814	226,460	1,479,876	15,177	1,277,830	3,415,495	33,852,873	(3,415,495)	54,282,761	106,920,475	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

Separate financial statements

	Issued and paid-up share capital		Premium on common share	Premium on treasury share	Other components of equity - revaluation surplus on investments - net	Retained earnings				Total
	Preferred shares	Common shares				Appropriated		Unappropriated	Treasury shares	
						Statutory reserve	Treasury shares reserve			
Balance as at 1 January 2014	133	12,778,164	2,065,645	165,742	370,006	1,277,830	3,398,455	10,121,644	(3,398,455)	26,779,164
Total comprehensive income for the period	-	-	-	-	22,138	-	-	447,504	-	469,642
Balance as at 31 March 2014	133	12,778,164	2,065,645	165,742	392,144	1,277,830	3,398,455	10,569,148	(3,398,455)	27,248,806
Balance as at 1 January 2015	133	12,778,164	2,065,645	165,742	486,802	1,277,830	3,398,455	9,844,786	(3,398,455)	26,619,102
Cash payment for treasury shares (Note 17)	-	-	-	-	-	-	-	-	(17,040)	(17,040)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	17,040	(17,040)	-	-
Total comprehensive income for the period (loss)	-	-	-	-	(17,208)	-	-	561,165	-	543,957
Balance as at 31 March 2015	133	12,778,164	2,065,645	165,742	469,594	1,277,830	3,415,495	10,388,911	(3,415,495)	27,146,019
	-	-	-	-	-	-	-	-	-	-

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

Thanachart Capital Public Company Limited and its subsidiaries
Notes to interim financial statements
For the three-month period ended 31 March 2015

1. General information

Thanachart Capital Public Company Limited (“the Company”) is incorporated as a public limited company and operated its business in Thailand. The Company is mainly engaged in investment holding and is the parent company of the Thanachart Group. The registered office of the Company is at 444, 16-17th Floor, MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok.

All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries’ businesses include commercial bank, non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business, fund management business and others.

2. Basis of preparation of the financial statements

2.1 Basis of preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in equity, and cash flows in the same format as that used for the annual financial statements, which are in accordance with the Bank of Thailand (“BOT”)’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 3 December 2010.

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

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

2.2 Basis of preparation of the interim consolidated financial statements

- a) The interim consolidated financial statements were prepared on the same basis as the consolidated financial statements for the year ended 31 December 2014, and there were no changes in shareholding structure during this period. Therefore, the interim consolidated financial statements included the financial statements of the Company and the following subsidiary companies.

	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<u>Subsidiaries directly held by the Company</u>			
Thanachart Bank Plc.	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	100.00	100.00	-	-
Max Asset Management Co., Ltd.	83.44	83.44	-	-
NASSET Property Fund 6	99.80	99.80	0.06	0.06
Siam City Life Assurance Plc.	51.00	53.50	-	-
<u>Subsidiaries indirectly held by the Company</u>				
SCIB Plc.	-	-	99.98	99.98
Thanachart Securities Plc.	-	-	100.00	100.00
Thanachart Insurance Plc.	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	-	-	100.00	100.00
TS Asset Management Co., Ltd.	-	-	100.00	100.00
Ratchthani Leasing Plc.	-	-	65.18	65.18
National Leasing Co., Ltd.	-	-	100.00	100.00
SCIB Service Co., Ltd.	-	-	100.00	100.00

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 31 March 2015 and 31 December 2014 and for the three-month periods ended 31 March 2015 and 2014, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income	
	31 March	31 December	for the three-month	
	2015	2014	periods ended 31 March	
			2015	2014
Thanachart Bank Plc.	919,180	954,801	8,135	7,989
Siam City Life Assurance Plc.	10,725	10,762	33	44
Thanachart Insurance Plc.	10,652	10,331	808	688
Thanachart Securities Plc.	7,465	7,412	518	314
TS Asset Management Co., Ltd.	7,155	8,179	102	143
Ratchthani Leasing Plc.	27,475	27,050	413	406
NFS Asset Management Co., Ltd.	1,717	1,776	46	20

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

2.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current period's transactions but did not restate the prior year'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.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgment when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. The Company and its subsidiaries are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The Company and its subsidiaries are required to measure the fair value in accordance with the guidance of this standard and recognised prospectively, except for the effect of credit risk on the fair value measurement of derivatives, with the subsidiary electing to adjust the effect of credit risks on fair value against retained earnings as of 1 January 2015, as allowed in the transition provision under Thai Financial Reporting Standards. The change has the effect of decreasing the beginning balance of retained earnings for 2015 of the Company and its subsidiaries by Baht 21 million. The cumulative effect of changes in accounting policy has been separately presented in the statement of changes in equity.

2.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in note 2.4 to the financial statements and the change in the accounting policy regarding life insurance premium reserve as follows:

Life insurance premium reserve

During the period, the subsidiary changed its accounting policy regarding provision for life insurance, from the higher of Net Level Premium Valuation (NPV) or Gross Premium Valuation (GPV) to GPV only. The subsidiary's management believes that the GPV reflects the fair value of the provision and is more appropriate and consistent with the fact that the investments of the subsidiary are measured primarily at fair value. In addition, the GPV approach is consistent with the guidelines of the Office of Insurance Commission.

The change had no effect on the comparative financial statements because the provision formerly recorded and presented in the comparative financial statements was determined based on GPV, which was higher than the amount of provision determined based on NPV.

3. Derivatives

As at 31 March 2015 and 31 December 2014, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), are classified by type of risk as follows:

(Unit: Million Baht)

Types of risk	Consolidated financial statements					
	31 March 2015			31 December 2014		
	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	385	323	114,110	411	319	72,468
Derivatives for banking book	21	8	11,009	9	87	7,796
Interest rate						
Derivatives for trading	4,192	4,191	380,535	3,896	3,856	352,184
Derivatives for banking book	-	-	4,180	-	-	16,100
Foreign exchange rate and interest rate						
Derivatives for trading	20	12	2,764	19	6	2,792
Derivatives for banking book	40	687	11,401	54	930	12,770
Others						
Derivatives for trading	1	4	760	-	2	299
Total	4,659	5,225	524,759	4,389	5,200	464,409

* Disclosed only in case that the subsidiaries have an obligation to pay

Derivatives for hedging (banking book) are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange at the end of the period is presented under derivatives assets/derivatives liabilities. Accrued interest receivables/payables per the contracts are recorded as receivables and payables in other assets/other liabilities.

4. Investments

4.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	31 March 2015		31 December 2014		31 March 2015		31 December 2014	
	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	7,528	7,636	8,221	8,319	-	-	-	-
Private debt securities	5,083	5,359	5,169	5,434	46	46	1	1
Domestic marketable								
equity securities	88	84	198	194	-	-	-	-
	12,699	13,079	13,588	13,947	46	46	1	1
Add: Allowance for change in value	380		359		-		-	
Net	13,079		13,947		46		1	
Available-for-sale securities								
Government and state								
enterprises securities	75,427	76,195	68,156	68,985	-	-	-	-
Private debt securities	29,234	30,181	45,325	46,226	760	790	731	755
Foreign debt securities	10,400	10,556	11,766	11,827	-	-	-	-
Domestic marketable								
equity securities	2,908	4,072	3,281	4,552	152	707	127	711
Unit trusts	746	749	256	259	735	737	241	241
	118,715	121,753	128,784	131,849	1,647	2,234	1,099	1,707
Add: Allowance for change in value	3,038		3,065		587		608	
Net	121,753		131,849		2,234		1,707	
Held-to-maturity debt securities								
Government and state								
enterprises securities	11,145	11,449	11,157	11,473	-	-	-	-
Private debt securities	468	4,138	466	501	3,636	3,632	3,636	3,631
Investment in receivables								
purchased	1,286	1,032	1,293	1,039	701	613	708	620
	12,899	16,619	12,916	13,013	4,337	4,245	4,344	4,251
Less: Allowance for impairment	(254)		(254)		(88)		(88)	
Net	12,645		12,662		4,249		4,256	

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	31 March 2015		31 December 2014		31 March 2015		31 December 2014	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
General investments								
Domestic non-marketable								
equity securities	3,843		3,879		76		112	
Foreign non-marketable								
equity securities	39		39		-		-	
Unit trusts	25		58		-		-	
	<u>3,907</u>		<u>3,976</u>		<u>76</u>		<u>112</u>	
Less: Allowance for impairment	(102)		(116)		(25)		(36)	
Net	<u>3,805</u>		<u>3,860</u>		<u>51</u>		<u>76</u>	
Total investments - net	<u>151,282</u>		<u>162,318</u>		<u>6,580</u>		<u>6,040</u>	

4.2 As at 31 March 2015 and 31 December 2014, the Company has investments of Baht 3,636 million in perpetual non-cumulative subordinated hybrid bonds (Hybrid Tier I). These debentures are unsecured and non-convertible and will be redeemed only upon the dissolution of Thanachart Bank or when conditions specified are met. The debentures bear interest at a rate equal to the highest rate for Thanachart Bank's six-month fixed deposit plus 6 percent per annum, payable semi-annually.

4.3 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 31 March 2015 and 31 December 2014 can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Investments in receivables purchased	1,286	1,293	701	708
Less: Allowance for impairment	(254)	(254)	(88)	(88)
Investments in receivables purchased - net	<u>1,032</u>	<u>1,039</u>	<u>613</u>	<u>620</u>

(Unaudited but reviewed)

	31 March 2015				31 December 2014					
	Number	Balance		Yield	Number	Balance		Yield		
	of	per	Purchase		of	per	Purchase			
	debtors	agreement	price	debtors	agreement	price	debtors	agreement	price	Yield
	Million	Million	Percent		Million	Million	Percent			
	Baht	Baht			Baht	Baht				
<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	504	9,866	1,286		510	9,875	1,293			
<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	199	4,842	701		202	4,850	708			

During the three-month period ended 31 March 2015, the Company entered into agreements restructuring debt from its investments in 3 debtors with book balances before restructuring amounting to Baht 3 million, by means of modification of repayment conditions. There were no losses on this restructuring, whereby the receivables are due in full within the year 2015 (2014: a subsidiary company had restructured debt from investment in 1 debtor with no book balance before restructuring, by means of modification of repayment conditions, whereby the receivable was due in full within 2014).

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 31 March 2015 and 31 December 2014, there was no outstanding restructured receivables in the investments in receivables purchased account.

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

As at 31 March 2015 and 31 December 2014, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, summarised below.

Consolidated financial statements							
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
		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	168	169	988	994	1,450	1,456	178

Separate financial statements							
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
		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	68	69	542	547	912	921	59

5. Investments in subsidiary and associated companies

5.1 Separate financial statements

As at 31 March 2015 and 31 December 2014, investments in subsidiary and associated companies in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding (Percent)		Value of investment under the cost method		Dividend income for the three-month periods ended	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	
	2015	2014	2015	2014	2015	2014	2015	2014
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	55,137	55,137	50.96	50.96	29,056	29,056	-	-
NFS Asset Management Co., Ltd.	1,000	1,000	100.00	100.00	1,000	1,000	585	250
Siam City Life Assurance Plc.	700	700	51.00	53.50	460	482	-	-
Max Asset Management Co., Ltd.	143	143	83.44	83.44	117	117	-	227
NASSET Property Fund 6	122	122	99.80	99.80	122	122	-	-
<u>Associated company</u>								
MBK Plc.	1,886	1,886	10.00	10.00	658	658	57	56
Total investments in subsidiary and associated companies					31,413	31,435	642	533

On 5 January 2015, the Company sold its investment in 1,750,000 ordinary shares of Siam City Life Assurance Plc., to MBK Plc. for Baht 23 million, with a gain on disposal of Baht 1 million.

5.2 Consolidated financial statements

As at 31 March 2015 and 31 December 2014, investment in an associated company, which presented under the equity method, in the consolidated financial statements consists of investment in ordinary shares of the following company which operates in Thailand:

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income		Share of profit	
					Cost method		Equity method		for the three-month periods ended		for the three-month periods ended	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March		31 March	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
MBK Plc. (operating in property rental, hotel and services business)	1,886	1,886	19.90	19.90	948	948	2,378	2,417	113	113	73	61
Total investment in an associated company					948	948	2,378	2,417	113	113	73	61

The Company and its subsidiaries classified investment in MBK Plc. as investment in an associated company since the Company and its subsidiaries had significant influence in that company.

5.3 Summarised financial information of an associated company

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

Paid-up share capital		Total assets		Total liabilities		Total income		Profit	
31 December	30 September	31 December	30 September	31 December	30 September	for the three-month periods ended 31 December		for the three-month periods ended 31 December ⁽¹⁾	
2014	2014	2014	2014	2014	2014	2014	2013	2014	2013
1,886	1,886	37,827	37,834	21,016	20,567	2,702	2,623	369	309

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

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Company, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the three-month period ended 31 March 2015 was determined based on financial statements that were prepared with reference to financial statements for the three-month period ended 31 December 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 period is not materially different from the income for the three-month period ended 31 March 2015.

- b) Fair value of investment in an associated company

As at 31 March 2015 and 31 December 2014, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
MBK Plc.	5,218	5,443	2,621	2,734

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
<u>Loans to customers</u>				
Overdrafts	19,758	20,773	-	-
Loans	273,323	282,197	115	184
Notes receivables	45,183	48,154	798	299
Hire purchase receivables	441,703	454,981	58	59
Financial lease receivables	1,186	1,202	-	-
Others	302	301	-	-
Less: Deferred revenues	(54,042)	(55,787)	(3)	(3)
Total loans to customers net of deferred revenues	727,413	751,821	968	539
Add: Accrued interest receivables	697	788	-	-
Total loans to customers and accrued interest receivables net of deferred revenues	728,110	752,609	968	539
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(18,023)	(18,948)	(90)	(150)
- Collective approach	(9,072)	(8,934)	-	-
2) Excess provision	(614)	(294)	-	-
Less: Revaluation allowance for debt restructuring	(117)	(103)	-	-
Loans to customers and accrued interest receivables - net	700,284	724,330	878	389
<u>Securities business receivables</u>				
Credit balances receivables	3,446	3,633	-	-
Other receivables	179	202	-	-
Total securities business receivables	3,625	3,835	-	-
Less: Allowance for doubtful accounts	(157)	(171)	-	-
Securities business receivables - net	3,468	3,664	-	-
Total loans to customers and accrued interest receivables - net	703,752	727,994	878	389

6.2 Non-performing loans

As at 31 March 2015 and 31 December 2014, the Company and its subsidiaries (banking, securities and asset management businesses) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Non-performing loans (excluding accrued interest receivables)				
The Company	161	232	161	232
Banking business	22,046	22,597	-	-
Securities business	158	172	-	-
Asset management business	7,793	9,273	-	-

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

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
The Company	161	232	161	232
Banking business	22,675	23,031	-	-
Securities business	158	172	-	-

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

6.3 Debt restructuring

During the three-month periods ended 31 March 2015 and 2014, 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 three-month periods ended 31 March				
	Number of debtors	Outstanding balances before restructuring ⁽¹⁾ Million Baht	Outstanding balances after restructuring ⁽¹⁾ Million Baht	Type of assets to be transferred	Fair value of assets to be transferred under agreement Million Baht
2015					
Modification of repayment conditions	507	763	720		
Transfer of assets and/or common shares and/or modification of repayment conditions	6	145	145	Land and premise thereon	36
Total	513	908	865		
2014					
Modification of repayment conditions	698	2,117	2,117		
Transfer of assets and/or common shares and/or modification of repayment conditions	8	54	54	Land, land and premise thereon	56
Total	706	2,171	2,171		

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

Type of restructuring	Separate financial statements		
	For the three-month periods ended 31 March		
	Number of debtors	Outstanding balances before restructuring ⁽¹⁾ Million Baht	Outstanding balances after restructuring ⁽¹⁾ Million Baht
2015			
Modification of repayment conditions	5	3	3
Total	5	3	3
2014			
Modification of repayment conditions	-	-	-
Total	-	-	-

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

Counting from the end of the period, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the three-month periods ended 31 March 2015 and 2014, are summarised below.

Consolidated financial statements				
For the three-month periods ended 31 March				
		2015	2014	
Periods	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	89	74	136	746
Due within the year	86	391	68	856
Less than 5 years	143	72	152	79
5 - 10 years	162	140	278	297
10 - 15 years	19	132	30	102
Over 15 years	14	56	42	91
Total	513	865	706	2,171

Separate financial statements				
For the three-month periods ended 31 March				
		2015	2014	
Periods	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Due within the year	5	3	-	-
Total	5	3	-	-

Supplemental information for the three-month periods ended 31 March 2015 and 2014 relating to restructured loans is as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Interest incomes recognised in the statements of comprehensive income	313	409	6	-
Gain on debt settlement/disposal	4	-	2	-
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	15	-	-	-
Cash repayment from receivables	2,133	6,062	16	-
Property foreclosed received for debts settlement	42	83	-	-

As at 31 March 2015 and 31 December 2014, 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	
	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December
2015	2014	2015	2014	2015	2014	2015	2014	
	Thousand	Thousand			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	0.4	2.6	19	53	102	109	14	15
Thanachart Bank Plc.	1,793.4	1,811.9	29,176	31,690	13,157	14,465	6,400	7,260
Thanachart Securities Plc.	1.4	1.4	3	3	35	35	35	35
TS Asset Management Co., Ltd.	1.4	1.5	1,072	1,155	7,300	8,720	3,755	4,190
Other subsidiaries	0.5	0.5	162	165	450	451	143	143

6.4 Classified by classification

As at 31 March 2015 and 31 December 2014, the Company and its financial institution subsidiaries (banking and asset management businesses) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

	Consolidated financial statements ⁽¹⁾					
	31 March 2015			31 December 2014		
	Net balance used in making			Net balance used in making		
	Loans and accrued interest receivables	allowance for doubtful accounts	Allowance for doubtful accounts ⁽²⁾	Loans and accrued interest receivables	allowance for doubtful accounts	Allowance for doubtful accounts ⁽²⁾
Normal	633,700	436,021	5,756	657,369	454,666	5,831
Special mention	35,333	31,036	4,542	34,488	30,176	4,342
Substandard	4,455	2,958	1,997	5,809	3,365	2,421
Doubtful	4,108	2,509	1,485	4,135	2,824	1,704
Doubtful of loss	21,466	13,406	11,481	22,206	13,178	11,760
Total	699,062	485,930	25,261	724,007	504,209	26,058
Additional allowance for possible uncollectible accounts			614			294
Total			25,875			26,352

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

(2) As at 31 March 2015, the provisions set aside by the Company and subsidiary companies exceeded the minimum requirement per the BOT's notification No. Sor Nor Sor 31/2551 by a total of Baht 7,302 million (31 December 2014: Baht 7,051 million). The Company and subsidiary companies allocated Baht 6,688 million (31 December 2014: Baht 6,757 million) of the excess provision to a specific provision for an individual debtor and so combined with the minimum provision requirement of Baht 18,573 million (31 December 2014: Baht 19,301 million), the total provision set aside in accordance with BOT requirements is Baht 25,261 million (31 December 2014: Baht 26,058 million).

(Unit: Million Baht)

	Separate financial statements					
	31 March 2015			31 December 2014		
	Net balance used in making			Net balance used in making		
	Loans and accrued interest receivables	allowance for doubtful accounts	Allowance for doubtful accounts	Loans and accrued interest receivables	allowance for doubtful accounts	Allowance for doubtful accounts
Normal	807	791	8	307	291	3
Special mention	-	-	-	-	-	-
Substandard	-	-	-	1	-	-
Doubtful	-	-	-	6	-	-
Doubtful of loss	161	82	82	225	147	147
Total	968	873	90	539	438	150

	Percentage of allowance for doubtful account set up			
	Hire purchase receivables - personal consumer for Thanachart Bank ⁽³⁾		Other loans	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Normal	0.52	0.52	1	1
Special mention	8.32	8.47	2	2
Substandard	50.98	52.63	100	100
Doubtful	46.78	48.56	100	100
Doubtful of loss	53.04	51.73	100	100

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

6.5 Loans to companies which have settlement problems

As at 31 March 2015 and 31 December 2014, loans of the Company and its subsidiaries (which engaged in banking business, asset management business, 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	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	3	6	430	713	22	67	408	681
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	44	45	651	898	411	585	239	312
3. Companies which have loan settlement problems or have defaulted on the repayment	1,165	1,117	14,038	14,988	7,846	8,470	6,748	7,043

Separate financial statements

	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted on the repayment	22	28	84	91	88	94	11	12

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

As at 31 March 2015 and 31 December 2014, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables in accordance with the Notification of the Securities and Exchange Commission (“SEC”) governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	31 March 2015			31 December 2014		
	Debt balances	Allowance for doubtful accounts	Debt balances net of allowance for doubtful accounts	Debt balances	Allowance for doubtful accounts	Debt balances net of allowance for doubtful accounts
Normal	3,467	-	3,467	3,663	-	3,663
Substandard	2	1	1	5	4	1
Doubtful	156	156	-	167	167	-
Total	3,625	157	3,468	3,835	171	3,664

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

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

As at 31 March 2015 and 31 December 2014, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

	(Unit: Million Baht)	
	31 March 2015	31 December 2014
Current or overdue not over 90 days	27,250	26,817
Overdue 91 - 365 days	1,047	1,018
Overdue more than 1 year	155	131
Debtors under legal actions	326	367
Total	28,778	28,333
Allowance for doubtful accounts provided in the accounts	1,833	1,822

7. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the three-month period ended 31 March 2015									
	The Company and subsidiary companies which are financial institutions						Other		
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	subsidiary companies	
Balance - beginning of the period	5,831	4,342	2,421	1,704	11,760	294	26,352	1,995	28,347
Increase (decrease) during the period	(75)	200	1	(217)	1,333	320	1,562	94	1,656
Bad debts recovery	-	-	-	-	530	-	530	1	531
Bad debts written-off	-	-	-	-	(1,319)	-	(1,319)	(99)	(1,418)
Reversal from hair-cut	-	-	-	-	(308)	-	(308)	-	(308)
Reversal from disposal of loans	-	-	(425)	(2)	(515)	-	(942)	-	(942)
Balance - end of the period	5,756	4,542	1,997	1,485	11,481	614	25,875	1,991	27,866

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2014									
	The Company and subsidiary companies which are financial institutions						Other subsidiary companies		Consolidated
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Excess provision	Total		
Balance - beginning of the year	7,163	4,217	2,729	5,125	9,682	8	28,924	1,543	30,467
Increase (decrease) during the year	(1,332)	125	(308)	(3,419)	11,333	286	6,685	574	7,259
Bad debts recovery	-	-	-	-	1,210	-	1,210	8	1,218
Bad debts written-off	-	-	-	-	(7,443)	-	(7,443)	(115)	(7,558)
Reversal from hair-cut	-	-	-	-	(94)	-	(94)	-	(94)
Reversal from disposal of loans	-	-	-	(2)	(2,928)	-	(2,930)	(15)	(2,945)
Balance - end of the year	5,831	4,342	2,421	1,704	11,760	294	26,352	1,995	28,347

(Unit: Million Baht)

Separate financial statements						
For the three-month period ended 31 March 2015						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
	Balance - beginning of the period	3	-	-	-	147
Increase (decrease) during the period	5	-	-	-	(3)	2
Reversal from disposal of loans	-	-	-	-	(62)	(62)
Balance - end of the period	8	-	-	-	82	90

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2014						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
	Balance - beginning of the year	-	-	-	-	180
Increase (decrease) during the year	3	-	-	-	(13)	(10)
Bad debts recovery	-	-	-	-	1	1
Bad debts written-off	-	-	-	-	(11)	(11)
Reversal from disposal of loans	-	-	-	-	(10)	(10)
Balance - end of the year	3	-	-	-	147	150

8. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the	For the	For the	For the
	three-month	year ended	three-month	year ended
	period ended	year ended	period ended	year ended
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Balance - beginning of the period	103	305	-	-
Increase during the period	15	-	-	-
Amortised during the period	(1)	(202)	-	-
Balance - end of the period	117	103	-	-

9. Classification of assets

As at 31 March 2015 and 31 December 2014, the quality of assets of the Company and its financial institution subsidiaries (banking and asset management businesses) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	31 March 2015					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	47,935	633,700	-	-	254	681,889
Special mention	-	35,333	-	-	137	35,470
Substandard	-	4,455	-	-	17	4,472
Doubtful	-	4,108	-	-	15	4,123
Doubtful of loss	-	21,466	274	1,118	376	23,234
Total	47,935	699,062	274	1,118	799	749,188

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements

31 December 2014

	Loans to customers and Interbank and money market		Investments	Property		Total
	items	accrued interest receivables		foreclosed	Other assets	
Normal	46,399	657,369	-	-	276	704,044
Special mention	-	34,488	-	-	134	34,622
Substandard	-	5,809	-	-	18	5,827
Doubtful	-	4,135	-	-	17	4,152
Doubtful of loss	-	22,206	317	1,081	370	23,974
Total	46,399	724,007	317	1,081	815	772,619

(Unit: Million Baht)

Separate financial statements

31 March 2015

	Loans to customers and Interbank and money market		Investments	Property		Total
	items	accrued interest receivables		foreclosed	Other assets	
Normal	-	807	-	-	-	807
Special mention	-	-	-	-	1	1
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	161	114	690	77	1,042
Total	-	968	114	690	78	1,850

(Unit: Million Baht)

Separate financial statements

31 December 2014

	Loans to customers and Interbank and money market		Investments	Property		Total
	items	accrued interest receivables		foreclosed	Other assets	
Normal	-	307	-	-	-	307
Special mention	-	-	-	-	-	-
Substandard	-	1	-	-	-	1
Doubtful	-	6	-	-	-	6
Doubtful of loss	-	225	124	663	78	1,090
Total	-	539	124	663	78	1,404

10. Goodwill

As at 31 March 2015 and 31 December 2014, goodwill stated in the consolidated financial statements are as follows:

	(Unit: Million Baht)	
	31 March 2015	31 December 2014
Goodwill	17,986	17,986
Deferred gain on disposal of investment	(958)	(1,017)
Goodwill - ending of the period/year	<u>17,028</u>	<u>16,969</u>

11. Other assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	31 March 2015	2014	31 March 2015	2014
Accrued premium insurance income	171	274	-	-
Other receivables	1,064	1,127	77	78
VAT refundable	15	32	-	-
Other receivables - VAT paid in advance				
for customers	313	312	-	-
Deposits	314	312	3	3
Estimated insurance claims recoveries	315	301	-	-
Receivable from clearing house	768	18	-	-
Leasehold right	244	254	11	11
Prepaid corporate income tax	69	73	43	42
Deposits from derivative contracts	489	444	-	-
Prepaid expenses	591	485	15	12
Reinsurance assets	173	179	-	-
Others	834	1,105	33	29
Total	<u>5,360</u>	<u>4,916</u>	<u>182</u>	<u>175</u>
Less: Allowance for impairment	(496)	(488)	(77)	(78)
Other assets - net	<u>4,864</u>	<u>4,428</u>	<u>105</u>	<u>97</u>

12. Interbank and money market items (liabilities)

As at 31 March 2015, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 1,714 million, consisting of (i) a loan of Baht 800 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, (ii) a loan of Baht 84 million, repayable in quarterly installments, carrying interest at MLR minus a fixed rate per annum, payable monthly, (iii) 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, (iv) a loan of Baht 250 million, repayable in quarterly installments, carrying interest at a fixed rate per annum, payable monthly, and (v) a loan of Baht 80 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 2014: included loans of a subsidiary company amounting to Baht 2,012 million).

13. Debt issued and borrowings

As at 31 March 2015 and 31 December 2014, the balance of domestic debt issued and borrowings, which stated in Baht, are as follows:

Types of borrowings	Interest rate per annum (as at 31 March 2015)	Maturity date	(Unit: Million Baht)			
			Consolidated financial statements		Separate financial statements	
			31 March 2015	31 December 2014	31 March 2015	31 December 2014
Unsubordinated debentures	2.60 - 2.84, 4.10 - 5.50 percent	2015 - 2025	27,970	27,471	12,700	12,200
Perpetual subordinated hybrid bonds issued under Tier I	7.55 percent	Dissolution	3,494	3,494	-	-
Subordinated debentures issued under Tier II	4.70 - 6.00 percent	2015 - 2022	23,509	23,514	-	-
Subordinated instruments issued under Tier II	6.00 percent	2024	12,530	12,600	-	-
Short-term debentures	1.78 - 2.46 percent	2015	23,425	30,180	-	-
Structured notes	1.00 percent	2015	14	37	-	-
Promissory notes	0.40 - 2.50, 4.10, 7.50 percent	At call, 2015	1,083	1,110	-	-
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2015 - 2017	11	12	-	-
Total debt issued and borrowings			92,036	98,418	12,700	12,200

(Unaudited but reviewed)

On 22 January 2015, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2016 and bear interest at fixed rate of 2.60 percent per annum, payable semi-annually.

14. Provisions

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Loss from litigation	435	171	9	9
Employee benefits payable	1,930	1,944	32	37
Obligations from off-balance items	430	434	-	-
Others	300	302	-	-
Total	3,095	2,851	41	46

15. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Life policy reserve	9,808	9,827	-	-
Loss reserves and outstanding claims	1,682	1,652	-	-
Unearned premium reserve	3,150	3,070	-	-
Other liabilities under insurance policies	58	61	-	-
Total insurance contract liabilities	14,698	14,610	-	-

16. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Other payables	1,753	1,778	16	10
Suspense cash received from accounts receivable	764	551	17	18
Income received in advance	1,904	1,946	-	-
Corporate income tax payable	2,021	1,219	-	-
Accrued personnel expenses	974	2,080	50	57
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	857	1,778	-	-
Accrued other expenses	1,256	1,417	5	2
Payables to clearing house	53	480	-	-
Insurance premium received in advance	1,448	1,482	-	-
Others	1,105	1,339	5	4
Total other liabilities	12,135	14,070	93	91

17. Share capital/Treasury stocks

During the three-month period ended 31 March 2015, there's no conversion of preferred shares to the Company's common shares. Therefore, as at 31 March 2015, 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.

On 26 January 2015, a meeting of the Company's Board of Directors passed a resolution approving a plan to repurchase the Company's shares for the purpose of financial management. The scheme has a budget of up to Baht 1,400 million with no more than 56,431,642 shares to be repurchased and the period of the share repurchase is from 10 February 2015 to 9 August 2015. When combined with the 71,350,000 treasury shares repurchased during 11 December 2012 to 10 June 2013, the Company will have a total of 127,781,642 treasury shares, which is not more than 10 percent of the shares of the Company in issue.

As at 31 March 2015, the Company had 71,850,000 shares of treasury stocks, valued at Baht 3,415 million, at an average price of Baht 47.54 per share. These consist of 71,350,000 treasury shares from the now ended share repurchase plan that the directors approved on 26 November 2012, from which the treasury shares have not yet been sold, and 500,000 treasury shares from the ongoing share repurchase plan that the directors approved on 26 January 2015. Both plans require that the treasury shares are to be sold within 3 years from the repurchase date

18. Other components of equity

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
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	978	948	30	24
Equity instruments	888	954	557	584
Total	1,866	1,902	587	608
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(9)	(22)	-	-
Equity instruments	(8)	(6)	-	-
Total	(17)	(28)	-	-
Total revaluation surplus on investments	1,849	1,874	587	608
Less: The effect of deferred tax liabilities	(369)	(374)	(117)	(122)
Net revaluation surplus on investments	1,480	1,500	470	486
Share of other comprehensive income of associate	16	15	-	-
Less: The effect of deferred tax liabilities	(1)	(1)	-	-
Net share of other comprehensive income of associate	15	14	-	-
Total	2,497	2,516	470	486

19. Capital funds

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

In compliance with the Notification of BOT Re: Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The BOT granted a waiver for the Company to indirectly hold more shares of SCIB than permitted by law through Thanachart Bank, for the purposes of the business transfer. The BOT also permitted the Company not to include SCIB into the financial group until the date of completion of liquidation. The Company disclosed capital requirement information as at 31 December 2014 on its website at www.thanachart.co.th since April 2015.

20. Interest income

Interest income for the three-month periods ended 31 March 2015 and 2014 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Interbank and money market items	406	506	-	30
Investments and trading transactions	106	117	-	-
Investments in debt securities	1,066	1,138	75	121
Loans to customers	4,932	5,097	14	-
Hire purchase and financial lease	6,085	6,714	-	-
Total interest income	12,595	13,572	89	151

21. Interest expenses

Interest expenses for the three-month periods ended 31 March 2015 and 2014 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deposits	3,641	4,299	-	-
Interbank and money market items	274	336	-	-
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	857	899	-	-
Debts issued				
- Subordinated debentures	282	611	-	-
- Unsubordinated debentures	471	656	145	248
- Subordinated instruments	186	-	-	-
- Others	11	11	-	-
Borrowings cost	1	2	-	-
Total interest expenses	<u>5,723</u>	<u>6,814</u>	<u>145</u>	<u>248</u>

22. Fees and service income

Fees and service income for the three-month periods ended 31 March 2015 and 2014 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Fees and service income				
Acceptance, aval and guarantees	51	66	-	-
Hire purchase fee income	374	369	-	-
Credit card fee	239	267	-	-
ATM and electronic banking services	233	223	-	-
Brokerage fee from securities/ derivatives	461	246	-	-
Insurance brokerage fee income	290	403	-	-
Others	407	482	-	-
Total fees and service income	<u>2,055</u>	<u>2,056</u>	<u>-</u>	<u>-</u>
Fees and service expenses	<u>(689)</u>	<u>(710)</u>	<u>-</u>	<u>-</u>
Net fees and service income	<u>1,366</u>	<u>1,346</u>	<u>-</u>	<u>-</u>

23. Gains on trading and foreign exchange transactions

Gains on trading and foreign exchange transactions for the three-month periods ended 31 March 2015 and 2014 consisted of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Foreign exchange and derivatives relating to				
foreign exchange	159	175	-	-
Derivatives relating to interest	10	9	-	-
Debt securities	67	152	1	2
Equity securities	18	-	-	-
Others	2	11	-	-
Total	<u>256</u>	<u>347</u>	<u>1</u>	<u>2</u>

24. Gains on investments

Gains on investments for the three-month periods ended 31 March 2015 and 2014 consisted of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Gains on disposal				
Available-for-sale securities	588	236	1	1
Investments in subsidiary companies	60	60	1	-
General investments	10	-	10	-
Gains on debt settlement/disposal of debt/assets				
transferred from investments in receivables				
purchased	1	6	1	5
Reversal of impairment on investments	14	-	11	-
Gains on the capital returned - general				
investment	5	-	-	-
Total	<u>678</u>	<u>302</u>	<u>24</u>	<u>6</u>

25. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month periods ended 31 March 2015 and 2014 consisted of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Impairment loss of loans (reversal)				
Interbank and money market items	(23)	(4)	-	-
Loans to customers	1,656	1,661	2	-
Amortisation of revaluation allowance for debts				
restructured during the period	(1)	(2)	-	-
Loss from debt restructuring	15	-	-	-
Loss from impairment of investments in				
receivables purchased	-	2	-	-
Total	1,647	1,657	2	-

26. Income tax

Income tax expenses for the three-month periods ended 31 March 2015 and 2014 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current income tax:				
Interim corporate income tax	867	706	-	-
Deferred tax:				
Relating to origination and reversal of temporary				
differences	(179)	(35)	(4)	(25)
Income tax expense reported in statements				
of comprehensive income	688	671	(4)	(25)

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2015 and 2014 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax relating to gain on changes in value of available-for-sale investments	(6)	112	(4)	6
Deferred tax relating to share of other comprehensive income of associates	-	-	-	-
	<u>(6)</u>	<u>112</u>	<u>(4)</u>	<u>6</u>

27. Components of other comprehensive income

Components of other comprehensive income for the three-month periods ended 31 March 2015 and 2014 are as the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Other comprehensive income				
Available-for-sale investments:				
Unrealised gains during the period	562	796	(22)	27
Reclassification of adjustment for realised gains/losses that included in profit or loss	(588)	(236)	1	1
	<u>(26)</u>	<u>560</u>	<u>(21)</u>	<u>28</u>
Share of other comprehensive income of associate	1	1	-	-
Other comprehensive income for the period (loss)	<u>(25)</u>	<u>561</u>	<u>(21)</u>	<u>28</u>
Effects of relevant income taxes				
Income tax - gains on changes in value of available-for-sale investments	6	(112)	4	(6)
Effects of relevant income taxes	<u>6</u>	<u>(112)</u>	<u>4</u>	<u>(6)</u>
Net other comprehensive income for the period (loss)	<u>(19)</u>	<u>449</u>	<u>(17)</u>	<u>22</u>

28. Earnings per share

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

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

Consolidated financial statements						
For the three-month periods ended 31 March						
Profit for the period		Weighted average number of common shares		Earnings per share		
2015	2014	2015	2014	2015	2014	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Profit attributable to the Company	1,331,508	1,323,343	1,206,394	1,206,467	1.10	1.10
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	1,331,508	1,323,343	1,206,407	1,206,480	1.10	1.10

	Separate financial statements					
	For the three-month periods ended 31 March					
	Profit for the period		Weighted average number of common shares		Earnings per share	
	2015	2014	2015	2014	2015	2014
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Profit attributable to the Company	561,165	447,504	1,206,394	1,206,467	0.47	0.37
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	561,165	447,504	1,206,407	1,206,480	0.47	0.37

29. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy (For the year 2015)
	Consolidated financial statements		Separate financial statements		
	2015	2014	2015	2014	
Transactions occurred during the periods					
Subsidiaries					
Purchase of debt securities	-	-	-	1,035	
Sales of debt securities	-	-	-	1,216	
Interest income	-	-	76	101	At interest rate of 0.10 - 7.625 percent per annum
Dividend income	-	-	585	477	As declared
Rental and other service income	-	-	15	16	At the rate agreed under the contract
Other expenses	-	-	3	3	At the rate agreed under the contract based on cost of service

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy (For the year 2015)
	Consolidated		Separate		
	financial statements		financial statements		
	2015	2014	2015	2014	
Transactions occurred during the period					
(continued)					
Associated company					
Dividend income	-	-	57	56	As declared
Other income	1	1	1	-	
Interest expenses	1	18	-	-	At interest rate of 0.40 - 0.75 percent per annum
Other expenses	32	33	3	3	
Dividend paid	-	45	-	-	
Related companies					
Purchase of debt securities	477	-	-	-	At market prices
Sales of debt securities	222	108	-	-	At market prices
Purchase/sales of forward exchange contracts	69,748	166,995	-	-	At market prices
Interest income	71	65	-	-	At interest rate of 0.09 - 7.78 percent per annum
Dividend income	30	26	15	13	As declared
Insurance premium/life insurance premium income	-	1	-	-	
Other income	1	2	-	-	
Interest expenses	85	107	-	-	At interest rate of 0.25 - 7.55 percent per annum
Project management expenses	16	18	4	5	At the contract price calculated by reference to estimated usage time
Other expenses	29	28	-	-	

(Unaudited but reviewed)

The outstanding balances of the above transactions during the three-month periods ended 31 March 2015 and 2014 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	148	3,391
Loans to customers	-	-	416	-
<u>Associated company</u>				
Deposits	153	400	-	-
Debts issued and borrowings	58	1,200	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	273	191	-	-
Loans to customers	6,492	7,015	-	-
Deposits	1,193	2,267	-	-
Interbank and money market items (liabilities)	12,703	14,432	-	-
Debts issued and borrowings	3,674	3,894	-	-

As at 31 March 2015 and 31 December 2014, the significant outstanding balances of the above transactions are as follows:

	(Unit: Million Baht)								
	Consolidated financial statements								
	31 March 2015								
	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	Commitment s
Associated company									
MBK Plc.	-	-	-	152	183	-	58	3	-
Related companies									
The Bank of Nova Scotia	122	-	-	-	-	13,010	3,494	136	1,071
Krungthai Card Plc.	-	-	4,118	-	4	-	-	-	-
Synphaet Co., Ltd.	-	-	937	-	104	-	-	-	36
Home Product Center Plc.	-	507	-	5	-	-	-	-	-
Other related companies	-	-	1,315	103	1,093	99	239	17	923
	122	507	6,370	260	1,384	13,109	3,791	156	2,030

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements

31 December 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	Commitment s
Associated company									
MBK Plc.	-	-	-	39	116	-	58	1	-
Related companies									
The Bank of Nova Scotia	348	-	-	-	-	12,842	3,494	74	3,566
Krungthai Card Plc.	-	-	4,770	-	8	-	-	-	-
Synphaet Co., Ltd.	-	-	815	-	1	-	-	-	36
Home Product Center Plc.	-	684	-	2	-	-	-	-	-
Other related companies	-	-	1,465	74	1,145	71	-	124	379
	<u>348</u>	<u>684</u>	<u>7,050</u>	<u>115</u>	<u>1,270</u>	<u>12,913</u>	<u>3,552</u>	<u>199</u>	<u>3,981</u>

(Unit: Million Baht)

Separate financial statements

31 March 2015

	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.	17	3,643	-	149	-	-	-	3	-
Thanachart Securities Plc.	-	-	-	2	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	6	-
Max Asset Management Co., Ltd.	-	-	291	-	-	-	-	-	-
NFS Asset Management Co., Ltd.	-	-	500	1	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	59	-	-	-	-	-
Related companies									
Patum Rice Mill and Granary Plc.	-	-	-	15	-	-	-	-	-
Plan Estate Co., Ltd.	-	-	-	-	-	-	-	1	-
	<u>17</u>	<u>3,643</u>	<u>791</u>	<u>226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements							
	31 December 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
Subsidiary companies								
Thanachart Bank Plc.	17	3,638	-	77	-	-	-	-
Thanachart Securities Plc.	-	-	-	2	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	8	-
Max Asset Management Co., Ltd.	-	-	291	-	-	-	-	-
Associated company								
MBK Plc.	-	-	-	3	-	-	-	-
	17	3,638	291	82	-	-	8	-

As at 31 March 2015 and 31 December 2014, the Company has loans to subsidiary companies as follows:

Company's name	Interest rate	Outstanding balances	
		31 March 2015	31 December 2014
		Max Asset Management Co., Ltd.	MLR of Thanachart Bank + 0.5%
NFS Asset Management Co., Ltd.	MLR of Thanachart Bank	500	-
Total		791	291

As at 31 March 2015, the Company and its subsidiaries have investments amounting to Baht 1,535 million (Baht 732 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 2014: Baht 1,594 million in the consolidated financial statements and Baht 761 million in the separate financial statements).

As at 31 March 2015 and 31 December 2014, 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:

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Loans to customers	79	91	-	-
Deposits	680	712	-	-

Directors and management's remuneration

During the three-month periods ended 31 March 2015 and 2014, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Short-term employee benefits	147	116	20	19
Post-employment benefits	4	4	-	-
	151	120	20	19

30. Financial information classified by operating segment

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

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

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

(Unit: Million Baht)

For the three-month period ended 31 March 2015

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Net interest income	(57)	6,294	54	108	67	84	329	(7)	6,872
Other operating income	672	2,076	629	(65)	535	39	227	(855)	3,258
Other operating expenses	(56)	(4,351)	(353)	(33)	(223)	(62)	(193)	156	(5,115)
Impairment loss of loans and debt securities	(2)	(1,351)	1	-	-	(188)	(98)	(9)	(1,647)
Profit before income tax	557	2,668	331	10	379	(127)	265	(715)	3,368
Income tax	4	(513)	(64)	4	(75)	19	(55)	(8)	(688)
Profit before non-controlling interests	561	2,155	267	14	304	(108)	210	(723)	2,680

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 31 March 2014									
	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Net interest income	(97)	6,184	55	116	72	79	356	(7)	6,758
Other operating income	578	1,980	415	(62)	431	87	200	(601)	3,028
Other operating expenses	(58)	(4,179)	(281)	(17)	(191)	(57)	(157)	148	(4,792)
Impairment loss of loans and debt securities	-	(1,572)	-	-	-	(19)	(74)	8	(1,657)
Profit before income tax	423	2,413	189	37	312	90	325	(452)	3,337
Income tax	25	(490)	(35)	(8)	(62)	(19)	(70)	(12)	(671)
Profit before non-controlling interests	448	1,923	154	29	250	71	255	(464)	2,666

The segment assets of the Company and its subsidiaries as at 31 March 2015 and 31 December 2014 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 31 March 2015	40,186	928,607	8,099	11,259	11,468	9,715	29,667	(48,624)	990,377
As at 31 December 2014	39,052	967,216	8,060	11,294	11,234	10,784	30,824	(52,834)	1,025,630

31. Encumbrance of assets

As at 31 March 2015 and 31 December 2014, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	Interbank and money market items (assets)			
Placed at insurance registrar	600	-	-	-
Placed at court	7	7	-	-
Investments in securities				
Placed at insurance registrar	3,463	3,295	-	-
Placed at court	421	422	-	-
Placed for electricity usage	1	1	-	-
Property foreclosed				
Immovable assets subject to buyback options or first refusal rights	289	289	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	795	426	6	1
	<u>5,576</u>	<u>4,440</u>	<u>6</u>	<u>1</u>

32. Commitments and contingent liabilities

As at 31 March 2015 and 31 December 2014, significant commitments and contingent liabilities consisted of:

32.1 Commitments

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Aval to bills	153	256	-	-
Liability under unmaturred import bills	362	509	-	-
Letter of credits	4,703	4,796	-	-
Other obligations				
Committed (but not drawn) overdraft	27,723	28,170	-	-
Others	21,445	22,951	1	1
Total	54,386	56,682	1	1

In addition, the Company and its subsidiaries have commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and gold futures contracts, as mentioned in Note 3 to the financial statements.

32.2 As at 31 March 2015, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system and other services, including commitments in respect of office rental and related service fees under long-term contracts, as follows:

Year	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Other companies	Other companies
2015	1,552	21
2016	1,639	5
2017 onward	2,299	4

In addition, the Company has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.

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

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of the Financial Institutions Development Fund (“FIDF”) to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 31 March 2015, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 2 million, as a result of the transfer of assets to SAM. This comprised receivables awaiting collection and the difference is presented under the caption of “Differences as a result of assets transferred to SAM” in the statements of financial position. The remaining mainly relates to transfers of guarantee claims, for which there are pending issues with regard to proof of rights of claim or the qualification of the assets transferred under the conditions set out in the transfer agreements. Such differences, for which full allowance for doubtful debts has been set aside, are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.
- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 31 March 2015, the transferred assets which SAM is re-examining totaling Baht 38 million of transactions incurred by BMB. If losses arise Thanachart Bank will receive compensation for those from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 38 million.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to Baht 1,645 million, as disclosed under contingent liabilities in Note 33 to the financial statements.
- d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in the FIDF's account. Such deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if such losses are actually incurred due to the outstanding issues described in a), b), c) and d) above. As at 31 March 2015, the outstanding balance of FIDF's deposit account with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 707 million. In addition, there is a memorandum of agreement concerning conditions for additional loss compensation if Thanachart Bank incurs losses in relation to the lawsuit discussed in c), which 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.

33. Litigation

As at 31 March 2015, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 4,678 million (separate financial statements: Baht 67 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 1,645 million, relates to lawsuits involving Thanachart Bank, as a result of the transfer of business from BMB to SCIB, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF.

34. Letter of guarantees

As at 31 March 2015, the Company and its subsidiaries had letter of guarantees issued by banks on behalf of the Company and its subsidiaries, amounting approximately Baht 33 million, placed for electricity usage (separate financial statements: Baht 1 million).

35. Acquisition and disposal of investments in a subsidiary company

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.

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.

During the first quarter of 2015, the Company sold 1,750,000 ordinary shares of Siam City Life Assurance Plc. to MBK Plc. As a result, the Company’s investment in Siam City Life Assurance Plc. amounts to 35,700,000 ordinary shares, representing 51 percent of its issued and paid-up share capital.

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.

36. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company and its subsidiaries use the quoted price in an active market to measure the fair value of a financial asset or liability, whenever such a price is available. If a quoted price in an active market is not available, the Company and its subsidiaries measures fair value using a generally accepted valuation technique, which includes analysis of the present value of cash flows and use of a theoretical valuation model.

The Company and its subsidiaries’ fair value hierarchy used to measure the fair value of financial assets and financial liabilities are as follows:

Level 1 - Use of quoted market prices for the same assets or liabilities in an observable active market

Level 2 - Use of other inputs that are observable for the assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

Valuation techniques and inputs used for Level 2 fair value measurement

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

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

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Trading securities				
Equity securities	84	-	-	84
Debt securities	-	12,995	-	12,995
Available-for-sale securities				
Equity securities	4,821	-	-	4,821
Debt securities	-	116,932	-	116,932
Derivatives assets				
Foreign exchange contracts	-	385	-	385
Cross currency and interest rate swap contracts				
Interest rate swap contracts	-	4,192	-	4,192
Others	-	1	-	1
Financial liabilities measured at fair value				
Derivatives liabilities				
Foreign exchange contracts	-	323	-	323
Cross currency and interest rate swap contracts				
Interest rate swap contracts	-	4,191	-	4,191
Others	-	4	-	4

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Trading securities				
Debt securities	-	46	-	46
Available-for-sale securities				
Equity securities	1,444	-	-	1,444
Debt securities	-	790	-	790

37. Events after the reporting period

On 2 April 2015, the Annual General Meeting of the Shareholders of the Company to approve the payment of a dividend of Baht 1 per share, or a total of Baht 1,206 million, to the ordinary and preference shareholders.

38. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 May 2015.