REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
BANK OF AYUDHYA PUBLIC COMPANY LIMITED

We have audited the consolidated financial statements of Bank of Ayudhya Public Company Limited and subsidiaries and the Bank's financial statements of Bank of Ayudhya Public Company Limited, which comprise the consolidated and Bank's statements of financial position as at December 31, 2014, and the related consolidated and Bank's statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned consolidated and Bank's financial statements present fairly, in all material respects, the financial position of Bank of Ayudhya Public Company Limited and subsidiaries and of Bank of Ayudhya Public Company Limited as at December 31, 2014, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 3 to the financial statements, the Bank and subsidiaries have applied the new accounting policy regarding customer loyalty programmes which is in accordance with Thai Financial Reporting Interpretation No. 13 "Customer Loyalty Programmes" and restated the consolidated and Bank's financial statements for the year ended December 31, 2013 and the beginning balances as at January 1, 2013, which are presented as comparative information, to be in accordance with the new accounting policy.

Permsak Wongpatcharapakorn
Certified Public Accountant (Thailand)
Registration No. 3427
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
February 25, 2015

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

BAHT: '000

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	As at December 31, 2014	As at December 31, 2013 "Restated"	As at January 1, 2013 "Restated"	As at December 31, 2014	As at December 31, 2013 "Restated"	As at January 1, 2013 "Restated"
ASSETS						
CASH	31,154,503	28,216,333	25,078,920	31,077,762	28,167,503	25,060,003
INTERBANK AND MONEY MARKET ITEMS, NET (Note 8.2)	80,363,742	87,027,241	79,389,674	77,210,265	84,980,814	78,155,680
CLAIMS ON SECURITY	-	13,104,938	13,592,478	-	13,104,938	13,592,478
DERIVATIVES ASSETS (Note 8.3)	2,653,196	4,879,633	3,414,492	2,653,196	4,879,633	3,414,492
INVESTMENTS, NET (Note 8.4)	60,572,815	73,274,123	78,302,398	60,852,251	73,240,687	77,829,013
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET (Note 8.5)	1,217,448	1,058,908	946,637	48,231,169	29,831,169	32,482,962
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET (Note 8.6)						
Loans to customers	1,057,635,974	988,013,869	869,382,125	904,469,031	822,204,678	733,870,285
Accrued interest receivables	2,636,440	2,647,891	2,256,924	1,557,735	1,741,605	1,417,982
Total loans to customers and accrued interest receivables	1,060,272,414	990,661,760	871,639,049	906,026,766	823,946,283	735,288,267
Less Deferred revenue	(44,875,328)	(44,511,467)	(39,374,222)	(14,279,451)	(74,674)	(38,868)
Less Allowance for doubtful accounts (Note 8.7)	(38,159,030)	(37,465,593)	(30,305,602)	(19,796,925)	(19,919,182)	(19,409,266)
Less Revaluation allowance for debt restructuring (Note 8.8)	(1,616,773)	(1,520,460)	(723,410)	(563,209)	(659,124)	(17,364)
Net loans and accrued interest receivables	975,621,283	907,164,240	801,235,815	871,387,181	803,293,303	715,822,769
CUSTOMERS' LIABILITY UNDER ACCEPTANCE	508,328	879,171	682,147	508,328	879,171	682,147
PROPERTIES FOR SALE, NET (Note 8.9)	5,456,180	6,864,672	9,451,647	2,842,702	3,022,568	4,704,803
PREMISES AND EQUIPMENT, NET (Note 8.10)	19,952,366	20,138,759	18,299,724	18,219,369	18,533,326	16,893,475
GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Note 8.11)	14,583,611	14,861,026	15,435,423	3,394,164	3,128,757	3,068,498
DEFERRED TAX ASSETS (Note 8.12)	7,889,492	7,005,711	6,083,823	2,642,378	2,277,318	2,637,131
ACCOUNTS RECEIVABLE FOR INVESTMENTS	2,133,297	1,621,205	7,777,647	2,133,297	1,621,205	7,777,647
OTHER ASSETS, NET (Note 8.13)	12,162,110	13,509,666	12,297,804	7,745,702	6,458,908	4,345,637
TOTAL ASSETS	1,214,268,371	1,179,605,626	1,071,988,629	1,128,897,764	1,073,419,300	986,466,735

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2014

BAHT: '000

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	As at December 31, 2014	As at December 31, 2013 "Restated"	As at January 1, 2013 "Restated"	As at December 31, 2014	As at December 31, 2013 "Restated"	As at January 1, 2013 "Restated"
LIABILITIES AND EQUITY						
DEPOSITS (Note 8.14)	837,555,978	764,049,887	687,159,328	843,747,653	768,390,228	692,994,007
INTERBANK AND MONEY MARKET ITEMS, NET (Note 8.15)	46,612,062	55,496,687	48,821,459	48,256,752	56,703,612	48,366,000
LIABILITY PAYABLE ON DEMAND	1,935,682	2,545,378	2,776,041	1,935,682	2,545,378	2,776,041
LIABILITY TO DELIVER SECURITY	-	13,104,938	13,592,478	-	13,104,938	13,592,478
DERIVATIVES LIABILITIES (Note 8.3)	2,159,708	5,139,845	3,508,210	2,159,708	5,139,845	3,508,210
DEBT ISSUED AND BORROWINGS (Note 8.16)	151,805,341	174,604,804	154,628,639	97,267,531	107,336,654	103,738,778
BANK'S LIABILITY UNDER ACCEPTANCE	508,328	879,171	682,147	508,328	879,171	682,147
PROVISIONS (Note 8.17)	5,450,935	4,582,988	5,717,391	4,931,302	4,052,674	5,147,582
DEFERRED TAX LIABILITIES (Note 8.18)	2,930,789	2,602,640	2,505,437	2,157,318	1,824,126	1,617,322
ACCOUNTS PAYABLE FOR INVESTMENTS	518	27,367	5,694,321	518	27,367	5,694,321
OTHER LIABILITIES (Note 8.20)	33,639,023	35,018,693	33,509,603	16,023,896	14,028,459	13,093,063
TOTAL LIABILITIES	1,082,598,364	1,058,052,398	958,595,054	1,016,988,688	974,032,452	891,209,949
EQUITY						
SHARE CAPITAL (Note 8.21)						
Authorized share capital						
7,574,143,747 ordinary shares of Baht 10 each	75,741,437	75,741,437		75,741,437	75,741,437	
7,089,392,755 ordinary shares of Baht 10 each			70,893,928			70,893,928
Issued and paid-up share capital						
6,074,143,747 ordinary shares of Baht 10 each	60,741,437	60,741,437	60,741,437	60,741,437	60,741,437	60,741,437
PREMIUM ON ORDINARY SHARES	13,802,216	13,802,216	13,802,216	13,802,216	13,802,216	13,802,216
OTHER RESERVES	7,337,670	6,572,436	5,983,000	7,310,755	6,531,881	5,985,325
RETAINED EARNINGS						
Appropriated						
Legal reserve	2,877,700	2,042,700	1,641,500	2,877,700	2,042,700	1,641,500
Unappropriated	46,451,470	38,115,540	31,061,703	27,176,968	16,268,614	13,086,308
TOTAL BANK'S EQUITY	131,210,493	121,274,329	113,229,856	111,909,076	99,386,848	95,256,786
NON-CONTROLLING INTEREST	459,514	278,899	163,719	-	-	-
TOTAL EQUITY	131,670,007	121,553,228	113,393,575	111,909,076	99,386,848	95,256,786
TOTAL LIABILITIES AND EQUITY	1,214,268,371	1,179,605,626	1,071,988,629	1,128,897,764	1,073,419,300	986,466,735

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

(Mr. Noriaki Goto)

President and Chief Executive Officer

(Mrs. Janice Rae Van Ekeren)

Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013 "Restated"**	**2014**	**2013 "Restated"**
INTEREST INCOME (Note 8.29)	74,608,546	71,381,405	49,117,190	46,550,790
INTEREST EXPENSES (Note 8.30)	26,665,047	26,442,276	24,698,154	24,266,806
INTEREST INCOME, NET	47,943,499	44,939,129	24,419,036	22,283,984
FEES AND SERVICE INCOME	19,191,682	18,541,289	9,130,605	7,855,536
FEES AND SERVICE EXPENSES	4,421,274	4,214,561	2,144,900	1,851,342
FEES AND SERVICE INCOME, NET (Note 8.31)	14,770,408	14,326,728	6,985,705	6,004,194
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET (Note 8.32)	1,574,183	1,563,611	1,581,358	1,513,832
GAINS ON INVESTMENTS, NET (Note 8.33)	1,237,125	633,036	1,197,636	55,783
SHARE OF PROFIT FROM INVESTMENT FOR USING EQUITY METHOD	159,285	112,302	-	-
DIVIDEND INCOME	239,461	550,897	9,957,016	1,452,472
BAD DEBTS RECOVERIES	3,054,245	3,879,040	46,774	638,382
GAINS ON SALE PROPERTIES FOR SALE	655,673	1,243,622	250,233	1,120,934
OTHER OPERATING INCOME	1,126,505	1,027,325	541,362	406,299
TOTAL OPERATING INCOME	70,760,384	68,275,690	44,979,120	33,475,880
OTHER OPERATING EXPENSES				
Employee's expenses	16,101,921	15,156,040	10,481,916	9,827,885
Directors' remuneration	48,445	35,375	42,930	31,903
Premises and equipment expenses	6,451,861	5,809,177	4,808,536	4,266,001
Taxes and duties	2,114,760	2,220,629	1,420,777	1,593,917
Loss on impairment of assets transferred to the Thai Asset Management Corporation (reversal) (Note 8.17)	-	(1,073,610)	-	(1,056,070)
Provision for contingent liabilities (reversal)	(6,449)	961,380	(6,449)	961,380
Others	9,589,373	10,282,952	4,783,348	3,847,720
Total other operating expenses	34,299,911	33,391,943	21,531,058	19,472,736
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES (Note 8.34)	18,106,553	18,958,656	5,050,000	3,964,886
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	18,353,920	15,925,091	18,398,062	10,038,258
INCOME TAX EXPENSES (Note 8.35)	4,030,750	3,941,770	1,701,204	2,015,486
NET PROFIT	14,323,170	11,983,321	16,696,858	8,022,772

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT : '000

		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2014	**2013 "Restated"**	**2014**	**2013 "Restated"**
OTHER COMPREHENSIVE INCOME					
Changes in assets revaluation surplus		-	2,284,549	-	2,249,418
Gains (Loss) on remeasuring available-for-sale investment		1,309,425	(1,306,165)	1,326,008	(1,325,655)
Gains arising from translating the financial statements of a foreign operation		630	-	-	-
Actuarial gains (losses) on defined benefit plans		(527,908)	321,039	(470,151)	284,493
Income tax relating to components of other comprehensive income (Note 8.36)		(156,303)	(259,860)	(171,172)	(241,651)
Total other comprehensive income, net		625,844	1,039,563	684,685	966,605
TOTAL COMPREHENSIVE INCOME		14,949,014	13,022,884	17,381,543	8,989,377
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		14,169,527	11,864,465	16,696,858	8,022,772
Non-controlling interest		153,643	118,856	-	-
		14,323,170	11,983,321	16,696,858	8,022,772
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		14,796,139	12,904,028	17,381,543	8,989,377
Non-controlling interest		152,875	118,856	-	-
		14,949,014	13,022,884	17,381,543	8,989,377
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	**BAHT**	2.33	1.95	2.75	1.32
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**SHARES**	6,074,143,747	6,074,143,747	6,074,143,747	6,074,143,747

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Mrs. Janice Rae Van Ekeren)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS									
	Owners of the Bank								Non-	
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves			Retained Earnings		Total Bank's Equity	Controlling Interest	Total
			Asset Appraisal Surplus	Revaluation Surplus (deficit) on Investments	Foreign Currency Translation	Appropriated Legal Reserve	Unappropriated			
Balance as of January 1, 2013 as previously reported	60,741,437	13,802,216	5,038,510	944,490	-	1,641,500	31,154,242	113,322,395	163,719	113,486,114
Effects on application of the new accounting policy (Note 3)	-	-	-	-	-	-	(92,539)	(92,539)	-	(92,539)
Balance as of January 1, 2013 as restated	60,741,437	13,802,216	5,038,510	944,490	-	1,641,500	31,061,703	113,229,856	163,719	113,393,575
Change in revaluation surplus	-	-	(193,271)	-	-	-	193,271	-	-	-
Dividend payment (Note 8.21.3)	-	-	-	-	-	-	(4,859,315)	(4,859,315)	(5)	(4,859,320)
Increase in legal reserve	-	-	-	-	-	401,200	(401,200)	-	-	-
Total comprehensive income	-	-	1,827,639	(1,044,932)	-	-	12,121,321	12,904,028	118,856	13,022,884
Change in shareholding in subsidiary company	-	-	-	-	-	-	(240)	(240)	(3,671)	(3,911)
Balance as of December 31, 2013	60,741,437	13,802,216	6,672,878	(100,442)	-	2,042,700	38,115,540	121,274,329	278,899	121,553,228
Balance as of January 1, 2014 as previously reported	60,741,437	13,802,216	6,672,878	(100,442)	-	2,042,700	38,210,268	121,369,057	278,899	121,647,956
Effects on application of the new accounting policy (Note 3)	-	-	-	-	-	-	(94,728)	(94,728)	-	(94,728)
Balance as of January 1, 2014 as restated	60,741,437	13,802,216	6,672,878	(100,442)	-	2,042,700	38,115,540	121,274,329	278,899	121,553,228
Change in revaluation surplus	-	-	(282,747)	-	-	-	282,747	-	-	-
Dividend payment (Note 8.21.3)	-	-	-	-	-	-	(4,859,315)	(4,859,315)	(46)	(4,859,361)
Increase in legal reserve	-	-	-	-	-	835,000	(835,000)	-	-	-
Total comprehensive income	-	-	-	1,047,540	441	-	13,748,158	14,796,139	152,875	14,949,014
Change in shareholding in subsidiary company	-	-	-	-	-	-	(660)	(660)	27,786	27,126
Balance as of December 31, 2014	60,741,437	13,802,216	6,390,131	947,098	441	2,877,700	46,451,470	131,210,493	459,514	131,670,007

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT : '000

	THE BANK'S FINANCIAL STATEMENTS						
	Issued and Paid-up Share Capital	**Premium on Share Capital**	**Other reserves**		**Retained Earnings**		**Total**
			Asset Appraisal Surplus	**Revaluation Surplus (deficit) on Investments**	**Appropriated Legal Reserve**	**Unappropriated**	
Balance as of January 1, 2013	60,741,437	13,802,216	5,038,510	946,815	1,641,500	13,086,308	95,256,786
Change in revaluation surplus	-	-	(192,454)	-	-	192,454	-
Dividend payment (Note 8.21.3)	-	-	-	-	-	(4,859,315)	(4,859,315)
Increase in legal reserve	-	-	-	-	401,200	(401,200)	-
Total comprehensive income	-	-	1,799,534	(1,060,524)	-	8,250,367	8,989,377
Balance as of December 31, 2013	60,741,437	13,802,216	6,645,590	(113,709)	2,042,700	16,268,614	99,386,848
Balance as of January 1, 2014	60,741,437	13,802,216	6,645,590	(113,709)	2,042,700	16,268,614	99,386,848
Change in revaluation surplus	-	-	(281,933)	-	-	281,933	-
Dividend payment (Note 8.21.3)	-	-	-	-	-	(4,859,315)	(4,859,315)
Increase in legal reserve	-	-	-	-	835,000	(835,000)	-
Total comprehensive income	-	-	-	1,060,807	-	16,320,736	17,381,543
Balance as of December 31, 2014	60,741,437	13,802,216	6,363,657	947,098	2,877,700	27,176,968	111,909,076

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Mrs. Janice Rae Van Ekeren)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013 "Restated"	2014	2013 "Restated"
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	18,353,920	15,925,091	18,398,062	10,038,258
Adjustments to reconcile income to cash received (paid) from operating activities:				
Depreciation and amortization	3,323,694	2,985,496	2,192,753	1,794,990
Deferred interest expenses	2,943	3,293	2,943	3,293
Bad debt and doubtful accounts	16,738,961	17,380,006	5,142,815	3,310,462
Losses on debt restructuring (reversal)	1,367,592	1,578,651	(92,815)	654,424
Gains on translation in foreign currencies	(388,012)	(991,609)	(388,012)	(991,609)
Share of profit from investment for using equity method	(159,285)	(112,302)	-	-
Gains on investments	(1,237,125)	(633,036)	(1,197,636)	(55,783)
Decrease in discount on investments	(1,594)	(65,039)	(1,806)	(89,427)
Gains on sales of properties for sale	(655,673)	(1,243,622)	(250,233)	(1,120,934)
(Gains) losses on sales of premises and equipment	(46,590)	10,026	(18,329)	71,895
Loss on impairment of properties for sale	401,227	501,814	153,010	108,507
Loss on impairment of premises and equipment (reversal)	3,891	(14,169)	-	(12,255)
Loss on impairment of other assets (reversal)	166,326	842,444	31,262	(13,826)
Loss on impairment of assets transferred to the Thai Asset Management Corporation (reversal)	-	(1,073,610)	-	(1,056,070)
Provision for contingent liabilities (reversal)	(6,449)	961,380	(6,449)	961,380
Increase (decrease) in other reserves	874,395	(1,022,173)	414,927	(715,726)
Interest income, net	(47,943,499)	(44,939,129)	(24,419,036)	(22,283,984)
Interest received	74,844,142	71,005,291	49,525,594	46,314,120
Interest paid	(26,420,850)	(26,456,177)	(24,772,820)	(23,947,435)
Dividend income	(239,461)	(550,897)	(9,957,016)	(1,452,472)
Dividend received	240,273	526,842	237,888	548,892
Increase in other accrued expenses	595,940	408,638	289,347	410,980
Income tax paid	(4,889,296)	(4,719,738)	(1,657,735)	(1,413,320)
Income from operations before changes in operating assets and liabilities	34,925,470	30,307,471	13,626,714	11,064,360
(Increase) decrease in operating assets				
Interbank and money market items	9,190,156	(7,381,716)	7,965,215	(6,608,939)
Derivatives assets	2,226,844	(1,465,006)	2,226,844	(1,465,006)
Current investments - securities for trading	(3,446,489)	2,084,084	(3,737,511)	2,079,079
Loans to customers	(86,775,047)	(123,818,766)	(73,388,131)	(90,291,750)
Properties for sale	1,804,645	3,576,174	351,538	2,833,784
Other assets	1,244,337	(2,285,769)	(1,432,649)	(2,038,451)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013 "Restated"**	**2014**	**2013 "Restated"**
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	73,639,714	76,661,334	75,491,049	75,166,995
Interbank and money market items	(8,850,251)	6,100,325	(8,412,487)	7,762,709
Liability payable on demand	(609,697)	(230,662)	(609,697)	(230,662)
Derivatives liabilities	(2,980,269)	1,631,595	(2,980,269)	1,631,595
Other liabilities	(3,174,040)	1,994,501	1,038,450	434,090
Net cash from operating activities	17,195,373	(12,826,435)	10,139,066	337,804
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	1,134,618,068	604,056,241	1,134,554,601	603,483,985
Cash paid for purchases of investments in securities	(1,116,473,131)	(600,992,391)	(1,116,454,208)	(600,962,436)
Proceeds from repatriation of subsidiaries	-	-	-	2,074,494
Cash paid for investment in subsidiaries	-	-	(18,400,000)	-
Cash paid for non-controlling interest from repatriation of subsidiary	(9)	(3,881)	-	-
Dividend received from subsidiaries	-	-	9,719,940	902,075
Proceeds from sales of premises and equipment	96,442	181,026	32,925	99,718
Cash paid for purchases of premises and equipment	(1,770,117)	(1,757,574)	(1,114,284)	(1,098,261)
Cash paid for purchases of other assets	(668,134)	(742,741)	(568,775)	(612,983)
Net cash from investing activities	15,803,119	740,680	7,770,199	3,886,592
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	231,134,487	244,740,262	200,486,800	139,959,100
Cash paid for repayment of debts issued and borrowings	(253,933,949)	(224,764,097)	(210,555,922)	(136,361,224)
Cash paid for repayment of liabilities under finance lease agreements	(30,988)	(20,288)	(30,988)	(20,288)
Dividend payment	(4,859,361)	(4,859,315)	(4,859,315)	(4,859,315)
Net cash from financing activities	(27,689,811)	15,096,562	(14,959,425)	(1,281,727)
Total	5,308,681	3,010,807	2,949,840	2,942,669
Gains arising from translating the financial statements of a foreign operation	441	-	-	-
Effect of exchange rate change on cash	(39,581)	164,831	(39,581)	164,831
Net increase in cash and cash equivalents	5,269,541	3,175,638	2,910,259	3,107,500
Cash and cash equivalents as at January 1,	28,928,642	25,753,004	28,167,503	25,060,003
Cash and cash equivalents as at December 31,	34,198,183	28,928,642	31,077,762	28,167,503

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Mrs. Janice Rae Van Ekeren)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION

Bank of Ayudhya Public Company Limited ("the Bank") is a public company registered in the Kingdom of Thailand with its head office located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The Bank's main business is commercial banking and the Bank conducts its business through a network of branches throughout Thailand and other countries. The immediate and ultimate parent company of the Bank are the Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Financial Group, Inc., respectively, both companies are registered in Japan.The Ministry of Commerce granted approval for the Bank and its subsidiaries to operate businesses under Foreign Business Act B.E. 2542 on September 26, 2014. As at December 31, 2014 and 2013, the Bank has 16 subsidiaries as follows:

1.1 Ayudhya Development Leasing Company Limited, was incorporated in Thailand on July 25, 1991 and is located at 65/182-185, 22nd Floor, Chamnan Phenjati Business Center, Rama IX Road, Huey Khuang Subdistrict, Huey Khuang District, Bangkok. The subsidiary's main business includes leasing and hire-purchase.

1.2 Ayudhya Capital Auto Lease Public Company Limited, was incorporated in Thailand on November 27, 1995, has changed registered address from 87/1, 3rd Floor, Capital Tower, and 87/2, 30th Floor, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Patumwan District, Bangkok to 87/2, 26th, 30th and 48th Floor, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is auto hire-purchase, leasing service and refinancing to individual and corporate customers.

1.3 CFG Services Company Limited, was incorporated in Thailand on October 24, 2006, and is located at 89/170, 4th, 5th, 9th and 10th Floor, Juthamard Building, Viphavadi Rangsit Road, Talad Bangkhen Subdistrict, Laksi District, Bangkok. The subsidiary's main business is hire-purchase loan and secured personal loan for vehicles and motorcycles.

1.4 Ayudhya Card Services Company Limited, was incorporated in Thailand on December 4, 1997, has changed registered address from 550, 7th Floor, Bank of Ayudhya Building Ploenchit office, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok to 1222, 5th A Floor, Building C, Bank of Ayudhya, Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is credit cards and personal loans.

On July 24, 2013, Ayudhya Card Services Company Limited (AYCS) completed the transfer of its entire business to Krungsriayudhya Card Company Limited (KCC) at fair value of Baht 270 million for an exchange of new ordinary shares of KCC totaling 10,552,000 shares as payment in lieu for AYCS entire business comprising total assets and total liabilities of Baht 4,256 million and Baht 4,054 million, respectively. The entire business transfer under share swap scheme was approved by AYCS's 2013 Annual General Meeting of Shareholders held on April 26, 2013 and, KCC's Extraordinary General Meeting of Shareholders No. 1/2013 held on July 24, 2013.

On July 24, 2013, AYCS's Extraordinary General Meeting of Shareholders No. 2/2013 resolved to approve the dissolution of AYCS on July 24, 2013, and make the payment of capital repatriation to its shareholders. Currently, the subsidiary is in process of liquidation.

1.5 Ayudhya Capital Services Company Limited, was incorporated in Thailand on November 9, 1994 and is located at 87/1, 1st-6th and 8th-10th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.

1.6 General Card Services Limited, was incorporated in Thailand on January 24, 1995 and is located at 87/1, 1st-6th and 8th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.

1.7 Krungsriayudhya Card Company Limited, was incorporated in Thailand on August 29, 1996 and is located at 87/1, 1st-6th and 8th-11th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.

1.8 Siam Realty and Services Company Limited, was incorporated in Thailand on June 20, 1988, and is located at 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is car rental services and personnel services.

1.9 Total Services Solutions Public Company Limited, was incorporated as a public company limited in Thailand on May 19, 1997 and is located at 2/3 Moo 14, Bangna Towers B, Bang Na-Trat Km 6.5 Road, Bang Kaeo Subdistrict, Bang Phli District, Samutprakan. The subsidiary's main business is collection services.

1.10 Krungsri Asset Management Company Limited, was incorporated in Thailand on December 19, 1996 and is located at 898, 1st-2nd zone A, 12th and 18th Floor zone B, Ploenchit Tower Building, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is mutual funds and private fund management.

1.11 Krungsri Ayudhya AMC Limited, was incorporated in Thailand on August 18, 2000 and is located at 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is to develop, manage and sell assets transferred from financial institutions.

1.12 Krungsri Securities Public Company Limited, was incorporated in Thailand on April 16, 2004, has changed its registered address from 550, 5th Floor, Bank of Ayudhya Building Ploenchit Office, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok to and is located at 898, 3rd Floor, Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is a securities businesses.

1.13 Krungsri Factoring Company Limited, was incorporated in Thailand on February 1, 2007 and is located at 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is factoring.

1.14 Krungsri Life Assurance Broker Company Limited, which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007 and located at 87/1, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a life insurance broker.

1.15 Krungsri General Insurance Broker Company Limited, which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007 and is located at 87/1, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a general insurance broker.

1.16 Krungsri Leasing Services Company Limited, which are owned by Ayudhya Capital Services Company Limited of 35% and Ayudhya Capital Auto Lease Public Company Limited of 35%, the Bank's subsidiaries, was incorporated in Laos People's Democratic Republic (Lao PDR) on February 18, 2014 and is located at 355, Unit 12, Kamphengmeung Road, Phonthan Village, Sayseththa District, Vientiane Capital, Lao PDR. The subsidiary's main business is hire-purchase, leasing and sales finance.

During 2014, the Bank has one subsidiary which was dissolved as follows:

1.17 Ayudhya Total Solutions Public Company Limited, was incorporated in Thailand on May 9, 1994 and is located at 550, 7th Floor, Bank of Ayudhya Building Ploenchit Office, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is hire-purchase. The subsidiary registered the completion of liquidation with the Ministry of Commerce on November 20, 2014.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS

2.1 The consolidated and the Bank's financial statements have been prepared in accordance with Thai Financial Reporting Standards issued by Federation of Accounting Professions (FAP), the regulation of the Thai Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), where the form of financial statements is based on Thai Accounting Standard No. 1 (Revised 2012) "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with the Bank of Thailand ("BOT") Notification Sor.Nor.Sor. 11/2553 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 3, 2010.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

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

The Bank prepares its financial statements in the Thai language in conformity with Thai Financial Reporting Standards and the Notifications noted above. However, for the convenience of readers, the Bank also prepares its financial statements in English language, by translating from the Thai version.

Thai Financial Reporting Standards announced but not effective in 2014

The Federation of Accounting Professions has issued Notifications regarding Thai Financial Reporting Standards, which are effective for the accounting period beginning on or after January 1, 2015. Thai Financial Reporting Standards which are related to the Bank and subsidiaries are as follows:

Thai Accounting Standards (TAS)	
TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events After the Reporting Period
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible Assets

Thai Financial Reporting Standards (TFRS)

TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

Thai Standards Interpretations (TSIC)

TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 31 (Revised 2014)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets – Web Site Costs

Thai Financial Reporting Standard Interpretations (TFRIC)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (Revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers

The Bank and its subsidiaries anticipate that the above Thai Financial Reporting Standards will be adopted in the Bank and its subsidiaries' financial statements when they become effective. The adoption of those standards will have no material impact on the financial statements of the Bank and its subsidiaries.

2.2 The consolidated financial statements included the accounts of the head office and all branches of the Bank and its subsidiaries in which the Bank has controlled or has invested over 50% of their voting rights. These subsidiaries are as follows:

	Business Type	Percentage of Holdings As at December 31,	
		2014	2013
Subsidiaries			
Ayudhya Development Leasing Company Limited	Leasing and hire-purchase	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	99.99	99.99
Ayudhya Total Solutions Public Company Limited(1)	Hire-purchase	99.81	99.81
CFG Services Company Limited	Hire-purchase and motorcycle loans	99.99	99.99
Ayudhya Card Services Company Limited(2)	Credit cards and personal loans	99.99	99.99
Ayudhya Capital Services Company Limited	Credit cards and personal loans	99.99	99.99
General Card Services Limited	Credit cards and personal loans	99.99	99.99
Krungsriayudhya Card Company Limited	Credit cards and personal loans	99.99	99.99
Siam Realty and Services Company Limited	Car rental services and personnel services	99.99	99.99
Total Service Solutions Public Company Limited	Collection services	99.99	99.99
Krungsri Asset Management Company Limited	Fund management	76.59	76.59
Krungsri Ayudhya AMC Limited	Asset management	99.99	99.99
Krungsri Securities Public Company Limited	Securities	98.71	98.71
Krungsri Factoring Company Limited	Factoring	99.99	99.99
Krungsri Life Assurance Broker Limited(3)	Life assurance broker	99.99	99.99
Krungsri General Insurance Broker Limited(3)	General insurance broker	99.99	99.99
Krungsri Leasing Services Company Limited(4)	Hire-purchase, leasing and sales finance	69.99	-

(1) Subsidiary registered the completion of liquidation in 2014.
(2) Subsidiary is in the process of liquidation.
(3) Indirectly holding via Ayudhya Capital Services Company Limited of 99.99%
(4) Indirectly holding via Ayudhya Capital Services Company Limited of 35% and Ayudhya Capital Auto Lease Public Company Limited of 35%

All material intercompany transactions and balances have been eliminated.

2.3 The consolidated financial statements for the years ended December 31, 2014 and 2013, included financial statements of certain subsidiaries, prepared by subsidiaries' managements, which have not been audited by the auditors as follows:

	Unit: Million Baht Net profit (loss)	
	2014	**2013**
Ayudhya Total Solutions Public Company Limited(1)	(3)	21
Ayudhya Card Services Company Limited(2)	-	105
Krungsri Leasing Services Company Limited	(20)	-

(1) Subsidiary registered the completion of liquidation in 2014.
(2) Subsidiary is in the process of liquidation.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since January 1, 2014, the Bank and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards (TFRSs) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2014. Such TFRSs have no significant impact on the Bank and its subsidiaries' financial statements except the accounting policy of Customer Loyalty Programmes, which has been adopted in order to comply with Thai Financial Reporting Standard Interpretation No.13 "Customer Loyalty Programmes".

The effects of application of accounting policy of customer loyalty programmes on the consolidated and the Bank's financial statements for the year ended December 31, 2013 and the consolidated and the Bank's financial position as at December 31, 2013 and January 1, 2013 are as follows:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	December 31, 2013	January 1, 2013	December 31, 2013	January 1, 2013
STATEMENTS OF FINANCIAL POSITION				
Deferred tax assets				
Balance before application of new accounting policy	6,982	6,061	2,277	2,637
Increase in deferred tax assets	24	23	-	-
Balance after application of new accounting policy	7,006	6,084	2,277	2,637
Provision				
Balance before application of new accounting policy	6,422	7,334	4,109	5,176
Decrease in provision	(1,839)	(1,617)	(56)	(28)
Balance after application of new accounting policy	4,583	5,717	4,053	5,148
Other liabilities				
Balance before application of new accounting policy	33,062	31,778	13,972	13,065
Increase in other liabilities	1,957	1,732	56	28
Balance after application of new accounting policy	35,019	33,510	14,028	13,093

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	December 31, 2013	January 1, 2013	December 31, 2013	January 1, 2013
Retained earnings – Unappropriated				
Balance before application of new accounting policy	38,210	31,154	16,269	13,086
Decrease in provision	1,839	1,617	56	28
Increase in others liabilities - deferred income	(1,957)	(1,732)	(56)	(28)
Increase in deferred tax assets	24	23	-	-
Balance after application of new accounting policy	38,116	31,062	16,269	13,086

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013		
Fees and service income		
Fees and service income for the year before application of new accounting policy	18,766	7,884
Decrease in fees and service income	(225)	(28)
Fees and service income for the year after application of new accounting policy	18,541	7,856
Other operating expenses – Others		
Other operating expenses - others for the year before application of new accounting policy	10,505	3,876
Decrease in other operating expenses – others	(222)	(28)
Other operating expenses - others for the year after application of new accounting policy	10,283	3,848
Income tax expenses		
Income tax expenses for the year before application of new accounting policy	3,942	2,015
Decrease in income tax expense	-	-
Income tax expenses for the year after application of new accounting policy	3,942	2,015
Net profit		
Net profit for the year before application of new accounting policy	11,985	8,023
Decrease in net profit	(2)	-
Net profit for the year after application of new accounting policy	11,983	8,023
Earnings per share of owners of the Bank (Baht)		
Basic earnings per share before application of new accounting policy	1.95	1.32
Basic earnings per share after application of new accounting policy	1.95	1.32

4. CHANGE IN ACCOUNTING ESTIMATES

In 2014, the Bank's management has reviewed the estimated useful life of a building and determined that the useful life of such building should be changed to appropriately reflect future economic benefit. The effect of such change in accounting estimates was an increase in depreciation expense and decrease in net profit before tax by the same amount of Baht 307 million in the statement of comprehensive income for the year ended December 31, 2014.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

In the Bank's statement of cash flows, cash and cash equivalents consist of cash on hand and cash on collection of the Bank, in accordance with the BOT's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 3, 2010.

In the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents of the Bank and cash on hand, deposits at banks, except for fixed deposits whose terms are greater than 3 months and deposits at banks used as collaterals, and investments of subsidiaries with maturities of 3 months or less.

5.2 Investments

The Bank and its subsidiaries' investments which consist of debt securities and equity securities are classified as trading securities, available-for-sale securities, held-to-maturity securities or general investments.

In addition, the Bank complies with the BOT's Notification dated December 3, 2010 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry, requiring commercial banks to present the investments as investments, net and investments in subsidiaries and associates companies, net.

Investments are initially recognized on the trade date.

Trading securities represent securities acquired with the intention to hold short-term to benefit from the anticipated changes in market value. Trading securities are carried at fair value. Realized gains or losses from the sales of trading securities and unrealized gains or losses on the changes in fair value are recognized as gains (losses) on trading and foreign exchange transactions in the statements of comprehensive income. Interest earned and dividends received from trading securities are recognized using the accrual basis of accounting as interest income and dividend income, respectively.

Debt securities which the Bank and subsidiaries have the intention and ability to hold until maturity are classified as held-to-maturity and carried at the amortized cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statement of comprehensive income when impairment is determined by management.

Debt and equity securities with readily determinable market values that are not classified as either trading securities or held-to-maturity securities are classified as available-for-sale securities and carried at fair value. The unrealized gains or losses related to available-for-sale securities are reported as other comprehensive income in equity until realized upon the sale, disposition or a permanent decline in value occurs on such securities. Gain or loss on disposal or loss on impairment is recognized in the statements of comprehensive income.

Non-marketable equity securities and marketable equity securities acquired from troubled debt restructuring are classified as general investments and carried at cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statements of comprehensive income when impairment is determined by management.

Premiums and discounts are amortized and accreted into income as adjustments to interest income using the effective interest rate method.

In the consolidated financial statements, investments in associated companies are accounted for by the equity method. In the Bank's financial statements, investments in subsidiaries and associated companies are accounted for by the cost method.

When an investment is assessed as being impaired, the amount of impairment is recognized as expense in the statements of comprehensive income.

Fair value or market value of securities is calculated on the following basis:

1. For Government bonds and state enterprise bonds, the fair values of these securities are estimated by using the BOT's formula, based on the Thai Bond Market Association's Yield Curve at the reporting date.

2. For private sector debt and equity securities which are listed securities and securities registered in the Thai Bond Market Association, fair values are estimated using the last bidding prices at the Stock Exchange of Thailand and the Thai Bond Market Association on the reporting date.

3. For private sector debt securities which are non-listed securities, the last closing prices of the Thai Bond Market Association are used to estimate fair value. In the absence of such prices, fair value is estimated by applying the risk adjusted yield curve, in accordance with the criteria established by the BOT.

4. The fair value of unit trusts is estimated based on the net asset value at the reporting date.

Equity securities which are non-listed securities are stated at cost, except in the case where a permanent decline in value is deemed to have occurred with the loss charged to the statements of comprehensive income.

Cost of securities sold during the year is computed by using the weighted average method. Realized gains or losses from sales of debt and equity securities are included in the statements of comprehensive income.

5.3 Loans to customers

Overdrafts are stated at the drawn amounts including interest.

Hire-purchase receivable and finance lease receivable are carried at contract amount plus initial direct cost.

Other loans are stated at the principal amounts.

Unearned discount from notes are presented in deferred revenue.

Unearned interest income and deferred subsidy income on hire-purchase contract and financial lease are presented in deferred revenue and recognized by the effective interest rate method.

Initial direct cost is recognized by the effective interest rate method.

5.4 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the BOT's regulations. The Bank and its subsidiaries categorize their loan portfolio into six categories and determine allowance for doubtful accounts subject to different levels of provisioning. Allowance for doubtful accounts for loans classified as normal and special mention are calculated based on the minimum percentage in accordance with the BOT's guidelines by using the value of collateral for calculation of reserve. For loans classified as substandard, doubtful and doubtful of loss, the allowance rate is 100 percent of the difference between the outstanding loan value and present value of expected cash flow from proceeds from disposal of the collateralized assets which excludes collateral in the form of machinery. With the exception of a subsidiary that carries out a leasing business, the reserve calculation is determined by including the value of machinery as collateral. In addition, the Bank and its subsidiaries estimate an additional allowance for doubtful debts over the minimum percentage as specified in the BOT's guidelines.

Allowance for doubtful accounts for hire-purchase receivables of the Bank and its subsidiaries are calculated by using the collective approach which classifies a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category.

Loans to customers are written-off in the year that they are determined to be irrecoverable. Bad debts written-off during the year are recorded as a deduction from the allowance for doubtful accounts. Bad debt and doubtful accounts are shown as expenses in the statements of comprehensive income.

Bad debt recovery is recorded as income in the statements of comprehensive income when received.

5.5 Troubled debt restructuring

Losses on troubled debt restructurings resulting from the reduction of principal and accrued interest and other form such as modifications of terms, asset transfers, equity securities transfers, and etc. are recognized as expenses in the statements of comprehensive income.

For troubled debt restructurings with a modification of terms, the Bank has applied the BOT's criteria requiring the Bank to choose between the collateral method to estimate a loss amount and the net present value method which represents expected future cash flows by applying the discounted market interest rate on the restructuring date. Losses from such debt restructurings are recognized in the statements of comprehensive income.

The Bank has recalculated the fair value of restructured debts based on the discounted market interest rate as of the date of the financial statements, except for commercial loan, the recalculation based on the discounted interest rate at contractual rate. The Bank adjusted the valuation on debt restructured for any change on monthly basis, in accordance with the BOT's criteria. The valuation adjustment on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

Restructured debt with assets or equity securities transferred for debt repayment either in whole or in part are recorded at the fair value, net of estimated selling expenses, not to exceed the investment value on such debt and the right-to-claim interest income.

For investments in receivables incurred prior to January 1, 2013, that are subsequently restructured, the Bank has calculated the fair value of restructured debt as of the restructuring date and recognized the difference between book value and fair value in the statements of comprehensive income for the year and classified investments in receivables as loans in accordance with the BOT's criteria.

5.6 Properties for sale

Properties for sale consist of immovable and movable properties which are recorded at the lower of net investment in the loan plus accrued interest (including previously unrecognized contractual interest) or the fair value of the property as of the date of foreclosure.

The Bank and its subsidiaries provided the allowance for impairment of properties for sale as disclosed in note 7.3. Losses on impairment of properties for sale are shown as an expense in the statements of comprehensive income.

Gains or losses on the disposal of such properties are realized upon disposition of the underlying asset and are included in other operating income in the statements of comprehensive income.

5.7 Property, premises and equipment

Land is stated at the appraised value. Premises are stated at the appraised value less accumulated depreciation. Equipment is stated at cost less accumulated depreciation.

Revaluation of assets

Land and premises have been revalued by independent appraisers based on the market value for land and depreciated replacement cost for premises. For the portion of land and premises which have been revalued, the increments above the previous appraisal are recorded in land revaluation surplus and premises revaluation surplus accounts. In case of a revaluation decrease, the decline in value is deducted from such revaluation surplus to the extent that the new value is above original cost and recognized in the statements of comprehensive income for the decrease in value below original cost.

The Bank and its subsidiaries' suite units in condominiums used as offices have been revalued by independent appraisers in accordance with the BOT's guidelines using depreciated replacement cost. The Bank has recorded the increment per appraisal of premises as revaluation surplus. Any revaluation decrease in excess of the original cost is recorded by deducting from the revaluation surplus.

During the Bank's usage of the revalued assets, the revaluation surplus will be gradually transferred directly to retained earnings equal to the difference between the depreciation calculated from book value of the revalued assets and the depreciation calculated from the original cost of such assets. All balances of the outstanding revaluation surplus will be transferred to retained earnings when the Bank writes off such assets from the financial statements.

Leased assets

Leases under which the Bank and its subsidiaries assume substantially all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of comprehensive income.

Depreciation

Depreciation of premises (included revaluation) and equipment is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Premises and building improvement	10 - 50	years
Equipment, furniture, fixtures, office equipment and vehicle	3 - 10	years

Gains or losses on the disposal of property, premises and equipment are recognized in other operating income or other expense in the statements of comprehensive income.

5.8 Goodwill in a business combination

Goodwill in a business combination represents the excess of the cost of acquisition over the Bank's interest in the fair value of the identifiable net assets acquired as at the date of acquisition.

Negative goodwill arising on business acquisition represents the excess of the acquirer's interest in the fair value of the identifiable net asset acquired over the cost of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs. Since January 1, 2011, other cost is recognized as expense in the statements of comprehensive income.

Goodwill in a business combination is recognized as an asset recorded as of the acquisition date. Negative goodwill is recognized as income in the statements of comprehensive income.

Goodwill is stated at cost less allowance for impairment (if any).

5.9 Intangible assets

Intangible assets with indefinite useful lives are stated at cost less allowance for impairment, if any. Intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance for impairment.

Amortization

Software amortization is calculated by the straight-line method over the expected future economic benefit period between 5 - 10 years.

Amortization of other intangible assets received from business combinations such as information of customer relationships, dealer relationships and the distribution network, are calculated by the projected cash flow over the expected future economic benefit period between 8 - 20 years.

Amortization incurred is recognized as other operating expense in the statements of comprehensive income.

5.10 Recognition of income

Interest income from loans to customers and other income are recognized on an accrual basis, except interest income on hire-purchase contract is recognized by the effective interest rate.

Interest income from investment in debt securities and investment in loans are recognized by the effective interest rate method.

The Bank and its subsidiaries are required by the BOT to stop accruing interest income for debtors when more than three months past due and reverse this accrued interest income from interest income. Thereafter, interest income from these debtors shall be recognized on a cash basis.

The asset management subsidiary recognizes interest income from investment in receivable and loans by using the market interest rate plus a risk premium that represents the discounted rate in calculating present value of future cash flows expected to be collected from receivables, except for certain receivables being doubtful of collection where the subsidiary recognizes interest income from such investments in receivable and loans on a cash basis.

The hire-purchase business recognize income for new finance leases and hire-purchase contracts since January 1, 2008, by the effective interest rate method whereas, for contracts originated before January 1, 2008, income is recognized on the sum-of-the-digits method, except for some subsidiaries where income has been recognized by the effective interest rate method from its inception.

5.11 Recognition of expenses

The Bank and its subsidiaries recognize expenses, including interest expenses on an accrual basis.

5.12 Employee benefits

The Bank and subsidiaries have 3 types of employee benefits as follows:

5.12.1 Provident funds

The Bank and its subsidiaries established a provident fund under the Provident Fund Act (B.E. 2530). The fund is managed by a financial institution which is an authorized fund manager.

Every employee is required to make contribution at the rate of not less than 3% of salary but not more than the Bank and subsidiaries' contribution.

The Bank and its subsidiaries will contribute as follows:

Service periods	**Contribution rate (%)**
Less than 5 years	5 - 10
5 years but less than 10 years	6 - 12
10 years but less than 20 years	8 - 12
Over 20 years	10 - 12.5

The contributions to the provident fund made by the Bank and its subsidiaries are recorded as employees' expenses in the statements of comprehensive income.

5.12.2 Post-employment benefit obligations

- Pension plan

The employees who were hired prior to January 1, 1998 and have completed at least 10 continuous service years are eligible to receive a pension payment when they leave the Bank. On January 1, 1998, the Bank established the provident fund for its employees to replace the pension plan. After the establishment of the provident fund, the amount due to a departing employee shall first be disbursed from the provident fund. If the estimated contributions made by the Bank and interest thereon are less than the pension receivable under the pension plan, the Bank will pay such difference by disbursing from the pension fund.

- Legal severance payment plan

All employees will receive severance payment upon retirement in accordance with the Labor Protection Act.

The obligations of these plans are considered as unfunded defined benefit obligations and are separately measured by an actuary using the projected unit credit method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee's expected salary, business turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The expenses for the defined benefit plan are recognized as employee's expenses in the statement of comprehensive income.

Actuarial gains (losses) are recognized in other comprehensive income.

5.12.3 Benefit from carry forward leave

The benefit from cumulative carry forward leave is recognized as a liability in the statement of financial position and employee's expenses in the statement of comprehensive income when the employees render the service.

5.13 Contributions to the Financial Institution and Development Fund and the Deposit Protection Agency

Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency are recognized on an accrual basis as expenses in the statements of comprehensive income.

5.14 Customer Loyalty Programmes

Customer Loyalty Programmes are to grant the points to customer who joins the program. The points are based on the certain transactions determined under customer loyalty programmes and able to be redeemed for free or discount of merchandise or services.

Obligation from granting the points is recognized and measured at the fair value of the consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per points.

Such obligation is allocated from consideration received or receivable and recorded through deferred revenue customer loyalty programmes under other liabilities and recognized as fee income when the points are redeemed by customers.

5.15 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

5.15.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's current tax is calculated using tax rates that have been enacted or substantively enacted on the reporting date.

5.15.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered. The Bank and its subsidiaries do not recognize deferred tax assets and liabilities for goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted on the end of the reporting period.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank and its subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expenses or income related to profit or loss are presented in the statement of comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in equity in the same or different period, they will be recognized directly in other comprehensive income.

5.16 Earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted-average ordinary shares outstanding during the year.

5.17 Foreign currency transactions

1. Translation of foreign currency transactions

Transactions denominated in foreign currency are translated into the functional currency as follows:

On transaction date, the foreign currency transactions are translated using the exchange rate at the date of transaction.

At the end of each reporting period, the balance of monetary assets and liabilities are translated using the exchange rate on the reporting date and the balance of non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the transaction date.

Foreign exchange gains or losses from translation are recognized as income or expenses in gains (losses) on trading and foreign exchange transactions, net in the statement of comprehensive income.

2. Translation of financial statements of foreign operations

In preparation of the consolidated and the Bank’s financial statements, the Bank translates the financial statements of foreign operations which its functional currency is other than Thai Baht currency as follows:

The assets and liabilities of foreign operation are translated to Thai Baht at the foreign exchange rate at the reporting date.

The revenue and expenses of foreign operations are translated to Thai Baht at the foreign exchange rate at the dates of the transactions.

Foreign exchange differences arising from translation of the financial statements of foreign operation are recognized in other comprehensive income and its cumulative amount is presented as foreign currency translation reserve in other reserves under shareholders equity.

5.18 Derivatives

The Bank and its subsidiaries have recognized derivatives transactions as follows:

1. Derivatives for trading are recorded at fair value and profit or loss from the price appraisal is recognized as income or expense in the statements of comprehensive income.

2. Derivatives for hedging are recorded and profit or loss from the price appraisal are recognized as income or expense based on the accrual basis in line with the underlying transactions.

6. RISK MANAGEMENT

6.1 Information of risk of the Bank

Through financial instruments both on-statement of financial position and off-statement of financial position, the Bank conducts its normal course of business to meet the financing needs of its customers, as well as for its investment purposes and to reduce exposure due to the fluctuations in foreign exchange rates and interest rates. The off-statement of financial position's financial instruments include commitments to extend credit, standby letters of credit, financial guarantees, interest rate swap and forward foreign exchange contracts. These instruments involve, to varying degrees, elements of credit, interest rate and foreign exchange risk in excess of the amount recognized in the financial statements. The contract or notional amounts of these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

The introduction of new derivative products require an approval from the Board of Directors. Operating processes, including the breach of prescribed limits, and risk control are governed under the Derivatives Product Program and BOT's notification regarding guidelines on risk management for derivatives transactions.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank reviews the policy on a regular basis and the Bank has adopted the policy in dealing with counterparties and obtaining sufficient collateral or other security where appropriate, as a mean of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statement of financial position, net of allowance for doubtful accounts (see Note 8.7), represents the Bank's maximum exposure to credit risk.

The Bank considers that there is no significant concentration of credit risk due to a large number of customers and counterparties in different industries.

Credit risk also arises from the possibility that the counterparty to off-statement of financial position financial instruments will not adhere to the terms of the contract with the Bank when settlement becomes due.

The Bank's exposure to credit loss in the event of non-performance by the other party to the off-statement of financial position's financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for the on-statement of financial position's financial instruments. For interest rate swap and forward foreign exchange contracts, the contract or notional amounts do not represent exposure to credit loss. The Bank controls the credit risk of its financial instruments through prudent credit approvals, limits, and strict monitoring procedures.

Interest rate risk

Interest rate risk refers to the risk arising from changes in interest rates that have an adverse effect on the net interest earnings and the shareholders' equity. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and contingencies, and from mismatch in repricing rates of its assets, liabilities and contingencies.

Interest rate risk management is carried out by the Risk Management Committee and the Asset and Liability Management Committee (ALCO), which have been empowered by the Board of Directors with the authority to manage interest rate risk. Asset and Liability Management Committee (ALCO) is responsible for determining interest rate risk management, together with monitoring and controlling interest rate risk to ensure that it is at an acceptable risk appetite and in line with the interest rate risk management policy as approved by the Board of Directors. Bank will review such policy on a regular basis to commensurate with operating environments and changes in business.

The Bank employs various tools and method for its interest rate risk management. Net interest income simulation is conducted to assess the impact on banking book position and Value-at-Risk tool is employed for the trading book position to predict the Bank's potential maximum loss.

Foreign exchange rate risk

Foreign exchange risk refers to the loss affecting income and/or shareholders' equity from exchange rate fluctuations that affected foreign currency transactions and foreign currency assets and liabilities.

The Bank has a policy to cap its net foreign currency position. Most foreign currency transactions are mainly from services provided to the Bank's customers. In addition, the Bank enters into forward foreign exchange contracts as part of its risk management strategy of the foreign exchange risk arising from the Bank underlying assets and liabilities and hedges that risk from customers' transactions. The utilization of forward foreign exchange contracts for these purposes is governed by policies and guidelines approved by the Bank's Board of Directors and controlling procedures set by the relevant departments and Committees.

The Bank's Board of Directors is in charge of setting the limits for each specific currency under an acceptable risk level and regularly reviews to be in line with business strategy and change in market circumstance, meanwhile the ALCO ensures that the limits remain within the specified amount. The Bank monitors the risk level under the specified limits using the Value-at-Risk Method as the tool to manage the exchange rate risk and prepares a daily report for the Bank's top management in the relevant departments.

Equity price risk

Price risk refers to the loss affecting income and/or shareholders' equity from a movement in equity price.

The Bank assesses the potential of securities issuer companies and has a policy to buy/sell equity securities mainly for medium-term and long-term purposed. In managing equity position risk which is held, according to initial intention, as long-term, the Bank monitors and reports the equity price risk and ensure that the level of capital fund is appropriate and sufficient to absorb losses arising from the positions.

The Bank's Board of Directors sets the total limit at an acceptable risk level and reviews it annually. The Bank monitors the level of risk under the specified risk limits using the Value-at-Risk Method to manage the equity price risk and prepares a daily report for the Bank's management in relevant departments.

Liquidity risk

Liquidity risk means risk resulting from the Bank's failure to pay its debts and obligations when due because of its inability to convert assets into cash, or its failure to procure enough fund, or, if it can, that the fund comes with an exceptionally high cost that may affect incomes and capital fund now and in the future.

The Bank has established the liquidity risk management policy and the daily liquidity management guildeline. In addition, liquidity contingency plan and guildeline are formulated and conducted a plan testing to ensure readiness to deal with crisis situations. All of these are aimed at ensuring the efficiency of the Bank's liquidity risk management.

The Bank maintains an excess liquidity cushion at a level commensurate with the economic situation. The Bank seeks to ensure that there is adequate cash for its business and its subsidiaries' business operations. In addition, the maintenance of liquid assets is to comply with the BOT's requirements. Liquidity management utilizes qualitative and quantitative methods to ensure of appropriate risk diversification. Liquidity risk management of Bank is under the supervision of the Asset and Liability Management Committee (ALCO). ALCO also monitors and manages liquidity risk to ensure that it is at an acceptable risk appetite and in line with the liquidity risk management policy as approved by the Board of Directors. The Bank reviews such policy on a regular basis to commensurate with business strategy and market circumstance that may be changed.

BOT has required commercial banks to prepare and submit the liquidity risk reports in accordance with the Basel III guidelines, namely, Report on Liquidity Coverage Ratio (LCR) and Report on Net Stable Funding Ratio (NSFR) so that the BOT can use the information for analyzing the impact and developing an appropriate guideline for Thailand going forward. In 2014, Bank has been assessing impacts of compliance, continuously monitoring the progress of Basel III implementation, calculating and reporting the monthly LCR and NSFR ratios to relevant committee in order to ensure that compliance will not have any impact on the liquidity risk management of the Bank and Consolidation

6.2 Assets and liabilities classified by maturity of interest repricing

The Bank and its subsidiaries' financial assets and liabilities classified by maturity of interest repricing as at December 31, 2014 and 2013 are summarized as follows :

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS						
	2014						
	Not over 3 Months	**Greater than 3-12 Months**	**Greater than 1-5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**Non-Interest Bearing**	**Total**
Financial assets							
Interbank and money market items, net	62,621	48	-	-	-	17,695	80,364
Investments, net	5,461	3,792	40,889	5,680	-	4,751	60,573
Loans to customers	601,132	116,231	196,846	8,369	29,988	60,195	1,012,761
Financial liabilities							
Deposits	613,893	199,007	4,422	-	-	20,234	837,556
Interbank and money market Items, net	25,697	6,437	10,621	-	-	3,857	46,612
Debt issued and borrowings	47,328	46,369	23,264	34,844	-	-	151,805

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2013						
	Not over 3 Months	**Greater than 3-12 Months**	**Greater than 1-5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**Non-Interest Bearing**	**Total**
Financial assets							
Interbank and money market items, net	69,250	-	-	-	-	17,777	87,027
Investments, net	9,180	14,296	32,561	11,176	-	6,061	73,274
Loans to customers	550,531	109,377	184,017	6,509	27,014	66,054	943,502
Financial liabilities							
Deposits	530,982	166,960	46,638	-	-	19,470	764,050
Interbank and money market Items, net	31,118	5,014	16,056	13	-	3,296	55,497
Debt issued and borrowings	66,332	34,929	38,500	34,844	-	-	174,605

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2014						
	Not Over 3 Months	**Greater than 3-12 Months**	**Greater than 1-5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**Non-Interest Bearing**	**Total**
Financial assets							
Interbank and money market items, net	60,578	48	-	-	-	16,584	77,210
Investments, net	5,461	3,792	40,889	5,678	-	5,032	60,852
Loans to customers	621,450	76,752	166,972	7,533	16,452	1,031	890,190
Financial liabilities							
Deposits	619,065	199,015	4,422	-	-	21,246	843,748
Interbank and money market Items, net	27,311	6,468	10,621	-	-	3,857	48,257
Debt issued and borrowings	28,393	21,010	13,021	34,844	-	-	97,268

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2013						
	Not Over 3 Months	**Greater than 3-12 Months**	**Greater than 1-5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**Non-Interest Bearing**	**Total**
Financial assets							
Interbank and money market items, net	68,034	-	-	-	-	16,947	84,981
Investments, net	9,180	14,296	32,561	11,175	-	6,029	73,241
Loans to customers	595,419	83,187	117,812	10,742	14,970	-	822,130
Financial liabilities							
Deposits	534,597	166,962	46,638	-	-	20,193	768,390
Interbank and money market Items, net	32,313	5,014	16,056	13	-	3,308	56,704
Debt issued and borrowings	45,564	13,646	13,283	34,844	-	-	107,337

6.3 Interest bearing financial instruments

The following table presents the Bank's average outstanding balances and interest amounts of interest bearing financial instruments for the years ended December 31, 2014 and 2013.

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2014			2013		
	Average Balance (12 months)	Interest Amount	Average Rate (%)	Average Balance (12 months)	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	101,170	2,598	2.6	107,562	2,709	2.5
Investments	69,077	2,130	3.1	73,536	2,360	3.2
Loans to customers	954,295	69,881	7.3	914,708	66,312	7.2
Total	1,124,542	74,609		1,095,806	71,381	
Interest bearing financial liabilities						
Deposits	773,602	19,368	2.5	731,723	19,171	2.6
Interbank and money market items	73,211	1,485	2.0	65,674	1,469	2.2
Debt issued and borrowings	159,420	5,812	3.6	154,732	5,802	3.7
Total	1,006,233	26,665		952,129	26,442	

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Average Balance (12 months)	Interest Amount	Average Rate (%)	Average Balance (12 months)	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	99,640	2,573	2.6	106,420	2,689	2.5
Investments	68,849	2,126	3.1	72,997	2,352	3.2
Loans to customers	832,941	44,418	5.3	755,187	41,510	5.5
Total	1,001,430	49,117		934,604	46,551	
Interest bearing financial liabilities						
Deposits	777,084	19,370	2.5	736,398	19,205	2.6
Interbank and money market items	74,618	1,504	2.0	65,639	1,448	2.2
Debt issued and borrowings	100,885	3,824	3.8	90,760	3,614	4.0
Total	952,587	24,698		892,797	24,267	

6.4 Maturities of financial assets and liabilities

The following table presents the Bank and its subsidiaries' maturities of financial assets and liabilities as at December 31, 2014 and 2013.

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2014							
	Call	**Not Over 3 Months**	**Greater than 3 - 12 Months**	**Greater than 1 - 5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**No Maturity**	**Total**
Financial assets								
Interbank and money market items, net	18,153	51,827	57	10,047	-	-	280	80,364
Investments, net	-	4,701	3,791	41,405	5,613	-	5,063	60,573
Loans to customers	36,384	200,330	166,794	376,146	203,119	29,988	-	1,012,761
Financial liabilities								
Deposits	424,700	209,427	198,988	4,441	-	-	-	837,556
Interbank and money market items, net	11,350	26,505	4,070	4,687	-	-	-	46,612
Debt issued and borrowings	-	47,328	46,369	23,264	34,844	-	-	151,805

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2013							
	Call	**Not Over 3 Months**	**Greater than 3 - 12 Months**	**Greater than 1 - 5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**No Maturity**	**Total**
Financial assets								
Interbank and money market items, net	18,899	67,518	210	167	-	-	233	87,027
Investments, net	-	7,915	14,535	33,495	11,238	-	6,091	73,274
Loans to customers	25,494	201,611	162,316	338,081	188,986	27,014	-	943,502
Financial liabilities								
Deposits	402,941	147,511	166,951	46,647	-	-	-	764,050
Interbank and money market items, net	5,944	37,656	2,391	9,493	13	-	-	55,497
Debt issued and borrowings	-	66,469	34,978	38,500	34,658	-	-	174,605

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2014							
	Call	**Not Over 3 Months**	**Greater than 3 - 12 Months**	**Greater than 1 - 5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**No Maturity**	**Total**
Financial assets								
Interbank and money market items, net	16,250	50,576	57	10,047	-	-	280	77,210
Investments, net	-	4,701	3,791	41,405	5,908	-	5,047	60,852
Loans to customers	75,481	163,005	142,543	293,648	199,061	16,452	-	890,190
Financial liabilities								
Deposits	430,884	209,427	198,996	4,441	-	-	-	843,748
Interbank and money market items, net	12,964	26,505	4,101	4,687	-	-	-	48,257
Debt issued and borrowings	-	28,393	21,010	13,021	34,844	-	-	97,268

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2013							
	Call	Not Over 3 Months	Greater than 3 - 12 Months	Greater than 1 - 5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items, net	16,962	67,409	210	167	-	-	233	84,981
Investments, net	-	7,915	14,535	33,495	11,242	-	6,054	73,241
Loans to customers	82,046	173,292	141,941	227,753	182,128	14,970	-	822,130
Financial liabilities								
Deposits	407,276	147,514	166,953	46,647	-	-	-	768,390
Interbank and money market items, net	7,150	37,656	2,391	9,494	13	-	-	56,704
Debt issued and borrowings	-	45,564	13,646	13,283	34,844	-	-	107,337

6.5 Estimated fair value of financial instruments

The fair value of financial instruments has been estimated by using available market information and appropriate valuation methodologies for each type of financial instruments. A summary of carrying amounts and fair values of financial instruments as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	31,155	31,155	28,216	28,216
Interbank and money market items, net	80,364	80,364	87,027	87,027
Derivatives assets	2,653	2,653	4,880	4,880
Investments, net	60,573	60,761	73,274	73,426
Loans to customers and accrued interest receivables, net	975,621	975,621	907,164	907,164
Total	1,150,366	1,150,554	1,100,561	1,100,713
Financial liabilities:				
Deposits	837,556	837,803	764,050	764,360
Interbank and money market items, net	46,612	46,612	55,497	55,497
Liability payable on demand	1,936	1,936	2,545	2,545
Derivatives liabilities	2,160	2,160	5,140	5,140
Debt issued and borrowings	151,805	152,974	174,605	174,834
Total	1,040,069	1,041,485	1,001,837	1,002,376

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	2014		**2013**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets:				
Cash	31,078	31,078	28,168	28,168
Interbank and money market items, net	77,210	77,210	84,981	84,981
Derivatives assets	2,653	2,653	4,880	4,880
Investments, net	60,852	61,040	73,241	73,392
Loans to customers and accrued interest receivables, net	871,387	871,387	803,293	803,293
Total	1,043,180	1,043,368	994,563	994,714
Financial liabilities:				
Deposits	843,748	843,994	768,390	768,701
Interbank and money market items, net	48,257	48,257	56,704	56,704
Liability payable on demand	1,936	1,936	2,545	2,545
Derivatives liabilities	2,160	2,160	5,140	5,140
Debt issued and borrowings	97,268	98,108	107,337	107,342
Total	993,369	994,455	940,116	940,432

The following methods and assumptions are used in estimating fair value of financial instruments as disclosed herein:

Cash and interbank and money market items (assets)

The carrying amounts of cash and interbank and money market items (assets) presented in the statement of financial position are the approximated fair value.

Investments, net

The determination of fair value for investments, net, is as disclosed in note 5.2 to the financial statements except for non-listed equity securities which are presented at net book value and listed equity securities acquired from troubled debt restructurings and having an obligation to hold such securities according to debt restructuring agreements which are presented at cost.

Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables include variable interest rate loans, fixed rate loans with relatively short maturities and non-performing loans. Most loans carry a floating interest rate. The fair value is approximated by the outstanding balance of loans to customers and accrued interest receivables less allowance for doubtful accounts.

Deposits

The fair value of deposits is calculated based on discounted cash flows.

Interbank and money market items (Liabilities)

The carrying amount of interbank and money market items (liabilities) presented in the statement of financial position is the approximated fair value.

Liabilities payable on demand

The carrying amount of liabilities payable on demand presented in the statement of financial position is the approximated fair value.

Debt issued and borrowings

The carrying amount of debt issued and borrowings presented in the statement of financial position is the approximated fair value, except for subordinated and long-term senior securities which fair values are based on the actual market prices.

Derivative assets and liabilities

Derivative assets and liabilities mainly comprise of forward foreign exchange contracts which derive their value from underlying interest rates and foreign exchange rates. The fair values of derivatives are determined by using quoted market prices and exchange rate for instruments with similar characteristics and maturities. The Bank estimates the fair value by applying the mark to market model policy which is required to determine the validated rate for revaluation in accordance with the criteria established by the Bank and accounting standards.

6.6 Capital funds

The Bank maintains the internal capital adequacy assessment process in accordance with the supervisory review process of the Bank of Thailand and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite in the Bank.

The Bank maintains its capital funds in accordance with the criteria, methodologies and conditions prescribed by the Bank of Thailand which is inline with the Basel III. As at December 31, 2014 and 2013, the Bank has capital fund and capital adequacy ratio as follows:

		Unit : Million Baht
	2014	**2013**
Common Equity Tier 1 capital		
Issued and paid-up share capital	60,741	60,741
Premium on share capital	13,802	13,802
Statutory reserve	2,878	2,043
Unappropriated retained earning	23,592	12,011
Other comprehensive income	6,693	6,515
Less Deduction items from Common Equity Tier 1	(8,719)	(10,387)
Total Common Equity Tier 1 capital	98,987	84,725
Additional Tier 1	-	-
Total Tier 1 capital	98,987	84,725
Tier 2 capital	33,438	37,600
Total capital fund	132,425	122,325
Total risk weighted assets	901,315	833,380

Capital adequacy ratio

	BOT regulatory minimum requirement	**2014**	**2013**
Total Common Equity Tier 1 capital / Total risk weighted assets	4.5	10.98	10.17
Total Tier 1 capital / Total risk weighted assets	6.0	10.98	10.17
Total capital / Total risk weighted assets	8.5	14.69	14.68

The Bank discloses the capital maintenance information under the Notification of the Bank of Thailand Re : Public Disclosure of Capital Maintenance for Commercial Bank with details as follows.

Location of disclosure	www.krungsri.com
Date of disclosure	October 27, 2014
Information as at	June 30, 2014

The disclosure for the year ended December 31, 2014 will be provided on or before April 30, 2015 on the above Bank's website as indicated in the BOT notification.

7. ESTIMATES AND ASSUMPTIONS

Preparation of financial statements in conformity with Thai Financial Reporting Standards principles requires management to make estimates and assumptions under certain circumstances. Such estimates and assumption affect reported amounts of revenues, expenses, assets and liabilities and require the disclosure of contingent assets and liabilities at the date of the financial statements that are differed estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

7.1 Fair value

For a business acquisition, the Bank's management estimates the fair value of assets, liabilities and other contingent liabilities of the acquiree's identifiable assets and liabilities at the acquisition date. In addition, any adjustments of the initial provision are finalized within 12 months after the acquisition date.

7.2 Allowance for doubtful accounts

The Bank and its subsidiaries estimate the minimum allowance for doubtful accounts in accordance with the BOT's guidelines. In addition, the Bank and its subsidiaries estimate an additional allowance which the management has considered based on the uncollectible loss from past experience, current economic conditions, and the ability to repay loans and accrued interest receivable. The Bank and its subsidiaries consider the value of collateral when deemed the primary source of repayment comes from the sales of the collateral.

A significant factor in the determination of the allowance for doubtful accounts is the value of collateral. Collateral pledged typically consists of land, buildings, and buildings under construction. Value of such collateral is based on independently and/or internally performed appraisals.

7.3 Allowance for properties for sale

The Bank and its subsidiaries estimate the allowance for impairment of properties for sale when there is a decline in net realizable value. In consideration of net realizable value, the Bank and its subsidiaries consider the appraised value together with other factors which can affect the realizable value such as related selling expenses, holding costs and discounted future expenses.

7.4 Goodwill

Goodwill is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

7.5 Impairment of assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each financial statement date to determine whether there are any indications of impairment. If any such indication exists, the assets' recoverable amounts are estimated by discounting expected cash flows.

7.6 Provisions

Provisions are recognized as liabilities in the statement of financial position when it is probable that an obligation has been incurred as a result of a past event, and result in the certain likelihood of an outflow of economic benefits to settle the obligation and the amount of such obligation can be reasonably estimated.

7.7 Provision for contingent liabilities

The Bank provides a provision for contingent liabilities with high credit risk such as loan guarantees, avals or non cancellable contingent liabilities at the same provision rate as that provided for the same debtor on the statement of financial position.

8. ADDITIONAL INFORMATION

8.1 Additional information of cash flows

8.1.1 Non-cash transactions of premises and equipment for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Premises and equipment payable at the beginning of the years	291	404	226	345
Purchases of premises and equipment	2,034	1,645	1,343	979
Less Cash payment	(1,770)	(1,758)	(1,114)	(1,098)
Premises and equipment payable at the end of the years	555	291	455	226

8.1.2 Non-cash transactions of computer software for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Computer software payable at the beginning of the years	97	243	69	205
Purchases of computer software	871	582	770	462
Less Cash payment	(668)	(728)	(556)	(598)
Computer software payable at the end of the years	300	97	283	69

8.1.3 Others non-cash transactions for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Increase (decrease) in revaluation surplus on investments	1,309	(1,306)	1,326	(1,326)
Accumulated depreciation of premises appraisal deducted from premises revaluation surplus	(356)	(242)	(352)	(241)
Increase in assets revaluation surplus	-	2,285	-	2,249
Properties for sale acquired from debt repayment	87	115	-	6
Properties and premises transferred to be properties foreclosed	20	83	20	83

8.1.4 Realized and unrealized gains (losses) on foreign exchange

In the preparation of cash flows statements, realized gains (losses) on foreign exchange are based on a cash basis. Unrealized gains (losses) on foreign exchange are based on the translation difference of assets and liabilities in foreign currencies as described in the accounting policies. It is presented as an adjustment to reconcile income before tax to cash received (paid) from operating activities.

8.2 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
		2014			**2013**	
	At Call	**Time**	**Total**	**At Call**	**Time**	**Total**
Domestic items						
Bank of Thailand and Financial Institution Development Fund	4,673	29,997	34,670	8,114	29,300	37,414
Commercial banks	1,711	1,251	2,962	1,831	17,840	19,671
Other financial institutions	5	30,580	30,585	248	20,537	20,785
Total	6,389	61,828	68,217	10,193	67,677	77,870
Add Accrued interest receivables	-	20	20	2	56	58
Less Allowance for doubtful accounts	-	(182)	(182)	-	(199)	(199)
Total domestic items	6,389	61,666	68,055	10,195	67,534	77,729
Foreign items						
US Dollar	9,610	299	9,909	6,745	385	7,130
Yen	165	-	165	276	-	276
Euro	512	-	512	267	-	267
Other currencies	1,475	248	1,723	1,416	209	1,625
Total foreign items	11,762	547	12,309	8,704	594	9,298
Total domestic and foreign items	18,151	62,213	80,364	18,899	68,128	87,027

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	4,673	29,997	34,670	8,114	29,300	37,414
Commercial banks	-	-	-	-	17,730	17,730
Other financial institutions	5	30,580	30,585	248	20,537	20,785
Total	4,678	60,577	65,255	8,362	67,567	75,929
Add Accrued interest receivables	-	18	18	-	57	57
Less Allowance for doubtful accounts	-	(182)	(182)	-	(199)	(199)
Total domestic items	4,678	60,413	65,091	8,362	67,425	75,787
Foreign items						
US Dollar	9,439	299	9,738	6,641	385	7,026
Yen	165	-	165	276	-	276
Euro	512	-	512	267	-	267
Other currencies	1,456	248	1,704	1,416	209	1,625
Total foreign items	11,572	547	12,119	8,600	594	9,194
Total domestic and foreign items	16,250	60,960	77,210	16,962	68,019	84,981

8.3 Derivatives

8.3.1 Fair value and the notional amount classified by type of risk as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

Risk type	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Fair value / Readjustment based on an accrual basis		Notional Amount	Fair value / Readjustment based on an accrual basis		Notional Amount
	Asset	Liabilities		Asset	Liabilities	
Exchange rate	2,043	1,581	328,665	4,449	4,691	258,673
Interest rate	610	579	44,291	431	449	62,215
Total	2,653	2,160	372,956	4,880	5,140	320,888

8.3.2 Proportion of derivatives transactions classified by type of counterparty on the basis of notional amount as at December 31, 2014 and 2013 are as follows:

Counterparty	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS	
	2014 Proportion (%)	2013 Proportion (%)
Financial institution	82.94	82.05
Related company	0.41	4.51
Third party	16.65	13.44
Total	100.00	100.00

8.4 Investments, net

Investments, net as at December 31, 2014 and 2013 consisted of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	2014				2013			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	4,251	2	(2)	4,251	974	2	-	976
Private sector's debt securities	16	-	-	16	21	-	-	21
	4,267	2	(2)	4,267	995	2	-	997
Add Revaluation allowance	-			-	2			-
Total	4,267			4,267	997			997
Securities Available-for-Sale								
Government and state enterprise securities	38,760	564	-	39,324	49,352	176	(93)	49,435
Private sector's debt securities	11,367	402	-	11,769	15,616	41	(103)	15,554
Domestic marketable equity securities	4,641	471	(253)	4,859	5,746	300	(447)	5,599
	54,768	1,437	(253)	55,952	70,714	517	(643)	70,588
Add (less) Revaluation allowance	1,184			-	(126)			-
Less Allowance for impairment	(13)			(13)	(92)			(92)
Total	55,939			55,939	70,496			70,496
Securities Held-to-Maturity								
Private sector's debt securities	50				50			
Investment in accounts receivable	163				1,279			
	213				1,329			
Less Allowance for impairment	(64)				(64)			
Total	149				1,265			
Securities for General Investments								
Domestic non-marketable equity securities	408				705			
Foreign non-marketable equity securities	28				29			
	436				734			
Less Allowance for impairment	(218)				(218)			
Total	218				516			
Total Investments, net	60,573				73,274			

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	2014				2013			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	4,251	2	(2)	4,251	974	2	-	976
Private sector's debt securities	312	-	-	312	26	-	-	26
	4,563	2	(2)	4,563	1,000	2	-	1,002
Add Revaluation allowance	-			-	2			-
Total	4,563			4,563	1,002			1,002
Securities Available-for-Sale								
Government and state enterprise securities	38,760	564	-	39,324	49,352	176	(93)	49,435
Private sector's debt securities	11,367	402	-	11,769	15,548	41	(103)	15,486
Domestic marketable equity securities	4,641	471	(253)	4,859	5,741	283	(447)	5,577
	54,768	1,437	(253)	55,952	70,641	500	(643)	70,498
Add (less) Revaluation allowance	1,184			-	(143)			-
Less Allowance for impairment	(13)			(13)	(24)			(24)
Total	55,939			55,939	70,474			70,474
Securities Held-to-Maturity								
Private sector's debt securities	50				50			
Investment in accounts receivable	163				1,279			
	213				1,329			
Less Allowance for impairment	(64)				(64)			
Total	149				1,265			
Securities for General Investments								
Domestic non-marketable equity securities	375				673			
Foreign non-marketable equity securities	28				29			
	403				702			
Less Allowance for impairment	(202)				(202)			
Total	201				500			
Total Investments, net	60,852				73,241			

For the years ended December 31, 2014 and 2013, revaluation surplus (deficit) on investments presented in the equity consists of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Beginning balance	(125)	1,181	(142)	1,184
Increase (decrease) during the year	1,309	(1,306)	1,326	(1,326)
Ending balance	1,184	(125)	1,184	(142)

As at December 31, 2014 and 2013, the Bank and its subsidiaries had investments in available-for-sale securities and general investments in the consolidated and the Bank's financial statements of 3 and 1 companies, respectively, subject to being delisted from the SET, with cost of Baht 12 million and market price of Baht 0.

8.5 Investments in subsidiaries and associates, net

The Bank's investments in companies in which the Bank holds more than 20% of the paid-up capital, with the percentage of beneficial ownership and amount of investments as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

			CONSOLIDATED FINANCIAL STATEMENTS				
					2014		
Company Name	**Business Type**	**Securities Investment Type**	**Registered Share Capital**	**Ownership %**	**Investment (Cost)**	**Investment (Equity Method)**	**Dividend**
Associates							
Tesco Card Services Limited[1]	Credit cards and personal loans	Common stock	2,080	50.00	1,040	1,086	650
Tesco Life Assurance Broker Limited[2]	Life assurance broker	Common stock	12	50.00	-	52	5
Tesco General Insurance Broker Limited[2]	General insurance broker	Common stock	107	50.00	-	79	15
Metro Designee Company Limited[3]	Special purpose vehicle	Common stock	-	22.00	-	-	-
Investments in associates, net					1,040	1,217	670

Unit: Million Baht

			CONSOLIDATED FINANCIAL STATEMENTS				
					2013		
Company Name	**Business Type**	**Securities Investment Type**	**Registered Share Capital**	**Ownership %**	**Investment (Cost)**	**Investment (Equity Method)**	**Dividend**
Associates							
Tesco Card Services Limited[1]	Credit cards and personal loans	Common stock	780	50.00	390	966	-
Tesco Life Assurance Broker Limited[2]	Life assurance broker	Common stock	2	50.00	-	34	-
Tesco General Insurance Broker Limited[2]	General insurance broker	Common stock	77	50.00	-	59	-
Metro Designee Company Limited[3]	Special purpose vehicle	Common stock	-	21.90	-	-	-
Investments in associates, net					390	1,059	-

(1) Indirect holding via Ayudhya Capital Services Company Limited
(2) Indirect holding via Tesco Card Services Limited
(3) The company which was established for the transfer of the throughout rights as per the concession agreement between Mass Rapid Transit Authority of Thailand (MRT) and Bangkok Metro Public Company Limited (BMCL) in case BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

Unit: Million Baht

Company Name	Business Type	Securities Investment Type	Registered Share Capital	Ownership %	THE BANK'S FINANCIAL STATEMENTS 2014 Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Leasing and hire- purchase	Common stock	1,905	99.99	2,129	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	99.99	19,880	-
Ayudhya Total Solutions Public Company Limited[1]	Hire-purchase	Common stock	299	99.81	-	-
CFG Services Company Limited	Hire-purchase and motorcycle loans	Common stock Preferred stock	1,990	99.99	1,826 1	600 -
Ayudhya Card Services Company Limited[2]	Credit cards and personal loans	Common stock	180	99.99	-	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	99.99	11,941	5,800
General Card Services Limited	Credit cards and personal loans	Common stock	2,058	99.99	2,181	1,300
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	99.99	6,275	2,000
Siam Realty and Services Company Limited	Car rental services and personnel services	Common stock	100	99.99	100	20
Total Services Solutions Public Company Limited	Collection services	Common stock	401	99.99	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	-
Krungsri Ayudhya AMC Limited	Asset management	Common stock	6,000	99.99	6,000	-
Krungsri Securities Public Company Limited	Securities	Common stock	600	98.71	731	-
Krungsri Factoring Company Limited	Factoring	Common stock	300	99.99	300	-
Associated Company						
Metro Designee Company Limited [3]	Special purpose vehicle	Common stock	-	22.00	-	-
Investments in subsidiaries and associated company					53,183	9,720
Less Allowance for impairment					(4,952)	-
Investments in subsidiaries and associated company, net					48,231	9,720

(1) Subsidiary registered the completion of liquidation in 2014.

(2) Subsidiary is in the process of liquidation.

(3) The company which was established for the transfer of the throughout rights as per the concession agreement between MRT and BMCL in case BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

Unit: Million Baht

Company Name	Business Type	Securities Investment Type	Registered Share Capital	Ownership %	THE BANK'S FINANCIAL STATEMENTS 2013 Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Leasing and hire- purchase	Common stock	705	99.99	929	35
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	1,045	99.99	16,280	-
Ayudhya Total Solutions Public Company Limited[1]	Hire-purchase	Common stock	299	99.81	-	-
CFG Services Company Limited	Hire-purchase and motorcycle loans	Common stock	190	99.99	26	-
		Preferred stock			1	-
Ayudhya Card Services Company Limited[1]	Credit cards and personal loans	Common stock	180	99.99	-	237
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	125	99.99	6,141	600
General Card Services Limited	Credit cards and personal loans	Common stock	758	99.99	881	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	1,206	99.99	1,575	-
Siam Realty and Services Company Limited	Car rental services and personnel services	Common stock	100	99.99	100	30
Total Services Solutions Public Company Limited	Collection services	Common stock	331	99.99	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	-
Krungsri Ayudhya AMC Limited	Asset management	Common stock	6,000	99.99	6,000	-
Krungsri Securities Public Company Limited	Securities	Common stock	600	98.71	731	-
Krungsri Factoring Company Limited	Factoring	Common stock	300	99.99	300	-
Associated Company						
Metro Designee Company Limited [2]	Special purpose vehicle	Common stock	-	21.90	-	-
Investments in subsidiaries and associated company					34,783	902
Less Allowance for impairment					(4,952)	-
Investments in subsidiaries and associated company, net					29,831	902

[1] Subsidiaries are in the process of liquidation.

[2] The company which was established for the transfer of the throughout rights as per the concession agreement between MRT and BMCL in case BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF ASSET MANAGEMENT COMPANY

KRUNGSRI AYUDHYA AMC LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Unit: Million Baht

	2014	2013
Cash flows from operating activities		
Income before income tax	492	416
Adjustments to reconcile income to cash provided (paid) from operating activities		
Bad debt and doubtful accounts (reversal)	6	(3)
Loss on impairment of properties for sale	184	105
Depreciation and amortization	2	2
Gain on sales of properties for sale	(368)	(241)
Employment benefits expenses	40	4
Interest income, net	(119)	(109)
Interest received	124	162
Interest paid	(5)	(54)
Income tax paid	(180)	(124)
Income from operations before changes in operating assets and liabilities	176	158
Decrease in operating assets		
Investment in receivables	249	319
Loans to customers	100	125
Properties for sale	1,340	1,091
Other assets	135	107
Increase (decrease) in operating liabilities		
Other liabilities	(16)	13
Net cash from operating activities	1,984	1,813
Cash flows from investing activities		
Cash paid for purchase of equipment	-	(2)
Net cash from investing activities	-	(2)
Cash flows from financing activities		
Proceeds from bill of exchange issued	55	45
Cash paid for repayment of bill of exchange	(609)	(1,848)
Net cash from financing activities	(554)	(1,803)
Net increase in cash and cash equivalents	1,430	8
Cash and cash equivalents as at January 1,	21	13
Cash and cash equivalents as at December 31,	1,451	21

8.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at December 31, 2014 and 2013 are as follows:

(1) Classified by products

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Overdrafts	59,049	52,359	58,918	52,095
Loan against contract	468,548	421,067	583,006	603,574
Trade bill	180,136	166,373	180,094	166,259
Hire-purchase receivable	279,665	269,453	81,095	-
Lease contract receivable	18,713	22,837	1,158	-
Credit card receivable	50,291	51,439	-	-
Others	1,234	4,486	198	277
Total	1,057,636	988,014	904,469	822,205
Less Deferred revenue	(44,875)	(44,512)	(14,279)	(75)
Loans to customers after deferred revenue, net	1,012,761	943,502	890,190	822,130
Add Accrued interest receivables	2,636	2,648	1,557	1,741
Loans to customers and accrued interest receivable after deferred revenue, net	1,015,397	946,150	891,747	823,871
Less Allowance for doubtful accounts				
1) BOT requirement :				
Individual approach	(19,099)	(18,200)	(12,966)	(13,677)
Collective approach	(5,556)	(4,499)	(1,267)	-
2) Surplus reserve	(13,504)	(14,767)	(5,564)	(6,242)
Less Revaluation allowance for debt restructuring	(1,617)	(1,520)	(563)	(659)
Total loans to customers, net	975,621	907,164	871,387	803,293

(2) Classified by currency and residence of debtors

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2014			2013		
	Domestic	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**
Baht	979,088	10,521	989,609	919,461	6,177	925,638
US Dollar	14,057	7,301	21,358	11,862	4,291	16,153
Other currencies	516	1,278	1,794	585	1,126	1,711
Total	993,661	19,100	1,012,761	931,908	11,594	943,502

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Domestic	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**
Baht	856,518	10,520	867,038	798,089	6,177	804,266
US Dollar	14,057	7,301	21,358	11,862	4,291	16,153
Other currencies	516	1,278	1,794	585	1,126	1,711
Total	871,091	19,099	890,190	810,536	11,594	822,130

(3) Classified by business type and classification

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2014					
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Doubtful of Loss**	**Total**
Agriculture and mining	9,857	289	76	127	758	11,107
Manufacturing and trading	251,983	6,022	1,812	1,679	2,146	263,642
Real estate and construction	61,685	1,524	943	2,038	1,149	67,339
Public utilities and services	92,565	3,990	936	668	1,103	99,262
Housing loans	127,778	1,718	1,009	1,241	1,216	132,962
Others	405,878	19,484	5,255	2,848	4,984	438,449
Total	949,746	33,027	10,031	8,601	11,356	1,012,761

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2013					
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Doubtful of Loss**	**Total**
Agriculture and mining	7,474	159	27	946	343	8,949
Manufacturing and trading	223,558	5,871	1,249	1,314	1,943	233,935
Real estate and construction	67,324	3,638	644	2,194	542	74,342
Public utilities and services	77,636	4,766	811	2,804	899	86,916
Housing loans	115,813	1,807	846	893	1,212	120,571
Others	389,106	19,336	5,630	2,863	1,854	418,789
Total	880,911	35,577	9,207	11,014	6,793	943,502

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2014					
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Doubtful of Loss**	**Total**
Agriculture and mining	9,857	271	76	126	93	10,423
Manufacturing and trading	251,424	5,996	1,571	1,615	1,190	261,796
Real estate and construction	61,351	1,523	943	2,008	1,061	66,886
Public utilities and services	92,550	3,990	936	616	727	98,819
Housing loans	127,778	1,718	1,009	1,241	1,143	132,889
Others	314,111	3,169	1,405	505	187	319,377
Total	857,071	16,667	5,940	6,111	4,401	890,190

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2013					
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Doubtful of Loss**	**Total**
Agriculture and mining	7,453	159	27	62	126	7,827
Manufacturing and trading	222,100	5,854	1,061	910	1,079	231,004
Real estate and construction	66,717	3,601	644	2,190	359	73,511
Public utilities and services	77,632	4,766	809	2,786	653	86,646
Housing loans	115,813	1,808	846	893	1,001	120,361
Others	300,188	1,069	747	574	203	302,781
Total	789,903	17,257	4,134	7,415	3,421	822,130

(4) Classified by type of classification

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2014			
	Loans to Customers and Accrued Interest Receivables	**Outstanding Balance Use for Calculation Allowance**	**% Use for Calculation Allowance(3)**	**Allowance for Doubtful Accounts(4)**
1. Minimum allowance per BOT guideline				
Normal	952,203	593,981	1	6,665
Special mention	33,202	21,223	2, 13	3,239
Substandard	10,031	5,710	47, 100	4,969
Doubtful	8,601	3,519	47, 100	3,341
Doubtful of loss	11,360	5,866	100	6,441
Total	1,015,397	630,299		24,655(1)
2. Surplus Reserve				13,504(2)
Total				38,159

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2013			
	Loans to Customers and Accrued Interest Receivables	**Outstanding Balance Use for Calculation Allowance**	**% Use for Calculation Allowance[3]**	**Allowance for Doubtful Accounts[4]**
1. Minimum allowance per BOT guideline				
Normal	883,380	544,189	1	5,713
Special mention	35,747	17,944	2, 11	3,664
Substandard	9,207	4,904	42, 100	4,419
Doubtful	11,014	5,612	42, 100	5,706
Doubtful of loss	6,802	1,701	100	3,197
Total	946,150	574,350		22,699[1]
2. Surplus Reserve				14,767[2]
Total				37,466

(1) Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at December 31, 2014 and 2013, of Baht 5,556 million and Baht 4,499 million, respectively

(2) Including allowance for doubtful accounts of loans granted to subsidiaries as at December 31, 2014 and 2013, at the rate of 1% of Baht 160,837 million and Baht 218,354 million equal to Baht 1,608 million and Baht 2,183 million, respectively, which are not eliminated but treated as surplus reserve in the consolidated financial statements

(3) % set up are the minimum rates required by the Bank of Thailand for loans to customers and the rates used for the collective approach valuation.

(4) Excluding revaluation allowance for debt restructuring as at December 31, 2014 and 2013, of Baht 1,617 million and Baht 1,520 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2014 and 2013, of Baht 182 million and Baht 199 million, respectively

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2014			
	Loans to Customers and Accrued Interest Receivables	**Outstanding Balance Use for Calculation Allowance**	**% Use for Calculation Allowance[3]**	**Allowance for Doubtful Accounts[4]**
1. Minimum allowance per BOT guideline				
Normal	858,545	507,013	1	5,956
Special mention	16,750	6,051	2, 13	1,635
Substandard	5,940	2,143	40, 100	2,532
Doubtful	6,111	1,753	40, 100	2,307
Doubtful of loss	4,401	1,306	100	1,803
Total	891,747	518,266		14,233[1]
2. Surplus Reserve				5,564[2]
Total				19,797

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2013			
	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance	Allowance for Doubtful Accounts[4]
1. Minimum allowance per BOT guideline				
Normal	791,563	463,460	1	4,957
Special mention	17,338	1,891	2	1,654
Substandard	4,134	1,282	100	1,718
Doubtful	7,415	3,668	100	4,167
Doubtful of loss	3,421	745	100	1,181
Total	823,871	471,046		13,677
2. Surplus Reserve				6,242[2]
Total				19,919

(1) Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at December 31, 2014 of Baht 1,267 million

(2) Including allowance for doubtful accounts of loan granted to subsidiaries as at December 31, 2014 and 2013, at the rate of 1% of Baht 160,837 million and Baht 218,354 million, equal to Baht 1,608 million and Baht 2,183 million, respectively

(3) % set up are the minimum rates required by the Bank of Thailand for loans to customers and the rates used for the collective approach valuation.

(4) Excluding revaluation allowance for debt restructuring as at December 31, 2014 and 2013, of Baht 563 million and Baht 659 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2014 and 2013, of Baht 182 million and Baht 199 million, respectively

For the years ended December 31, 2014 and 2013, the Bank and a subsidiary entered into agreements to sell non-performing loans (NPLs) to the third parties as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Book value	2,514	4,158	2,960	4,656
Net book value	1,904	2,549	1,664	2,314
Sale price	2,082	2,670	1,664	2,314

As at December 31, 2014 and 2013, the Bank and Krungsri Ayudhya AMC Limited ("AMC") had non-performing loans which included interbank and money market items as follows:

Unit: Million Baht

	2014		
	The Bank	AMC	The Bank and AMC
Non-performing loans	16,452	742	17,194
Percentage of total loans	1.73	100.00	1.81
Non-performing loans, net	9,745	485	10,230
Percentage of total loans, net	1.03	100.00	1.08

Unit: Million Baht

	2013		
	The Bank	**AMC**	**The Bank and AMC**
Non-performing loans	14,970	1,288	16,258
Percentage of total loans	1.68	100.00	1.82
Non-performing loans, net	7,835	969	8,804
Percentage of total loans, net	0.89	100.00	1.00

As at December 31, 2014 and 2013, the Bank and its subsidiaries' non-performing loans are Baht 29,988 million and Baht 27,014 million, respectively.

(5) Troubled debt restructuring

For the years ended December 31, 2014 and 2013, the Bank and its subsidiaries had restructured the following debts:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	2014				2013			
Form of Restructuring	**Number of Debtors**	**Amount of Debt Before Restructuring**	**Type of Assets Acquired**	**Fair Value**	**Number of Debtors**	**Amount of Debt Before Restructuring**	**Type of Assets Acquired**	**Fair Value**
Modification of terms	22,238	4,874	-	-	15,035	7,622	-	-
Reduction of principal and interest	8,941	936	-	-	5,615	1,107	-	-
Various forms of restructuring	189	784	-	-	248	3,455	-	-
Total	31,368	6,594		-	20,898	12,184		-

Unit : Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	2014				2013			
Form of Restructuring	**Number of Debtors**	**Amount of Debt Before Restructuring**	**Type of Assets Acquired**	**Fair Value**	**Number of Debtors**	**Amount of Debt Before Restructuring**	**Type of Assets Acquired**	**Fair Value**
Modification of terms	700	2,021	-	-	965	4,924	-	-
Reduction of principal and interest	264	530	-	-	408	858	-	-
Various forms of restructuring	189	784	-	-	248	3,455	-	-
Total	1,153	3,335		-	1,621	9,237		-

For the years ended December 31, 2014 and 2013, the Bank and its subsidiaries calculated the net realizable value for the trouble debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	2014				2013			
Method	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring
Present value of future cash flows	4.50	21,462	3,153	3,170	4.25	13,993	5,441	5,471
Fair value of collateral	6.43	776	1,721	1,721	6.44	1,042	2,181	2,181

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	2014				2013			
Method	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring
Present value of future cash flows	4.77	16	371	371	5.44	37	2,795	2,795
Fair value of collateral	7.25	684	1,650	1,650	7.23	928	2,129	2,129

For the years ended December 31, 2014 and 2013, the Bank and its subsidiaries recognized losses on debt restructured and interest received from debt restructured in the statements of comprehensive income as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Losses on debt restructured (reversal)	1,368	1,579	(93)	654
Interest received from debt restructured	990	3,034	695	1,221

As at December 31, 2014 and 2013, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the years ended December 31, 2014 and 2013, in the statements of financial position as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Balances of total debt restructured	19,112	18,755	14,503	15,335
Balances of debt restructured during the years	5,914	11,063	2,749	8,168

(6) Lease receivables (Included hire-purchase receivables and finance lease)

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2014 Amount due per agreements			
	Within 1 Year	**Greater than 1-5 Years**	**Greater than 5 Years**	**Total**
Minimum lease payments	91,597	176,554	30,227	298,378
Less Unearned interest income				(44,836)
Present value of the minimum lease payments				253,542
Less Allowance for doubtful accounts				(12,115)
Total lease receivables, net				241,427

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2013 Amount due per agreements			
	Within 1 year	**Greater than 1-5 Years**	**Greater than 5 Years**	**Total**
Minimum lease payments	93,290	187,604	11,396	292,290
Less Unearned interest income				(44,127)
Present value of the minimum lease payments				248,163
Less Allowance for doubtful accounts				(10,454)
Total lease receivables, net				237,709

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2014 Amount due per agreements			
	Within 1 Year	**Greater than 1-5 Years**	**Greater than 5 Years**	**Total**
Minimum lease payments	12,137	48,127	21,989	82,253
Less Unearned interest income				(14,249)
Present value of the minimum lease payments				68,004
Less Allowance for doubtful accounts				(1,267)
Total lease receivables, net				66,737

8.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2014						
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Doubtful of Loss**	**Surplus Reserve**	**Total**
Beginning balance	5,713	3,664	4,419	5,706	3,197	14,767	37,466
Doubtful accounts (reversal)	953	(425)	4,932	(697)	13,257	(1,264)	16,756
Bad debts written off	(1)	-	(4,381)	(1,153)	(9,229)	-	(14,764)
Bad debts written off from sales of NPLs	-	-	(1)	(515)	(784)	-	(1,300)
Other	-	-	-	-	-	1	1
Ending balance	6,665	3,239	4,969	3,341	6,441	13,504	38,159

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2013						
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Doubtful of Loss**	**Surplus Reserve**	**Total**
Beginning balance	7,205	1,651	3,337	2,142	3,685	12,286	30,306
Doubtful accounts (reversal)	(1,490)	2,041	4,033	5,053	5,191	2,478	17,306
Bad debts written off	-	(28)	(2,917)	(274)	(4,580)	-	(7,799)
Bad debts written off from sales of NPLs	(2)	-	(34)	(1,215)	(1,099)	-	(2,350)
Other	-	-	-	-	-	3	3
Ending balance	5,713	3,664	4,419	5,706	3,197	14,767	37,466

As at December 31, 2014 and 2013, the consolidated financial statements included the allowance for doubtful account of hire-purchase loans applying a collective approach basis in the amounts of Baht 5,556 million and Baht 4,499 million, respectively.

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2014						
	Normal	**Special Mention**	**Substandard**	**Doubtful**	**Doubtful of Loss**	**Surplus Reserve**	**Total**
Beginning balance	4,957	1,654	1,718	4,167	1,181	6,242	19,919
Doubtful accounts (reversal)	1,000	(19)	942	(192)	4,108	(679)	5,160
Bad debts written off	(1)	-	(127)	(1,153)	(2,702)	-	(3,983)
Bad debts written off from sales of NPLs	-	-	(1)	(515)	(784)	-	(1,300)
Other	-	-	-	-	-	1	1
Ending balance	5,956	1,635	2,532	2,307	1,803	5,564	19,797

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2013						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	6,829	601	1,945	1,491	2,914	5,629	19,409
Doubtful accounts (reversal)	(1,870)	1,054	(193)	4,092	(456)	610	3,237
Bad debts written off	-	(1)	-	(201)	(178)	-	(380)
Bad debts written off from sales of NPLs	(2)	-	(34)	(1,215)	(1,099)	-	(2,350)
Other	-	-	-	-	-	3	3
Ending balance	4,957	1,654	1,718	4,167	1,181	6,242	19,919

As at December 31, 2014 and 2013, the Bank estimated the minimum total allowance under the BOT Guidelines as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Allowance for doubtful accounts*	26,453	24,418	14,978	14,536

* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans to customers and accrued interest receivables, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring

The Bank and its subsidiaries recorded allowance for doubtful accounts in the financial statements as follows:

Unit: Million Baht

	2014	2013
Consolidated financial statements	39,958	39,185
The Bank and Krungsri Ayudhya AMC Limited	20,947	21,403
The Bank's financial statements	20,542	20,777

As at December 31, 2014 and 2013, the Bank and its subsidiaries had loans to customers and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of SET dated July 8, 1998 regarding the Quality of Assets and Transactions with Related Parties and the allowance for doubtful accounts for such loans as follows:

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS 2014			
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	2,440	940	1,393
Total	3	2,440	940	1,393

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS 2013			
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	2,612	991	1,417
Total	3	2,612	991	1,417

8.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Beginning balance	1,520	723	659	17
Increase (decrease) during the year	1,368	1,579	(93)	654
Amount written off	(1,271)	(782)	(3)	(12)
Ending balance	1,617	1,520	563	659

8.9 Properties for sale, net

Properties for sale, net as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
Type of Properties For Sale	Balance as at January 1, 2014	Acquisition	Disposition	Balance as at December 31, 2014
1. Assets acquired from debt repayment				
1.1 Immovable	8,074	141	(1,744)	6,471
1.2 Movable	821	7,650	(7,621)	850
Total	8,895	7,791	(9,365)	7,321
2. Others	99	20	(3)	116
Total properties for sale	8,994	7,811	(9,368)	7,437
Less Provision for impairment	(2,129)	(3,234)	3,382	(1,981)
Total properties for sale	6,865	4,577	(5,986)	5,456

Unit: Million Baht

Type of Properties For Sale	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	Acquisition	Disposition	Balance as at December 31, 2013
1. Assets acquired from debt repayment				
1.1 Immovable	11,504	195	(3,625)	8,074
1.2 Movable	539	5,371	(5,089)	821
Total	12,043	5,566	(8,714)	8,895
2. Others	74	70	(45)	99
Total properties for sale	12,117	5,636	(8,759)	8,994
Less Provision for impairment	(2,665)	(2,167)	2,703	(2,129)
Total properties for sale	9,452	3,469	(6,056)	6,865

Unit: Million Baht

Type of Properties For Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2014	Acquisition	Disposition	Balance as at December 31, 2014
1. Assets acquired from debt repayment				
1.1 Immovable	4,369	131	(592)	3,908
1.2 Movable	-	429	(320)	109
Total	4,369	560	(912)	4,017
2. Others	96	20	-	116
Total properties for sale	4,465	580	(912)	4,133
Less Provision for impairment	(1,442)	(40)	192	(1,290)
Total properties for sale	3,023	540	(720)	2,843

Unit: Million Baht

Type of Properties For Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	Acquisition	Disposition	Balance as at December 31, 2013
1. Assets acquired from debt repayment				
1.1 Immovable	6,896	150	(2,677)	4,369
1.2 Movable	12	-	(12)	-
Total	6,908	150	(2,689)	4,369
2. Others	71	70	(45)	96
Total properties for sale	6,979	220	(2,734)	4,465
Less Provision for impairment	(2,274)	(109)	941	(1,442)
Total properties for sale	4,705	111	(1,793)	3,023

Immovable assets for sale classified by external and internal appraisers as at December 31, 2014 and 2013 consist of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Immovable assets-Foreclosed assets				
Appraised by external appraisers	1,970	2,343	1,915	1,921
Appraised by internal appraisers	4,501	5,731	1,993	2,448
Total	6,471	8,074	3,908	4,369

8.10 Premises and equipment, net

Premises and equipment, net as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2014	**Increase**	**Decrease**	**Balance as at December 31, 2014**
Land				
Cost	3,631	15	(13)	3,633
Appraisal increase (Year 2013)	5,179	-	-	5,179
Appraisal decrease (Year 2013)	(79)	-	-	(79)
Premises				
Cost	6,826	248	(266)	6,808
Appraisal increase (Year 2013)	8,434	-	(686)	7,748
Appraisal decrease (Year 2013)	(134)	-	-	(134)
Equipment	13,467	1,300	(1,465)	13,302
Leasehold improvement	2,153	398	(84)	2,467
Total	39,477	1,961	(2,514)	38,924
Less Accumulated depreciation				
Premises				
- Cost	(3,347)	(397)	262	(3,482)
- Appraisal increase (Year 2013)	(5,272)	(348)	682	(4,938)
Equipment	(9,603)	(1,210)	1,379	(9,434)
Leasehold improvement	(1,339)	(225)	39	(1,525)
Total	(19,561)	(2,180)	2,362	(19,379)
Construction in progress	223	483	(299)	407
Premises and equipment, net	20,139			19,952

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	**Increase**	**Decrease**	**Balance as at December 31, 2013**
Land				
Cost	3,731	-	(100)	3,631
Appraisal increase (Year 2013)	3,740	1,481	(42)	5,179
Appraisal decrease (Year 2013)	(178)	(10)	109	(79)
Premises				
Cost	6,801	111	(86)	6,826
Appraisal increase (Year 2013)	6,074	3,043	(683)	8,434
Appraisal decrease (Year 2013)	(68)	(98)	32	(134)
Equipment	13,389	1,193	(1,115)	13,467
Leasehold improvement	2,085	318	(250)	2,153
Total	35,574	6,038	(2,135)	39,477
Less Accumulated depreciation				
Premises				
- Cost	(3,106)	(249)	8	(3,347)
- Appraisal increase (Year 2013)	(3,516)	(2,064)	308	(5,272)
Equipment	(9,430)	(1,218)	1,045	(9,603)
Leasehold improvement	(1,352)	(190)	203	(1,339)
Total	(17,404)	(3,721)	1,564	(19,561)
Construction in progress	130	215	(122)	223
Premises and equipment, net	18,300			20,139

Unit: Million Baht

	2014	**2013**
Depreciation for the years	2,180	1,838

As at December 31, 2014 and 2013, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 7,624 million and Baht 7,971 million, respectively.

The equipments at cost of Baht 62 million and Baht 92 million, respectively, are under finance leases as at December 31, 2014 and 2013.

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2014	**Increase**	**Decrease**	**Balance as at December 31, 2014**
Land				
Cost	3,630	15	(13)	3,632
Appraisal increase (Year 2013)	5,175	-	-	5,175
Appraisal decrease (Year 2013)	(79)	-	-	(79)
Premises				
Cost	6,769	247	(266)	6,750
Appraisal increase (Year 2013)	8,298	-	(686)	7,612
Appraisal decrease (Year 2013)	(134)	-	-	(134)
Equipment	10,542	761	(1,125)	10,178
Leasehold improvement	1,160	205	(9)	1,356
Total	35,361	1,228	(2,099)	34,490
Less Accumulated depreciation				
Premises				
- Cost	(3,320)	(395)	263	(3,452)
- Appraisal increase (Year 2013)	(5,167)	(348)	682	(4,833)
Equipment	(7,997)	(841)	1,114	(7,724)
Leasehold improvement	(564)	(97)	7	(654)
Total	(17,048)	(1,681)	2,066	(16,663)
Construction in progress	220	429	(257)	392
Premises and equipment, net	18,533			18,219

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	**Increase**	**Decrease**	**Balance as at December 31, 2013**
Land				
Cost	3,724	-	(94)	3,630
Appraisal increase (Year 2013)	3,740	1,477	(42)	5,175
Appraisal decrease (Year 2013)	(178)	(10)	109	(79)
Premises				
Cost	6,752	103	(86)	6,769
Appraisal increase (Year 2013)	6,074	2,907	(683)	8,298
Appraisal decrease (Year 2013)	(68)	(98)	32	(134)
Equipment	10,474	613	(545)	10,542
Leasehold improvement	1,010	181	(31)	1,160
Total	31,528	5,173	(1,340)	35,361
Less Accumulated depreciation				
Premises				
- Cost	(3,080)	(248)	8	(3,320)
- Appraisal increase (Year 2013)	(3,516)	(1,959)	308	(5,167)
Equipment	(7,642)	(880)	525	(7,997)
Leasehold improvement	(513)	(75)	24	(564)
Total	(14,751)	(3,162)	865	(17,048)
Construction in progress	116	208	(104)	220
Premises and equipment, net	16,893			18,533

Unit: Million Baht

	2014	**2013**
Depreciation for the years	1,681	1,383

As at December 31, 2014 and 2013, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 6,080 million and Baht 6,200 million, respectively.

8.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2014	Increase	Decrease	Balance as at December 31, 2014
Cost				
Goodwill	9,947	-	-	9,947
Software	5,293	871	(18)	6,146
Other intangible assets	5,605	11	-	5,616
Total	20,845	882	(18)	21,709
Accumulated amortization				
Software	(2,865)	(574)	2	(3,437)
Other intangible assets	(3,099)	(569)	-	(3,668)
Total	(5,964)	(1,143)	2	(7,105)
Allowance for impairment	(20)	-	-	(20)
Goodwill and other intangible assets, net	14,861			14,584

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	Increase	Decrease	Balance as at December 31, 2013
Cost				
Goodwill	9,947	-	-	9,947
Software	4,770	582	(59)	5,293
Other intangible assets	5,588	17	-	5,605
Total	20,305	599	(59)	20,845
Accumulated amortization				
Software	(2,428)	(491)	54	(2,865)
Other intangible assets	(2,442)	(657)	-	(3,099)
Total	(4,870)	(1,148)	54	(5,964)
Allowance for impairment	-	(20)	-	(20)
Goodwill and other intangible assets, net	15,435			14,861

Unit: Million Baht

	2014	2013
Amortization for the years	1,143	1,148

As at December 31, 2014 and 2013, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 1,602 million and Baht 1,419 million, respectively.

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2014	Increase	Decrease	Balance as at December 31, 2014
Cost				
Goodwill	1,054	-	-	1,054
Software	4,399	770	(4)	5,165
Other intangible assets	66	11	-	77
Total	5,519	781	(4)	6,296
Accumulated amortization				
Software	(2,377)	(487)	-	(2,864)
Other intangible assets	(13)	(25)	-	(38)
Total	(2,390)	(512)	-	(2,902)
Goodwill and other intangible assets, net	3,129			3,394

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	Increase	Decrease	Balance as at December 31, 2013
Cost				
Goodwill	1,054	-	-	1,054
Software	3,942	462	(5)	4,399
Other intangible assets	51	15	-	66
Total	5,047	477	(5)	5,519
Accumulated amortization				
Software	(1,973)	(404)	-	(2,377)
Other intangible assets	(6)	(7)	-	(13)
Total	(1,979)	(411)	-	(2,390)
Goodwill and other intangible assets, net	3,068			3,129

Unit: Million Baht

	2014	2013
Amortization for the years	512	411

As at December 31, 2014 and 2013, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 1,231 million and Baht 1,089 million, respectively.

8.12 Deferred tax assets

Deferred tax assets as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Deferred tax assets	7,889	7,006	2,642	2,277

Movements of deferred tax assets during the years are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2014	**Items as recognized into Profit and Loss**	**Items as recognized into Other Comprehensive Income**	**Balance at December 31, 2014**
Temporary differences				
Impairment of assets	489	(19)	-	470
Loans and accrued interest receivables, net	4,816	746	-	5,562
Provisions	931	73	107	1,111
Others	770	(22)	(2)	746
Total	7,006	778	105	7,889

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2013	**Items as recognized into Profit and Loss**	**Items as recognized into Other Comprehensive Income**	**Balance at December 31, 2013**
Temporary differences				
Impairment of assets	663	(174)	-	489
Loans and accrued interest receivables, net	3,724	1,092	-	4,816
Provisions	1,181	(186)	(64)	931
Others	516	31	223	770
Total	6,084	763	159	7,006

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2014	**Items as recognized into Profit and Loss**	**Items as recognized into Other Comprehensive Income**	**Balance at December 31, 2014**
Temporary differences				
Impairment of assets	369	(35)	-	334
Loans and accrued interest receivables, net	723	446	-	1,169
Provisions	817	38	94	949
Others	368	(176)	(2)	190
Total	2,277	273	92	2,642

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2013	**Items as recognized into Profit and Loss**	**Items as recognized into Other Comprehensive Income**	**Balance at December 31, 2013**
Temporary differences				
Impairment of assets	551	(182)	-	369
Loans and accrued interest receivables, net	836	(113)	-	723
Provisions	1,047	(173)	(57)	817
Others	203	(58)	223	368
Total	2,637	(526)	166	2,277

8.13 Other assets, net

Other assets, net as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Accrued income	1,868	2,753	272	376
Prepayment	423	345	194	106
Other receivables	8,911	9,476	5,523	4,563
Others	960	936	1,757	1,414
Total	12,162	13,510	7,746	6,459

8.14 Deposits

Deposits as at December 31, 2014 and 2013 are as follows:

(1) Classified by product

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Current deposit	20,234	19,470	21,246	20,193
Savings deposit	404,466	383,471	409,638	387,083
Time deposit				
- Less than 6 months	75,815	133,061	75,816	133,065
- 6 months to 1 year	246,144	127,010	246,148	127,009
- Over 1 year	90,897	101,038	90,900	101,040
Total	837,556	764,050	843,748	768,390

(2) Classified by currency and residence of depositors

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	832,016	657	832,673	758,777	327	759,104
US Dollar	1,912	972	2,884	2,090	824	2,914
Other currencies	1,358	641	1,999	1,355	677	2,032
Total	835,286	2,270	837,556	762,222	1,828	764,050

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	838,208	657	838,865	763,117	327	763,444
US Dollar	1,912	972	2,884	2,090	824	2,914
Other currencies	1,358	641	1,999	1,355	677	2,032
Total	841,478	2,270	843,748	766,562	1,828	768,390

8.15 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2014			2013		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	7,324	7,324	-	9,397	9,397
Commercial banks	817	10,060	10,877	576	23,610	24,186
Specialized financial institutions	2,013	6,200	8,213	31	4,564	4,595
Other financial institutions	8,352	5,745	14,097	5,289	5,419	10,708
Total domestic items	11,182	29,329	40,511	5,896	42,990	48,886
Foreign items						
US Dollar	45	5,933	5,978	22	6,563	6,585
Other currencies	123	-	123	26	-	26
Total foreign items	168	5,933	6,101	48	6,563	6,611
Total domestic and foreign items	11,350	35,262	46,612	5,944	49,553	55,497

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	7,324	7,324	-	9,397	9,397
Commercial banks	817	10,060	10,877	576	23,610	24,186
Specialized financial institutions	2,013	6,200	8,213	31	4,564	4,595
Other financial institutions	9,966	5,776	15,742	6,495	5,420	11,915
Total domestic items	12,796	29,360	42,156	7,102	42,991	50,093
Foreign items						
US Dollar	45	5,933	5,978	22	6,563	6,585
Other currencies	123	-	123	26	-	26
Total foreign items	168	5,933	6,101	48	6,563	6,611
Total domestic and foreign items	12,964	35,293	48,257	7,150	49,554	56,704

Additional information on interbank and money market items, net (liability) is as follows:

1. As at December 31, 2014 and 2013, the outstanding balance of borrowing from the Bank of Thailand is Baht 7,324 million and Baht 9,397 million, respectively bearing an interest rate at 0.01% per annum. The loan is restricted to a soft loan program for flood relief in year 2011 provided to small and medium enterprises (SME) and individuals at a rate not over 3% per annum. The soft loan program duration is 5 years and will end on December 31, 2018.

2. On October 25, 2012, the Bank entered into a loan agreement facility of USD 200 million with International Finance Corporation, a member of the World Bank, which was composed of a 36-month term loan of USD 100 million, a 48-month term loan of USD 50 million and a 60-month term loan of USD 50 million at the interest rate of 3-month LIBOR plus applicable spreads. The repayment of principle will be gradually paid within term agreement. The purpose of this facility is to provide the Bank funding to finance small or medium enterprises directly and indirectly impacted by flooding in Thailand.

8.16 Debt issued and borrowings

Debt issued and borrowings as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

				CONSOLIDATED FINANCIAL STATEMENTS					
				2014			2013		
	Currency	Interest rate (%)	Maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated debentures	THB	4.70-5.50	2020-2022	34,844	-	34,844	34,844	-	34,844
Senior securities	THB	2.27-4.50	2015-2019	90,983	-	90,983	101,053	-	101,053
Bill of exchange	THB	2.50-2.83	2015	25,949	-	25,949	38,649	-	38,649
Other borrowings	THB	0.50	2015-2017	29	-	29	59	-	59
				151,805	-	151,805	174,605	-	174,605

Unit: Million Baht

				THE BANK'S FINANCIAL STATEMENTS					
				2014			2013		
	Currency	Interest rate (%)	Maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated debentures	THB	4.70-5.50	2020-2022	34,844	-	34,844	34,844	-	34,844
Senior securities	THB	2.27-4.50	2015-2017	62,387	-	62,387	62,230	-	62,230
Bill of exchange	THB	-	-	8	-	8	10,204	-	10,204
Other borrowings	THB	0.50	2015-2017	29	-	29	59	-	59
				97,268	-	97,268	107,337	-	107,337

Additional information on debts issued and borrowings is as follows:

1. On June 23, 2010, the Bank issued subordinated debentures No. 1/2010 in the amount of Baht 20,000 million with maturity on June 23, 2020 at the fixed interest rates of 4.35% per annum for years 1-3, 4.75% per annum for years 4-6 and 5.50% per annum for years 7-10, payable quarterly on the 23rd of March, June, September and December of each year. The Bank has the right to redeem debentures No. 1/2010 before the maturity date subject to the approval of the BOT. The Bank may redeem the debentures prior to the fifth anniversary of the issued date if the Bank is notified by the BOT that the debentures shall not be treated as tier 2 capital or the debentures shall be treated as tier 2 capital less than 50% of tier 1 capital of the Bank.

2. On November 7, 2012, the Bank issued subordinated debentures No. 1/2012 in the amount of Baht 14,844 million for a 10-year tenor at the fixed interest rate of 4.70% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem debentures on the fifth anniversary of the issued date or on any interest payment date after the fifth anniversary subject to the approval of the BOT.

8.17 Provisions

Provisions for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2013	Increase (Decrease)	Balance at December 31, 2013	Increase (Decrease)	Balance at December 31, 2014
Provision for post-employment benefits obligation	2,942	(50)	2,892	819	3,711
Provision for loss on impairment of assets transferred to the Thai Asset Management Corporation	2,131	(2,131)	-	-	-
Others	644	1,047	1,691	49	1,740
Total	5,717	(1,134)	4,583	868	5,451

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2013	Increase (Decrease)	Balance at December 31, 2013	Increase (Decrease)	Balance at December 31, 2014
Provision for post-employment benefits obligation	2,433	(68)	2,365	845	3,210
Provision for loss on impairment of assets transferred to the Thai Asset Management Corporation	2,070	(2,070)	-	-	-
Others	644	1,044	1,688	33	1,721
Total	5,147	(1,094)	4,053	878	4,931

Post-employment benefits obligation

The Bank and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans. These plans are recognized as provision in the statement of financial position.

Movements in the present value of the defined benefits obligation for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Opening defined benefits obligation	2,892	2,942	2,365	2,433
Current service cost	259	261	195	193
Interest cost	130	115	108	95
Actuarial (gains) losses	528	(321)	470	(284)
Benefit paid	(99)	(107)	(91)	(73)
Transfer employee from subsidiaries	-	-	163	1
Curtailment/Settlement Loss	-	2	-	-
Closing defined benefit obligation	3,710	2,892	3,210	2,365

Actuarial (gains) losses are recognized in other comprehensive income for the years ended December 31, 2014 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Included in retained earnings:				
As at 1 January	(164)	157	(201)	83
Recognized during the year	528	(321)	470	(284)
As at 31 December	364	(164)	269	(201)

Amounts recognized in the statements of comprehensive income in respect of the defined benefit plans for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Current service cost	259	261	195	193
Interest on obligation	130	115	108	95
	389	376	303	288

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at December 31, 2014 and 2013 are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS	
	2014	2013
Financial assumptions		
Discount rate	3.7%	4.5%
Salary increase rate	6.0%	6.0%
Turnover rate	8.9%	9.9%
Retirement age	55 and 60 years	55 and 60 years

Transfer of sub-quality assets to Thai Asset Management Corporation (TAMC)

On June 9, 2011, TAMC was liquidated and consequently the Bank and its subsidiary have confirmed the profit and loss calculation report received from TAMC on September 11, 2013. As a result, during the year ended December 31, 2013, the Bank and its subsidiary recorded reversal on provision for possible losses in the consolidated and the Bank's financial statements of Baht 1,074 million and Baht 1,056 million, respectively, which presented negative amount in other operating expenses. The completion of payment was conducted in October 2013.

8.18 Deferred tax liabilities

Deferred tax liabilities as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Deferred tax liabilities	2,931	2,603	2,157	1,824

Movements of deferred tax liabilities during the years are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2014	**Items as recognized into Profit and Loss**	**Items as recognized into Other Comprehensive Income**	**Balance at December 31, 2014**
Temporary differences				
Asset appraisal surplus	1,669	(70)	-	1,599
Investments	9	(78)	262	193
Others	925	214	-	1,139
Total	2,603	66	262	2,931

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2013	**Items as recognized into Profit and Loss**	**Items as recognized into Other Comprehensive Income**	**Balance at December 31, 2013**
Temporary differences				
Asset appraisal surplus	1,260	(48)	457	1,669
Investments	585	(538)	(38)	9
Others	660	265	-	925
Total	2,505	(321)	419	2,603

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2014	**Items as recognized into Profit and Loss**	**Items as recognized into Other Comprehensive Income**	**Balance at December 31, 2014**
Temporary differences				
Asset appraisal surplus	1,661	(70)	-	1,591
Investments	4	(75)	264	193
Others	159	214	-	373
Total	1,824	69	264	2,157

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2013	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2013
Temporary differences				
Asset appraisal surplus	1,259	(48)	450	1,661
Investments	237	(191)	(42)	4
Others	121	38	-	159
Total	1,617	(201)	408	1,824

8.19 Finance lease liabilities

Finance lease liabilities as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	18	2	20	28	3	31
One year to five years	39	2	41	57	4	61
Total	57	4	61	85	7	92

8.20 Other liabilities

Other liabilities as at December 31, 2014 and 2013 are as follows:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Accrued expenses	10,073	9,630	7,273	7,050
Tax payable	3,421	3,938	1,758	1,526
Deposit	6,632	7,376	459	101
Unearned income from customer loyalty program	2,315	1,958	71	56
Other payable	2,694	3,971	1,733	2,158
Others	8,504	8,146	4,730	3,137
Total	33,639	35,019	16,024	14,028

8.21 Share capital

8.21.1 Authorized share capital

The Extraordinary General Meeting of shareholders No. 1/2013 of the Bank, held on October 31, 2013, approved the reduction of the Bank's registered capital from Baht 70,893,927,550 to Baht 60,741,437,470 and approved the increase of the Bank's registered capital from Baht 60,741,437,470 to Baht 75,741,437,470, by issuing not more than 1,500,000,000 new ordinary shares at par value of Baht 10. These new shares will be issued as a private placement to BTMU as follows:

Tranche 1: In case the aggregate amount of ordinary shares which BTMU acquires through Voluntary Tender Offer and from other kind of acquisition, combined with capital-increased shares that BTMU will receive as consideration for the business transfer of BTMU's Bangkok Branch is less than 50 percent of all issued shares of the Bank.

Tranche 2: In case there is no private placement of Tranche 1 or there are remaining shares from Tranche 1, the allotment shall be made as consideration and/or exchange for the transfer of the business of BTMU's Bangkok Branch.

The Bank registered the reduction and the increase of the Bank's registered capital with Ministry of Commerce on November 1, 2013.

8.21.2 Legal reserve

Pursuant to the Public Limited Companies Act, the Bank must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward, if any, until the reserve fund reaches an amount not less than ten percent of the registered capital. The reserve fund is not available for dividend distribution.

8.21.3 Dividend payment

The Annual General Meeting of Shareholder No. 101 held on April 10, 2013, approved the dividend payment for the six-month period ended December 31, 2012 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.40 per share totaling Baht 2,430 million with payment date on May 7, 2013.

The Board of Directors' Meeting No.8/2013 held on August 28, 2013, approved the interim dividend payment for the six-month period ended June 30, 2013 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.40 per share totaling Baht 2,430 million with payment date on September 26, 2013.

The Annual General Meeting of Shareholder No. 102 held on April 9, 2014, approved the dividend payment for the six-month period ended December 31, 2013 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.40 per share totaling Baht 2,430 million with payment date on May 7, 2014.

The Board of Directors' Meeting No.8/2014 held on August 27, 2014, approved the interim dividend payment for the six-month period ended June 30, 2014 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.40 per share totaling Baht 2,430 million with payment date on September 25, 2014.

8.22 Assets with obligations and restrictions

As at December 31, 2014 and 2013, government and state enterprise securities with book value of Baht 4,995 million and Baht 5,857 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

8.23 Contingencies

Contingencies as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Avals to bills	1,893	1,270	1,893	1,270
Guarantees of loans	54	45	54	45
Liability under unmatured import bills	7,688	1,559	7,688	1,559
Letters of credit	5,701	9,335	5,701	9,335
Other contingencies				
- Unused overdraft limit	61,583	57,884	61,713	58,014
- Other guarantees	46,397	44,200	46,397	44,200
- Others	139	253	139	253
Total	123,455	114,546	123,585	114,676

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will expired in 2019 with a local company. As at December 31, 2014 and 2013, the Bank and its subsidiaries have a commitment to pay in the amounts of Baht 3,445 million and Baht 3,726 million, respectively.

As at December 31, 2014 and 2013, the Bank has commitments to pay regarding the information technology services the amounts of Baht 762 million and Baht 14 million, respectively.

8.24 Related party transactions

The Bank has business transactions with subsidiaries, associates and related companies. These transactions are with companies that have shareholding and/or major shareholders and/or joint directors with the Bank and with related persons. Such loans to related party have the allowance for doubtful accounts policy which comply with the same BOT regulations as those granted to other debtors.

According to the Bank of Thailand's Notification and Sor.Nor.Sor. 19/2555 regarding the guideline on Consolidated Supervision (No.2) dated December 17, 2012, and Sor.Nor.Sor. 6/2553 regarding the Guideline on Consolidated Supervision dated June 28, 2010, the Bank is required to disclose the Inter-Group Transactions in the Financial Business Group Policy and the Risk Management for Inter-Group Transactions in the Financial Business Group Policy as follows:

1. The Inter-Group Transactions in the Financial Business Group Policy

   The inter-group transactions shall be the same conditions or criteria, including interest rate or service fee charged, as applied when the Bank conducts the transactions with general customers with the same risk level and the Bank does not allow the companies in the financial business group borrow from or lend to each other.

2. The Risk Management for Inter-Group Transactions in the Financial Business Group Policy

The Bank manages risk for all inter-group transactions based on the Credit Risk Management for the Financial Business Policy which covers the key credit risk management process, namely credit risk control, credit risk measurement, and credit risk monitoring, in accordance with the Bank's policy and the Bank of Thailand's requirements.

Related party transactions are as follows:

8.24.1 Loans to, deposits, borrowing, investment, derivatives and contingencies with certain officers from the levels of Bank's Directors, Executive Vice Presidents and higher, and Vice Presidents/equivalent positions and higher in the Finance and Accounting Functions and the companies in which they and/or the Bank directors and/or their related parties and/or the Bank owned and the companies in which the directors and/or shareholders of the Bank have significant voting right either directly and indirectly, as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	2014				2013			
	Loans	Deposits	Borrowings	Others*	Loans	Deposits	Borrowings	Others*
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	-	-	137	-	-	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd., Bangkok Branch	-	2	-	-	-	1	-	12,844
The Bank of Tokyo-Mitsubishi UFJ Ltd., Singapore Branch	-	-	-	1,398	-	-	-	1,559
Total	-	2	-	1,535	-	1	-	14,403
Associates								
Tesco Card Services Limited	10,864	395	-	-	11,520	398	-	-
Tesco Life Assurance Broker Limited	-	94	-	-	-	75	-	-
Tesco General Insurance Broker Limited	-	392	-	-	-	308	-	-
Less Allowance for doubtful accounts	(109)	-	-	-	(115)	-	-	-
Total	10,755	881	-	-	11,405	781	-	-
Related companies having joint major shareholders or directors	2,972	3,705	-	5,716	3,605	3,559	-	2,742
Less Allowance for doubtful accounts	(27)	-	-	-	(31)	-	-	-
Total	2,945	3,705	-	5,716	3,574	3,559	-	2,742
Individual and related parties	294	638	-	-	268	637	-	-
Less Allowance for doubtful accounts	(1)	-	-	-	(1)	-	-	-
Total	293	638	-	-	267	637	-	-
Total	13,993	5,226	-	7,251	15,246	4,978	-	17,145

* Others contain investment, derivatives (notional amount) and contingencies

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	2014				2013			
	Loans	Deposits	Borrowings	Others*	Loans	Deposits	Borrowings	Others*
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	-	-	137	-	-	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd., Bangkok Branch	-	2	-	-	-	1	-	12,844
The Bank of Tokyo-Mitsubishi UFJ Ltd., Singapore Branch	-	-	-	1,398	-	-	-	1,559
Total	-	2	-	1,535	-	1	-	14,403
Subsidiaries								
Ayudhya Development Leasing Company Limited	6,819	9	-	1	10,371	20	-	44
Ayudhya Capital Auto Lease Public Company Limited	78,583	406	-	296	130,012	601	-	5
Ayudhya Total Solutions Public Company Limited	-	-	-	-	-	10	-	-
CFG Services Company Limited	6,430	72	-	2	8,391	29	-	2
Ayudhya Capital Services Company Limited	25,013	870	-	3	24,774	801	-	3
General Card Services Limited	12,472	261	-	-	11,492	335	-	-
Krungsriayudhya Card Company Limited	30,943	720	-	1	32,180	1,142	-	1
Siam Realty and Services Company Limited	577	30	-	-	580	43	-	-
Total Services Solutions Public Company Limited	-	899	-	-	-	193	700	-
Krungsri Asset Management Company Limited	-	150	-	659	-	218	150	656
Krungsri Ayudhya AMC Limited	-	1,450	-	38	554	17	-	38
Krungsri Securities Public Company Limited	-	1,496	-	-	-	991	-	-
Krungsri Factoring Company Limited	-	188	-	-	-	92	-	-
Krungsri Life Assurance Broker Company Limited	-	501	-	-	-	434	-	-
Krungsri General Insurance Broker Company Limited	-	784	-	-	-	621	-	-
Total	160,837	7,836	-	1,000	218,354	5,547	850	749
Less Allowance for doubtful accounts	(1,608)	-	-	-	(2,184)	-	-	-
Total	159,229	7,836	-	1,000	216,170	5,547	850	749
Associates								
Tesco Card Services Limited	10,864	395	-	-	11,520	398	-	-
Tesco Life Assurance Broker Limited	-	94	-	-	-	75	-	-
Tesco General Insurance Broker Limited	-	392	-	-	-	308	-	-
Less Allowance for doubtful accounts	(109)	-	-	-	(115)	-	-	-
Total	10,755	881	-	-	11,405	781	-	-
Related companies having joint major shareholders or directors	2,972	3,705	-	5,716	3,605	3,559	-	2,742
Less Allowance for doubtful accounts	(27)	-	-	-	(31)	-	-	-
Total	2,945	3,705	-	5,716	3,574	3,559	-	2,742
Individual and related parties	240	638	-	-	221	637	-	-
Total	173,169	13,062	-	8,251	231,370	10,525	850	17,894

* Others contain investment, derivatives (notional amount) and contingencies

As at December 31, 2014 and 2013, the Bank charges interest rates to the officer or related parties at 1.00% - 15.99% p.a.

As at December 31, 2014 and 2013, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 1,608 million and Baht 2,184 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

As at December 31, 2013, the Bank granted loans to Krungsri Ayudhya AMC Limited in the form of promissory notes of Baht 554 million at the interest rates of 3.10% p.a.

8.24.2 The Bank has investments in subsidiaries and associates as disclosed in note 8.5 to the financial statements and has investments in related companies as follows:

Unit: Million Baht

			CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
			2014			2013		
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount	Ownership (%)	Investment Cost	Dividend Amount
Related company								
Sri Ayudhya Capital Public Company Limited	Investment holding company	250	8.50	326	51	9.72	373	27
Less Allowance for impairment				(5)	-		(6)	-
Investment in related company, net				321	51		367	27

8.24.3 Income and expenses between the Bank and its subsidiaries, associates and related companies for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	2014				2013			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non- interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	-	-	185	-	-	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd., Singapore Branch	1	-	-	-	-	-	-	-
Total	1	-	-	185	-	-	-	-
Associates								
Tesco Card Services Limited	381	459	1	3	407	375	2	-
Tesco General Insurance Broker Limited	-	19	2	-	-	20	3	-
Total	381	478	3	3	407	395	5	-
Related companies having joint major shareholders or directors	118	44	54	125	96	35	76	296
Total	118	44	54	125	96	35	76	296
Individual and related parties	10	1	12	-	7	8	12	-
Total	510	523	69	313	510	438	93	296

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	2014				2013			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non- interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	-	-	185	-	-	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd., Singapore Branch	1	-	-	-	-	-	-	-
Total	1	-	-	185	-	-	-	-
Subsidiaries								
Ayudhya Development Leasing Company Limited	302	8	-	-	378	3	-	-
Ayudhya Capital Auto Lease Public Company Limited	4,305	254	3	488	5,107	114	5	2
Ayudhya Total Solutions Public Company Limited	-	-	-	-	-	-	31	-
CFG Services Company Limited	362	7	-	1	324	27	-	-
Ayudhya Card Services Company Limited	-	-	-	-	72	59	-	-
Ayudhya Capital Services Company Limited	909	215	1	22	886	221	2	14
General Card Services Limited	388	15	1	6	424	9	2	-
Krungsriayudhya Card Company Limited	899	137	2	102	976	88	3	1
Siam Realty and Services Company Limited	17	2	-	471	17	2	-	443
Total Services Solutions Public Company Limited	-	1	15	66	-	2	15	62
Krungsri Asset Management Company Limited	-	329	7	12	-	266	6	8
Krungsri Ayudhya AMC Limited	5	14	1	-	53	18	-	-
Krungsri Securities Public Company Limited	-	16	16	14	-	23	24	6
Krungsri Factoring Company Limited	-	7	1	-	22	6	-	-
Krungsri Life Assurance Broker Limited	-	1	1	-	-	1	1	-
Krungsri General Insurance Broker Limited	-	1	2	-	-	1	2	-
Total	7,187	1,007	50	1,182	8,259	840	91	536
Associates								
Tesco Card Services Limited	381	24	1	3	407	21	2	-
Tesco General Insurance Broker Limited	-	8	2	-	-	11	3	-
Total	381	32	3	3	407	32	5	-
Related companies having joint major shareholders or directors	118	44	54	125	96	35	76	296
Total	118	44	54	125	96	35	76	296
Individual and related parties	10	1	12	-	7	8	12	-
Total	7,697	1,084	119	1,495	8,769	915	184	832

8.24.4 For the years ended December 31, 2014 and 2013, related party transactions among subsidiaries included collection services and other services of Baht 876 million and Baht 887 million, respectively, and office and vehicle rental and facilities service of Baht 65 million and Baht 61 million, respectively.

8.24.5 For the years ended December 31, 2014 and 2013, subsidiaries had related party transactions from the licenses relevant to technology and software for Baht 73 million and Baht 72 million, respectively.

8.24.6 For the years ended December 31, 2014 and 2013, related party transactions among subsidiaries from other services were Baht 1,298 million and Baht 1,273 million, respectively.

8.24.7 The Extraordinary General Meeting of Shareholders No. 1/2013, held on October 31, 2013, approved the integration of the Bank and the Bank of Tokyo-Mitsubishi UFJ, Ltd., Bangkok Branch (BTMU's Bangkok Branch) by acquisition of the business of BTMU's Bangkok Branch and the entering into a Conditional Branch Purchase Agreement between the Bank as transferee and the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) as transferor and other related agreements which are asset acquisition and connected transactions.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement, BTMU shall provide various services to the Bank as agreed between the Bank and BTMU prior to the transfer. Such services shall include existing services provided by BTMU to BTMU's Bangkok Branch and other services as necessary and appropriate to ensure continued service of BTMU's Bangkok Branch's customers after the transfer of the assets. The Bank and BTMU will also enter into a Master Service Agreement to provide various services to the Bank which will include but not be limited to (a) General Services Agreement (b) Trademark License Agreement (c) Software License Agreement (d) Other ancillary agreements as may be agreed between the parties under the Master Service Agreement.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement until (1) the lapse of 10 years from the date of the transfer or (2) the date BTMU holds shares in the Bank less than 50 percent of all issued shares (whichever occurs later). The Bank may request for BTMU to provide funding assistance to the Bank and BTMU shall use its best efforts to provide such funding assistance after confirming that: (a) the price and condition for the Funding assistance is on an Arm's Length Basis and is beneficial to both parties; (b) such funding assistance is aligned with the Bank's Asset and Liability Policy and Funding Policy; (c) such funding assistance complies with the legal requirements (including tax concerning transfer pricing). If BTMU agrees to provide funding assistance as requested by the Bank, the parties shall further agree on the type, amount, tener and interest rate of such assistance.

8.24.8 On July 24, 2013, Ayudhya Card Services Company Limited (AYCS) has already completed the transfer of its entire business to Krungsriayudhya Card Company Limited (KCC) at fair value of Baht 270 million for an exchange of new ordinary share of KCC totaling 10,552,000 shares as payment in lieu for AYCS entire business with total assets and total liabilities of Baht 4,256 million and Baht 4,054 million, respectively. The entire business transfer under share swap scheme was approved by AYCS's 2013 Annual General Meeting of Shareholders, held on April 26, 2013 and KCC's Extraordinary General Meeting of Shareholders No. 1/2013, held on July 24, 2013.

8.25 Management compensation

The Bank has no special benefits given to the directors and executive officers beyond the general benefits made as usual, including contingency benefits from employment compensation agreements and other benefits for those persons.

The Bank did not sell, give or lease any properties to directors, executive officers, or their related parties. The Bank has not purchased or leased any assets from those persons.

For the years ended December 31, 2014 and 2013, compensations paid to key management personnel under TAS 24 (Revised 2012) "Related Party Disclosures" are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Short-term employee benefits	1,343	1,321	895	856
Post-employment benefits	37	37	21	21
Total	1,380	1,358	916	877

8.26 Long-term leases

The Bank and its subsidiaries have entered into land and/or buildings and equipment lease agreements for branch offices and operation. The Bank and its subsidiaries are committed to pay future rental and service as at December 31, 2014 and 2013 which are summarized as follows:

Unit: Million Baht

TYPE OF LEASE	PERIOD	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2014	**2013**	**2014**	**2013**
Land and/or premises and equipment	Within 1 year	942	741	896	703
	Greater than 1-5 years	944	782	756	831
	Greater than 5 years	65	81	55	81
		1,951	1,604	1,707	1,615

8.27 Operating segments

The business segment results are prepared based on the Bank and its subsidiaries' internal management reporting which reflects the organizational management structure. The operating results by business segment provided to Chief Operating Decision Maker to make decision about resources allocations, and assess the performance of, operating segments. The operating segment results are measured in accordance with Thai Financial Reporting Standards, which are also adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs, income from investment, and the application of transfer pricing, where appropriate. Transactions between segments are recorded on the same basis as the transaction conducted with the third party transactions. Transactions between segments are eliminated on consolidation.

The business segments are described below:

Retail: provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, bill of exchange, housing loan, credit cards, personal loans and sale finance loans, hire-purchase and leasing, wealth management and bancassurance products.

Commercial: provides financial services and products to institutional clients including corporate, small and medium-sized businesses and financial institutions. Products and services comprise the full range of credit facilities from short term working capital, cash management, trade finance, transactional banking, advisory services, and treasury and money markets products.

Others: encompasses other income and expenses generating activities that are not attributed to the business segments described above and eliminated transactions for preparation of consolidated financial statements.

During the years ended December 31, 2014 and 2013, no revenue from transactions with a single external customer or counter party amounted to 10% or more of the total revenue.

Operating segment by businesses for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2014			
	Retail	**Commercial**	**Others**	**Total**
Interest income, net	31,448	16,495	-	47,943
Other operating income	17,802	6,178	(1,163)	22,817
Total operating income	49,250	22,673	(1,163)	70,760
Operating expenses	26,574	8,053	(327)	34,300
Impairment loss of loans and debt securities	16,095	2,691	(680)	18,106
Profit (loss) before tax	6,581	11,929	(156)	18,354
Taxation	1,444	2,578	9	4,031
Net Profit (loss)	5,137	9,351	(165)	14,323
Total assets	544,234	886,752	(216,718)	1,214,268

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2013			
	Retail	**Commercial**	**Others**	**Total**
Interest income, net	29,394	15,540	5	44,939
Other operating income	17,074	7,106	(843)	23,337
Total operating income	46,468	22,646	(838)	68,276
Operating expenses	24,843	7,966	583	33,392
Impairment loss of loans and debt securities	13,057	5,809	93	18,959
Profit (loss) before tax	8,568	8,871	(1,514)	15,925
Taxation	1,789	2,463	(310)	3,942
Net Profit (loss)	6,779	6,408	(1,204)	11,983
Total assets	505,088	928,009	(253,491)	1,179,606

8.28 Position and results of operations classified by domestic and foreign business

(1) Position classified by type of business

Position classified by domestic and foreign business as at December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2014			
	Domestic	**Foreign**	**Elimination**	**Total**
Total assets	1,212,872	17,985	(16,589)	1,214,268
Interbank and money market items, net (Assets)	78,277	2,087	-	80,364
Investments, net*	61,641	149	-	61,790
Loans to customers and accrued interest receivable, net	968,439	7,182	-	975,621
Deposits	836,546	1,010	-	837,556
Interbank and money market items, net (Liabilities)	46,571	41	-	46,612
Debt issued and borrowings	151,805	-	-	151,805

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2013			
	Domestic	**Foreign**	**Elimination**	**Total**
Total assets	1,181,098	11,336	(12,828)	1,179,606
Interbank and money market items, net (Assets)	85,811	1,216	-	87,027
Investments, net*	74,067	266	-	74,333
Loans to customers and accrued interest receivable, net	902,778	4,386	-	907,164
Deposits	763,342	708	-	764,050
Interbank and money market items, net (Liabilities)	55,496	1	-	55,497
Debt issued and borrowings	174,605	-	-	174,605

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2014			
	Domestic	**Foreign**	**Elimination**	**Total**
Total assets	1,127,600	17,887	(16,589)	1,128,898
Interbank and money market items, net (Assets)	75,186	2,024	-	77,210
Investments, net*	108,934	149	-	109,083
Loans to customers and accrued interest receivable, net	864,206	7,181	-	871,387
Deposits	842,738	1,010	-	843,748
Interbank and money market items, net (Liabilities)	48,216	41	-	48,257
Debt issued and borrowings	97,268	-	-	97,268

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2013			
	Domestic	**Foreign**	**Elimination**	**Total**
Total assets	1,074,911	11,336	(12,828)	1,073,419
Interbank and money market items, net (Assets)	83,765	1,216	-	84,981
Investments, net*	102,806	266	-	103,072
Loans to customers and accrued interest receivable, net	798,907	4,386	-	803,293
Deposits	767,682	708	-	768,390
Interbank and money market items, net (Liabilities)	56,703	1	-	56,704
Debt issued and borrowings	107,337	-	-	107,337

*Includes investments in subsidiaries and associates, net

(2) Results of operations classified by business

Results of operations classified by domestic and foreign business for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2014			
	Domestic	**Foreign**	**Elimination**	**Total**
Interest income	74,388	221	-	74,609
Interest expenses	26,660	5	-	26,665
Net interest income	47,728	216	-	47,944
Fees and service income, net	14,743	27	-	14,770
Other operating income	11,464	(69)	(3,349)	8,046
Other operating expenses	55,548	207	(3,349)	52,406
Profit (loss) from operating before tax	18,387	(33)	-	18,354

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2013			
	Domestic	**Foreign**	**Elimination**	**Total**
Interest income	71,255	126	-	71,381
Interest expenses	26,438	4	-	26,442
Net interest income	44,817	122	-	44,939
Fees and service income, net	14,301	26	-	14,327
Other operating income	12,990	(32)	(3,948)	9,010
Other operating expenses	56,181	118	(3,948)	52,351
Profit (loss) from operating before tax	15,927	(2)	-	15,925

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2014			
	Domestic	Foreign	Elimination	Total
Interest income	48,896	221	-	49,117
Interest expenses	24,693	5	-	24,698
Net interest income	24,203	216	-	24,419
Fees and service income, net	6,958	28	-	6,986
Other operating income	16,992	(69)	(3,349)	13,574
Other operating expenses	29,742	188	(3,349)	26,581
Profit (loss) from operating before tax	18,411	(13)	-	18,398

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2013			
	Domestic	Foreign	Elimination	Total
Interest income	46,425	126	-	46,551
Interest expenses	24,263	4	-	24,267
Net interest income	22,162	122	-	22,284
Fees and service income, net	5,978	26	-	6,004
Other operating income	9,167	(32)	(3,948)	5,187
Other operating expenses	27,267	118	(3,948)	23,437
Profit (loss) from operating before tax	10,040	(2)	-	10,038

Income and expenses between the head office and branches or inter-branches are determined by the head office at the rate which approximates actual cost.

8.29 Interest income

Interest income for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Interbank and money market items	2,598	2,709	2,573	2,689
Investment and trading transactions	174	157	175	159
Investment in debt securities	1,956	2,203	1,952	2,193
Loans to customers	49,688	46,751	42,523	41,510
Hire purchase and financial lease	20,193	19,561	1,894	-
Total interest income	74,609	71,381	49,117	46,551

8.30 Interest expenses

Interest expenses for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Deposits	15,583	15,701	15,596	15,751
Interbank and money market items	1,484	1,469	1,504	1,448
Contributions to Financial Institution Development Fund and Deposit Protection Agency	4,076	3,665	4,076	3,665
Debt issued and borrowing				
- Subordinated debenture	1,600	1,602	1,600	1,602
- Other	3,904	3,981	1,916	1,793
Borrowing fee expense	4	5	4	5
Other	14	19	2	3
Total interest expenses	26,665	26,442	24,698	24,267

8.31 Fees and service income, net

Fees and service income, net for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Fees and service income				
- Acceptances, aval and guarantees	512	505	512	505
- Other	18,679	18,036	8,619	7,350
Total fees and service income	19,191	18,541	9,131	7,855
Fees and service expenses	4,421	4,214	2,145	1,851
Fees and service income, net	14,770	14,327	6,986	6,004

8.32 Gains on trading and foreign exchange transactions, net

Gains on trading and foreign exchange transactions, net for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Gains (losses) from trading and foreign exchange transactions				
- Foreign currency and derivative of currency	1,496	1,507	1,508	1,506
- Derivative of interest rates	39	(5)	39	(5)
- Debt securities	21	23	21	23
- Equity securities	19	42	13	(10)
- Other	(1)	(3)	-	-
Total	1,574	1,564	1,581	1,514

8.33 Gains on investments, net

Gains on investments, net for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Gains on sales of investments				
- Available-for-sale	1,239	644	1,194	644
- General investments	8	10	9	10
- Subsidiaries and associates	-	-	5	1,707
	1,247	654	1,208	2,361
Loss on impairment				
- Available-for-sale	(10)	(18)	(10)	(18)
- General investments	-	(3)	-	(3)
- Subsidiaries and associates	-	-	-	(2,284)
Total	1,237	633	1,198	56

8.34 Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Interbank and money market items	(17)	101	(17)	101
Securities held-to-maturity	-	(27)	-	(27)
Loans to customers	16,756	17,306	5,160	3,237
Loss on troubled debt restructuring (reversal)	1,368	1,579	(93)	654
Total	18,107	18,959	5,050	3,965

8.35 Income tax expenses

Income tax expenses for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	**2013**	**2014**	**2013**
Current tax for the year	4,743	5,026	1,904	1,690
Deferred tax	(712)	(1,084)	(203)	325
Total income tax expenses	4,031	3,942	1,701	2,015

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	2014		2013		2014		2013	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	18,354		15,925		18,398		10,038	
Income tax at the domestic tax rate	3,671	20.00	3,186	20.00	3,680	20.00	2,008	20.00
Add Tax effect of income and expense that are not exempt for tax purposes	2,735	14.90	1,394	8.75	210	1.14	617	6.15
Less Tax effect of income and expense that are exempt for tax purposes	(2,375)	(12.94)	(638)	(4.00)	(2,189)	(11.89)	(610)	(6.08)
Income tax as per statements of comprehensive income	4,031	21.96	3,942	24.75	1,701	9.25	2,015	20.07

According to the Royal Decree No. 555 B.E. 2555 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 27, 2012, the corporate income tax rates were reduced from 30% to 23% for an accounting period beginning on or after January 1, 2012 and 20% for accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014.

In addition, According to the Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, the corporate income tax rates were reduced from 30% to 20% for accounting periods beginning on or after January 1, 2015 but not later than December 31, 2015.

Therefore, the Bank and its subsidiaries used a tax rate of 20% for the corporate income tax and deferred tax calculation for the years ended December 31, 2014 and 2013.

8.36 Income tax relating to components of other comprehensive income

Income tax relating to components of other comprehensive income for the years ended December 31, 2014 and 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2014			2013		
	Amount before tax	Tax income (expenses)	Net amount after tax	Amount before tax	Tax income (expenses)	Net amount after tax
Changes in assets revaluation surplus	-	-	-	2,285	(457)	1,828
Gains (losses) on remeasuring available-for-sale investment	1,310	(262)	1,048	(1,306)	261	(1,045)
Actuarial gains (losses) on defined benefit plans	(528)	106	(422)	321	(64)	257
Other comprehensive income	782	(156)	626	1,300	(260)	1,040

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Amount before tax	**Tax income (expenses)**	**Net amount after tax**	**Amount before tax**	**Tax income (expenses)**	**Net amount after tax**
Changes in assets revaluation surplus	-	-	-	2,249	(449)	1,800
Gains (losses) on remeasuring available-for-sale investment	1,326	(265)	1,061	(1,326)	265	(1,061)
Actuarial gains (losses) on defined benefit plans	(470)	94	(376)	285	(57)	228
Other comprehensive income	856	(171)	685	1,208	(241)	967

8.37 Events after the reporting period

1. Increase of issued and paid-up share capital

The Board of Directors Meeting No. 12/2014 held on December 17, 2014 resolved to approve the allotment of 1,281,618,026 newly issued ordinary shares as a private placement to the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) with the par value of Baht 10 per share and the offering price of Baht 40.49 per share as consideration and/or exchange for the transfer of business of the Bank of Tokyo-Mitsubishi UFJ, Ltd. Bangkok Branch (BTMU's Bangkok Branch) in accordance with the resolution of the Extraordinary Gerneral Meeting of Shareholders No. 1/2013 held on October 31, 2013.

On January 5, 2015, the Bank has completed the business transfer of BTMU's Bangkok Branch, then allotted 1,281,618,026 newly issued ordinary shares as a private placement to BTMU with the par value of Baht 10 per share. In this regards, the Bank has received payment for these shares in kind by asset of BTMU's Bangkok Branch and has completed the registeration of paid-up share capital to the Ministry of Commerce. As a result, the issued and paid-up share capital and premium on ordinary shares will be increased as follows:

Unit: Million Baht

	December 31, 2014 (Before allotment)	January 5, 2015 (After allotment)
Issued and paid-up share capital	60,741	73,558
Premium on ordinary shares	13,802	52,879

2. Borrowing from BTMU

On January 5, 2015, the Bank has entered into the borrowing agreement with BTMU under (1) Uncommitted Revolving Facility or (2) Interbank and Money Market Facility. Total facility amount is JPY 900,000 million or USD equivalent which equals to Baht 292,500 million using the exchange rate of Baht 32.50:JPY 100. The facility can be divided to be USD 7,000 million equivalent to Baht 227,500 million and JPY 200,000 million equivalent to Baht 65,000 million.

8.38 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on February 25, 2015.