

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
30 June 2013

Independent Auditor's Report

To the Shareholders of Thanachart Capital Public Company Limited

Report on Audit of Financial Statements

I have audited the accompanying consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 30 June 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thanachart Capital Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 30 June 2013, and their financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

I draw attention to Note 3 to the financial statements regarding the change in accounting policy as a result of the adoption of Thai Accounting Standard 12 Income Taxes. My opinion is not qualified in respect of this matter.

Other Matter

The consolidated statement of financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 31 December 2012 (before restatement) were audited by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 18 February 2013. The consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2012 of Thanachart Capital Public Company Limited and its subsidiaries, and of Thanachart Capital Public Company Limited for the same period (before restatement) were also audited by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 27 August 2012.

Review Report of Interim Financial Information

I have reviewed the accompanying consolidated statement of comprehensive income for the three-month period ended 30 June 2013 of Thanachart Capital Public Company Limited and its subsidiaries, and of Thanachart Capital Public Company Limited for the same period.

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

Scope of Review

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

Conclusion

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

Other Matter

The consolidated statements of comprehensive income for the three-month period ended 30 June 2012 of Thanachart Capital Public Company Limited and its subsidiaries, and of Thanachart Capital Public Company Limited for the same period (before restatement) were also reviewed by another auditor of our firm who concluded, under her report dated 27 August 2012, that nothing had come to her attention that caused her to believe that the interim statements of comprehensive income were not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 26 August 2013

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2013

(Unit: Thousand Baht)

Consolidated financial statements			
	30 June	31 December	1 January
Note	2013	2012	2012
		(Restated)	
Assets			
Cash	12,493,321	15,181,402	16,005,678
Interbank and money market items - net	7 59,074,061	71,978,183	63,232,094
Derivative assets	8 3,436,904	2,176,536	1,536,490
Investments - net	9 133,760,356	150,648,783	152,511,228
Investments in subsidiaries and associates - net	10 2,198,668	1,806,808	1,684,351
Loans to customers and accrued interest receivables	11		
Loans to customers	850,003,229	813,483,032	676,790,337
Accrued interest receivables	942,674	1,072,443	979,725
Total loans to customers and accrued interest receivables	850,945,903	814,555,475	677,770,062
Less: Deferred revenue	(61,718,577)	(58,152,765)	(39,686,523)
Allowance for doubtful accounts	12 (30,201,573)	(24,542,763)	(26,900,029)
Revaluation allowance for debt restructuring	13 (341,664)	(348,390)	(385,980)
Net loans to customers and accrued interest receivables	758,684,089	731,511,557	610,797,530
Customers' liability under acceptance	35,738	41,489	90,531
Property foreclosed - net	15 9,190,471	9,914,893	11,560,135
Land, premises and equipment - net	16 7,955,284	8,344,276	8,814,746
Intangible assets - net	17 3,994,290	4,294,348	4,709,482
Goodwill	18 16,593,132	16,460,627	16,183,017
Receivables from purchase and sale of securities	4,600,126	2,102,712	858,326
Accrued interest and dividend receivables	1,089,759	1,166,040	1,050,831
Reinsurance assets	583,541	1,155,602	2,573,393
Deferred tax assets	19 2,946,466	2,547,105	2,534,184
Other assets - net	20 7,432,878	8,741,223	5,224,803
Total assets	1,024,069,084	1,028,071,584	899,366,819

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 June	31 December	1 January	
Note	2013	2012	2012	
		(Restated)		
Liabilities and equity				
Deposits	21	702,545,301	693,421,291	435,864,954
Interbank and money market items	22	68,887,551	87,776,950	60,151,091
Liability payable on demand		3,600,630	4,989,214	2,130,716
Derivatives liabilities	8	3,634,302	1,206,215	2,885,848
Debts issued and borrowings	23	107,529,544	89,505,860	262,653,021
Bank's liability under acceptances		35,738	41,489	90,531
Provisions	24	3,631,447	3,299,608	3,143,979
Accrued interest payable		4,200,162	4,059,655	3,267,864
Payables from purchase and sale of securities		3,971,439	2,872,487	850,724
Insurance contract liabilities	25	16,665,826	39,632,420	36,154,060
Deferred tax liabilities	19	3,517,449	3,431,638	3,010,343
Other liabilities	26	15,524,119	12,600,900	11,952,887
Total liabilities		933,743,508	942,837,727	822,156,018

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2013

(Unit: Thousand Baht)

		Consolidated financial statements		
		30 June	31 December	1 January
Note		2013	2012	2012
		(Restated)		
Equity				
	Share capital	27		
	Registered, issued and paid-up			
	13,306 preferred shares of Baht 10 each			
	(1 January 2012: 13,336 preferred shares of Baht 10 each)	133	133	133
	1,277,816,397 common shares of Baht 10 each			
	(1 January 2012: 1,333,140,667 common shares of Baht 10 each)	12,778,164	12,778,164	13,331,407
		12,778,297	12,778,297	13,331,540
	Premium on common share	2,065,645	2,065,645	2,065,645
	Premium on treasury share	165,742	165,742	-
	Other components of equity	28	1,901,574	1,424,734
	Retained earnings			
	Appropriated - statutory reserve	29	1,277,830	1,202,176
	- treasury shares reserve		3,398,455	-
				387,501
	Unappropriated		26,880,509	25,396,290
				21,105,753
	Less: Treasury shares - common shares		(3,398,455)	-
				(387,501)
	Equity attributable to owners of the Company		44,884,943	43,585,378
				39,129,848
	Non-controlling interests		45,440,633	41,648,479
				38,080,953
	Total equity		90,325,576	85,233,857
				77,210,801
	Total liabilities and equity		1,024,069,084	1,028,071,584
				899,366,819
			-	-
			-	-

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

.....
 Directors

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2013

(Unit: Thousand Baht)

		Separate financial statements			
		30 June	31 December	1 January	
Note		2013	2012	2012	
		(Restated)			
Assets					
	Interbank and money market items - net	7	461,994	4,852,214	75,753
	Investments - net	9	5,356,355	6,724,409	5,657,335
	Investments in subsidiaries and associates - net	10	31,572,896	31,572,896	31,598,119
	Loans to customers and accrued interest receivables	11			
	Loans to customers		311,172	318,280	1,344,436
	Accrued interest receivables		29	30	9,245
	Total loans to customers and accrued interest receivables		311,201	318,310	1,353,681
	Less: Deferred revenue		(5,809)	(6,875)	(7,847)
	Allowance for doubtful accounts	12	(208,092)	(214,590)	(258,777)
	Net loans to customers and accrued interest receivables		97,300	96,845	1,087,057
	Property foreclosed - net	15	1,448,906	1,667,150	2,006,953
	Land, premises and equipment - net	16	49,660	51,905	55,150
	Intangible assets - net	17	520	385	400
	Receivables from purchase and sale of securities		-	-	664
	Accrued interest and dividend receivables		74,794	81,522	78,922
	Deferred tax assets	19	205,023	233,321	265,855
	Other assets - net	20	87,417	83,431	82,595
	Total assets		39,354,865	45,364,078	40,908,803

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2013

(Unit: Thousand Baht)

	Note	Separate financial statements		
		30 June	31 December	1 January
		2013	2012	2012
			(Restated)	
Liabilities and equity				
Interbank and money market items		28	3	246
Debts issued and borrowings	23	12,000,000	15,000,000	12,000,000
Provisions	24	216,574	215,105	210,118
Accrued interest payable		75,912	95,462	79,960
Deferred tax liabilities	19	95,036	73,989	60,917
Other liabilities	26	216,322	188,127	147,750
Total liabilities		12,603,872	15,572,686	12,498,991
Equity				
Share capital	27			
Registered, issued and paid-up				
13,306 preferred shares of Baht 10 each				
(1 January 2012: 13,336 preferred shares of Baht 10 each)		133	133	133
1,277,816,397 common shares of Baht 10 each				
(1 January 2012: 1,333,140,667 common shares of Baht 10 each)		12,778,164	12,778,164	13,331,407
		12,778,297	12,778,297	13,331,540
Premium on common share		2,065,645	2,065,645	2,065,645
Premium on treasury share		165,742	165,742	-
Other components of equity	28	378,005	293,602	240,304
Retained earnings				
Appropriated - statutory reserve	29	1,277,830	1,277,830	1,202,176
- treasury shares reserve		3,398,455	-	387,501
Unappropriated		10,085,474	13,210,276	11,570,147
Less: Treasury shares - common shares		(3,398,455)	-	(387,501)
Total equity		26,750,993	29,791,392	28,409,812
Total liabilities and equity		39,354,865	45,364,078	40,908,803
		-	-	-

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

Directors

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2013

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

Note	Consolidated		Separate		
	financial statements		financial statements		
	2013	2012	2013	2012	
		(Restated)		(Restated)	
Profit or loss					
Continuing operations					
Interest income	32	13,360,536	12,098,801	104,370	111,304
Interest expenses	33	(6,796,376)	(6,163,948)	(144,453)	(135,515)
Net interest income		6,564,160	5,934,853	(40,083)	(24,211)
Fees and service income		2,270,422	1,526,776	657	8,118
Fees and service expenses		(464,269)	(359,395)	(379)	(565)
Net fees and service income	34	1,806,153	1,167,381	278	7,553
Gains (losses) on trading and foreign exchange transactions	35	(23,445)	368,306	(7)	57
Gains on investments	36	12,417,780	120,677	19,028	18,968
Share of profit from investments accounted for under equity method		96,945	122,791	-	-
Gains on property foreclosed and other assets		143,757	414,670	111,977	159,854
Insurance premium/Life insurance premium income		1,788,404	1,506,620	-	-
Dividend income		28,780	26,648	1,211,256	2,394,644
Other operating income		291,344	442,249	22,931	51,760
Total operating income		23,113,878	10,104,195	1,325,380	2,608,625
Insurance expenses		(1,053,117)	(1,168,755)	-	-
Net operating income		22,060,761	8,935,440	1,325,380	2,608,625
Other operating expenses					
Employee's expenses		2,794,121	2,688,752	30,201	29,470
Directors' remuneration	37	42,371	37,049	20,690	17,867
Premises and equipment expenses		749,259	801,431	6,960	19,251
Taxes and duties		214,706	238,038	1,013	2,883
Other expenses		1,675,226	1,634,702	21,185	21,217
Total other operating expenses		5,475,683	5,399,972	80,049	90,688
Impairment loss of loans and debt securities					
(reversal of impairment loss of loans and debt securities)					
	38	6,725,697	488,283	(30,370)	(9,489)
Profit before income tax		9,859,381	3,047,185	1,275,701	2,527,426
Income tax	19.2	(2,189,275)	(627,161)	(15,595)	(19,153)
Profit for the period from continuing operations		7,670,106	2,420,024	1,260,106	2,508,273
Discontinued operations					
Profit for the period from discontinued operations	48	42,012	436,259	-	-
Profit for the period		7,712,118	2,856,283	1,260,106	2,508,273

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries**Statement of comprehensive income (continued)****For the three-month period ended 30 June 2013**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2013	2012	2013	2012
			(Restated)		(Restated)
Other comprehensive income					
Continuing operations					
	39				
Gains (losses) on remeasuring					
available-for-sale investments		(743,555)	428,465	(39,821)	39,468
Share of other comprehensive income					
of associates (losses)		26,521	(955)	-	-
Income tax relating to components of					
other comprehensive income		149,210	(89,211)	7,964	(7,894)
Total other comprehensive income from					
continuing operations (losses)		(567,824)	338,299	(31,857)	31,574
Discontinued operations					
Other comprehensive incomes from					
discontinued operations		(93,686)	115,747	-	-
Total other comprehensive income (losses)		(661,510)	454,046	(31,857)	31,574
Total comprehensive income					
Total comprehensive income from					
continuing operations		7,102,282	2,758,323	1,228,249	2,539,847
Total comprehensive income from					
discontinued operations		(51,674)	552,006	-	-
Total comprehensive income		7,050,608	3,310,329	1,228,249	2,539,847
Profit attributable to					
The Company					
Profit for the period from continuing operations		4,056,733	1,510,323	1,260,106	2,508,273
Profit for the period from discontinued operations		21,409	222,315	-	-
Profit for the period attributable to the Company		4,078,142	1,732,638	1,260,106	2,508,273
Non-controlling interests					
Profit for the period from continuing operations		3,613,373	909,701	-	-
Profit for the period from discontinued operations		20,603	213,944	-	-
Profit for the period attributable to the					
non-controlling interests		3,633,976	1,123,645	-	-
		7,712,118	2,856,283	1,260,106	2,508,273

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 June 2013

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

Note	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Total comprehensive income attributable to				
The Company				
Total comprehensive income from continuing operations	3,759,740	1,690,007	1,228,249	2,539,847
Total comprehensive income from discontinued operations	(5,316)	306,096	-	-
Total comprehensive income attributable to the Company	<u>3,754,424</u>	<u>1,996,103</u>	<u>1,228,249</u>	<u>2,539,847</u>
Non-controlling interests				
Total comprehensive income from continuing operations	3,342,542	1,068,316	-	-
Total comprehensive income from discontinued operations	(46,358)	245,910	-	-
Total comprehensive income attributable to non-controlling interests	<u>3,296,184</u>	<u>1,314,226</u>	<u>-</u>	<u>-</u>
	<u>7,050,608</u>	<u>3,310,329</u>	<u>1,228,249</u>	<u>2,539,847</u>
Earnings per share of the Company				
	40			
Basic earnings per share (Baht per share)				
From continuing operations	3.27	1.18	1.02	1.96
From discontinued operations	0.02	0.18	-	-
Profit attributable to the Company	<u>3.29</u>	<u>1.36</u>	<u>1.02</u>	<u>1.96</u>
Diluted earnings per share (Baht per share)				
From continuing operations	3.27	1.18	1.02	1.96
From discontinued operations	0.02	0.18	-	-
Profit attributable to the Company	<u>3.29</u>	<u>1.36</u>	<u>1.02</u>	<u>1.96</u>

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2013

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

Note	Consolidated		Separate		
	financial statements		financial statements		
	2013	2012	2013	2012	
		(Restated)		(Restated)	
Profit or loss					
Continuing operations					
Interest income	32	26,486,583	23,617,830	287,090	213,689
Interest expenses	33	(13,611,795)	(12,290,405)	(293,189)	(271,059)
Net interest income		12,874,788	11,327,425	(6,099)	(57,370)
Fees and service income		4,516,357	2,974,949	1,321	9,285
Fees and service expenses		(908,058)	(728,861)	(618)	(931)
Net fees and service income	34	3,608,299	2,246,088	703	8,354
Gains (losses) on trading and foreign exchange transactions	35	144,057	278,186	(8)	(33)
Gains on investments	36	12,627,739	314,651	19,577	22,566
Share of profit from investments accounted for under equity method	10.2	501,909	161,595	-	-
Gains on property foreclosed and other assets		456,604	594,352	267,107	168,898
Insurance premium/Life insurance premium income		3,472,328	2,880,738	-	-
Dividend income		232,160	108,194	1,276,330	2,584,395
Other operating income		717,210	859,963	45,043	101,290
Total operating income		34,635,094	18,771,192	1,602,653	2,828,100
Insurance expenses		(2,169,103)	(1,618,483)	-	-
Net operating income		32,465,991	17,152,709	1,602,653	2,828,100
Other operating expenses					
Employee's expenses		5,462,064	5,555,323	62,329	56,183
Directors' remuneration	37	49,053	43,688	23,671	20,202
Premises and equipment expenses		1,481,169	1,558,146	13,867	38,527
Taxes and duties		445,953	464,112	4,028	3,331
Other expenses		3,201,637	3,132,944	40,730	46,018
Total other operating expenses		10,639,876	10,754,213	144,625	164,261
Impairment loss of loans and debt securities (reversal of impairment loss of loans and debt securities)					
	38	8,090,882	903,662	(16,917)	(15,885)
Profit before income tax		13,735,233	5,494,834	1,474,945	2,679,724
Income tax	19.2	(2,899,254)	(1,214,957)	(52,613)	(15,003)
Profit for the period from continuing operations		10,835,979	4,279,877	1,422,332	2,664,721
Discontinued operations					
Profit for the period from discontinued operations	48	354,241	796,059	-	-
Profit for the period		11,190,220	5,075,936	1,422,332	2,664,721

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2013

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2013	2012	2013	2012
			(Restated)		(Restated)
Other comprehensive income					
Continuing operations					
	39				
Gains (losses) on remeasuring					
available-for-sale investments		(440,843)	255,207	105,504	26,648
Share of other comprehensive income					
of associates (loss)		(11,116)	10,616	-	-
Income tax relating to components of					
other comprehensive income		91,551	(46,297)	(21,101)	(5,329)
Total other comprehensive income from					
continuing operations (losses)		(360,408)	219,526	84,403	21,319
Discontinued operations					
Other comprehensive incomes from					
discontinued operations (losses)		(110,403)	(1,634)	-	-
Total other comprehensive income (losses)		(470,811)	217,892	84,403	21,319
Total comprehensive income					
Total comprehensive income from					
continuing operations		10,475,571	4,499,403	1,506,735	2,686,040
Total comprehensive income from					
discontinued operations		243,838	794,425	-	-
Total comprehensive income		10,719,409	5,293,828	1,506,735	2,686,040
Profit attributable to					
The Company					
Profit for the period from continuing operations		5,850,834	2,571,309	1,422,332	2,664,721
Profit for the period from discontinued operations		180,519	405,666	-	-
Profit for the period attributable to the Company		6,031,353	2,976,975	1,422,332	2,664,721
Non-controlling interests					
Profit for the period from continuing operations		4,985,145	1,708,568	-	-
Profit for the period from discontinued operations		173,722	390,393	-	-
Profit for the period attributable to the					
non-controlling interests		5,158,867	2,098,961	-	-
		11,190,220	5,075,936	1,422,332	2,664,721

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2013

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

Note	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Total comprehensive income attributable to				
The Company				
Total comprehensive income from continuing operations	5,706,661	2,681,490	1,506,735	2,686,040
Total comprehensive income from discontinued operations	140,038	429,131	-	-
Total comprehensive income attributable to the Company	5,846,699	3,110,621	1,506,735	2,686,040
Non-controlling interests				
Total comprehensive income from continuing operations	4,768,910	1,817,913	-	-
Total comprehensive income from discontinued operations	103,800	365,294	-	-
Total comprehensive income attributable to non-controlling interests	4,872,710	2,183,207	-	-
	10,719,409	5,293,828	1,506,735	2,686,040
Earnings per share of the Company				
40				
Basic earnings per share (Baht per share)				
From continuing operations	4.65	2.01	1.13	2.09
From discontinued operations	0.14	0.32	-	-
Profit attributable to the Company	4.79	2.33	1.13	2.09
Diluted earnings per share (Baht per share)				
From continuing operations	4.65	2.01	1.13	2.09
From discontinued operations	0.14	0.32	-	-
Profit attributable to the Company	4.79	2.33	1.13	2.09

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

Thanachart Capital Public Company Limited and its subsidiaries

Cash flows statement

For the six-month period ended 30 June 2013

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from operating activities				
Profit before income tax from continuing operations	13,735,233	5,494,834	1,474,945	2,679,724
Profit before income tax from discontinued operations	443,187	1,033,141	-	-
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	(501,909)	(161,595)	-	-
Depreciation and amortisation	737,333	814,778	10,677	24,371
Impairment loss of loans and debt securities (reversal)	8,090,882	903,662	(16,917)	(15,885)
Increase in provision for liabilities	42,793	169,728	1,468	1,779
Increase (decrease) in provision for impairment of property foreclosed	(7,861)	(41,922)	(20,176)	34,598
Increase (decrease) in provision for impairment of equipment/other assets	165,339	23,644	634	(351)
Increase in provision for impairment/ revaluation of investments	174,950	72,626	9	34
Unrealised loss (gain) on foreign exchange and financial derivatives	329,198	(118,111)	-	-
Gain on sales of/capital return from investments in subsidiary companies	(12,413,939)	(138,805)	-	(9,205)
Loss on transfers of assets for debt repayment	-	2,184	-	-
Loss (gain) on disposal of equipment	21,032	(15,167)	-	(550)
Decrease (increase) in accrued other income receivable	(316,651)	178,382	(6,912)	(1,353)
	10,499,587	8,217,379	1,443,728	2,713,162
Net interest income	(12,874,673)	(11,770,341)	6,099	57,370
Dividend income	(232,160)	(155,759)	(1,276,330)	(2,584,395)
Cash received from interest on operating activities	25,808,415	22,175,111	47,729	35,391
Cash paid for interest on operating activities	(11,206,886)	(7,206,552)	(29)	(47)
Cash paid for income tax	(922,861)	(2,544,109)	(8,828)	(6,615)
Income from operating activities before changes in operating assets and liabilities	11,071,422	8,715,729	212,369	214,866

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

Thanachart Capital Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Interbank and money market items	10,493,366	(1,156,325)	4,379,174	(180,321)
Derivatives assets	742,385	552,396	-	-
Investments in trading securities	1,003,910	635,425	1,000	(600)
Loans to customers	(38,300,042)	(42,196,062)	36,290	809,114
Property foreclosed	4,402,745	3,437,039	239,678	134,042
Receivables from purchase and sale of securities	(2,497,414)	(1,146,734)	-	664
Reinsurance assets	448,339	988,262	-	-
Other assets	1,479,439	(1,929,925)	(3,585)	(14,234)
Operating liabilities increase (decrease)				
Deposits	9,124,010	134,422,232	-	-
Interbank and money market items	(20,032,254)	7,881,251	25	(48)
Liability payable on demand	(1,388,585)	1,808,905	-	-
Derivatives liabilities	(2,076)	(1,900,501)	-	-
Payable from purchase and sales of securities	1,098,951	2,109,096	-	599,338
Insurance contract liabilities	(329,920)	(49,011)	-	-
Other liabilities	(934,108)	(1,869,902)	11,412	26,744
Net cash from (used in) operating activities	(23,619,832)	110,301,875	4,876,363	1,589,565
Cash flows from investing activities				
Decrease (increase) in investments in securities	(8,648,671)	3,319,992	1,457,680	(3,169,502)
Cash received from interest	1,818,599	2,280,610	250,918	162,914
Cash received from dividend	336,191	250,360	1,276,330	2,584,395
Cash received from disposal of investment in subsidiary	17,466,126	-	-	-
Cash paid for purchase of land and equipment/ intangible assets	(303,333)	(430,848)	(1,706)	(4,212)
Cash received from disposal of equipment/ intangible assets	20,791	18,782	-	550
Net cash from (used in) investing activities	10,689,703	5,438,896	2,983,222	(425,855)

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

Thanachart Capital Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the six-month period ended 30 June 2013

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from financing activities				
Cash received from debts issued and borrowings	45,808,600	525,421,812	-	-
Cash paid for debts issued and borrowings	(27,784,915)	(638,721,614)	(3,000,000)	-
Cash paid for interest expenses on debt issued and borrowings	(2,150,641)	(4,624,920)	(312,452)	(270,284)
Cash paid to non-controlling interest for decrease shares capital of a subsidiary company	-	(6,311)	-	-
Cash paid for dividend	(1,148,678)	(893,421)	(1,148,678)	(893,421)
Cash paid for treasury stocks	(3,398,455)	-	(3,398,455)	-
Cash paid for dividend to non-controlling interests	(1,083,863)	(1,103,425)	-	-
Net cash from (used in) financing activities	10,242,048	(119,927,879)	(7,859,585)	(1,163,705)
Net increase (decrease) in cash	(2,688,081)	(4,187,108)	-	5
Cash at beginning of the period	15,181,402	16,005,678	-	-
Cash at ending of the period	12,493,321	11,818,570	-	5
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans, other receivable and investments in receivables purchased	3,680,878	2,298,712	1,257	35,263
Bad debt written off/hair-cut loans from debt restructuring	2,128,095	6,311,508	374	204

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to the Company's shareholders															
	Other components of equity							Amounts recognised in		Retained earnings					
	Issued and		Premium on common share	Premium on treasury share	Premium of a subsidiary company's share	Amount by which		Share of other comprehensive income (losses) of associates	income and accumulated in equity relating to assets held for sale	Appropriated			Treasury shares	Non-controlling interests	Total
	paid-up share capital	Common shares				the value of investment in subsidiary lower than attributable net book value	Revaluation surplus on investments - net			Statutory reserve	Treasury shares reserve	Unappropriated			
Preferred shares	Common shares	on common share	on treasury share	company's share	the value of investment in subsidiary lower than attributable net book value	Revaluation surplus on investments - net	of associates	equity relating to assets held for sale	reserve	reserve	Unappropriated	Treasury shares	interests	Total	
Balance as at 1 January 2012															
- as previously reported	133	13,331,407	2,065,645	-	775,814	226,460	579,661	(18,654)	-	1,202,176	387,501	20,096,019	(387,501)	37,422,478	75,681,139
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	-	-	-	(145,821)	7,274	-	-	-	1,009,734	-	658,475	1,529,662
Balance as at 1 January 2012 - as restated	133	13,331,407	2,065,645	-	775,814	226,460	433,840	(11,380)	-	1,202,176	387,501	21,105,753	(387,501)	38,080,953	77,210,801
Dividend paid (Note 31)	-	-	-	-	-	-	-	-	-	-	-	(894,481)	-	-	(894,481)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	1,060	-	-	1,060
Share capital reduction from treasury shares cancellation (Note 27)	-	(553,243)	-	165,742	-	-	-	-	-	-	(387,501)	387,501	387,501	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,100,511)	(1,100,511)
Total comprehensive income for the period - as restated	-	-	-	-	-	-	125,883	7,763	-	-	-	2,976,975	-	2,183,207	5,293,828
Balance as at 30 June 2012	133	12,778,164	2,065,645	165,742	775,814	226,460	559,723	(3,617)	-	1,202,176	-	23,576,808	-	39,163,649	80,510,697
Balance as at 1 January 2013															
- as previously reported	133	12,778,164	2,065,645	165,742	775,814	226,460	1,057,032	15,693	50,601	1,277,830	-	24,358,604	-	41,017,997	83,789,715
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	-	-	-	(212,450)	(1,456)	(10,120)	-	-	1,037,686	-	630,482	1,444,142
Balance as at 1 January 2013 - as restated	133	12,778,164	2,065,645	165,742	775,814	226,460	844,582	14,237	40,481	1,277,830	-	25,396,290	-	41,648,479	85,233,857
Cash payment for treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(3,398,455)	-	(3,398,455)
Dividend paid (Note 31)	-	-	-	-	-	-	-	-	-	-	-	(1,150,047)	-	-	(1,150,047)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	1,368	-	-	1,368
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	-	3,398,455	(3,398,455)	-	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,080,556)	(1,080,556)
Total comprehensive income for the period (loss)	-	-	-	-	-	-	(139,252)	(4,921)	(40,481)	-	-	6,031,353	-	4,872,710	10,719,409
Balance as at 30 June 2013	133	12,778,164	2,065,645	165,742	775,814	226,460	705,330	9,316	-	1,277,830	3,398,455	26,880,509	(3,398,455)	45,440,633	90,325,576

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the six-month period ended 30 June 2013

(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	Treasury shares					
Balance as at 1 January 2012 - as previously reported	133	13,331,407	2,065,645	-	300,712	1,202,176	387,501	11,304,801	(387,501)	28,204,874
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	-	(60,408)	-	-	265,346	-	204,938
Balance as at 1 January 2012 - as restated	133	13,331,407	2,065,645	-	240,304	1,202,176	387,501	11,570,147	(387,501)	28,409,812
Dividend paid (Note 31)	-	-	-	-	-	-	-	(894,481)	-	(894,481)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	1,060	-	1,060
Share capital reduction from treasury shares cancellation (Note 27)	-	(553,243)	-	165,742	-	-	(387,501)	387,501	387,501	-
Total comprehensive income for the period - as restated	-	-	-	-	21,319	-	-	2,664,721	-	2,686,040
Balance as at 30 June 2012	<u>133</u>	<u>12,778,164</u>	<u>2,065,645</u>	<u>165,742</u>	<u>261,623</u>	<u>1,202,176</u>	<u>-</u>	<u>13,728,948</u>	<u>-</u>	<u>30,202,431</u>
Balance as at 1 January 2013 - as previously reported	133	12,778,164	2,065,645	165,742	367,003	1,277,830	-	12,977,543	-	29,632,060
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	-	(73,401)	-	-	232,733	-	159,332
Balance as at 1 January 2013 - as restated	133	12,778,164	2,065,645	165,742	293,602	1,277,830	-	13,210,276	-	29,791,392
Cash payment for treasury shares	-	-	-	-	-	-	-	-	(3,398,455)	(3,398,455)
Dividend paid (Note 31)	-	-	-	-	-	-	-	(1,150,047)	-	(1,150,047)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	1,368	-	1,368
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	3,398,455	(3,398,455)	-	-
Total comprehensive income for the period	-	-	-	-	84,403	-	-	1,422,332	-	1,506,735
Balance as at 30 June 2013	<u>133</u>	<u>12,778,164</u>	<u>2,065,645</u>	<u>165,742</u>	<u>378,005</u>	<u>1,277,830</u>	<u>3,398,455</u>	<u>10,085,474</u>	<u>(3,398,455)</u>	<u>26,750,993</u>
	-	-	-	-	-	-	-	-	-	-

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

Thanachart Capital Public Company Limited and its subsidiaries
Notes to interim financial statements
For the six-month period ended 30 June 2013

1. General information

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

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

2. Basis of preparation of the financial statements

- 2.1** These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) “Interim Financial Reporting”, whereby the Company chooses to present the interim financial statements in the same full format as the annual financial statements.

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

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

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

2.2 Basis of preparation of the interim consolidated financial statements

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

	Nature of business	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
		30	31	30	31
		June	December	June	December
		2013	2012	2013	2012
<u>Subsidiaries directly held by the Company</u>					
Thanachart Bank Plc.	Commercial bank	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00	-	-
Max Asset Management Co., Ltd.	Non-performing asset management	83.44	83.44	-	-
NASSET Property Fund 6	Investment in non-performing assets and collection rights	99.80	99.80	0.06	0.06
Thiravanit Co., Ltd.	In liquidation process	99.90	99.90	-	-
Thanachart SPV 01 Co., Ltd.	Not yet operation	100.00	100.00	-	-
<u>Subsidiaries indirectly held by the Company</u>					
SCIB Plc.	In liquidation process	-	-	99.98	99.98
Thanachart Securities Plc.	Securities business	-	-	100.00	100.00
Thanachart Insurance Plc.	Non-life insurance	-	-	100.00	100.00
Thanachart Life Assurance Plc.	Life insurance	-	-	-	100.00
Thanachart Fund Management Co., Ltd.	Fund management	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	Non-life insurance broker	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	Hire purchase	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	Services	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	Training services	-	-	100.00	100.00
TS Asset Management Co., Ltd.	Non-performing asset management	-	-	100.00	100.00
Ratchthani Leasing Plc.	Hire purchase and leasing business	-	-	65.18	65.18
National Leasing Co., Ltd.	Leasing business	-	-	100.00	100.00
Siam City Life Assurance Plc.	Life insurance	-	-	100.00	100.00
SCIB Service Co., Ltd.	Service	-	-	100.00	100.00

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 30 June 2013 and 31 December 2012 and for the six-month periods ended 30 June 2013 and 2012, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the six-month periods ended 30 June*	
	30 June	31 December	2013	2012
	2013	2012	2013	2012
Thanachart Bank Plc.	951,505	934,431	27,218	12,714
Siam City Life Assurance Plc.	12,305	12,465	56	417
Thanachart Insurance Plc.	9,318	8,605	1,501	1,102
Thanachart Securities Plc.	10,209	6,914	1,270	703
TS Asset Management Co., Ltd.	9,481	10,045	220	246
Ratchthani Leasing Plc.	23,730	18,971	688	543
NFS Asset Management Co., Ltd.	2,663	2,436	127	509
Thanachart Life Assurance Plc.	-	27,316	-	-

* Presented as part of continuing operations

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

- f) The outstanding balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Company's and subsidiaries' books of accounts have been eliminated against equity of the subsidiaries.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

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

3. Application of new accounting standards during the period

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance, all of which are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

- TAS 12 Income Taxes
- TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance
- TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

- TFRS 8 Operating Segments

Accounting Standard Interpretations:

- TSIC 10 Government Assistance - No Specific Relation to Operating Activities
- TSIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

The aforementioned accounting standards do not have any significant impact on the financial statements for the current period, except for TAS 12 Income Taxes.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in the accounting policies has been separately presented in the statements of changes in equity.

As a result of the Company and its subsidiaries adopting this accounting standard, the subsidiary is required to restate the financial statements as if it had always applied this accounting standard, including at the acquisition date of Siam City Bank ("SCIB"). The subsidiary has therefore adjusted the assets and liabilities relevant to the business combination (consisting of the deferred tax assets and deferred tax liabilities related to the assets and liabilities in the accounts of SCIB, the fair value adjustment of SCIB's assets, and intangible assets) in order to determine the reallocation of cost of business combination. As a result, goodwill arising from the business combination increased by Baht 2,202 million.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	(Unit: Million Baht)					
	Consolidated financial statements			Separate financial statements		
	30 June 2013	31 December 2012	1 January 2012	30 June 2013	31 December 2012	1 January 2012
		(Restated)			(Restated)	
Statements of financial position						
Increase in deferred tax assets	2,946	2,547	2,534	205	233	266
Increase in goodwill	2,202	2,202	2,202	-	-	-
Increase in deferred tax liabilities	3,517	3,432	3,010	95	74	61
Increase in non-controlling interests of the subsidiaries	868	630	658	-	-	-
Increase in unappropriated retained earnings	1,132	1,038	1,010	204	232	265
Decrease in other components of equity	(177)	(224)	(139)	(94)	(73)	(60)

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods		For the three-month periods	
	ended 30 June		ended 30 June	
	2013	2012	2013	2012
		(Restated)		(Restated)
Statements of comprehensive income				
<u>Continuing operations</u>				
Profit or loss				
Increase (decrease) in income tax	(333)	4	7	19
Increase in profit attributable to non-controlling interest of the subsidiaries	179	47	-	-
Increase (decrease) in profit attributable to equity holders of the Company	154	25	(7)	(19)
Increase (decrease) in basic earnings per share (Baht/share)	0.12	0.02	(0.005)	(0.01)
Increase (decrease) in diluted earnings per share (Baht/share)	0.12	0.02	(0.005)	(0.01)
Other comprehensive income				
Increase (decrease) in deferred tax relating to components of other comprehensive income	149	(89)	8	(8)
<u>Discontinued operations</u>				
Profit or loss				
Increase (decrease) in income tax	(10)	3	-	-
Increase (decrease) in profit attributable to non-controlling interest of the subsidiaries	5	(1)	-	-
Increase (decrease) in profit attributable to equity holders of the Company	5	(2)	-	-
Increase (decrease) in basic earnings per share (Baht/share)	0.004	(0.001)	-	-
Increase (decrease) in diluted earnings per share (Baht/share)	0.004	(0.001)	-	-
Other comprehensive income				
Increase (decrease) in deferred tax relating to components of other comprehensive income	(12)	25	-	-

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2013	2012	2013	2012
		(Restated)		(Restated)
Statements of comprehensive income				
<u>Continuing operations</u>				
Profit or loss				
Increase (decrease) in income tax	(226)	(13)	28	15
Increase in profit attributable to non-controlling interest of the subsidiaries	148	106	-	-
Increase (decrease) in profit attributable to equity holders of the Company	79	77	(28)	(15)
Increase (decrease) in basic earnings per share (Baht/share)	0.06	0.06	(0.02)	(0.01)
Increase (decrease) in diluted earnings per share (Baht/share)	0.06	0.06	(0.02)	(0.01)
Other comprehensive income				
Increase (decrease) in deferred tax relating to components of other comprehensive income	92	(46)	(21)	(5)
<u>Discontinued operations</u>				
Profit or loss				
Increase (decrease) in income tax	(30)	5	-	-
Increase (decrease) in profit attributable to non-controlling interest of the subsidiaries	15	(2)	-	-
Increase (decrease) in profit attributable to equity holders of the Company	15	(3)	-	-
Increase (decrease) in basic earnings per share (Baht/share)	0.012	(0.002)	-	-
Increase (decrease) in diluted earnings per share (Baht/share)	0.012	(0.002)	-	-
Other comprehensive income				
Increase (decrease) in deferred tax relating to components of other comprehensive income	(12)	3	-	-

4. New accounting standards issued and not yet effective

The Federation of Accounting Professions has issued notifications, which have been published in the Royal Gazette during the current period, mandating the use of financial reporting standard, accounting standard interpretation and financial reporting standard interpretations as follows.

		<u>Effective date</u>
Financial Reporting Standard:		
TFRS 4	Insurance Contracts	1 January 2016
Accounting Standard Interpretation:		
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company and its subsidiaries has assessed the effect of the above accounting standards and believes that they are not relevant to the business of the Company and its subsidiaries, except TFRS 4, TFRIC 10 and TFRIC 13, of which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

5. Significant accounting policies

5.1 Revenue recognition

a) Interest and discounts on loans

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

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

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

The Company and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the period based on the effective yield rate of the portfolio multiplied by the new book value (acquisition cost) of the outstanding balances of receivables. After the restructuring, interest income is recognised by the effective interest rate method for those receivables from which loan repayment was received during the period.

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

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

b) Interest and dividends on investments

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

c) Brokerage fee income

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

d) Interest on margin loans for purchase of securities

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

e) Gains (losses) on investments and derivatives

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

f) Fees and service income

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

g) Insurance/life insurance premium income

Non-life insurance contract

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

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

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

Life insurance contract

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

5.2 Expenses recognition

a) Interest expenses

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

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

For hire purchase/financial lease contracts originating on or after 1 January 2007, initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

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

c) Fees and service expenses

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

5.3 Investments

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

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

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

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

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

The fair value of embedded derivatives investments which no active market or no available market value is determined using an internal model. Gains/losses arising from revaluation are recognised in profit or loss in the statements of comprehensive income. This method of measurement is in compliance with the principles stipulated by the BOT.

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

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

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

5.4 Investments in receivables purchased and allowance for impairment

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

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

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

5.5 Investments in subsidiary and associated companies

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

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

5.6 Loans to customers

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

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

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

5.7 Allowance for doubtful accounts

a) Allowance for doubtful accounts for loans

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

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

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

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

5.8 Troubled debt restructuring

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

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

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

5.9 Recognition and amortisation of customers' assets

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

5.10 Property foreclosed

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

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

5.11 Land, premises and equipment and depreciation

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

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

Depreciation is included in determining income.

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

5.12 Intangible assets and amortisation

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

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

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

No amortisation for computer software under development.

5.13 Leasehold rights

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

5.14 Business combination and goodwill

Business combination accounted for under purchase method.

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

5.15 Receivables from/payable to Clearing House

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

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

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

5.17 Premium receivable and allowance for doubtful accounts

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

5.18 Reinsurance assets and liabilities

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

5.19 Assets held for sale and discontinued operations

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

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

5.20 Premium reserve/life insurance premium reserve

Non-life insurance contract

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

a) Unearned premium reserve

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

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

b) Unexpired risks reserve

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

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

Life insurance contract

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

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

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

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

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

Non-life insurance contract

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

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

Life insurance contract

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

5.22 Long-term leases

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

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

5.23 Financial derivatives

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

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

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

5.24 Related party transactions

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

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

5.25 Impairment of assets

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

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

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

5.26 Employee benefits

a) Short-term employee benefits

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

b) Post-employment benefits (Defined contribution plans)

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

c) Post-employment benefits (Defined benefit plans)

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

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

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

5.27 Foreign currencies

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

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

5.28 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

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

Deferred tax

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

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

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

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

5.29 Provisions

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

6. Significant accounting judgments and estimates

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

6.1 Recognition and derecognition of assets and liabilities

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

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

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

6.3 Allowance for impairment of investments in securities

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

6.4 Fair value of financial instruments

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

6.5 Allowance for impairment of property foreclosed

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

6.6 Land, premises and equipment/Depreciation

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

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

6.7 Goodwill and intangible assets

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

6.8 Deferred tax assets

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

6.9 Finance lease/Operating lease

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

6.10 Loss sharing from transfer of non-performing loans to TAMC

In estimating losses arising from the transfer of non-performing loans to the Thai Asset Management Corporation (“TAMC”), the Company and its subsidiaries use the latest information received from TAMC and projections of the amounts expected to be received from the debtors or from debtors’ collateral value. The management uses judgment in determining the assumptions as to the percentage on the amount expected to be recovered from the debt restructuring agreement, or as to collateral value. The management considers these assumptions to be appropriate given the current available information and current situation.

6.11 Unearned premium/Life insurance premium reserve

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

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

6.12 Loss reserve and outstanding claims

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

6.13 Post-employment benefits under defined benefit plans

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

6.14 Litigation and contingent liabilities

The Company and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgment to assess of the results of the litigation, and in case where they believe that there will be no losses, they will not provide provisions and contingent liabilities.

7. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2013			31 December 2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	6,031	7,000	13,031	8,282	2,000	10,282
Commercial banks	1,401	13,717	15,118	1,119	20,414	21,533
Specialised financial institutions	60	79	139	70	29	99
Other financial institutions	251	23,024	23,275	300	23,634	23,934
Total	7,743	43,820	51,563	9,771	46,077	55,848
Add: Accrued interest receivables	9	32	41	9	43	52
Less: Allowance for doubtful accounts	-	(225)	(225)	-	(216)	(216)
Total domestic items	7,752	43,627	51,379	9,780	45,904	55,684
Foreign						
US Dollar	451	6,955	7,406	245	15,477	15,722
Euro	31	-	31	50	-	50
Others	244	-	244	317	-	317
Total	726	6,955	7,681	612	15,477	16,089
Add: Accrued interest receivables	-	21	21	-	208	208
Less: Deferred revenues	-	(1)	(1)	-	-	-
Less: Allowance for doubtful accounts	-	(6)	(6)	-	(3)	(3)
Total foreign items	726	6,969	7,695	612	15,682	16,294
Total	8,478	50,596	59,074	10,392	61,586	71,978

(Unit: Million Baht)

	Separate financial statements					
	30 June 2013			31 December 2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	60	400	460	140	4,700	4,840
Specialised financial institutions	2	-	2	1	-	1
Total	62	400	462	141	4,700	4,841
Add: Accrued interest receivables	-	-	-	-	11	11
Total domestic items	62	400	462	141	4,711	4,852

As at 30 June 2013, the Company had deposits with a subsidiary company of Baht 453 million in the separate financial statements (31 December 2012: Baht 4,831 million).

8. Derivatives

As at 30 June 2013 and 31 December 2012, notional amount, fair value of trading derivatives and the adjustment of accrual basis of hedging derivatives (banking book) classified by type of risk are as follows:

(Unit: Million Baht)

Type of risk	Consolidated financial statements					
	30 June 2013			31 December 2012		
	Fair value/Adjustment of accrual basis		Notional amount*	Fair value/Adjustment of accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate						
Derivatives for trading	1,548	1,423	103,049	766	675	77,561
Derivatives for banking book	17	474	12,948	316	19	27,038
Interest rate						
Derivatives for trading	1,543	1,533	228,283	493	489	101,254
Derivatives for banking book	-	-	26,100	-	-	26,100
Foreign exchange rate and interest rate						
Derivatives for trading	13	5	1,593	18	6	1,595
Derivatives for banking book	316	197	10,349	584	13	10,650
Others						
Derivatives for trading	-	2	40	-	4	54
Total	3,437	3,634	382,362	2,177	1,206	244,252

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

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

Below are the proportions of trading derivatives transactions classified by counterparty, determined based notional amount, as at 30 June 2013 and 31 December 2012.

Counterparty	Consolidated financial statements	
	30 June 2013	31 December 2012
	Percent	Percent
Financial institutions	96.32	90.99
Third parties	3.68	9.01
Total	100.00	100.00

9. Investments

9.1 Classified by type of investment

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2013		31 December 2012		30 June 2013		31 December 2012	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities								
Government and state enterprises securities	5,226	5,021	6,141	6,040	-	-	-	-
Private debt securities	5,569	5,543	5,678	5,730	-	-	1	1
Foreign debt securities	625	624	620	628	-	-	-	-
Domestic marketable equity securities	31	25	16	16	-	-	-	-
	11,451	11,213	12,455	12,414	-	-	1	1
Less: Allowance for change in value	(238)		(41)		-		-	
Net	11,213		12,414		-		1	
Available-for-sale securities								
Government and state enterprises securities	63,784	63,791	55,220	55,434	100	100	-	-
Private debt securities	22,705	22,863	30,315	30,718	-	-	646	655
Foreign debt securities	10,420	10,212	11,485	11,746	-	-	-	-
Domestic marketable equity securities	6,564	7,866	7,270	8,235	127	599	127	485
	103,473	104,732	104,290	106,133	227	699	773	1,140
Add: Allowance for change in value	1,259		1,865		472		367	
Less: Allowance for impairment	-		(22)		-		-	
Net	104,732		106,133		699		1,140	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2013		31 December 2012		30 June 2013		31 December 2012	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities								
Government and state enterprises securities	12,038	12,325	23,388	24,127	240	240	1,080	1,079
Private debt securities	327	346	2,731	2,802	3,636	3,631	3,636	3,627
Investment in receivables purchased	1,464	1,178	1,543	1,279	823	705	888	791
	13,829	13,849	27,662	28,208	4,699	4,576	5,604	5,497
Less: Allowance for impairment	(286)		(264)		(118)		(97)	
Net	13,543		27,398		4,581		5,507	
General Investment								
Investment in property fund	443		564		-		-	
Domestic non-marketable equity securities	3,880		4,191		112		112	
Foreign non-marketable equity securities	39		39		-		-	
	4,362		4,794		112		112	
Less: Allowance for impairment	(90)		(90)		(36)		(36)	
Net	4,272		4,704		76		76	
Total investment - net	133,760		150,649		5,356		6,724	

9.2 Classified by due date of debt securities

(Unit: Million Baht)

Consolidated financial statements										
30 June 2013						31 December 2012				
Maturity						Maturity				
	Less than					Less than				
	1 year	1 - 5 years	Over 5 years	Total		1 year	1 - 5 years	Over 5 years	Total	
	At call				At call					
Available-for-sale securities										
Government and state enterprises securities										
	-	16,251	44,857	2,676	63,784	-	28,698	26,463	59	55,220
Private debt securities										
	-	2,705	15,990	4,010	22,705	-	955	20,720	8,640	30,315
Foreign debt securities										
	-	1,166	5,834	3,420	10,420	-	2,647	7,290	1,548	11,485
Total										
	-	20,122	66,681	10,106	96,909	-	32,300	54,473	10,247	97,020
Add: Allowance for change in value										
	-	17	155	(215)	(43)	-	73	635	170	878
Total										
	-	20,139	66,836	9,891	96,866	-	32,373	55,108	10,417	97,898
Held-to-maturity debt securities										
Government and state enterprises securities										
	-	1,062	10,947	29	12,038	-	4,514	13,384	5,490	23,388
Private debt securities										
	-	150	27	150	327	-	1,326	1,227	178	2,731
Investments in receivables ⁽¹⁾										
	1,463	-	1	-	1,464	1,540	-	3	-	1,543
Total										
	1,463	1,212	10,975	179	13,829	1,540	5,840	14,614	5,668	27,662
Less: Allowance for impairment										
	(286)	-	-	-	(286)	(264)	-	-	-	(264)
Total										
	1,177	1,212	10,975	179	13,543	1,276	5,840	14,614	5,668	27,398
Total debt securities										
	1,177	21,351	77,811	10,070	110,409	1,276	38,213	69,722	16,085	125,296

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

(Unit: Million Baht)

	Separate financial statements									
	30 June 2013					31 December 2012				
	Due within					Due within				
	At call	Less than 1 year	1 - 5 years	Over 5 years	Total	At call	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities										
Government and state enterprises securities	-	100	-	-	100	-	-	-	-	-
Private debt securities	-	-	-	-	-	-	-	646	-	646
Total	-	100	-	-	100	-	-	646	-	646
Add: Allowance for change in value	-	-	-	-	-	-	-	9	-	9
Total	-	100	-	-	100	-	-	655	-	655
Held-to-maturity debt securities										
Government and state enterprises securities	-	240	-	-	240	-	1,080	-	-	1,080
Private debt securities	-	-	-	3,636	3,636	-	-	-	3,636	3,636
Investments in receivables ⁽¹⁾	823	-	-	-	823	888	-	-	-	888
Total	823	240	-	3,636	4,699	888	1,080	-	3,636	5,604
Less: Allowance for impairment	(118)	-	-	-	(118)	(97)	-	-	-	(97)
Total	705	240	-	3,636	4,581	791	1,080	-	3,636	5,507
Total debt securities	705	340	-	3,636	4,681	791	1,080	655	3,636	6,162

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

9.3 As at 30 June 2013, the Company and its subsidiaries recorded no revaluation surplus and revaluation deficit arising from transfers of investments in debt securities in the consolidated financial statements. (31 December 2012: outstanding revaluation surplus amounting to Baht 10 million and outstanding revaluation deficit amounting to Baht 38 million in the consolidated financial statements).

9.4 As at 30 June 2013 and 31 December 2012, the Company has investments of Baht 3,636 million in perpetual non-cumulative subordinated hybrid bonds (Hybrid Tier I). These debentures are unsecured and non-convertible and will be redeemed only upon the dissolution of Thanachart Bank or when conditions specified are met. The debentures bear interest at a rate equal to the highest rate for Thanachart Bank's six-month fixed deposit plus 6 percent per annum, payable semi-annually.

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

As at 30 June 2013 and 31 December 2012, investments in companies which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee, but which are not treated as subsidiaries or associated companies, separated by industry as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
Manufacturing and commerce	1,207	976	599	485
Banking and finance sector	420	1,440	-	-
Real estate and construction	21	21	20	20
Hotel	-	311	-	-

The investments in banking and finance sector mentioned above include investments in unit trusts in which the subsidiaries hold not less than 20 percent of the units issued. The subsidiaries do not treat these investments as investments in subsidiaries or associates because the subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by fund managers in accordance with the details of each fund project, and are under the supervision of the SEC. The subsidiaries therefore record them as available-for-sale or general investments, based on their investment objectives.

Consolidated financial statements				
Securities	30 June 2013		31 December 2012	
	Net book value	Percentage of holding	Net book value	Percentage of holding
	Million Baht	Percent	Million Baht	Percent
Business Strategic Fund	278	67.33	278	67.33
Thanachart Long Term Fixed Income Fund	-	-	61	27.79
SCB Foreign Fixed Income Fund 1Y22	-	-	829	23.53
Hua Hin Property Fund	-	-	121	100.00

9.6 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 30 June 2013 and 31 December 2012 can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Investments in receivables purchased	1,464	1,543	823	888
Less: Allowance for impairment	(286)	(264)	(118)	(97)
Investments in receivables purchased - net	<u>1,178</u>	<u>1,279</u>	<u>705</u>	<u>791</u>

	30 June 2013				31 December 2012					
	Number	Balance		Yield	Number	Balance		Yield		
	of	per	Purchase		of	per	Purchase			
	debtors	agreement	price	debtors	agreement	price	debtors	agreement	price	Yield
	Million Baht	Million Baht	Percent		Million Baht	Million Baht	Percent			
<u>Consolidated financial statements</u>										
Total accumulated investments										
in receivables purchased	2,938	33,611	7,845	1.75 - 18.97	2,938	33,611	7,845	1.75 - 18.97		
Outstanding investments in										
receivables purchased as at										
the end of the period	568	10,061	1,464		615	10,092	1,543			
<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	203	4,992	823		203	4,991	888			

During the six-month period ended 30 June 2013, the subsidiaries had restructured with 2 debtors, with book balances before restructuring totaling approximately Baht 8 million, by modification of repayment conditions. There were no losses on debt restructuring and had maturity in 2013 (For the six-month period ended 30 June 2012: the Company and its subsidiaries did not enter into debt restructuring agreements with its investments in receivables purchased).

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 30 June 2013 and 31 December 2012, there was no outstanding restructured receivables in the investments in receivables purchased account.

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

As at 30 June 2013 and 31 December 2012, investments in securities of the Company and its subsidiaries included investments in securities of companies with having problems relating to financial position and operating results, summarised below.

Consolidated financial statements							
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Investments in receivables purchased</u>							
1. Closed financial institutions	7	7	-	-	-	-	-
2. Non-listed companies with similar operating results and financial position to listed companies vulnerable to delisting from the SET	1	1	3	3	-	-	3
3. Companies which have loan settlement problems or have defaulted on the repayment	170	172	1,088	1,150	1,523	1,693	211

Separate financial statements							
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Investments in receivables purchased</u>							
1. Companies which have loan settlement problems or have defaulted on the repayment	70	70	639	696	925	1,004	90

10. Investments in subsidiary and associated companies

10.1 Separate financial statements

As at 30 June 2013 and 31 December 2012, investments in subsidiary companies and an associated company in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding (Percent)		Value of investment under the cost method		Dividend income for the six-month periods ended	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June	
							2013	2012
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	55,137	55,137	50.96	50.96	29,056	29,056	1,040	983
NFS Asset Management Co., Ltd.	1,000	1,000	100.00	100.00	1,000	1,000	-	1,000
Max Asset Management Co., Ltd.	572	572	83.44	83.44	469	469	167	489
NASSET Property Fund 6	371	371	99.80	99.80	370	370	-	43
Thiravanit Co., Ltd.	6	6	99.90	99.90	34	34	-	-
Thanachart SPV 01 Co., Ltd.	2	2	100.00	100.00	2	2	-	-
<u>Associated company</u>								
MBK Plc.	1,886	1,886	10.00	10.00	658	658	52	47
Total investments in subsidiary and associated companies					31,589	31,589	1,259	2,562
Less: Allowance for impairment					(16)	(16)		
Total investments in subsidiary and associated companies - net					<u>31,573</u>	<u>31,573</u>		

During the year 2012, NASSET Property Fund 6 decreased the number of its registered units and returned of Baht 34 million to the Company, based on the net assets value at the declaration date. The Company therefore recorded a gain on capital return of Baht 9 million in the separate financial statement. This gain has been eliminated in the consolidated financial statements.

10.2 Investments in associated companies in the consolidated financial statements

As at 30 June 2013 and 31 December 2012, investments in associated companies in the consolidated financial statements, which are recorded under the equity method, consist of investments in ordinary shares of the following companies which operate in Thailand:

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income for the six-month periods ended	Share of profit (loss) for the six-month periods ended		
	30 June	31 December	30 June	31 December	Cost method		Equity method			30 June	30 June	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
MBK Plc. (operating in property rental, hotel and services business)	1,886	1,886	19.90	19.90	948	948	2,199	1,807	103	94	502	187
Siam Samsung Life Insurance Co., Ltd. (operating in life insurance business)	-	-	-	-	-	-	-	-	-	-	-	(25)
Total investments in associated companies					948	948	2,199	1,807	103	94	502	162

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.

In March 2012, Siam Samsung Life Insurance Co., Ltd. issued additional shares capital but Thanachart Bank did not exercise its right to purchase such additional shares. As a result, Thanachart Bank's shareholding decreased from 25 percent to 19.23 percent, and the status of Siam Samsung Life Insurance Co., Ltd. was changed from an associated company to general investment. The value of the investment on the date of the change is treated as a new cost of investment.

10.3 Summarised financial information of an associated company

- a) Summarised financial information of MBK Plc. as at 31 March 2013 and 30 September 2012 and for the six-month periods ended 31 March 2013 and 2012 are as follows:

(Unit: Million Baht)									
Paid-up share capital		Total assets		Total liabilities		Total income for the six-month periods ended		Profit for the six-month periods ended	
31 March 2013	30 September 2012	31 March 2013	30 September 2012	31 March 2013	30 September 2012	31 March		31 March	
						2013	2012	2013	2012
1,886	1,886	36,443	30,499	18,163	15,008	6,900	4,571	2,522	873

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Company, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the six-month period ended 30 June 2013 was determined based on financial statements that were prepared with reference to financial statements for the six-month period ended 31 March 2013 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that income for the six-month period ended 31 March 2013 is not material difference from the income for the six-month period ended 30 June 2013.

- b) Fair value of investment in an associated company

As at 30 June 2013 and 31 December 2012, the fair value of investment in an associated company which is listed in the Stock Exchange of Thailand is as follows

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
MBK Plc.	5,968	4,092	2,998	2,055

10.4 Cash flow information of asset management companies that are subsidiaries

Cash flow information of asset management companies that are subsidiaries for the six-month periods ended 30 June 2013 and 2012 are as follows:

	(Unit: Million Baht)					
	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2013	2012	2013	2012	2013	2012
	2013	2012	2013	2012	2013	2012
Cash flows from operating activities						
Profit (loss) before income tax	155	473	55	260	(168)	1,631
Adjustments to reconcile profit (loss) before income tax to net cash provided by (paid for) operating activities						
Gain on assets transferred for debt settlement	(12)	(3)	-	(8)	-	-
Loss on impairment of property foreclosed (Reversal)	(25)	(40)	(3)	1	10	4
Impairment loss of loans and debt securities (Reversal)	(52)	(50)	-	-	223	(1,621)
Others	1	(2)	-	1	1	2
	67	378	52	254	66	16
Interest expenses	-	24	-	-	94	143
Interest income	(19)	(272)	(4)	(4)	(187)	(259)
Dividend income	(5)	(4)	-	-	-	-
Cash received from interest	13	259	2	1	197	259
Cash paid for income tax	(21)	(43)	(12)	(23)	(139)	(138)
Income from operating activities before changes in operating assets and liabilities	35	342	38	228	31	21
Decrease (increase) in operating assets						
Current investments	(319)	707	49	12	-	-
Investments in receivables purchased	-	-	(3)	-	-	-
Loans to customers	82	453	24	-	222	2,448
Property foreclosed	71	348	91	399	155	126
Other assets	1	3	(5)	1	(17)	35
Increase (decrease) in operating liabilities						
Interbank and money market items	-	-	-	-	(361)	(2,650)
Other liabilities	(12)	(56)	(5)	(61)	(3)	(31)
Net cash flows from (used in) operating activities	(142)	1,797	189	579	27	(51)

(Unit: Million Baht)

	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2013	2012	2013	2012	2013	2012
	Cash flows from investing activities					
Cash received from disposal of long-term investments	77	-	-	-	-	-
Cash received from dividend	5	4	-	-	-	-
Net cash flows from investing activities	82	4	-	-	-	-
Cash flows from financing activities						
Cash paid for borrowings	-	(800)	-	-	-	-
Cash paid for interest on borrowings	-	(24)	-	-	(95)	(144)
Cash paid for dividend	-	(1,000)	(200)	(586)	-	-
Net cash flows used in financing activities	-	(1,824)	(200)	(586)	(95)	(144)
Net decrease in cash and cash equivalents	(60)	(23)	(11)	(7)	(68)	(195)
Cash and cash equivalents at beginning of the period	82	66	20	24	118	872
Cash and cash equivalents at end of the period	22	43	9	17	50	677

10.5 The consolidated statements of financial position as at 30 June 2013 and 31 December 2012 included Baht 20 million of assets and Baht 0.1 million of liabilities (before eliminated transactions) of Thiravanit Co., Ltd. which registered its dissolution and is currently in the liquidation process. The financial statements of this subsidiary was prepared by its management and was not audited by its auditor.

11. Loans to customers and accrued interest receivables

11.1 Classified by loan type

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
<u>Loans to customers</u>				
Overdrafts	21,522	21,527	-	-
Loans	276,038	277,661	189	192
Notes receivable	53,262	54,589	7	7
Hire purchases receivables	493,228	454,896	115	119
Financial leases receivables	1,730	1,985	-	-
Others	216	212	-	-
Less: Deferred revenues	(61,718)	(58,153)	(6)	(7)
Total loans to customers net of deferred revenues	784,278	752,717	305	311
Add: Accrued interest receivables	943	1,073	-	-
Total loans to customers net of deferred revenues and accrued interest receivables	785,221	753,790	305	311
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(21,233)	(18,340)	(208)	(214)
- Collective approach	(8,294)	(5,520)	-	-
2) Excess provision	(503)	(511)	-	-
Less: Revaluation allowance for debt restructuring	(342)	(348)	-	-
Loans to customer and accrued interest receivables - net	754,849	729,071	97	97
<u>Securities business receivables</u>				
Credit balances receivables	3,828	2,424	-	-
Other receivables	179	189	-	-
Total securities business receivables	4,007	2,613	-	-
Less: Allowance for doubtful accounts	(172)	(172)	-	-
Securities business receivables - net	3,835	2,441	-	-
Loans to customer and accrued interest receivables - net	758,684	731,512	97	97

11.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	765,944	126	766,070	731,367	485	731,852
US Dollar	18,745	3,300	22,045	19,473	3,393	22,866
Other currencies	241	-	241	361	369	730
Total loans to customers	784,930	3,426	788,356	751,201	4,247	755,448
Less: Intercompany gain from						
loans transferred	(71)	-	(71)	(118)	-	(118)
Total*	784,859	3,426	788,285	751,083	4,247	755,330

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	30 June 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	305	-	305	311	-	311
Total*	305	-	305	311	-	311

* Total loans net of deferred revenues

11.3 Classified by type of business and loan classification

(Unit: Million Baht)

Consolidated financial statements								
30 June 2013								
The Company and subsidiary companies which are financial institutions								
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total	Subsidiary companies	Consolidated
Agricultural and mining	10,104	349	232	50	232	10,967	3	10,970
Manufacturing and commerce	81,053	802	2,141	1,869	7,729	93,594	108	93,702
Real estate and construction	47,276	813	273	226	2,491	51,079	10	51,089
Public utilities and services	58,089	1,789	3,121	701	2,935	66,635	99	66,734
Personal consuming								
Housing loans	77,000	1,082	365	765	3,394	82,606	3	82,609
Securities business	-	-	-	-	-	-	4,007	4,007
Hire purchase	373,173	27,553	1,851	1,336	3,500	407,413	24,301	431,714
Others	26,614	889	605	171	1,096	29,375	190	29,565
Others	17,217	38	7	182	521	17,965	1	17,966
Total	690,526	33,315	8,595	5,300	21,898	759,634	28,722	788,356
Less: Intercompany gain from loans transferred								(71)
Total*								788,285

* Total loans net of deferred revenues

(Unit: Million Baht)

Consolidated financial statements								
31 December 2012								
The Company and subsidiary companies which are financial institutions								
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total	Subsidiary companies	Consolidated
Agricultural and mining	16,376	13	8	38	217	16,652	3	16,655
Manufacturing and commerce	75,566	1,270	2,397	1,603	8,201	89,037	89	89,126
Real estate and construction	46,541	1,080	181	359	3,403	51,564	9	51,573
Public utilities and services	55,950	3,500	378	598	2,937	63,363	109	63,472
Personal consuming								
Housing loans	77,202	1,067	443	677	3,350	82,739	3	82,742
Securities business	-	-	-	-	-	-	2,613	2,613
Hire purchase	351,384	20,701	1,143	983	3,187	377,398	19,587	396,985
Others	27,518	855	570	275	1,894	31,112	190	31,302
Others	20,189	32	184	10	563	20,978	2	20,980
Total	670,726	28,518	5,304	4,543	23,752	732,843	22,605	755,448
Less: Intercompany gain from loans transferred								(118)
Total*								755,330

* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements

30 June 2013

	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	2	2
Public utilities and services	-	-	-	-	1	1
Personal consuming						
Housing loans	7	9	-	-	7	23
Hire purchase	-	-	-	-	109	109
Others	2	-	-	-	168	170
Total*	9	9	-	-	287	305

* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements

31 December 2012

	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	2	2
Public utilities and services	-	-	-	-	1	1
Personal consuming						
Housing loans	1	2	-	4	14	21
Hire purchase	-	-	-	-	112	112
Others	2	-	1	1	171	175
Total*	3	2	1	5	300	311

* Total loans net of deferred revenues

11.4 Non-performing loans

As at 30 June 2013 and 31 December 2012, the Company and its subsidiaries (banking, securities and asset management businesses) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Non-performing loans (excluding accrued interest receivables)				
The Company	287	306	287	306
Banking business	22,565	20,036	-	-
Securities business	173	173	-	-
Asset management business	12,921	13,236	-	-

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

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
The Company	200	207	200	207
Banking business	19,501	18,525	-	-
Securities business	173	173	-	-

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

11.5 Debt restructuring

During the six-month periods ended 30 June 2013 and 2012, the Company and its subsidiaries (banking, asset management and securities businesses) have entered into debt restructuring agreements as follows:

Type of restructuring	Consolidated financial statements				Fair value of assets to be transferred under agreement Million Baht
	For the six-month periods ended 30 June				
	Number of debtors	Outstanding balances before restructuring ⁽¹⁾ Million Baht	Outstanding balances after restructuring ⁽¹⁾ Million Baht	Type of assets to be transferred	
2013					
Modification of repayment conditions	1,830	4,925	4,923		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	2	196	196	Land, land and premise thereon	56
Total	1,832	5,121	5,119		
2012					
Modification of repayment conditions	13,832	13,538	10,727		
Total	13,832	13,538	10,727		

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

Type of restructuring	Separate financial statements		
	For the six-month periods ended 30 June		
	Number of debtors	Outstanding loans balance before restructuring ⁽¹⁾ Million Baht	Outstanding loans balance after restructuring ⁽¹⁾ Million Baht
2013			
Modification of repayment conditions	36	1	1
Total	36	1	1
2012			
Modification of repayment conditions	17	8	8
Total	17	8	8

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

Counting from the end of the period, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the six-month periods ended 30 June 2013 and 2012, are summarised below.

Consolidated financial statements				
For the six-month periods ended 30 June				
Periods	2013		2012	
	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	427	758	3,957	3,472
Due within the year	207	2,309	1,123	1,815
Less than 5 years	386	568	7,445	3,795
5 - 10 years	555	1,024	1,229	1,456
10 - 15 years	133	233	35	96
Over 15 years	124	227	43	93
Total	1,832	5,119	13,832	10,727

Separate financial statements				
For the six-month periods ended 30 June				
Periods	2013		2012	
	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	1	-	-	-
Due within the year	35	1	14	2
Less than 5 years	-	-	1	1
5 - 10 years	-	-	1	1
10 - 15 years	-	-	1	4
Total	36	1	17	8

Supplemental information for the six-month periods ended 30 June 2013 and 2012 relating to restructured loans is as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Interest incomes recognised in the statements of comprehensive income	1,096	1,313	10	9
Gain on debt settlement/disposal	29	42	2	-
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	3	2	-	-
Cash repayment from receivables	6,150	7,415	16	12
Property foreclosed received for debts settlement	245	217	-	-

As at 30 June 2013 and 31 December 2012, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Total number of outstanding receivables		Restructured receivables					
			Number of receivables		Outstanding balances		Outstanding balances, net of collateral	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	Thousand	Thousand			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	3.0	3.1	59	60	116	119	24	26
Thanachart Bank Plc.	1,780.1	1,719.6	47,653	53,284	21,802	24,058	12,357	14,604
Thanachart Securities Plc.	0.5	0.5	3	4	35	50	35	50
TS Asset Management Co., Ltd.	2.2	2.3	1,548	1,566	10,553	9,553	4,963	4,919
Other subsidiaries	0.5	0.6	188	204	530	610	140	188

11.6 Hire purchases/Financial leases receivables

As at 30 June 2013 and 31 December 2012, the Company and its subsidiaries, which are engaged in the banking, hire purchases and financial leases businesses, have hire purchases/financial lease receivables. These mostly comprise hire purchase agreements or financial lease agreements for cars, trucks and motorcycles. The terms of the agreements are generally between 3 and 7 years and they carry interest at fixed rates stipulated in the agreements.

(Unit: Million Baht)

Consolidated financial statement as at 30 June 2013				
Amounts due under lease agreements				
	Less than			Total
	1 year*	1 - 5 years	Over 5 years	
Gross investment in the lease	136,552	336,668	21,738	494,958
Less: Unearned finance income	(22,526)	(38,149)	(977)	(61,652)
Present value of minimum lease payments receivable	114,026	298,519	20,761	433,306
Allowance for doubtful accounts				(9,668)
Hire purchases/Financial leases receivables - net				423,638

* Included non-performing receivables

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2012				
Amounts due under lease agreements				
	Less than			Total
	1 year*	1 - 5 years	Over 5 years	
Gross investment in the lease	126,057	308,954	21,870	456,881
Less: Unearned finance income	(21,180)	(35,881)	(1,019)	(58,080)
Present value of minimum lease payments receivable	104,877	273,073	20,851	398,801
Allowance for doubtful accounts				(6,754)
Hire purchases/Financial leases receivables - net				392,047

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 30 June 2013

	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	115	-	-	115
Less: Unearned finance income	(6)	-	-	(6)
Present value of minimum lease payments receivable	109	-	-	109
Allowance for doubtful accounts				(109)
Hire purchases/Financial leases receivables - net				-

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2012

	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	119	-	-	119
Less: Unearned finance income	(7)	-	-	(7)
Present value of minimum lease payments receivable	112	-	-	112
Allowance for doubtful accounts				(112)
Hire purchases/Financial leases receivables - net				-

* Included non-performing receivables

11.7 Classified by classification

As at 30 June 2013 and 31 December 2012, the Company and its financial institution subsidiaries (banking and asset management businesses) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

	Consolidated financial statements ⁽¹⁾					
	Loans and accrued interest receivables		Net balance used in made allowance for doubtful accounts		Allowance for doubtful accounts	
	30 June	31 December	30 June	31 December	30 June	31 December
	2013	2012	2013	2012	2013	2012
Normal	691,379	671,689	498,069	480,971	8,299	4,885
Special mention	33,352	28,575	29,386	22,593	3,800	1,475
Substandard	8,604	5,312	4,331	3,744	3,491	3,559
Doubtful	5,300	4,543	3,295	2,555	2,657	2,394
Doubtful of loss	21,928	23,781	11,608	11,166	10,358	10,801
Total	760,563	733,900	546,689	521,029	28,605	23,114
Additional allowance for possible uncollectible accounts					491	499
Total					29,096	23,613

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

(Unit: Million Baht)

	Separate financial statements					
	Loans and accrued interest receivables		Net balance used in made allowance for doubtful accounts		Allowance for doubtful accounts	
	30 June	31 December	30 June	31 December	30 June	31 December
	2013	2012	2013	2012	2013	2012
Normal	9	3	1	1	-	-
Special mention	9	2	-	-	-	-
Substandard	-	1	-	-	-	-
Doubtful	-	5	-	-	-	-
Doubtful of loss	287	300	208	214	208	214
Total	305	311	209	215	208	214

Percentage of allowance for doubtful account set up

	Hire purchase receivables -			
	personal consumer for Thanachart Bank		Other loans	
	30 June 2013 ⁽²⁾	31 December 2012 ⁽²⁾	30 June 2013	31 December 2012
Normal	0.72	0.20	1	1
Special mention	9.53	3.50	2	2
Substandard	45.52	83.14	100	100
Doubtful	50.00	83.14	100	100
Doubtful of loss	52.13	83.14	100	100

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

11.8 Loan to companies which have settlement problems

As at 30 June 2013 and 31 December 2012, loans of the Company and its subsidiaries (which engaged in banking, asset management, hire purchases and financial leases business) 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							
							Allowance for doubtful accounts provided in the accounts	
	Number of debtors		Debt balances		Collateral value			
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
1. Listed companies possible to delisting from the SET	6	6	832	835	64	64	768	771
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	10	10	579	584	310	329	252	238
3. Companies which have loan settlement problems or have defaulted on the repayment	1,349	1,315	20,260	18,188	11,535	10,352	9,832	9,009

Separate financial statements

	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
			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	51	54	100	101	80	81	26	27

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

As at 30 June 2013 and 31 December 2012, subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables, in accordance with the Notification of the Securities and Exchange Commission (“SEC”) governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	Receivable balances		Allowance for doubtful accounts		Debt balances net of allowance for doubtful accounts	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Normal	3,834	2,440	-	-	3,834	2,440
Substandard	3	5	2	4	1	1
Doubtful	170	168	170	168	-	-
Total	4,007	2,613	172	172	3,835	2,441

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

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

As at 30 June 2013 and 31 December 2012, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

	(Unit: Million Baht)	
	30 June 2013	31 December 2012
Current or overdue not over 90 days	23,863	19,254
Overdue 91 - 365 days	339	249
Overdue more than 1 year	57	64
Debtors under legal actions	263	233
Total	24,522	19,800
Allowance for doubtful accounts provided in the accounts	933	757

12. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the six-month period ended 30 June 2013									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the period	4,885	1,475	3,559	2,394	10,801	499	23,613	930	24,543
Increase (decrease) during the period	3,414	2,325	(68)	263	1,630	(8)	7,556	194	7,750
Bad debts recovery	-	-	-	-	307	-	307	8	315
Bad debts written-off	-	-	-	-	(2,100)	-	(2,100)	(26)	(2,126)
Reversal on hair-cut loans	-	-	-	-	(98)	-	(98)	-	(98)
Reversal from disposal of loans	-	-	-	-	(182)	-	(182)	-	(182)
Balance - end of the period	8,299	3,800	3,491	2,657	10,358	491	29,096	1,106	30,202

(Unit: Million Baht)

Consolidated financial statements

For the year ended 31 December 2012

The Company and subsidiary companies which are financial institutions

	Normal	Special	Sub-	Doubtful	Doubtful	Excess	Total	Subsidiary	Consolidated
		mention	standard		of loss	provision		companies	
Balance - beginning									
of the year	4,049	721	3,897	7,509	9,209	417	25,802	1,098	26,900
Increase (decrease) during the									
year	836	754	(336)	(2,670)	4,226	82	2,892	(6)	2,886
Bad debts recovery	-	-	-	-	453	-	453	10	463
Bad debts written-off	-	-	-	-	(1,910)	-	(1,910)	(55)	(1,965)
Reversal on hair-cut loans	-	-	(2)	(2,445)	(541)	-	(2,988)	(117)	(3,105)
Reversal from disposal of loans	-	-	-	-	(636)	-	(636)	-	(636)
Balance - end of the year	4,885	1,475	3,559	2,394	10,801	499	23,613	930	24,543

(Unit: Million Baht)

Separate financial statements

For the six-month period ended 30 June 2013

	Normal	Special	Substandard	Doubtful	Doubtful	Excess	Total
		mention			of loss	provision	
Balance - beginning							
of the period	-	-	-	-	214	-	214
Decrease during the period	-	-	-	-	(38)	-	(38)
Bad debts recovery	-	-	-	-	32	-	32
Balance - end of the period	-	-	-	-	208	-	208

(Unit: Million Baht)

Separate financial statements

For the year ended 31 December 2012

	Normal	Special	Substandard	Doubtful	Doubtful	Excess	Total
		mention			of loss	provision	
Balance - beginning							
of the year	10	-	-	-	249	-	259
Decrease during the year	(10)	-	-	-	(26)	-	(36)
Bad debts recovery	-	-	-	-	2	-	2
Bad debts written-off	-	-	-	-	(1)	-	(1)
Reversal from disposal of loans	-	-	-	-	(10)	-	(10)
Balance - end of the year	-	-	-	-	214	-	214

13. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month	For the	For the six-month	For the
	period ended 30	year ended	period ended 30	year ended
June 2013	31 December	June 2013	31 December	
	2012	2012		
Balance - beginning of the period	348	386	-	-
Decrease during the period	-	(2)	-	-
Amortised during the period	(6)	(36)	-	-
Balance - end of the period	342	348	-	-

14. Classification of assets

As at 30 June 2013 and 31 December 2012, the quality of assets of the Company and its financial institution subsidiaries (banking and asset management businesses) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2013					
	Interbank and money market items	Loans to customer and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	33,641	691,379	-	-	223	725,243
Special mention	-	33,352	-	-	123	33,475
Substandard	-	8,604	-	-	15	8,619
Doubtful	-	5,300	-	-	8	5,308
Doubtful of loss	-	21,928	639	745	361	23,673
Total	33,641	760,563	639	745	730	796,318

(Unit: Million Baht)

Consolidated financial statements

31 December 2012

	Loans to customer and		Investments	Property		Total
	Interbank and money market items	accrued interest receivables		foreclosed	Other assets	
Normal	39,223	671,689	-	-	199	711,111
Special mention	-	28,575	-	-	94	28,669
Substandard	-	5,312	-	-	7	5,319
Doubtful	-	4,543	-	-	6	4,549
Doubtful of loss	-	23,781	278	756	354	25,169
Total	39,223	733,900	278	756	660	774,817

(Unit: Million Baht)

Separate financial statements

30 June 2013

	Loans to customer and		Investments	Property		Total
	Interbank and money market items	accrued interest receivables		foreclosed	Other assets	
Normal	-	9	-	-	-	9
Special mention	-	9	-	-	-	9
Substandard	-	-	-	-	1	1
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	287	170	444	82	983
Total	-	305	170	444	83	1,002

(Unit: Million Baht)

Separate financial statements

31 December 2012

	Loans to customer and		Investments	Property		Total
	Interbank and money market items	accrued interest receivables		foreclosed	Other assets	
Normal	-	3	-	-	-	3
Special mention	-	2	-	-	1	3
Substandard	-	1	-	-	-	1
Doubtful	-	5	-	-	-	5
Doubtful of loss	-	300	149	464	83	996
Total	-	311	149	464	84	1,008

15. Property foreclosed

(Unit: Million Baht)

Consolidated financial statements					
For the six-month period ended 30 June 2013					
	Balance - beginning of the period	Additions	Disposals	Change appraiser	Balance - end of the period
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	7,236	15	(930)	125	6,446
Internal appraiser	838	-	-	(125)	713
Movable assets	676	3,625	(3,291)	-	1,010
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	1,505	47	(217)	116	1,451
Internal appraiser	123	1	(6)	(116)	2
Non-used branches					
External appraiser	300	34	(11)	-	323
Total property foreclosed	10,678	3,722	(4,455)	-	9,945
Less: Allowance for impairment	(763)	(287)	295	-	(755)
Property foreclosed - net	9,915	3,435	(4,160)	-	9,190

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2012					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	7,781	743	(2,163)	875	7,236
Internal appraiser	1,741	14	(42)	(875)	838
Movable assets	367	4,778	(4,469)	-	676
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	1,271	20	(566)	780	1,505
Internal appraiser	1,049	-	(146)	(780)	123
Non-used branches					
External appraiser	116	233	(49)	-	300
Total property foreclosed	12,325	5,788	(7,435)	-	10,678
Less: Allowance for impairment	(765)	(518)	520	-	(763)
Property foreclosed - net	11,560	5,270	(6,915)	-	9,915

(Unit: Million Baht)

Separate financial statements					
For the six-month period ended 30 June 2013					
	Balance - beginning of the period	Additions	Disposals	Change appraiser	Balance - end of the period
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	1,551	7	(169)	64	1,453
Internal appraiser	64	-	-	(64)	-
Movable assets	2	1	(1)	-	2
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	366	-	(49)	22	339
Internal appraiser	28	-	(4)	(22)	2
Others					
Immovable assets					
External appraiser	120	-	(23)	-	97
Total property foreclosed	2,131	8	(246)	-	1,893
Less: Allowance for impairment	(464)	(7)	27	-	(444)
Property foreclosed - net	1,667	1	(219)	-	1,449

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2012					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	1,336	6	(161)	370	1,551
Internal appraiser	468	-	(34)	(370)	64
Movable assets	2	1	(1)	-	2
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	62	-	(43)	347	366
Internal appraiser	420	-	(45)	(347)	28
Others					
Immovable assets					
External appraiser	30	35	(21)	76	120
Internal appraiser	101	-	(25)	(76)	-
Total property foreclosed	2,419	42	(330)	-	2,131
Less: Allowance for impairment	(412)	(79)	27	-	(464)
Property foreclosed - net	2,007	(37)	(303)	-	1,667

16. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the six-month period ended 30 June 2013						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2012	4,519	2,746	5,647	221	116	13,249
Additions	-	-	98	8	38	144
Decrease from disposal of a subsidiary company	-	(60)	(230)	(3)	-	(293)
Transfers/disposals	(26)	(12)	(28)	(48)	(86)	(200)
30 June 2013	4,493	2,674	5,487	178	68	12,900
<u>Accumulated depreciation</u>						
31 December 2012	-	583	4,054	168	-	4,805
Transfers/disposals	-	(8)	(110)	(45)	-	(163)
Decrease from disposal of a subsidiary company	-	(27)	(156)	(3)	-	(186)
Depreciation for the period	-	67	311	11	-	389
30 June 2013	-	615	4,099	131	-	4,845
<u>Allowance for impairment</u>						
31 December 2012	68	26	6	-	-	100
30 June 2013	68	26	6	-	-	100
<u>Net book value</u>						
30 June 2013	4,425	2,033	1,382	47	68	7,955
Depreciation charge for the six-month periods ended 30 June						
2012						431
2013						389

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2012						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2011	4,708	2,786	5,204	265	146	13,109
Additions	-	-	478	12	167	657
Transfers/disposals	(189)	(40)	(35)	(56)	(197)	(517)
31 December 2012	4,519	2,746	5,647	221	116	13,249
<u>Accumulated depreciation</u>						
31 December 2011	-	437	3,572	190	-	4,199
Transfers/disposals	-	3	(204)	(53)	-	(254)
Depreciation for the year	-	143	686	31	-	860
31 December 2012	-	583	4,054	168	-	4,805
<u>Allowance for impairment</u>						
31 December 2011	68	26	1	-	-	95
Increase during the year	-	-	5	-	-	5
31 December 2012	68	26	6	-	-	100
<u>Net book value</u>						
31 December 2012	4,451	2,137	1,587	53	116	8,344

(Unit: Million Baht)

Separate financial statements						
For the six-month period ended 30 June 2013						
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2012	3	62	57	26	4	152
Additions	-	-	2	-	1	3
Transfers/disposals	-	-	5	-	(5)	-
30 June 2013	3	62	64	26	-	155
<u>Accumulated depreciation</u>						
31 December 2012	-	34	52	14	-	100
Depreciation for the period	-	1	2	2	-	5
30 June 2013	-	35	54	16	-	105
<u>Net book value</u>						
30 June 2013	3	27	10	10	-	50
Depreciation charge for the six-month periods ended 30 June						
2012						5
2013						5

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2012					
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2011	3	62	82	28	-	175
Additions	-	-	1	3	4	8
Transfers/disposals	-	-	(26)	(5)	-	(31)
31 December 2012	3	62	57	26	4	152
<u>Accumulated depreciation</u>						
31 December 2011	-	31	75	14	-	120
Transfers/disposals	-	-	(26)	(5)	-	(31)
Depreciation for the year	-	3	3	5	-	11
31 December 2012	-	34	52	14	-	100
<u>Net book value</u>						
31 December 2012	3	28	5	12	4	52

As at 30 June 2013 and 31 December 2012, the Company and its subsidiaries have vehicles acquired under financial leases with net book values amounting to approximately Baht 27 million and Baht 34 million, respectively. In addition, the Company and its subsidiaries have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss, amounted to approximately Baht 2,278 million and Baht 1,937 million, respectively (separate financial statements: the Company have vehicles acquired under financial leases with net book values amounting to approximately Baht 10 million and Baht 12 million, respectively and have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss, amounted to approximately Baht 49 million and Baht 46 million, respectively).

17. Intangible assets

(Unit: Million Baht)

	For the six-month period ended 30 June 2013					Separate financial statements
	Consolidated financial statements					
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
31 December 2012	4,100	1,695	7	275	6,077	8
Additions	-	39	-	50	89	-
Transfers/disposals	-	42	-	(70)	(28)	-
Decrease from disposal of a subsidiary company	-	(40)	-	(1)	(41)	-
30 June 2013	4,100	1,736	7	254	6,097	8
<u>Accumulated amortisation</u>						
31 December 2012	1,141	575	7	-	1,723	8
Decrease from disposal of a subsidiary company	-	(22)	-	-	(22)	-
Amortisation for the period	257	82	-	-	339	-
30 June 2013	1,398	635	7	-	2,040	8
<u>Allowance for impairment</u>						
31 December 2012	-	60	-	-	60	-
Increase during the period	-	3	-	-	3	-
30 June 2013	-	63	-	-	63	-
<u>Net book value</u>						
30 June 2013	2,702	1,038	-	254	3,994	-
Remaining amortisation period	6.9 years	0 - 9.9 years	-	-		0 - 2 years
Amortisation expenses for the six-month periods ended 30 June						
2012					341	-
2013					339	-

(Unit: Million Baht)

For the year ended 31 December 2012

	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
31 December 2011	4,100	1,511	7	180	5,798	8
Additions	-	131	-	229	360	-
Transfers/disposals	-	53	-	(134)	(81)	-
31 December 2012	4,100	1,695	7	275	6,077	8
<u>Accumulated amortisation</u>						
31 December 2011	602	455	7	-	1,064	8
Transfers/disposals	-	(34)	-	-	(34)	-
Amortisation for the year	539	154	-	-	693	-
31 December 2012	1,141	575	7	-	1,723	8
<u>Allowance for impairment</u>						
31 December 2011	-	25	-	-	25	-
Increase during the year	-	35	-	-	35	-
31 December 2012	-	60	-	-	60	-
<u>Net book value</u>						
31 December 2012	2,959	1,060	-	275	4,294	-

As at 30 June 2013 and 31 December 2012, the Company and its subsidiaries have computer software which have been fully amortised but are still in use with original costs, before deducting accumulated amortisation, amounting to approximately Baht 57 million and Baht 51 million, respectively (separate financial statements: Baht 8 million and Baht 8 million, respectively).

18. Goodwill

As at 30 June 2013 and 31 December 2012, goodwill stated in the consolidated financial statements are as follows.

	(Unit: Million Baht)	
	30 June 2013	31 December 2012
		(Restated)
Goodwill - beginning of the period/year	17,986	15,784
Effect of change in accounting policy ⁽¹⁾	-	2,202
Goodwill - beginning of the period/year	17,986	17,986
Deferred gain on disposal of investment	(1,393)	(1,525)
Goodwill - ending of the period/year	16,593	16,461

(1) As mentioned in Note 3 to the financial statements, goodwill increased due to the adoption of new accounting standard, TAS 12 Income taxes, which was effective in current year.

19. Deferred tax assets/ liabilities and income tax

19.1 Deferred tax assets/ liabilities

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

	(Unit: Million Baht)		
	Consolidated financial statements		
	30 June	31 December	1 January
	2013	2012	2012
			(Restated)
Deferred tax assets			
Intercompany gain from disposal of assets	410	445	396
Non-accrual of interest income	100	83	95
Allowance for doubtful debts - general provision / other assets	369	331	319
Allowance for impairment of properties foreclosed	168	167	176
Difference between appraisal value of properties foreclosed and amount of asset transfer for debt settlement	71	79	83
Provisions for employee benefits	407	388	391
Provisions	318	271	234
Accrued interest / Accrued expenses	154	166	203
Insurance contract liabilities	249	287	254
Unused tax loss	-	16	142
Fees income received in advance	303	4	2
Late payment fee	121	109	96
Others	276	201	143
Deferred tax assets	2,946	2,547	2,534

(Unit: Million Baht)

Consolidated financial statements			
	30 June 2013	31 December 2012	1 January 2012
	(Restated)		
Deferred tax liabilities			
Assets transferred as a result of business combination	1,140	1,148	1,149
Deferred commissions and direct expenses incurred at the initiation of hire purchase	1,487	1,236	795
Intangible assets	522	574	705
Unrealised gains on changes in value of available-for-sale investments	253	372	210
Others	115	102	151
Deferred tax liabilities	3,517	3,432	3,010

(Unit: Million Baht)

Separate financial statements			
	30 June 2013	31 December 2012	1 January 2012
	(Restated)		
Deferred tax assets			
Allowance for impairment of properties foreclosed	89	93	83
Difference between appraisal value of properties foreclosed and amount of asset transfer for debt settlement	71	79	83
Provisions for employee benefits	5	5	4
Provisions	38	38	38
Unused tax loss	-	16	56
Others	2	2	2
Deferred tax assets	205	233	266
Deferred tax liabilities			
Unrealised gains on changes in value of available-for-sale investments	94	73	60
Others	1	1	1
Deferred tax liabilities	95	74	61

19.2 Income tax

Income tax expenses for the three-month and six-month periods ended 30 June 2013 and 2012 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Continuing operations				
Current income tax:				
Interim corporate income tax	2,522	623	9	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(333)	4	7	19
Income tax expense reported in statements of comprehensive income	2,189	627	16	19
Discontinued operations				
Current income tax:				
Interim corporate income tax	21	125	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(10)	3	-	-
Income tax expense reported in statements of comprehensive income	11	128	-	-

(Unit: Million Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
		(Restated)		(Restated)
Continuing operations				
Current income tax:				
Interim corporate income tax	3,125	1,228	25	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(226)	(13)	28	15
Income tax expense reported in statements of comprehensive income	<u>2,899</u>	<u>1,215</u>	<u>53</u>	<u>15</u>
Discontinued operations				
Current income tax:				
Interim corporate income tax	119	232	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(30)	5	-	-
Income tax expense reported in statements of comprehensive income	<u>89</u>	<u>237</u>	<u>-</u>	<u>-</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2013 and 2012 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Continuing operations				
Deferred tax relating to gain on changes in value of available-for-sale investments	(148)	89	(8)	8
Deferred tax relating to share of other comprehensive income of associates (loss)	(1)	-	-	-
	<u>(149)</u>	<u>89</u>	<u>(8)</u>	<u>8</u>
Discontinued operations				
Deferred tax relating to gain on changes in value of available-for-sale investments	12	(25)	-	-
	<u>12</u>	<u>(25)</u>	<u>-</u>	<u>-</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Continuing operations				
Deferred tax relating to gain on changes in value of available-for-sale investments	(90)	46	21	5
Deferred tax relating to share of other comprehensive income of associates (loss)	(2)	-	-	-
	<u>(92)</u>	<u>46</u>	<u>21</u>	<u>5</u>
Discontinued operations				
Deferred tax relating to gain on changes in value of available-for-sale investments	12	(3)	-	-
	<u>12</u>	<u>(3)</u>	<u>-</u>	<u>-</u>

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the three-month and six-month periods ended 30 June 2013 and 2012 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Accounting profit before tax -				
continuing operations	9,859	3,047	1,276	2,527
Accounting profit before tax -				
discontinued operations	53	564	-	-
	<u>9,912</u>	<u>3,611</u>	<u>1,276</u>	<u>2,527</u>
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied				
by applicable tax rate	1,983	831	255	581
Adjustment in respect of income tax				
from previous period	67	(81)	-	-
Effects of changes in the applicable tax				
rates	-	(95)	-	1
Effects of non - taxable revenue and				
non-deductible expenses - net	150	100	(239)	(563)
Income tax expenses reported in				
statements of comprehensive				
income	<u>2,200</u>	<u>755</u>	<u>16</u>	<u>19</u>
Income tax expenses				
- continuing operations	2,189	627	16	19
Income tax expenses				
- discontinued operations	11	128	-	-
	<u>2,200</u>	<u>755</u>	<u>16</u>	<u>19</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Accounting profit before tax -				
continuing operations	13,735	5,495	1,475	2,680
Accounting profit before tax -				
discontinued operations	443	1,033	-	-
	<u>14,178</u>	<u>6,528</u>	<u>1,475</u>	<u>2,680</u>
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied				
by applicable tax rate	2,836	1,501	295	616
Adjustment in respect of income tax				
from previous period	67	(97)	-	-
Effects of changes in the applicable tax				
rates	-	31	-	3
Effects of non - taxable revenue and				
non-deductible expenses - net	85	17	(242)	(604)
Income tax expenses reported in				
statements of comprehensive				
income	<u>2,988</u>	<u>1,452</u>	<u>53</u>	<u>15</u>
Income tax expenses				
- continuing operations	2,899	1,215	53	15
Income tax expenses				
- discontinued operations	89	237	-	-
	<u>2,988</u>	<u>1,452</u>	<u>53</u>	<u>15</u>

20. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Accrued premium insurance income	205	496	-	-
Other receivables	2,326	1,531	83	98
VAT refundable	1,158	2,301	-	-
Other receivables - VAT paid in advance				
for customers	276	226	-	1
Deposit	311	302	5	6
Estimated insurance claims recoveries	263	256	-	-
Receivable from clearing house	288	944	-	-
Leasehold right	310	340	12	13
Prepaid corporate income tax	1,073	1,076	31	29
Deposit from derivative contracts	204	102	-	-
Prepaid expenses	506	347	7	6
Others	1,118	1,255	32	13
Total	8,038	9,176	170	166
Less: Allowance for impairment	(605)	(435)	(83)	(83)
Other assets - net	7,433	8,741	87	83

21. Deposits

21.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Current	9,681	8,504	-	-
Saving	243,062	239,104	-	-
Certificates of deposit	2	2	-	-
Fixed deposits				
- Less than 6 months	87,366	115,133	-	-
- 6 months and up to 1 year	183,039	202,747	-	-
- Over 1 year	179,395	127,931	-	-
Total deposits	702,545	693,421	-	-

21.2 Classified by currency and countries

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	702,203	1	702,204	693,128	1	693,129
US Dollar	273	27	300	121	21	142
Other currencies	27	14	41	131	19	150
Total	702,503	42	702,545	693,380	41	693,421

22. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2013			31 December 2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and the FIDF	708	13,465	14,173	708	6,869	7,577
Commercial banks	1,029	8,707	9,736	1,121	23,311	24,432
Specialised financial institutions	316	1,172	1,488	192	13,722	13,914
Other financial institutions	8,373	17,409	25,782	9,828	16,427	26,255
Total domestic items	10,426	40,753	51,179	11,849	60,329	72,178
Foreign						
US Dollar	76	16,482	16,558	54	14,336	14,390
Yen	126	-	126	-	-	-
Baht currency	531	494	1,025	486	723	1,209
Total foreign items	733	16,976	17,709	540	15,059	15,599
Total	11,159	57,729	68,888	12,389	75,388	87,777

As at 30 June 2013, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 2,504 million, consisting of (i) a loan of Baht 124 million, repayable in 36 monthly installments from the date of the loan drawdown, and carrying interest at a fixed interest rate per annum, payable monthly, (ii) a loan of Baht 800 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, (iii) a loan of Baht 280 million, repayable in quarterly installments, carrying interest at MLR minus a fixed rate, payable monthly, (iv) a loan of Baht 500 million, repayable in full within 4 years from the date of the loan drawdown, carrying interest at a fixed rate per annum, payable monthly, (v) a loan of Baht 500 million, repayable in quarterly installments, carrying interest at a fixed rate per annum, payable monthly, and (vi) a loan of Baht 300 million in the form of promissory rates, 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 2012: included loans of a subsidiary company amounting to Baht 1,754 million).

23. Debt issued and borrowings

As at 30 June 2013 and 31 December 2012, the balance of domestic debt issued and borrowings, which stated in Baht, are as follows:

Type of borrowings	Interest rate per annum (as at 30 June 2013)		Maturity date		(Unit: Million Baht)			
					Consolidated		Separate	
					financial statements		financial statements	
					30 June 2013	31 December 2012	30 June 2013	31 December 2012
Unsubordinated debentures (a – c)	4.60 - 4.90 percent	2014 - 2022	12,000	14,995	12,000	15,000		
Unsubordinated debentures (d – g)	4.70 - 5.50 percent	2014 - 2017	11,000	11,072	-	-		
Perpetual subordinated hybrid bonds issued under Tier I (h)	8.25 percent	Dissolution	3,494	3,494	-	-		
Subordinated hybrid bonds issued under Tier II (i)	5.25 percent	2019 and 2024	5,000	4,999	-	-		
Subordinated debentures issued under Tier II (j – o)	4.70 - 6.00 percent	2015 - 2022	35,515	33,773	-	-		
Subordinated debentures (o)			-	1,742	-	-		
Short-term debentures	2.65 - 3.00 percent	2013 - 2014	38,830	13,235	-	-		
Bills of exchange	0.00 percent	At call	26	41	-	-		
Bills of exchange	3.67 percent	2013	500	4,889	-	-		
Promissory notes	0.50 - 2.50, 4.25 percent	At call	1,096	1,168	-	-		
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2013 - 2017	69	98	-	-		
Total debt issued and borrowings			107,530	89,506	12,000	15,000		

- (a) On 12 November 2009, the Company issued 9,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2014 and bear interest at fixed rate of 4.90 percent per annum, payable quarterly.
- (b) On 22 January 2010, the Company issued 3,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures mature in second quarter of 2013 and bear interest at fixed rate of 3.35 percent per annum, payable quarterly.

- (c) On 21 November 2012, the Company issued 3,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at fixed rate of 4.60 percent per annum, payable semi-annually.
- (d) On 27 March 2012, Thanachart Bank issued 2,072,100 units of name registered unsubordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in the first quarter of 2013 and bear interests at fixed rate of 3.45 percent per annum, payable quarterly.
- (e) On 27 April 2012, a subsidiary issued 6,000,000 units of name registered unsubordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. Of these, 2 million units bear interest at fixed rate of 4.90 percent per annum and mature in 2014, and 1.5 million units bear interest at fixed rate of 5.20 percent per annum and mature in 2015, and another 2.5 million units bear interest at fixed interest rate of 5.50 percent per annum and mature in 2016. All debentures pay interest quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (f) On 1 November 2012, a subsidiary issued 3,000,000 units of name registered unsubordinated, unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2016 and bear interest at fixed rate of 5.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (g) On 14 June 2013, a subsidiary issued 2,000,000 units of name registered unsubordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at fixed rate of 4.70 percent per annum, payable quarterly. The debentures pay interest quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

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

- (l) On 2 April 2010, Thanachart Bank issued 6,000,000 name registered subordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2020 and bear interest at a fixed rate of 5.00 percent per annum for the first five years and 5.50 percent per annum for the sixth to tenth years, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (m) On 20 June 2011, Thanachart Bank issued 10,000,000 unsecured subordinated debentures with a face value of Baht 1,000 each. The debentures mature in 2019 and bear interest at a fixed rate of 6.00 percent per annum until June 2016, and 6.50 percent per annum for the remaining years. Interest is payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met. (These debentures were issued to replace SCIB's debentures which were early redeemed in accordance with the BOT stipulations regarding the transfer of the entire business of SCIB)
- (n) On 20 July 2012, Thanachart Bank issued 8,497,000 name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (o) On 19 October 2012, Thanachart Bank issued 4,018,500 name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met. All debentures meet the criteria to be counted as Tier 2 capital. (31 December 2012: some of the debentures, amounting to Baht 2,276 million, could be counted as Tier 2 capital).

24. Provisions

(Unit: Million Baht)

Consolidated financial statements						
For the six-month period ended 30 June 2013						
	Loss from litigation	Employee benefits	Obligations from off-balance items	Provision for loss sharing from loans transferred to TAMC	Others	Total
As at 1 January 2013	196	1,943	222	383	556	3,300
Increase during the period	9	245	275	-	180	709
Decrease from actual utilised	-	(125)	-	-	(229)	(354)
Reversal of provisions	(1)	-	-	-	-	(1)
Decrease from disposal of a subsidiary company	-	(23)	-	-	-	(23)
As at 30 June 2013	<u>204</u>	<u>2,040</u>	<u>497</u>	<u>383</u>	<u>507</u>	<u>3,631</u>

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2012						
	Loss from litigation	Employee benefits	Obligations from off-balance items	Provision for loss sharing from loans transferred to TAMC	Others	Total
As at 1 January 2012	95	1,970	269	383	427	3,144
Increase during the year	101	67	32	-	133	333
Decrease from actual utilised	-	(94)	-	-	(4)	(98)
Reversal of provisions	-	-	(79)	-	-	(79)
As at 31 December 2012	<u>196</u>	<u>1,943</u>	<u>222</u>	<u>383</u>	<u>556</u>	<u>3,300</u>

(Unit: Million Baht)

Separate financial statements				
For the six-month period ended 30 June 2013				
	Loss from litigation	Employee benefits	Provision for loss sharing from loans transferred to TAMC	Total
As at 1 January 2013	9	23	183	215
Increase during the period	-	2	-	2
As at 30 June 2013	<u>9</u>	<u>25</u>	<u>183</u>	<u>217</u>

(Unit: Million Baht)

	Separate financial statements			
	For the year ended 31 December 2012			
	Loss from litigation	Employee benefits	Provision for loss sharing from loans transferred to TAMC	Total
As at 1 January 2012	9	18	183	210
Increase during the year	-	5	-	5
As at 31 December 2012	9	23	183	215

Employee benefits

The long-term employee benefit expenses, included in profit or loss for the six-month periods ended 30 June 2013 and 2012, can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	134	91	1	1
Interest cost	46	65	1	1
Loss on curtailment	(55)	-	-	-
Total employee benefits	125	156	2	2

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

	(Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Discount rate	4.15 - 4.38	3.70 - 4.42	4.38	4.38
Future salary increase	5.50 - 6.79	5.50 - 7.35	5.50	5.50
Average turnover rate	0.00 - 47.76	0.00 - 47.76	0.00 - 19.02	0.00 - 19.02

25. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Life policy reserve	11,954	34,291	-	-
Loss reserves and outstanding claims	1,819	1,975	-	-
Unearned premium reserve	2,784	3,116	-	-
Other liabilities under insurance policies	109	250	-	-
Total insurance contract liabilities	16,666	39,632	-	-

26. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Other payables	1,539	1,676	100	87
Suspense cash received from accounts receivable	513	516	31	34
Income received in advance	1,932	434	-	-
Corporate income tax payable	2,994	1,222	17	-
Accrued personnel expenses	1,381	1,885	31	29
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	1,781	1,666	-	-
Accrued other expenses	1,453	1,541	2	2
Payables to clearing house	1,402	126	-	-
Insurance premium received in advance	1,407	1,194	-	-
Others	1,122	2,341	35	36
Total other liabilities	15,524	12,601	216	188

27. Share capital/Treasury stocks

During the six-month period ended 30 June 2013, there's no conversion of preferred shares to the Company's common shares. Therefore, as at 30 June 2013, 13,306 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

On 26 November 2012, the Company's Board of Directors approved a treasury stock program for financial management purposes, with a budget of up to Baht 3,400 million, and the number of shares to be repurchased not to exceed 127,781,636 shares, representing 10 percent of the shares of the Company in issue. The repurchase period runs from 11 December 2012 to 10 June 2013. As at 30 June 2013, the Company had 71,350,000 shares of treasury stocks, valued at Baht 3,398.5 million, at an average price of Baht 47.63 per share and has not disposed of any shares during the year. A condition of the treasury stock program is that the shares are to be disposed of within 3 years counting from the end of the buy-back period.

28. Other components of equity

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
Share premium of a subsidiary	776	776	-	-
Amount by which the value of investment in subsidiary lower than attributable net book value	226	226	-	-
Revaluation surplus (deficit) on investments				
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	184	464	-	9
Equity instruments	911	692	472	358
Held-to-maturity investments	-	10	-	-
Total	1,095	1,166	472	367
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(208)	(20)	-	-
Equity instruments	(4)	-	-	-
Held-to-maturity investments (reclassified from available-for-sale investments)	-	(38)	-	-
Total	(212)	(58)	-	-
Total revaluation surplus on investments	883	1,108	472	367
Less: The effect of deferred tax assets (liabilities)	(177)	(222)	(94)	(73)
Net revaluation surplus on investments	706	886	378	294
Share of other comprehensive income of associates	10	15	-	-
Less: The effect of deferred tax liabilities	(1)	(1)	-	-
Net share of other comprehensive income of associates	9	14	-	-

Total	<u>1,717</u>	<u>1,902</u>	<u>378</u>	<u>294</u>
-------	--------------	--------------	------------	------------

29. Statutory reserve

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

30. Capital funds

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

In compliance with the Notification of BOT Re: Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The BOT granted a waiver for the Company to indirectly hold more shares of SCIB than permitted by law through Thanachart Bank, for the purposes of the business transfer. The BOT also permitted the Company not to include SCIB into the financial group until the date of completion of liquidation. The Company will disclose capital requirement information as at 30 June 2013 on its website at www.thanachart.co.th within October 2013. Moreover, the Company and its subsidiaries had disclosed capital maintenance as at 31 December 2012 on its website since April 2013.

31. Dividends

During the six-month periods ended 30 June 2013 and 2012, the Company has dividend payment as below.

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

Dividend for the second
half-year of 2011

The Annual General
Meeting of shareholders
on 5 April 2012

894

0.70

30 April 2012

32. Interest income

Interest income for the three-month and six-month periods ended 30 June 2013 and 2012 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Interbank and money market items	432	509	8	1
Investments and trading transactions	122	122	-	-
Investments in debt securities	963	938	86	95
Loans to customers	5,223	5,449	10	15
Hire purchase and financial lease	6,620	5,081	-	-
Total interest income	13,360	12,099	104	111

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Interbank and money market items	920	1,041	25	1
Investments and trading transactions	258	247	-	-
Investments in debt securities	1,952	1,898	251	178
Loans to customers	10,360	10,708	11	35
Hire purchase and financial lease	12,997	9,724	-	-
Total interest income	26,487	23,618	287	214

33. Interest expenses

Interest expenses for the three-month and six-month periods ended 30 June 2013 and 2012 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Deposits	4,369	3,177	-	-
Interbank and money market items	372	431	-	-
Contribution fee to the Financial Institutions Development Fund and Deposit Protection Agency	903	722	-	-
Debts issued and borrowings				
- Subordinated debentures	618	474	-	-
- Unsubordinated debentures	515	209	144	135
- Others	18	1,144	-	-
Borrowings cost	1	7	-	1
Total interest expenses	6,796	6,164	144	136

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Deposits	8,798	5,823	-	-
Interbank and money market items	770	802	-	-
Contribution fee to the Financial Institutions Development Fund and Deposit Protection Agency	1,781	1,329	-	-
Debts issued and borrowings				
- Subordinated debentures	1,232	947	-	-
- Unsubordinated debentures	959	344	293	270
- Others	69	3,036	-	-
Borrowings cost	3	9	-	1
Total interest expenses	13,612	12,290	293	271

34. Fees and service income

Fees and service income for the three-month and six-month periods ended 30 June 2013 and 2012 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Fees and service income				
Acceptance, aval and guarantees	73	72	-	-
Hire purchase fee income	322	279	-	1
Credit card	239	169	-	-
ATM and electronic banking services	181	177	-	-
Brokerage fee from				
securities/derivatives	498	269	-	-
Insurance brokerage fee income	421	179	-	-
Others	536	381	-	7
Total fees and service income	2,270	1,526	-	8
Fees and service expenses	(464)	(359)	-	(1)
Net fees and service income	1,806	1,167	-	7

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Fees and service income				
Acceptance, aval and guarantees	142	162	-	-
Hire purchase fee income	613	542	1	2
Credit card	499	346	-	-
ATM and electronic banking services	372	361	-	-
Brokerage fee from				
securities/derivatives	1,113	563	-	-
Insurance brokerage fee income	789	346	-	-
Others	988	655	1	7
Total fees and service income	4,516	2,975	2	9
Fees and service expenses	(908)	(729)	(1)	(1)
Net fees and service income	3,608	2,246	1	8

35. Gains on trading and foreign exchange transactions

Gains (losses) on trading and foreign exchange transactions for the three-month and six-month periods ended 30 June 2013 and 2012 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Foreign exchange and derivatives				
relating to foreign exchange	154	146	-	-
Foreign exchange and derivatives				
relating to interest rate	(13)	-	-	-
Debt securities	(171)	224	-	-
Equity securities	(8)	1	-	-
Others	15	(3)	-	-
Total	(23)	368	-	-

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Foreign exchange and derivatives				
relating to foreign exchange	284	309	-	-
Foreign exchange and derivatives				
relating to interest rate	5	-	-	-
Debt securities	(157)	(32)	-	-
Equity securities	(8)	(2)	-	-
Others	20	3	-	-
Total	144	278	-	-

36. Gains on investments

Gains on investments for the three-month and six-month periods ended 30 June 2013 and 2012 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Gains (losses) on disposal				
Available-for-sale securities	70	67	16	-
General investments	(9)	(13)	-	-
Investments in subsidiaries (Note 48)	12,348	70	-	-
Gains on the capital returned	-	-	-	9
Gains on debt settlement/disposal of debt/assets transferred from investments in receivables purchased	4	14	3	10
Reversal of losses from impairment of investments (loss)	5	(17)	-	-
Total	12,418	121	19	19

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Gains (losses) on disposal				
Available-for-sale securities	185	179	17	1
General investments	(9)	(13)	-	-
Investments in subsidiaries (Note 48)	12,414	139	-	-
Gains on the capital returned	-	-	-	9
Gains on debt settlement/disposal of debt/assets transferred from investments in receivables purchased	16	25	3	13
Reversal of losses from impairment of investments (loss)	22	(15)	-	-
Total	12,628	315	20	23

37. Directors' remuneration

Directors' remuneration represents the benefits paid to the directors of the Company and publicly subsidiary companies in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions but including the payment of remuneration amounting to approximately Baht 34 million (separate financial statement: Baht 18 million) to the Company's and its subsidiaries' directors, which was approved by the Annual General Meeting of Shareholders held.

38. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month and six-month periods ended 30 June 2013 and 2012 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Impairment loss of loans				
Interbank and money market items	4	4	-	-
Loans to customers (reversal)	6,718	481	(35)	(11)
Amortisation of revaluation allowance for debts restructured during the period (reversal)	(3)	2	-	-
Loss from debt restructuring (reversal)	3	(2)	-	-
Loss from impairment of investments in receivables purchased	4	3	5	2
Total (reversal)	<u>6,726</u>	<u>488</u>	<u>(30)</u>	<u>(9)</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Impairment loss of loans				
Interbank and money market items	11	22	-	-
Loans to customers (reversal)	8,061	907	(38)	(18)
Reversal of revaluation allowance for debts restructured during the period	(6)	(29)	-	-
Loss from debt restructuring	3	2	-	-
Loss from impairment of investments in receivables purchased	22	2	21	2
Total (reversal)	<u>8,091</u>	<u>904</u>	<u>(17)</u>	<u>(16)</u>

39. Components of other comprehensive income

Components of other comprehensive income for the three-month and six-month periods ended 30 June 2013 and 2012 are as the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
2013	2012	2013	2012	
	(Restated)		(Restated)	
Other comprehensive income				
Continuing operations				
Available-for-sale investments:				
Unrealised gains (losses) during the period	(674)	496	(40)	40
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(70)	(67)	-	-
	(744)	429	(40)	40
Share of other comprehensive income of an associated company	27	(1)	-	-
Other comprehensive income for the period (loss)	(717)	428	(40)	40
Effects of relevant income taxes				
Income tax - gains (losses) on changes in value of available-for-sale investments	148	(89)	8	(8)
Income tax - share of other comprehensive income of an associated company	1	-	-	-
Effects of relevant income taxes	149	(89)	8	(8)
Net other comprehensive income for the period (loss)	(568)	339	(32)	32

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Other comprehensive income				
Continuing operations				
Available-for-sale investments:				
Unrealised gains (losses) during the period	(256)	434	105	26
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(185)	(179)	-	-
	(441)	255	105	26
Share of other comprehensive income of an associated company (loss)	(11)	11	-	-
Other comprehensive income for the period (loss)	(452)	266	105	26
Effects of relevant income taxes				
Income tax - gains (losses) on changes in value of available-for-sale investments	90	(46)	(21)	(5)
Income tax - share of other comprehensive income of an associated company	2	-	-	-
Effects of relevant income taxes	92	(46)	(21)	(5)
Net other comprehensive income for the period (loss)	(360)	220	84	21

40. Earnings per share

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

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

Consolidated financial statements

For the three-month periods ended 30 June

	Profit for the period from continuing operations		Weighted average number of common shares		Earnings per share	
	2013	2012	2013	2012	2013	2012
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht (Restated)
Basic earnings per share						
Profit attributable to the Company	4,056,733	1,510,323	1,239,635	1,277,817	3.27	1.18
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	<u>4,056,733</u>	<u>1,510,323</u>	<u>1,239,648</u>	<u>1,277,830</u>	<u>3.27</u>	<u>1.18</u>

Consolidated financial statements

For the three-month periods ended 30 June

	Profit for the period from discontinued operations		Weighted average number of common shares		Earnings per share	
	2013	2012	2013	2012	2013	2012
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht (Restated)
Basic earnings per share						
Profit attributable to the Company	21,409	222,315	1,239,635	1,277,817	0.02	0.18
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	<u>21,409</u>	<u>222,315</u>	<u>1,239,648</u>	<u>1,277,830</u>	<u>0.02</u>	<u>0.18</u>

Consolidated financial statements

For the six-month periods ended 30 June

	Profit for the period from continuing operations		Weighted average number of common shares		Earnings per share	
	2013	2012	2013	2012	2013	2012
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht (Restated)
Basic earnings per share						
Profit attributable to the Company	5,850,834	2,571,309	1,258,620	1,277,817	4.65	2.01
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	<u>5,850,834</u>	<u>2,571,309</u>	<u>1,258,633</u>	<u>1,277,830</u>	<u>4.65</u>	<u>2.01</u>

Consolidated financial statements

For the six-month periods ended 30 June

	Profit for the period from discontinued operations		Weighted average number of common shares		Earnings per share	
	2013	2012	2013	2012	2013	2012
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht (Restated)
Basic earnings per share						
Profit attributable to the Company	180,519	405,666	1,258,620	1,277,817	0.14	0.32
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	<u>180,519</u>	<u>405,666</u>	<u>1,258,633</u>	<u>1,277,830</u>	<u>0.14</u>	<u>0.32</u>

Separate financial statements						
For the three-month periods ended 30 June						
Profit for the period		Weighted average number of common shares		Earnings per share		
2013	2012	2013	2012	2013	2012	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht (Restated)	
Basic earnings per share						
Profit attributable to the Company	1,260,106	2,508,273	1,239,635	1,277,817	1.02	1.96
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	<u>1,260,106</u>	<u>2,508,273</u>	<u>1,239,648</u>	<u>1,277,830</u>	<u>1.02</u>	<u>1.96</u>

Separate financial statements						
For the six-month periods ended 30 June						
Profit for the period		Weighted average number of common shares		Earnings per share		
2013	2012	2013	2012	2013	2012	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht (Restated)	
Basic earnings per share						
Profit attributable to the Company	1,422,332	2,664,721	1,258,620	1,277,817	1.13	2.09
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	<u>1,422,332</u>	<u>2,664,721</u>	<u>1,258,633</u>	<u>1,277,830</u>	<u>1.13</u>	<u>2.09</u>

41. Provident fund

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

42. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 June				Pricing policies (For the period 2013)
	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	
<u>Transactions occurred during the periods</u>					
Subsidiary companies					
Purchase of investments in debt securities	-	-	1,072	9,788	At market prices
Sales of investments in debt securities	-	-	2,454	-	At market prices
Returned capital from a subsidiary company (2012: gain by Baht 9 million)	-	-	-	34	
Interest income from loans	-	-	-	6	
Interest income from cash deposit at banks	-	-	5	1	At interest rate of 0.75 – 2.70 percent per annum
Interest income from investments in debt securities	-	-	75	77	At interest rate of 5.00 – 5.25 and 8.25 percent per annum
Dividend income	-	-	1,207	2,389	As declared
Rental and other service income	-	-	32	43	At the rate agreed under the contract
Other expenses	-	-	4	2	

(Unit: Million Baht)

	For the three-month periods ended 30 June				Pricing policies (For the period 2013)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2013	2012	2013	2012	
Transactions occurred during the periods (continued)					
Associated companies					
Other income	5	-	-	-	
Interest expenses	28	17	-	-	At interest rate of 0.75 - 5.25 percent per annum
Dividend payment	-	-	117	91	As declared
Other expenses	35	3	2	7	
Related companies (presented as part of continuing operations)					
Purchase of investments in debt securities	229	40	-	-	At market prices
Sales of investments in debt securities	7	493	-	-	At market prices
Purchases/Sales of forward exchange contracts (2013: loss by Baht 28 million 2012: loss by Baht 36 million)	84,339	116,998	-	-	At market prices
Interest income	57	70	-	-	At interest rate of 1.75 - 7.78 percent per annum
Dividend income	21	8	5	4	As declared
Insurance/Life insurance income	23	34	-	-	At the rate agreed under the contract
Other income	2	4	-	-	
Dividend payment	900	851	-	-	As declared
Interest expenses	100	105	-	-	At interest rate of 0.35 - 6.00 and 8.25 percent per annum
Project management expenses	19	15	6	8	At the contract price calculated by reference to estimated usage time
Other expenses	48	45	4	-	
Related companies (presented as part of discontinued operations)					
Other expenses	1	4	-	-	

(Unit: Million Baht)

	For the six-month periods ended 30 June				Pricing Policies (For the period 2013)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2013	2012	2013	2012	
Transactions occurred during the periods					
Subsidiary companies					
Purchase of investments in debt securities	-	-	7,122	11,355	At market prices
Sales of investments in debt securities	-	-	2,475	50	At market prices
Returned capital from a subsidiary company (2012: gain by Baht 9 million)	-	-	-	34	
Interest income from loans	-	-	-	24	
Interest income from cash deposit at banks	-	-	20	1	At interest rate of 0.75 - 3.00 percent per annum
Interest income from investments in debt securities	-	-	151	155	At interest rate of 5.00 - 5.25 and 8.25 - 8.50 percent per annum
Dividend income	-	-	1,207	2,515	As declared
Rental and other service income	-	-	48	85	At the rate agreed under the contract
Other expenses	-	-	7	9	
Associated companies					
Sales of investment in debt securities	-	270	-	-	
Dividend income	-	-	52	47	As declared
Other income	5	-	-	-	
Interest expenses	54	37	-	-	At interest rate of 0.75 - 5.25 percent per annum
Dividend payment	-	-	117	91	As declared
Other expenses	69	17	5	15	
Related companies (presented as part of continuing operations)					
Purchase of investments in debt securities	229	40	-	-	At market prices
Sales of investments in debt securities	96	785	-	-	At market prices
Purchase/Sales of forward exchange contracts (2013: loss by Baht 41 million 2012: loss by Baht 1 million)	159,355	255,491	-	-	At market prices
Interest income	95	172	-	-	At interest rate of 2.40 - 8.00 percent per annum
Dividend income	39	30	18	17	As declared
Insurance/Life insurance income	25	-	-	-	At the rate agreed under the contract
Other income	5	8	-	-	
Dividend payment	900	851	-	-	As declared
Interest expenses	204	206	-	-	At interest rate of 0.33 - 8.50 percent per annum
Project management expenses	34	33	11	14	At the contract price calculated by reference to estimated usage time
Insurance/Life insurance expenses	-	24	-	-	
Other expenses	73	85	6	1	
Related companies (presented as part of discontinued operations)					
Dividend income	-	4	-	-	
Insurance/Life insurance income	2	-	-	-	At the rate agreed under the contract
Other expenses	5	9	-	-	

The outstanding balances of the above transactions during the six-month periods ended 30 June 2013 and 2012 have been shown at the average balance at the end of each month as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	1,492	119
Loans to customers	-	-	-	643
Debts issued and borrowings	-	-	1	-
<u>Associated companies</u>				
Deposits	1,615	99	-	-
Debts issued and borrowings	1,200	1,583	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	200	454	-	-
Loans to customers	8,128	9,795	-	-
Deposits	2,156	1,115	-	-
Interbank and money market items (liabilities)	11,783	9,955	-	-
Debts issued and borrowings	3,894	4,319	-	-

As at 30 June 2013 and 31 December 2012, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

	Consolidated financial statements								
	30 June 2013								
	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Associated company									
MBK Plc.	-	-	-	38	902	-	1,200	15	-
Related companies									
Seacon Development Plc.	-	-	463	1	-	-	-	-	29
Thai Hua Rubber Plc.	-	-	957	-	310	-	-	1	1,030
Synphaet Co., Ltd.	-	-	558	-	58	-	-	-	5
The Bank of Nova Scotia	333	-	-	21	-	12,718	3,494	93	4,425
Srithai Superware Plc.	-	-	659	-	32	-	-	-	47
Krungthai Card Plc.	-	-	2,468	-	6	-	-	-	-
Other related companies	-	-	1,134	178	1,781	229	400	79	180
	<u>333</u>	<u>-</u>	<u>6,239</u>	<u>238</u>	<u>3,089</u>	<u>12,947</u>	<u>5,094</u>	<u>188</u>	<u>5,716</u>

(Unit: Million Baht)

Consolidated financial statements

31 December 2012

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Associated company									
MBK Plc.	-	-	-	34	1,041	-	1,200	18	-
Related companies									
Seacon Development Plc.	-	-	459	1	1	-	-	-	29
Thai Hua Rubber Plc.	-	-	2,744	-	349	-	-	2	487
Synphaet Co., Ltd.	-	-	829	-	36	-	-	-	5
The Bank of Nova Scotia	57	-	-	39	-	11,615	3,494	100	1,971
Srithai Superware Plc.	-	-	711	-	69	-	-	-	-
Krunghai Card Plc.	-	-	4,138	-	11	-	-	-	-
Other related companies	-	-	1,046	177	941	165	400	35	291
	<u>57</u>	<u>-</u>	<u>9,927</u>	<u>251</u>	<u>2,448</u>	<u>11,780</u>	<u>5,094</u>	<u>155</u>	<u>2,783</u>

(Unit: Million Baht)

Separate financial statements

30 June 2013

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies									
Thanachart Bank Plc.	453	3,636	-	82	-	-	-	20	-
Thanachart Securities Plc.	-	-	-	-	-	-	-	5	-
NFS Asset Management Co., Ltd.	-	-	-	2	-	-	-	-	-
Max Asset Management Co., Ltd.	-	-	-	1	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	14	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	-	-
	<u>453</u>	<u>3,636</u>	<u>-</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39</u>	<u>-</u>

(Unit: Million Baht)

Separate financial statements

31 December 2012

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies									
Thanachart Bank Plc.	4,842	3,637	-	81	-	-	5	20	-
Thanachart Securities Plc.	-	-	-	-	-	-	-	5	-
NFS Asset Management Co., Ltd.	-	-	-	1	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	16	-
Associated company									
MBK Plc.	-	-	-	4	-	-	-	-	-
	<u>4,842</u>	<u>3,637</u>	<u>-</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>41</u>	<u>-</u>

As at 30 June 2013, the Company and its subsidiaries have investments amounting to Baht 1,510 million (Baht 649 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 2012: Baht 1,277 million in the consolidated financial statements and Baht 535 million in the separate financial statements).

As at 30 June 2013 and 31 December 2012, the Company and its subsidiaries have the following related parties transactions with executive employees of the Company and companies within Thanachart Group from management level up, including related persons who together with these employees:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Loans	60	68	-	-
Deposits	905	696	-	-

Directors and management's remuneration

During the three-month and six-month periods ended 30 June 2013 and 2012, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	167	184	36	35
Post-employment benefits	4	4	-	-
	<u>171</u>	<u>188</u>	<u>36</u>	<u>35</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	296	308	55	52
Post-employment benefits	8	8	1	1
	<u>304</u>	<u>316</u>	<u>56</u>	<u>53</u>

43. Financial information classified by operating segment

43.1 Financial position and results of operations classified by business activity

The financial position as at 30 June 2013 and 31 December 2012, and the operating results for the three-month and six-month periods ended 30 June 2013 and 2012, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2013			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,081,019	19,910	(76,860)	1,024,069
Interbank and money market items (assets)	67,872	15,838	(24,636)	59,074
Investments	133,806	4,032	(4,078)	133,760
Investments in subsidiary and associated companies	42,889	-	(40,690)	2,199
Loans to customers and accrued interest receivables	764,862	-	(6,178)	758,684
Deposits	705,350	-	(2,805)	702,545
Interbank and money market items (liabilities)	76,362	20,032	(27,506)	68,888
Debt issued and borrowings	111,576	-	(4,046)	107,530

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2012			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,094,153	13,991	(80,072)	1,028,072
Interbank and money market items (assets)	81,709	13,144	(22,875)	71,978
Investments	153,940	786	(4,077)	150,649
Investments in subsidiary and associated companies	46,588	-	(44,781)	1,807
Loans to customers and accrued interest receivables	737,976	-	(6,464)	731,512
Deposits	701,282	-	(7,861)	693,421
Interbank and money market items (liabilities)	94,914	13,910	(21,047)	87,777
Debt issued and borrowings	93,559	-	(4,053)	89,506

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended 30 June 2013				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	13,533	40	(213)	13,360
Interest expenses	(6,982)	(23)	209	(6,796)
Net interest income	6,551	17	(4)	6,564
Net fee and service income	2,021	-	(215)	1,806
Net insurance/ life insurance income	546	-	189	735
Other operating income	15,733	-	(2,778)	12,955
Other operating expenses	(5,622)	-	147	(5,475)
Impairment loss of loans and debt securities	(6,654)	-	(72)	(6,726)
Profit before income tax	12,575	17	(2,733)	9,859
Income tax	(2,177)	-	(12)	(2,189)
Profit from continuing operations before non-controlling interests	10,398	17	(2,745)	7,670
Profit from discontinued operations before income tax	52	-	-	52
Income tax	(10)	-	-	(10)
Profit before non-controlling interests	10,440	17	(2,745)	7,712

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended 30 June 2012				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	12,336	39	(276)	12,099
Interest expenses	(6,406)	(23)	265	(6,164)
Net interest income	5,930	16	(11)	5,935
Net fee and service income	1,414	-	(247)	1,167
Net insurance/ life insurance income	119	-	219	338
Other operating income	4,413	-	(2,918)	1,495
Other operating expenses	(5,571)	-	171	(5,400)
Impairment loss of loans and debt securities	(393)	-	(95)	(488)
Profit before income tax	5,912	16	(2,881)	3,047
Income tax	(622)	-	(5)	(627)
Profit from continuing operations before non-controlling interests	5,290	16	(2,886)	2,420
Profit from discontinued operations before income tax	564	-	-	564
Income tax	(128)	-	-	(128)
Profit before non-controlling interests	5,726	16	(2,886)	2,856

(Unit: Million Baht)

Consolidated financial statements				
For the six-month period ended 30 June 2013				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	26,850	63	(426)	26,487
Interest expenses	(13,988)	(40)	416	(13,612)
Net interest income	12,862	23	(10)	12,875
Net fee and service income	4,050	-	(442)	3,608
Net insurance/ life insurance income	896	-	407	1,303
Other operating income	17,235	(8)	(2,547)	14,680
Other operating expenses	(10,929)	-	289	(10,640)
Impairment loss of loans and debt securities	(7,969)	-	(122)	(8,091)
Profit before income tax	16,145	15	(2,425)	13,735
Income tax	(2,870)	-	(29)	(2,899)
Profit from continuing operations before non-controlling interests				
interests	13,275	15	(2,454)	10,836
Profit from discontinued operations before income tax	443	-	-	443
Income tax	(89)	-	-	(89)
Profit before non-controlling interests	13,629	15	(2,454)	11,190

(Unit: Million Baht)

Consolidated financial statements				
For the six-month period ended 30 June 2012				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	24,296	83	(761)	23,618
Interest expenses	(12,986)	(41)	737	(12,290)
Net interest income	11,310	42	(24)	11,328
Net fee and service income	2,728	-	(482)	2,246
Net insurance/ life insurance income	829	-	433	1,262
Other operating income	5,505	8	(3,196)	2,317
Other operating expenses	(11,118)	-	364	(10,754)
Impairment loss of loans and debt securities	(820)	-	(84)	(904)
Profit before income tax	8,434	50	(2,989)	5,495
Income tax	(1,191)	-	(24)	(1,215)
Profit from continuing operations before non-controlling interests				
interests	7,243	50	(3,013)	4,280
Profit from discontinued operations before income tax	1,033	-	-	1,033
Income tax	(237)	-	-	(237)
Profit before non-controlling interests	8,039	50	(3,013)	5,076

The financial position as at 30 June 2013 and 31 December 2012 and the results of operations for the three-month and six-month periods ended 30 June 2013 and 2012, per separate financial statements, are the result of domestic operations only.

43.2 Financial positions and results of operations classified by business type

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

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

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

(Unit: Million Baht)

	For the three-month period ended 30 June 2013							Eliminations	Consolidated
	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other business		
Net interest income	(40)	5,945	65	134	65	79	320	(4)	6,564
Other operating income	1,365	15,576	719	(114)	492	72	190	(2,804)	15,496
Other operating expenses	(80)	(4,652)	(369)	(23)	(302)	(55)	(141)	147	(5,475)
Impairment loss of loans and debt securities	30	(6,452)	-	-	-	(194)	(38)	(72)	(6,726)
Profit before income tax	1,275	10,417	415	(3)	255	(98)	331	(2,733)	9,859
Income tax	(15)	(1,970)	(83)	1	(52)	17	(75)	(12)	(2,189)
Profit (loss) from continuing operations before non-controlling interests	1,260	8,447	332	(2)	203	(81)	256	(2,745)	7,670
Profit from discontinued operations before income tax	-	-	-	52	-	-	-	-	52
Income tax	-	-	-	(10)	-	-	-	-	(10)
Profit before non-controlling interests	1,260	8,447	332	40	203	(81)	256	(2,745)	7,712

(Unit: Million Baht)

For the three-month period ended 30 June 2012

	The	Banking	Securities	Life	Non-life	Asset	Other		
	Company	business	business	insurance	insurance	management	business	Eliminations	Consolidated
Net interest income	(24)	5,279	44	123	43	296	185	(11)	5,935
Other operating income	2,633	2,074	449	27	299	293	171	(2,946)	3,000
Other operating expenses	(91)	(4,786)	(287)	(23)	(166)	(97)	(121)	171	(5,400)
Impairment loss of loans and debt securities	9	(925)	-	-	-	558	(35)	(95)	(488)
Profit before income tax	2,527	1,642	206	127	176	1,050	200	(2,881)	3,047
Income tax	(19)	(245)	(48)	(30)	(31)	(210)	(39)	(5)	(627)
Profit from continuing operations before non- controlling interests	2,508	1,397	158	97	145	840	161	(2,886)	2,420
Profit from discontinued operations before income tax	-	-	-	564	-	-	-	-	564
Income tax	-	-	-	(128)	-	-	-	-	(128)
Profit before non-controlling interests	2,508	1,397	158	533	145	840	161	(2,886)	2,856

(Unit: Million Baht)

For the six-month period ended 30 June 2013

	The	Banking	Securities	Life	Non-life	Asset	Other		
	Company	business	business	insurance	insurance	management	business	Eliminations	Consolidated
Net interest income	(6)	11,653	121	265	123	117	612	(10)	12,875
Other operating income	1,609	17,699	1,490	(194)	965	202	402	(2,582)	19,591
Other operating expenses	(145)	(9,072)	(772)	(47)	(511)	(106)	(276)	289	(10,640)
Impairment loss of loans and debt securities	17	(7,751)	-	-	-	(170)	(65)	(122)	(8,091)
Profit before income tax	1,475	12,529	839	24	577	43	673	(2,425)	13,735
Income tax	(53)	(2,374)	(165)	(5)	(116)	(16)	(141)	(29)	(2,899)
Profit from continuing operations before non- controlling interests	1,422	10,155	674	19	461	27	532	(2,454)	10,836
Profit from discontinued operations before income tax	-	-	-	443	-	-	-	-	443
Income tax	-	-	-	(89)	-	-	-	-	(89)
Profit before non-controlling interests	1,422	10,155	674	373	461	27	532	(2,454)	11,190

(Unit: Million Baht)

For the six-month period ended 30 June 2012

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other business	Eliminations	Consolidated
Net interest income	(57)	10,149	96	236	85	368	475	(24)	11,328
Other operating income	2,885	3,714	833	186	593	490	369	(3,245)	5,825
Other operating expenses	(164)	(9,602)	(575)	(46)	(315)	(166)	(250)	364	(10,754)
Impairment loss of loans and debt securities	16	(2,476)	-	-	-	1,672	(32)	(84)	(904)
Profit before income tax	2,680	1,785	354	376	363	2,364	562	(2,989)	5,495
Income tax	(15)	(284)	(77)	(88)	(59)	(552)	(116)	(24)	(1,215)
Profit from continuing operations before non-controlling interests	2,665	1,501	277	288	304	1,812	446	(3,013)	4,280
Profit from discontinued operations before income tax	-	-	-	1,033	-	-	-	-	1,033
Income tax	-	-	-	(237)	-	-	-	-	(237)
Profit before non-controlling interests	2,665	1,501	277	1,084	304	1,812	446	(3,013)	5,076

The segment assets of the Company and its subsidiaries as at 30 June 2013 and 31 December 2012 are as follow:

(Unit: Million Baht)

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other business	Eliminations	Consolidated
Segment assets									
As at 30 June 2013	39,355	967,549	10,628	13,134	9,758	13,115	27,358	(56,828)	1,024,069
As at 31 December 2012	45,364	954,345	7,315	41,043	9,304	13,792	23,072	(66,163)	1,028,072

44. Encumbrance of assets

As at 30 June 2013 and 31 December 2012, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follow:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Investment in securities				
Placed at insurance registrar	3,729	8,329	-	-
Guarantees of loans at commercial bank	-	5,985	-	-
Placed at court	22	22	-	-
Property foreclosed				
Immovable assets subject to buyback				
options or first refusal rights	655	870	-	-
Immovable assets subject to purchase or sell				
agreements with clients but currently being				
settled in installments or through transfer				
of ownership	245	650	179	112
	<u>4,651</u>	<u>15,856</u>	<u>179</u>	<u>112</u>

45. Commitments and contingent liabilities

As at 30 June 2013 and 31 December 2012, significant commitments and contingent liabilities consisted of:

45.1 Commitments

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Aval to bills	473	554	-	-
Liability under unmatured import bills	873	885	-	-
Letter of credits	4,307	3,183	-	-
Other obligations				
Committed (but not draw) overdraft	28,482	28,249	-	-
Others	24,231	25,965	1	1
Total	<u>58,366</u>	<u>58,836</u>	<u>1</u>	<u>1</u>

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 8 to the financial statements.

45.2 As at 30 June 2013, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental contracts, as follow:

(Unit: Million Baht)

Year	Consolidated	Separate	
	financial statements	financial statements	
	Other companies	Other companies	Subsidiaries
2013	1,050	20	3
2014	1,719	13	6
2015 onward	3,683	10	5

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

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

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of the Financial Institutions Development Fund (“FIDF”) to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 30 June 2013, outstanding obligations are summarised below.

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

As at 30 June 2013, such differences consist of (i) Baht 10 million of transactions incurred directly by SCIB, for which full allowance for doubtful debts has been set aside, and (ii) Baht 83 million of transactions incurred by BMB. If losses arise on the latter and collection cannot be made from SAM, the FIDF will consider compensating for all losses. Thanachart Bank’s management believes that no significant further losses will arise.

- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 30 June 2013, the transferred assets which SAM is re-examining totaling Baht 136 million consist of (i) Baht 7 million of transactions incurred directly by SCIB, for which full allowance for doubtful loss has been set aside under the caption of “Provision for liabilities” in the statements of financial position, and (ii) Baht 129 million of transactions incurred by BMB. If losses arise, Thanachart Bank will receive compensation for loss from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 68 million. In addition, SAM is now negotiating with Thanachart Bank to request interest payment on the assets transferred back, or a price adjustment.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to approximately Baht 11,636 million, as disclosed under contingent liabilities in Note 46 to the financial statements.

d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in the FIDF's account. Such deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if such losses are actually incurred due to the outstanding issues described in a), b), c) and d) above. As at 30 June 2013, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 707 million. In addition, there is a memorandum of agreement concerning conditions for additional loss compensation if Thanachart Bank incurs losses in relation to the two lawsuits discussed in c), with claims totaling Baht 9,965 million.

However, Thanachart Bank and SAM had a meeting and mutually agreed a resolution to such pending issues. Thanachart Bank believes that no significant further losses will be incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will compensate by FIDF.

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

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

46. Litigation

As at 30 June 2013, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 16,061 million (separate financial statements: Baht 522 million) in respect of litigation. However, the Company and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no losses will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities for litigation mentioned above in the consolidated financial statements amounting to Baht 11,636 million, relates to lawsuits involving Thanachart Bank, as a result of the transfer of business from BMB to SCIB. In this regard, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF (Baht 9,586 million of this amount relates to a single case brought by a debtor that BMB had already transferred to SAM before SCIB received the transfer of business from BMB, and Thanachart Bank believes that the lawsuit has been brought against the wrong party, and not Thanachart Bank and SCIB's responsibility).

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

47. Letter of guarantees

As at 30 June 2013, the Company and its subsidiaries had letter of guarantees issued by the Company and its subsidiaries, amounting approximately Baht 40 million, placed for electricity usage (separate financial statements: Baht 1 million).

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

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

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

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

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

Therefore, to comply with the requirements of accounting standards, the operating results of Thanachart Life Assurance Plc. were separately presented under “Profit for the period from discontinued operations” and “Other comprehensive income from discontinued operations” in the consolidated statement of comprehensive income for the accounting period of 2013, and that of 2012 for comparative purposes. The details are as follows:

(Unit: Million Baht)

	For the three-month periods		For the six-month	
	ended 30 June		periods ended 30 June	
	2013 ⁽¹⁾	2012	2013 ⁽²⁾	2012
<u>Consolidated statement of comprehensive income</u>				
Profit or loss				
Discontinued operations				
Interest income	91	229	358	443
Interest expenses	-	-	-	-
Net interest income	91	229	358	443
Fees and service income	-	-	-	-
Fees and service expenses	-	(1)	(1)	(2)
Net fees and service income	-	(1)	(1)	(2)
Gains on investments	-	101	17	135
Life insurance income	375	1,869	3,644	3,582
Dividend income	-	-	4	48
Other income	2	-	3	-
Total operating income	468	2,198	4,025	4,206
Insurance expenses	(387)	(1,548)	(3,452)	(2,997)
Net operating income	81	650	573	1,209
Other operating expenses				
Personnel expenses	10	25	49	59
Premises and equipment expenses	6	17	21	35
Taxes and duties	3	7	11	14
Other expenses	9	37	49	68
Total other operating expenses	28	86	130	176
Profit before income tax	53	564	443	1,033
Income tax	(11)	(128)	(89)	(237)
Profit for the period from discontinued operations	42	436	354	796
Other comprehensive income				
Gains (losses) on remeasuring available-for-sale investments	78	91	61	(5)
Income tax relating to components of other comprehensive income	(12)	25	(12)	3
Other comprehensive income from discontinued operations (loss)	66	116	49	(2)
Total other comprehensive income	108	552	403	794

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

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

Changes of operating assets and operating liabilities of Thanachart Life Assurance Plc. which included in consolidated cash flows statements for the six-month periods ended 30 June 2013 and 2012 are as follows:

	(Unit: Million Baht)	
	2013 ⁽¹⁾	2012
Operating assets (increase) decrease		
- Interbank and money market items	538	(2,386)
- Investment - net	(2,862)	1,046
- Other assets	16	(26)
- Others	17	(56)
	<u>(2,291)</u>	<u>(1,422)</u>
Operating liabilities increase (decrease)		
- Insurance contract liabilities	706	619
- Income tax payable	115	20
- Payables from purchase and sale of securities	959	-
- Other liabilities	115	1
- Others	(7)	(13)
	<u>1,888</u>	<u>627</u>

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

Cash flow information of Thanachart Life Assurance Plc. for the six-month periods ended 30 June 2013 and 2012 are as follows:

	(Unit: Million Baht)	
	2013 ⁽¹⁾	2012
Net cash flows from (used in) operating activities	2,819	(958)
Net cash flows from (used in) investing activities	(2,819)	958

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

49. Financial instruments

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

49.1 Credit risk

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

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

49.2 Market risk

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

a) Interest rate risk

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

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

As at 30 June 2013 and 31 December 2012, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements			
	30 June 2013			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	12,493	12,493
Interbank and money market items	24,291	27,626	7,326	59,243
Derivatives assets	-	-	3,437	3,437
Investments	1,464	120,694	10,957	133,115
Investments in associated companies	-	-	2,199	2,199
Loans to customers ⁽¹⁾	329,101	458,437	818	788,356
Receivable from purchase and sale of securities	-	-	4,600	4,600
Other assets - receivable from clearing house	-	-	288	288
<u>Financial liabilities</u>				
Deposits	249,222	446,434	6,889	702,545
Interbank and money market items	9,370	57,806	1,712	68,888
Liabilities payable on demand	-	-	3,601	3,601
Derivatives liabilities	-	-	3,634	3,634
Debt issued and borrowings	4	107,500	26	107,530
Payable from purchase and sale of securities	-	3	3,968	3,971
Other liabilities - payable from clearing house	-	-	1,402	1,402

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

(Unit: Million Baht)

Consolidated financial statements				
31 December 2012				
Transactions	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	15,181	15,181
Interbank and money market items	24,656	37,737	9,544	71,937
Derivatives assets	-	-	2,177	2,177
Investments	1,543	135,578	12,080	149,201
Investments in associated companies	-	-	1,807	1,807
Loans to customers ⁽¹⁾	330,013	425,028	407	755,448
Receivable from purchase and sale of securities	-	-	2,103	2,103
Other assets - receivable from clearing house	-	-	944	944
<u>Financial liabilities</u>				
Deposits	244,587	441,899	6,935	693,421
Interbank and money market items	7,791	77,753	2,233	87,777
Liabilities payable on demand	-	-	4,989	4,989
Derivatives liabilities	-	-	1,206	1,206
Debt issued and borrowings	4	89,461	41	89,506
Payable from purchase and sale of securities	-	-	2,872	2,872
Other liabilities - payable from clearing house	-	-	126	126

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

(Unit: Million Baht)

Transactions	Separate financial statements			
	30 June 2013			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	50	400	12	462
Investments	823	3,976	239	5,038
Investments in subsidiary and associated companies	-	-	31,589	31,589
Loans to customers ⁽¹⁾	87	208	10	305
<u>Financial liabilities</u>				
Debt issued and borrowings	-	12,000	-	12,000

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

(Unit: Million Baht)

Transactions	Separate financial statements			
	31 December 2012			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	123	4,700	18	4,841
Investments	888	5,363	239	6,490
Investments in subsidiary and associated companies	-	-	31,589	31,589
Loans to customers ⁽¹⁾	104	197	10	311
<u>Financial liabilities</u>				
Debt issued and borrowings	-	15,000	-	15,000

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

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

(Unit: Million Baht)

Consolidated financial statements							
30 June 2013							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	9	20,383	7,234	-	-	27,626	1.93 - 3.57
Investments	-	8,420	13,866	80,102	18,306	120,694	3.41 - 4.74
Loans to customers (include intercompany gain on loan transferred)	6,467	17,438	15,044	292,109	127,379	458,437	7.25 - 9.01
Financial liabilities							
Deposits	68	214,548	215,970	15,848	-	446,434	3.19
Interbank and money market items	358	30,933	17,762	8,753	-	57,806	1.82 - 3.68
Debt issued and borrowings	1,092	30,731	12,100	48,061	15,516	107,500	4.31 - 4.99
Payable from purchase and sale of securities	3	-	-	-	-	3	3.00

(Unit: Million Baht)

Consolidated financial statements							
31 December 2012							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	30,232	3,045	4,460	-	37,737	2.29 - 3.92
Investments	-	9,550	33,615	68,572	23,841	135,578	3.50 - 3.57
Loans to customers (include intercompany gain on loan transferred)	6,004	21,258	11,169	264,364	122,233	425,028	7.81 - 8.92
Financial liabilities							
Deposits	71	263,795	170,498	7,535	-	441,899	3.23
Interbank and money market items	3,145	61,062	5,117	8,429	-	77,753	2.23 - 3.77
Debt issued and borrowings	1	15,218	12,140	46,586	15,516	89,461	4.53 - 4.82

(Unit: Million Baht)

Separate financial statements							
30 June 2013							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	400	-	-	-	400	2.50
Investments	-	3,976	-	-	-	3,976	7.76
Loans to customers	191	-	2	10	5	208	9.19
Financial liabilities							
Debt issued and borrowings	-	-	-	9,000	3,000	12,000	4.83

(Unit: Million Baht)

Separate financial statements							
31 December 2012							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	4,700	-	-	-	4,700	2.93
Investments	-	4,716	-	646	1	5,363	6.83
Loans to customers	196	-	1	-	-	197	9.08
Financial liabilities							
Debt issued and borrowings	-	3,000	-	9,000	3,000	15,000	4.53

In addition, the average balances of the financial assets and liabilities of the Company and its subsidiaries generating revenues and expenses, calculated based on the average balances outstanding during the period, and the average interest rate for the six-month periods ended 30 June 2013 and 2012 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements						
For the six-month periods ended 30 June						
2013			2012			
Average balances	Interest	Average rate (Percent)	Average balances	Interest	Average rate (Percent)	
<u>Interest bearings financial assets</u>						
Interbank and money market items	53,739	920	3.59	59,495	1,041	3.50
Investments and trading operations	15,040	258	3.43	16,411	247	3.01
Investments in debt securities	131,636	1,952	3.65	103,075	1,898	3.68
Loans to customers/hire purchase and financial lease	750,479	23,357	6.22	630,116	20,432	6.48
<u>Interest bearings financial liabilities</u>						
Deposits	685,968	10,579	3.08	475,345	7,152	3.01
Interbank and money market items	78,661	770	1.96	66,440	802	2.41
Debt issued and borrowings	97,951	2,263	4.62	210,853	4,336	4.11

(Unit: Million Baht)

Separate financial statements						
For the six-month periods ended 30 June						
2013			2012			
Average balances	Interest	Average rate (Percent)	Average balances	Interest	Average rate (Percent)	
<u>Interest bearings financial assets</u>						
Interbank and money market items	1,769	25	2.87	107	1	1.72
Investments in debt securities	5,800	251	8.64	6,193	178	5.76
Loans to customers/hire purchase and financial lease	53	11	14.07	649	35	10.63
<u>Interest bearings financial liabilities</u>						
Debt issued and borrowings	12,429	293	4.71	12,000	271	4.50

b) Foreign exchange risk

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

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

The status of subsidiaries' foreign currency balances as at 30 June 2013 and 31 December 2012 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	30 June 2013				
	US Dollar	Euro	Yen	Yuan	Others
<u>Foreign currency in the statements of financial position</u>					
Cash	1,013	140	85	1	350
Interbank and money market items	7,426	31	153	6	85
Investments	9,879	1	1,166	-	38
Loans to customers	22,121	126	103	-	13
Other assets	285	-	5	-	-
Total assets	40,724	298	1,512	7	486
Deposits	300	24	-	-	17
Interbank and money market items	17,289	-	126	-	-
Other liabilities	2	-	-	-	-
Total liabilities	17,591	24	126	-	17
Net	23,133	274	1,386	7	469
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	352	29	99	-	5
Letter of credits	3,820	122	271	-	19
Others	906	47	-	-	35

(Unit: Million Baht)

Consolidated financial statements					
31 December 2012					
	US Dollar	Euro	Yen	Yuan	Others
<u>Foreign currency in the statements</u>					
<u>of financial position</u>					
Cash	520	350	62	2	228
Interbank and money market items	15,929	50	77	4	236
Investments	10,187	608	1,312	-	38
Loans to customers	22,952	167	494	-	74
Other assets	204	-	6	-	-
Total assets	49,792	1,175	1,951	6	576
Deposits	142	36	-	-	113
Interbank and money market items	15,340	-	-	-	-
Total liabilities	15,482	36	-	-	113
Net	34,310	1,139	1,951	6	463
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	314	23	159	-	7
Letter of credits	2,638	129	355	-	13
Others	814	47	5	-	16

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

(Unit: Million Baht)

Consolidated financial statements					
30 June 2013					
	US Dollar	Euro	Yen	Yuan	Others
Foreign exchange contracts					
- Bought	52,006	777	1,474	10	5,907
- Sold	64,764	1,060	1,677	13	6,347
Cross currency and interest rate swap contracts					
swap contracts					
- Bought	485	-	-	-	-
- Sold	10,291	-	1,166	-	-
Interest rate swap contracts					
- Bought	29,925	-	-	-	-
- Sold	29,925	-	-	-	-

(Unit: Million Baht)

	Consolidated financial statements				
	31 December 2012				
	US Dollar	Euro	Yen	Yuan	Others
Foreign exchange contracts					
- Bought	39,587	245	375	-	222
- Sold	63,801	817	978	8	679
Cross currency and interest rate swap contracts					
- Bought	487	-	-	-	-
- Sold	9,830	608	1,312	-	-
Interest rate swap contracts					
- Bought	6,818	-	-	-	-
- Sold	6,818	-	-	-	-

c) Equity position risk / commodity risk

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

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

49.3 Liquidity risk

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

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

Counting from the financial position date, the periods to maturity of financial instruments held as at 30 June 2013 and 31 December 2012 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	30 June 2013				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	12,493	-	-	-	12,493
Interbank and money market items	8,698	50,545	-	-	59,243
Derivatives assets	-	3,437	-	-	3,437
Investments	1,461	32,796	88,344	10,514	133,115
Investments in associated companies	-	-	-	2,199	2,199
Loans to customers ⁽¹⁾	62,191	223,674	502,491	-	788,356
Receivable from purchase and sale of securities	-	4,600	-	-	4,600
Other assets - receivable from clearing house	-	288	-	-	288
<u>Financial liabilities</u>					
Deposits	252,924	432,598	17,023	-	702,545
Interbank and money market items	11,159	48,806	8,923	-	68,888
Liability payable on demand	3,601	-	-	-	3,601
Derivatives liabilities	-	3,634	-	-	3,634
Debt issued and borrowings	1,122	39,338	63,576	3,494	107,530
Payable from purchase and sale of securities	3	3,968	-	-	3,971
Other liabilities - payable from clearing house	-	1,402	-	-	1,402
<u>Commitments</u>					
Aval to bill	42	142	289	-	473
Liability under unmatured import bills	400	466	7	-	873
Letter of credits	47	4,256	4	-	4,307
Other commitments	43,067	7,040	2,554	52	52,713

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

(Unit: Million Baht)

Consolidated financial statements					
31 December 2012					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Cash	15,181	-	-	-	15,181
Interbank and money market items	12,112	56,615	3,210	-	71,937
Derivatives assets	-	2,177	-	-	2,177
Investments	1,027	50,497	86,713	10,964	149,201
Investments in associated companies	-	-	-	1,807	1,807
Loans to customers ⁽¹⁾	51,661	225,538	478,249	-	755,448
Receivable from purchase and sale of securities	-	2,103	-	-	2,103
Other assets - receivable from clearing house	-	944	-	-	944
Financial liabilities					
Deposits	247,781	436,861	8,779	-	693,421
Interbank and money market items	12,889	66,081	8,807	-	87,777
Liability payable on demand	4,989	-	-	-	4,989
Derivatives liabilities	-	1,206	-	-	1,206
Debt issued and borrowings	46	23,865	62,101	3,494	89,506
Payable from purchase and sale of securities	-	2,872	-	-	2,872
Other liabilities - payable from clearing house	-	126	-	-	126
Commitments					
Aval to bill	11	429	114	-	554
Liability under unmatured import bills	450	435	-	-	885
Letter of credits	258	2,925	-	-	3,183
Other commitments	43,578	8,179	2,455	2	54,214

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

(Unit: Million Baht)

Separate financial statements					
30 June 2013					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Interbank and money market items	62	400	-	-	462
Investments	823	340	-	3,875	5,038
Investments in subsidiary and associated companies	-	-	-	31,589	31,589
Loans to customers ⁽¹⁾	300	1	4	-	305
Financial liabilities					
Debt issued and borrowings	-	-	12,000	-	12,000
Commitments					
Other commitments	1	-	-	-	1

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

(Unit: Million Baht)

Transactions	Separate financial statements				
	31 December 2012				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Interbank and money market items	141	4,700	-	-	4,841
Investments	888	1,080	647	3,875	6,490
Investments in subsidiary and associated companies	-	-	-	31,589	31,589
Loans to customers ⁽¹⁾	292	1	18	-	311
<u>Financial liabilities</u>					
Debt issued and borrowings	-	3,000	12,000	-	15,000
<u>Commitments</u>					
Other commitments	1	-	-	-	1

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

49.4 Fair value

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

a) Financial assets

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

b) Financial liabilities

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

As at 30 June 2013 and 31 December 2012, the book value and fair value of financial instruments of the Company and its subsidiaries are as follow.

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2013		31 December 2012	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	12,493	12,493	15,181	15,181
Interbank and money market items	59,074	59,074	71,978	71,978
Derivatives assets	3,437	3,437	2,177	2,177
Investments	133,760	134,066	150,649	151,459
Investments in associated companies	2,199	2,199	1,807	1,807
Loans to customers	758,684	758,684	731,512	731,512
Receivables from purchase and sale of securities	4,600	4,600	2,103	2,103
Other assets - receivable from clearing house	288	288	944	944
<u>Financial liabilities</u>				
Deposits	702,545	702,545	693,421	693,421
Interbank and money market items	68,888	68,888	87,777	87,777
Liabilities payable on demand	3,601	3,601	4,989	4,989
Derivatives liabilities	3,634	3,634	1,206	1,206
Debt issued and borrowings	107,530	107,530	89,506	89,506
Payable from purchase and sale of securities	3,971	3,971	2,872	2,872
Other liabilities - payable from clearing house	1,402	1,402	126	126

(Unit: Million Baht)

	Separate financial statements			
	30 June 2013		31 December 2012	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Interbank and money market items	462	462	4,852	4,852
Investments	5,356	5,351	6,724	6,715
Investments in subsidiary and associated companies	31,573	31,573	31,573	31,573
Loans to customers	97	97	97	97
<u>Financial liabilities</u>				
Debt issued and borrowings	12,000	12,000	15,000	15,000

49.5 Financial derivatives

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

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

As at 30 June 2013 and 31 December 2012, the Company and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2013			31 December 2012		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	60,174	-	60,174	40,429	-	40,429
- Sold	73,861	-	73,861	66,282	-	66,282
Cross currency and interest rate swap contracts						
- Bought	-	485	485	-	487	487
- Sold	1,789	9,668	11,457	2,533	9,217	11,750
Interest rate swap contracts						
- Paid fixed interest rate	22,589	115,856	138,445	1,000	75,947	76,947
- Paid floating interest rate	15,704	100,234	115,938	1,000	49,407	50,407
- Received fixed interest rate	15,704	100,234	115,938	1,000	49,407	50,407
- Received floating interest rate	22,589	115,856	138,445	1,000	75,947	76,947
Future contracts						
- Sold	26	-	26	40	-	40
Derivative warrant contracts						
- Bought	13	-	13	-	-	-
- Sold	-	-	-	14	-	14

50. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 26 August 2013.