

**TMB Bank Public Company Limited
and its subsidiaries**

Interim financial statements
for the three-month period ended
31 March 2015

and

Independent auditor's report
on review of interim financial information

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of TMB Bank Public Company Limited

I have reviewed the accompanying consolidated and Bank only statements of financial position of TMB Bank Public Company Limited and its subsidiaries, and of TMB Bank Public Company Limited respectively, as at 31 March 2015; the consolidated and Bank only statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2015; and the condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Other Matter

The consolidated and Bank only statements of financial position of TMB Bank Public Company Limited and its subsidiaries, and of TMB Bank Public Company Limited as at 31 December 2014, which are included as comparative information, were audited by another auditor who expressed an unqualified opinion thereon in her report dated 18 February 2015. Furthermore, the consolidated and Bank only statements of comprehensive income, changes in equity and cash flows of TMB Bank Public Company Limited and its subsidiaries, and of TMB Bank Public Company Limited, for the three-month period ended 31 March 2014, which are included as comparative information, were reviewed by another auditor who expressed an unmodified conclusion thereon in her report dated 14 May 2014.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
12 May 2015

TMB Bank Public Company Limited and its subsidiaries
Statements of financial position

Assets	Note	Consolidated		Bank only	
		31 March	31 December	31 March	31 December
		2015	2014	2015	2014
		(Unaudited)		(Unaudited)	
(in thousand Baht)					
Cash		11,380,603	16,427,953	11,380,534	16,427,874
Interbank and money market items, net	14	111,158,536	113,096,814	110,409,598	112,426,118
Claims on securities		9,629,600	22,689,700	9,629,600	22,689,700
Derivative assets		8,932,173	10,875,999	8,932,173	10,875,999
Investments, net	6, 14	113,924,940	110,859,350	111,238,918	108,785,569
Investments in subsidiaries and associate, net	7	8	8	3,229,428	3,229,428
Loans to customers and accrued interest receivable, net	8, 14				
Loans to customers		539,054,294	530,446,525	539,014,385	530,403,628
Accrued interest receivable		1,024,753	1,068,201	1,024,753	1,068,201
Total loans to customers and accrued interest receivable		540,079,047	531,514,726	540,039,138	531,471,829
Less deferred revenue		(83,613)	(86,162)	(83,613)	(86,162)
Less allowance for doubtful accounts	8.3, 10, 14	(28,638,551)	(28,252,268)	(28,611,764)	(28,224,616)
Less revaluation allowance for debt restructuring	8.6	(146,928)	(109,818)	(146,928)	(109,818)
Total loans to customers and accrued interest receivable, net		511,209,955	503,066,478	511,196,833	503,051,233
Customers' liabilities under acceptances		13,334	15,095	13,334	15,095
Properties for sale, net		1,878,340	1,860,150	1,835,443	1,817,253
Premises and equipment, net		10,507,033	10,672,208	10,480,134	10,645,551
Goodwill and other intangible assets, net		1,007,925	1,002,878	943,411	937,812
Deferred tax assets	17.1	1,987,679	2,065,370	1,979,306	2,057,586
Other receivables, net	14	19,962,229	12,973,198	19,686,023	12,188,199
Other assets, net	14	3,560,248	3,577,057	3,528,209	3,432,069
Total assets		805,152,603	809,182,258	804,482,944	808,579,486

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

TMB Bank Public Company Limited and its subsidiaries
Statements of financial position

Liabilities and equity		Consolidated		Bank only	
		31 March 2015 (Unaudited)	31 December 2014	31 March 2015 (Unaudited)	31 December 2014
<i>Note</i>					
<i>(in thousand Baht)</i>					
<i>Liabilities</i>					
Deposits	14	581,707,397	571,625,314	581,780,004	571,720,372
Interbank and money market items	14	59,497,416	72,716,662	59,497,416	72,716,662
Liabilities payable on demand		3,473,934	3,145,176	3,473,934	3,145,176
Liabilities to deliver security		9,629,600	22,689,700	9,629,600	22,689,700
Financial liabilities designated at fair value through profit or loss		240,160	183,337	240,160	183,337
Derivative liabilities		8,573,398	10,171,992	8,573,398	10,171,992
Debt issued and borrowings, net	11, 14	38,977,656	36,249,255	38,977,656	36,249,255
Bank's liabilities under acceptances		13,334	15,095	13,334	15,095
Provisions for obligation on transfers of non-performing assets	14	5,998,333	5,998,333	5,998,333	5,998,333
Provisions for employee benefits		1,539,803	1,534,712	1,522,561	1,513,303
Provisions for other liabilities		453,649	534,751	448,389	529,490
Deferred tax liabilities	17.1	1,837	-	-	-
Other payables		15,501,083	5,636,688	15,498,625	5,629,503
Other liabilities	14	8,120,276	8,888,207	7,899,510	8,673,907
Total liabilities		733,727,876	739,389,222	733,552,920	739,236,125
<i>Equity</i>					
Share capital					
Authorised share capital					
44,108,738,479 ordinary shares of Baht 0.95 each		41,903,302	41,903,302	41,903,302	41,903,302
Issued and paid-up share capital					
43,678,764,288 ordinary shares of Baht 0.95 each		41,494,826	41,494,826	41,494,826	41,494,826
Premium on share capital		157,690	157,690	157,690	157,690
Other reserves		4,191,297	4,164,566	4,133,579	4,116,641
Retained earnings					
Appropriated					
Legal reserve		1,250,000	1,250,000	1,250,000	1,250,000
Unappropriated		24,237,446	22,637,090	23,893,929	22,324,204
Equity attributable to equity holders of the Bank		71,331,259	69,704,172	70,930,024	69,343,361
Non-controlling interest		93,468	88,864	-	-
Total equity		71,424,727	69,793,036	70,930,024	69,343,361
Total liabilities and equity		805,152,603	809,182,258	804,482,944	808,579,486

Mr. Boontuck Wungcharoen
Chief Executive Officer

Mr. Singha Nikornpun
Chairman of the Audit Committee

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

TMB Bank Public Company Limited and its subsidiaries
Statements of comprehensive income (Unaudited)

	Note	Consolidated		Bank only	
		Three-month period ended 31 March		Three-month period ended 31 March	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Interest income	14	8,934,680	8,733,649	8,925,669	8,697,220
Interest expenses	14	3,231,098	3,696,954	3,231,081	3,696,936
Net interest income		5,703,582	5,036,695	5,694,588	5,000,284
Fees and service income	14	2,160,725	1,686,724	2,018,322	1,560,922
Fees and service expenses	14	473,030	551,218	445,812	530,368
Net fees and service income		1,687,695	1,135,506	1,572,510	1,030,554
Gains on trading and foreign exchange transactions, net		410,177	532,990	410,177	532,990
Loss on financial liabilities designated at fair value through profit or loss, net		(6,823)	(9,158)	(6,823)	(9,158)
Gains on investments, net		70,636	36,141	70,636	36,141
Other operating income	14	98,747	96,064	94,672	79,164
Total operating income		7,964,014	6,828,238	7,835,760	6,669,975
Other operating expenses					
Employee expenses		1,828,672	1,923,729	1,775,292	1,869,639
Directors' remuneration		6,956	7,727	6,866	7,637
Premises and equipment expenses		757,300	707,738	744,055	694,853
Taxes and duties		300,285	293,512	299,895	292,764
Others	14	665,178	830,252	633,421	811,867
Total other operating expenses		3,558,391	3,762,958	3,459,529	3,676,760
Impairment loss on loans and debt securities	14	2,387,087	1,160,699	2,401,877	1,201,707
Profit from operations before income tax expense		2,018,536	1,904,581	1,974,354	1,791,508
Income tax expense	17.2	376,275	298,989	367,328	275,153
Profit for the period		1,642,261	1,605,592	1,607,026	1,516,355
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Change in revaluation surplus on assets		(3,149)	(1,459)	(3,149)	(1,459)
Income tax relating to items that will not be reclassified subsequently to profit or loss	17	630	292	630	292
		(2,519)	(1,167)	(2,519)	(1,167)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on remeasuring available-for-sale investments		33,110	(147)	20,869	(10,569)
Losses arising from translating the financial statements of foreign operations		(10,179)	(10,071)	(10,179)	(10,071)
Income tax relating to items that will be reclassified subsequently to profit or loss	17	(4,586)	2,043	(2,138)	4,128
		18,345	(8,175)	8,552	(16,512)
Total other comprehensive income for the period, net of income tax		15,826	(9,342)	6,033	(17,679)
Total comprehensive income for the period		1,658,087	1,596,250	1,613,059	1,498,676

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

TMB Bank Public Company Limited and its subsidiaries
Statements of comprehensive income (Unaudited)

	Consolidated		Bank only	
	Three-month period ended 31 March		Three-month period ended 31 March	
<i>Note</i>	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Profit attributable to:				
Equity holders of the Bank	1,637,657	1,601,905	1,607,026	1,516,355
Non-controlling interest	4,604	3,687	-	-
Profit for the period	1,642,261	1,605,592	1,607,026	1,516,355
Total comprehensive income attributable to:				
Equity holders of the Bank	1,653,483	1,592,563	1,613,059	1,498,676
Non-controlling interest	4,604	3,687	-	-
Total comprehensive income for the period	1,658,087	1,596,250	1,613,059	1,498,676
Earnings per share	<i>18</i>			
Basic earnings per share <i>(in Baht)</i>	0.0375	0.0367	0.0368	0.0348
Diluted earnings per share <i>(in Baht)</i>	0.0374	0.0366	0.0367	0.0347

Mr. Boontuck Wungcharoen
Chief Executive Officer

Mr. Singha Nikornpun
Chairman of the Audit Committee

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

Statements of changes in equity (Unaudited)

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

TMB Bank Public Company Limited and its subsidiaries
Statements of changes in equity (Unaudited)

		Bank only								
		Other reserves						Retained earnings		
						Translation adjustment arising from translating the financial statements of foreign operations, net	Total other components of equity			
	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments	Revaluation surplus on assets, net	Revaluation suppluss on available-for-sale investments, net			Legal reserve	Unappropriated	Total equity
Note										
(in thousand Baht)										
Three-month period ended 31 March 2014										
Balance at 1 January 2014	41,426,006	81,196	256,596	3,918,131	42,543	43,563	4,260,833	770,000	14,986,829	61,524,864
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	-	1,516,355	1,516,355
Other comprehensive income	-	-	-	(1,167)	(8,455)	(8,057)	(17,679)	-	-	(17,679)
Total comprehensive income for the period	-	-	-	(1,167)	(8,455)	(8,057)	(17,679)	-	1,516,355	1,498,676
Transfer to retained earnings	-	-	-	(18,312)	-	-	(18,312)	-	18,312	-
Expenses in relation to share-based payments	-	-	46,751	-	-	-	46,751	-	-	46,751
Balance at 31 March 2014	41,426,006	81,196	303,347	3,898,652	34,088	35,506	4,271,593	770,000	16,521,496	63,070,291
Three-month period ended 31 March 2015										
Balance at 31 December 2014 - as reported	41,494,826	157,690	265,836	3,748,394	58,848	43,563	4,116,641	1,250,000	22,324,204	69,343,361
Impact of changes in accounting policy	-	-	-	-	-	-	-	-	(50,925)	(50,925)
Balance at 1 January 2015	41,494,826	157,690	265,836	3,748,394	58,848	43,563	4,116,641	1,250,000	22,273,279	69,292,436
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	-	1,607,026	1,607,026
Other comprehensive income	-	-	-	(2,519)	16,695	(8,143)	6,033	-	-	6,033
Total comprehensive income for the period	-	-	-	(2,519)	16,695	(8,143)	6,033	-	1,607,026	1,613,059
Transfer to retained earnings	-	-	-	(13,624)	-	-	(13,624)	-	13,624	-
Expenses in relation to share-based payments	-	-	24,529	-	-	-	24,529	-	-	24,529
Balance at 31 March 2015	41,494,826	157,690	290,365	3,732,251	75,543	35,420	4,133,579	1,250,000	23,893,929	70,930,024

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

TMB Bank Public Company Limited and its subsidiaries
Statements of cash flows (Unaudited)

	Consolidated		Bank only	
	Three-month period ended		Three-month period ended	
	31 March		31 March	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit from operations before income tax expense	2,018,536	1,904,581	1,974,354	1,791,508
Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities				
Depreciation and amortisation	294,482	299,873	291,171	296,962
Impairment loss on loans and debt securities	2,387,087	1,160,699	2,401,877	1,201,707
Impairment loss on premises and equipment	2,739	843	2,739	843
Impairment loss on properties for sale and other assets (reversal of)	(3,494)	31,625	(3,515)	31,627
Provisions for employee benefits and other liabilities (reversal of)	(22,372)	135,369	(23,423)	137,823
Losses (gains) on revaluation of trading investments	(10,371)	3,810	(10,371)	3,810
Losses (gains) on disposal of premises and equipment	(4,787)	7,521	(4,787)	7,521
Gains on disposal of investments	(70,636)	(36,141)	(70,636)	(36,141)
Unrealised losses (gains) on remeasurement of financial liabilities designated at fair value through profit or loss	6,823	(4,732)	6,823	(4,732)
Unrealised losses (gains) on exchange on borrowings and derivatives	245,154	(331,731)	245,154	(331,731)
Expenses in relation to share-based payments	24,529	46,751	24,529	46,751
Net interest income	(5,703,582)	(5,036,695)	(5,694,588)	(5,000,284)
Dividend income	(7,890)	(10,080)	(7,890)	(10,080)
Proceeds from interest	8,173,933	8,076,991	8,166,780	8,042,398
Interest paid	(2,641,953)	(2,701,809)	(2,641,970)	(2,701,827)
Income tax paid	(68,031)	(53,009)	(65,803)	(45,422)
Profit from operations before changes in operating assets and liabilities	4,620,167	3,493,866	4,590,444	3,430,733
Decrease (increase) operating assets				
Interbank and money market items	1,746,104	(18,541,964)	1,822,487	(18,495,898)
Trading investments	988,840	(5,788,606)	988,840	(5,788,606)
Loans to customers	(10,429,368)	(1,717,173)	(10,446,280)	(1,820,840)
Properties for sale	43,462	76,700	43,462	76,700
Other receivables	554,384	953,826	53,094	978,148
Other accrued income	141,950	84,753	43,817	83,521
Other assets	1,006,215	5,032	985,658	6,313
Increase (decrease) in operating liabilities				
Deposits	10,141,207	29,028,486	10,118,757	29,132,140
Interbank and money market items	(13,219,246)	101,674	(13,219,246)	101,674
Liabilities payable on demand	328,758	(409,143)	328,758	(409,143)
Financial liabilities designated at fair value through profit or loss	50,000	150,000	50,000	150,000
Short-term debt issued and borrowings	(3,872)	37,509	(3,872)	37,509
Provisions for employee benefits	(48,484)	(42,066)	(46,163)	(39,917)
Provisions for other liabilities	(5,171)	(21,104)	(5,171)	(15,965)
Account payables	(450,141)	(1,604,137)	(445,414)	(1,598,656)
Other accrued expenses	(1,011,787)	(801,615)	(1,019,448)	(814,647)
Other liabilities	(1,196,450)	(803,159)	(1,178,003)	(791,330)
Net cash provided by (used in) operating activities	(6,743,432)	4,202,879	(7,338,280)	4,221,736

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

TMB Bank Public Company Limited and its subsidiaries
Statements of cash flows (Unaudited)

	Consolidated		Bank only	
	Three-month period ended		Three-month period ended	
	31 March		31 March	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	665,242	576,965	657,083	577,557
Dividend received	7,890	10,080	7,890	10,080
Purchase of available-for-sale investments	(15,355,248)	(26,650,852)	(14,755,248)	(26,650,852)
Proceeds from sales of available-for-sale investments	11,146,033	20,228,349	11,146,033	20,228,349
Proceeds from redemption of matured held to maturity debt securities	3,014,639	5,750	3,014,639	5,750
Capital return from investment units and proceeds from sales of general investments	43,719	37,000	43,719	37,000
Purchase of premises and equipment	(119,712)	(171,191)	(116,767)	(170,647)
Purchase of leasehold rights	(977)	(434)	(977)	(434)
Purchase of intangible assets	(70,496)	(109,984)	(70,440)	(109,984)
Proceeds from disposals of premises and equipment	23,676	10,036	23,676	10,031
Net cash used in investing activities	(645,234)	(6,064,281)	(50,392)	(6,063,150)
<i>Cash flows from financing activities</i>				
Proceeds from (repayments of) long-term debts issued and borrowings	2,655,294	(663,198)	2,655,294	(663,198)
Interest paid on long-term debts issued and borrowing	(303,799)	(160,206)	(303,783)	(160,188)
Net cash provided by (used in) financing activities	2,351,495	(823,404)	2,351,511	(823,386)
Change in translation adjustments of foreign operations	(10,179)	(10,071)	(10,179)	(10,071)
Net decrease in cash	(5,047,350)	(2,694,877)	(5,047,340)	(2,674,871)
Cash at 1 January	16,427,953	16,576,203	16,427,874	16,556,121
Cash at 31 March	11,380,603	13,881,326	11,380,534	13,881,250
Supplementary disclosures of cash flow information				
Non-cash transactions:				
Change in remeasuring available-for-sale investments	33,110	(147)	20,869	(10,569)
Change in revaluation surplus on assets and transferred revaluation surplus on assets directly to retained earnings	(20,179)	(24,349)	(20,179)	(24,349)

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

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2015 (Unaudited)

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TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2015 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Audit Committee on 12 May 2015.

1 General information

TMB Bank Public Company Limited, “the Bank”, is incorporated and in Thailand and has its registered office at 3000, Phaholyothin Road, Chomphon, Chatuchak, Bangkok.

The principal business of the Bank is operating commercial banking businesses. All subsidiaries are incorporated as limited companies under Thai laws and have been operating in Thailand, with their core businesses being provisions of asset management and fund management services. Details of the Bank’s subsidiaries and associate as at 31 March 2015 and 31 December 2014 are given in note 7.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standards (TAS) No. 34 (revised 2014) *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (BoT) Notification No. Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are a parent company of a group of companies offering financial services”.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2014. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Bank and its subsidiaries for the year ended 31 December 2014.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2014 except that the Bank and its subsidiaries have adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2015. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank and its subsidiaries except as disclosed in note 3.

(b) Functional and presentation currency

The interim financial statements are presented in Thai Baht, which is the Bank and its subsidiaries’ functional currency. All financial information is presented in Thai Baht and has been rounded to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2015 (Unaudited)

(c) Judgments and estimates

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Bank and its subsidiaries' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2014.

(d) Basis of consolidation

The consolidated financial statements include the account of the Head Office, all domestic and overseas branches and the Bank's subsidiaries and have been prepared on the same basis as that apply for the consolidated financial statements for the year ended 31 December 2014, with no structural changes in the subsidiaries occurring during the period. All inter-company transactions and balances within this Group have been eliminated.

3 Change in accounting policy

(a) Overview

From 1 January 2015, consequent to the adoption of new and revised TFRS as set out in note 2, the Bank and its subsidiaries have adopted the following new and revised TFRS having a material effect on the Bank and its subsidiaries' financial statements:

- TFRS 13 *Fair Value Measurement*

A description of the nature and effect of the changes in accounting policy consequent to the adoption of these new and revised TFRS is included in notes 3 (b) below:

(b) Fair value measurement

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs. Some of these disclosures are specifically required in interim financial statements; accordingly, the Bank and its subsidiaries have included additional disclosures in this regard as disclosed in note 4.

In accordance with the transitional provisions of TFRS 13, the Bank and its subsidiaries has applied the new fair value measurement guidance as follows:

- (1) Through decrease in unappropriated retained earning as at 1 January 2015 amounting to Baht 51 million (net of income tax) for the effect of changes resulting from assessment of credit risk when measuring the fair value of over-the-counter derivatives recorded at fair value as at 31 December 2014;
- (2) Prospectively for the effects of all other changes;
- (3) Comparative information for new disclosures is not provided.

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Fair values measurement of financial assets and liabilities of the Bank and its subsidiaries are based on unadjusted quoted market prices, where available. In determining the fair value of financial instruments that are not freely traded in an open market or for which quoted market prices are not readily available, the management exercises judgement in estimating the fair value of such financial instruments, using the generally accepted valuation method. The inputs used in such fair value calculation are comparable to those from the observable markets, taking into consideration of liquidity, correlation, credit risk and long-term volatility of financial instruments.

4 Fair value of financial instruments carried at fair values

The fair values of financial assets and liabilities together with the carrying amounts in the consolidated and Bank only's statement of financial position are as follows.

	Consolidated			
	Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in million Baht)</i>			
31 March 2015				
<i>Financial Assets</i>				
Derivatives assets - trading book	-	8,802	-	8,802
Debt securities held for trading	-	22,137	-	22,137
Equity/Debt securities available for sale	-	47,852	-	47,852
Total	-	78,791	-	78,791
<i>Financial Liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	240	-	240
Derivatives liabilities - trading book	-	8,557	-	8,557
Total	-	8,797	-	8,797
	Bank only			
	Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in million Baht)</i>			
31 March 2015				
<i>Financial Assets</i>				
Derivatives assets - trading book	-	8,802	-	8,802
Debt securities held for trading	-	22,137	-	22,137
Equity/Debt securities available for sale	-	45,166	-	45,166
Total	-	76,105	-	76,105
<i>Financial Liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	240	-	240
Derivatives liabilities - trading book	-	8,557	-	8,557
Total	-	8,797	-	8,797

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Fair value hierarchy

The table above analyses fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Bank and its subsidiaries determine Level 2 fair values for government debt securities using yield rate or price quoted on the Thai Bond Market Association (“ThaiBMA”). The fair value of investments in other debt securities issued locally is determined based on market value appraised by the reliable institutions or their respective yield, or the ThaiBMA’s yield rates adjusted by appropriate risk factors.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and its subsidiaries and counterparty when appropriate.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the three-month period ended 31 March 2015.

5 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 17 December 2012, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 March 2015 and 31 December 2014, the Bank’s total capital funds can be categorised as follows:

	Bank only	
	31 March 2015	31 December 2014
	<i>(in million Baht)</i>	
<i>Tier 1 capital</i>		
Common Equity Tier 1 capital (CET1)		
Paid-up share capital	41,495	41,495
Share premium	157	157
Legal reserve	1,250	1,250
Net profits after appropriation	15,719	15,770
Other comprehensive income	3,637	3,658
Capital deduction items on CET1	(3,317)	(3,208)
Total Tier 1 Capital	58,941	59,122

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	Bank only	
	31 March 2015	31 December 2014
	<i>(in million Baht)</i>	
Tier 2 capital		
Allowance for classified assets of “pass” category	5,700	5,700
Subordinated debentures	31,555	33,350
Total Tier 2 Capital	37,255	39,050
Total Capital funds	96,196	98,172
Total Risk-Weighted Assets	540,213	535,363

	The BoT’s regulation minimum requirement	31 March 2015 (%)	31 December 2014
Capital Adequacy Ratio/Total Risk-Weighted Asset	8.50	17.81	18.34
Tier 1 Capital ratio/Total Risk-Weighted Asset	6.00	10.91	11.04
Common Equity Tier 1 capital ratio/Total Risk-Weighted Asset	4.50	10.91	11.04

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose CET1 after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 31 March 2015, the Bank has no add-on arising from Single Lending Limit.

The Bank disclosed capital adequacy and capital risk exposure information for the Bank and the full consolidation as at 31 December 2014 through the Bank’s website at www.tmbbank.com in April 2015.

Capital management

The Bank’s capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements and to maintain appropriate credit ratings.

6 Investments, net

6.1 Classified by type of investments

	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Trading securities - Fair value				
Government and state enterprise securities	22,137	20,201	22,137	20,201
Total	22,137	20,201	22,137	20,201

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	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Available-for-sale securities				
- Fair value				
Government and state enterprise securities	45,162	41,549	45,162	41,549
Domestic marketable equity securities	2,690	2,078	4	5
Total	47,852	43,627	45,166	41,554
Held-to-maturity debt securities				
- Cost/Amortised cost				
Government and state enterprise securities	43,292	46,346	43,292	46,346
Total	43,292	46,346	43,292	46,346
General investments - Cost				
Domestic non-marketable equity securities	1,425	1,467	1,425	1,467
Foreign non-marketable equity securities	32	34	32	34
Total	1,457	1,501	1,457	1,501
Less allowance for impairment	(813)	(816)	(813)	(816)
Net	644	685	644	685
Total investments, net	113,925	110,859	111,239	108,786

6.2 Investments in entities in which the Bank and its subsidiaries hold 10% or more

As at 31 March 2015 and 31 December 2014, the Bank had investments in entities in which the Bank holds 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associate. Those investments were summarised below.

	Consolidated and Bank only	
	31 March 2015	31 December 2014
	<i>(in million Baht)</i>	
Property development and construction	34	34
Public utilities and services	14	14
Mutual funds and financial services	425	452
Others	11	11
Total	484	511
Less allowance for impairment	(41)	(41)
Investment, net	443	470

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6.3 Investments in companies with problems in their financial position and operating results

As at 31 March 2015 and 31 December 2014, the Bank had the following investments in listed companies which meet the Stock Exchange of Thailand (“SET”)’s criteria for delisting, and are in default on debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET:

	Consolidated and Bank only							
	31 March 2015				31 December 2014			
	No. of Com- panies	Cost value/ book value	Fair value	Impair- ment	No. of Com- panies	Cost value/ book value	Fair value	Impair- ment
		<i>(in million Baht)</i>				<i>(in million Baht)</i>		
- Listed companies under delisting conditions/ defaulted debt securities	2	62	-	(62)	2	62	-	(62)
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	11	733	-	(733)	11	733	-	(733)
Total	13	795	-	(795)	13	795	-	(795)

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7 Investment in subsidiaries and associate, net

	Type of Business	Bank only											
		Ownership interest		Paid-up capital		Cost		Impairment		At cost, net		Dividend for the three-month period ended	
		31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 March 2014
		(%)				(in million Baht)							
Subsidiaries													
Phayathai Asset Management Co., Ltd.	Asset management business	100.00	100.00	1,070	1,070	3,870	3,870	(945)	(945)	2,925	2,925	-	-
Designee for ETA Contract Ltd.	Financial support business	99.50	99.50	-	-	-	-	-	-	-	-	-	-
TMB Asset Management Co., Ltd.	Fund management business	87.50	87.50	100	100	304	304	-	-	304	304	-	-
Total investment in subsidiaries, net						4,174	4,174	(945)	(945)	3,229	3,229	-	-
Associate													
Metro Designee Co., Ltd.	Financial support business	30.00	30.00	-	-	-	-	-	-	-	-	-	-
Total investment in associate						-	-	-	-	-	-	-	-
Total investment in subsidiaries and associate, net						4,174	4,174	(945)	(945)	3,229	3,229	-	-

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8 Loans to customers and accrued interest receivable, net

8.1 Classified by loan type

	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Overdrafts	147,711	145,808	147,711	145,808
Loans	236,777	228,249	236,737	228,207
Bills	154,459	156,331	154,459	156,331
Others	108	58	108	58
Less deferred revenue	(84)	(86)	(84)	(86)
Loans to customers net of deferred revenue	538,971	530,360	538,931	530,318
Add accrued interest receivables	1,025	1,068	1,025	1,068
Total loans to customers net of deferred revenue add accrued interest receivables	539,996	531,428	539,956	531,386
Less allowance for doubtful debts				
- Provision at BoT's minimum rates required	(12,620)	(12,362)	(12,593)	(12,334)
- Provision in excess of BoT's minimum rates required	(16,019)	(15,890)	(16,019)	(15,890)
Less revaluation allowance for debt restructuring	(147)	(110)	(147)	(110)
Loans to customers and accrued interest receivables, net	511,210	503,066	511,197	503,052

8.2 Classified by business type and quality of loan classification

	Consolidated				
	31 March 2015				
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss
	<i>(in million Baht)</i>				
Agriculture and mining	7,429	248	19	-	450
Manufacturing and commerce	307,858	9,462	1,122	354	12,251
Property development and construction	13,514	257	48	-	539
Infrastructure and services	57,822	3,306	144	-	1,503
Housing loans	50,830	1,585	177	180	1,035
Others	65,988	1,482	689	357	322
Total*	503,441	16,340	2,199	891	16,100

	Consolidated				
	31 December 2014				
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss
	<i>(in million Baht)</i>				
Agriculture and mining	6,108	247	12	-	500
Manufacturing and commerce	305,541	9,494	775	148	11,784
Property development and construction	13,389	337	34	10	678
Infrastructure and services	57,376	3,395	190	23	1,306
Housing loans	50,106	1,519	174	196	1,042
Others	63,290	1,465	639	291	291
Total*	495,810	16,457	1,824	668	15,601

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Bank only						
31 March 2015						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	7,429	248	19	-	441	8,137
Manufacturing and commerce	307,858	9,462	1,122	354	12,243	331,039
Property development and construction	13,514	257	48	-	516	14,335
Infrastructure and services	57,822	3,306	144	-	1,503	62,775
Housing loans	50,830	1,585	177	180	1,035	53,807
Others	65,988	1,482	689	357	322	68,838
Total*	503,441	16,340	2,199	891	16,060	538,931

Bank only						
31 December 2014						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	6,108	247	12	-	491	6,858
Manufacturing and commerce	305,541	9,494	775	148	11,773	327,731
Property development and construction	13,389	337	34	10	656	14,426
Infrastructure and services	57,376	3,395	190	23	1,306	62,290
Housing loans	50,106	1,519	174	196	1,042	53,037
Others	63,290	1,465	639	291	291	65,976
Total*	495,810	16,457	1,824	668	15,559	530,318

*Loans to customers net of deferred revenue.

8.3 Classified by loan classification

Consolidated				
31 March 2015				
	Loans to customers and accrued interest receivables	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Minimum rates required	Allowance for doubtful accounts ⁽²⁾
	<i>(in million Baht)</i>		<i>(%)</i>	<i>(in million Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	504,393	391,268	1	4,551
Special mention	16,413	9,906	2	293
Sub-standard	2,199	1,122	100	1,236
Doubtful	891	496	100	524
Doubtful of loss ⁽³⁾	16,100	4,441	100	6,016
Total*	539,996	407,233		12,620
Provision in excess of BoT's minimum rates required				16,019 ⁽⁴⁾
Total				28,639

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Consolidated				
31 December 2014				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful Accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	496,806	382,378	1	4,491
Special mention	16,529	10,143	2	297
Sub-standard	1,824	973	100	1,058
Doubtful	668	330	100	368
Doubtful of loss ⁽³⁾	15,601	4,397	100	6,148
Total*	531,428	398,221		12,362
Provision in excess of BoT's minimum rates required				15,890 ⁽⁴⁾
Total				28,252

*Loans to customers net of deferred revenue add accrued interest receivables

- ⁽¹⁾ Balance net of collateral: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery. In the case of loans that are classified as substandard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.
- ⁽²⁾ Allowance for doubtful debts on loans guaranteed by Small Business Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Small Business Credit Guarantee Corporation.
- ⁽³⁾ Loans classified as doubtful of loss in the consolidated financial statements included the balances of the Bank and Phayathai Asset Management Co., Ltd.
- ⁽⁴⁾ As at 31 March 2015 and 31 December 2014, this included provision of Baht 3,741 million and Baht 3,285 million, respectively, provided for non-performing loans for consolidated financial statements.

Bank only				
31 March 2015				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful Accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	504,393	391,268	1	4,551
Special mention	16,413	9,906	2	293
Sub-standard	2,199	1,122	100	1,236
Doubtful	891	496	100	524
Doubtful of loss	16,060	4,426	100	5,989
Total*	539,956	407,218		12,593
Provision in excess of BoT's minimum rates required				16,019 ⁽³⁾
Total				28,612

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Bank only				
31 December 2014				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	496,806	382,377	1	4,491
Special mention	16,529	10,143	2	297
Sub-standard	1,824	973	100	1,058
Doubtful	668	330	100	368
Doubtful of loss	15,559	4,370	100	6,120
Total*	<u>531,386</u>	<u>398,193</u>		<u>12,334</u>
Provision in excess of BoT's minimum rates required				<u>15,890⁽³⁾</u>
Total				<u>28,224</u>

*Loans to customers net of deferred revenue add accrued interest receivables

- ⁽¹⁾ Balance net of collateral: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery. In the case of loans that are classified as substandard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.
- ⁽²⁾ Allowance for doubtful debts on loans guaranteed by Small Business Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Small Business Credit Guarantee Corporation.
- ⁽³⁾ As at 31 March 2015 and 31 December 2014, this included provision of Baht 3,741 million and Baht 3,285 million, respectively, provided for non-performing loans for Bank only's financial statements.

8.4 Non-performing loans

NPLs per BoT's regulations refer to all sub-standard, doubtful, doubtful of loss and loss loans.

As at 31 March 2015 and 31 December 2014, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	Consolidated⁽¹⁾		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Net NPLs (principal net of allowance for doubtful debts)				
NPLs after allowance for doubtful debt on				
NPLs (in million Baht)	7,672	7,234	7,659	7,220
Total loans after allowance for doubtful				
debts on NPLs (in million Baht)	626,432	623,890	626,418	623,875
Percentage of net NPLs (%)	1.22	1.16	1.22	1.16

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	Consolidated⁽¹⁾		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
NPLs (principal)				
NPLs (<i>in million Baht</i>)	19,190	18,093	19,150	18,051
Total loans (<i>in million Baht</i>)	637,949	634,749	637,909	634,706
Percentage of NPLs (%)	3.01	2.85	3.00	2.84

⁽¹⁾Non-performing loans in the consolidated financial statements included the balances of the Bank and Phayathai Asset Management Co., Ltd.

On 17 March 2015, the Bank sold non-performing loans, with principal totalling approximately Baht 300 million to Bangkok Commercial Asset Management Company Limited (“BAM”). The selling price in excess of the carrying value of those non-performing loans was presented as a deduction from “Impairment loss on loans and debt securities” in the statement of comprehensive income.

As at 31 March 2015 and 31 December 2014, the Bank had loans to customers, amounting to Baht 29,150 million and Baht 27,466 million, respectively, on which it ceased recognition of interest income on an accrual basis.

8.5 Troubled debt restructuring

During the three-month periods ended 31 March 2015 and 2014, the Bank and its subsidiary entered into contracts for troubled debt restructuring, (only the case where debtor has present value loss/losses on debt structuring is presented), which can be summarised as followed:

	Consolidated and Bank only		
	Three-month period ended 31 March 2015		
	Number of debtors	Before restructuring (<i>in million Baht</i>)	After restructuring
Type of restructuring			
Modification of terms of payments	898	2,496	2,496
Total	898	2,496	2,496
Term of debt restructuring agreements			
Not over 5 years	524	1,748	1,748
5 - 10 years	329	503	503
Over 10 years	45	245	245
Total	898	2,496	2,496

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Consolidated and Bank only			
Three-month period ended 31 March 2014			
	Number of debtors	Before restructuring (in million Baht)	After restructuring
Type of restructuring			
Modification of terms of payments	114	520	520
Total	114	520	520
Term of debt restructuring agreements			
Not over 5 years	88	429	429
5 - 10 years	19	64	64
Over 10 years	7	27	27
Total	114	520	520

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

	Consolidated		Bank only	
	Three-month periods ended 31 March			
	2015	2014	2015	2014
	(in million Baht)			
Interest income on restructured debts, which is recognised for the periods	36	13	36	13
Cash settlement by debtors	157	146	157	125
Losses on debt restructuring	37	8	37	8

As at 31 March 2015 and 31 December 2014, the Bank and its subsidiary have the outstanding balances with troubled debt restructuring debtors which had been performing in accordance with debt restructuring agreements, as follows:

	Consolidated		Bank only		Consolidated		Bank only	
	31 March 2015				31 December 2014			
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
		(in million Baht)		(in million Baht)		(in million Baht)		(in million Baht)
Troubled debt restructuring debtors	1,418	3,463	1,417	3,452	932	2,397	931	2,386

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8.6 Revaluation allowance for debt restructuring

	Consolidated and Bank only	
	31 March 2015	31 December 2014
	<i>(in million Baht)</i>	
Beginning balance	110	68
Increase during period/year	37	42
Ending balance	147	110

8.7 Loan to customers having problems with financial position and operating results

As at 31 March 2015 and 31 December 2014, the Bank and its subsidiary had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowances for doubtful debts as follows:

	Consolidated and Bank only							
	31 March 2015				31 December 2014			
	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts
		<i>(in million Baht)</i>				<i>(in million Baht)</i>		
Listed companies under delisting conditions	2	5	-	-	2	6	-	-

9 Classified assets

Classified assets, as at 31 March 2015 and 31 December 2014, were classified in accordance with the BoT's regulation, consisting of investments (including investments in subsidiaries and associate), loans to customer and accrued interest receivables (including interbank and money market items), properties for sale, premises and equipment and other assets as follows:

	Consolidated					
	31 March 2015					
	Investments	Loans and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
	<i>(in million Baht)</i>					
Pass	-	603,438	-	-	-	603,438
Special mention	-	16,413	-	-	-	16,413
Sub-standard	-	2,199	-	-	2	2,201
Doubtful	-	891	-	-	1	892
Doubtful of loss	868	16,100	362	443	346	18,119
Total	868	639,041	362	443	349	641,063

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Consolidated						
31 December 2014						
	Investments	Loans and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	601,312	-	-	-	601,312
Special mention	-	16,529	-	-	-	16,529
Sub-standard	-	1,824	-	-	2	1,826
Doubtful	-	668	-	-	1	669
Doubtful of loss	879	15,601	401	442	328	17,651
Total	879	635,934	401	442	331	637,987

Bank only						
31 March 2015						
	Investments	Loans and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	603,438	-	-	-	603,438
Special mention	-	16,413	-	-	-	16,413
Sub-standard	-	2,199	-	-	2	2,201
Doubtful	-	891	-	-	1	892
Doubtful of loss	1,813	16,060	360	443	346	19,022
Total	1,813	639,001	360	443	349	641,966

Bank only						
31 December 2014						
	Investments	Loans and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	601,311	-	-	-	601,311
Special mention	-	16,529	-	-	-	16,529
Sub-standard	-	1,824	-	-	2	1,826
Doubtful	-	668	-	-	1	669
Doubtful of loss	1,824	15,559	399	442	328	18,552
Total	1,824	635,891	399	442	331	638,887

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10 Allowance for doubtful accounts

The movement in the allowance for doubtful accounts during the period/year were as follow:

Consolidated

Three-month period ended 31 March 2015

	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss		
	<i>(in million Baht)</i>						
Beginning balance	4,491	297	1,058	368	6,148	15,890	28,252
Allowance for doubtful debts	60	(4)	178	156	1,786	129	2,305
Bad debt recovery	-	-	-	-	116	-	116
Bad debts written-off	-	-	-	-	(1,805)	-	(1,805)
Allowance for doubtful debts of the disposed debts	-	-	-	-	(229)	-	(229)
Ending balance	4,551	293	1,236	524	6,016	16,019	28,639

Consolidated

Year ended 31 December 2014

	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss		
	<i>(in million Baht)</i>						
Beginning balance	4,218	285	1,979	468	8,518	15,932	31,400
Allowance for doubtful debts	273	12	(921)	(100)	4,888	(42)	4,110
Bad debt recovery	-	-	-	-	417	-	417
Bad debts written-off	-	-	-	-	(4,316)	-	(4,316)
Allowance for doubtful debts of the disposed debts	-	-	-	-	(3,359)	-	(3,359)
Ending balance	4,491	297	1,058	368	6,148	15,890	28,252

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Bank only

Three-month period ended 31 March 2015

	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss		
	<i>(in million Baht)</i>						
Beginning balance	4,491	297	1,058	368	6,120	15,890	28,224
Allowance for doubtful debts	60	(4)	178	156	1,801	129	2,320
Bad debt recovery	-	-	-	-	102	-	102
Bad debts written-off	-	-	-	-	(1,805)	-	(1,805)
Allowance for doubtful debts of the disposed debts	-	-	-	-	(229)	-	(229)
Ending balance	4,551	293	1,236	524	5,989	16,019	28,612

Bank only

Year ended 31 December 2014

	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss		
	<i>(in million Baht)</i>						
Beginning balance	4,218	285	1,979	468	7,461	15,932	30,343
Allowance for doubtful debts	273	12	(921)	(100)	5,015	(42)	4,237
Bad debt recovery	-	-	-	-	348	-	348
Bad debts written-off	-	-	-	-	(3,779)	-	(3,779)
Allowance for doubtful debts of the disposed debts	-	-	-	-	(2,925)	-	(2,925)
Ending balance	4,491	297	1,058	368	6,120	15,890	28,224

11 Debts issued and borrowings, net

	Consolidated and Bank only								
	Interest rates as at			31 March 2015			31 December 2014		
	31 March 2015	Maturities		Domestic	Foreign	Total	Domestic	Foreign	Total
	(%)			<i>(in million Baht)</i>					
Subordinated debentures ⁽¹⁾	4.50, 4.70 and 5.50	2015 ⁽²⁾ , 2017 ⁽²⁾ and 2019 ⁽²⁾	33,350	-	33,350	33,350	-	33,350	
Senior debentures	5.50	2018	-	3,151	3,151	-	-	-	
Bills of exchange	2.00 - 4.50	2015	307	-	307	724	-	724	
Other borrowings	0.00 - 2.00	2015 - 2031	115	2,116	2,231	131	2,220	2,351	
Total			33,772	5,267	39,039	34,205	2,220	36,425	
Less prepaid interest expenses			(61)	-	(61)	(176)	-	(176)	
Debts issued and borrowings, net			33,711	5,267	38,978	34,029	2,220	36,249	

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (Note 5)

⁽²⁾ The years in which call option exercise periods start

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On 9 March 2015, the Bank issued the unsecured senior debentures with the bondholder representatives offered to offshore investors for a total amount of CNY 600 million, which has a 3-year maturity carrying a fixed interest rate of 5.5% per annum, payable semi-annually in March and September of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

12 Assets pledged as collateral and under restriction

Assets pledged as collateral as of 31 March 2015 and 31 December 2014 consisted of:

	Consolidated and Bank only	
	31 March 2015	31 December 2014
	<i>(in million Baht)</i>	
Investments in securities		
- Pledged as collateral with the courts	8	13
- Pledged as security for daily liquidity	-	3,437
- Pledged as collateral against repurchase transactions	26,730	26,705
Total	26,738	30,155

13 Commitments and contingency liabilities

(a) Commitments

	Consolidated and Bank only	
	31 March 2015	31 December 2014
	<i>(in million Baht)</i>	
Avals to bills	469	543
Guarantees of loans	3	3
Liability under unmatured import bills	1,701	1,855
Letters of credit	28,948	28,131
Other contingencies		
- Other guarantees	41,374	40,428
- Amount of unused bank overdrafts	88,607	82,935
- Others	699	624
Total	161,801	154,519

As at 31 March 2015 and 31 December 2014, the Bank had commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand, amounting to Baht 11 million and Baht 11 million, respectively.

(b) Litigation

- As of 31 March 2015 and 31 December 2014, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 110 cases and 106 cases, respectively in the approximate dispute amounts of Baht 11,751 million and Baht 11,705 million, respectively (The Bank only: claims for 101 cases and 97 cases, respectively in the approximate dispute amounts of Baht 10,917 million and Baht 10,872 million, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 864 million⁽¹⁾ and Baht 1,421 million⁽¹⁾, respectively (The Bank only: Baht 792 million⁽¹⁾ and Baht 1,350 million⁽¹⁾, respectively).

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- As of 31 March 2015 and 31 December 2014, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 56 million and Baht 48 million, respectively (The Bank only: Baht 51 million and Baht 43 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.
- In addition, the Bank was claimed in another lawsuit with the sum of Baht 140,261 million due to the purported issuance of a letter of guarantee with a credit limit of Baht 200 million. The Court of First Instance and the Appeals Court dismissed the case. At present, the plaintiff is in the process of filing a petition with the Supreme Court. The management was advised that there is no sufficient supporting ground for filing the petition with the Supreme Court and it is unlikely that the plaintiff will win the case; the management believes that the Bank will not be liable in this case.

⁽¹⁾ Excluding the liabilities of the Bank as of 31 March 2015 and 31 December 2014 for Baht 1,823 million and Baht 1,761 million, respectively, which the Court of First Instance and the Appeals Court dismissed the cases or rendered the judgment to decrease the Bank's liabilities.

(c) Non-cancellable operating lease commitments

	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Within one year	1,374	1,359	1,361	1,346
After one year but within five years	1,648	1,635	1,641	1,626
Total	3,022	2,994	3,002	2,972

14 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Definitions and characteristics of relationships

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital.
2. Entities with joint control or significant influence over the entity are
 - 2.1 Related companies of major shareholders
 - 2.2 Entities in which related companies of major shareholders hold over 10% of paid-up share capital
 - 2.3 Entities in which the Bank holds over 10% of paid-up share capital (excluding subsidiaries and associate)

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3. Subsidiaries
4. Associate
5. Key management personnel of the Bank are directors, management personnel at the level ‘Head of’ or executive vice president and above, and related management personnel of Accounting or Finance.
6. Other related parties are
 - 6.1 Close family members of key management personnel
 - 6.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
 - 6.3 Entities of which key management personnel and their close family members are directors exercising control or having significant influence

The additional information on investments in subsidiaries and associate is disclosed in Note 7 to the financial statements.

Relationships with key management and other related parties were as follows:

Name of entity/ Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thailand and other counties	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank’s paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank’s paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank’s paid-up share capital
Phayathai Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
Designee for ETA Contract Ltd.	Thailand	Subsidiary, 99.5% shareholding, more than 50% of directors are representatives of the Bank
TMB Asset Management Co., Ltd.	Thailand	Subsidiary, 87.5% shareholding, more than 50% of directors are representatives of the Bank
Metro Designee Co., Ltd.	Thailand	Associate, 30% shareholding, less than 50% of directors are representatives from the Bank

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The pricing policies for particular types of transactions are explained further below:

Transactions

Interest rates of loans

Pricing policies

Based on market rate and the collateral consideration process, the same as the Bank's normal course of business, except for the interest rates of staff welfare loans which are in accordance with the Bank's regulation.

Fee and service income

Registrar and related services, money transfer services for unit holders, agents and support services for funds managed by its subsidiary are charged by the Bank at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into account the size of funds and the purchase and sale volumes of investment units

Interest rate on deposits and borrowings

Based on market rate

Fee and services income for other types of services

Based on market price

Branch office rental and related service

Based on market rate

Sale of non-performing assets to a subsidiary

Based on market price

14.1 Related parties transactions with key management and other related parties

Related parties transactions for the three-month periods ended 31 March 2015 and 2014 with key management and other related parties were as follows:

Consolidated							
Three-month period ended 31 March 2015							
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	39	1	-	-	-	2	-
2. Entities with joint control or significant influence over the entity	106	176	6	-	8	65	(7)
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	-	1	-	-	-	-	-
6. Other related parties	-	1	-	-	-	-	-

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Consolidated
Three-month period ended 31 March 2014

	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities
	<i>(in million Baht)</i>						
1. Major shareholders	22	-	-	-	-	6	-
2. Entities with joint control or significant influence over the entity	63	144	7	-	10	49	4
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	-	1	-	-	-	-	-
6. Other related parties	-	1	-	-	-	2	-

Bank only
Three-month period ended 31 March 2015

	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	39	1	-	-	-	2	-
2. Entities with joint control or significant influence over the entity	104	176	6	-	8	65	(7)
3. Subsidiaries	-	-	257	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	-	1	-	-	-	-	-
6. Other related parties	-	1	-	-	-	-	-

Bank only
Three-month period ended 31 March 2014

	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities
	<i>(in million Baht)</i>						
1. Major shareholders	22	-	-	-	-	6	-
2. Entities with joint control or significant influence over the entity	62	144	7	-	10	49	4
3. Subsidiaries	-	-	132	-	50	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	-	1	-	-	-	-	-
6. Other related parties	-	1	-	-	-	2	-

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14.2 Outstanding balances with related parties

As at 31 March 2015 and 31 December 2014, significant outstanding balances with related persons or parties are as follows:

14.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 March 2015 and 31 December 2014 are as follows:

	Consolidated and Bank only	
	31 March 2015	31 December 2014
	<i>(in million Baht)</i>	
Loans to customers and accrued interest receivables		
Ministry of Finance	6,547	6,553
Deposits (including interbank and money market items - liabilities)		
ING Bank N.V.	324	326
Debts issued and borrowings (Including interbank and money market items - liabilities)		
ING Bank N.V.	1,628	1,648
Contingencies - Derivatives⁽¹⁾		
ING Bank N.V.	1,118	600
⁽¹⁾ Presented in notional amount		
Other contingencies		
ING Bank N.V.	16	16
Other liabilities		
ING Bank N.V.	-	1

14.2.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 31 March 2015 and 31 December 2014 are as follows:

	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Investment in debt securities				
Entities whose shares are owned or controlled by the Ministry of Finance	-	15	-	15
Interbank and money market items - assets and loans to customers and accrued interest receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	17,785	27,021	17,507	26,743
Thai Charoenpol Industry Co., Ltd.	3	3	3	3
Total	17,788	27,024	17,510	26,746
Allowance for doubtful debts				
Entities whose shares are owned or controlled by the Ministry of Finance	65	72	65	72
Thai Charoenpol Industry Co., Ltd.	2	2	2	2

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	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Total	67	74	67	74
Other receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	4,398	4,398	4,398	4,398
Other assets				
Entities whose shares are owned or controlled by the Ministry of Finance	284	285	284	285
Deposits (Including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	12,854	15,635	12,854	15,635
TMB Property Development Co., Ltd.	4	4	4	4
Total	12,858	15,639	12,858	15,639
Debts issued and borrowings (Including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	32,082	30,725	32,082	30,725
Provisions for obligation on transfers of non-performing assets				
Entities whose shares are owned or controlled by the Ministry of Finance	5,998	5,998	5,998	5,998
Other liabilities				
Entities whose shares are owned or controlled by the Ministry of Finance	39	29	39	29
Contingencies - Derivatives⁽¹⁾				
Entities whose shares are owned or controlled by the Ministry of Finance	117,165	141,128	117,165	141,128
⁽¹⁾ Presented in notional amount				
Other contingencies				
Entities whose shares are owned or controlled by the Ministry of Finance	1,143	626	1,143	626

14.2.3 Significant balances between the Bank and its subsidiaries and associate as at 31 March 2015 and 31 December 2014 are as follows:

	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Other assets				
Phayathai Asset Management Co., Ltd.	-	-	5	3
TMB Asset Management Co., Ltd.	-	-	103	57
Total	-	-	108	60

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	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Deposits				
Phayathai Asset Management Co., Ltd.	-	-	54	61
TMB Asset Management Co., Ltd.	-	-	18	34
Total	<u>-</u>	<u>-</u>	<u>72</u>	<u>95</u>
Other liabilities				
Phayathai Asset Management Co., Ltd.	-	-	2	4
TMB Asset Management Co., Ltd.	-	-	-	31
Total	<u>-</u>	<u>-</u>	<u>2</u>	<u>35</u>

- 14.2.4 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 March 2015 and 31 December 2014 are as follows:

	Consolidated and Bank only	
	31 March 2015	31 December 2014
	<i>(in million Baht)</i>	
Loans to customers and accrued interest receivables	6	11
Welfare loans	42	44
Deposits	217	186
Allowance for doubtful debts	-	1
Other liabilities	1	-

- 14.2.5 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 March 2015 and 31 December 2014 are as follows:

	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables	2	3	2	3
Deposits	209	184	209	184
Other liabilities	1	1	1	1

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14.3 Senior management personnel compensation

For the three-month periods ended 31 March 2015 and 2014, senior management personnel compensation, included in profit or loss from operation, was classified as follows:

	Consolidated		Bank only	
	Three-month periods ended 31 March		Three-month periods ended 31 March	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	7	8	7	8
Short-term employee benefits - managements	177	155	169	145
Post-employment benefits	11	11	10	10
Termination benefit	3	-	-	-
Share-based payments (performance share bonus)	25	37	25	37
Total	223	211	211	200

Senior management personnel of the Bank are directors, management personnel at the level ‘Head of’ or executive vice president and above, and related management personnel of Accounting or Finance. Senior managements of the subsidiaries are those at the level of director and executive officer upwards.

14.4 Other benefits payable to the senior management personnel

The Bank’s senior management personnel do not receive other benefits both in terms of monetary and non-monetary items, except for the benefits that are normally received as mentioned in Note to the financial statements No. 14.3 such as monthly director remuneration, meeting allowance, salary and bonus. Directors who are the Bank’s executives and the representative directors who are the executives of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank’s business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowances, including utilities, telephone and home trip expenses in accordance with the established criteria.

15 Segment information

For management purposes, the Bank’s businesses are divided into the following core segments, based on customer segmentation:

1. Commercial Banking

- 1.1 Wholesale Banking: These are corporate customers and owner operators with annual revenues of Baht 500 million and over. The main products and services are corporate loans, letters of guarantee, deposits, trade finance, supply chain solution and financial management, syndicated loans, and investment banking.
- 1.2 Small and Medium Enterprise: These are corporate customers and owner operators with annual revenues of less than Baht 500 million. The main products and services are corporate loans, letters of guarantee, deposits, trade finance, supply chain solution and financial management.

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2. Retail Banking: This represents individual persons. The main products and services are deposits, housing and personal loans, cards services, bancassurance and mutual funds, and foreign currency services.

The Bank evaluates segment performance based on profit from operation, using the same accounting policies as those used in its preparation of the financial statements.

The inter-segment transfer pricing policy is to set prices with reference to market rates. Direct operating expenses are recorded as expenses for each operating segment and certain expenses are allocated to each operating segments based on relevant variables e.g. number of transactions, asset based and liabilities base, etc.

The operating segment information, as reported below, is reported in a manner consistent with the Bank's internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions on the allocation of resources to the operating segments and assess their performance. The Chief Operating Decision Maker has been identified as the Chief Executive Committee.

Information about reportable segments:

	Consolidated				
	Three-month period ended 31 March 2015				
	Commercial Banking	Retail Banking	Other segments <i>(in million Baht)</i>	Elimination	Total
Net interest income	3,521	1,726	471	-	5,718
Other operating income	1,072	987	199	(13)	2,245
Total operating income	4,593	2,713	670	(13)	7,963
Operating expenses	(1,662)	(1,888)	(108)	13	(3,645)
Profits from operation	2,931	825	562	-	4,318
Other income (expenses), net					-
Provision for doubtful debts on loans and loan-related transactions					(2,300)
Profit before income tax expense					2,018
Income tax expense					(376)
Profit for the period					1,642
Depreciation and amortisation	33	174	82	-	289
Source of operating income breakdown by operating segments					
Third party	6,628	717	618	-	7,963
Inter - segment	(2,035)	1,996	52	(13)	-
Total operating income	4,593	2,713	670	(13)	7,963

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Consolidated					
Three-month period ended 31 March 2014					
	Commercial Banking	Retail Banking	Other segments	Elimination	Total
	<i>(in million Baht)</i>				
Net interest income	3,233	1,430	364	-	5,027
Other operating income	769	861	167	(7)	1,790
Total operating income	4,002	2,291	531	(7)	6,817
Operating expenses	(1,702)	(1,886)	(70)	7	(3,651)
Profits from operation	2,300	405	461	-	3,166
Other income (expenses), net					(38)
Provision for doubtful debts on loans and loan-related transactions					(1,223)
Profit before income tax expense					1,905
Income tax expense					(299)
Profit for the period					1,606
 Depreciation and amortisation	 35	 172	 93	 -	 300
 Source of operating income breakdown by operating segments					
Third party	6,035	82	700	-	6,817
Inter - segment	(2,033)	2,209	(169)	(7)	-
Total operating income	4,002	2,291	531	(7)	6,817

Reconciliation of reportable segment profit or loss

Consolidated					
Three-month period ended 31 March 2015					
	Net interest income	Non- interest income	Operating expenses	Other income (expenses)	Impairment loss on loans and debt securities
	<i>(in million Baht)</i>				
Segment reporting	5,718	2,245	(3,645)	-	(2,300)
Bad debts, doubtful accounts and impairment losses	-	8	79	-	(87)
Others	(15)	7	8	-	-
Consolidated financial statements	5,703	2,260	(3,558)	-	(2,387)

Consolidated					
Three-month period ended 31 March 2014					
	Net interest income	Non- interest income	Operating expenses	Other income (expenses)	Impairment loss on loans and debt securities
	<i>(in million Baht)</i>				
Segment reporting	5,027	1,790	(3,651)	(38)	(1,223)
Bad debts, doubtful accounts and impairment losses	-	10	(72)	-	62
Others	10	(8)	(40)	38	-

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Consolidated				
Three-month period ended 31 March 2014				
	Net interest income	Non-interest income	Operating expenses	Other income (expenses)
				Impairment loss on loans and debt securities
			(in million Baht)	
Consolidated financial statements	5,037	1,792	(3,763)	-
				(1,161)
Consolidated				
31 March 2015				
	Commercial Banking	Retail Banking	Other segments	Elimination
				Total
			(in million Baht)	
Assets	576,894	89,676	141,955	(3,372)
Liabilities and equity	244,228	382,833	181,464	(3,372)
				805,153
				805,153
Consolidated				
31 December 2014				
	Commercial Banking	Retail Banking	Other segments	Elimination
				Total
			(in million Baht)	
Assets	570,299	88,501	153,759	(3,377)
Liabilities and equity	253,031	374,523	185,005	(3,377)
				809,182
				809,182

16 The financial position and results of operations classified by domestic and foreign business

- 16.1 As at 31 March 2015 and 31 December 2014, the financial position classified by domestic and foreign business was as follows:

Consolidated						
31 March 2015			31 December 2014			
Domestic business	Foreign business	Total	Domestic business	Foreign business	Total	
						(in million Baht)
Total assets	804,508	645	805,153	808,545	637	809,182
Interbank and money market items, net (Assets)	110,618	541	111,159	112,624	473	113,097
Investments, net	113,925	-	113,925	110,859	-	110,859
Loans to customers and accrued interest receivables, net	511,169	41	511,210	502,975	91	503,066
Deposits	581,575	132	581,707	571,461	164	571,625
Interbank and money market items (Liabilities)	57,789	1,708	59,497	69,351	3,366	72,717
Debt issued and borrowings, net	34,200	4,778	38,978	34,601	1,648	36,249

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16.2 The results of operations classified by domestic and foreign business for the three-month periods ended 31 March 2015 and 2014 were as follows:

	Consolidated							
	2015		2014					
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	8,933	19	(18)	8,934	8,731	12	(9)	8,734
Interest expense	3,231	18	(18)	3,231	3,697	9	(9)	3,697
Net interest income	5,702	1	-	5,703	5,034	3	-	5,037
Net fees and service income	1,687	-	-	1,687	1,135	1	-	1,136
Total other operating income	573	-	-	573	656	-	-	656
Total other operating expenses	3,557	1	-	3,558	3,760	3	-	3,763
Impairment loss on loans and debt securities	2,387	-	-	2,387	1,157	4	-	1,161
Profit from operations before income tax expense	2,018	-	-	2,018	1,908	(3)	-	1,905

17 Deferred tax and income tax expenses

17.1 Deferred tax

Deferred tax assets and liabilities were as follows:

	Consolidated		Bank only	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in million Baht)</i>			
Deferred tax assets	1,988	2,065	1,979	2,058
Deferred tax liabilities	2	-	-	-
Net	1,986	2,065	1,979	2,058

Movements in deferred tax assets and liabilities during the three-month periods ended 31 March 2015 and 2014 were as follows:

	Consolidated (Charged) / Credited to:			
	At 1 January 2015	Profit or loss (note 17.2)	Other compre- hensive income (in million Baht)	At 31 March 2015
Deferred tax assets				
Investments	176	(3)	-	173
Loans and accrued interest receivable	690	103	-	793
Properties for sale	85	(8)	-	77
Premises and equipment	100	-	-	100
Provisions for liabilities	1,615	(20)	-	1,595
Other payables and other liabilities	260	(172)	-	88
Others	124	7	-	143
Total	3,050	(93)	-	2,969

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		Consolidated (Charged) / Credited to:			
	At 1 January 2015	Profit or loss (note 17.2) (in million Baht)	Other compre- hensive income	Retained earnings	At 31 March 2015
Deferred tax liabilities					
Investments	27	-	7	-	34
Premises and equipment	939	(4)	(1)	-	934
Others	19	(2)	(2)	-	15
Total	985	(6)	4	-	983
Net	2,065	(87)	(4)	12	1,986
	At 1 January 2014	Profit or loss (note 17.2) (in million Baht)	Other comprehensive income		At 31 March 2014
Deferred tax assets					
Investments	174	2	14		190
Loans and accrued interest receivables	617	35	-		652
Properties for sale	147	(6)	-		141
Premises and equipment	100	-	-		100
Provisions for liabilities	1,594	16	-		1,610
Other payables and other liabilities	281	(141)	-		140
Unused tax losses	456	(220)	-		236
Others	103	9	-		112
Total	3,472	(305)	14		3,181
Deferred tax liabilities					
Investments	14	-	15		29
Premises and equipment	981	(4)	(1)		976
Others	28	(10)	(2)		16
Total	1,023	(14)	12		1,021
Net	2,449	(291)	2		2,160

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	Bank only (Charged) / Credited to:			
	At 1 January 2015	Profit or loss (note 17.2) (in million Baht)	Other compre- hensive income Retained earnings	At 31 March 2015
Deferred tax assets				
Investments	176	(3)	-	173
Loans and accrued interest receivable	677	103	-	780
Properties for sale	84	(8)	-	76
Premises and equipment	100	-	-	100
Provisions for liabilities	1,608	(19)	-	1,589
Other payables and other liabilities	260	(172)	-	88
Others	124	4	12	140
Total	3,029	(95)	12	2,946
Deferred tax liabilities				
Investments	15	-	4	19
Premises and equipment	937	(4)	-	933
Others	19	(2)	(2)	15
Total	971	(6)	2	967
Net	2,058	(89)	(2)	1,979

	Bank only (Charged) / Credited to:			
	At 1 January 2014	Profit or loss (note 17.2) (in million Baht)	Other comprehensive income Retained earnings	At 31 March 2014
Deferred tax assets				
Investments	174	2	14	190
Loans and accrued interest receivable	606	36	-	642
Properties for sale	139	(6)	-	133
Premises and equipment	100	-	-	100
Provisions for liabilities	1,585	18	-	1,603
Other payables and other liabilities	281	(141)	-	140
Unused tax losses	414	(207)	-	207
Others	103	9	-	112
Total	3,402	(289)	14	3,127
Deferred tax liabilities				
Investments	11	-	12	23
Premises and equipment	979	(4)	-	975
Others	28	(10)	(2)	16
Total	1,018	(14)	10	1,014
Net	2,384	(275)	4	2,113

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As at 31 March 2015 and 31 December 2014, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 945 million, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

As at 31 March 2015 and 31 December 2014, the Bank and a subsidiary have tax-deductible temporary differences in respect of loans to customers and accrued interest receivables, for which deferred tax assets have not been recognised since it is uncertain as to whether the Bank and its subsidiary would be able to utilise such temporary differences.

17.2 Income tax expenses

Income tax recognised in profit or loss

		Consolidated		Bank only	
Three-month periods ended 31 March	Note	2015	2014	2015	2014
(in million Baht)					
Current tax expense					
Current period		317	92	306	85
Over provided in prior period		(28)	(84)	(28)	(85)
		<u>289</u>	<u>8</u>	<u>278</u>	<u>-</u>
Deferred tax expense					
Movements in temporary differences	17.1	87	291	89	275
		<u>87</u>	<u>291</u>	<u>89</u>	<u>275</u>
Total		<u>376</u>	<u>299</u>	<u>367</u>	<u>275</u>

Income tax recognised in other comprehensive income

Consolidated						
Three-month periods ended 31 March						
	Before tax	2015 Tax (expense) benefit	Net of tax	Before tax	2014 Tax (expense) benefit	Net of Tax
<i>(in million Baht)</i>						
Investment	33	(7)	26	-	-	-
Premises and equipment	(3)	1	(2)	(1)	-	(1)
Others	(10)	2	(8)	(10)	2	(8)
Total	20	(4)	16	(11)	2	(9)

Bank only						
Three-month periods ended 31 March						
	Before tax	2015 Tax (expense) benefit	Net of tax	Before tax	2014 Tax (expense) benefit	Net of Tax
<i>(in million Baht)</i>						
Investment	21	(4)	17	(11)	2	(9)
Premises and equipment	(3)	-	(3)	(1)	-	(1)
Others	(10)	2	(8)	(10)	2	(8)
Total	8	(2)	6	(22)	4	(18)

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Reconciliation of effective tax rate

<i>Three-month periods ended 31 March</i>	Consolidated			
	2015		2014	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before total income tax expense		2,019		1,905
Income tax using the Thai corporation tax rate	20	404	20	381
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	-	-	2
Over provided in prior years	(1)	(28)	(4)	(84)
Total	19	376	16	299

<i>Three-month periods ended 31 March</i>	Bank only			
	2015		2014	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before total income tax expense		1,974		1,792
Income tax using the Thai corporation tax rate	20	395	20	358
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	-	-	2
Over provided in prior years	(1)	(28)	(5)	(85)
Total	19	367	15	275

18 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the three-month ended 31 March 2015 and 2014 were based on the profit for the periods attributable to equity holders of the Bank and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month periods ended 31 March</i>	Consolidated		Bank only	
	2015	2014	2015	2014
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	1,638	1,602	1,607	1,516
Number of ordinary shares outstanding <i>(in million shares)</i>	43,679	43,606	43,679	43,606
Basic earnings per share <i>(in Baht)</i>	0.0375	0.0367	0.0368	0.0348

Diluted earnings per share

The calculations of diluted earnings per share for the three-month ended 31 March 2015 and 2014 were based on the profit for the periods attributable to equity holders of the Bank and the number of ordinary shares outstanding during the periods after adjusting for the effects of all dilutive potential ordinary shares as follows:

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<i>Three-month periods ended 31 March</i>	Consolidated		Bank only	
	2015	2014	2015	2014
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>1,638</u>	<u>1,602</u>	<u>1,607</u>	<u>1,516</u>
Number of ordinary shares outstanding <i>(in million shares)</i>	43,679	43,606	43,679	43,606
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i>	<u>145</u>	<u>155</u>	<u>145</u>	<u>155</u>
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	<u>43,824</u>	<u>43,761</u>	<u>43,824</u>	<u>43,761</u>
Diluted earnings per share <i>(in Baht)</i>	<u>0.0374</u>	<u>0.0366</u>	<u>0.0367</u>	<u>0.0347</u>

19 Events after the reporting period

19.1 Early redemption of subordinate debenture

On 2 April 2015, the Bank early redeemed its entire subordinated debenture No. 1/2553, with a principal of Baht 8,000 million, together with interest thereon, since the Bank issued those debenture for five years which meet criteria to early redeem and therefore no longer qualified as Tier 2 capital of the Bank. Such early redemption has already been approved by the Bank of Thailand.

19.2 Appropriation of profit and dividend payment

On 10 April 2015, the 2015 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2014 operating profit and dividend payment:

- (1) Appropriation of net profit of Baht 480 million to be legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2014 operating profit to the shareholders of the 43,678,764,288⁽¹⁾ ordinary shares, totalling Baht 2,620,725,857.28⁽²⁾, or accounted for 28% of the 2014 net profit. The Bank will record the dividend payment in the second quarter of 2015.

⁽¹⁾ The said number of shares excluded ordinary shares that the Bank is to allocate as share bonus from TMB PSBP 2010 in April 2015 to employees who were offered the new ordinary shares in 2012, 2013 and 2014, and are still the employees of the Bank as of the subscription date of such newly issued shares. These shares are entitled to receive dividend from the 2014 operating profit.

⁽²⁾ This dividend amount excluded the dividend amount that Bank will pay for the number of ordinary shares allocated to employees as share bonus in TMB PSBP 2010 in April 2015 to employees who are offered the new ordinary shares in 2012, 2013 and 2014, and are still the employees of the Bank as of the subscription date of such newly issued shares.

19.3 Newly-issued ordinary shares of TMB Performance Share Bonus Scheme

In accordance with the TMB Performance Share Bonus 2010 Project (TMB PSBP 2010), which was approved by the Extraordinary General Meeting of Shareholders No.1/2553 on 24 June 2010. In April 2015, the Bank issued the third lot of the second offering, the second lot of the third offering, and the first lot of the fourth offering to employees, or a total of 70,735,327 ordinary shares. Details of the Bank's ordinary shares in issue are as follows:

Number of shares before these issues of shares to employees	43,678,764,288	shares
Number of shares issued to employees in April 2015	70,735,327	shares
Total number of ordinary shares in issue	43,749,499,615	shares