

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

(UNAUDITED)

Baht : '000

	CONSOLIDATED		THE BANK	
	2014	2013	2014	2013
ASSETS				
CASH	59,898,596	53,550,467	59,782,345	53,299,523
INTERBANK AND MONEY MARKET ITEMS, NET	532,205,093	407,632,067	467,829,801	356,833,087
CLAIMS ON SECURITY	64,802	6,810	-	-
DERIVATIVES ASSETS	15,941,003	13,770,312	15,669,766	13,672,755
INVESTMENTS, NET	382,054,379	377,412,764	365,455,991	363,575,834
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	1,156,058	910,177	33,182,329	31,123,425
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET				
Loans to customers	1,782,848,508	1,753,344,023	1,731,042,377	1,706,723,444
Accrued interest receivables	4,233,232	4,571,094	4,118,775	4,472,766
Total loans to customers and accrued interest receivables	1,787,081,740	1,757,915,117	1,735,161,152	1,711,196,210
Less Deferred revenue	(615,678)	(676,580)	(537,521)	(603,865)
Less Allowance for doubtful accounts	(89,411,506)	(89,697,165)	(87,095,271)	(87,621,580)
Less Revaluation allowance for debt restructuring	(2,513,971)	(2,885,668)	(2,513,971)	(2,885,668)
Total loans to customers and accrued interest receivables, net	1,694,540,585	1,664,655,704	1,645,014,389	1,620,085,097
CUSTOMER'S LIABILITY UNDER ACCEPTANCES	1,852,323	2,051,165	372,770	332,527
PROPERTIES FOR SALE, NET	16,515,654	18,900,941	11,581,876	12,286,849
PREMISES AND EQUIPMENT, NET	31,454,587	32,275,104	29,980,362	31,280,619
OTHER INTANGIBLE ASSETS, NET	698,464	606,416	643,210	530,002
DEFERRED TAX ASSETS	2,132,488	2,006,821	1,176,208	904,395
OTHER ASSETS, NET	21,376,107	22,728,494	17,220,656	18,825,607
TOTAL ASSETS	2,759,890,139	2,596,507,242	2,647,909,703	2,502,749,720

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

(UNAUDITED)

Baht : '000

	CONSOLIDATED		THE BANK	
	2014	2013	2014	2013
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS	2,058,778,930	1,935,272,479	1,992,588,427	1,871,061,159
INTERBANK AND MONEY MARKET ITEMS, NET	140,048,135	124,295,617	119,818,538	114,417,434
LIABILITY PAYABLE ON DEMAND	9,135,590	10,909,681	9,069,981	10,803,643
LIABILITY TO DELIVER SECURITY	152,330	133,317	-	-
DERIVATIVES LIABILITIES	17,851,695	21,710,574	17,183,330	21,316,105
DEBT ISSUED AND BORROWINGS	140,844,779	140,147,252	140,824,104	140,734,626
BANK'S LIABILITY UNDER ACCEPTANCES	1,852,323	2,051,165	372,770	332,527
PROVISIONS	9,241,494	8,257,159	9,142,816	8,174,667
DEFERRED TAX LIABILITIES	4,168,735	3,106,688	3,843,828	2,802,278
OTHER LIABILITIES	54,172,542	54,571,620	39,936,999	44,142,551
TOTAL LIABILITIES	2,436,246,553	2,300,455,552	2,332,780,793	2,213,784,990
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
Authorized share capital				
1,655,000 preferred shares of Baht 10 each	16,550	16,550	16,550	16,550
3,998,345,000 common shares of Baht 10 each	39,983,450	39,983,450	39,983,450	39,983,450
Issued and paid-up share capital				
1,908,842,894 common shares of Baht 10 each	19,088,429	19,088,429	19,088,429	19,088,429
PREMIUM ON COMMON SHARES	56,346,232	56,346,232	56,346,232	56,346,232
OTHER RESERVES	43,137,084	39,837,149	42,615,658	38,495,631
RETAINED EARNINGS				
Appropriated				
Legal reserve	19,000,000	18,000,000	19,000,000	18,000,000
Others	81,500,000	76,500,000	81,500,000	76,500,000
Unappropriated	104,419,537	86,164,059	96,578,591	80,534,438
TOTAL BANK'S EQUITY	323,491,282	295,935,869	315,128,910	288,964,730
NON-CONTROLLING INTEREST	152,304	115,821	-	-
TOTAL SHAREHOLDERS' EQUITY	323,643,586	296,051,690	315,128,910	288,964,730
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,759,890,139	2,596,507,242	2,647,909,703	2,502,749,720

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Baht : '000

	CONSOLIDATED		THE BANK	
	2014	2013	2014	2013
Interest income	103,479,708	100,404,996	98,206,810	96,221,347
Interest expenses	44,482,596	44,526,164	42,113,341	42,433,506
Net interest income	58,997,112	55,878,832	56,093,469	53,787,841
Fees and service income	29,160,728	28,392,696	25,763,155	25,082,462
Fees and service expenses	7,434,509	7,154,018	7,355,612	7,081,102
Net fees and service income	21,726,219	21,238,678	18,407,543	18,001,360
Gains on tradings and foreign exchange transactions	5,572,147	5,795,886	4,937,754	5,311,987
Gains on investments	4,055,657	2,488,685	4,056,396	2,480,175
Share of profit from investment for using equity method	181,754	161,824	-	-
Gains on disposal of assets	2,015,563	2,360,455	1,515,097	1,871,724
Dividend income	3,625,814	2,968,382	3,860,272	3,056,279
Other operating incomes	683,031	564,683	560,115	462,201
Total operating income	96,857,297	91,457,425	89,430,646	84,971,567
Other operating expenses				
Employee's expenses	22,254,080	20,820,864	20,071,653	18,689,268
Directors' remuneration	124,070	140,354	102,570	104,300
Premises and equipment expenses	9,761,810	8,913,345	9,120,294	8,447,246
Taxes and duties	3,489,130	3,318,499	3,303,055	3,189,745
Others	7,457,805	4,754,016	6,828,746	4,084,880
Total other operating expenses	43,086,895	37,947,078	39,426,318	34,515,439
Impairment loss of loans and debt securities	8,686,539	8,593,176	8,001,220	8,306,697
Profit from operating before income tax expenses	45,083,863	44,917,171	42,003,108	42,149,431
Income tax expenses	8,592,802	8,881,720	7,881,892	8,275,170
Net profit	36,491,061	36,035,451	34,121,216	33,874,261
Other comprehensive incomes (losses)				
Changes in revaluation surplus	-	(839)	-	(839)
Gains (losses) on remeasuring available-for-sale investment	7,118,958	(1,119,075)	7,070,986	(1,039,844)
Gains (losses) arising from translating the financial statements of foreign operations	(1,482,864)	1,649,017	(625,080)	(458,792)
Actuarial losses on defined benefit plans	(716,983)	(397,949)	(717,550)	(394,859)
Income tax relating to components of other comprehensive income (losses)	(1,288,295)	277,968	(1,277,913)	259,184
Total other comprehensive income (losses)	3,630,816	409,122	4,450,443	(1,635,150)
Total comprehensive income	40,121,877	36,444,573	38,571,659	32,239,111
Net profit attributable				
Owners of the Bank	36,332,177	35,905,565	34,121,216	33,874,261
Non-controlling interest	158,884	129,886	-	-
	36,491,061	36,035,451	34,121,216	33,874,261
Total comprehensive income attributable				
Owners of the Bank	39,962,892	36,314,859	38,571,659	32,239,111
Non-controlling interest	158,985	129,714	-	-
	40,121,877	36,444,573	38,571,659	32,239,111
Basic earnings per share (Baht)	19.03	18.81	17.88	17.75
Weighted average number of ordinary shares				
(Thousand shares)	1,908,843	1,908,843	1,908,843	1,908,843

Summary of the Bank and its Subsidiaries' Operating Results

For the Quarter and the Year Ended December 31, 2014

Bangkok Bank and its subsidiaries have reported a consolidated net profit of Baht 36.3 billion for 2014, an increase of Baht 426 million or 1.2 percent from 2013. Net interest income rose by Baht 3.1 billion or 5.6 percent while non-interest income grew by Baht 2.3 billion or 6.4 percent. Operating expenses increased by Baht 5.1 billion or 13.5 percent.

During the year of 2014, Thailand's economy recovered more slowly than expected due to low export growth in line with the state of the global economy – especially the slowdown in the economies of trading partners such as Europe, China and Japan – and to lower-than-expected government spending. Thailand also faced political problems during the first half of the year and household debt levels remained high. As a result, businesses scaled back their investment and households reduced their spending, and these negative factors impacted on loan demand from the Bank. For the year ending December 2014, total lending was Baht 1,782.2 billion, an increase of Baht 29.6 billion or 1.7 percent from the end of December 2013.

However, loan demand improved in the fourth quarter, rising by 2.3 percent from the third quarter of 2014, the highest increase in the past four quarters. Fourth-quarter growth was spurred by every customer segment – Corporate, SME, Consumer and International.

Loan quality remained good – at the end of December 2014, non-performing loans (NPLs) were Baht 45.0 billion, a decrease of Baht 1.1 billion from the end of September 2014, while the ratio of non-performing loans to total loans was 2.1 percent, compared to 2.3 percent at the end of September 2014. The ratio of loan loss reserves to NPLs rose to 204.1 percent and the ratio of loan loss reserves to total loans was 5.2 percent.

To ensure adequate liquidity to meet the financing needs of its customers in a cost-effective manner, the Bank increased its deposits throughout the year. As a result, at the end of December 2014, total deposits were Baht 2,058.8 billion, an increase of Baht 123.5 billion or 6.4 percent from the end of 2013. The loan-to-deposit ratio stood at 86.6 percent, a decrease from 90.6 percent at the end of December 2013. The net interest margin for the year was 2.37 percent, at a similar level to 2013.

In 2014, the Bank's total income was Baht 96.9 billion, an increase of 5.9 percent from the previous year. Net interest income was Baht 59.0 billion, an increase of 5.6 percent. Non-interest income was Baht 37.9 billion, an increase of Baht 2.3 billion or 6.4 percent from 2013, due predominantly to increases in net fees and service income, gains on investment and dividend income.

The Bank's operating expenses were Baht 43.1 billion, an increase of Baht 5.1 billion or 13.5 percent from 2013, due to investment to increase the Bank's competitiveness such as improving operating efficiency and personnel.

In terms of capital, after the inclusion of net profit for the six months ending December 31, 2014, total capital adequacy ratio, common equity Tier 1 ratio and Tier 1 capital ratio of the Bank and its subsidiaries would be approximately 18.3 percent, 16.0 percent and 16.0 percent, respectively.

Shareholders' equity as of December 31, 2014 amounted to Baht 323.5 billion, equivalent to 11.7 percent of total assets. The book value per share was Baht 169.47, an increase of Baht 14.44 from the end of 2013.

Overall Picture of the Bank and its Subsidiaries

Million Baht

Item	Quarter			Change (%)		Year		Change (%)
	4/2014	3/2014	4/2013	3/2014	4/2013	2014	2013	
Net profit *	8,763	9,575	7,686	(8.5)%	14.0%	36,332	35,906	1.2%
Earnings per share (Baht)	4.59	5.02	4.03	(8.5)%	14.0%	19.03	18.81	1.2%
Net interest margin	2.32%	2.44%	2.28%	(0.12)%	0.04%	2.37%	2.36%	0.01%
Net fees and service income to operating income ratio	24.1%	21.1%	23.2%	3.0%	0.9%	22.4%	23.2%	(0.8)%
Expense to operating income ratio	50.6%	40.9%	47.9%	9.7%	2.7%	44.5%	41.5%	3.0%
Return on average assets *	1.30%	1.47%	1.20%	(0.17)%	0.10%	1.39%	1.45%	(0.06)%
Return on average equity *	10.83%	12.02%	10.47%	(1.19)%	0.36%	11.66%	12.62%	(0.96)%

* Attributable to the Bank

Million Baht

Item	December	September	December	Change (%)	
	2014	2014	2013	September 2014	December 2013
Loans **	1,782,233	1,741,446	1,752,667	2.3%	1.7%
Deposits	2,058,779	1,919,357	1,935,272	7.3%	6.4%
Loan to deposit ratio	86.6%	90.7%	90.6%	(4.1)%	(4.0)%
Non-performing loans (NPLs)	45,046	46,118	43,228	(2.3)%	4.2%
Ratio of NPLs to total loans	2.1%	2.3%	2.2%	(0.2)%	(0.1)%
Ratio of loan loss reserves to NPLs	204.1%	198.2%	214.2%	5.9%	(10.1)%
Total capital adequacy ratio	17.4%	18.1%	16.8%	(0.7)%	0.6%

** Less deferred revenue

Operating Income and Expenses of the Bank and its Subsidiaries

Million Baht

Item	Quarter			Change (%)		Year		Change
	4/2014	3/2014	4/2013	3/2014	4/2013	2014	2013	(%)
Net interest income	14,859	15,109	13,873	(1.7)%	7.1%	58,997	55,879	5.6%
Non-interest income	8,973	10,933	8,182	(17.9)%	9.7%	37,860	35,578	6.4%
Operating expenses	12,057	10,656	10,559	13.1%	14.2%	43,087	37,947	13.5%
Impairment loss of loans and debt securities	939	3,313	1,737	(71.7)%	(45.9)%	8,687	8,593	1.1%
Operating profit before tax	10,836	12,073	9,759	(10.2)%	11.0%	45,083	44,917	0.4%
Income tax expenses	2,028	2,458	2,034	(17.5)%	(0.3)%	8,593	8,882	(3.3)%
Net profit	8,808	9,615	7,725	(8.4)%	14.0%	36,490	36,035	1.3%
Net profit *	8,763	9,575	7,686	(8.5)%	14.0%	36,332	35,906	1.2%
Total comprehensive income *	4,657	9,557	9,360	(51.3)%	(50.2)%	39,963	36,315	10.1%

* Attributable to the Bank

In the fourth quarter of 2014 the net profit of the Bank and its subsidiaries amounted to Baht 8.8 billion, an increase of Baht 1.1 billion or 14.0 percent from the fourth quarter of 2013, due predominantly to an increase of Baht 986 million in net interest income due to lower cost of deposits from the gradual maturing of high-rate fixed deposits and an increase in loan business volume. Gains on investments increased by Baht 659 million, and net fees and service income increased by Baht 631 million. In the fourth quarter of 2014 the impairment loss of loans and debt securities decreased by Baht 798 million while operating expenses rose by Baht 1.5 billion.

When compared with the third quarter of 2014, the net profit of the Bank and its subsidiaries decreased by Baht 812 million or 8.5 percent. Significant items included gains on investment, which decreased by Baht 1.9 billion from the selling of available-for-sale equities in the previous quarter. Operating expenses increased by Baht 1.4 billion due mainly from higher marketing expenses and expenses related to branch expansion and electronic service machines. In the fourth quarter of 2014 the impairment loss of loans and debt securities decreased by Baht 2.4 billion from the previous quarter.

In 2014 consolidated net profit amounted to Baht 36.3 billion, an increase of Baht 426 million from 2013. Significant items included net interest income, which rose by Baht 3.1 billion, mainly from the increase in interest income from loans in line with the increase in lending business volume, and from the increase in interest income from interbank and money market items; and gains on investments, which rose by Baht 1.6 billion from the selling of available-for-sale equities. However, in 2013 the Bank had a one-off reversal of probable losses arising from the impaired assets transferred to TAMC of Baht 2.6 billion in the previous year. Total comprehensive income of the Bank and its subsidiaries increased by Baht 3.6 billion, due mainly to an increase in revaluation gains on available-for-sale investments, reflecting the increase in capital market value from the end of December 2013.

Net Interest Income

Million Baht

Item	Quarter			Change (%)		Year		Change
	4/2014	3/2014	4/2013	3/2014	4/2013	2014	2013	(%)
Interest Income								
Loans	21,674	21,311	21,017	1.7%	3.1%	85,493	82,108	4.1%
Interbank and money market items	2,802	2,191	2,330	27.9%	20.3%	9,735	8,531	14.1%
Investments	1,823	2,048	2,347	(11.0)%	(22.3)%	8,252	9,766	(15.5)%
Total interest income	26,299	25,550	25,694	2.9%	2.4%	103,480	100,405	3.1%
Interest expenses								
Deposits	7,297	6,466	7,771	12.9%	(6.1)%	27,975	29,597	(5.5)%
Interbank and money market items	395	350	405	12.9%	(2.5)%	1,633	1,589	2.8%
Contributions to the Deposit Protection Agency	2,058	1,964	1,995	4.8%	3.2%	8,175	7,882	3.7%
Debt issued and borrowings	1,690	1,661	1,650	1.7%	2.4%	6,700	5,458	22.8%
Total interest expenses	11,440	10,441	11,821	9.6%	(3.2)%	44,483	44,526	(0.1)%
Net interest income	14,859	15,109	13,873	(1.7)%	7.1%	58,997	55,879	5.6%
Net interest margin	2.32%	2.44%	2.28%	(0.12)%	0.04%	2.37%	2.36%	0.01%

In the fourth quarter of 2014, the net interest income of the Bank and its subsidiaries amounted to Baht 14.9 billion, an increase of Baht 986 million or 7.1 percent from the fourth quarter of 2013. The interest income rose by Baht 605 million or 2.4 percent, significant items included interest income from loans, which increased by Baht 657 million, in line with the increase in lending business volume. Interest expenses declined by Baht 381 million or 3.2 percent, due mainly to the gradual maturing of high-rate fixed deposits, which contributed to a decrease of Baht 474 million in interest expenses on deposits. Net interest margin stood at 2.32 percent or an increase of 0.04 percent from the same period last year due predominantly to the lower costs of deposits caused by the gradual maturing of high-rate fixed deposits.

When compared with the third quarter of 2014, the net interest income of the Bank and its subsidiaries declined by Baht 250 million or 1.7 percent. The interest expenses rose by Baht 999 million or 9.6 percent, due mainly to an increase in deposit volume from high-rate fixed deposits; consequently interest expenses on deposits increased by Baht 831 million. Interest income rose by Baht 749 million or 2.9 percent, significant items included interest income from interbank and money market items which rose by Baht 611 million from the increase in lending volume from interbank and money market items, and interest income from loans, which rose by Baht 363 million. Net interest margin decreased by 0.12 percent from the previous quarter due predominantly to higher costs of deposits from the launch of special interest rate deposits products in the second half of 2014.

In 2014, the net interest income of the Bank and its subsidiaries amounted to Baht 59.0 billion, an increase of Baht 3.1 billion or 5.6 percent from 2013. The interest income increased by Baht 3.1 billion or 3.1 percent. This was mainly because interest income from loans rose by Baht 3.4 billion. Interest expenses declined by Baht 43 million or 0.1 percent, as interest expenses on deposits declined by Baht 1.6 billion, due to the gradual maturing of high-rate fixed deposits while the increase in interest expenses on debt issued and borrowings of Baht 1.2 billion, due to the issuing of USD 1.0 billion in senior unsecured notes in the fourth quarter of 2013. In 2014 net interest margin was at a similar level to 2013 (a slight increase of 0.01 percent) due predominantly to lower costs of deposits caused by the gradual maturing of high-rate fixed deposits, while yields from lending decreased.

Bangkok Bank Interest Rates	Nov 28, 12	Jan 7, 13	Feb 1, 13	Dec 2, 13	Jan 2, 14	Feb 24, 14	Feb 28, 14	Mar 13, 14	Mar 28, 14	Sep 22, 14
Loans (%)										
MOR	7.375	7.375	7.375	7.375	7.375	7.375	7.375	7.250	7.375	7.500
MRR	7.750	7.750	8.000	7.750	7.750	8.000	8.000	8.000	8.000	8.125
MLR	7.000	7.000	7.000	6.875	6.875	6.875	6.875	6.750	6.750	6.750
Deposits (%)										
Savings	0.750	0.750	0.750	0.625	0.625	0.625	0.625	0.500	0.500	0.500-1.250
Fixed 3 months	1.750-2.000	1.625-2.000	1.625-2.000	1.625-1.750	1.500-1.750	1.500-1.750	1.250-1.625	1.125-1.375	1.125-1.250	1.125-1.250
Fixed 6 months	2.000-2.250	2.000-2.250	2.000-2.250	1.875-2.000	1.875-2.000	1.875-2.000	1.625-1.750	1.500	1.375	1.375
Fixed 12 months	2.505	2.375-2.500	2.375-2.500	2.250	2.250	2.250	2.000	1.750	1.750	1.750
			Oct 17, 12		May 29, 13		Nov 27, 13		Mar 12, 14	
Bank of Thailand Policy Rates (%)										
			2.75		2.50		2.25		2.00	

Non-Interest Income

Million Baht

Item	Quarter			Change (%)		Year		Change (%)
	4/2014	3/2014	4/2013	3/2014	4/2013	2014	2013	
Fees and service income	7,660	7,284	6,876	5.2%	11.4%	29,161	28,393	2.7%
<u>Less</u> fees and service expenses	1,908	1,798	1,755	6.1%	8.7%	7,435	7,154	3.9%
Net fees and service income	5,752	5,486	5,121	4.8 %	12.3%	21,726	21,239	2.3%
Gains on tradings and foreign exchange transactions	1,036	1,223	1,629	(15.3)%	(36.4)%	5,572	5,796	(3.9)%
Gains (Losses) on investments	606	2,465	(53)	(75.4)%	1,243.4%	4,055	2,489	62.9%
Share of profit from investment for using equity method	35	47	34	(25.5)%	2.9%	182	162	12.3%
Gains on disposal of assets	470	628	824	(25.2)%	(43.0)%	2,016	2,360	(14.6)%
Dividend income	890	830	448	7.2%	98.7%	3,626	2,968	22.2%
Other operating income	184	254	179	(27.6)%	2.8%	683	564	21.1%
Total other operating income	3,221	5,447	3,061	(40.9)%	5.2%	16,134	14,339	12.5%
Total non-interest income	8,973	10,933	8,182	(17.9)%	9.7%	37,860	35,578	6.4%
Net fees and service income to operating income ratio	24.1%	21.1%	23.2%	3.0%	0.9%	22.4%	23.2%	(0.8)%

In the fourth quarter of 2014, the non-interest income of the Bank and its subsidiaries amounted to Baht 9.0 billion, an increase of Baht 791 million or 9.7 percent from the same quarter last year. Net fees and service income increased by Baht 631 million or 12.3 percent, due mainly to an increase in fees income from a securities business, mutual funds and credit cards. Gains on investments rose by Baht 659 million and dividend income rose by Baht 442 million. Gains on tradings and foreign exchange transactions declined by Baht 593 million. The ratio of net fees and service income to operating income was 24.1 percent.

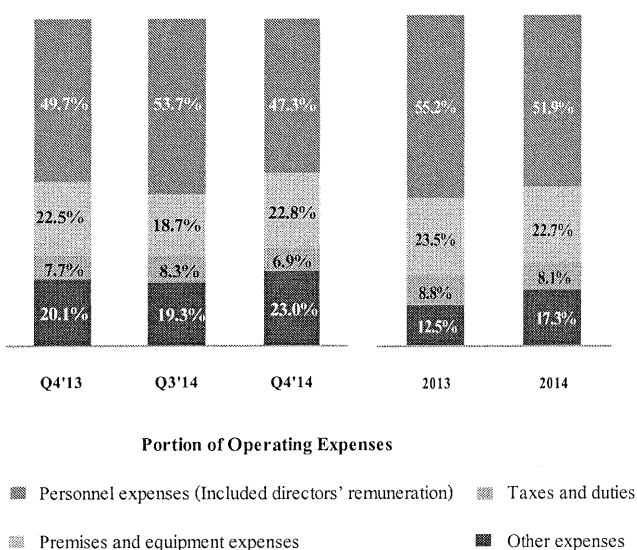
When compared with the third quarter of 2014, the non-interest income of the Bank and its subsidiaries in the fourth quarter of 2014 declined by Baht 2.0 billion or 17.9 percent. Other operating income decreased by Baht 2.2 billion or 40.9 percent due mainly to the decline in gains on investment of Baht 1.9 billion. Gains on trading and foreign exchange transactions declined by Baht 187 million, due mainly to the decline in gains on derivative transactions. Net fees and service income increased by Baht 266 million or 4.8 percent, due mainly to the increase in fees income from credit cards, underwriting and mutual funds.

In 2014, the non-interest income of the Bank and its subsidiaries amounted to Baht 37.9 billion, an increase of Baht 2.3 billion or 6.4 percent from 2013. Other operating income increased by Baht 1.8 billion or 12.5 percent. Significant items included gains on investments, which increased by Baht 1.6 billion; dividend income, which increased by Baht 658 million; while gains on tradings and foreign exchange transactions declined by Baht 224 million, due mainly to a decline of Baht 509 million in gains on foreign exchange transactions and an increase of Baht 203 million in gains on tradings. Net fees and service income increased by Baht 487 million or 2.3 percent, which was from increasing in mutual funds, credit cards and bancassurance. As a result, the ratio of net fees and service income to operating income in 2014 was 22.4 percent.

Operating Expenses

Million Baht

Item	Quarter			Change (%)		Year		Change (%)
	4/2014	3/2014	4/2013	3/2014	4/2013	2014	2013	
Personnel expenses	5,660	5,704	5,189	(0.8)%	9.1%	22,254	20,821	6.9%
Directors' remuneration	42	20	59	110.0%	(28.8)%	124	140	(11.4)%
Premises and equipment expenses	2,746	1,990	2,371	38.0%	15.8%	9,762	8,913	9.5%
Taxes and duties	831	887	814	(6.3)%	2.1%	3,489	3,319	5.1%
Other expenses	2,778	2,055	2,126	35.2%	30.7%	7,458	4,754	56.9%
Total operating expenses	12,057	10,656	10,559	13.1%	14.2%	43,087	37,947	13.5%



In the fourth quarter of 2014, operating expenses of the Bank and its subsidiaries amounted to Baht 12.1 billion, an increase of Baht 1.5 billion or 14.2 percent from the fourth quarter of 2013. Significant items included other expenses, which rose by Baht 652 million due mainly to marketing expenses, and personnel expenses, which increased by Baht 471 million from salary adjustments and an increase in the number of employees.

When compared with the third quarter of 2014, operating expenses increased by Baht 1.4 billion or 13.1 percent. Significant items included premises and equipment expenses, which increased by Baht 756 million due to the increase in branches and electronic service machines and other expenses, which increased by Baht 732 million due mainly to marketing expenses.

In 2014, operating expenses of the Bank and its subsidiaries amounted to Baht 43.1 billion. If excluded an one-off reversal of Baht 2.6 billion in 2013 for probable losses arising from the impaired assets transferred to TAMC, operating expenses of the Bank and its subsidiaries rose by Baht 2.6 billion or 6.3 percent from 2013. Significant items included personnel expenses which rose by Baht 1.4 billion due to salary adjustments and an increase in the number of employees and premises and equipment expenses which increased by Baht 849 million due mainly to the increase in branches and electronic service machines, including system maintenance expenses.

Impairment Loss of Loans and Debt Securities

Million Baht

Item	Quarter			Change (%)		Year		Change (%)
	4/2014	3/2014	4/2013	3/2014	4/2013	2014	2013	
Bad debt and doubtful accounts and impairment loss	1,259	3,332	1,429	(62.2)%	(11.9)%	9,004	8,172	10.2%
Loss on debt restructuring (reversal)	(320)	(19)	308	(1,584.2)%	(203.9)%	(317)	421	(175.3)%
Total	939	3,313	1,737	(71.7)%	(45.9)%	8,687	8,593	1.1%

In the fourth quarter of 2014, impairment loss of loans and debt securities of the Bank and its subsidiaries amounted to Baht 939 million. Impairment loss of loans and debt securities for 2014 was Baht 8.7 billion, an increase of 1.1 percent from the previous year.

Significant Items in the Financial Position

Assets

Million Baht

Item	December	September	December	Change (%)	
	2014	2014	2013	September 2014	December 2013
Net interbank and money market items	532,205	464,683	407,632	14.5%	30.6%
Net investments	382,054	351,834	377,413	8.6%	1.2%
Net investments in subsidiaries and associates	1,156	1,121	910	3.1%	27.0%
Loans *	1,782,233	1,741,446	1,752,667	2.3%	1.7%
Net properties for sale	16,516	16,645	18,901	(0.8)%	(12.6)%
Total assets	2,759,890	2,595,935	2,596,507	6.3%	6.3%

* Less deferred revenue

Total assets of the Bank and its subsidiaries as of December 31, 2014 amounted to Baht 2,759.9 billion, an increase of Baht 164.0 billion or 6.3 percent from September 30, 2014. Significant items included net interbank and money market items, which amounted to Baht 532.2 billion, an increase of Baht 67.5 billion or 14.5 percent, mainly attributable to lending and repurchase agreements transactions. Total loans amounted to Baht 1,782.2 billion, an increase of Baht 40.8 billion. Net investments amounted to Baht 382.1 billion, an increase of Baht 30.2 billion or 8.6 percent, mainly from available-for-sale securities.

When compared with the end of December, 2013, total assets increased by Baht 163.4 billion or 6.3 percent. Significant items included net interbank and money market items, which increased by Baht 124.6 billion or 30.6 percent, due to the increase in lending and deposits; loans, which increased by Baht 29.6 billion; and net investments, which increased by Baht 4.6 billion, mainly from trading securities and available-for-sale securities.

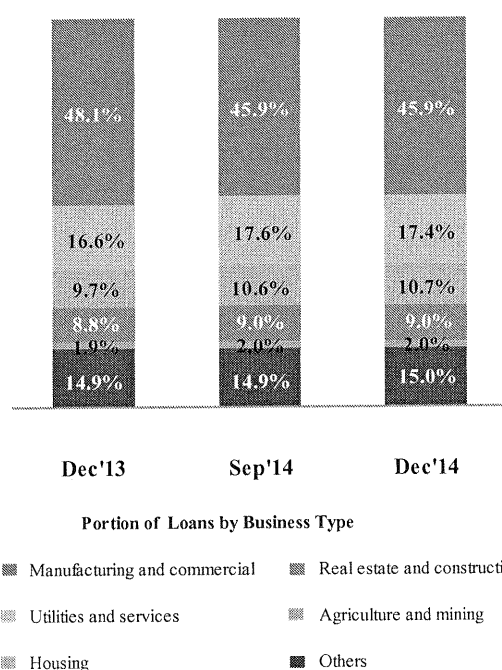
Loans

As of December 31, 2014, total loans of the Bank and its subsidiaries amounted to Baht 1,782.2 billion, an increase of Baht 40.8 billion or 2.3 percent from the end of September 2014 due to the increase in all loans segments, and an increase of Baht 29.6 billion or 1.7 percent from the end of December 2013, due to the increase in loans from SME, consumer and loans made through the Bank's international network.

Million Baht

Loans by Business Type *	December	September	December	Change (%)	
	2014	2014	2013	September 2014	December 2013
Manufacturing and commercial	818,419	798,523	843,293	2.5%	(2.9)%
Utilities and services	310,353	305,689	290,044	1.5%	7.0%
Housing	191,220	185,059	170,256	3.3%	12.3%
Real estate and construction	160,309	157,063	153,417	2.1%	4.5%
Agriculture and mining	35,746	35,363	33,915	1.1%	5.4%
Others	266,186	259,749	261,742	2.5%	1.7%
Total loans by business type	1,782,233	1,741,446	1,752,667	2.3%	1.7%

* Less deferred revenue



The highest portion of loans extended by the Bank and its subsidiaries was to a range of industries in the manufacturing and commercial sectors, at 45.9 percent, followed by 17.4 percent to utilities and services, 10.7 percent to housing, and 9.0 percent to real estate and construction. The main decrease in loans from the end of September 2014 was to the manufacturing and commercial sector; from the end of December 2013 was to the housing, and utilities and services sector.

Classified Loans and Allowance for Doubtful Accounts

Million Baht

Item	Loans & Accrued Interest Receivables *			Allowance for Doubtful Accounts Classified to Bank of Thailand Criteria		
	December 2014	September 2014	December 2013	December 2014	September 2014	December 2013
Normal	1,704,086	1,655,290	1,678,314	12,687	12,094	12,384
Special mentioned	37,312	43,220	35,661	449	550	492
Substandard	5,803	5,346	6,058	1,631	621	965
Doubtful	17,156	17,531	5,937	4,860	4,454	2,219
Doubtful of loss	22,109	23,265	31,269	11,005	11,302	17,031
Total	1,786,466	1,744,652	1,757,239	30,632	29,021	33,091
Plus excess allowance for doubtful accounts				58,779	59,549	56,606
Total allowance for doubtful accounts from loan classification				89,411	88,570	89,697
Plus revaluation allowance for debt restructuring				2,514	2,840	2,886
Total allowance for doubtful accounts				91,925	91,410	92,583

* Less deferred revenue

Million Baht

Item	December 2014	September 2014	December 2013	Change (%)	
				September 2014	December 2013
NPLs before allowance for doubtful accounts	45,046	46,118	43,228	(2.3)%	4.2%
Ratio of NPLs to total loans	2.1%	2.3%	2.2%	(0.2)%	(0.1)%
Net NPLs after allowance for doubtful accounts	18,260	20,369	12,485	(10.4)%	46.3%
Ratio of net NPLs to net total loans	0.9%	1.0%	0.6%	(0.1)%	0.3%
Ratio of loan loss reserves to minimum required provisioning	277.3%	286.9%	257.3%	(9.6)%	20.0%
Ratio of loan loss reserves to NPLs	204.1%	198.2%	214.2%	5.9%	(10.1)%

Non-performing loans (NPLs) of the Bank and its subsidiaries as at the end of December 2014 amounted to Baht 45.0 billion. The ratio of NPLs to total loans was 2.1 percent.

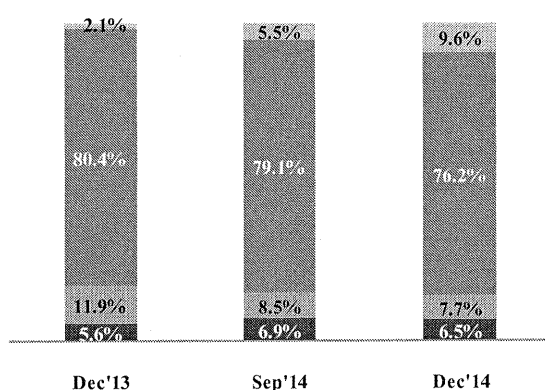
The Bank and its subsidiaries reported a total allowance for doubtful accounts at the end of December 2014 of Baht 91.9 billion. The total allowance for doubtful accounts was 277.3 percent above the minimum required by the Bank of Thailand (BOT) of Baht 33.1 billion. The ratio of loan loss reserves to NPLs at the end of December 2014 was 204.1 percent.

Net Investments

As of December 31, 2014 net investments of the Bank and its subsidiaries amounted to Baht 382.1 billion, an increase of Baht 30.2 billion or 8.6 percent from the end of September 2014 and an increase of Baht 4.6 billion or 1.2 percent from the end of December 2013.

Million Baht

Investments by Investment Holding	December	September	December	Change (%)	
	2014	2014	2013	September 2014	December 2013
Trading securities	36,704	19,248	7,927	90.7%	363.0%
Available-for-sale securities	291,161	278,442	303,617	4.6%	(4.1)%
Held-to-maturity debt securities	29,380	29,990	44,854	(2.0)%	(34.5)%
General investments	24,809	24,154	21,015	2.7%	18.1%
Total net investments	382,054	351,834	377,413	8.6%	1.2%



Portion of Net Investments by Investment Holding

- Trading securities
- Available-for-sale securities
- Held-to-maturity debt securities
- General investments

Most of the net investments of the Bank and its subsidiaries were in government and state-enterprise securities, which, as of December 31, 2014, amounted to Baht 255.4 billion, accounting for 66.8 percent of total investments. Foreign debt securities amounted to Baht 30.2 billion, private enterprise debt securities amounted to Baht 11.1 billion, and equity securities amounted to Baht 83.7 billion.

The remaining terms of the net investments (including net investments in subsidiaries and associates) as of December 31, 2014 were as follows: securities with less than one year to maturity amounted to Baht 147.3 billion; securities with between one-to-five years to maturity totaled Baht 134.1 billion; securities with a maturity profile of more than five years totaled Baht 18.1 billion; and securities with no maturity totaled Baht 83.7 billion.

Liabilities and Shareholders' Equity

Million Baht

Item	December	September	December	Change (%)	
	2014	2014	2013	September 2014	December 2013
Deposits	2,058,779	1,919,357	1,935,272	7.3%	6.4%
Net interbank and money market items	140,048	131,231	124,296	6.7%	12.7%
Debt issued and borrowings	140,845	138,485	140,147	1.7%	0.5%
Total liabilities	2,436,247	2,276,994	2,300,456	7.0%	5.9%
Shareholders' equity *	323,491	318,834	295,936	1.5%	9.3%

* Attributable to the Bank

Total liabilities as of December 31, 2014 amounted to Baht 2,436.2 billion, an increase of Baht 159.3 billion or 7.0 percent from the end of September 2014. Total deposits increased by Baht 139.4 billion or 7.3 percent and net interbank and money market items increased by Baht 8.8 billion or 6.7 percent.

When compared with the end of December 2013, total liabilities increased by Baht 135.8 billion or 5.9 percent, and total deposits increased by Baht 123.5 billion or 6.4 percent from the increase in fixed, savings and current deposits volume. The loan-to-deposit ratio stood at 86.6 percent from 90.6 percent at the end of December 2013.

Deposits

Million Baht

Deposits Classified by Product Type	December 2014		September 2014		December 2013		Change (%)	
	Amount	Portion	Amount	Portion	Amount	Portion	September 2014	December 2013
Current	84,231	4.1%	85,207	4.5%	81,257	4.2%	(1.1)%	3.7%
Savings	771,281	37.5%	749,308	39.0%	733,848	37.9%	2.9%	5.1%
Fixed *	1,203,267	58.4%	1,084,842	56.5%	1,120,167	57.9%	10.9%	7.4%
Total	2,058,779	100.0%	1,919,357	100.0%	1,935,272	100.0%	7.3%	6.4%
Loan to deposit ratio		86.6%		90.7%		90.6%	(4.1)%	(4.0)%

* Included negotiable certificates of deposit

Total deposits of the Bank and its subsidiaries as of December 31, 2014 amounted to Baht 2,058.8 billion, an increase of Baht 139.4 billion or 7.3 percent from the end of September, 2014, mostly from fixed deposits, which increased by 10.9 percent from fixed-deposit promotions in the fourth quarter of 2014.

When compared with the end of December, 2013, total deposits increased by Baht 123.5 billion or 6.4 percent, mostly from fixed deposits, savings and current deposits which increased by 7.4 percent, 5.1 percent and 3.7 percent, respectively.

Debt Issued and Borrowings

Million Baht

Debt Issued and Borrowings Classified by Type of Instruments	December 2014		September 2014		December 2013		Change (%)	
	Amount	Portion	Amount	Portion	Amount	Portion	September 2014	December 2013
Senior unsecured notes	112,155	76.1%	110,159	76.0%	111,034	75.6%	1.8%	1.0%
Unsecured subordinated notes	34,832	23.6%	34,567	23.8%	34,759	23.7%	0.8%	0.2%
Bills of exchange	273	0.2%	218	0.1%	882	0.6%	25.2%	(69.0)%
Others	96	0.1%	89	0.1%	138	0.1%	7.9%	(30.4)%
Total (before less discount on borrowings)	147,356	100.0%	145,033	100.0%	146,813	100.0%	1.6%	0.4%
<u>Less discount on borrowings</u>	<u>6,511</u>		<u>6,548</u>		<u>6,666</u>		<u>(0.6)%</u>	<u>(2.3)%</u>
Total	140,845		138,485		140,147		1.7%	0.5%

Total debt issued and borrowings of the Bank and its subsidiaries as of December 31, 2014 amounted to Baht 140.8 billion, an increase of Baht 2.4 billion from the end of September 2014 and an increase of Baht 698 million from the end of December 2013 due to the increase in the value of foreign currency notes of USD 3.9 billion from the Baht's depreciation.

Shareholders' Equity

Shareholders' equity as of December 31, 2014 amounted to Baht 323.5 billion, an increase of Baht 27.6 billion or 9.3 percent from the end of 2013, due mainly to the net profit in 2014 of Baht 36.3 billion and the two dividend payments during 2014 totaling Baht 12.4 billion. These consisted of the final dividend payment for performance in 2013 of Baht 8.6 billion (Baht 4.50 per share) and the interim dividend payment for the operating results in the first half of 2014 of Baht 3.8 billion (Baht 2.00 per share). There was also an increase of Baht 5.7 billion in unrealized gains on available-for-sale investments.

At the end of December 2014, the Bank and its subsidiaries had total legal reserves of Baht 19.0 billion, reflecting an increase of Baht 1.0 billion from the end of 2013, Baht 81.5 billion in general reserves, or an increase of Baht 5.0 billion and unappropriated retained earnings of Baht 104.4 billion.

Contingent Liabilities

Million Baht

Item	December 2014	September 2014	December 2013	Change (%)	
				September 2014	December 2013
Avals to bills	5,237	4,351	6,666	20.4%	(21.4)%
Guarantees of loans	9,479	9,723	10,413	(2.5)%	(9.0)%
Liability under unmatured import bills	19,788	19,462	16,428	1.7%	20.5%
Letters of credit	31,927	33,592	37,675	(5.0)%	(15.3)%
Other commitments					
Underwriting commitments	-	1,550	-	(100.0)%	-
Amount of unused bank overdrafts	176,298	176,022	173,554	0.2%	1.6%
Other guarantees	226,608	236,355	211,221	(4.1)%	7.3%
Others	4,927	21,910	10,750	(77.5)%	(54.2)%
Total	474,264	502,965	466,707	(5.7)%	1.6%

As of December 31, 2014, contingent liabilities of the Bank and its subsidiaries amounted to Baht 474.3 billion, a decrease of Baht 28.7 billion from the end of September 2014. This was due mainly to a decrease in others commitments.

When compared with the end of December 2013, contingent liabilities increased by Baht 7.6 billion or 1.6 percent, due mainly to an increase in other guarantees.

Sources and Utilization of Funds

Primary sources of funds for the Bank and its subsidiaries at the end of December 2014 comprised Baht 2,058.8 billion or 74.6 percent in deposits, Baht 323.5 billion or 11.7 percent in shareholders' equity, Baht 140.8 billion or 5.1 percent in debt issued and borrowings, and Baht 140.0 billion or 5.1 percent in net interbank and money market liabilities.

The utilization of the Bank and subsidiaries' funds at the end of December 2014 was extended to Baht 1,782.2 billion or 64.6 percent in loans, Baht 532.2 billion or 19.3 percent in net interbank and money market assets, and Baht 383.2 billion or 13.9 percent in net investments (including net investments in subsidiaries and associates).

Capital Reserves and Capital Adequacy Ratio

Consolidated

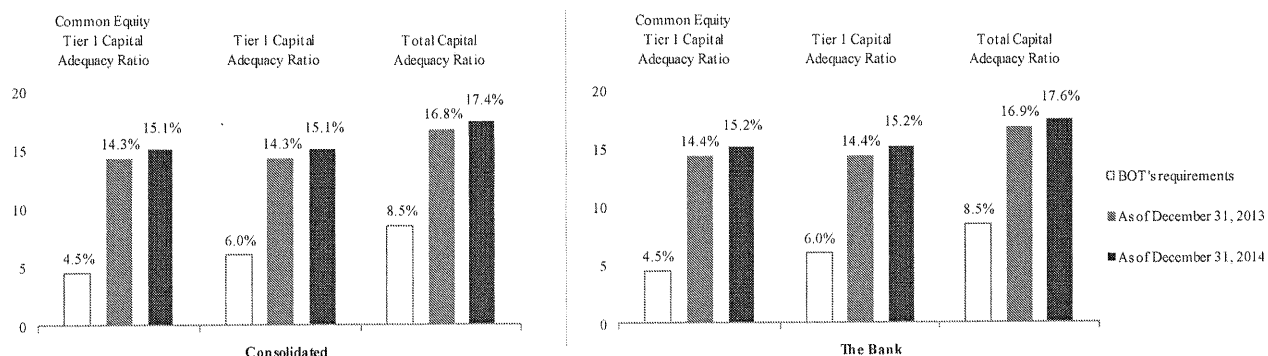
Million Baht

Item	Capital			Capital Adequacy Ratio		
	December 2014	September 2014	December 2013	December 2014	September 2014	December 2013
Total capital	350,097	353,512	325,027	17.4%	18.1%	16.8%
Tier 1 capital	303,810	307,720	276,678	15.1%	15.7%	14.3%
Common equity Tier 1 capital	303,683	307,630	276,562	15.1%	15.7%	14.3%
Tier 2 capital	46,287	45,792	48,349	2.3%	2.4%	2.5%

The Bank

Million Baht

Item	Capital			Capital Adequacy Ratio		
	December 2014	September 2014	December 2013	December 2014	September 2014	December 2013
Total capital	342,423	346,085	319,747	17.6%	18.3%	16.9%
Tier 1 capital	297,006	300,912	272,156	15.2%	15.9%	14.4%
Common equity Tier 1 capital	297,006	300,912	272,156	15.2%	15.9%	14.4%
Tier 2 capital	45,417	45,173	47,591	2.4%	2.4%	2.5%



As of December 31, 2014, the Bank and its subsidiaries had legal capital funds of Baht 350.1 billion, common equity Tier 1 capital of Baht 303.7 billion, and Tier 1 capital of Baht 303.8 billion. The total capital adequacy ratio was 17.4 percent, while the common equity Tier 1 ratio was 15.1 percent and the Tier 1 capital ratio was 15.1 percent. With the inclusion of net profit for the second half of 2014, the total capital adequacy ratio, the common equity Tier 1 ratio and the Tier 1 capital ratio would be 18.3 percent, 16.0 percent and 16.0 percent, respectively.

Liquid Assets

Item	December 2014	September 2014	December 2013
Liquid assets (Million Baht)	920,034	801,749	772,733
Liquid assets/total assets (%)	33.3	30.9	29.8
Liquid assets/deposits (%)	44.7	41.8	39.9

Liquid assets maintained by the Bank and its subsidiaries consisted of cash, interbank and money market items, claims on securities, trading securities and available-for-sale securities. As of December 31, 2014, liquid assets totaled Baht 920.0 billion, an increase of Baht 118.3 billion or 14.8 percent from the end of September 2014. Significant changes included increases of Baht 67.5 billion in interbank and money market items, and cash increased by Baht 20.6 billion.

When compared with the end of December 2013, liquid assets increased by Baht 147.3 billion or 19.1 percent. Significant items included increases of Baht 124.6 billion in interbank and money market items and Baht 28.8 billion in trading securities, while available-for-sale securities decreased by Baht 12.5 billion.

Credit Ratings

At the end of December 2014, major credit-rating agencies maintained the Bank's credit ratings from the end of 2013 and the end of September 2014. The outlook for the Bank's credit ratings is as follows:

Credit Rating Agency *	Dec 31, 2014	Sep 30, 2014	Dec 31, 2013
Moody's Investors Service			
Long term - Deposits	Baa1	Baa1	Baa1
Short term - Debt instruments / deposits	P-2 / P-2	P-2 / P-2	P-2 / P-2
Senior unsecured debt instruments	A3	A3	A3
Subordinated debt instruments	Baa3	Baa3	Baa3
Outlook	Stable	Stable	Stable
Financial strength (BCA / BFSR)	baa2 / C-	baa2 / C-	baa2 / C-
Financial strength outlook	Stable	Stable	Stable
Standard & Poor's			
Long term - Debt instruments	BBB+	BBB+	BBB+
- Deposits	BBB+	BBB+	BBB+
Short term - Debt instruments / deposits	A-2 / A-2	A-2 / A-2	A-2 / A-2
Senior unsecured debt instruments	BBB+	BBB+	BBB+
Subordinated debt instruments	BBB	BBB	BBB
Financial strength (SACP)	bbb	bbb	bbb
Support	+1	+1	+1
Outlook	Stable	Stable	Stable
ASEAN Regional Ratings (Long term / Short term)	axA+ / axA-1	axA+ / axA-1	axA+ / axA-1
Fitch Ratings			
International ratings			
Long term - Debt instruments	BBB+	BBB+	BBB+
Short term - Debt instruments	F2	F2	F2
Senior unsecured debt instruments	BBB+	BBB+	BBB+
Subordinated debt instruments	BBB	BBB	BBB
Financial strength (Viability)	bbb+	bbb+	bbb+
Support	2	2	2
Outlook	Stable	Stable	Stable
Domestic ratings			
Long term - Debt instruments	AA	AA	AA
Short term - Debt instruments	F1+	F1+	F1+
Subordinated debt instruments	AA-	AA-	AA-
Outlook	Stable	Stable	Stable

* Long-term credit ratings classified as investment grade by Moody's Investors Service, Standard & Poor's and Fitch Ratings are Baa3, BBB- and BBB-, or higher, respectively. Short-term credit ratings classified as investment grade by Moody's Investors Service, Standard & Poor's and Fitch Ratings are P-3, A-3 and F3, or higher, respectively.