

OPTIMAL
CHOICE
FOR
YOUR
FUTURE

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Please see Corporate Social Responsibility Report 2014.



Expertise



Achieving leadership in specialized banking

With over 40 years of experience and a thorough understanding of Thailand's commercial banking and capital market scenes, Kiatnakin Phatra Financial Group is the ideal answer for your financial solutions.



Opportunities



Blazing your financial trail to success

Your opportunities and needs are what matters most.
With a wide range of products, services
and specialized financial consultation,
we are here to join you on your path to success.



Future



Investment solutions for your financial future

As a leader in investment and securities trading,
we provide world-class professional consultation
and portfolio management services
to help you build your own financial future.

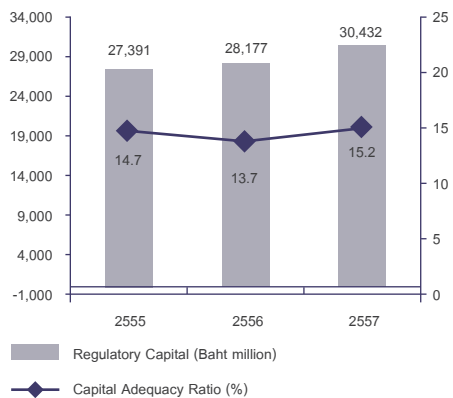
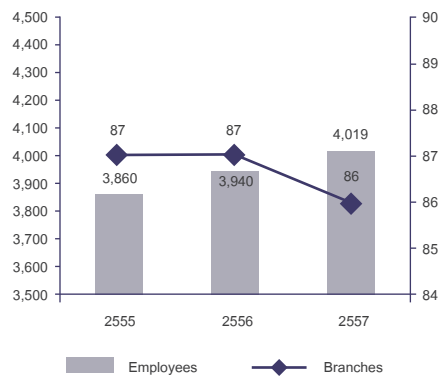
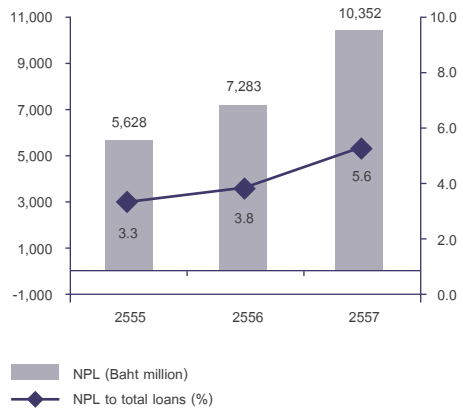
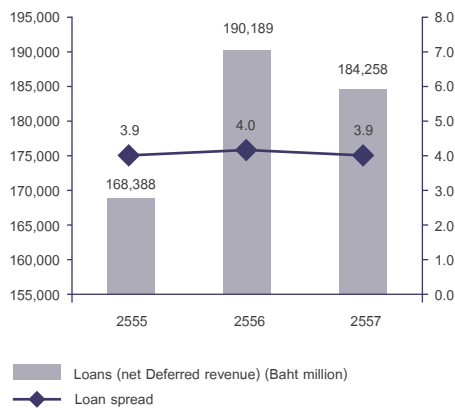
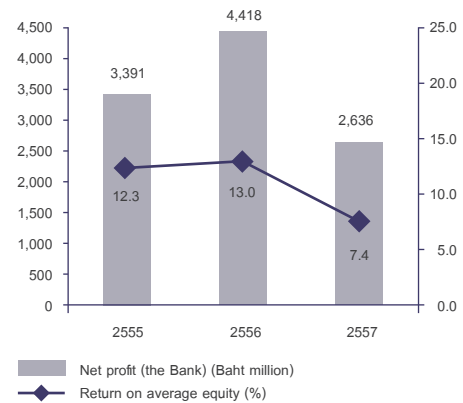
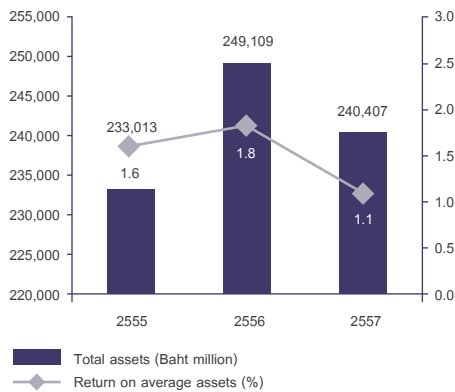
Financial Highlights

The Consolidated Financial Statements

(Baht Million)

	2012 (Restated)	2013	2014
Financial Position			
Investment in receivables (net)	4,726	3,885	3,303
Loans (net deferred revenue)	168,388	190,189	184,258
Allowance for doubtful accounts & troubled debt restructuring	(6,172)	(7,275)	(8,438)
Total assets	233,013	249,109	240,407
Deposits	153,027	145,996	132,315
Debt issued and borrowings	29,123	42,569	42,772
Total liabilities	199,815	213,965	204,212
Total equity	32,898	34,944	36,048
Comprehensive Income			
Net interest income	7,113	8,347	8,926
Fees and services income (net)	2,281	4,357	3,452
Gain (Loss) from sale of foreclosed assets	1,224	(55)	(1,279)
Total operating income	11,518	14,265	13,770
Total operating expenses	5,929	6,634	7,565
Impairment loss of loans and debt securities	1,555	2,240	3,199
Profit from operating before income tax expenses	4,033	5,391	3,006
Net profit (attributable to equity holder of the Bank)	3,391	4,418	2,636
Financial Ratio			
Return on average equity	12.3	13.0	7.4
Return on average assets	1.6	1.8	1.1
Loan spread	3.9	4.0	3.9
Loan to deposit and borrowing	92.8	101.2	105.5
NPL to total loans	3.3	3.8	5.6
Loan loss reserve to NPL	109.8	100.0	81.6
Cost to income ratio	51.1	46.5	54.9
Capital adequacy Ratio	14.7	13.7	15.2
Branches and Employees			
Branches	87	87	86
Employees	3,860	3,940	4,019
KK Share Information			
Share price			
- High (Baht)	50.00	71.25	48.00
- Low (Baht)	30.00	36.00	34.25
- Close (Baht)	48.50	37.25	39.50
- Average (Baht)	39.00	52.87	42.22
No. of share outstanding ('000 shares)	832,831	838,833	842,834
Market capitalization (Baht million)	40,392	31,247	33,292
EPS - Basic (Baht)	4.88	5.29	3.14
- Diluted (Baht)	4.85	5.25	3.13
PE ratio (time)	13.44	7.01	10.48
PBV ratio (time)	1.21	0.92	0.93
Book value per share (Baht)	39.9	42.2	42.9
Dividend per share (Baht)	2.40	2.65	1.85
Dividend payout (%)	58.9	50.3	59.2
Dividend yield (%)	4.95	7.11	4.68
Credit Ratings by TRIS Rating Co., Ltd.			
Company rating	A-	A-	A-
Rating outlook	Positive	Positive	Positive

* Dividend payment for the year 2014 at the rate of Baht 1.85 per ordinary share, the interim dividend of Baht 0.50 per ordinary share was paid on September 26, 2014, while the remaining Baht 1.35 per ordinary share will be proposed to the 2015 Annual General Meeting of Shareholders on April 23, 2015 for approval.



Kiatnakin Phatra Financial Group's Milestone

1971

Established Kiatnakin Finance and Securities Company Limited with a registered capital of Baht 10 million

1973

Granted license to operate finance and securities businesses

1982

Became Broker No.19 of the Stock Exchange of Thailand

Granted permission by the Ministry of Finance to resume business operation

Received an upgrade in credit rating from "BBB+" to "A-" by TRIS Rating Company Limited

October 3, 2005, the Bank was granted permission by the Ministry of Finance to establish a commercial bank under the name **"Kiatnakin Bank Public Company Limited"**

1998

2004

2005

1988

Listed on the Stock
Exchange of Thailand

1993

Became a public
company limited

1997

Was forced to temporarily suspend
operation together with other
fifty-seven financial institutions
due to economic crisis

September 13, 2012, Kiatnakin Bank Public Company Limited and Phatra Capital Public Company Limited announced the completion of merger to be "**Kiatnakin Phatra Financial Group**", aiming to offer clients with its expertise in two areas of commercial banking and capital market, to create the excellence in every practice of its core business and to provide the ultimate financial services to clients. Kiatnakin Phatra Financial Group by Kiatnakin Bank Public Company Limited is listed as "KKP" under the Stock Exchange of Thailand.

2012**Present**

Kiatnakin Bank Public Company Limited provides full range of financial and investment services as well as offers excellent products and services to support clients' success. Currently, the Bank has 86 branches countrywide (including Headquarter).

Vision

To attain business growth along with
the success of clients and society

Mission

To provide resources to clients properly,
adequately and proficiently through services
beyond expectation and none like others.

Awards and Ranking



"A-"

Credit Rating by TRIS Rating Co.,Ltd.
The Bank and its debentures were rated "A-"
with "POSITIVE" outlook by TRIS Rating Co.,Ltd.

"Excellent" Top 100 Scores

Received "Excellent Top 100 Scores" for the seventh consecutive years from Annual General Meeting (AGM) in 2007-2014, conducted by Thai Investor Association (TIA) and the Securities and Exchange Commission Thailand (SEC).

Investors' Choice Award

Received "Investors' Choice Award" 100 Scores for the fourth consecutive years (2009-2014), from Annual General Meeting (AGM), conducted by Thai Investor Association (TIA) and the Securities and Exchange Commission Thailand (SEC) and The Stock Exchange of Thailand (SET).

SET Award of Honor

(Corporate Governance Report)
Received "SET Award of Honor" (2007-2014) by the Stock Exchange of Thailand (SET) and Money and Banking Magazine.

SET Awards

(Outstanding Corporate Social Responsibility)
Received "Outstanding Corporate Social Responsibility Awards" (2012-2014) (SET market capitalization of over 10 billion baht) for the second consecutive years by the Stock Exchange of Thailand (SET) and Money and Banking Magazine.



Finance Asia

- 2014 Country Awards - Best Private Bank
- 2013 Country Awards - Best Private Bank, Best Equity House, Best Investment Bank
- 2013 Best IPO in Asia BTSGIF Infrastructure Fund USD 1.4 billion
- 2013 Best Thailand Deal Bank of Tokyo-Mitsubishi UFJ USD 5.6 billion offer for Bank Ayudhya
- 2012 Country Awards - Best Private Bank, Best Equity House, Best Investment Bank
- 2012 Best Thailand Deal - Tesco Lotus Property Fund IPO

Alpha Southeast Asia

- 2014 Best Private Wealth Management Bank in Thailand, Best institutional Broker in Thailand
- 2013 Best Investment Bank in Thailand, Best Equity House in Thailand
- 2012 Best Investment Bank in Thailand, Best Institutional Broker in Thailand, Best Secondary Deal of The year in Southeast Asia (PTTEP)

The Asset

- 2014 Triple A Country Award - Best Domestic Investment Bank
- 2013 Triple A Country Award - Best Investment Bank, Best Equity House, Best Deal - The Bank of Tokyo-Mitsubishi UFJ Limited's USD 5.6 billion offer for Bank of Ayudhya
- 2012 Triple A Regional Deal Award - Best Secondary Offering (PTTEP)

SAA

- 2013 Best Research House (Institutional Clients)
- 2013 Best Analyst - Technology, Energy & Petrochemicals, Agro & Food Industry, Property, Construction Materials & Construction Services, Financials
- 2012 Best Research House (Institutional Clients)
- 2012 Best Analyst - Financials, Resources, Property & Construction, Agro & Food Industry, Services

IFR Asia

- 2014 Asia Pacific Best Structure Equity Deal of the year (CPF USD 290.4 Million Exchangeable Bond)
- 2013 Asia Equity Issue of the Year (BTSGIF IPO) and Thailand Equity Issue of the Year (BTSGIF IPO)

Asia Money

- 2014 Best Equity House in Thailand



Mr. Supol Wattanavekin
Chairman of the Board of Directors



Mr. Banyong Pongpanich
Chief Executive Officer



Message from the Board of Directors

In 2014 Kiatnakin Phatra Financial Group (“the Group”) had significant developments in several aspects for its sustainable growth. Thailand’s economy in 2014 had a low rate of expansion due to political factors during the start of the year, leading to the interruption of government and private sector investments and having an effect on domestic consumption. Moreover, the slow recovery in the world economy adversely affected Thailand’s export sector, impeding the ability of Thais to repay debt. These factors caused household debt to increase and raised the amount of non-performing loans (NPL) in the banking system.

The country’s overall economic situation and changes in industries affected the Group’s financial performance in 2014. The Group had a substantial decrease in net profit and comprehensive income compared with 2013. For the commercial banking business, the Bank had no loan growth, mainly because of a contraction in its auto hire purchase business. The Bank has also faced higher NPLs, and losses from repossessions related to its auto hire purchase business. In the meantime, the capital market business was affected as well because there was no large-sized fund-raising transaction in the market. The average securities trading value on the Stock Exchange of Thailand (SET) dropped almost 10% from 2013, while the proportion of securities trading by retail investors (not the main target clients of the companies in the Group) notably increased. At the same time, foreign investors and local institutional investors (the target clients of the companies in the Group) showed a mixed trend, with the proportion of securities trading by foreign investors decreasing and trading by local institutional investors slightly increasing. Consequently, the revenue from agency business of the companies in the Group decreased drastically compared with 2013. Furthermore, volatility in the SET Index around the end of the year caused revenue from investment business of the Group to be lower than expected, and to decline from the previous year.

Even though the above-mentioned factors had an adverse and substantial effect on the Group's businesses, the Group attempted to seek measures to deal with such problems. The new businesses in credit facilities and financial services provided to large corporations with strong financial status through the Corporate Banking Group, and the offer of financial market products to financial institutions and corporations of the Financial Markets Group set up in 2013, started to generate profit in 2014. Also, the Bank signed an exclusive Bancassurance agreement to distribute life insurance, health insurance and personal accident insurance through various channels of the Bank. These businesses could help diversify the concentration risk from its existing core business dependency. In addition, the Group has developed new service channels to respond to clients' needs, recruiting several valuable personnel with experience and expertise to support the target achievement. The Group has also reduced the cost of funds, improved its risk management, and increased operational efficiency in order to increase its competitiveness, grow steadily and create more value to shareholders in the long term.

Besides these developments, after the merger between the Bank and Phatra Capital Public Company Limited ("PHATRA"), the synergies aiming for co-operation to increase the business potential and opportunities by combining all strengths and potential have made substantial progress. For the private client business, the Group has focused on working in tandem to advance the private wealth management business in terms of the amount of assets under advisory services and revenue generation. Meanwhile the investment business of the Group has been centralized in order to improve efficiency, provide good returns with appropriate risk levels, and benefit from utilizing the Bank's strong capital.

For corporate governance, the Group strives to upgrade its corporate governance to be consistent with the newly issued corporate governance guidelines for listed companies and to be more comparable to international standards. The Board of Directors therefore annually reviews its Corporate Governance Principles. During 2014, the Bank improved several corporate governance practices, for instance, issued an anti-corruption policy, assessing the risk of corruption, requiring all employees to undertake E-learning and tests on the Guidelines for Business Conduct, improving the guidelines for securities trading of directors and executives, improving procurement regulations, and setting up a Credit Risk Management Sub-committee and Crisis Management Sub-committee.

The strong intention and attempt to improve corporate governance has enabled the Bank to rank among the top 50 Thai listed companies for the ASEAN CG Scorecard rating. The Bank has also been granted several corporate governance awards, including the SET Award of Honor on the Corporate Governance Report in 2014 presented by the SET and Money & Banking Magazine for five consecutive years (2010-2014), and rated as "Excellent" by the annual corporate governance survey of the Institution of Directors (IOD). Moreover, the Bank has been certified as a full member of the Private Sector Collective Action Coalition Against Corruption.

In addition, the Bank realizes the importance of its responsibilities to society, community and the environment. In 2014, the Board of Directors approved a written policy for conducting business with responsibility towards society so that directors, executives and employees of the Bank have guidelines for performing their duties responsibly for society in ten areas. These include operating business by taking into account of all stakeholders; aligning the benefits of the Group, employees, clients and shareholders with benefit in the country's economic and capital and financial market development; supporting society, social activities and community engagement; and improving the community and society for better living. The Bank's focus on these shared principles has been recognized, with the Bank having been granted the SET Award of Honor for the best CSR in 2014 (and for three consecutive years since 2012).

For 2015, the challenges facing the Group's business operation are the direction of the world economy and trade, the health of the domestic economy, the price trends for agricultural products, household debt, NPLs, increases in manufacturing costs and the cost of living, changes in numerous taxes, political stability and the preparation for the ASEAN Economic Community.

The Group will carefully make investments and expand its investment in businesses which have good trends and in which the Group has expertise and competence. It will try to maintain its current clients, gain more access to new target clients and increase synergies within the Group. Also, it will continue to focus on improving the performance of employees and executives, invest in information technology systems to increase efficiency in servicing and supporting business expansion and complexity, and continue to providing convenient services for clients through innovative solutions and channels to serve all lifestyles. This is reflected in the Bank's new slogan: "Kiatnakin Bank...BECOME A BETTER YOU". In the meantime, the Bank will constantly endeavor to improve its corporate governance and risk management in all aspects in order to minimize the potential for damage to its operations and reputation.

The Group's operation benefits from the support and cooperation of all parties including shareholders, clients, business allies, employees and executives. On this occasion, the Board of Directors would like to thank you and wish you happiness and success in your work and family life.



Mr. Supol Wattanavekin
Chairman of the Board of Directors



Mr. Banyong Pongpanich
Chief Executive Officer

Board of Directors



Mr. Supol Wattanavekin
Chairman



Mr. Pichai Dachanapirom
Independent Director



Assoc. Prof. Manop Bongsadadt
Independent Director



Mr. Chet Pattrakornkul
Independent Director



Mr. Pravit Varutbangkul
Independent Director



Mr. Pongtep Polanun
Independent Director



Mr. Tarnin Chirasoonton
Director



Mr. Suraphol Kulsiri
Director



Mr. Banyong Pongpanich
Director



Mr. Aphinant Klewpatinond
Director



Mr. Krittiya Veeraburus
Director



Ms. Thitinan Wattanavekin
Director



Mr. Suvit Mapaisansin
Director



Mr. Pracha Chumnarnkitkosol
Director



Mrs. Patraporn Milindasuta
Director

Executive Committee



Mr. Banyong Pongpanich
Chairman of the Executive Committee



Mr. Aphinant Klewpatinond
Member



Mr. Krittiya Veeraburus
Member



Ms. Thitinan Wattanavekin
Member



Mr. Suvit Mapaisansin
Member



Mr. Pracha Chumnarnkitkosol
Member



Policy and Business Overview

Background

Kiatnakin Phatra Financial Group (“the Group”) emerged from the merger between Kiatnakin Bank Public Company Limited (“the Bank”) and Phatra Capital Public Company Limited (“PHATRA”) on September 13, 2012 in order to synergize their business expansion and pursue the achievement of operational excellence in each of the core businesses of the Bank and PHATRA with the aim to combine their relevant banking expertise and capital market proficiency. As a result of the merger, the Bank acquired 99.93% of PHATRA and offered newly-issued ordinary shares of the Bank to PHATRA’s shareholders at the swap ratio of 1 share of PHATRA to 0.9135 shares of the Bank in accordance with the merger plan approved by the 2012 Annual General Meeting of Shareholders.

After the merger and until the present time, the Group operates two main businesses, namely commercial banking operated by the Bank and capital market business operated by companies in the Group, which consists of PHATRA, Phatra Securities Public Company Limited (“PTSEC”), KKTRADE Securities Company Limited (“KKTRADE”) (previously known as Kiatnakin Securities Company Limited/ KKS) and Phatra Asset Management Company Limited (“PASSET”) (previously known as Kiatnakin Fund Management Company Limited/ KKF).

In 1971, the Bank was established as Kiatnakin Finance and Securities Company Limited with Baht 10 million in registered capital to operate the finance and securities businesses. The company was listed on the Stock Exchange of Thailand (“the SET”) in 1988 before its transformation to a public company in 1993. Eventually, its finance business and securities businesses were separated in 1999.

Kiatnakin Finance and Securities Company Limited was operating at the time of the financial boom period and also experienced several national economic crises, especially the economic crisis in 1997 in which

the company was one of the 57 financial institutions that were forced to temporarily discontinue operation. However with its perseverance, commitment and support from its strong alliances with shareholders, clients, management and employees, the company was granted permission by the Ministry of Finance to resume business operation in 1998. The Company continued to steadily grow until it was granted permission to upgrade from a financial company to be “Kiatnakin Bank Public Company Limited” and began to operate as a commercial bank from October 3, 2005 onwards.

PHATRA is a holding company set up on April 1, 2010 as a public company limited under the business restructuring plan of PTSEC to engage directly in the investment business and hold shares in PTSEC.

PTSEC is a broker member of the SET (no.6). PTSEC was founded on September 17, 1997 under a policy of separating finance and securities businesses of Phatra Thanakit Finance and Securities Public Company Limited, set up in 1972, in order to carry on securities business. PTSEC’s main businesses consist of securities and derivatives brokerage business for local and foreign institutional clients in which PTSEC had Bank of America Merrill Lynch as its exclusive business partner and for high-net-worth individuals in which PTSEC operates private wealth management business focusing on asset allocation, investment banking business and investment business.

In addition, the companies in the Group consist of KKTRADE and PASSET in which the Bank holds 99.99% shares via PHATRA.

On September 25, 2012, the newly-issued ordinary shares of the Bank started trading in the SET, while PHATRA’s shares were delisted from the SET. Later, the Bank officially changed the stock trading ticker from “KK” to “KKP” effective from August 1, 2013 onwards.

Corporate Strategy

The Bank's Board of Directors in the meeting no. 5/2014 dated on July 31, 2014 considered and resolved to adjust the Bank's vision and mission in order to be consistent with the current business strategy as follows:

Vision : To attain business growth along with the success of customers and society.

Mission : To provide resources to customers properly, adequately and proficiently through services beyond expectation and none like other.

For long-term strategy, the Group emphasizes the businesses in which it has expertise and competitiveness through the development of a wide range of financial and investment products to serve target clients' needs. To accomplish this, the Group strives to create business innovations, generate synergies within the Group, as well as expand into new businesses to enhance its full commercial banking operating capabilities.

The Group plans to increase its service effectiveness and respond to various needs of clients through a variety of service channels. The Group also focuses on improving its internal business processes including risk management and efficient monitoring and control. For organizational development, the Group concentrates on human resources development, information system improvement and strengthening its corporate culture, which are fundamental for business development.

The Group has a policy on organizational development in five main areas as follows:

1. Flexibility: To be a highly flexible organization in order to be able to respond to various clients' needs;
2. Speed: To be able to service clients rapidly with its precise decision-making process;
3. Innovation: To be an innovative organization with a continuous product and process development to be in line with the market trend;
4. Quality: To be an organization with strong resources

in the aspects of employees, capital, and information systems; and

5. Efficiency: To be an effective organization by controlling its operating cost to a competitive level

Major Developments 2012

The Accomplishment of the Merger with PHATRA

Referring to the merger plan between the Bank and PHATRA approved by the 2012 Annual General Meeting of Shareholders dated on April 26, 2012, the Bank made the tender offer for PHATRA's shares from all PHATRA's shareholders in order to delist PHATRA's shares from the SET at the share swap ratio of 1 share of PHATRA for 0.9135 share of the Bank, provided that, upon expiration of the tender offer period, the number of shareholders accepting the tender offer had to represent not less than 75% of the total shares sold in PHATRA. Moreover, if the transaction resulted in more than 90% of PHATRA's total shares being sold, the Bank would transfer its entire shares in KKS at the book value and shares in KKF at the acquisition price to PHATRA.

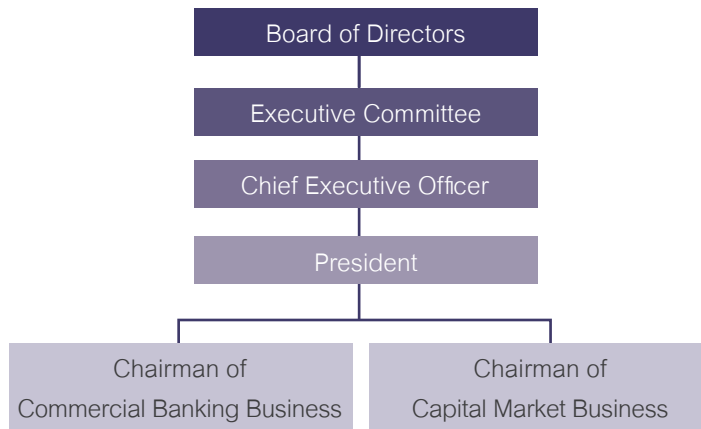
The merger was successful on September 13, 2012 with 99.93% of total shares of PHATRA accepting the tender offer, and therefore the ordinary shares of the Bank increased by 191,979,745 shares which started trading on the SET on September 25, 2012 when PHATRA's shares were delisted from the SET.

Additionally, the Bank completed the additional share purchase of 40% of total shares sold of KKF from the Government Pension Fund (GPF) pursuant to the resolution of the Bank's Board of Directors' meeting no. 7/2012 dated on September 7, 2012. The transaction was completed on September 28, 2012 when the total Baht 63 million was settled in exchange for 4.8 million shares of KKF. There was a record of goodwill totaling Baht 19 million from this transaction. Therefore, the Bank held 99.99% shares in KKF. Thereafter, the Bank transferred shares in

KKF and KKS to PHATRA on December 28, 2012 and January 2, 2013 respectively in accordance with the merger plan.

Business Supervision and Management

After the merger, the management of the Bank and PHATRA have targeted to achieve business cooperation, whether between commercial banking and/ or capital market business, or between existing and new businesses. The Group aims to exploit the positive potential of both entities in adding value to maximize the benefits to the overall organization.



The structure of business supervision and management is comprised of the following:

1. The Bank's Board of Directors, which consists of 15 directors, is responsible for determining the policy framework and strategic plan for the businesses of the Bank and the companies in the Group.
2. The Executive Committee is responsible for determining the policy, strategic plan and operational targets of the Bank and the companies in the Group, as well as setting the business plan and annual budget to be proposed to the Bank's Board of Directors.
3. Management of the Group consists of the following:
 - 3.1 The Chief Executive Officer (CEO) is responsible for all aspects assigned by the Executive Committee. The CEO's duties and responsibilities include setting a detailed business plan and supervising the President of the Bank, heads of the business group and executives of the Bank and the companies in the Group to ensure that operation in all aspects is achieved in terms of the policy, financial targets, business plan and annual budget.
 - 3.2 The President is responsible for the overall operation of the commercial banking and capital market businesses and reports to the CEO.
 - 3.3 The Chairman of Commercial Banking Business is responsible for the commercial banking business operation and reports to the President.
 - 3.4 The Chairman of Capital Market Business is responsible for the capital market business operation, which consists of PHATRA and securities and asset management companies in the Group.

2013-2014

Development of Products and Service Channels

- CarQuickCash

In the first quarter of 2014, the Bank has engaged in partnership agreements with B-Quik Company Limited ("B-Quik") and Counter Service Company Limited ("Counter Service"), a subsidiary of CPALL, to expand distribution channels of the Bank's CarQuickCash and CarQuickCash Pae-Pong through B-Quik Service Center and Counter Service within 7-Elevens nationwide. A partnership with B-Quik will greatly enhance clients' convenience by allowing potential clients to apply and receive car check-ups at over 100 B-Quik service centers from 8:00-20:30 hrs. every day without an appointment. Application through Counter Service can be made 24 hours a day at over 8,000 7-Eleven branches by providing an ID card, license number and contact number, whereupon clients will be contacted by the Bank within the next business day.

The partnerships the Bank has engaged in with B-Quik and Counter Service emphasize the Bank's goal of continuously providing convenience services for our clients through innovative solutions and channels to serve all lifestyles. This is reflected in our new slogan "Kiatnakin Bank...BECOME A BETTER YOU".

- Development of Electronic Service Channels for Retail Banking

The Bank aims to increasingly provide retail banking services through electronic channels. This is in order to improve the client experience of target segments, increase the number of alternative channels and create uniqueness of the Bank.

Since the first quarter of 2014, the Bank has started offering KK Smart SMS service, which sends alerts on net balance changes and account balances after financial transactions via SMS to clients' mobile phones.

In the second quarter of 2014, the Bank launched KK Auto, which was a mobile application to facilitate clients in finding car prices and calculating car loans. It is also an

alternative channel for clients to request a car loan with the Bank.

Lastly, since November 2014, the Bank has opened a cash deposit service via Cash Deposit Machine (CDM). Clients can deposit money to the Bank using the Cash Deposit Machine Network of all banks in Thailand.

The Bank continually focuses on the development of electronic service channels and expects to constantly provide other electronic service channels.

- Entering into an Exclusive Bancassurance Agreement

On December 18, 2014, the Bank engaged in an exclusive Bancassurance agreement with Generali Life Assurance (Thailand) Public Company Limited ("Generali") for the period of fifteen years starting from 2015 onwards, to distribute life insurance, health insurance and personal accident insurance from Generali through various channels of the Bank. The partnership will help strengthen the Bancassurance business of the Bank as the Bank will be working closely with Generali to develop client-oriented and competitive products. Moreover, the Bank, together with Generali, will equip the Bank's personnel with knowledge and understanding of life insurance in order to be able to better cater to clients' needs.

Development of Operational Efficiency

In order to serve business needs and increase the sustainable competitiveness and clients' satisfaction, the development of operational efficiency is a priority. In 2013 and 2014 efforts were focused on improving and stabilizing the operational system. The Bank emphasizes the central importance of clients and considers changes and competition in the industry, and has developed its operations as follows:

1. Operation Simplicity: The Bank utilizes information technology to facilitate clients using the Bank's services, aiming to simplify and shorten the service procedures suitable for each kind of transaction.

2. Operation Centralization: This is to reduce operational procedures at the sales and service point. Operation centralization also increases the quality of work by using skilled people and offers economy of scale.

3. Internal Control Improvement: The Bank values the importance of internal control improvement to create credibility on service quality.

4. Cost Optimization: The Bank endeavors to increase the effectiveness in resource usage rationalization, productivity improvement and procurement system.

Recruitment of Personnel

Since the merger between the Bank and PHATRA in 2012, the Group's businesses are diverse and there have been numerous tasks to perform in order to achieve the strategic goal. Consequently, the Group has put great emphasis on recruiting personnel with expertise and experience which can support the Group to accomplish its objectives. The Group has started from organizational restructuring, aiming to help increase the effectiveness of the existing businesses, set up new businesses, create a check-and-balance system and synergize the benefits of the Group. When the new organizational structure was formed, the Group started from recruiting main personnel in senior executive posts (heads of business or support groups/business departments) so that they could partake in recruiting their team using experience, knowledge and relationships.

During the past two years, the Group was able to recruit several valuable personnel with experience and expertise from leading local and international banks for the Financial Markets Group, Corporate Banking

Group, Process and Product Improvement and Alternative Channels Group, Sales and Distribution Group, Human Resources Group, and Information Technology Group. The Group continues to value its personnel and believes that the capabilities and co-operation of all staff will enable the Group to achieve its objectives as planned.

New Business Expansion and Organizational Restructuring

In 2013, the Bank established two new business units, namely the Financial Markets Group and the Corporate Banking Group to enhance its full banking operating capabilities. The Financial Markets Group is in charge of financial market product development - fixed income, derivatives and foreign exchange - to offer a variety of services to clients of the Bank and capital market business. In the meantime, the Corporate Banking Group is responsible for providing credit facilities and financial services to large corporations with strong financial status in order to enhance the utilization of the Bank's capital and diversify the Bank's concentration risk from its existing core business dependency.

Moreover, the Bank improved its organizational structure by establishing the Process and Product Improvement and Alternative Channels Group and the Credit Analysis Group in order to enhance the business support and credit control system capabilities.

In 2014, the Corporate Banking Group started providing credit facilities to large corporations, for instance CP All Public Company Limited and Xayaburi Power Company Limited. As of the end of 2014, the Bank had outstanding loans for large corporations of Baht 5,780 million.

Meanwhile, the Financial Markets Group offered financial products to local and foreign financial institutions and counterparties. Its main financial products include bonds, foreign exchange and derivatives.

Regarding the bond market, the Bank highly focuses on corporate bonds which have received considerable attention from both financial institutions and private banking clients. The Bank was ranked fifth in the corporate bond market with a 6.1% market share in 2014. Meanwhile, the Bank was ranked 18th in the overall bond market with a 1.1% market share in 2014.

For foreign exchange and derivatives, the Bank provides hedging solutions to clients by offering derivatives such as FX Spot, FX Forward, FX swap, Interest Rate Swap and Cross Currency Swap.

Besides the new businesses above, on December 24, 2014, the Securities and Exchange Commission ("the SEC") registered the Bank as a derivatives dealer, which could provide services to institutional investors.

Synergies within the Group

After the merger, the Bank and companies in the Group have been co-operating to increase the business potential and opportunities by expanding the existing businesses and reducing limitations of both organizations. The Group aims to synergize the overall benefits and effectively raise its competitiveness by combining all strengths and potential of every company in the Group, e.g. the Bank's capital, PHATRA's experience in the capital market business and the client networks of both organizations. So far, there are synergies in the following two areas:

- Private Client Business

The Group has focused on working in tandem to advance the private wealth management business of the Group in terms of the amount of assets under advisory and

revenue generation. It started from combining the client base, making clear client segmentation and then referring clients who requested such service to PTSEC, which has expertise in providing private wealth management services. The Group therefore has more variety of services to serve its private clients. As of December 31, 2014, there were more than 1,280 clients of the Bank interested in PTSEC's private wealth management business leading to the referral of more than Baht 21,907 million of assets under advisory. Furthermore, in 2014, PTSEC was granted approval from the Bank of Thailand to be able to introduce the Bank's deposit products to its private clients.

- Investment Business

The investment business of the Group has been centralized in order to efficiently improve, expand and provide good return with appropriate risk levels. PHATRA and PTSEC operate the Group's investment business by utilizing their experience in the capital market and investment business and the Bank's capital. The Group has considered allocating and prioritizing its investment portfolios according to the return and proper risk level, for instance, the long-term investment in securities, arbitrage trading, etc. As of December 31, 2014, the investment business of PHATRA and PTSEC was valued at Baht • million, an increase from Baht • million as of June 30, 2012 (before the merger). Consequently, the Group had revenue from investment business increasing from Baht • million in 2011 (before the merger) to Baht • million in 2014.

Corporate Governance Improvement

- Corporate Governance Practice Improvement

The Bank strives to upgrade its corporate governance to be consistent with the newly issued corporate governance guidelines for listed companies - the SET's Principles of Good Corporate Governance for Listed

Companies, the Corporate Governance Report of Thai Listed Companies of Thai Institute of Directors Association (IOD) and the ASEAN Corporate Governance Scorecard - and to be more comparable to the international standard. Therefore, the Bank has continuously tried to make improvements in several aspects. During 2014, the Bank improved its corporate governance practices, which included the following:

- Ensured the importance of compliance with the Guidelines for Business Conduct and required all employees to do the E-learning and the test on the Guidelines for Business Conduct;
- Issued the Bank's Anti-corruption policy, communicated such policy to all employees and assessed the risk of corruption;
- Defined and disclosed the written roles, duties and responsibilities of the Chairman of the Board of Directors and the code of conduct for investor relation officers on the Bank's website;
- Reviewed and revised the Bank's Corporate Governance Principles to add roles, practices and responsibilities of the Bank towards creditors and secured creditors and guidelines for protecting employees informing misconduct or whistle blowing;
- Improved the guidelines for securities trading of directors and executives by requiring at least one day's pre-approval;
- Improved the Bank's procurement regulation prescribing the supplier selection criteria;
- Required all committees under the supervision of the Board of Directors to perform self-assessments; and
- Disclosed charters of the Board of Directors and committees, matters under the authority of the Board of Directors, memorandum of association, risk management policy of the Bank and criteria for submission of questions concerning the

agenda Item for the Annual General Meeting of Shareholders on its website.

- Set Up Credit Risk Management Sub-committee and Crisis Management Sub-committee

The Risk Management Committee has established the Credit Risk Management Sub-committee to assist in managing credit risk. The Credit Risk Management Sub-committee has roles, duties and responsibilities in considering and recommending on the sufficiency and appropriateness of the credit risk management policy, strategy, framework and instrument; screening and/or reviewing criteria relating to lending, commitments, and any transactions with loan-like characteristics; screening and/or reviewing product programs in terms of credit risk associated with new products; screening criteria for asset quality assessment to ensure that the provision for loans, commitments and transactions with loan-like characteristics is in accordance with rules and regulations; approving the qualitative asset classification for loans, commitments and transactions with loan-like characteristics; and monitoring the lending portfolio's quality and relevant lending procedures in order to supervise and/ or make recommendations on significant credit risks to relevant units.

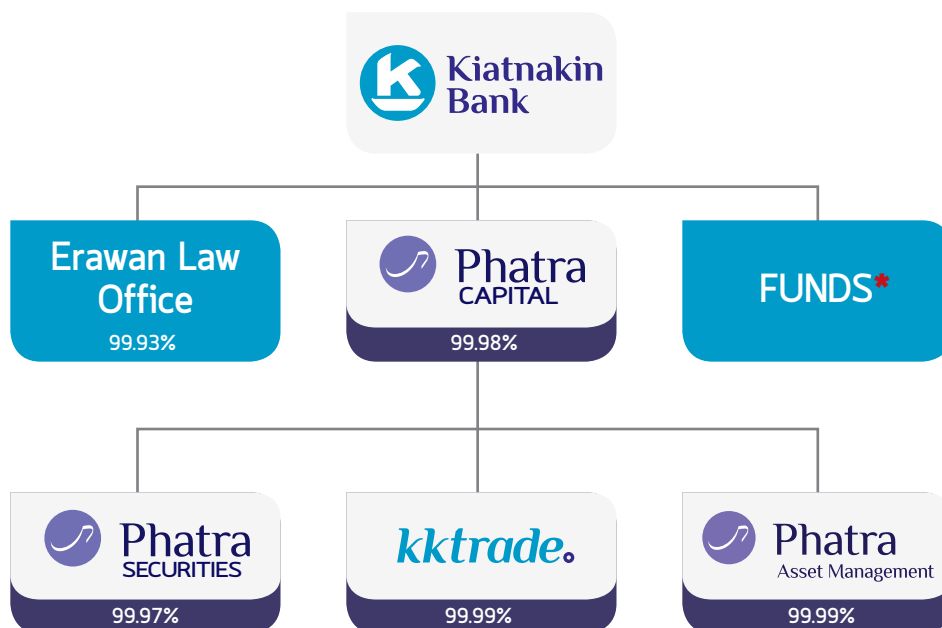
Furthermore, the Bank has set up the Crisis Management Sub-committee to assist the Commercial Banking Management Committee to fulfill its oversight responsibility in managing business continuity. This is to ensure that the business continuity management system is effective and appropriate for the situation and in case there is any incident interrupting the Bank's normal business, its critical business functions can continually operate or resume operation within a suitable time period in accordance with the guidelines of the Bank of Thailand.

Shareholding Structure of the Group

The Bank, the parent company of the Group, operates the commercial banking business. PHATRA is the Bank's subsidiary company, which is a holding company and operates an investment business. PHATRA has subsidiary companies which consist of PTSEC and KKTRADE, which are securities and derivatives brokers, and PASSET, which is the asset management company.

In addition, the Bank has Erawan Law Office Company Limited as its subsidiary providing legal services to the Bank and holds unit trusts in eight mutual funds for resolving financial institution problems.

The shareholding structure of the Group is as follows:



* The Bank holds 99.95% shares in Asia Recovery Fund 1, 99.59% shares in Asia Recovery Fund 2, 99.97% shares in Asia Recovery Fund 3, 98.91% shares in Thai Restructuring Fund, 99.52% shares in Asia Recovery Property Fund 1, 98.77% shares in Asia Recovery Property Fund 3, 95.72% shares in Bangkok Capital Fund and 94.03% shares in Gamma Capital Fund.

The Bank's subsidiaries according to the Bank of Thailand's Consolidated Supervision Guidelines are as follows:

1. Solo Consolidation: None

2. Full Consolidation

2.1 Phatra Capital Public Company Limited/
PHATRA

PHATRA is a holding company operating an investment business. PHATRA has paid-up capital of Baht 1,051,651,200.

2.2 Phatra Securities Public Company Limited/
PTSEC

PTSEC operates securities businesses, which are securities brokerage, securities dealing, underwriting, securities borrowing and lending and investment advisory, and derivatives businesses, which are derivatives brokerage and derivatives dealing. In addition, PTSEC has registered as a financial advisor type A providing financial advisory services with the Ministry of Finance and has been granted permission by the SEC to act as a financial advisor and selling agent for limited BDU.

PTSEC has paid-up capital of Baht 1,067,500,000.

2.3 KKTRADE Securities Company Limited/
KKTRADE

KKTRADE operates securities businesses, which are securities brokerage, securities dealing, debt securities trading and underwriting, and derivatives brokerage. KKTRADE has paid-up capital of Baht 650,000,000.

2.4 Phatra Asset Management Company
Limited/ PASSET

PASSET operates mutual fund and private fund businesses and has paid-up capital of Baht 120,000,000.

2.5 Erawan Law Office Company Limited
Erawan Law Office Company Limited provides legal services regarding claims, litigations as well as legal advisory to the Bank and the funds in which the Bank holds unit trusts. Erawan Law Office Company Limited has paid-up capital of Baht 1,000,000.

Business Operations

The Group strives to develop products and services to better serve the needs of our targeted client groups. The Group's business is divided into two main groups: the commercial banking business operated by the Bank and capital market business operated by subsidiaries which comprise of PHATRA, PTSEC, KKTRADE and PASSET.

Revenue Structure of the Group

The revenue structure of the Group in accordance with the consolidated financial statements for the years ending December 31, 2012–2014, were as follows:

	2012		2013		2014	
	Baht Million	%	Baht Million	%	Baht Million	%
Interest Income	14,452	125.5	15,809	110.8	15,942	115.8
Interest Expense	7,339	63.7	7,462	52.3	7,016	51.0
Net Interest Income	7,113	61.8	8,347	58.5	8,926	64.8
Fees and Services Income	2,573	22.3	4,838	33.9	3,863	28.1
Commercial Banking Business	1,581	13.7	1,720	12.1	1,704	12.4
Capital Market Business	992	8.6	3,118	21.9	2,159	15.7
Fees and Services Expense	292	2.5	481	3.4	411	3.0
Net Fees and Services Income	2,281	19.8	4,357	30.5	3,452	25.1
Net Gain (Loss) on Trading and Foreign Exchange Transaction	226	2.0	443	3.1	574	4.2
Net Gain (Loss) on Investment	443	3.8	637	4.5	249	1.8
Gain (Loss) from Sales of Foreclosed Assets	1,224	10.6	-	-	-	-
Dividend Income	23	0.2	206	1.5	278	2.0
Other Operating Income	209	1.8	276	1.9	291	2.1
Total Operating Income	11,518	100.0	14,265	100.0	13,770	100.0

Nature of Products and Services

1. Commercial Banking Business

Overall in 2014, the Bank has focused on the following four key elements: (1) developing products and services; (2) enhancing the distribution channels; (3) forming strategic alliances; and (4) growing the Bank's new businesses both in the areas of Financial Markets and Corporate Banking.

The commercial banking business is divided into the following four groups, namely Private Client Group, Corporate Client Group, Specialized Business Group, and Support Function Group.

1.1 Private Client Group

The Bank gives importance to the development of innovations to provide clients with different choices and optimum benefits, and also to enhance the Bank's effectiveness of service offered via branch and other channels while maintaining a good relationship with clients that lead to client expansion and sustainable growth. The Private Client Group provides financial products and services to retail clients. Key products and services include loans, deposits and several types of investment as follows:

- *Auto Hire Purchase*

The Bank provides all types of motor vehicle hire purchase services to both new and used vehicles including passenger cars, multi-purpose vehicles, and commercial vehicles for individuals and corporate entities. In essence, clients can choose the payment schemes that best fit their needs. Our hire purchase products offer clients the choice of equal installments or with unequal installments to best fit clients' financial requirements. Moreover, the Bank also offers other related automobile services such as application for vehicle licenses, car insurance, payments of annual motor vehicle tax and other related automobile taxes. Our services cover the Bangkok metropolitan area and other provincial areas.

Hire purchase business is the Bank's major line of business, accounting for 67% of the Bank's total lending portfolio. The hire purchase portfolio ratio between new and used vehicles was 55% to 45% as of December 31, 2014. The Bank has continued to place strong emphasis on its hire purchase business, by taking into account both market and competitive conditions that enable proper adaptation to changing situations. In this regard, fast and efficient service has been focused upon while maintaining strict credit controls to ensure the loan quality.

- *CarQuickCash*

The Bank also offers loans to car owners through our CarQuickCash product for use in case of financial emergencies or as working capital. Two types of options are available: (1) transfer of car registration (with flat interest rate) and (2) non-transfer of car registration (with effective interest rate) which is the Bank's new line service that helps reduce interest burden and save on transfer fees.

- *Personal Loan*

Personal loan business involves multi-purpose loans extended to existing hire purchase clients with good credit status and repayment records to support their liquidity needs. The personal loan comprises two facility types: (1) term loans which are unsecured multi-purpose loans with a scheduled repayment term and quick loan approval process granted to support the liquidity needs of borrowers; and (2) revolving loans which are a loan facility in which the cash amount can be transacted by using the Bank's KK Cash Card for withdrawals via the ATM Pool with the minimum repayment amounts prescribed by the Bank. In addition, the Bank plans to extend the personal loan service to new client groups. Improvement of the Bank's loan approval process has been undertaken to better serve our target clients.

- Housing Loan

Housing loans are credit extended to finance homebuyers for purchasing new and used houses, including house loan refinance. The Bank has cooperated with the Secondary Mortgage Corporation (SMC) to offer long-term fixed rate housing loans to reduce clients' risk on interest rate fluctuations. Moreover, under cooperation with our Commercial Lending Group, the Bank offers post-financing with special packages and other privileges to retail clients purchasing real estate projects where the Bank provides pre-financing. The Bank co-arranges "Financial Day" activity with clients who own the housing projects, having the Bank's consultants give advice on loan approval and provide pre-approval service.

- Micro SME Loan

Micro-SME loans are credit extended to finance individuals or corporate entities conducting small business which includes service industry, retail and wholesale business sectors. There are various types of facilities for this lending category such as a business working capital line, O/D and business expansion loans, etc. The Bank focuses on the quality of its Micro SME portfolio by tightening policies and customizing product programs to best fit with the current conditions and requirements of each business type to prevent and control the rate of non-performing loans (NPL).

- Retail Deposit and Investment

The Bank provides deposit services to its retail clients, both individual and corporate entities. There are three main types of deposit accounts: current, saving and fixed deposit. The Bank consistently develops new products and services to serve its clients' needs and enhance their satisfaction while taking into consideration the changes in market environment.

In 2014, the Bank launched a special savings deposit account ("KK Smart Bonus") to serve clients with high deposit balances. The product allows flexibility in withdrawals but still offers high deposit rates. Additionally, in order to provide our clients with added convenience, clients can now make deposits through any banks' Cash Deposit Machine (CDM). In addition, the Bank acts as a distributor to sixteen asset management companies. Together with advice from our team of investment experts at PTSEC, our retail clients can receive services that best fit their investment needs.

- Bancassurance

The Bank also acts as an insurance broker, or "Bancassurance" provider, providing investment advice and offering life and casualty insurance products. The Bank cooperates with leading insurance companies with strong financial positions which are able to serve our clients nationwide. Our aim is to design and develop a wide range of insurance coverage with the insurers, to provide suitable insurance policies for the Bank's clients. The Bank offers various insurance products such as the following:

1) Non-life Insurance - provides protection on insured buildings and assets including life, health and properties of the insured such as fire insurance, motor insurance, all risk insurance, marine and inland insurance, etc.

2) Life Insurance - the Bank offers consultation and financial planning on products such as saving, annuity, and various type of credit life insurances offering debt obligations coverage to help reduce the financial burden arising through unexpected events, for example auto hire purchase, personal loan, housing loan, floor plan lending etc.

In order to provide the Bank's clients with added convenience, in 2014, the Bank launched "Easy Box", an instant insurance coverage for accident and cancer. These are aimed at providing ease of purchase to our clients. The Bank also focuses on improving its technology in order to provide our clients with service convenience through electronic channels in the future.

- *Used Car Auction*

In addition to the products and services offered to our retail clients above, the Bank also holds used car auctions for the cars that it has possessed from clients at its two auction centers which are located on the Bangna-Trat Highway (8th km.) and in Udon Thani province. In 2011, the Bank's auction centers were the very first car-auction centers in Thailand to be accredited with ISO 9001:2008 due to its high-standard integrated full-service capacity which offers a qualified choice service to the public.

- *Priority Banking*

PRIORITY service is specially created by the Bank for our high net worth clients whose combined value of deposit and investment (average asset) is Baht 10 million or more. Our relationship manager and a team of professional financial experts provide specific, practical analysis and advice to clients. The Bank provides funding & wealth products and services to optimize our clients' needs such as deposits, investment-related services covering equity instruments, bonds, commodities, real estate and including bancassurance, namely saving, annuity, and life insurance products. The Bank also provides E-banking service, financial and investment planning & consultation and transaction services. In addition, the Bank acts as a mutual fund selling agent of asset management companies and has formed a business alliance with insurance companies to conduct bancassurance business.

Main PRIORITY services are:

- PRIORITY Deposit - comprises several types of accounts, specially selected for our clients to choose from. The Bank provides solutions to all clients' financial needs with attractive interest rates.
- PRIORITY Investment Consultant - provides advices on our clients' investment plan with our financial specialists to ensure that their investment proportions are appropriate.
- PRIORITY Financial Planning - makes plans for our clients' financial goals before and after retirement, including educational planning for their children through investment allocation strategy and appropriate risk management scheme.
- PRIORITY Consolidated Statement – service designed to provide our clients with comprehensive reports for all types of their financial activities and investment in financial instruments along with a portfolio review by specialists.
- PRIORITY Real Estate Consultant - service specially created for clients who are interested in engaging in real estate business. The service includes a comprehensive analysis by experts from various fields in order to reduce investment risk and to create the opportunity for investment return and to lead to sustainable business success.

Besides PRIORITY services, the Bank also gives various PRIORITY privileges including PRIORITY Lifestyle, PRIORITY Lounge, PRIORITY Health Care, PRIORITY Financial Privileges, PRIORITY Exclusive Events which are organized all year round by nationally known specialized experts. Examples of the exclusive events are as follows:

- Investment Seminar – to increase knowledge in finance and investment including an update on worldwide investment situations;
- NeXtGen Program From Study to Success - a seminar that aims to prepare clients' business successor and to further strengthen and advance their business; and

- Exclusive Cultural Experience – clients can enjoy the value of Thai culture through various cultural activities such as traveling and rare performances.

1.2 Corporate Client Group

The Corporate Client Group provides service to corporate clients based on the following segments: Corporate Banking Group and Commercial Lending Group. The Corporate Banking Group services medium to large-sized corporations while the Commercial Lending Group services medium-sized companies within the six focused sectors in which the Bank has expertise.

- Corporate Banking

The Corporate Banking Group was formed in the second half of 2013 after the merger with PHATRA. The purpose was to maintain the synergies formulated from the Group using business relationships that PTSEC had with listed companies in the SET and other major companies when they were providing investment banking and financial consultancy services and raising capital through sale of assets, other financial and investment services. This is done in conjunction with the Bank's experts offering credit facilities, with the aim of branching out into other types of businesses and diversifying risks outside those of auto hire purchase and real estate lending.

The Corporate Banking Group is responsible for offering credit facilities to listed companies in the SET and also other companies under the Credit Policy of the Bank. This does not include those already managed by the Commercial Lending Group.

The Group aims to provide a full range of financial services and instruments that the client would require. Our target market is the listed companies, their subsidiaries and their affiliates, non-registered major companies and multi-national companies. Our credit services include revolving credit line (working capital),

project finance, loan syndication, loan for business expansion and other credit products that evolve with the financial and money markets.

The Corporate Banking Group coordinates with PTSEC's teams, Financial Markets team and other departments to offer various financial services to clients, leading to a broader and deeper understanding of the targeted businesses. Together with the finance and capital markets, the Bank is able to research and select targeted clients by giving the appropriate finances, with a medium-term target of building a portfolio suitable for the Bank. It will provide growth in assets and revenues, broaden the revenue base and diversify risks, especially in respect of strategic risk and concentration risk of the Bank's credit portfolios.

As of December 31, 2014, the total corporate lending portfolio was Baht 5,780 million.

- Commercial Lending

The Commercial Lending Group provides services to the following six sectors in which the Bank has expertise.

As of December 31, 2014, the total commercial lending portfolio was Baht 48,103 million. The details of each sector are as follows:

1. Real Estate Lending

The Bank provides real estate lending to property development companies and real estate developers within Bangkok and in the provincial areas. Real estate lending is a credit scheme facility that requires project finance skills and clear understanding of the development purpose of the projects. The Bank concentrates on facilitating our clients with our timely approval processes, suitable types of loan facilities, an adequate loan amount, and appropriate repayment schedules that suit the clients' anticipated cash flow scheme. The Bank is equipped with qualified credit teamwork and technical specialists that are capable

of providing a full range of services including technical advisory services on engineering works, construction, architectural designs, research and development information, as well as regulations and legal matters. The Bank also has a network that can provide client support on advertising, public relations, and project management. These supports are aimed at enhancing the clients' business potential.

2. Apartment and Hotel Lending

Apartment and hotel lending is credit extended to clients who operate rental apartments, service apartments, rental of residential units, and dormitories; both for new investments and for renovation work. The Bank has architectural and engineering teams which can offer advice on construction plans and construction work for the projects. The Bank's clients are land owners who want to develop their properties for residential rental purposes and existing owners of dormitories and apartments who need additional financing for their business expansion or renovation purposes.

3. Logistics Lending

Logistics lending is credit extended to finance logistic activities, which includes transportation of cement, oil, container boxes, automobiles and vehicles spare parts, etc. In this regard, the Bank offers various credit types such as hire purchase for owners of car rental fleets and hire purchase for trucks and lorries, towing trucks with two or more trailers, and commercial vans (NGV). Other facilities for logistic lending are term loans for land purchase and building construction, and working capital facilities.

4. Floor Plan Lending

Floor plan lending is credit extended to finance both new and used car dealers, to support their working capital requirements. The Bank's lending products include working capital lines, term loans, L/G and O/D lines. The credit purposes are to support business operations, long term expansion plans, etc.

5. Specialized Industrial Lending

Specialized Industrial focuses on lending to finance printing and packaging businesses. The Bank also provides lending to the food and health care industries. The Bank's lending products include loans for factory expansion and machinery purchase, secured revolving facilities, credit for refinancing, trade finance for imported materials, etc.

6. Construction Materials and Machinery Lending

The Construction Materials and Machinery Lending provides support to businesses that are related to the construction industry and businesses engaging in the sale and rental of construction machinery. Facilities consist of revolving credit lines, long term loans re-financing loans, etc.

In addition to offering financial products and services, the Bank also organizes many activities to support our commercial lending clients. Activities are aimed at providing our clients with business insights and assisting them to achieve sustainable business success. Key activities organized in 2014 were as follows:

1) Annual 2014 Seminar – combining all clients in all business segments. The seminar focused on providing participants with economic updates, industry trends, opportunities and risks in conducting business. Over 500 clients attended the event.

2) KK Smart RE and RE New GEN – training courses designed to develop and enhance business skills for clients engaging in real estate business.

3) The Art of Marketing for Real Estate Business in the Digital Age - marketing and sales workshop designed for operational staff of our clients' businesses.

4) "Good Living by Kiatnakin" - the Bank participated in the 30th and 31st House and Condo Exhibition in support of our clients' sales events.

5) KK RE Innovation Awards - a competition event in search of innovative ideas related to real estate developments.

1.3 Specialized Business Group

- *Special Asset Management (SAM)*

Special Asset Management or distressed asset management is operated by the Bank together with eight mutual funds in which the Bank holds their unit trusts. The Bank began its distressed asset management activities in 1999 when it auctioned some debt portfolios from the Financial Sector Restructuring Authority (FRA). In addition, the Bank was the major unit holder of the mutual fund established for solving financial institution system problems. During 2003-2006, the Bank also auctioned debts under the liquidation process from the Legal Execution Department. In 2010, the Bank acquired unit trusts in the Gamma Capital Fund and the Bangkok Capital Fund, both of which operate mutual fund operation which is a similar line of business to those operated by the Bank's subsidiaries.

Special Asset Management is managed by the Debt Restructuring Department, the NPL&NPA Support Department responsible for handling debt restructuring negotiation, and the Asset Management Department responsible for sales of foreclosed assets. The details of assets for sale such as their location, size, and price range are provided in www.kkasset.com for viewing by clients and interested parties.

- *Financial Markets*

The Bank offers financial products to local and foreign financial institutions through the Financial Markets Group. Currently, the Bank trades Thai and foreign bonds, foreign exchange, and financial derivatives. Regarding the bond market, the Bank focuses on the corporate bond market which has received significant attention from not only financial institutions but also private banking clients. In 2014, the Bank was ranked in the top five in corporate bond

market share, or around 6.1%. Meanwhile, the Bank's share in overall bond market is 1.1% in value terms. For foreign exchange and financial derivatives, the Bank provides hedging solutions to clients by offering derivatives such as FX Spot, Interest Rate Swap, Cross Currency Swap and FX Forward and FX swap.

In 2015, the Bank will focus on developing new financial products not only for financial institutions and private banking clients who seek alternative investments, e.g. structured notes, but also for corporates looking for modern foreign exchange and interest rate hedging.

1.4 Support Function Group

In addition to the development of financial products and services, in 2014 the Bank focused on improving its internal process through the work performed by our support functions. Key improvements are as follows:

- *Personnel Development*

The Bank places great emphasis on the development of personnel potential in all levels and the building of effective teamwork and leaders that enable them to actively support our business growth. In addition, the Bank recognizes the importance of our employees and strives to create a supportive working environment and a good organizational culture that underlines employee participation, respect and professional quality by using various aspects of human resources management. This includes recruitment of qualified personnel, compensation management, fair and competitive welfare and benefits, career management, and a wide range of training, knowledge management and team-building activities.

- *Development of Operational Efficiency*

In order to serve business needs and increase sustainable competitiveness and clients' satisfaction, the development of operational efficiency is a priority. In 2014 efforts were focused on improving and stabilizing the operational system. The Bank emphasizes the central importance of clients and considers changes and competition in the industry, and has developed its operations as follows:

1) Operation Simplicity: The Bank utilizes information technology to facilitate clients using the Bank's services, aiming to simplify and shorten the service procedures suitable for each kind of transaction. These include process reengineering, process improvement and system integration in order to have a lean process and straightforward processing.

2) Operation Centralization: This is to reduce operational procedures at the sales and service point. Operation centralization also increases the quality of work by using skilled people and offers economy of scale.

3) Internal Control Improvement: The Bank values the importance of internal control improvement to create credibility on service quality.

4) Cost Optimization: The Bank endeavors to increase the effectiveness in resource usage rationalization, productivity improvement and procurement system.

Furthermore, in improving the operational efficiency, the Bank also focuses on personnel improvement for higher competency in service-providing and business expansion support as well as operation with ethics, in accordance with the Bank's Guidelines for Business Conduct.

- *Information Technology Development*

With the advancement of technology making all information easily accessible, the Bank needs to constantly improve our systems to respond to the changing demands of our clients. With this in mind, the Bank continually focuses on developing systems to enhance

our distribution channels in order to better serve our clients. All developments have been done on the basis of being able to provide business continuity with strict information security as our priority.

During 2014, the Bank enhanced its telecommunications system to enable efficiency improvement and cost reduction at the same time. Furthermore, the Bank has migrated the core banking system from outsource to be under the bank's own supervision, resulting in the control of quality and efficiency.

- Risk Management

• Risk Management Overview

In 2014, the Group aimed for a risk management which is in sync with business operations while limiting risks within acceptable levels. Risks arise from both internal and external factors including changes in economic conditions, business environment, business operation procedures as well as stakeholders. To manage risk efficiently, risks are classified according to the Bank of Thailand into five main risk types, specifically credit risk, market risk, liquidity risk, operational risk and strategic risk. The Group employs an internationally-accepted risk management procedure of identification, measurement, assessment, monitoring and controlling risks. The Risk Management Committee and sub-committees review and comment on risk management policies and guidelines, and track and report an overview of risk management to the Board of Directors. The Risk Management Group and subsidiaries' risk management units, independent from front office departments and risk owners, regulate and support risk management of the Group.

Many aspects of risk management were improved in 2014. The risk asset review and financial institution counterparty risk teams were expanded to increase efficiency and extend credit risk coverage. Its risk management support team was also expanded to better facilitate coordination between units and manage risk at

the corporate level. The Credit Risk Management Sub-committee was established to efficiently and effectively manage credit risk. The Crisis Management Sub-committee was established to ensure an appropriate and effective business continuity plan under irregular circumstances causing the Bank's operation to stop. The Bank's key operations must be able to continue or resume after an appropriate amount of time in compliance with Bank of Thailand requirements. Tools aiding risk management were implemented such as the Operational Risk System and the Asset-Liability Management System.

- Development in Risk Management

The Board of Directors has approved the Risk Road Map as a long-term guideline for risk management. The Risk Road Map comprises the following:

1. Development of data warehouse infrastructure
2. Development of risk management and capital adequacy tools

The project spans five years starting from 2011. Its purpose is for the adoption of the Internal Rating Based Approach (IRB) to capital requirements for credit risk.

The Group has developed a risk management procedure which assesses capital adequacy under the Internal Capital Adequacy Assessment Process (ICAAP) under the guideline for supervisory of capital in accordance with the Basel II Pillar 2. The procedure covers all risks significant to the Group, enabling the Group to be aware of its level of capital to accommodate for each risk and further business expansion.

Furthermore, the Group has taken actions in 2014 to support the aforementioned projects as well as increase efficiency and effectiveness of risk management. The following four areas are covered:

- 1) Development of Risk Management Information

Models and tools for credit risk management developed are the Approval Scoring (A-Score),

Behavioral Scoring (B-Score), Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion Factor (CCF). For liquidity risk management, the CASA model was developed. Value at Risk and Product Pricing models were developed for market risk management. Model validation was also done to assess model accuracy, input validity and appropriate model use.

- 2) Supervisory of Risk Management

A Credit Risk Management Sub-committee was established to aid the Risk Management Committee control and monitor credit risk. An Operational Risk Management Sub-Committee was established for PTSEC. A Risk Management Committee was established for KKTRADE.

- 3) Risk Management Involvement in Business Units

The Risk Management Group has been incorporated into business units' operation from product and services development/enhancement to operating procedure. The Risk Management Group also held training sessions in risk management for the Bank's personnel.

- 4) Risk Management Expansion

To accommodate for increased business, risk management personnel was increased as well as tools implemented such as Asset-Liability Management System (ALM System), Operational Risk System and various analytic tools.

Additionally, the Group has restructured its credit policy to structurally accommodate future businesses and to increase practicality. The restructured credit policy comprises: (1) at the policy level, the core credit policy and individual business credit policies; (2) guidelines for lending in compliance with the policies; (3) rules and procedures and (4) a manual.

Trainings have been organized to build understanding and a sense of responsibility in managing risk throughout the Group. Information on risk management and capital is consistently disclosed to the public.

For 2015, the Group continues to focus on managing risks while promoting cooperation between risk management and other business units. The risk management process will be consistently improved with new tools/procedures introduced to better reflect future risk exposures.

- Risk Management Policy and Procedure

A key point in the risk management policy is the management of risks throughout the entire organization. Each business unit is responsible for understanding the risks arising from its business activities and managing such risks under the risk management policies and guidelines of the Group. The Risk Management Group's role is to regulate, monitor and review the mechanics of risk management and control in each business unit and department. Furthermore each business unit will be allocated capital, the amount of which depends on the level of transaction risk and loss from its business operations.

- Risk Management Framework

The roles and responsibilities of the relevant committees and risk management authorities are as follows:

- 1) Board of Directors

The Board of Directors supervises the Group's Risk Management Committee to ensure the development of policy, procedures and control measures of risk management which covers strategic, credit, market, liquidity, and operational.

- 2) Risk Management Committee

The Risk Management Committee develops risk management policies, oversees the adequacy of such policies and risk management systems of the Group, and reports to the Board of Directors. It also monitors risk to keep it within a level acceptable to the Group, with a goal to limit risks in a predetermined range while earning an appropriate rate of return.

- 3) Operational Risk Management Sub-committee

The Operational Risk Management Sub-committee was appointed by the Bank's Risk Management Committee. The sub-committee is responsible for assessment of operational risk while providing guidance, policy, strategy, framework and tools for operational risk management. The sub-committee gives advice and supports the development and implementation of operational risk management processes. It also oversees and monitors the progress of the management of risk situations, losses and the Bank of Thailand's observations relating to operational risk management.

- 4) Credit Risk Management Sub-committee

The Credit Risk Management Sub-committee was appointed by the Bank's Risk Management Committee. The sub-committee is responsible for assessment of credit risk management while providing guidance, policy, strategy, framework and tools for credit risk management. The sub-committee assesses and/or reviews policies relating to lending, creating obligations and transactions similar to lending which includes Product Programs. It considers credit risks concerning new products and screens the credit quality assessment policy to allocate capital for loans, obligations and loan-like transactions in compliance with regulations. The sub-committee also monitors quantitative debt classification for loans, obligations and loan-like transactions.

- 5) Risk Management Group

The Risk Management Group designs and develops key tools and risk management procedures, ensure the implementation of such tools and procedures in the business units and various departments within the Group. Assess, track, control and prepare report of the Group's risk position in order to control the risks within an acceptable level.

- 6) Internal Audit Group

The Internal Audit Group audits and verifies the process of operation for departments and units to be in

compliance with policies, guidelines, regulations and process of operational risk management. Internal Audit examines and assesses the performance of internal control systems and quality of operational processes to improve such processes as well as to control and reduce risks.

7) Risk Owner

The product owners/departments/branches/and units in the Group are responsible for managing the different risks related to their operations, systems, products and services to be within acceptable risk levels in compliance with risk management policies, guidelines, regulations and processes. These risk management activities include the identification, assessment, monitoring, controlling, and reporting of risks.

- Compliance

As the control function of the Bank, the Compliance Department is responsible for supervising the compliance risk to ensure that all business units within the Bank operate in compliance with relevant laws and regulations with an emphasis on working in cooperation with business functions and other support functions within the Bank as a business partner that educates, provides advice and suggests guidelines in conducting business according to the requirement of laws. The Compliance Department also oversees the non-compliance risks by forming compliance surveillance programs, including serving as the contact center of the Bank to coordinate with relevant authorities during the official inspection, and monitoring the Bank operation to ensure that corrective procedures according to observations raised by the authorities are implemented. Also, the Compliance Department is responsible for reviewing policies related to conducting business as well as The Prevention of Conflicts of Interest Policies and Anti-Corruption Policy, etc.

2. Capital Market Business

Capital Market Business is under the operations of the Bank's subsidiaries, comprising PHATRA, PTSEC, KKTRADE, and PASSET of which core businesses can be divided into four categories:

2.1 Securities and Derivative Brokerage

PTSEC and KKTRADE are brokers for trading of securities and derivatives registered with the SET, Market for Alternative Investment (mai), and Thailand Futures Exchange (TFEX). PTSEC and KKTRADE are registered members of the SET, numbers 6 and 19 respectively. The two companies serve different and non-overlapping client segments. PTSEC is a broker for foreign and Thai institutions, high net worth individuals, and mass affluent clients while KKTRADE is a broker serving retail clients.

In 2014, PTSEC was ranked 8th in the market share of the SET, accounting for 4.04% of the total trade of the SET (excluding proprietary account) and mai.

Of the total institutional brokerage fees income earned in 2014, 49.64% was from foreign institutional clients. Bank of America Merrill Lynch ("Merrill Lynch") alone accounted for 98.49% of the brokerage fees from foreign institutional clients. In accordance with the securities brokerage and business alliance agreement, Merrill Lynch has agreed to channel at least 80% of its Thailand trades in the house accounts through PTSEC in exchange for the agreed brokerage rates.

In respect to trading of securities for large clients (Qualifying Clients), Merrill Lynch will act with reasonable endeavor under the agreed terms and conditions to ensure best execution and value for both company and clients through PTSEC. In return, PTSEC would receive 60% share of Merrill Lynch

brokerage fees for Thailand. Merrill Lynch is therefore PTSEC's largest foreign institutional client (taking into account both house and client business). As part of the agreement, PTSEC must obtain consent from Merrill Lynch prior to engaging in any dealing activities with other foreign financial institutions or any other foreign institutions that are competitors of Merrill Lynch.

Local institutional clients' businesses, comprising of asset management companies, provident funds, private funds, the GPF, the social security office, and insurance companies, accounted for the remaining 50.36% of the total institutional brokerage fees. As of December 31, 2014, PTSEC had forty-two local institutional clients who transacted at least once in the past year.

PTSEC acts as a broker for high net worth individuals using financial consultants and marketing staff who are registered with the SEC in the capacity to advise clients with investment opportunities for SET/ mai listed securities, debt instruments, derivatives instruments, and other investment units. Additionally, PTSEC offers a new service of personal wealth planning and investment to mass affluent clients that have investible assets between Baht 2 and 30 million using our online investment platform and investment advisors who are registered with the SEC in the capacity to advise clients.

As of December 31, 2014, the value of assets under advisory for all high net worth clients was Baht 284,397 million, from a client list of 10,901 accounts.

Table illustrating the value of securities traded through PTSEC, brokerage fees, and market share as of December 31, 2014:

	Local Institutions	Foreign Institutions	High Net Worth Individuals
Total Trading Values of PTSEC (Baht Million)	176,441.18	385,239.44	260,050.61
Market Share ¹ (%)	9.04 ²	8.76 ³	1.87
Brokerage Fee (Baht Million)	329.10	324.37	512.54
Proportion of Brokerage Fee (%)	28.22	27.82	43.96

Source: the SET and PTSEC

- Note:
1. The market share is calculated based on the figures as collected by PTSEC and data released by the SET.
 2. The market share of local and foreign institutions is calculated after deducting trading transactions of the proprietary account.
 3. The market share of foreign institutions of PTSEC is divided by transactions of foreigners after deducting transactions of foreign individuals.

In servicing clients, PTSEC offers macro and equity research with a team of twelve analysts covering seventy-four listed companies. Our equity research covers an aggregate market value of 78.01% of the market capitalization of the SET. PTSEC provides investment advice and trading ideas for clients with dedicated sales and research teams. Our Research Group has teamed up with Merrill Lynch under an exclusive agreement on research co-operation. Under the agreement, PTSEC analysts produce research on the Thai economy and politics, as well as SET-listed securities, which is distributed internationally under Merrill Lynch brand while PTSEC also distributes Merrill Lynch research on regional and global macro subjects as well as equity to Thailand-based clients.

PTSEC is a founding member of the Thailand Futures Exchange (TFEX) and Thailand Clearing House (TCH), providing full coverage of all listed derivatives in Thailand. In 2014, revenue from brokerage fees from derivative trading was Baht 95 million, up from Baht 75 million in the previous year and a market share of 9.93% (based on the volume of traded contracts) on TFEX.

In addition, PTSEC has been granted a securities borrowing and lending license from the SEC (in 1999). The license allows PTSEC to act as a principal and brokerage agent in stock borrowing and lending, with a strong client base consisting of both local institutional and individual investors and PTSEC's Equity and Derivatives Trading Department. PTSEC is able to meet the growing demand and various clients' needs by continuously securing and expanding the supply pool.

KKTRADE is a broker for retail investors, Thai and foreign. Clients are able to trade securities through marketing officers, using both cash and margin accounts, as well as through the Internet.

For 2014, KKTRADE was ranked 29th in market share, accounting for 0.99% of total trading value (excluding proprietary account) of the SET and mai. For the year, KKTRADE had revenues from equity brokerage fees of Baht 413.13 million and revenues from TFEX brokerage fees of Baht 26.42 million.

2.2 Investment Banking Business

PTSEC is one of the leading investment banks in Thailand, providing financial advisory and underwriting services to government agencies, state enterprises and leading companies in Thailand.

Previous examples of work include the IPOs/POs of PTT PCL, Krungthai Bank PCL, Thai Airways International PCL, Thai Oil PCL, PTT Exploration and Production PCL, Tesco Lotus Retail Growth Freehold and Leasehold Property Fund, Airports of Thailand PCL, Rayong Oil Refinery PCL, Thai Beverage PCL, BTS Rail Mass Transit Growth Infrastructure Fund, and MK Restaurant Group PCL.

With our continuous effort to scout for new financial solutions to serve clients' needs, PTSEC advised and assisted Charoen Pokphand Foods PCL on the issuance of exchangeable bond of CPF into CP ALL PCL's shares. This offering is the first ever issuance of exchangeable bond in Thai capital market. Moreover, PTSEC also advised Bangkok Dusit Medical Services PCL in its Baht 10,000 million financing through the issuance of convertible bonds.

In 2014, PTSEC helped companies to raise capital through the SET with a total value of Baht 20,691 million via two types of offerings.

- 1) Overnight Offering or Accelerated Global Tender (AGT): 1 transaction

Name of the Company	Details of the Project	Value (Baht Million)	Success
Sriracha Construction PCL. (SRICHA)	Overnight Offering	1,103	-

2) Equity-linked Offering: 2 transactions

Name of the Company	Details of the Project	Value (Baht Million)	Success
Charoen Pokphand Foods PCL. (CPF)	Exchangeable Bond Offering	9,588	• IFR Asia 2014 Award: Best Structured Equity Deal in Asia
Bangkok Dusit Medical Services PCL. (BDMS)	Convertible Bond Offering	10,000	-

Despite the challenging economic environment, PTSEC continues to play a major role in the M&A market, advising major corporations in merger and acquisition transactions, joint ventures and business alliances, restructuring of businesses, and issuance of financial instruments. PTSEC was selectively chosen as BDMS' financial advisor on the Baht 3,655 million acquisition of Sanamchan Hospital Company Limited.

Name of the Company	Details of the Project	Value (Baht Million)	Success
Bangkok Dusit Medical Services PCL. (BDMS)	Acquisition of Sanamchan Hospital Company Limited	3,655	-

Following the merger of the Bank and PHATRA in September 2012, the Group has been actively striving to achieve corporate synergy and to provide our clients with complete financial product suites. Part of this strategic initiative was our entry into fixed income business with the establishment of Debt Capital Markets at PTSEC to cover fixed income product issuance in the primary market.

In 2013-2014, PTSEC serviced corporate clients in thirteen debt offerings including CP ALL PCL's secured debentures, Advanced Wireless Network Co., Ltd.'s unsecured debentures, Home Product Center PCL's unsecured debentures, and Krungthai Card PCL's unsecured debentures. In 2014, PTSEC serviced large corporate bond offerings as follows:

Name of the Company	Details of the Project	Value (Baht Million)	Success
CP ALL PCL	Secured Debentures Offering of CP ALL PCL (No. 1)	40,000	-
Advance Wireless Network Company Limited	Unsecured Debentures Offering of AWN	16,600	-
CP ALL PCL	Secured Debentures Offering of CP ALL PCL (No. 2)	40,000	-

For 2015, PTSEC will place emphasis on growing fee income through participation as financial advisor in M&A activities, equity and equity-linked offering transactions, and debt offering transactions. PTSEC plans to expand our client base to include mid-sized corporations and to offer them tailored product suites. PTSEC will continue to offer new and innovative financing solutions to our existing and potential clients via nontraditional products such as infrastructure fund offerings and Real Estate Investment Trusts and to be the advisor of choice to our existing and potential clients. PTSEC will also continue to work with the Bank, our partners, and other stakeholders to offer more complete wholesale banking solutions to our clients and monitor the market for opportunities and find potential M&A targets for our corporate clients, both domestically and internationally.

2.3 Investment

Investment business is divided into three categories as follows:

- Medium and Long-Term Investment

Medium and long-term investment is operated by the Direct Investment Department of PHATRA. The Direct Investment Department operates under supervision of the Bank's Investment Committee, which will consider and approve each investment and divestment proposed by the Direct Investment Department and will also consider the expected rate of return of investment and the risk level. The investment horizon of the Direct Investment Department is approximately three to five years and the investment covers equity and equity-linked investments, listed and private companies, and also both on-shore and off-shore companies. The Direct Investment Department searches for investment opportunities in companies that have strong business models and sustainable competitive advantages, have visible business growth opportunities, have the ability to generate high return on invested capital, are managed by capable management, and whose share prices have yet to reflect their strong fundamental value. In order to

evaluate investment opportunities, the Direct Investment Department will conduct company visits and management interviews. The team will then perform industry analysis, an evaluation of the target company's fundamental value, and an evaluation of internal control processes and corporate governance structure. Finally, the key risk factors and key considerations of the target company will be evaluated.

In terms of risk management, the Direct Investment Department's investment evaluation will not only consider the potential return from investment, but also the risks involved with the business. The investment proposal prepared by the Direct Investment Department will include investment horizon, terms of investment, and also divestment plan. Prior to each investment, the proposal must be approved by the Investment Committee. Once invested, the Investment Committee will assign the Risk Management Department to monitor such investment based on the risk management framework on a daily basis. The Investment Committee will be notified or called for a meeting to review the particular investment once the market price of the investment exceeds the pre-determined loss threshold or the holding of such investment exceeds the concentration limit. Also, the market risk assessment will be conducted regularly. In addition, the Direct Investment Department regularly monitors business performance of invested companies to re-evaluate investment position. Under certain circumstances it may also utilize appropriate financial instruments such as derivatives for hedging purposes, which will be approved by the Investment Committee.

As PHATRA places great emphasis on the prevention of potential conflicts of interest, especially on the use of internal information, it strives to avoid any conflict of interest between investment of PHATRA and PTSEC clients. Thus, the Direct Investment Department is treated equally as one of PTSEC's clients and has no access to information or research reports that differ from other clients. In addition, policies on usage of internal information, employees' trading activities, and Chinese

Wall among entities within the Capital Market Group are specified in order to promote transparency and good corporate governance in order to prevent any potential conflict of interest that may occur in the future.

In 2014, the Board of Directors of PHATRA set the net additional investment line for the Direct Investment Department to Baht 1,500 million. Nevertheless, the net additional investment line can be adjusted according to the Capital Market Group's business plan or capital market situation. At the end of 2014, the Direct Investment Department portfolio had market value of Baht 1,379 million. It achieved total return of Baht 368 million, consisting of dividend income of Baht 69 million, realized gain of Baht 226 million, and change in unrealized gain of Baht 73 million.

- Equity and Derivative Trading

This investment is operated by the Equity & Derivatives Trading Department of PTSEC with currently three investment strategies as follows:

- 1) Arbitrage Trade

Arbitrage Trade is a short-term investment of not more than one year in equity and equity-linked investments listed on the SET and TFEX, notably securities listed in the SET100 index or of minimum Baht 3,000 million market value, futures contracts and options (including their underlying assets), and ETF under the market-neutral principle. Profit is generated from market price discrepancy between the underlying asset and its derivative, including securities or derivatives with the same underlying asset. The trade is made under an investment and risk framework approved by the Investment Committee and the Risk Management Committee to get a return rate specified by the Investment Committee. Trading of securities and/or derivatives is made to mitigate risk on overall market price.

- 2) System Trade

System Trade is a short-term investment of not more than one year in equity and equity-linked investments listed on the SET and TFEX, notably securities that are

listed in the SET100 index or of minimum Baht 3,000 million market value, futures contracts and options (including their underlying assets), and ETFs utilizing information from pricing models and back-testing of market prices and statistical relationships. The practice aims to define features and opportunities to make profit via the difference or behavior of the price movement. Trading of securities and/or derivatives is executed systematically according to the pricing model.

- 3) Financial Product and Service

The Equity & Derivatives Trading Department issues and offers financial instruments to investors which currently are equity-linked notes, derivative warrants, and OTC derivatives. Equity-linked notes are short-term bonds in which the payoff depends on the underlying asset as stated in the contract. Derivative warrants are warrants which the department has registered for trading via the SET's direct listing system, including both call warrants and put warrants. OTC derivatives are a derivative contract between counterparties in which the payoff depends on the underlying asset as stated in the contract. To issue and offer the instrument, the Equity & Derivatives Trading Department will evaluate and define purchasing and/or selling prices based on related factors in order to generate a proper return rate. In addition, the department performs market-making duties on ETFs for asset management companies.

In terms of risk management, the Risk Management Committee has set its policy upon investment value according to the liquidity of invested securities, VaR limit, and accumulated loss limit. The committee also assigns the Risk Management Department of PTSEC to monitor investment and report to related parties on a daily basis. In case that investment value or risk level is higher than the defined limits, the Equity & Derivatives Trading Department will reduce the

exposure to meet the risk criteria within a defined timeframe.

In 2014, the Equity & Derivatives Trading Department had a total cash limit that was approved by the Board of Directors of PTSEC of not more than Baht 6,000 million. The Investment Committee also set limits within the approved total cash limit for each investment strategy as follows: (1) a maximum of Baht 6,000 million for Arbitrage Trade (allowing transferring from other strategies due to the lower-risk nature of Arbitrage Trade); (2) a maximum of Baht 300 million for System Trade; and (3) a maximum of Baht 2,000 million for Financial Product and Service (excluding proceeds from Structured notes).

At the end of 2014, the Equity & Derivatives Trading Department had net cash usage for investment of Baht 1,537 million.

- Short-Term Investment using Hedge Fund Strategy

The strategy is operated by the Hedge Fund Department of PTSEC focusing on a short-term investment of not more than one year in equity and equity-linked securities by using a systematic investment strategy together with quantitative analysis and risk management to get a return rate specified by the Investment Committee.

In terms of risk management, the Risk Management Committee has guidelines to monitor and review investment portion, Value-at-Risk, and statistical performance. It also sets an investment limit as per liquidity of invested securities, and accumulated loss limit as per the Investment Committee. Once the loss limit is reached, the Hedge Fund Department must stop trading and report to the Investment Committee to consider further plans. The Risk Management Department of PTSEC is in charge of monitoring and reporting to the management on a daily basis.

In 2014, the Hedge Fund Department had an initial investment amount approved by the Board of Directors of PTSEC of not more than Baht 2,700 million. At the end of 2014, the Hedge Fund Department had net assets totaling Baht 2,684 million.

2.4 Asset Management Business

To streamline the asset management business within the Group, the private fund business (a service previously offered by PTSEC) was transferred to PASSET at the beginning of 2014. PASSET continues to provide this service to ordinary and juristic persons. Currently, private fund investments encompass both local and offshore assets.

Private fund investment policy is set to reflect certain clients' needs and accepted risk levels. The fund manager makes investment decisions based on the agreed investment policy. The service remuneration is in the form of fees as specified in the fund management agreement.

In addition, PASSET offers mutual fund management services to the general public. Investments are made in accordance with the stated investment policy of each fund. The current suite of mutual fund products covers a wide range of asset classes, for example, equity, fixed income, foreign investment funds, commodities, as well as retirement mutual funds and long-term equity funds to accommodate investors' different risk/return appetites.

As PASSET considers clients' interest as the top priority, it strives to carry out the business with utmost professional integrity, particularly in relation to conflict of interest and the internal information control. The investment team manages all the investments for clients under an open-architecture platform whereby investment decisions are made based on investment merits with a counterparty driven by meritocracy. Its in-house research team also conducts its own investment research, reaching out to management and analyzing the investment prospects of investee companies. The analysis encompasses top-down studies as well as bottom-up management interviews and financial analysis. Visits are made regularly to government bodies and other authorities, aiming to achieve the most useful information for the management of the funds.

As of December 31, 2014, assets under management stood at Baht 35,727 million, comprising of Baht 3,397 million of private funds, Baht 15,485 million of mutual funds, and Baht 16,845 million of property funds.

Distribution Channels

The Group provides services through four entities: the Bank, PTSEC, KKTRADE, and PASSET. Details are as follows:

1. Kiatnakin Bank

As of December 31, 2014, the Bank has eighty-six branches (including headquarters). The breakdown by geography is as follows:

Region	No. of Branches
Bangkok and Vicinity	34
Central	10
East	7
North East	16
South	7
North	12
Total	86

Other than its existing branch network, the Bank operates two auction centers which are located on the Bangna-Trad Highway (8th km) and in Udon Thani province to support the car auction activities in both metropolitan and provincial areas.

In addition to its branch network, the Bank recognizes the importance of providing sales and services through electronic channels and telephone channels. In the next few years, the Bank will focus on the development of these channels in order to satisfy the growing needs of target clients, reduce the barrier of the number of physical branches and create innovation.

Currently, the Bank has the following electronic channels which include KK e-Banking Service; an online banking system that provides basic banking services anywhere, anytime; KK ATM and CDM service, a 24-hour electronic banking system that allows the Bank's clients to check balance, withdraw cash and make transfers nationwide via the ATM pool and to deposit cash via any Cash Deposit Machine (CDM) through the nationwide CDM pool; and KK Smart SMS service; an automatic system which provides SMS transaction alerts to clients' mobile phones. The Bank has also introduced a smart-phone application "KK Auto" service which allows users to perform hire purchase-related transactions through the use of smart phones.

In addition, the Bank operates KK Contact Center (phone number 0-2165-5555) to serve clients' inquiries and transactions through an automatic phone banking system and contact center agents. The Bank also provides an information and online contact channel via its website (www.kiatnakin.co.th).

In 2014, the Bank launched many new services of the KK Contact Center aiming to increase convenience and be an alternative channel to clients. The developments are as follows:

- Changed the phone number from 0-2680-3333 to 0-2165-5555 as well as re-arranged the structure of its automatic phone banking system to align with various bank product categories. This was in order to allow clients to quickly and easily find the products and services needed.
- Added a promotional section which informed clients about new products, services and promotions of interest.
- Increased the number of self-service items such as request for loan payment bill via fax, in addition to existing self-service menu, e.g., car loan information inquiry (outstanding balance, car tax and car insurance renewal dates).

The Bank also opened a new KK Biz Contact Center (phone number 0-2165-5599) to better service partners (such as car dealers) and corporate clients.

Besides the Bank's own channels, the Bank has expanded service through partner channels. Clients who would like to apply for bank loans can do so via any branch of B-Quik and Counter Service nationwide.

Branches

All branches and Kiatnakin Car Auction Center can be reached via KK Contact Center at Tel. 0 2165 5555.

No.	Branch	Address	Fax
Bangkok and Perimeter			
1	Kaset-Vibhavadi Branch	47/11 Ngamwongwan Road, Lad Yao, Jatujak 10900	0 2562 0017
2	Crystal Design Center (CDC) Branch	1448/4 Crystal Design Center (CDC)(Building J2 Room 108-109), Soi Lat Phrao, Klongjun, Bang Kapi, Bangkok 10240	0 2102 2312
3	Charoen Krung Branch	273/8 Charoen Krung Road, Pom Prap, Pom Prap Sattru Phai, Bangkok 10100	0 2221 3148
4	Seacon Bangkai Branch	Seacon Bangkai Department Store, 3rd Floor, 607 Petchakasem Road, Bangwha, Phasicharoen, Bangkok 10160	0 2458 2826
5	The Mall Thaphra Branch	Room no. 2A-C4A, The Mall Thaphra, 2nd Floor, 99 Ratchadaphisek Road, Bukkaloo, Thonburi, Bangkok 10600	0 2477 7162
6	The Mall Bangkok Branch	3522 The Mall Bangkok Department Store, 2nd Floor, Lat Phrao Road, Khlong Chan, Bangkok, Bangkok 10240	0 2704 9110
7	Thong Lor Branch	125/19, Soi Sukhumvit 55, Khlong Tan Nuea, Vadhana, Bangkok 10110	0 2392 6662
8	Nakhon Pathom Branch	992/2-3 Petkasem Road, Tambon Huay Jarakae, Amphoe Muang, Nakhon Pathom 73000	0 3427 1584
9	Nonthaburi Branch	68/30-32 Moo 8, Tambon Bangkrasor, Amphoe Muang, Nonthaburi 11000	0 2525 3056
10	Bang Bon Branch	265 Ekachai Road, Bangbon, Bangkok 10150	0 2417 2499
11	Bang Yai Branch	80/155 Moo 6, Tambon Sao Thong Hin, Amphoe Bang Yai, Nonthaburi 11140	0 2903 3600
12	Phatum Thani Branch	433, 435, 437 Rangsit-Nakhon Nayok Road, Tanbon Prachathipat, Amphoe Thanyaburi, Pathum Thani 12130	0 2533 0343
13	Pin Klao Branch	77/7 - 9 Borommaratchachonnani Road, Arun Amarin, Bangkok Noi, Bangkok 10700	0 2433 8635
14	Rama 3 Branch	493/4 - 6 Linchi Road, Chong Nonsi, Yannawa, Bangkok 10120	0 2287 3230
15	Rama IV Branch	1032/7 - 8, Rama IV Road, Thungmahamek, Sathorn, Bangkok 10120	0 2287 3579
16	Phaholyothin Place Branch	408/4 Phaholyothin Place Building, 1st Floor, Phaholyothin Road, Samsen Nai, Phaya Thai, Bangkok 10400	0 2619 0136
17	Paradise Park Branch	Paradise Park, 2nd Floor, 61 Srinakarin Road, Nongbon, Pravat, Bangkok 10250	0 2325 9150
18	Petkasem-Kanjanapisek Branch	919/42 - 43 Petkasem Road, Bang kae, Bangkok 10160	0 2454 8657
19	Fashion Island Branch	587, 589, 589/7 - 9, Ramintra Road, Kannayao, Bangkok 10230	0 2947 5077
20	Mahanak Branch	1082/5, Boe Bae Mini Office Tower, Krung Kasem Road, Mahanak, Pom Prap Sattru Phai, Bangkok 10100	0 2628 0025
21	Megabangna Branch	Megabangna, 1st Floor, 39 Moo 6, Tambon Bangkaew, Amphoe Bangplee, Samut Prakarn 10540	0 2105 1448
22	Yaowarat Branch	289 Yaowarat Road, Samphanthawong, Bangkok 10100	0 2223 1372
23	Ramintra Branch	43,45,47,49 Ramintra Road, Minburi, Minburi, Bangkok 10510	0 2540 4552
24	Wongwian 22 karakada Branch	132 Mittraphan Road, Pom Prap, Pom Prap Sattru Phai, Bangkok 10100	0 2221 7327
25	Srinakarin Branch	903 ,905 Srinakarin Road, Suan Luang, Bangkok 10250	0 2320 0623
26	Samut Prakan Branch	89/8-10 Moo 5, Tambon Bang Muang, Amphoe Muang, Samut Prakarn 10270	0 2703 2650
27	Samut Sakhon Branch	1400/98-101, Ekkachai Road, Tambon Mahachai, Amphoe Muang, Samut Sakhon 74000	0 3483 7212
28	Siam Paragon Branch	991 Rama 1 Road, Pathumwan, Bangkok 10330	0 2610 9669
29	Amarin Office (Head Office)	500 Amarin Tower, 11th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330	0 2257 0849
30	Siphaya Branch	78 Trok Captain Bush (Charoen Krung 30), Bangrak, Bangkok 10500	0 2237 7884
31	Silom Branch	323 United Center Building, 2nd Floor, Silom Road, Silom, Bang Rak, Bangkok 10500	0 2237 1952
32	Suksawas Branch	178, 180, 182 Suksawas Road, Bangpakok, Ratburana, Bangkok 10140	0 2428 8798
33	Suvarnabhumi Branch	9/3 Moo 7, King Kaew Road, Tambon Racha Thewa, Amphoe Bangplee, Samut Prakan 10540	0 2738 4773
34	Asoke Branch	209 K Tower, Sukhumvit 21 (Asoke), Khlong Toey Nua, Wattana, Bangkok 10110	0 2664 1454

No.	Branch	Address	Fax
Central			
35	Kanchanaburi Branch	275/1-2 Saeng Chooth Road, Tambon baan Nua, Amphoe Muang, Kanchanaburi 71000	0 3462 0646
36	Chai Nat Branch	78/2 - 5 Phahon Yothin Road, Tambon Ban Kluai, Amphoe Muang, Chai Nat 17000	0 5642 0723
37	Ayuthaya Branch	100 Moo 1, Tambon Pailing, Amphoe Phranakorn, Sri Ayuthaya 10300	0 3523 5642
38	Phetchaburi Branch	132/8-10 Moo. 1, Tambon Tonnamuang, Amphoe Muang, Phetchaburi 76000	0 3245 4722
39	Ratchaburi Branch	286/25-28 Srisuriyawong Road, Tambon Nai Muang, Amphoe Muang, Ratchaburi 70000	0 3231 0391
40	Lop Buri Branch	205 Moo 2, Tambon The Sala, Amphoe Muang, Lop Buri 15000	0 3662 6059
41	Saraburi Branch	568/7-9, Paholyothin Road, Tambon Pak Priao, Amphoe Muang, Saraburi 18000	0 3631 8446
42	Suphan Buri Branch	290/3-6 Moo 4 Tambon Sanamchai, Amphoe Muang, Suphan Buri 72000	0 3554 6277
43	Hua Hin Branch	60/27-28 Moo Ban Bor Fai, Tambon Hua Hin, amphoe Hua Hin, Prachuab Kirikun 77110	0 3254 7660
East			
44	Chantaburi Branch	29/1-4 Moo 7, Tambon Chantanimitr, Amphoe Muang, Chantaburi 20000	0 3934 3615
45	Chachengsao Branch	508, 510 Chachengsao-Bang Pakong Road, Tambon Na Muang, Amphoe Muang, Chachengsao 24000	0 3851 6106
46	Chonburi Branch	7/41 Moo 4, Sukhumvit Road, Tambon Huaykapi, Amphoe Muang, Chonburi 20130	0 3838 4950
47	Prachin Buri Branch	41/18-20 Prachin Takarm Road, Tambon Nai Muang, Amphoe Muang, Prachin Buri 25000	0 3721 7582
48	Pattaya Branch	120/17-18 Moo 6, Tambon Na Klua, Amphoe Bang Lamung, Chonburi 20150	0 3848 9162
49	Rayong Branch	375/4-7 Sukhumvit Road, Tambon Noenphra, Amphoe Muang, Rayong 21000	0 3880 8095
50	Sa Kaeo Branch	330 Suwansorn Road, Tambon Sa Kaeo, Amphoe Muang, Sa Kaeo 27000	0 3724 1993
North East			
51	Kalasin Branch	4/1-2-3 Thinanon Road, Tambon Kalasin, Amphoe Muang, Kalasin 46000	0 4382 1652
52	Khon Kaen Branch	9/2 Prachasomosorn Road, Tambon Nai Muang, Amphoe Muang, Khon Kaen 40000	0 4333 7734
53	Chaiyaphum Branch	31/12-14, Haruthai Road, Tambon Nai Muang, Amphoe Muang, Chaiyaphum 36000	0 4483 5677
54	Nakhon Ratchasima Branch	192/1-4 Jomsurongyart Road, Tambon Nai Muang, Amphoe Muang, Nakhon Ratchasima 30000	0 4425 6746
55	Buriram Branch	30/23-25 Thani Road, Tambon Nai Muang, Amphoe Muang, Buriram 77000	0 4462 0510
56	Pak Chong Branch	560 Mittraphap Road, Tambon Pak Chong, Amphoe Pak Chong, Nakhon Ratchasima 30130	0 4427 9293
57	Mukdahan Branch	50 Pitakphanomket Road, Amphoe Muang, Mukdahan 49000	0 4263 1171
58	Yasothon Branch	258/3-5 Chaeng Sanit Road, Tambon Nai Muang, Amphoe Muang, Yasothon 35000	0 4572 0677
59	Roi Et Branch	49, 49/1-3 Tawapiban Road, Tambon Nai Muang, Amphoe Muang, Roi Et 45000	0 4351 8163
60	Loei Branch	22/9 Chumsai Road, Tambon Kut Pong, Amphoe Muang, Loei 42000	0 4283 0855
61	Si Sa Ket Branch	151 Thepa Road, Tambon Muang Nuea, Amphoe Muang, Si Sa ket 33000	0 4562 3112
62	Sakhon Nakhon Branch	1773/63 Ratpattana Road, Tambon Thatchoengchum, Amphoe Muang, Sakhon Nakhon 47000	0 4273 3005
63	Surin Branch	6/7 Lak Muang Road, Tambon Nai Muang, Amphoe Muang, Surin 32000	0 4453 5031
64	Nong Khai Branch	527 - 528 Moo 7, Tambon Nai Mueang, Amphoe Muang, Nong Khai 43000	0 4246 0151
65	UdonThani Branch	215/25, 215/27 Udon Dusadee Road, Tambon Mak Keng, Amphoe Muang, Udon Thani 41000	0 4222 3242
66	Ubon Rachathani Branch	466 Suriyat Road, Tambon Nai Muang, Amphoe Muang, Ubon Rachathani 34000	0 4520 9258
South			
67	Krabi Branch	254, 254/1, 254/2 Moo 11, Tambon Krabi Noi, Amphoe Muang, Krabi 81000	0 7566 3923
68	Chumphon Branch	67/4, 67/5 Krom Luang Chumphon Road, Tambon Tha Taphao, Amphoe Muang, Chumporn 86000	0 7757 0509
69	Trang Branch	59/12-14 Huay Yod Road, Tambon Thap Thieng, amphoe Muang , Trang 92000	0 7522 3293
70	Tung Song Branch	80/4 Moo 8, Tung Song Road, Cha Mai District, Amphoe Tung Song, Nakhon Si Thammarat 80110	0 7532 8669
71	Nakhon Si Thammarat Branch	111, 111/1-4 Pattanakarn kookwang Road, Tambon Klung, Amphoe Muang, Nakhon Si Thammarat 80000	0 7531 7171
72	Phuket Branch	63/714-716 Moo 4 Tambon Vichit, Amphoe Muang, Phuket 83000	0 7652 2310
73	Surathani Branch	22/144-145-146, Raj-Uthit Road, Tambon Talad, Amphoe Muang, Surathani 84000	0 7721 7408
74	Hat Yai Branch	20/1 Ratyindee Road, Tambon Hat Yai, Amphoe Hat Yai, Song Khla 90110	074-343-309

No.	Branch	Address	Fax
North			
75	Kamphangphet Branch	546 Charoensuk Road, Tambon Nai Muang, Amphoe Muang, Kamphangphet 62000	0 5572 2871
76	Chiang Rai Branch	102, 102/1-3 Moo 13, Tambon Rob Wieng, Amphoe Muang, Chiang Rai 57000	0 5371 9434
77	Chiang Mai Branch	33 Chiang Mai-Lampang Road, Tambon Chang Phueak, Amphoe Muang, Chiang Mai 50300	0 5340 9625
78	Nakhon Sawan Branch	1311/18-21 Moo 10, Tambon Nakomsawan Tok, Amphoe Muang, Nakhon Sawan 60000	0 5631 3655
79	Phayao Branch	68/1 Don Sanam Road, Tambon Wiang, Amphoe Muang, Phayao 56000	0 5441 2762
80	Phichit Branch	31/79-81 Sa Luang Road, Tambon Nai Mueng, Amphoe Mueang, Phichit 66000	0 5665 1071
81	Phitsanulok Branch	286/10 Pichaisongkram Road, Tambon Nai Muang, Amphoe Muang, Phitsanulok 65000	0 5521 1687
82	Petchaboon Branch	3/48 Samakkeechai Road, Tambon Nai Muang, Amphoe Muang, Petchabun 67000	0 5671 2273
83	Phrae Branch	162 Yantrakitsol Road, Tambon Naiwiang, Amphoe Muang, Phrae 54000	0 5452 2178
84	Lampang Branch	142-144 Highway-lampang-Ngua, Tambon Phra Bat, Amphoe Muang, Lampang 52000	0 5431 7699
85	Lamphun Branch	99 Charoen Rat Road, Tambon Nai Muang, Amphoe Lamphun, Lamphun 51000	0 5353 2659
86	Sukhothai Branch	186/2 -3 Moo 7, Thani District, Amphoe Muang Sukhothai, Sukhothai 64000	0 5561 0230
Kiatnakin Car Auction Center			
1	Bang Na-Trat Rd. Km 8	43/4 Moo 4, Bang Na-Trat Road Km. 8, Tambon Bang Kaeo, Amphoe Bang Phli, Samut Prakan 10540	0 2316 2730
2	UdonThani	225 Moo 4, Udon-Nong Bua Lam Phu Road, Tambon Ban Luam, Amphoe Muang, Udon Thani 41000	0 4230 4046

2. PTSEC

The sales and service channel of PTSEC is through its head office at Muang Thai-Phatra Office Tower 1 (Tel. 0 2305 9559). Additionally, services by phone and by Internet are available, providing accessibility to clients nationwide.

3. KKTRADE

KKTRADE provides securities services via its head office at Amarin Tower, 7th Floor, and at 11 other branches. Clients can contact the Client Service Center at: Tel. 0 2680 2888. Details of KKTRADE's branches are as follows:

Location	No.	Branch
Bangkok and Vicinity	4	Amarin Tower, Asoke, Bangna, Nonthaburi
Provincial Areas	8	Chiangmai, Hadyai, Khon Kaen, Rayong, Samut Sakorn, Chonburi, Phitsanulok, and Nakorn Sithammarat

4. PASSET

Sales and distribution channels utilized by PASSET include commercial banks and securities companies whose names are listed in the fund prospectus. The distribution network contributes to the development of a diversified client base and a wider reach. Additionally, PASSET provides an online channel under the name "Phatra click" as a distribution alternative.

PASSET's head office has been moved to 25/F Muang Thai-Phatra Complex Building, Tower B (Tel. 0 2305 9800).

Market Condition and Competition

1. Commercial Banking Business

There are fourteen commercial banks in the Thai banking system, eleven of which are publicly listed companies in the SET. Thai banks, classified by their assets sizes, deposits, and net loans, based on the summary of assets and liabilities (C.B.1.1) as of December 2014, can be grouped as follows:

Table presents Assets, Deposits, and Net Loans of Thai Commercial Banking System at the End of 2014

No.	Thai Commercial Bank	Assets		Deposits		Loans (Net Allowance for Doubtful Account)	
		Baht	Market Share (%)	Baht	Market Share (%)	Baht	Market Share (%)
1	Bangkok Bank	2,647,909,703	18.0	1,992,588,427	18.3	1,640,895,614	16.6
2	Krung Thai Bank	2,727,150,392	18.6	2,152,553,446	19.8	1,832,163,879	18.5
3	Siam Commercial Bank	2,522,809,735	17.2	1,890,388,475	17.4	1,711,327,165	17.3
4	Kasikorn Bank	2,136,637,849	14.5	1,632,226,821	15.0	1,460,424,467	14.8
5	Bank of Ayudhya	1,128,897,764	7.7	843,747,653	7.7	869,829,446	8.8
6	Thanachart Bank	967,216,441	6.6	699,734,913	6.4	694,182,967	7.0
7	Thai Military Bank	809,550,781	5.5	571,720,372	5.3	501,983,032	5.1
8	UOB Bank	397,843,452	2.7	268,682,903	2.5	258,220,847	2.6
9	TISCO Bank	305,885,742	2.1	206,391,307	1.9	251,661,346	2.5
10	CIMB Thai	273,446,304	1.9	184,105,740	1.7	182,655,005	1.8
11	Standard Chartered Bank	225,180,941	1.5	99,908,013	0.9	94,879,382	1.0
12	Kiatnakin Bank	227,360,664	1.5	132,422,439	1.2	177,177,788	1.8
13	Land and House Bank	164,818,179	1.1	123,661,962	1.1	113,944,362	1.2
14	ICBC (Thai)	157,189,974	1.1	90,028,586	0.8	102,552,682	1.0
Total		14,691,897,921	100.0	10,888,161,057	100.0	9,891,897,982	100.0
4 Large-sized Commercial Banks		10,034,507,679	68.3	7,667,757,169	70.4	6,644,811,125	67.2
3 Medium-sized Commercial Banks		2,905,664,986	19.8	2,115,202,938	19.4	2,065,995,445	20.9
7 Small-sized Commercial Banks		1,751,725,256	11.9	1,105,200,950	10.2	1,181,091,412	11.9

Source :Summary Statement of Assets and Liabilities (C.B.1.1) as of December 31, 2014, the Bank of Thailand

The assets of Thai commercial banks as of December 2014 totaled Baht 14.7 trillion, a growth of 4.0% YoY compared to 2013 growth of 9.8%. The total assets of the four largest commercial banks (accounting for up to 68% of the market) increased by 5.8% YoY, while the total assets of mid-sized and small-sized commercial banks grew at a slower pace at 2.6% and 3.2% respectively.

The deceleration of commercial banks' assets was mainly driven by a decline in overall commercial banking loans following the economic recession and regional economic distress, in particular from the decrease in agricultural product prices. Meanwhile the rise of household debt made financial institutions more stringent on issuing new loans. The net loans of Thai commercial banks as of the end of 2014 totaled Baht 9.7 trillion, expanding at an annualized rate of 1.9% compared to 2013 growth of 10.5%.

The deceleration of loan growth led to a decrease in the need for deposit mobilization. Hence, the total deposit amount of Thai commercial banks decelerated to Baht 11.7 trillion, growing by 5.9% YoY versus 9.1% in 2013. The deceleration of deposit expansion was mainly due to the fact that the commercial banks desired to lower cost of funds by taking funds from savings and current accounts (CASA), which paid low interest rates. As a result, depositors transferred their money into other investment products (Deposit Migration) such as money market funds, which gave higher returns. In addition, rising household debt raised the financial burden on depositors, leading to a fall in overall savings.

Economic slowdown and the problem of household debt caused the ratio of non-performing loans (NPLs) to commercial banks' liabilities to rise to 2.34% in the third quarter of 2014, up from 2.28% and 2.25% respectively in the previous two quarters. However, Thai commercial banks have subsequently tightened quality control on their lending, resulting in a decrease in NPL ratio to 2.15% in the fourth quarter of 2014, which is the same level as the year before. Meanwhile the capital adequacy ratio of Thai commercial banks was as high as 16.9% in the fourth quarter of 2014, above the standard level indicated by the Bank for

International Settlements (BIS) of 8.5% and implying that Thailand's commercial banking system remains strong.

In addition, the competitiveness of Thai commercial banks remains strong with net interest margin (NIM) as high as 2.69% in the fourth quarter of 2014, increasing from 2.52% in the fourth quarter of 2012 and 2.60% in the fourth quarter of 2013. One of the reasons could be that commercial banks have successfully cut funding and operational costs as well as earning profits from financial transaction fees.

Outlook of Commercial Banking Business

In 2015 the commercial banking industry is projected to gradually recover due to three reasons as follows:

First, Thailand's economy is moving in a positive direction and thus there is increasing demand for loans. The Bank estimates the economy will expand by 3.7% in 2015, increasing from tepid growth of 0.8% in 2014. Public and private investment is expected to be the main engine of growth, with the Bank forecasting expansion of 7.0% and 6.0% respectively. This would mark an improvement from 2014, when public and private investment growth decelerated to 3.5% and 1.2% respectively. This is in part due to the stabilization of the political situation, the infrastructure investment plans of the government and the opening of the AEC which should prompt an increase in consumption and investment.

The expansion of investments in the private and public sectors will increase demand for loans as well. The Bank estimates total loans and business loans of all commercial banks (accounting for 72% of total loans) in 2015 will expand by 5.6% and 5.4% respectively, an increase from 2014 which showed expansion rates of 4.3% for total loans and 0.6% for business loans.

Second, the policy interest rate is expected to remain low. Thus, cost of funds of commercial banks should not increase significantly due to the potential reduction in inflation. With Thailand's economy expected to gradually improve, the Bank of Thailand (BoT) should not need to increase the policy interest rate in 2015. The Bank expects the policy interest rate to be cut to 1.75% in the first half of

2015 from 2.00% at the end of 2014. The policy interest rate cuts would increase the spread between interest revenue and interest cost, benefiting the NIM ratio of Thai commercial banks.

Third, the Bank expects commercial banks to earn incrementally more revenue from charging clients financial transaction and operation fees by providing full services and using technology to assist clients when they perform financial transactions. Commercial banks were able to increase their revenue accordingly with an annual expansion rate of 13.5% in 2012-2014. Such higher revenue reduces the risk of economic fluctuations and decreasing interest rates, and is the main factor driving expansion growth of commercial banks in the future.

Nevertheless, even though the trend of Thai commercial banks is moving in a positive direction, the banking industry is still facing three key important risk factors. First is the high level of household debt that will limit the demand for saving and personal and business loans. Second, there is a high level of economic risk from several factors including the government's infrastructure plans which may not be able to proceed as planned, the fluctuation of the baht which depends on the monetary policy of developed countries, the risk of drought affecting the agricultural sector and having a negative impact on farm income, and weakness in the world economy which affects the export sector of Thailand. Third, cost of funds may increase if the US Federal Reserve suddenly increases its policy interest rate which could result in sudden capital outflows and force the Bank of Thailand to increase its own policy rate, and from the possibility that the government will issue a large amount of government bonds to support the infrastructure plans which can lead to a lack of liquidity in the financial market.

2. Auto Hire Purchase Business

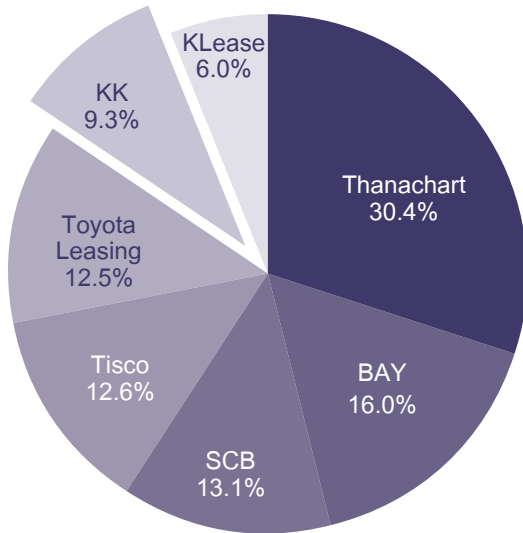
Domestic car sales in 2014 totaled 881,832 units, falling by 33.7% from last year. This contraction was

greater than expected, even amid support from marketing campaigns by producers and distributors and low interest rates. The poor performance was due to three reasons: (1) a deterioration in consumer purchasing power from poor economic conditions and a fall in agricultural prices; (2) high and rising household debt (amounting to 84.7% of GDP in the third quarter of 2014) which led commercial banks to tighten their credit policies, especially in the case of hire purchase loans; and 3) the effect of the government's first-car scheme which significantly stimulated sales during 2012-2013.

The slowdown in car sales (especially in the used-car category which has contracted continuously since 2013) combined with high household debt caused commercial banks to tighten their credit policies. This resulted in a contraction in car leasing loans (excluding personal loans using cars as collateral, such as CarQuickCash). In 2014, the total car leasing loans amounted to Baht 858,770 million, a contraction of 3.4% compared with the end of 2013.

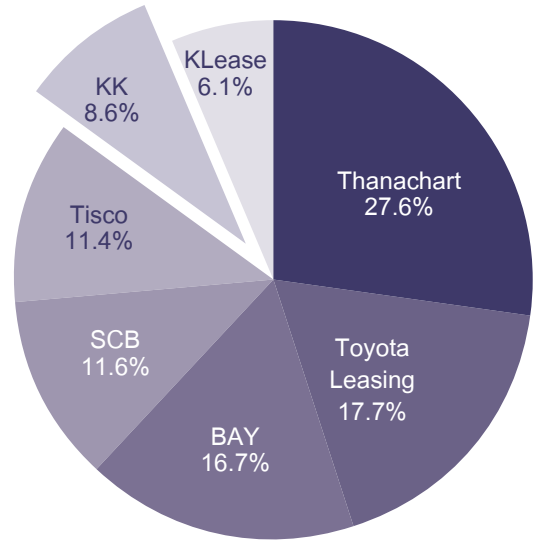
Regarding the competitive situation among auto loan lenders during 2014, the data show that competition between large lenders was intense. In terms of auto loan market share including personal loans using cars as collateral provided by the seven biggest car loan lenders (Thanachart Bank PCL., Toyota Leasing Co., Ltd., Bank of Ayudhaya PCL., Siam Commercial Bank PCL., Tisco Bank PCL., Kiatnakin Bank and Kasikorn Leasing Co., Ltd.), the market share of Kiatnakin Bank shrunk to 8.6% from 9.3% a year before. This was partially due to the fact that the Bank has controlled loan quality to be more stringent in order to address the risk factors caused by the domestic economic downturn. The market share of the seven biggest car loan lenders in 2013 and 2014 are shown below. (Note that the loan amount of Toyota Leasing Co., Ltd. is as of the end of the fiscal year ended March 31, 2013 and 2014; and that of Kasikorn Leasing Co., Ltd. was as of the end of 2013 and the end of the second quarter of 2014.)

2013



Total outstanding auto loans 7 major companies
Baht 1,448,846 million

2014



Total outstanding auto loans 7 major companies
Baht 1,447,431 million

Outlook of Auto Hire Purchase Business

In 2015 hire purchase loans in the banking system are likely to rebound gradually, with domestic car sales expected to increase to 940,000 units, up 6.6% YoY. We expect hire purchase loans of the commercial banking system (excluding loans secured by personal cars) at the end of 2015 will expand at 3.7% per year. Economic growth and car demand are expected to gradually return to normal levels in the second half of 2015. Low and declining interest rates (we expect a cut of 25bps in the policy interest rate to 1.75 in the first half of 2015) will support the ability of borrowers to repay. We also expect that financial institutions may start to relax strict credit lending policies, if household debt starts to decline. In addition, stability in the price of used cars which would support a recovery in the car market may give a positive boost to hire purchase loans as well, especially in the large passenger car segment. (We still expect the price of small used cars, especially the Eco-Car segment, will decline).

However, auto hire purchase loans face downside risk if the economic recovery does not materialize as expected. A lagging economy will inevitably affect the recovery in both the new-car and used-car markets, in turn affecting the car

leasing market. Downside risk factors are: (1) slow global economic recovery affecting Thailand's export sector; (2) the delay of government investment projects which will have a negative impact on private investment; (3) the proposals for tax and energy price reform, especially the prospect of an increase in VAT in October 2015 which would temporarily boost auto sales before the tax hike occurs but have a subsequent negative impact; and (4) political risk which might intensify and have a negative impact on the domestic economic recovery.

3. Real Estate Business

The Agency for Real Estate Affairs (AREA) reports that in 2014 the number of properties sold in Bangkok and vicinity amounted to 114,094 units, a reduction of 13.3% compared to the previous year. In monetary terms, the overall value of all projects is Baht 344,550 million, down 10.6% compared to the previous year. This is comprised of condominium projects worth Baht 173,197 million, or 50% of total project value, followed by houses and townhouses worth Baht 72,067 million and Baht 68,692 million respectively, accounting for about 20% equally.

This indicates that the housing market on the project developer side has shrunk both in terms of units sold and value. This was partly a result of (1) a slowing economy since late 2013 which continued through 2014; (2) rising household debt which led commercial banks to tighten credit in both pre- and post-finance lending; and (3) the slowdown in purchasing real estate as an investment asset (especially in condominiums).

These factors had a negative impact on demand as well, as evidenced by the number of homes sold during 2014 which amounted to 90,387 units, down 22.4% compared 2013 when a total of 116,481 units were sold. The contraction occurred largely in the first half of the year; with demand starting to rebound in the second half. In addition, at the end of 2014 housing available for sale totaled 165,540 units, up 14.9% from 144,098 units at the end of 2013.

The pre-finance indicators also showed a slowdown in the sector, with real estate development credit (lending to developers by commercial banks and finance companies including credit foncier companies) at the end of the third quarter of 2014 amounting to Baht 296,040 million. This represents a slowdown to 8.9% YoY growth compared to 29.8% in 2013. The slowdown in developers' credit was broad-based with tepid growth of 3.4% in land development projects, an abrupt slowdown from 79.8% growth the year before. For condominium projects, loans to developers rose by 4.7%, slowing down significantly from the previous year's growth rate of 28.0%.

All in all, competition among financial providers to real estate developers was severe, focusing mainly on credit conditions and interest rates. However, the Bank has a different focus, and emphasizes flexibility in terms of bank loans and services which are tailored to the needs of each client. We also have a team of experts with specialized expertise to individually give detailed advice to our clients.

In 2014, the Bank has continuously expanded our client base to new areas in several provinces, especially

ones that benefit from the urbanization trend, for example areas within target provinces in Chiang Mai, Khon Kaen and Phuket. This will be done by focusing on the activities associated with business partners as well as arranging Road Shows for target clients.

Outlook of Real Estate Market

Real estate for housing in 2015 is likely to recover gradually along with the economy which we expect to grow by 3.7% annually, while interest rates are expected to remain low. Housing projects should perform well this year, especially condominium projects situated near the BTS skytrain in the city and suburbs. These include projects located next to the BTS's Purple Line (Bang Sue – Bang Yai) which is expected to be completed this year, the Blue Line (Bang Sue – Tha Phra and Hua Lamphong – Bang Kae), and the Green Line (Bearing - Samut Prakan) which are currently under construction, and the Green Line (Mor Chit- Ku Kod) which is expected to begin construction in 2015.

In 2015, even though the housing market upcountry may not experience the same expansion rate as in the past two years (which was partly due to speculation), we still expect it will grow. The areas expected to have good prospects are upcountry provinces which benefit from the urbanization trend and are densely populated such as Chiang Mai, Khon Kaen, Udon Thani and Surat Thani. This urbanization trend is expanding partly because of the increasing trade and investment between Thailand and neighboring countries. We expect that conventional, horizontal housing projects will be more popular than condominiums since people upcountry are more familiar with these properties. Exceptions are to be found in some areas where there is high demand from foreigners and available land is scarce and expensive.

Due to the gradual expansion of real estate business credit within Bangkok and upcountry, we expect real estate developer credit will grow by 5.9% this year, a boost from last year's tepid rate of 1.4%.

Outstanding loans are expected to be around Baht 300 billion at the end of 2015.

Nevertheless, numerous downside risks can still potentially have a negative impact on the real estate sector. These are (1) slower-than-expected economic expansion, probably due to a slow revival in export and delays in the government's infrastructure investment; (2) the implementation of tax reform, especially land and inheritance taxes; and (3) high household debt which gives financial institutions reason to worry about the quality of retail and housing loans, and to hence restrict the growth of real estate developer loans.

4. Capital Market and Securities and Derivative Brokerage Business

The capital market in 2014 was different from 2013 mainly due to key political events. Despite several turbulent events during the year, the SET index managed to rise 15.32% YoY. We started off the year unstable, with political tension on the rise, as anti-government protestors occupied the city in an aim to force out the prime minister. Tension proliferated in the first half of 2014 and trade volume was muted as foreigners remained sidelined. Towards the end of the first

half of 2014, martial law was imposed and then a coup d'état was launched to ease the tension. As a result, the market rallied on optimism that political tension would subside. The temporary military government promised to turn around the bleak outlook for the Thai economy through fiscal stimulus including an infrastructure program. As we entered the second half of 2014, investors were gearing up but with poor sentiment the economy began to deteriorate, and government agencies as well as brokerage houses began to downgrade earnings estimates and GDP forecasts for 2014.

With foreigners still on the sell side, retail activities rose especially into small and medium-sized names. New IPOs and under-owned stocks began to dominate daily turnover toward the end of the second half of 2014, while large caps saw little flow. Institutions were feeling the pressure as the SET was outperforming supported by retail volume, which pushed the index to mark an intra-year high at 1,600, up 30%. The economy outlook lacked positive catalysts, especially when optimism and hope for change had begun to diminish. At the end of the year, the SET index finished 6.40% lower from the year's high, at 1,497, but still rose 15.32% YoY.

Table illustrating the SET and mai market condition, trading value, and market share of PTSEC and KKTRADE:

	2013	2014
Average Daily Securities Trading Value of the SET and mai (Baht Million)	50,329.26	45,466.49
Trading Proportion of the SET and MAI by Investor type		
Foreign Investors (%)	21.74	20.25
Local Institutions (%)	8.55	8.76
Local Individuals (%)	57.10	62.31
Proprietary Trading (%)	12.61	8.68
Average Daily Securities Trading value of PTSEC (Baht Million)	5,460.22	4,868.65
Market Share of PTSEC (Excluding Proprietary Trading) (%)	4.38	4.04
Market Share- Foreign Investors (%)	8.58	8.76
Market Share- Local Institutions (%)	9.65	9.04
Market Share- High Net Worth Clients (%)	2.09	1.87
Ranking	9	8
Average Daily Securities Trading Value of KKTRADE (Baht Million)	1,140.44	824.10
Market Share of KKTRADE (Excluding Proprietary Trading) (%)	1.30	0.99
Ranking	25	29

Source: the SET, PTSEC and KKTRADE

For Thailand Futures Exchange, 2014 was a challenging year with turnover of SET50 Index futures falling 39% YoY versus 41% growth in 2013. The decline in trading volume in 2014 was attributable to lower volatility while the much-anticipated change to SET50 Index Futures multiplier from 1,000 to 200 in May 2014 failed to help support the declining volumes. Single Stock Futures (SSF) on the other hand continued to see exponential growth in volume year-on-year and represented 53.4% of total volume traded on TFEX in 2014. Despite its large market share and small value, SSF remained a small part of the overall commission pool for the market. Trading volume for combined 50 Baht and 10 Baht Gold Futures fell 30% year-on-year while Silver Futures ceased trading in August 2014.

TFEX Market Summary	2013	2014
Number of Contracts	16,664,126	36,021,150
Trading Volume of PTSEC (No. of Contracts)	3,054,255	7,151,074
Trading Value of PTSEC (Baht Million)	690,840.80	664,116.22
Market Share of PTSEC (%)	9.16	9.93

Source: the SET

Competition in securities brokerage business remains high due to the liberalization of brokerage fee since the beginning of 2010, together with the number of brokers totaling 34 firms providing similar services. These result in the continual trend of declining commission rate. Hence, most securities brokers emphasize competitive quality of service, up-to-date research, and ability to allocate new stock offerings to their clients as well as improving their technology offered to clients.

PTSEC continues to emphasize quality of service, research, and technology in servicing clients. It has upgraded the Direct Market Access platform to Flextrade in June 2013, giving more flexibility and scalability.

5. Investment Banking Business

Despite the challenging environment, PTSEC remains at the forefront of the Thai capital market. The superior origination strength and structuring expertise with exceptional distribution capability has enabled PTSEC to launch a series of successful landmark offerings. In 2014, PTSEC made its mark on the international capital market by assisting CPF to raise Baht 9,588 million from the issuance of exchangeable bonds into ordinary shares of CPALL. Other than the exchangeable bond issuance by CPF, PTSEC also advised BGH in its Baht 10,000 million convertible bond issuance, which was also the largest equity-linked security issuance in Thailand in 2014.

PTSEC reaffirmed its position as the leader in accelerated global tender transactions ("AGT") with a successful placement of SRICHA with size of Baht 1,103 million in March 2014. The placement of SRICHA was Thailand's first

overnight placement since the Bangkok shutdown on January 13, 2014. Despite the difficult market conditions, PTSEC's superior distribution capacity helped to generate strong demand among local institutional investors and high-net-worth individuals for the placement.

During the year, PTSEC was also involved in domestic M&A transactions where it was chosen as BGH's financial advisor on the Baht 3,655 million acquisition of Sanamchan Hospital Co., Ltd. This strategic acquisition would help the client in expanding its business, as well as creating a strong footprint countrywide.

Securities firms continue to focus on the investment banking business with the aim to increase fee revenue as well as to support their securities brokerage businesses and continue to provide strong competition to PTSEC. As of January 5, 2015, seventy-six companies have licenses to operate financial advisory services, while forty-five securities firms have licenses to operate as an underwriter for the SEC. Success in this industry will be determined by the experience and expertise of the banking team, initiatives to introduce new financial instruments to meet clients' increasing needs, and strong client relationships.

6. Asset Management Business

According to 2014 information from the Association of Investment Management Companies (AIMC), there are twenty-four asset management companies under SEC supervision, with a total net asset value (NAV) of Baht 3.81 trillion, an increase of 24.74% from Baht 3.05 trillion at the end of 2013.

The total NAV at the end of 2014 can be divided into Baht 2.07 trillion for fixed income funds, the largest asset class with 54.51% of total AUM, followed by equity funds which account for Baht 956.37 billion or 25.11% of total AUM. Meanwhile, Retirement Mutual Funds (RMF) and Long-Term Equity Funds (LTF) have shown continuous growth, with Baht 166.29 billion for RMF and Baht 271.02 billion for LTF.

Private fund business is growing continuously with intensifying competition. There are 2,830 funds (as of December 30, 2014) in the industry with total net asset value of Baht 479.42 billion, up 11.28% from the previous year.

Total AUM of PASSET in 2014 equaled Baht 35.73 billion, relative to Baht 24.82 billion as at the end of 2013. The growth of AUM was driven primarily by new launches of fixed-term funds and the merger of private funds leading to a total of 125 funds under management. This can be further divided into thirty mutual funds,

representing 43.34% of total AUM, 91 private funds with 9.51% of total AUM, and four property funds with 47.15% of total AUM.

In 2014, PASSET set up twenty-seven new funds, comprising twenty-six fixed-term funds which have an investment policy focused on government and private debt instruments issued in both domestic and foreign markets, and one open-ended mutual fund, Strategic Asset Allocation which was transferred from another asset management company on December 1, 2014.

The size of the asset management market has been growing at a healthy pace. PASSET continues to focus on its strong team of experienced investment personnel, discipline investment process, and a wide range of product choices. In addition, PASSET places emphasis on convenient distribution service through its network of selling agents who are capable to advise and provide quality service as another important factor.

Risk Factors

The following risk factors do not reflect risk factors of normal business operations. Furthermore, there may be risks the Bank is not aware of or risks the Bank currently considers insignificant which may later become significant in the future. These risks may have a significant effect on the Group's business, revenue, profit, asset, liquidity or source of funds.

1. Changes in domestic and international economies, politics and public policies directly affect the Bank and its subsidiaries.

The Bank's and its subsidiaries' businesses rely on the domestic economy which is affected by the global economy, the political situation and government policy. Although the domestic and international economies in 2014 were mending, the political situation was resolving, and the government was constantly making policies and measures to revive the economy, risks were still looming. Risks arise from the growth in developing economies slowing down, especially in China. After the bubble in the real estate, shadow banking and mining sectors, the Chinese economy has considerably slackened which poses risks to Thailand's export sector.

Risks from geopolitical factors also exist. Notably, the continued unrest in Ukraine and the Middle-East, if escalated, will affect the world energy supply and Thailand's inflation rate. Additionally, risks exist from volatile fund movements resulting from liquidity injection measures by prominent central banks. While the United States has hold off on its quantitative easing, European countries and Japan have geared up theirs. This could lead to high volatile returns of various financial assets across the world's markets including

Thailand's (e.g. the SET Index and bond yields). Meanwhile, the Thai economy still is at risk from political instability during this transitional phase. The National Council for Peace and Order's (NCPO) liberalization policies and measures to stimulate economic growth could raise confidence regarding the household and business sectors in the short term. However, anti-coup movements, uncertainty of public acceptance of the administration, creation of the legislative assembly, national cooperation plan and country modification road-map, and uncertainty in elections would affect confidence, overall policy and the Thai economy's potential for growth.

The aforementioned volatility in the economy could hinder growth which will affect the Bank. The Bank's clients include retail clients, clients in the agricultural sector and freelancers. Their incomes are dependent on economic factors. Hence, a worsening economy may affect the Bank's operation and potential growth as a result of a deterioration in clients' payment ability, credit quality, and the Bank's profitability.

After the merger between the Bank and PHATRA, brokerage and investment banking fees have become a significant source of income to the Group. Such fees are susceptible to the economy and transaction volume from Bank of America Merrill Lynch. A recession or political instability would affect trading volume in the SET, securities trading volume through the companies in the Group, volume of funding and initial public offerings. These factors will affect brokerage fee and investment banking fee which comprises fees from financial advisory and underwriting.

To manage risk within acceptable levels, the Bank aims to incorporate risk management into business operations, e.g. continual assessment of the current

situation, stress testing and stress mitigation planning. However, economic volatility (both domestic and international) as well as politics and government policies are out of the Group's control. The Group cannot guarantee that if such events occur, they will not have a significant effect on the Group.

2. The Group may not be able to achieve set goals, possibly affecting the Group's competitiveness and performance.

The Group's long-term strategy is to operate in business where it has expertise and competitiveness. Through business innovations, synergies within the Group and further business expansion, various financial products and investments will be developed catering to clients' needs. The strategy will raise the Group to have full commercial banking services while increasing revenue to replace revenue from special asset management (SAM) which may be depleted in three to five years.

However, to achieve its strategies, the Group needs to improve significantly which will take considerable investment and time. Examples of these changes are adjustment to branches in terms of their format and location which may result in opening/closing/relocation of branches. The Bank estimated that investment and cost of these changes would be considerable, but necessary for the Bank and the Group in order to better reach targeted clients. The Group is not able to guarantee timely success of such strategies. If the strategy succeeds, the Group would also be unable to guarantee that its competitiveness will be comparable to or surpass competitors.

Additionally, the Group's strategy and business plans are highly involved with the development of information technology. Product and service expansion, coverage and

diversity of sales channels are dependent on information technology being improved to meet or surpass the level of competitors. The Group is not able to guarantee to improve its information systems to the desired target, or the improvement may finish slower than competitors causing lost competitiveness. The Group may be able to complete its strategies and business plans. However, they may not be relevant to real market conditions. Therefore, the products and services offered may not sell as well as targeted, lowering profits from goals. The Group may not have sufficient experience in new products and services and could not compete as efficiently or as effectively as predicted.

3. Changes in the hire purchase industry may affect the business, procedure and profitability of the Bank.

Auto hire purchase is the Bank's main type of loan amounting to Baht 124,252 million, accounting for 67% of the Bank's total loans. In the past, the hire purchase business has been structurally changed by several factors, including increasing household debt, turbulence and declines in economic performance both international and domestic, all of which affected payment ability and worsened credit quality. The First-Car Policy and Eco-car project have negatively impacted car prices by accelerating the decline in used car prices. Additionally, increased competition has induced price competition. Also, the increased popularity of smaller-sized cars has reduced ticket size while long-term costs have seemed to rise, rendering a reduced profit per loan contract. Furthermore, the volatility in the hire purchase market will affect revenue and performance for other businesses related to the Bank's hire purchase business such as personal loan, SMEs loan and bancassurance.

In order to prepare for events that may affect the hire purchase business, the Bank has been monitoring factors which will directly and indirectly impact the Bank. These factors include laws, regulations, market conditions, domestic car sales as well as competitors' business. The Bank also closely monitors the market and car prices to timely respond to changes. The Bank has employed a strict credit approval process, reduced loan amount to reduce car sales loss, improved certain procedures to increase operational efficiency and reduced non-essential costs. Nevertheless, the Bank cannot guarantee these measures to handle changes in the hire purchase business. Although the Bank has taken precautions to best prepare for changes in the business, it cannot guarantee to be fully prepared for future changes in conditions.

4. The Bank may be unable to maintain capital sufficient for future expansion and competition.

The Bank's capital is determined by its Risk-Weighted Assets (RWA) and regulatory capital. These are dependent upon several factors including changes in the Bank's businesses and risks as well as changes to capital requirement regulations. Furthermore, in case the Bank reports operating losses, the loss will lessen regulatory capital which will impact capital. Any reduction to capital may lead to a need to raise funds for business expansion. Such fund-raising may be restricted or at a high cost. If the Bank is unable to raise sufficient funds, it may not be able to grow its business as planned. Consequently, performance will be impacted or the Bank's size will be reduced, if the restriction on capital is not resolved.

To reduce the risk of having inadequate capital,

the Bank employs a policy to maintain capital to cover future risks and growth. The purpose of maintaining capital and the minimum capital level are determined under the Bank's risk appetite which is approved by the Board of Directors. The purpose of maintaining capital and the minimum capital level are established to reflect the following objectives:

- Capital is maintained above the level required by the Bank of Thailand at 8.50% of RWA to cover risks not included in the capital adequacy framework.
- Capital is maintained in accordance with risk appetite and risk tolerance as determined by the Board of Directors.
- Capital is assessed under stressed conditions. Plans are devised for maintaining capital according to the framework in stressed conditions.
- Capital is maintained to cover significant risks according to official regulation the Bank faces.
- Capital is maintained in a manner which considers its impact on shareholders.

To improve the capital assessment procedures, the Bank has undertaken the following:

- Developed quantitative risk assessment systems for credit risk, market risk, operational risk, credit concentration risk and interest rate risk in the banking book under normal and stressed conditions.
- Developed a capital adequacy framework which is linked to the aforementioned significant risks for each of the Bank's businesses.
- Developed a performance evaluation system for business units while taking into account the cost of maintaining capital and the ability to report shareholders' return on investment

of each business unit.

- Developed risk assessment and capital adequacy using economic capital methods.

Additionally, the appropriateness of minimum capital the Bank has to maintain, additional capital needed according to annual business plan, risk appetite and risk tolerance will be considered for capital adequacy assessment. In the event that estimated capital is less than the level of minimum capital determined by the Bank's risk tolerance or as required by the Bank of Thailand, the Bank will devise a capital plan on a case-by-case basis.

5. *Changes to laws and regulations may affect the business, operation and profitability of the Group.*

The businesses of the Bank and its subsidiaries are under strict and constantly changing laws and regulations.

The businesses of the Bank and its subsidiaries are heavily controlled by the government and various governing bodies. The main governing bodies are the Bank of Thailand and governing bodies of other businesses. These are the SEC for securities-related businesses and the Office of Insurance Commission (OIC) for bancassurance business. Additionally, the Bank and its subsidiaries are governed by other organizations, for instance, the Office of the Consumer Protection Board and the Anti-Money Laundering Office. The law and regulations of the aforementioned bodies are strict and are constantly evolving to be stricter to provide more protection to consumers.

In addition to being controlled by stringent laws and regulations, the Group's businesses are subject to various laws that have been significantly updated in the last few years. Such laws include the Act on Amendment of Code of Civil Procedure which has greatly impacted the banking business causing commercial banks to alter credit

approval procedures to comply with the amendment. Other new laws include the Draft of Act on Debt Collection, Draft of Act on Business Security, Draft of Act on Amendment of Electronic Transaction and Draft of Act on Data Protection. These laws, if in effect, would impact the Bank's operation to an extent which could be of significance.

The changes to the laws and regulations both from main governing bodies and other governing bodies as well as changes in other general operation-related laws will affect goals, business viability and competitiveness. These changes may also cause the Bank to be liable from not fully complying with the laws and regulations which could negatively impact operations, financial status and performance of the Bank and its subsidiaries.

6. *The Bank's operations may not be sufficiently cautious resulting in operating losses which will affect the Bank's competitiveness and performance.*

The Bank's operations and offering of products and services are diverse and complicated, involving many units across the country. They are also subject to many laws, rules and regulations. The Bank's operation may not be adequately strict, which may result in fraud. Additionally, incautious operation could cause damage to the business. For example, products and services may be misrepresented affecting reputation, possibly invoking lawsuits, slowing down operations, causing lost competitiveness, revenue or costs to rise and eventually affecting the Bank's performance.

To reduce operational risk and fraud, the Bank has established an Operational Risk Management Sub-committee to manage and monitor risk issues and control operational loss within acceptable levels. The Bank

has also established a Fraud Unit to control and investigate irregular situations or situations suspected of being fraudulent. The Fraud Unit's objective is to manage situations to prevent losses. Additionally, the Bank also employs measures to reduce operational risks for new products and services. All related parties must assess their risk, devise a mitigation plan and implement readiness-checking before issuing new products or changing operational processes. The Second Line of Defense units such as legal, compliance and risk departments together analyze and define issues. The New Product & Process Review Sub-committee (NPPRC) was established for approving new products and process changes. The committee will identify and point out flaws and give advice, including risks, to the product or service owner, in order to perfect such product or service.

However, the expansion to new products and services may have risks the Bank is not able to identify or fully manage. Therefore, the Bank is not able to guarantee that the measures the Bank have taken will prevent all operational losses including fraud or that the measures will be implemented efficiently.

7. The Bank is unable to obtain and maintain sufficient liquidity to operate and grow.

The Bank's business depends on its ability to raise funds in deposits or other sources. The Bank must maintain liquidity in compliance with the Bank of Thailand and Basel III regulations. The ability to maintain liquidity depends on several factors such as competition, interest rate trend, reputation and credit rating of the Bank, location and number of branches, product diversity and service quality. These factors

affect the Bank's ability to raise funds. For example, if the Bank's credit rating was reduced, its cost of funds will be raised.

Besides competition and internal factors, regulations also affect the Bank's fund-raising. Under stricter regulations from the Bank of Thailand and Basel III after the global economic crisis, the Bank has to maintain higher liquidity to cover liquidity risk and changes to the deposit protection law. The law was amended to limit deposit protection to an amount not exceeding Baht 25 million starting in August 2015, with a subsequent reduction to an amount not exceeding Baht 1 million in August 2016. The Bank will face liquidity risks in case depositors want to withdraw their deposit portion which exceeds the protection limit from the Bank to other financial institutions or to invest in other mediums.

To manage liquidity, the Bank has enacted the Money Desk Sub-committee to analyze and monitor cash inflow and outflow. The sub-committee also set up measures closely monitoring liquidity status under normal and stressed conditions according to the risk appetite of the Bank for assets and liabilities mismatch and level of liquid assets under different scenarios. The sub-committee will regularly convene at least once every two weeks under the supervision of the Asset and Liability Management Committee. The Treasury Department plays a key role in the implementation of the Bank's liquidity management to maintain an appropriate level of liquidity, with the Risk Management Group monitoring and controlling the position on liquidity risk and regularly reporting to the Risk Management Committee and the Board of Directors.

As the Bank's ability to raise funds is dependent on various factors, the Bank is not able to guarantee

such management will prevent all adverse liquidity effects in the event of a significant change in the market.

8. *The Bank maybe affected by interest rate risk in the banking book arising from interest rate volatilities and duration gap between assets and liabilities duration.*

Shortening liabilities duration for the Bank is a major risk factor which the Bank is aware of. The Bank consistently monitors to limit duration risk within risk appetite levels under normal and stressed scenarios. The Bank has appointed the Asset and Liabilities Management Committees to oversee such risk by adjusting maturity and repricing gap in the liabilities side to match that of the asset. The Risk Management Group is responsible for monitoring and controlling interest rate risk in the banking book and reporting to the Risk Management Committee and the Board of Directors.

Nevertheless, if interest rate volatilities exceed predictions or adverse changes occur in rates which are out of the Bank's control, the risk will unavoidably have a direct effect on net interest income and economic value of equity of the Bank.

9. *Market risk rises from the Group's increased investment in the trading book and available-for-sale assets, resulting from having more diverse transactions. The risk may affect the Group's operation if the economy and financial markets are highly volatile.*

The Group has increased its transactions in financial products for the trading and available-for-sale portfolios. These products include interest rate swaps, cross currency

swaps, FX spot and FX derivatives. The variety of financial products is to better serve the Group's clients. Additionally, the Capital Market Business invests in common equity in the SET, futures contracts in the TFEX and equity derivatives, all of which also give rise to market risk.

Risk factors significant to transactions in the Bank's trading book include Thai interest rates, foreign interest rates, foreign exchange rates, risk premiums for corporate bond and liquidity as well as these factors' volatilities. The Bank is well aware of the increased market risk arising from the aforementioned transactions in the present volatile market conditions. The risks arise from internal factors and external factors which are out of the Bank's control. These factors could affect volatilities in risk factors of the trading book and adversely affect the trading book. Consequently, the Bank has limited risk for trading book transactions within acceptable levels and in accordance with the Bank's risk policy. The Bank has developed a market risk management procedure that is thorough and systematic. The procedure starts from the identification to controlling and monitoring of risks related to each type of transaction in the trading book. Such procedure is able to cover relevant and significant risks.

The Bank's Market Risk Management Department is the main unit to manage market risk in the trading book. The Market Risk Management Department is responsible for tracking trading transactions and controlling trading book risks on a daily basis. For the control of these risks, internationally accepted tools such as the Value at Risk (VaR) and Present Value of an 01 (PV01) are used to cover changes in the market. The Market Risk Management Department will report to relevant units in case of a breach in trading book limits or any irregularity.

For risk management of the Capital Market Business,

it mainly invests in common equity in the SET, futures contracts in the TFEX and equity derivatives. The key risk factors are equity prices, liquidity and volatility of equity. The Capital Market Business' short-term investment strategy gives rise to minimal risks, as they are hedged. However, long-term investment by the investment unit is not hedged and directional, hence, high market risk exists. In the event that the price of securities invested drops, the Group's performance and profitability will be affected.

The Group is aware of the risks arising from these investment strategies. Therefore, the Group has limited investment risk under an acceptable level. The risk management unit of the Capital Market Business is responsible for setting risk limits such as maximum loss at a determined confidence level and maximum position held which is determined by daily volume.

Nevertheless, volatility of securities price rises from factors out of the Group's control. Despite the Group having a standard risk management procedure, the Group is unable to guarantee that significant losses will not occur if risk factors become more volatile than predicted. The losses could have an adverse effect on the Group's performance and economic value.

10. The Bank has risks arising from deteriorating credit quality and credit concentration. In the event that credit quality worsens beyond expectation, additional reserve will be required, significantly affecting the Bank's performance.

The Bank's main debtors are mostly small businesses and retail clients. Generally, these debtors are more affected than large-sized corporations are by volatilities in the economy or the industry in which they

operate. Therefore, the Bank is subject to high risk during a volatile economy. The Bank also has concentration in real estate lending. This concentration gives rise to high credit risk in the event that some of the Bank's large clients experience credit difficulties. As of December 31, 2014, loans outstanding of the largest debtor were Baht 4,582.56 million, amounting to 15.06% of the Bank's capital. If such loans were to depreciate, the Bank's performance will significantly be affected.

For 2014, the Bank had non-performing loans amounting to 5.6%, increased from 3.8% the year before. The increase was attributed to the rise in non-performing loans for auto hire purchase and real estate loans. The increase in non-performing loans for auto hire purchase was affected by the first-car policy. The policy directly and indirectly impacted the hire purchase market in terms of credit quality. In order to manage increased credit risk, the Bank continually improves its credit risk management to better reflect risks. The Bank has amended its credit policy to be more cautious and up-to-date. It also has altered its credit facilitation to be more appropriate and effective. The alterations include restructuring the credit analysis department for checks and balances, developing tools for credit approval aid such as credit scoring and implementing the tools for the Bank to better assess risk and target clients according to the Bank's goals and strategies.

To manage credit concentration, the Bank has set limits for credit concentration to mitigate possible losses to the Bank. The limits include the single lending limit and the large borrower concentration limit.

The Bank generally reserves a portion of its revenue as provision expense to ensure the Bank is able to

cover losses from depreciation of assets held. The Bank uses the Collective Approach for provisioning its hire purchase lending. The approach sets provision from historical losses, economic conditions, and other factors relevant to debtors' payment ability and the Bank's ability to recover loss. For other credit types, the Bank sets provisions according to the Bank of Thailand's guidelines. Additionally, the Bank set aside a general provision in compliance with the Conservative Approach. This general provision's purpose is to cover losses from unexpected changes to the economy or other relevant factors. As of December 31, 2014, the Bank has a ratio of total provision to required provision equaling 158.4%.

Although the Bank employs procedures to manage credit risk and credit concentration and maintains appropriate provisions for loss as mentioned, the Bank cannot guarantee that no loss will occur from deteriorating credit quality and credit concentration. In the event that credit quality deteriorates beyond expectation, the Bank will have to set aside more provisions. The Bank could also have to increase its provisions to comply with changes to regulations. The increase in provisions will considerably impact the Bank's ability to pay out dividend.

11. Increased competition, especially from large banks, may adversely impact the Bank.

Competition in the banking business is high and becoming higher from new payment service providers and existing competitors. Existing competitors are growing by expanding to businesses not typical of large banks. They are especially moving towards the Universal Banking Model. The Bank, a small bank, may be unable to respond to the competition with products and services that cater to clients' needs or be unable to develop a diverse and

complete sales channel. Consequently, the Bank could lose market share in its main businesses such as hire purchase lending and real estate lending. Alternatively, the Bank could lose competitiveness, which will substantially impact its ability to generate revenue and long-run performance.

12. The Group maybe affected by reputation risk.

Reputation is of significance to businesses, especially in the financial services industry where competition is high. The maintenance and building of a good reputation will lead to an increase in client base and better client retention ability. These could have positive effects on performance and financial status. Conversely, reputation loss could negatively impact the Group in the long run. Therefore, the Group makes its best effort to maintain its good reputation and prepare measures to prevent and reverse situations which could impact the Group's reputation. These measures include setting guidelines for business ethics and social-conscious business for a sustainable business operation, and staff training for operation that is efficient and satisfactory to clients and partners. However, the Group is not able to guarantee that the full implementation of these measures will be able to prevent and reverse situations affecting reputation.

13. In case the Group is unable to satisfactorily manage key personnel, negative impacts may arise.

The Group's businesses depend on experience, knowledge, and expertise of personnel including credit analysts, marketing personnel, relationship managers, compliance personnel and senior executives. For the Group

to retain its quality personnel, the Board of Directors has established employee treatment guidelines in writing. Such guidelines emphasize an appropriate system of employee benefits, training to encourage development of personnel, equal and fair treatment to all employees, development of a pleasant organization, and prioritization of hygiene and work-place safety, healthcare, annual health check and accident insurance for employees.

Regardless of the success of the above measures, the Group may not be able to retain key employees. It also cannot guarantee to sufficiently recruit talent to the Group. This could affect business continuity, financial statement and performance of the Group.

14. Profit from special asset management may reduce or run out.

The Group operates special asset management through the Bank and eight mutual funds which are subsidiaries of the Bank. The Bank has started its special asset management business in 1999 from auctioning financial claims of financial institutions from

the Financial Sector Restructuring Authority. During 2003-2006, the Bank auctioned debt under lawsuit from the Legal Execution Department. In 2010, the Bank bought investment units in the Gamma Capital Mutual Fund and Bangkok Capital Mutual Fund, which had similar operations to the Bank's other mutual funds. In 2014, the Bank profited from its special asset management in the amount of Baht 795 million, amounting to 28% of the Group's comprehensive income.

However, the Group has been operating special asset management for an extended amount of time. Hence, its assets under management are considerably depleted. As of 2013, the Group's assets under management amounted to Baht 9,062 million, while for 2014 they were Baht 7,862 million, representing a reduction of Baht 1,200 million. Because of the depleting assets under management and a low opportunity under the current economy for auctioning new assets, a key success factor of the business, the Group cannot guarantee to continually receive revenue from special asset management.

General Information

Name of Company	Kiatnakin Bank Public Company Limited
Stock Ticker	"KKP"
Type of Business	Commercial banking business, capital market business and other related businesses under the Financial Institution Business Act, Securities and Exchange Act and other related regulations
Number of Shares	842,833,559 ordinary shares and none of preferred share, with par value of Baht 10 per share (As of December 31, 2014)
Authorized Share Capital	Baht 8,523,372,680
Issued and Fully Paid-up Share Capital	Baht 8,428,335,590 (As of December 31, 2014)
Address	500 Amarin Tower, 12 th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok, Thailand 10330
Company Registration Number	0107536000986
Telephone	0 2165 5555
Fax	0 2256 9933
Website	www.kiatnakinphatra.com

Names, Offices, Telephone and Fax Numbers of Referenced Entities

<i>Registrar - Ordinary Share</i>	:	Thailand Securities Depository Company Limited 62, Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok, Thailand 10110 Tel. 0 2229 2800 Fax 0 2359 1259
<i>Authorized Auditor</i>	:	Mr.Chavala Tienpasertkij Certified Public Accountant (Thailand) Registration No. 4301 Deloitte Touche Tomatsu Jaiyos Auditing Company Limited 25 th Floor, Rajanakarn Building, no. 3 South Sathorn Road, Yannawa, Sathorn, Bangkok, Thailand 10120 Tel. 0 2676 5700 Fax 0 2676 5757
<i>Legal Adviser</i>	:	Erawan Legal Office Company Limited 12 th Floor, K Tower B, 209/1 Sukhumwit 21 Road, Klong Toey Nua, Wattana, Bangkok, Thailand 10110 Tel. 0 2664 0424 Fax 0 2664 0980
<i>Adviser/Manager under Management Contract</i>	:	Not Appointed

**The Bank holds over 10.00% shares in the following juristic persons
(As of December 31, 2014)**

Juristic Person Name/Address	Type of Business	Number of Fully Paid-up Shares (Shares)	Percentage of Ownership (%)
1. Phatra Capital Public Company Limited 9 th Floor, 252/6 Muang Thai-Phatra Office Tower 1, Ratchadapisek Road, Huaykwang Sub-district, Huaykwang District, Bangkok 10310 Tel. 0 2305 9000 Fax 0 2693 2535	Holding company	210,310,240.00	99.98
2. Phatra Securities Public Company Limited 6, 8-11/F Muang Thai-Phatra Office Tower 1 252/6 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel. 0 2275 0888, 0 2693 2000 Fax 0 2275 3666	Securities	213,500,000.00	99.95*
3. KKTRADE Securities Company Limited 7 th Floor, Amarin Tower, 500 Ploenchit Road, Lumpini, Pathumwan, Bangkok, Thailand 10330 Tel. 0 2680 2222 Fax 0 2680 2233	Securities	65,000,000.00	99.97*
4. Phatra Asset Management Company Limited 25/F Muang Thai-Phatra Complex Building Tower B 252/122 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel. 0 2305 9800 Fax 0 2305 9803	Asset Management	12,000,000.00	99.97*
5. Erawan Law Office Company Limited 12 th Floor, K Tower B, 209/1 Sukhumvit 21 Road, Klong Toey Nua, Wattana, Bangkok, Thailand 10110 Tel. 0 2664 0424 Fax 0 2664 0980	Law Office	10,000.00	99.93

Juristic Person Name/Address	Type of Business	Number of Fully Paid-up Shares (Shares)	Percentage of Ownership (%)
6. CMIC Development Company Limited 10 th Floor, K Tower, 209/1 Sukhumvit 21 Road, Klong Toey Nua, Wattana, Bangkok, Thailand 10110 Tel. 0 2664 1396-7 Fax 0 2664 2163	Real Estate	230,000,000.00	80.58
7. BTMU Leasing (Thailand) Company Limited 4 th Floor, Harinthorn Tower, 54 Sathorn Nua Road, Silom, Bangrak, Bangkok, Thailand 10500 Tel. 0 2266 3060 Fax 0 2266 3067	Leasing	600,000.00	10.00
8. Asia Recovery 1 Fund One Asset Management Limited 24 th Floor, Siam Tower (Siam Discovery), 989 Rama 1 Road, Pathumwan, Bangkok, Thailand 10330 Tel. 0 2659 8888 Fax 0 2659 8860-1	Investment	21,665,778.5942	99.95
9. Asia Recovery 2 Fund One Asset Management Limited 24 th Floor, Siam Tower (Siam Discovery), 989 Rama 1 Road, Pathumwan, Bangkok, Thailand 10330 Tel. 0 2659 8888 Fax 0 2659 8860-1	Investment	78,683,161.1474	99.59
10. Asia Recovery 3 Fund One Asset Management Limited 24 th Floor, Siam Tower (Siam Discovery), 989 Rama 1 Road, Pathumwan, Bangkok, Thailand 10330 Tel. 0 2659 8888 Fax 0 2659 8860-1	Investment	77,595,895.6819	99.97

Juristic Person Name/Address	Type of Business	Number of Fully Paid-up Shares (Shares)	Percentage of Ownership (%)
11. Thai Restructuring Fund One Asset Management Limited 24 th Floor, Siam Tower (Siam Discovery), 989 Rama 1 Road, Pathumwan, Bangkok, Thailand 10330 Tel. 0 2659 8888 Fax 0 2659 8860-1	Investment	68,263,486.3132	98.91
12. Asia Recovery Property Fund 1 One Asset Management Limited 24 th Floor, Siam Tower (Siam Discovery), 989 Rama 1 Road, Pathumwan, Bangkok, Thailand 10330 Tel. 0 2659 8888 Fax 0 2659 8860-1	Investment	5,340,031.2059	99.52
13. Asia Recovery Property Fund 3 One Asset Management Limited 24 th Floor, Siam Tower (Siam Discovery), 989 Rama 1 Road, Pathumwan, Bangkok, Thailand 10330 Tel. 0 2659 8888 Fax 0 2659 8860-1	Investment	93,340,500.2910	98.77
14. Bangkok Capital Fund One Asset Management Limited 24 th Floor, Siam Tower (Siam Discovery), 989 Rama 1 Road, Pathumwan, Bangkok, Thailand 10330 Tel. 0 2659 8888 Fax 0 2659 8860-1	Investment	34,388,611.8195	95.72
15. Gamma Capital Fund One Asset Management Limited 24 th Floor, Siam Tower (Siam Discovery), 989 Rama 1 Road, Pathumwan, Bangkok, Thailand 10330 Tel. 0 2659 8888 Fax 0 2659 8860-1	Investment	27,020,796.4744	94.03

* Indirectly holding via Phatra Capital Public Company Limited

Securities and Shareholders Information

1. Registered and Paid-up capital

1.1 The Bank's ordinary shares are listed on the SET under the stock ticker "KKP". As of December 31, 2014, the total paid-up share capital is 842,833,559 ordinary shares (of Baht 10 each).

- Total authorized share capital Baht 8,523,372,680
- Total issued and fully paid-up share capital Baht 8,428,335,590

Reference is made to the Bank's ESOP Warrant no.2 (ESOP-W2) issued and offered to directors and/or employees of the Bank and its subsidiaries in 2010, for which there were a total of four exercise dates in 2014, which were on the 30th of March, June, September, and December respectively (in the event that the exercise date fell on a Bank holiday, it was postponed to the next business day). This resulted in the exercise of warrants to purchase totaling 4,426,200 ordinary shares (580,100 shares exercised on December 30, 2014 started trading on January 13, 2015). Consequently, the number of ordinary shares increased to 843,413,659, equivalent to total paid-up capital of Baht 8,434,136,590 (as of January 8, 2015).

1.2 No preferred shares were issued by the Bank.

2. Shareholders

2.1 Major Shareholders

The top ten major shareholders of the Bank based on the share register book closing date on September 12, 2014 to determine the list of shareholders entitled to receive dividend are as follows:

No.	Name of Shareholder	Type of Shareholder	Number of Shares (Shares)	Shareholding (%)
1	Credit Suisse AG, Hong Kong Branch ¹	Foreign juristic person	71,618,397	8.52
2	Thai NVDR Co., Ltd.	Thai juristic person	48,457,522	5.77
3	Nortrust Nominees Limited-NTGS	Foreign juristic person	37,429,463	4.45
4	Ms.Thitinan Wattanavekin	Thai ordinary person	35,345,261	4.21
5	Eastern Sugar and Cane Co., Ltd. ²	Thai juristic person	34,750,804	4.14
6	Chase Nominees Limited 42	Foreign juristic person	31,332,100	3.73
7	Mrs.Vansamorn Wannamethee	Thai ordinary person	24,440,203	2.91
8	Chase Nominees Limited 137	Foreign Juristic person	22,466,422	2.67
9	Chotthanawat Co., Ltd.	Thai Juristic person	20,693,600	2.46
10	Ms.Yapa Thepkanchana	Thai ordinary person	17,199,900	2.05
Total top 10 major shareholders			343,733,672	40.91
Others			496,718,137	59.09
Total			840,451,809	100.00

Shareholder Classified by Nationality	Number of Shares (Shares)	Shareholding (%)
Thai Shareholders	563,193,058	67.01
Foreign Shareholders	277,258,751	32.99

Notes: ^{/1} The shareholding of Credit Suisse, Hong Kong Branch was for Ruamphon Phatra International Corp. (RPIC), which operates business as a holding company. At the end of 2014, RPIC's principal shareholders were as follows:

No.	Name of Shareholder	Number of Shares (Shares)	Shareholding (%)
1	Mr.Banyong Pongpanich	1,400	7.12
2	Mr.Aphinant Klewpatinond	1,400	7.12
3	Mr.Suvit Mapaisansin	1,000	5.09
4	Dr.Supavud Saicheua	1,000	5.09
5	Mrs.Patchanee Limapichat	1,000	5.09
6	Mr.Krittiya Veeraburus	1,000	5.09
7	Mr.Norachet Sangruji	800	4.07
8	Mrs.Patraporn Milindasuta	800	4.07
9	Mr.Trairak Tengtrirat	800	4.07
10	Mr.Therapong Vachirapong	600	3.05
11	Others	9,860	50.15
	Total	19,660	100.00

^{/2} Eastern Sugar and Cane Co., Ltd. has Khunying Nattika Wattanavekin and Mr.Sukkarn Wattanavekin, holding 12.5% and 25.6% of the total company shares respectively, as primary shareholders. They held 0.3% and 1.9% of the ordinary shares of the Bank respectively.

2.2 Agreement between major shareholders affects the issuance and offering of securities as well as obligation to issue new shares in the future:

-No-

3. Other Types of Securities

3.1 Debentures

As of December 31, 2014, the total outstanding short-term and long-term debentures were Baht 40,105.00 million, of which details are as follows:

- Unsecured and unsubordinated short-term debentures (maximum of 270 days): Baht 19,510.00 million.

Symbol	Amount (Million Baht)	Issue Date	Maturity Date	Tenor (Month)	Coupon Rate (% p.a.)
KK15108A	61.00	19/06/2014	08/01/2015	6	2.60
KK15212A	900.00	28/07/2014	12/02/2015	6	2.65
KK15205A	600.00	30/07/2014	05/02/2015	6	2.65
KK15204A	200.00	30/07/2014	04/02/2015	6	2.65
KK15129A	500.00	01/08/2014	29/01/2015	6	2.65
KK15202A	600.00	01/08/2014	02/02/2015	6	2.65
KK15226A	42.00	20/08/2014	26/02/2015	6	2.20
KK15311A	62.00	27/08/2014	11/03/2015	6	2.20
KK15312A	50.00	03/09/2014	12/03/2015	6	2.20
KK15319A	52.00	10/09/2014	19/03/2015	6	2.20
KK15319B	800.00	17/09/2014	19/03/2015	6	2.45
KK15330A	300.00	17/09/2014	30/03/2015	6	2.45
KK15330B	47.00	24/09/2014	30/03/2015	6	2.45
KK15330C	553.00	25/09/2014	30/03/2015	6	2.45
KK15331A	177.00	29/09/2014	31/03/2015	6	2.45
KK15105A	400.00	01/10/2014	05/01/2015	3	2.40
KK15409A	92.00	01/10/2014	09/04/2015	6	2.45
KK15402A	908.00	02/10/2014	02/04/2015	6	2.45
KK15407A	402.00	01/10/2014	07/04/2015	6	2.45
KK15409B	421.00	06/10/2014	09/04/2015	6	2.45
KK15703A	1,000.00	08/10/2014	03/07/2015	9	2.70
KK15408A	500.00	08/10/2014	08/04/2015	6	2.50
KK15114A	260.00	08/10/2014	14/01/2015	3	2.40
KK15409C	500.00	09/10/2014	09/04/2015	6	2.50
KK15707A	1,000.00	10/10/2014	07/07/2015	9	2.70
KK15710A	1,000.00	14/10/2014	10/07/2015	9	2.70
KK15605A	1,500.00	14/10/2014	05/06/2015	8	2.70
KK15612A	1,500.00	16/10/2014	12/06/2015	8	2.70
KK15302A	1,000.00	30/10/2014	02/03/2015	4	2.45
KK15529A	500.00	06/11/2014	29/05/2015	6	2.70
KK15803A	500.00	06/11/2014	03/08/2015	9	2.70
KK15212B	200.00	05/11/2014	12/02/2015	3	2.40
KK15803B	1,000.00	07/11/2014	03/08/2015	9	2.70
KK15210A	33.00	06/11/2014	10/02/2015	3	2.40

Symbol	Amount (Million Baht)	Issue Date	Maturity Date	Tenor (Month)	Coupon Rate (% p.a.)
KK15807A	500.00	11/11/2014	07/08/2015	9	2.70
KK15309A	350.00	09/12/2014	09/03/2015	3	2.45
KK15310A	1,000.00	09/12/2014	10/03/2015	3	2.45
Total	19,510.00				

- Outstanding long-term debentures as of December 31, 2014: Baht 20,595.00 million

Symbol	Amount (Million Baht)	Issue Date	Maturity Date	Tenor (Year)	Coupon Rate (% p.a.)
KK186A	650.00	01/06/2011	01/06/2018	7	4.62
KK187A	240.00	22/07/2011	22/07/2018	7	5.00
KK188A	500.00	23/08/2011	23/08/2018	7	4.80
KK18DA	625.00	02/12/2011	02/12/2018	7	5.10
KK16DA	975.00	07/12/2011	07/12/2016	5	5.10
KK18DB	10.00	07/12/2011	07/12/2018	7	5.05
KK165A	3,500.00	28/05/2013	28/05/2016	3	3.58
KK168A	1,500.00	15/08/2013	15/08/2016	3	3.86
KK174A	500.00	28/08/2013	05/04/2017	3	4.05
KK179A	330.00	12/09/2013	20/09/2017	4	4.45
KK154A	1,700.00	03/10/2013	03/04/2015	1.5	3.48
KK172A	4,000.00	20/02/2014	20/02/2017	3	3.78
KK172B	1,000.00	27/02/2014	27/02/2017	3	3.78
KK164A	600.00	03/04/2014	03/04/2016	2	3.18
KK174B	900.00	03/04/2014	03/04/2017	3	3.60
KK153A	921.00	28/03/2014	27/03/2015	1	2.89
KK157A	754.00	22/04/2014	22/07/2015	1.3	2.99
KK175A	560.00	07/05/2014	16/05/2017	3	3.54
KK178A	60.00	21/08/2014	22/08/2017	3	3.33
KK183A	270.00	27/08/2014	19/03/2018	3.5	3.52
KK168B	1,000.00	31/10/2014	31/08/2016	1.9	3.05
Total	20,595.00				

3.2 Warrants

In 2014, the Bank had only ESOP Warrant no.2 (ESOP-W2) remaining to be exercised. According to the approval from the 2010 Annual General Meeting of Shareholders on April 22, 2010 regarding the issuance of the warrants (ESOP-W2) to purchase new ordinary shares offered to directors and/or employees of the Bank and/or its subsidiaries, the amount of warrant issuance was not more than 26,000,000 units with an offering price of Baht 0 per unit, together with the issuance of 26,000,000 ordinary shares to be reserved for the exercise of ESOP-W2.

The exercise date was set on every 30th of March, June, September, and December; with the first exercise date on September 30, 2011 and the final exercise date on June 30, 2015. The swap ratio becomes 1 ESOP-W2: 1 KKP ordinary share with the exercise price at Baht 29.27 each.

On August 31, 2010, the Bank submitted the ESOP-W2 allotment report to the SET indicating that there was a cancellation of a total of 110,000 units of ESOP warrants resulting in a total 25,890,000 units of ESOP warrants allotted. Details of the exercise of ESOP-W2 in 2014 totaling four times are as follows:

Detail	Exercise of ESOP-W2			
	11 th Exercise	12 th Exercise	13 th Exercise	14 th Exercise
Exercise Date	31/03/2014	30/06/2014	30/09/2014	30/12/2014
Exercising Holder (Persons)	57	48	165	39
Exercised Warrant (Units)	856,000	608,350	2,381,750	580,100
Swapped Ordinary Share (Shares)	856,000	608,350	2,381,750	580,100
Remaining Warrant (Units)	12,355,150	11,746,800	9,365,050	8,784,950
Remaining Reserved Share (Shares)	12,355,150	11,746,800	9,365,050	8,784,950
Amount Receiving from the Exercise (Baht)	25,055,120	17,806,404.50	69,713,822.50	16,979,527

As a result of the ESOP-W2 exercises, the changes in the Bank's ordinary shares and paid-up capital are as follows:

Detail	Exercise of ESOP-W2			
	11 th Exercise	12 th Exercise	13 th Exercise	14 th Exercise
Previous Ordinary Share (Shares)	838,987,459	839,843,459	840,451,809	842,833,559
New Ordinary Shares (Shares)	839,843,459	840,451,809	842,833,559	843,413,659
Fully Paid-up Capital (Baht)	8,398,434,590	8,404,518,090	8,428,335,590	8,434,136,590

Dividend Policy

The Bank has a policy to pay dividend not exceeding 60% of net profits from the annual consolidated financial statement. Payout of dividend must be approved by the shareholders' meeting. An interim dividend can also be paid if the Bank's profit is sufficient to do so and such payment shall be reported in the next General Meeting of Shareholders.

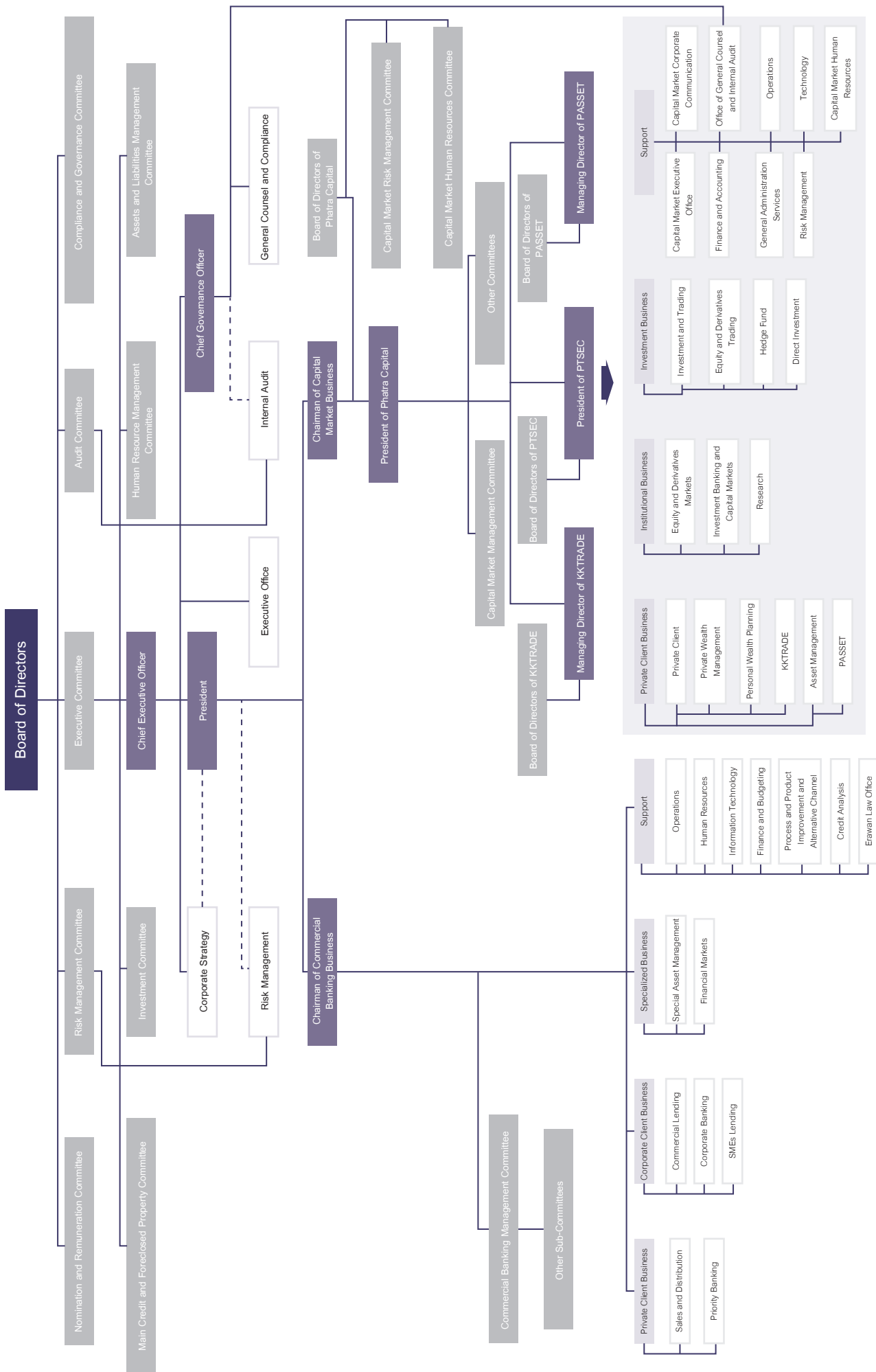
In considering the dividend payment, the Bank shall take into account these aspects: the Bank's performance, long-term return to shareholders, the Bank's capital adequacy level to encompass any business plans and risks both in normal and crisis conditions, as well as pre-and post-impacts from such a given dividend payment.

In addition, dividend payment will be made at a rate that would not lower the capital adequacy ratio below the minimum capital requirement as specified in the Bank's risk appetite statement.

The Bank has not set the dividend payout ratio for its subsidiaries, however the dividend payment of the Bank's subsidiaries shall be approved by the shareholders' meeting of each company or the Board of Directors of each company in case of an interim dividend, and must also comply with the Company's Articles of Association and applicable laws. The dividend payment of subsidiaries depends importantly on each company's business performance and plans.

Dividend payments for the past five years were as follows:

	2009	2010	2011	2012	2013
Earnings per Share (Baht)	4.26	5.20	4.52	4.88	5.29
(As from Consolidated Financial Statement)					
Dividend per Share (Baht)	2.00	2.40	2.40	2.40	2.65
Dividend Payout Ratio (%)	46.95	46.15	53.10	49.18	50.09



Management Structure

The management structure of the Bank consists of six committees, which are the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Compliance and Governance Committee, Risk Management Committee and Executive Committee. All details as of December 31, 2014 are as follows:

Board of Directors

As the representative of shareholders, the Board of Directors has roles, duties and responsibilities to conduct the business with integrity to achieve stability and good return. The Board of Directors should refrain from having any conflict of interest. The scope of authorities and duties of the Board of Directors are as follows:

1. Determine business direction and establish overall strategic goal of the Bank. The Board shall consider and approve the Bank's policies, proposed by the Executive Committee, including those policies that are required by laws and regulators. In order to protect the benefits of the Bank and its shareholders, the Board of Directors shall oversee and monitor the implementation of those policies through the Executive Committee and ensure that they are carried out efficiently and effectively.
2. Ensure that the Bank's Guidelines for Business Conduct and business ethics are in place. These principles are to be adopted as practice guidelines for management and employees in the organization.
3. Oversee and monitor the committees and ensure that necessary corporate governance systems are established in compliance with laws and regulations. The systems shall be appropriate to the Bank's activities. The Board of Directors shall monitor and evaluate the effectiveness of the corporate governance system and provide feedback to management to help improve the systems.
4. Ensure that the Bank, through the Risk Management Committee, establishes policies, procedures and controls relating to risk management. These policies, procedures and controls, at the minimum, shall include the credit risk, market risk, investment risk, liquidity risk, operational risk, reputational risk, legal risk, and strategic risk. The Board of Directors shall approve the policies and regularly review and monitor the execution of these policies.
5. Ensure that the Bank has effective internal control and audit systems in place.
6. Oversee that the check and balance of power between the management and/or major shareholders is suitable. This should be done with the emphasis on creating a good proportion of independent directors among the Board members.
7. Appoint and specify roles and duties of committees as appropriate to support its oversight responsibility, such as the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Executive Committee.
8. Ensure that the management inform and update the Board of Directors on any important matters so that the Board of Directors has sufficient information to be able to perform its roles and carry out its duties and responsibilities efficiently.
9. Approve the Bank's annual financial reports, which are audited by the external auditor and reviewed by the Executive Committee and Audit Committee, prior to proposing to the shareholders' meeting for approval. In addition, the Board of Directors shall receive

recommendations through the Management Letter provided by the external auditors and recommendations provided by the Executive Committee.

10. Appoint and establish a scope and authority of executive officers, starting from the First Vice President level and higher.
11. Ensure that the Bank has in place its policies on loans and investment with related parties.
12. Review and approve through committees the management's proposal relating to the authorization on lending, investments, commitments or any transactions with loan-like characteristics, as well as purchasing and management expenditures. This is for the benefits of the Bank and in compliance with related laws and regulations.
13. Encourage directors to have at least 50% attendance of all the meetings held in a year.

Furthermore, the Board of Directors may seek further professional opinion from external consultants on the operation of the Bank with the expenses borne by the Bank.

The Board of Directors holds a meeting at least once each quarter. The quorum of the Board of Directors' meetings consists of at least two-thirds of the members of the Board. The meeting resolution is passed by a majority vote of the directors attending the meeting. The Chairman of the Board does not have a casting vote.

Matters under the Authority of the Board of Directors of the Bank

The Board of Directors of the Bank has responsibility in administration of all activities of the Bank and is empowered to proceed under the provision of law, the Bank's Articles of Association and resolution of the shareholders' meeting. These matters, which are under the authority of the Bank's Board of Directors, consist of the following:

1. To determine business direction and overall strategic goal of the Bank.
2. To approve the Bank's business plan and annual budget proposed by the Executive Committee.
3. To review and approve the Bank's policies as required by laws or regulatory agencies including the main policies for operating businesses, for

example, the overall risk management policy for the Bank and companies in the Group, the credit policy, etc.

4. To approve the Principles of Corporate Governance and Guidelines for Business Conduct for the Bank and companies in the Group proposed by the Compliance and Governance Committee.
5. To appoint, remove and delegate authority and duty to the committees under the supervision of the Bank's Board of Directors including the executive officers from the First Vice President level and higher.
6. To approve the remuneration and other benefits for the Chairman of the Group Business and higher.
7. To appoint and remove the Company Secretary.
8. To approve the payment and omission of the interim dividend for shareholders.
9. To propose an increase or reduction in capital or change of share value, and the amendment or alteration of the Memorandum of Association, Articles of Association and/or objectives of the Bank to shareholders.
10. To approve or cancel loans, credit guarantees, credit limits in excess of the Executive Committee's authorized limit.
11. To approve the grant of loan or credit guarantees for companies having business relationships with the Bank as shareholders.
12. To approve the incorporation, merger or termination of subsidiary companies.
13. To approve the modification, demolition and writing off of fixed assets and intangible assets, which are decommissioned, out of order, lost, damaged, deteriorated or outdated and no longer usable, with book values exceeding the Executive Committee's authorized limit.
14. To sell or mortgage any immovable property of the Bank or any rental of immovable property of the Bank for the period exceeding three years.
15. To approve the acquisition or disposal of assets and connected transactions in accordance with Notifications of the Capital Markets Supervision Committee.

Board Members

The Bank's Board of Directors is comprised of fifteen members. These include five independent directors, three non-executive directors and seven executive directors, as follows:

1. Mr.Supol	Wattanavekin	Chairman / Non-Executive Director
2. Mr.Pichai	Dachanapirom	Independent Director
3. Assoc.Prof.Manop	Bongsadadt	Independent Director
4. Mr.Chet	Pattrakornkul	Independent Director
5. Mr.Pravit	Varutbangkul	Independent Director
6. Mr.Pongtep	Polanun	Independent Director
7. Mr.Tanin	Chirasoonton	Non-Executive Director
8. Mr.Suraphol	Kulsiri	Non-Executive Director
9. Mr.Banyong	Pongpanich	Executive Director
10. Mr.Suvit	Mapaisansin	Executive Director
11. Mr.Aphinant	Klewpatinond	Executive Director
12. Mr.Kritiya	Veeraburus	Executive Director
13. Ms.Thitinan	Wattanavekin	Executive Director
14. Mr.Pracha	Chumnarnkitkosol	Executive Director
15. Mrs.Patraporn	Milindasuta	Executive Director
Ms.Porntip	Chuprakhun	Corporate Secretary

Authorized Directors

The authorized directors of the Bank, who can sign and bind the Bank, are any two of the following five directors, provided that they jointly sign with the Bank's seal affixed: Mr.Banyong Pongpanich, Mr.Suraphol Kulsiri, Mr.Suvit Mapaisansin, Ms.Thitinan Wattanavekin and Mr.Aphinant Klewpatinond.

Audit Committee

The Audit Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Review the Bank's financial reporting to ensure its accuracy and adequacy and receive the information of improper transaction in financial statements or other issues from the Bank's employee.
2. Review and evaluate the Bank's internal control and internal audit systems to ensure that they are suitable and efficient, determine the internal audit unit's independence, as well as approve the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of an internal audit.

3. Consider, select and nominate an independent person to be the Bank's auditor, propose remuneration for the auditor, as well as attend a non-management meeting with the auditor at least once a year.
 4. Consider and disclose the connected transactions or the transactions that may lead to conflict of interest to ensure that they are in compliance with the laws and the SET's regulations, and are reasonable and for the highest benefit of the Bank.
 5. Prepare and disclose in the Bank's annual report, an Audit Committee's report, which must be signed by the Audit Committee's Chairman and consisted of at least the following information:
 - (a) an opinion on the accuracy, completeness and credibility of the Bank's financial report;
 - (b) an opinion on the adequacy of the Bank's internal control system;
 - (c) an opinion on the compliance with the law on securities and exchange, the SET's regulations or the laws relating to the Bank's businesses;
 - (d) an opinion on the suitability of the auditor;
 - (e) an opinion on the transactions that may lead to conflict of interest;
 - (f) the number of the Audit Committee's meetings and the attendance of such meetings by each committee member;
 - (g) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Bank's Board of Directors.
 6. Report to the Bank's Board of Directors in order that remedial action be taken within the time that the Audit Committee deems appropriate in case the Audit Committee finds or suspects any misconduct as follows:
 - (a) A transaction which causes a conflict of interest;
 - (b) Any fraud, irregularity, or material defect in an internal control system; or
 - (c) Any violation of the laws pertaining to financial institutions, the law on securities and exchange, the Stock of Exchange of Thailand's regulations, the Bank of Thailand's regulations or other laws and regulations related to banking business and securities and any other laws. If the Bank's Board of Directors or management fails to rectify the matter within the period specified by the Audit Committee, the Audit Committee shall disclose such transaction or act in the annual report and report to the Bank of Thailand, the SEC or the SET accordingly.
 7. Investigate immediately when receiving information of suspected misconduct from the auditor and report the preliminary investigation result to the SEC and auditor within thirty days from the notification date.
 8. Inspect or question any relevant personnel regarding any related issues of the Bank. The Audit Committee is authorized to hire or bring in specialists to assist with the auditing process, as deemed appropriate.
 9. If necessary, the Audit Committee may invite the management or any relevant person(s) to join the meeting to give additional information related to the matter being audited.
 10. Coordinate with the Risk Management Committee to ensure that management adheres to the Bank's risk management policy.
 11. Perform any other act as assigned by the Bank's Board of Directors and accepted by the Audit Committee.
 12. Perform any other act as the law prescribes on the authority of the Audit Committee.
 13. Report the committee's performance to the Bank's Board of Directors at least every quarter.
- The Audit Committee shall meet at least once every quarter. The quorum of the Audit committee's meetings consists of not less than half of the Audit Committee's members. The meeting resolution is passed by a majority

vote of the committee members attending the meeting. The Audit Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of text of such resolution and such resolution shall be in same force and effective as if it had been adopted at a duly convened meeting of the Audit Committee. The Chairman of the Audit Committee has a casting vote.

The Audit Committee consists of three members who are independent directors as follows:

1.	Mr.Pichai	Dachanapirom	Chairman of the Audit Committee
2.	Mr.Chet	Pattrakornkul	Member of the Audit Committee
3.	Mr.Pravit	Varutbangkul	Member of the Audit Committee
	Dr.Narong	Predanan	Secretary of the Audit Committee

Mr.Pichai Dachanapirom, Chairman of the Audit Committee, has knowledge and experience to be able to review the credibility of the financial reports. He graduated with a bachelor's degree in Accountancy from Thammasat University and is a certified public accountant (registered no. 2421). His profiles are as described in the Profiles of the Directors, Executives, Controlling Persons and Corporate Secretary section.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Establish policy, criteria and process in nominating directors and executives from the First Vice President level and higher in order to propose to the Bank's Board of Directors, as well as select and propose qualified persons to be the Board of Directors' members, members of sub-committees directly reporting to the Board of Directors, and executives for the Board of Directors' consideration.
2. Consider the size and composition of the Board of Directors that is appropriate to the Bank and the changing circumstances. Generally, the Board of Directors shall consist of qualified individuals with knowledge, capabilities and experience from diverse areas.
3. Ensure that board members and executive officers receive remuneration and benefits that are commensurate to their duties and responsibilities.
4. Consider the remuneration and other benefits for the Board members, CEO, President and Chairman of the Group Business or equivalent prior to proposing to the Board of Directors.
5. In addition, the committee shall establish the payment policy of the remuneration and other benefits for the executives from the First Vice President level and higher in order to be the guideline for consideration by the Human Resources Management Committee.
6. Establish guidelines for performance evaluation of the Board members, CEO, President and Chairman of Group Business or equivalent for proposing to the Board of Directors' consideration. The committee shall also establish guidelines for performance evaluation of the executives from the First Vice President level and higher for the Human Resources Management Committee. These guidelines will assist the Human Resources Management Committee in considering an annual remuneration by taking into account the roles and responsibilities, related risks, and the increasing value of shareholders' proportion in the long term.
7. Disclose the remuneration policy and various forms of benefits, as well as prepare the committee's report in the Bank's annual report.
8. Ensure that the Bank has a succession plan for executives from the First Vice President level and higher in place.

8. Report the committee's performance to the Board of Directors at least once a year.

The Nomination and Remuneration Committee shall meet at least twice a year. The quorum of the Nomination and Remuneration Committee's meetings consists of not less than half of the Nomination and Remuneration Committee's members. The meeting resolution is passed by a majority vote of the committee's member attending the meeting. The Nomination and Remuneration Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of text of such resolution and such resolution shall be in same force and effective as if it has been adopted at a duly convened meeting of the Nomination and Remuneration Committee. The Chairman of the Nomination and Remuneration Committee has a casting vote.

The Nomination and Remuneration Committee consists of three members who are independent directors as follows:

1.	Assoc.Prof. Manop	Bongsadadt	Chairman of the Nomination and Remuneration Committee
2.	Mr.Chet	Pattrakornkul	Member of the Nomination and Remuneration Committee
3.	Mr.Pravit	Varutbangkul	Member of the Nomination and Remuneration Committee
	Mr.Wittapon	Jawjit	Secretary of the Nomination and Remuneration Committee

Compliance and Governance Committee

The Compliance and Governance Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Through the Compliance Department, oversee that the Bank and companies in the Group conduct businesses in compliance with laws, regulations, rules, standards, ethics, corporate governance principles and compliance policy.
2. Ensure that the Bank has an efficient and independent compliance system and corporate governance practice.
3. Approve the Annual Compliance Plan of the Compliance Department and monitor performance of the Compliance Department to ensure that it completes tasks and achieves targets according to the plan.
4. Provide an opinion on the Annual Compliance Report, which shall be reviewed and approved by the Board of Directors prior to its submission to a regulatory agency.
5. Develop Guidelines for Business Conduct to be used as a performance framework for the Board members, executives and employees of the Bank and companies in the Group and propose to the Board of Directors for consideration.
6. Regularly review the Bank's Corporate Governance Principles and its compliance with the international standards and suggestions of regulators and recommend the development of the Bank's Corporate Governance Principles to the Board of Directors for approval.
7. Approve the appointment, transfer and performance evaluation of the Head of Compliance Department.
8. Report the committee's performance to the Board of Directors at least twice a year.

The Compliance and Governance Committee shall meet at least once every quarter. The quorum of the Compliance and Governance Committee's meetings consists of not less than half of the Compliance and Governance Committee's members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. The Compliance and Governance Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of text of such resolution and such resolution shall be in same force and effective as if it had been adopted at a duly convened meeting of the Compliance and Governance Committee. The Chairman of the Compliance and Governance Committee has a casting vote.

The Compliance and Governance Committee consists of four members as follows:

1. Mr.Chet	Pattrakornkul*	Chairman of the Compliance and Governance Committee
2. Mr.Pravit	Varutbangkul*	Member of the Compliance and Governance Committee
3. Mr.Tarnin	Chirasoonton	Member of the Compliance and Governance Committee
4. Mrs.Patraporn	Milindasuta	Member of the Compliance and Governance Committee
Mr.Aphichart	Chongsanguanpradap	Secretary of the Compliance and Governance Committee

Note * Independent director

Risk Management Committee

The Risk Management Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Set up overall policy on risk management for the Bank and companies in the Group and propose to the Board of Directors for consideration. This includes major policies on credit risk, market risk, liquidity risk, operational risk and any risk that could adversely affect the Bank and its subsidiaries' reputation.
2. Develop strategies that are consistent with the Bank's risk management policy. The strategies should enable the committee to assess, monitor and control risks to be at acceptable levels. Additionally, it is the responsibility of the committee to set up criteria in considering reserve for asset classification.
3. Review the adequacy of the risk management policies and systems as well as the effectiveness of such systems and implementation according to specified policies.
4. Regularly update the Board of Directors on its performance of duties. This will allow the Board of Directors and the committee to provide feedback that will help modify the operation to be consistent with the Bank's risk management policies and guidelines. Such information shall also be reported to the Audit Committee and the Compliance and Governance Committee for acknowledgement.
5. Consider and approve criteria relating to lending, commitments and any transactions with loan-like characteristics that are within the risk management framework set by a regulatory agency or the Bank. It is the committee's responsibility to consider and establish credit policies in order to propose to the Board of Directors for approval.
6. Oversee the risk management of the Bank and companies in the Group and report to the Board of Directors.
7. Report the committee's performance to the Board of Directors at least once a year.

The Risk Management Committee shall meet at least once every quarter. The quorum of the Risk Management Committee's meetings consists of not less than half of the Risk Management Committee's members. The meeting resolution is passed by a majority vote of the committee's member attending the meeting. The Risk Management Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of text of such resolution and such resolution shall be in same force and effective as if it had been adopted at a duly convened meeting of the Risk Management Committee. The Chairman of the Risk Management Committee has a casting vote.

The Risk Management Committee consists of eight members as follows:

1. Mr.Supol	Wattanavekin	Chairman of the Risk Management Committee
2. Mr.Banyong	Pongpanich	Member of the Risk Management Committee
3. Dr.Anya	Khanthavit	Member of the Risk Management Committee
4 Mr.Aphinant	Klewpatinond	Member of the Risk Management Committee
5. Mr.Krittya	Veeraburus	Member of the Risk Management Committee
6. Mr.Pracha	Chumnarnkitkosol	Member of the Risk Management Committee
7. Mr.Chavalit	Chindavanig	Member of the Risk Management Committee
8. Mrs.Patraporn	Milindasuta	Member of the Risk Management Committee
Dr.Popanit	Poommarapan	Secretary of the Risk Management Committee

Executive Committee

The Executive Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Set corporate direction and strategic goal for the Bank and companies in the Group and propose to the Board of Directors for consideration.
2. Consider the policy and operating plan of the Bank and companies in the Group, proposed by the CEO, to the Board of Directors for consideration and ensure that the CEO operates the business in accordance with the approved policy effectively and efficiently.
3. Consider and approve policies, guidelines and working rules of the Bank and companies in the Group.
4. Oversee the business operation of the Bank and companies in the Group in order to carry out the business in accordance with the laws and approved policies.
5. Establish the organization structure of the Bank and companies in the Group, as well as assign other operational matters of the Bank and companies in the Group to the CEO and sub-committees in order to propose to the Board of Directors for consideration.
6. Supervise the performance and establish the roles and responsibilities of the CEO, sub-committees, and executives, who are assigned by the Executive Committee to be responsible for the specific matter.
7. Consider and approve loans, restructuring loans and sales of main foreclosed property, set the asset price to be purchased from the auction, exercise the right to protest in accordance with the specified limit and approve the expenses and the lawsuit with the debtors.

The Executive Committee shall meet at least once a month. The quorum of the Executive Committee's meetings consists of not less than half of the Executive Committee's members. The meeting resolution is passed by a majority vote of the committee's member attending the meeting. In cases where unanimity is not reached, the committee member may propose such agenda to the Board of Directors for consideration. The Executive Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of text of such resolution and such resolution shall be in same force and effective as if it had been adopted at a duly convened meeting of the Executive Committee.

The Executive Committee consists of six members as follows:

1. Mr.Banyong	Pongpanich	Chairman of the Executive Committee
2. Mr.Suvit	Mapaisansin	Member of the Executive Committee
3. Mr.Aphinant	Klewpatinond	Member of the Executive Committee
4. Mr.Krittiya	Veeraburus	Member of the Executive Committee
5. Ms.Thitinan	Wattanavekin	Member of the Executive Committee
6. Mr.Pracha	Chumnarnkitkosol	Member of the Executive Committee
Mr.Chavalit	Chindavanig	Secretary of the Executive Committee
Mrs.Vararat	Satayarak	Assistant Secretary of the Executive Committee
Mr.Supol	Wattanavekin	Advisor of the Executive Committee

In addition, the Bank has other committees and sub-committees which are established to assist the above-mentioned committees and President to effectively and efficiently operate the businesses of the Bank and companies in the Group.

Sub-committees under the supervision of the Risk Management Committee

- 1) Operational Risk Sub-committee
- 2) Credit Risk Management Sub-committee

- 2) Credit Sub-committee
- 3) Foreclosed Property Sub-committee
- 4) Asset Appraisal and Valuation Sub-committee

Committees under the supervision of the Executive Committee

- 1) Assets and Liabilities Management Committee
- 2) Main Credit and Foreclosed Property Committee
- 3) Human Resource Management Committee
- 4) Investment Committee

Sub-committee under the supervision of the Assets and Liabilities Management Committee

- 1) Money Desk Sub-committee

Committees and sub-committees under the supervision of the Main Credit and Foreclosed Property Committee

- 1) Credit and Foreclosed Property Committee

Sub-committees under the supervision of the Commercial Banking Management Committee

- 1) Deposit Coordinating Sub-committee
- 2) Sales and Distribution Sub-committee
- 3) Property and Equipment Management Sub-committee
- 4) Process Improvement and IT Sub-committee
- 5) Procurement Sub-committee
- 6) IT Procurement Sub-committee
- 7) New Product & Process Review Sub-committee
- 8) Business Development & Product Strategy Sub-committee
- 9) Crisis Management Sub-committee
- 10) Integrated Marketing Sub-committee

Committees under the supervision of the Board
of Directors of PHATRA

- 1) Capital Market Human Resources Committee
- 2) Capital Market Risk Management Committee

Committees under the supervision of the Board of
Directors of PTSEC

- 1) Audit Committee
- 2) Risk Management Committee
- 3) Underwriting Committee

Committees under the supervision of the Board
of Directors of KKTRADE

- 1) Audit Committee
- 2) Risk Management Committee
- 3) Underwriting Committee

Committees under the supervision of the Board
of Directors of PASSET

- 1) Audit Committee
- 2) Risk Management Committee
- 3) Investment Committee

Table Shows Board of Directors' and Committees' Meeting Attendance in 2014

Name		Meeting Attendance in 2014					
		Board of Directors (Total 8 Meetings)	Audit Committee (Total 10 Meetings)	Nomination and Remuneration Committee (Total 8 Meetings)	Compliance and Governance Committee (Total 5 Meetings)	Risk Management Committee (Total 15 Meetings)	Executive Committee (Total 13 Meetings)
1. Mr.Supol	Wattanavekin	8/8 ¹	-	-	-	14/15 ¹	11/13 ²
2. Mr.Pichai	Dachanapirom	8/8	10/10 ¹	-	-	-	-
3. Assoc.Prof.Manop	Bongsadadt	7/8	-	8/8 ¹	-	-	-
4. Mr.Chet	Pattrakornkul	8/8	10/10	8/8	5/5 ¹	-	-
5. Mr.Pravit	Varutbangkul	7/8	9/10	8/8	4/5	-	-
6. Mr.Pongtep	Polanun	8/8	-	-	-	-	-
7. Mr.Tarnin	Chirasoonton	7/8	-	-	4/5	-	-
8. Mr.Suraphol	Kulsiri	8/8	-	-	-	-	-
9. Mr.Banyong	Pongpanich	6/8	-	-	-	7/15	13/13 ¹
10. Mr.Suvit	Mapaisansin	8/8	-	-	-	-	13/13
11. Mr. Aphinant	Klewpatinond	8/8	-	-	-	13/15	13/13
12. Mr.Krittiya	Veraburus	8/8	-	-	-	12/15	13/13
13. Ms.Thitinan	Wattanavekin	8/8	-	-	-	-	11/13
14. Mr.Pracha	Chumnamkitkosol	7/8	-	-	-	10/15	12/13
15. Mrs.Patraporn	Milindasuta ³	1/2	-	-	4/5	12/15	-
16. Dr.Aunmongkol	Sirivedhin ⁴	5/5	6/6	5/5	-	-	-

Remark ¹ Chairman² Attended the meeting as an advisor³ Appointed as the Bank's director replacing Dr.Anumongkol Sirivedhin, who resigned from the director post effective from August 1, 2014, and granted approval from the Bank of Thailand as the Bank's director effective from October 1, 2014⁴ Resigned from the Bank's director post effective from August 1, 2014

Management

As of December 31, 2014, the Bank had the following management.

No.	Name-Surname		Position
1	Mr.Banyong	Pongpanich	Chief Executive Officer
2	Mr.Aphinant	Klewpatinond	President and Chairman of Commercial Banking Business
3	Mr.Krittiya	Veeraburus	First Vice President Chairman of Capital Market Business Head of Corporate Strategy Group
4	Ms.Thitinan	Wattanavekin	First Vice President
5	Mr.Pracha	Chumnarnkitkosol	First Vice President Head of Special Asset Management Group
6	Mr.Chavalit	Chindavanig	First Vice President Head of Finance and Budgeting Group
7	Mrs.Patraporn	Milindasuta	First Vice President Chief Governance Officer
8	Dr.Anuchit	Anuchitanukul	First Vice President Head of Process and Product Improvement and Alternative Channels Group
9	Mr.Sarawut	Charuchinda	First Vice President Head of Commercial Lending Group
10	Mr.Thawatchai	Techawatanawana	First Vice President Head of Corporate Banking Group
11	Mr.Preecha	Techarungchaikul	First Vice President Head of Financial Markets Group
12	Dr.Popanit	Poommarapan	First Vice President Head of Risk Management Group
13	Mr.Manit	Wannavanit	First Vice President Head of Sales and Distribution Group
14	Mrs.Kulnan	Tsanthaiwo	First Vice President Head of Priority Banking Group
15	Mr.Chaiwat	Lertvanarin	First Vice President Head of Information Technology Group
16	Mr.Worrakrit	Jaruwongpak	First Vice President Head of Operations Group
17	Mr.Wittapon	Jawjit	First Vice President Head of Human Resources Group
18	Mr.Pansalit	Trakarnkitvichit	First Vice President Head of Credit Analysis Group
19	Mrs.Suree	Harnpijjsak	Senior Vice President Head of Accounting Department

Remark No. 14 appointment effective from June 1, 2014
 No. 16 appointment effective from January 16, 2014
 No. 17 appointment effective from January 16, 2014
 No. 18 appointment effective from November 1, 2014

Corporate Secretary

The Board of Directors has appointed Ms.Porntip Chuprakhun to be the Corporate Secretary since January 13, 2010 to facilitate the work of the Board of Directors with respect to regulations, the Board of Directors' meetings and shareholders' meetings. The responsibilities and duties of the Corporate Secretary include the following:

1. Advise directors on basic laws and regulations that they need to know in order to administer the functions of the Board of Directors;
2. Organize and manage the meetings of shareholders, Board of Directors and committees in accordance with laws, the Bank's Articles of Association, good practices and charter of each committee. The Corporate Secretary is also responsible for ensuring and monitoring the compliance with resolution of the shareholders' and Board of Directors' meetings as well as laws and relevant regulations;
3. Prepare and maintain key corporate documents and records: current registration of directors, notices and minutes of the shareholders' meetings, annual report, and notices and minutes of the Board of Directors' meetings;
4. Ensure that directors and management prepare report of interest of themselves and related persons in accordance with the law, keep a record of such report and send a copy of such report to the Chairman of the Board and the Chairman of Audit Committee as stipulated by law;
5. Manage the disclosure of information in responsibility according to the regulations of the relevant agencies overseeing the Bank;
6. Process all matters concerning the share registration, i.e. the payment of dividend and increase of registered capital, etc; and
7. Perform any other act as prescribed by the Capital Market Commission.

Nomination and Appointment of Directors and Executives

Nomination of Director

The Nomination and Remuneration Committee is responsible for selecting and determining appropriate persons with experience, knowledge and capabilities beneficial to the Bank to be nominated as the Bank's directors, independent directors or Audit Committee members and to propose nominations to the Board of Directors' meeting or shareholders' meeting in accordance with the Bank's Articles of Association.

The Nomination and Remuneration Committee shall take into consideration the suggestions of shareholders, who have right to nominate individuals qualified as candidates for a director or an independent director of the Bank, via the specified channels. The guidelines for shareholders to nominate director in advance are posted on the Bank's website. Individuals, who are nominated as independent directors, shall have qualifications as required in the announcements of the SEC and SET and as specified in the Bank's independent director qualification.

The selection process starts with the qualified individuals proposed by shareholders, directors and executives, with all detailed biography attached. Then, the Nomination and Remuneration Committee considers the nominees' qualifications prior to proposing such persons initially to the Board of Directors and finally seeking shareholders' approval. The election of directors by shareholders' meeting shall be in accordance with the Bank's Articles of Association as follows:

1. A shareholder shall have one vote for one share.
2. Each shareholder shall use all his or her votes under no.1 to elect one or several persons as a director. However, he or she may not divide his or her votes among any candidates.

3. The persons who receive the most votes in ranking order will be elected as directors up to the number of directors the Bank shall have or elect at that meeting. In the event that the persons being elected in subsequent order have equal votes but their election would exceed the number of directors required to be elected in that meeting, the Chairman of the meeting shall have a casting vote.

Right of Shareholders to Nominate Director

Allowing shareholders to nominate director in advance is part of the Banks Corporate Governance Principles. The Bank has defined and published the guidelines for shareholders to nominate director on its website.

The shareholder, who would like to nominate director, must possess the following qualifications:

1. Be the Bank's shareholder holding a minimum of 200,000 shares, which can be either owned by one shareholder or combined;
2. Has owned the shares as stipulated above continuously for at least one year by the date the shareholder proposes the director nominee; and
3. Show proof of share ownership, such as certified letter from securities company or other evidence from the SET of TSD.

The Nomination and Remuneration Committee will evaluate the qualifications of the nominees and give opinion to the Board of Directors for further consideration and proposing to the shareholders' meeting. The Board's resolution is considered final.

The nominees approved by the Nomination and Remuneration Committee and the Board of Directors will be included in the agenda for director election along with the opinion of the Board of Director. For the nominees, who are not approved by the Nomination and Remuneration Committee or the Board of Directors, the Bank will inform the shareholder(s) after the Board of Directors' meeting via its website or other appropriate channels.

Nomination of Executives

The Nomination and Remuneration Committee is responsible for selecting and determining qualified individuals with desired qualifications to be appointed as the Bank's Executives. The Committee selects qualified individuals based on knowledge, capabilities and experience in financial and banking industry, and

other attributes which are necessary for appointed roles. Furthermore, the qualified individuals should demonstrate professional values and vision which are aligned with that of the Board of Directors, to ensure success of the Bank. Upon selecting qualified individuals, the Nomination and Remuneration Committee will propose the selected candidates to the Board of Directors for approval.

For other management positions from Executive Vice President and First Executive Vice President, the senior executives are responsible for recruiting individuals who demonstrate knowledge, capabilities, and experiences which are required for appointed positions. Senior Executives will propose selected candidates to the Nomination and Remuneration Committee, and subsequently propose to the Bank of Thailand for approval and to the Board of Directors for official appointments.

Remuneration of Directors and Executives

Monetary Remuneration

Remuneration of Directors

The Bank has developed the directors' remuneration structure which is in line with industry practices. The directors' remuneration shall be determined based on the fiduciary of duty. Level of the remuneration shall be attractive to qualified directors, and shall incentivize the directors to perform their duties with dedication to the Bank. In addition, the directors' remuneration shall be reviewed periodically to ensure its competitiveness compared with directors' remuneration of the listed companies with similar businesses or equivalent, as disclosed in the Thai Institute of Directors Association (IOD)'s Thai Directors Compensation Survey.

The Nomination and Remuneration Committee shall review and determine the directors' remuneration on an annual basis, and propose to the Board of Directors' meeting and the annual general meeting of shareholders for approval.

Directors' remuneration structure is consisted of:

- Retaining Fee: Monthly remuneration payout to the Chairperson and directors of the Board.
- Attendance Fee: Director is entitled to receive the attendance fee where he/she is attended.
- Pension: Remuneration payout to directors once a year which is determined by each year business performance.

The 2014 Annual General Meeting of Shareholders, dated on April 24, 2014 approved the annual remuneration for directors, advisor of sub-committee and members of sub-committees in the amount of not exceeding Baht 25 million of which details were as follows:

	Retaining Fee (Baht / Month)	Attendance Fee (Baht / Meeting)
(1) Remuneration of Board of Director		
- Chairperson	100,000	-
- Member	50,000	-
(2) Remuneration of Five Sub-committees		
- Chairperson	-	30,000
- Member	-	20,000
(3) Remuneration of Advisor to Executive Committee	250,000	-
(4) Bonus	Bonus payout is based on each year business performance. The Board of Directors is authorized to determine the bonus amount of each director which the total of directors' remuneration payouts shall not exceed Baht 25 million as approved by the shareholder's meeting.	

Directors, who assume managerial positions of the Bank and/ or of the subsidiaries in the Group, shall not be eligible for directors' remuneration.

In case that any directors have been appointed as a director in any committees such as the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Compliance and Governance Committee, the Main Credit and Foreclosed Property Committee, and an advisor of the Executive Committee, they are entitled to receive the attendance fee based on their attendance and delegated authorities.

Table shows remuneration of directors for 2014

(Unit: Baht)

No.	Board of Directors	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Main Credit & Foreclosed Property Committee	Compliance & Governance Committee	Advisor to Executive Committee	Special Assignment Investigation Committee	2014 Pension (Paid in 2015)	Grand Total
1	Mr.Supol Wattanavekin	1,200,000	-	-	390,000	-	-	3,000,000	-	1,622,230	6,212,230
2	Mr.Pichai Dachanapirom	600,000	300,000	-	-	-	-	-	-	811,110	1,711,110
3	Assoc. Prof. Manop Bongsadadt	600,000	-	210,000	-	-	-	-	180,000	811,110	1,801,110
4	Mr.Chet Pattrakomkul	600,000	200,000	160,000	-	-	150,000	-	100,000	811,110	2,021,110
5	Mr.Pravit Varutbangkul	600,000	180,000	160,000	-	-	80,000	-	-	811,110	1,831,110
6	Mr.Pongtep Polanun	600,000	-	-	-	980,000	-	-	-	811,110	2,391,110
7	Mr.Tarnin Chirasoonton	600,000	-	-	-	-	80,000	-	-	811,110	1,491,110
8	Mr.Suraphol Kulsiri	600,000	-	-	-	1,000,000	-	-	-	811,110	2,411,110
9	Mr.Suvit Mapaisansin	-	-	-	-	-	-	-	-	-	-
10	Mr.Banyong Pongpanich	-	-	-	-	-	-	-	-	-	-
11	Mr.Aphinant Kiewpatinond	-	-	-	-	-	-	-	-	-	-
12	Mr.Krittiya Veeraburus	-	-	-	-	-	-	-	-	-	-
13	Ms. Thitinan Wattanavekin	-	-	-	-	-	-	-	-	-	-
14	Mr.Pracha Chumnarnkitkosol	-	-	-	-	-	-	-	-	-	-
15	Mrs. Patraporn Milindasuta ^{/1}	-	-	-	-	-	-	-	-	-	-
Director resigned in 2014 and was eligible for the director's remuneration											
16	Dr. Anumongkol Sirivedhin ^{/2}	350,000	120,000	100,000	-	-	-	-	60,000	-	630,000
Total		5,750,000	800,000	630,000	390,000	1,980,000	310,000	3,000,000	340,000	7,300,000	20,500,000

^{/1} Appointed effective October 1, 2014

^{/2} Resigned from the director position effective August 1, 2014

Directors, who assume managerial positions of the Bank and/or of the subsidiaries in the Group, shall not be eligible for directors' remuneration.

Directors, who also serve as directors of the subsidiaries in the Group, shall not be eligible for directors' remuneration from the subsidiaries in the Group.

Remunerations of Executives

On an annual basis, the Nomination and Remuneration Committee shall arrange the performance evaluation of the CEO and President. The evaluation results shall be used as one of the factors to determine their appropriate compensation. The Chairman of the Nomination and Remuneration Committee, who is an independent director, shall communicate the evaluation results to the CEO and President.

In 2014, the Bank paid compensation to nineteen executives, including three executives who are on secondment from subsidiaries, of Baht 182 million in total. The compensation arranged for the executives were in the form of monthly salaries, provident funds and bonuses, which were determined based on the total compensation concept, the performance of the overall organization, function or business unit, and the individual performance. The Bank has not offered any right to purchase or sell any asset to the senior executives.

(Executives, according to the definition suggested by the SEC, are managers or executives at top-4 level positions from Managing Director, and all employees, whose position levels are equivalent to 4th level top management positions, including Head of Finance or Accounting Department.)

Other Compensations

In addition to the directors' remuneration in the form of retaining fee, attendance fee and pension, the Bank also provides other general benefits and perquisites to the directors and executives as follows:

1. Group insurances which cover life, accident, total permanent disability and health for Chairman and directors who are non-executive directors. Insurance coverage for life, accident and total permanent disability is Baht 5 million and Baht 2.5 million for Chairman and non-executive directors respectively. Health insurance coverage is identical to those of the executives.
2. The Bank has issued and offered the ESOP-W2 to directors, executives and employees. Details of director's and executives' ESOP-W2 are as follows:

Table shows changes in directors' shareholding and ESOP-W2

No.	Director	Shareholding (Share)		Change Increase/ (Decrease) (share)	ESOP-W2 Holding (Unit)		Change Increase/ (Decrease) (Unit)
		December 31, 2013	December 31, 2014		December 31, 2013	December 31, 2014	
1.	Mr.Supol Wattanavekin	12,292,916	12,605,416	312,500	312,500	-	(312,500)
	Spouse	1,071,434	1,071,434	-	-	-	-
	Minor Children	-	-	-	-	-	-
2.	Mr.Pichai Dachanapirom	100,000	150,000	50,000	50,000	-	(50,000)
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
3.	Assoc. Prof. Manop Bongsadadt	75,000	100,000	25,000	25,000	-	(25,000)
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
4.	Mr.Chet Pattarakornkul	50,000	75,000	25,000	25,000	-	(25,000)
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
5.	Mr.Pravit Varutbangkul	-	25,000	25,000	25,000	-	(25,000)
	Spouse	250,000	250,000	-	-	-	-
	Minor Children	-	-	-	-	-	-
6.	Mr.Pongtep Polanun	488	488	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
7.	Mr.Tarin Chirasoonton	75,000	100,000	25,000	25,000	-	(25,000)
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
8.	Mr.Suraphol Kulsiri	60,000	-	(60,000)	97,000	97,000	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
9.	Mr.Banyong Pongpanich	2,000,046	2,000,046	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
10.	Mr.Suvit Mapaisansin	5,029,406	1,029,406	(4,000,000)	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-

No.	Director	Shareholding (Share)		Change Increase/ (Decrease) (share)	ESOP-W2 Holding (Unit)		Change Increase/ (Decrease) (Unit)
		December 31, 2013	December 31, 2014		December 31, 2013	December 31, 2014	
11.	Mr.Aphinant Klewpatinond	550,000	550,000	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
12.	Mr.Krittiya Veeraburus	172	172	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
13.	Miss Thitinan Wattanavekin	35,345,261	35,532,761	187,500	187,500	-	(187,500)
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
14.	Mr.Pracha Chumnarnkitkosol	-	-	-	375,000	375,000	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
15.	Mrs.Patraporn Milindasuta	-	-	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-

Table shows changes in executives' shareholding and ESOP-W2

No.	Executive	Shareholding (Share)		Change Increase/ (Decrease) (share)	ESOP-W2 Holding (Unit)		Change Increase/ (Decrease) (Unit)
		December 31, 2013	December 31, 2014		December 31, 2013	December 31, 2014	
1.	Mr.Chavalit Chindavanig	281,250	375,000	93,750	93,750	-	(93,750)
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
2.	Dr.Anuchit Anuchitanukul	-	-	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
3.	Mr.Sarawut Charuchinda	110,000	260,000	150,000	375,000	225,000	(150,000)
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
4.	Mr.Thawatchai Techawatanawana	-	-	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
5.	Mr,Preecha Techarungchaikul	-	-	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
6.	Mr,Pansalit Trakarnkitvichit	N/A	-	-	-	-	-
	Spouse	N/A	-	-	-	-	-
	Minor Children	N/A	-	-	-	-	-
7.	Dr,Popanit Poommarapan	-	-	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
8.	Mr,Manit Wannavanit	30,000	30,000	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
9.	Mrs,Kulnan Tsanhaiwo	N/A	-	-	-	-	-
	Spouse	N/A	-	-	-	-	-
	Minor Children	N/A	-	-	-	-	-

No.	Executive	Shareholding (Share)		Change Increase/ (Decrease) (share)	ESOP-W2 Holding (Unit)		Change Increase/ (Decrease) (Unit)
		December 31, 2013	December 31, 2014		December 31, 2013	December 31, 2014	
10.	Mr.Chaiwat Lertvanarin	-	-	-	-	-	-
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-
11.	Mr.Worrakrit Jaruwongpak	N/A	-	-	-	-	-
	Spouse	N/A	-	-	-	-	-
	Minor Children	N/A	-	-	-	-	-
12.	Mr.Wittapon Jawjit	N/A	-	-	-	-	-
	Spouse	N/A	-	-	-	-	-
	Minor Children	N/A	-	-	-	-	-
13.	Mrs.Suree Harpinijak	33,250	56,500	23,250	23,250	-	(23,250)
	Spouse	-	-	-	-	-	-
	Minor Children	-	-	-	-	-	-

Remark :

N/A means

- Mr.Pansalit Trakamkitvichit was appointed as First Executive Vice President, Head of Credit Analysis Group on November 1, 2014. Hence, a number of shareholdings as of December 31, 2013 is not appropriate comparison.
- Mrs. Kulnan Tsanthaiwo was appointed as First Executive Vice President, Head of Priority Banking Group on June 1, 2014. Hence, a number of shareholdings as of December 31, 2013 is not appropriate comparison.
- Mr.Worrakrit Jaruwongpak was appointed as First Executive Vice President, Head of Operation Group on January 1, 2014. Hence, a number of shareholdings as of December 31, 2013 is not appropriate comparison.
- Mr.Wittapon Jawjit was appointed as First Executive Vice President, Head of Human Resource Management Group on January 1, 2014. Hence, a number of shareholdings as of December 31, 2013 is not appropriate comparison.

Profiles of the Directors, Executives and Controlling Persons

As of December 31, 2014

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
1. Mr. Supol Wattanavekin • Chairman of the Board of Directors • Chairman of the Risk Management Committee Appointed effective on April 1, 1973	59	• Master of Business Administration (Executive) Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Laws Ramkhamhaeng University Director Training Programs: • Director Certification Program Update (DCPU 1/2014) Thai Institute of Directors Association (IOD) • CG Forum 2/2014 Corporate Governance in the Perspective of investors The Stock Exchange of Thailand (SET) • Chairman Forum 1/2013 Meeting the AEC Challenge : Role of the Chairman Thai Institute of Directors Association (IOD) • Conflict of Interest : Fighting abusive RPT (3/2013) The Securities and Exchange Commission • Chairman Forum 2/2013 Role of the Chairman's business code of conduct Thai Institute of Directors Association (IOD) • Financial Institution Governance Program (FGP 2/2011) Thai Institute of Directors Association (IOD) • The 5 th SEACEN / ABAC / ABA / PECC Public Private Dialogue for the Asia Pacific Region (2009) The South East Asia Central Bank Research and Training Center, Malaysia • Corporate Governance Report of Thai Listed Companies (2007) Thai Listed Companies Association • Leadership, Strategic Growth and Change (2006) Sasin Graduate Institute of Business Administration of Chulalongkorn University	Ms. Thitinan Wattanavekin's brother	13,676,850	Kiatnakin Phatra Financial Group		
					2011 - Present	Chairman of the Board of Directors Chairman of the Risk Management Committee	Kiatnakin Bank Public Company Limited
					2007 - 2010	Director Chairman of the Executive Committee Chairman of the Risk Management Committee	Kiatnakin Bank Public Company Limited
					2005 - 2007	Chairman of the Board of Directors	Kiatnakin Bank Public Company Limited
					1999 - 2011	Director	KKTRADE Securities Company Limited
					Other Listed Companies		
					2004 - present	Director	The Erawan Group Public Company Limited
					Non-Listed Companies		
					1990 - present	Chairman of the Board of Directors	BTMU Leasing (Thailand) Company Limited

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
		<ul style="list-style-type: none"> Organizing and Managing Strategic Alliances for Success and Profit (2006) Sasin Graduate Institute of Business of Chulalongkorn University Director Certification Program (DCP 76/2006) Thai Institute of Directors Association (IOD) Director Accreditation Program (DAP 56/2006) Thai Institute of Directors Association (IOD) Orchestrating Winning Performance (2005) IMD International, Switzerland Board & CEO Assessment (2003) Thai Institute of Directors Association (IOD) The Role of the Chairman Program (RCP 1/2000) Thai Institute of Directors Association (IOD) 					

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
2. Mr. Pichai Dachanapirom <ul style="list-style-type: none"> Independent Director¹⁾ Chairman of the Audit Committee ¹⁾ Appointed effective on July 4, 2001	68	<ul style="list-style-type: none"> Bachelor of Accountancy Thammasat University Certified Public Accountant, registration No. 2421 Director Training Programs: <ul style="list-style-type: none"> Anti-Corruption for Executive Program (ACEP 4/2012) Thai Institute of Directors Association (IOD) Monitoring Fraud Risk Management (MFM 1/2009) Thai Institute of Directors Association (IOD) Monitoring the Internal Audit Function (MIA 4/2008) Thai Institute of Directors Association (IOD) Monitoring the System of Internal Control and Risk Management (MIR 1/2007) Thai Institute of Directors Association (IOD) Audit Committee Program (ACP 9/2005) Thai Institute of Directors Association (IOD) Director Certification Program (DCP 32/2003) Thai Institute of Directors Association (IOD) 	None	150,000	Kiatnakin Phatra Financial Group		
					2007 - Present	Independent Director Chairman of the Audit Committee	Kiatnakin Bank Public Company Limited
					Oct 3, 2005 - 2007	Independent Director Member of the Audit Committee	Kiatnakin Bank Public Company Limited
					Jul 4, 2001 - Oct 3, 2005	Independent Director Member of the Audit Committee	Kiatnakin Finance Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					1990 - Present	Director	Grand Success Company Limited
					1989 - Present	Director	Dharmniti Public Company Limited
					1986 - Present	Managing Director	Dharmniti Auditing Company Limited
					2003 - 2007	Director	Dharmniti Capital Advisory Company Limited
					2001 - 2012	Director	Dharmniti Press Company Limited
					1998 - 2012	Director	Dharmniti Seminar and Training Company Limited
					1998 - 2012	Director	Dharmniti Office of Management Development Company Limited
					1998 - 2007	Director	Dharmniti and Truth Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
3. Associate Professor Manop Bongsadatt ¹⁾ • Independent Director ¹⁾ • Chairman of the Nomination and Remuneration Committee	73	<ul style="list-style-type: none"> • Master of Regional Planning Institute of Social Studies, The Netherlands • Master of Architecture Kansas State University, U.S.A. • Bachelor of Architecture Chulalongkorn University Director Training Programs: <ul style="list-style-type: none"> • Role of the Nomination and Governance Committee (RNG 1/2011) • Thai Institute of Directors Association (IOD) • Director Certification Program (DCP 150/2011) • Thai Institute of Directors Association (IOD) • Role of The Compensation Committee (RCC 8/2009) • Thai Institute of Directors Association (IOD) • Role of the Chairman Program (RCP 17/2007) • Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP 10/2005) • Thai Institute of Directors Association (IOD) • Director Accreditation Program (DAP 8/2004) • Thai Institute of Directors Association (IOD) 	None	100,000	Kiatnakin Phatra Financial Group		
					2006 - Present	Chairman of the Nomination and Remuneration Committee	Kiatnakin Bank Public Company Limited
					Oct 2005 - Present	Independent Director	Kiatnakin Bank Public Company Limited
					Jun 2004 - Oct 2005	Independent Director	Kiatnakin Finance Public Company Limited
					Other Listed Companies		
¹⁾ Appointed effective on June 21, 2004					2004 - Present	Member of the Audit Committee	The Erawan Group Public Company Limited
					2003 - 2014	Chairman of the Board of Directors	Rasa Property Development Public Company Limited
					Non-Listed Companies		
					2012 - Present	Chairman of the Board of Directors	Worluk Property Public Company Limited
					2006 - Present	Director	Krungthep Thanakom Company Limited
					2002 - Present	Associate Professor	Faculty of Architecture, Chulalongkorn University
					1992 - Present	Director	Tubkaew-Hori Kindergarten School and Nursery Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
4. Mr. Chet Pattrakornkul <ul style="list-style-type: none"> Independent Director¹⁾ Chairman of the Compliance and Governance Committee Member of the Audit Committee Member of the Nomination and Remuneration Committee 	66	<ul style="list-style-type: none"> Master's in Marketing (Certificate Program) Thammasart University Bachelor of Science in Public Administration Ramkhamhaeng University Director Training Programs: <ul style="list-style-type: none"> Director Certification Program Update (DCPU 1/2014) Thai Institute of Directors Association (IOD) (FGP 2013) Financial Institutions Governance Program (FGP 2013) Thai Institute of Directors Association (IOD) "The Updated COSO's 2013 Integrated Internal Control: what the Board and Managements should do" Thai Institute of Directors Association (IOD) The 2nd National Director Conference 2013 "Board Leadership Evolution" Thai Institute of Directors Association (IOD) Role of the Nomination and Governance Committee (RNG 1/2011) Thai Institute of Directors Association (IOD) Financial Institutes Reform in Thailand from Present to the Future (2010) Thai Institute of Directors Association (IOD) Economy After the Crisis (2010) Thai Institute of Directors Association (IOD) The Board's Role on Fraud Prevention and Detection (2010) Thai Institute of Directors Association (IOD) Monitoring the System of Internal Control and Risk Management (MIR 5/2009) Thai Institute of Directors Association (IOD) Monitoring of the Quality of Financial Reporting (MFR 7/2009) Thai Institute of Directors Association (IOD) 	None	75,000	Kiattakin Phatra Financial Group		
					2011 - Present	Chairman of the Compliance and Governance Committee	Kiattakin Bank Public Company Limited
					2007 - Present	Member of the Audit Committee	Kiattakin Bank Public Company Limited
					2006 - Present	Member of the Nomination and Remuneration Committee	Kiattakin Bank Public Company Limited
					Apr 2006 - Present	Independent Director	Kiattakin Bank Public Company Limited
					Oct 2005 - Apr 2006	Director	Kiattakin Bank Public Company Limited
					Apr - Oct 2005	Director	Kiattakin Finance Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					None		

¹⁾ Appointed effective on April 7, 2005

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
		<ul style="list-style-type: none"> Monitoring Fraud Risk Management (MFM 1/2009) Thai Institute of Directors Association (IOD) Board and Director Performance Evaluation (R-WS workshop 2/2008) Thai Institute of Directors Association (IOD) Corporate Governance Report of Thai Listed Companies (2007) Thai Listed Companies Association Monitoring the Internal Audit Function (MIA 1/2007) Thai Institute of Directors Association (IOD) Audit Committee Program (ACP 17/2007) Thai Institute of Directors Association (IOD) Role of the Compensation Committee (RCC 1/2006) Thai Institute of Directors Association (IOD) DCP Refresher Course (3/2006) Thai Institute of Directors Association (IOD) Director Certification Program (DCP 9/2001) Thai Institute of Directors Association (IOD) 					

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
5. Mr. Pravut Varutbangkul • Independent Director ^{1/} • Member of the Audit Committee • Member of the Compliance and Governance Committee • Member of the Nomination and Remuneration Committee ^{1/} Appointed effective on August 20, 1996	67	<ul style="list-style-type: none"> • Master of Business Administration (Operations Research & General) University of Santa Clara, California, U.S.A. • Bachelor of Science (Operations Research & Finance) Brigham Young University, Provo, Utah, U.S.A. Director Training Programs: <ul style="list-style-type: none"> • The 2nd National Director Conference 2013 "Board Leadership Evolution" • Thai Institute of Directors Association (IOD) • Financial Institutions Governance Program (FGP 2013) • Thai Institute of Directors Association (IOD) • Effective Business Performance Leadership (5/2008) • Thai Institute of Directors Association (IOD) • Monitoring Strategy Implementation and Execution (2008) • Thai Institute of Directors Association (IOD) • Improving The Quality of Financial Reporting (QFR 5/2007) • Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP 16/2007) • Thai Institute of Directors Association (IOD) • DCP Refresher Course (3/2006) • Thai Institute of Directors Association (IOD) • Director Certification Program (DCP 5/2001) • Thai Institute of Directors Association (IOD) 	None	275,000	Kiatnakin Phatra Financial Group		
					2013 - Present	Member of the Nomination and Remuneration Committee	Kiatnakin Bank Public Company Limited
					2011 - Present	Member of the Audit Committee Member of the Compliance and Governance Committee	Kiatnakin Bank Public Company Limited
					Nov 25, 2010 - Present	Independent Director	Kiatnakin Bank Public Company Limited
					2009 - 2011	Member of the Audit Committee	KKTRADE Securities Company Limited
					2007 - 2011	Director	KKTRADE Securities Company Limited
					2005 - 2010	Director	Kiatnakin Bank Public Company Limited
					1996 - 2005	Director	Kiatnakin Finance Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					None		

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
6. Mr. Pongtep Polanun • Independent Director ^{/1} ^{/1} Appointed effective on April 26, 2012	60	<ul style="list-style-type: none"> Executive Master of Business Administration Sasin Graduate Institute of Business Administration Master of Economics (Financial Economics) The National Institute of Development Administration Bachelor of Economics Thammasat University <p>Director Training Programs:</p> <ul style="list-style-type: none"> Director Accreditation Program (DAP 36/ 2005) Thai Institute of Directors Association (IOD) 	None	488	Kiatnakin Phatra Financial Group		
					Apr 2012 - present	Independent Director	Kiatnakin Bank Public Company Limited
					2010 - 2012	Independent Director Member of the Audit Committee	Phatra Capital Public Company Limited
					2003 - 2012	Independent Director Member of the Audit Committee	Phatra Securities Public Company Limited
					Other Listed Companies		
					2002 - Present	Vice Chairman of the Board of Directors Independent Director Member of the Audit Committee	Advanced Information Technology Public Company Limited
					2013 - 2014	Advisor to Managing Director	Muang Thai Insurance Public Company Limited
					2010 - 2011	Advisor to Managing Director	Muang Thai Insurance Public Company Limited
					2010 - 2011	Director	Krung Thai Bank Public Company Limited
					2009 - 2010	Independent Director	Phatra Leasing Public Company Limited
					2000 - 2012	Advisor to Managing Director	The Royal Ceramic Industry Public Company Limited
					Non-Listed Companies		
					2007 - present	Director	K S P Square Company Limited
					2010 - 2012	Chairman of the Board of Directors	Krung Thai IBJ Leasing Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
7. Mr. Tamin Chirasoonton <ul style="list-style-type: none"> • Director¹⁾ • Member of the Compliance and Governance Committee ¹⁾ Appointed effective on January 8, 1999	62	<ul style="list-style-type: none"> • Bachelor of Law Ramkhamhaeng University • Director Training Programs: • Director Certification Program Update (DCPU 1/2014) • Thai Institute of Directors Association (IOD) • Role of the Nomination and Governance Committee (RNG 1/2011) • Thai Institute of Directors Association (IOD) • DCP Refresher Course (5/2007) • Thai Institute of Directors Association (IOD) • Advanced Business Management For Executive Program (ABM Exec 2005) • The Continuing Education Center, Chulalongkorn University • Public Administration Course (2003) • Political Science Faculty, Thammasat University • Director Certificate Program (DCP 10/2001) • Thai Institute of Directors Association (IOD) • Real Estate and Skyscraper Management (1993) Faculty of Architecture, Chulalongkorn University 	None	100,000	Kiatnakin Phatra Financial Group		
					2011 - Present	Member of the Compliance and Governance Committee	Kiatnakin Bank Public Company Limited
					2009 - Present	Director	Kiatnakin Bank Public Company Limited
					2006 - 2009	Independent Director	Kiatnakin Bank Public Company Limited
					2004 - 2006	Independent Director Chairman of the Nomination and Remuneration Committee	Kiatnakin Bank Public Company Limited
					2011 - Present	Chairman of the Board of Directors	Erawan Law Office Company Limited
					2009 - 2011	Managing Director	Erawan Law Office Company Limited
					2003 - 2004	Independent Director Member of Nomination and Remuneration Committee	Kiatnakin Finance Public Company Limited
					2001 - 2004	Independent Director Chairman of the Audit Committee	Kiatnakin Finance Public Company Limited
					1999 - 2005	Independent Director Member of the Audit Committee	Kiatnakin Finance Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					1993 - 1998	Managing Director	Professor Kamthorn Panlab Law Office
					1978 - 1993	Managing Director	Dharmniti Public Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
8. Mr. Suraphol Kulsiri • Director ¹⁾ (Authorized director) ¹⁾ Appointed effective on June 21, 2004	62	<ul style="list-style-type: none"> Bachelor of Business Administration (Marketing) Bangkok University Director Training Programs: <ul style="list-style-type: none"> Role of the Nomination and Governance Committee Program (RNG 6/2014) Thai Institute of Directors Association (IOD) Role of the Chairman Program (RCP 23/2010) Thai Institute of Directors Association (IOD) Successful Formulation and Execution of Strategy (SFE 7/2010) Thai Institute of Directors Association (IOD) Role of the Compensation Committee (RCC 3/2007) Thai Institute of Directors Association (IOD) Director Certification Program (DCP 13/2001) Thai Institute of Directors Association (IOD) 	None	None	Kiatnakin Phatra Financial Group		
					2011 - Present	Member of the Main Credit and Foreclosed Property Committee	Kiatnakin Bank Public Company Limited
					Oct 2005 - Present	Director	Kiatnakin Bank Public Company Limited
					Jun 2004 - Oct 2005	Director	Kiatnakin Finance Public Company Limited
					2003 - 2011	Director and Chairman of the Executive Committee	KKTRADE Securities Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					2005 - 2009	Chairperson of Information Technology Club	Association of Securities Company Limited
					2005 - 2007	Director	The Stock Exchange of Thailand
					2005 - 2007	Director	Settrade Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
9. Mr. Suvit Mapaisansin <ul style="list-style-type: none"> • Director^{1/} (Authorized director) • Member of the Executive Committee ^{1/} Appointed effective on September 12, 2012	55	<ul style="list-style-type: none"> • Executive Master of Business Administration (Finance & international Business) • Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Economics • Chulalongkorn University Director Training Programs: <ul style="list-style-type: none"> • Director Certification Program (DCP 12/2001) • Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP 37/2011) • Thai Institute of Directors Association (IOD) 	None	1,029,406	Kiatnakin Phatra Financial Group		
					2012 - Present	Director	Kiatnakin Bank Public Company Limited
					2010 - Present	Director	Phatra Capital Public Company Limited
					2012 - Present	Chairman of the Board of Directors	KKTRADE Securities Company Limited
					2012 - Present	Chairman of the Board of Directors	Phatra Asset Management Company Limited
					2003 - Present	Director	Phatra Securities Company Limited
					2010 - 2012	Executive Director	Phatra Capital Public Company Limited
					2009 - 2012	Executive Director	Phatra Securities Public Company Limited
					2003 - 2009	Chief Executive Officer	Phatra Securities Public Company Limited
					Other Listed Companies		
					2011 - Present	Independent Director Member of the Audit Committee	Golden Lime Public Company Limited
					2011 - 2012	Chairman of the Audit Committee	Krungthai Card Public Company Limited
					2009 - 2012	Independent Director	Krungthai Card Public Company Limited
					Non-Listed Companies		
					None		

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
10. Mr. Banyong Pongpanich • Director ¹ (Authorized director) • Chief Executive Officer ² • Chairman of the Executive Committee ² • Member of the Risk Management Committee ¹ Appointed effective on April 26, 2012 ² Appointed effective on September 12, 2012	60	• Master of Business Administration (Finance & International Business) Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Economics Chulalongkorn University Director Training Programs: • Anti-Corruption for Executive Program (ACEP 2/2012) Thai Institute of Directors Association (IOD) • Director Accreditation Program (DAP 36/2005) Thai Institute of Directors Association (IOD) • The Role of the Chairman Program (RCP 5/2001) Thai Institute of Directors Association (IOD)	None	2,000,046	Kiatnakin Phatra Financial Group		
					2012 - Present	Director Chief Executive Officer Chairman of Executive Committee Member of the Risk Management Committee	Kiatnakin Bank Public Company Limited
					2010 - Present	Chairman of the Board of Directors	Phatra Capital Public Company Limited
					2003 - Present	Chairman of the Board of Directors	Phatra Securities Company Limited
					Other Listed Companies		
					2004 - Present	Independent Director	The Erawan Group Public Company Limited
					2003 - Present	Independent Director Member of the Audit Committee Chairman of the Nomination and Remuneration Committee	Muang Thai Insurance Public Company Limited
					2009 - 2011	Director	Thai Airways International Public Company Limited
					Non-Listed Companies		
					2007 - Present	Independent Directors	Don Muang Tollway Public Company Limited
					2012 - Present	Director Executive Director	Thailand Development Research Institute (TDRI)
					2011 - Present	Director Executive Director	Buddhadasa Indapanno Archives
					2002 - Present	Director Executive Director	Mae Fah Luang Foundation
					2002 - Present	Member of Advisory Council	Sasin Graduate Institute of Business Administration of Chulalongkorn University
					2008 - 2011	Capital Market Development Committee	Ministry of Finance
					2008 - 2011	Sub - Committee to formulate Capital Market Development Master plan	Ministry of Finance
					2008 - 2011	Working Group of Tax Reformation	Ministry of Finance
					2003 - 2008	President of Economic Association	Chulalongkorn University

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
11. Mr. Aphinant Kiewpathond • Director ^{1/} (Authorized director) • President and Chairman of Commercial Banking Business ^{2/} • Member of the Executive Committee • Member of the Risk Management Committee ^{1/} Appointed effective on September 12, 2012 ^{2/} Appointed effective on April 1, 2013	45	• Master of Business Administration (Finance) University of Maryland at College Park, U.S.A • Bachelor of Accounting Chulalongkorn University Director Training Programs: • Directors Accreditation Program (DAP 82/2010) Thai Institute of Directors Association (IOD)	None	550,000	Kiatnakin Phatra Financial Group		
					2013 - Present	Director President and Chairman of Commercial Banking Business Member of the Executive Committee Member of the Risk Management Committee	Kiatnakin Bank Public Company Limited
					2012 - 2013	Director Chairman of Capital Market Business and President Member of the Executive Committee Member of the Risk Management Committee	Kiatnakin Bank Public Company Limited
					2012 - Present	Director	KKTRADE Securities Company Limited
					2012 - Present	Director	Phatra Asset Management Company Limited
					2010 - Present	Director	Phatra Capital Company Limited
					2010 - Present	Director	Phatra Securities Public Company Limited
					2010 - 2012	Chief Executive Officer	Phatra Capital Public Company Limited
					2009 - 2012	Chief Executive Officer	Phatra Securities Public Company Limited
					2007 - 2009	Managing Director (Head of Investment Banking)	Phatra Securities Public Company Limited
					Other Listed Companies		
					2011 - Aug 2013	Independent Director Member of the Audit Committee	Sriracha Construction Public Company Limited
					Non-Listed Companies		
					None		

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
12. Mr. Krittiya Veeraburus • Director ¹ • Chairman of Capital Market Business ² • First Executive Vice President • Head of Corporate Strategy ³ • Member of the Executive Committee • Member of the Risk Management Committee ¹ Appointed effective on May 18, 2013 ² Appointed effective on April 1, 2013 ³ Appointed effective on October 15, 2010	45	• Master of Business Administration (Finance & Investment) Golden Gate University, U.S.A. • Bachelor of Business Administration (Management) Chulalongkorn University Director Training Programs: • Director Accreditation Program (DAP 1/2008) Thai Institute of Directors Association (IOD)	None	172	Kiatnakin Phatra Financial Group		
					2013 - Present	Director Chairman of Capital Market Business Member of the Risk Management Committee	Kiatnakin Bank Public Company Limited
					2013 - Present	President	Phatra Capital Public Company Limited and Phatra Securities Public Company Limited
					2013 - Present	Director	Phatra Asset Management Company Limited
					2013 - Present	Director	KKTRADE Securities Company Limited
					2012 - Present	Member of the Executive Committee Head of Corporate Strategy	Kiatnakin Bank Public Company Limited
					Sep 2012 - Apr 2013	Managing Director (Head of Investment and Trading Group)	Phatra Capital Public Company Limited and Phatra Securities Public Company Limited
					Apr - Sep 2012	Director	Kiatnakin Bank Public Company Limited
					2011 - Sep 2012	Managing Director (Head of Direct Investment Department)	Phatra Capital Public Company Limited
					2009 - 2010	Managing Director (Head of Direct Investment Group)	Phatra Securities Public Company Limited
					2008 - 2009	Executive vice President (Head of Direct Investment Department)	Phatra Securities Public Company Limited
					Other Listed Companies		
					2008 - 2010	Director	CS Loxinfo Public Company Limited
					Non-Listed Companies		
					2006 - present	Director	The Palm Cha Am Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
13. Miss Thitinan Wattanavekin • Director ¹⁾ (Authorized director) • First Executive Vice President • Member of the Executive Committee ¹⁾ Appointed effective on January 1, 2011	57	• Master of Management Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Science (Public Affairs) University of Southern California, U.S.A. <u>Director Training Programs:</u> • Role of the Nomination and Governance Committee Program (RNG 6/2014) Thai Institute of Directors Association (IOD) • Financial Institutions Governance Program (FGP 5/2012) Thai Institute of Directors Association (IOD) • Financial Planning for Executive (2012) Thai Financial Planners Association • Corporate Governance and Social Responsibility (CSR 1/2007) Thai Institute of Directors Association (IOD) • Capital Market for Executives (CMA 2/2006) Capital Market Academy • Board Performance Evaluation (2006) Thai Institute of Directors Association (IOD) • DCP Refresher Course (1/2005) Thai Institute of Directors Association (IOD) • Directors Certification Program (DCP 1/2000) Thai Institute of Directors Association (IOD)	• Mr. Supol Wattanavekin's sister	35,532,761	Kiatnakin Phatra Financial Group		
					2012 - Present	Director First Executive Vice President Member of the Executive Committee	Kiatnakin Bank Public Company Limited
					2012 - Present	Director	Phatra Capital Public Company Limited
					2012 - Present	Director	Phatra Securities Public Company Limited
					2012 - 2014	Head of Priority Banking Group	Kiatnakin Bank Public Company Limited
					2011 - 2012	Director Member of the Executive Committee Member of the Risk Management Committee Head of Priority Banking Group	Kiatnakin Bank Public Company Limited
					1999 - 2013	Director	KKTRADE Securities Company Limited
					2005 - 2010	Director Member of the Risk Management Committee Head of Deposit and Marketing	Kiatnakin Bank Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					2006 - 2011	Director	Chai Talay Hotel Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
14. Mr. Pracha Chumnakitkosol <ul style="list-style-type: none"> • Director^{1/} • First Executive Vice President • Head of Special Asset Management Group^{2/} • Member of the Executive Committee • Member of the Risk Management Committee ^{1/} Appointed effective on April 25, 2013 ^{2/} Appointed effective on October 1, 2012	52	<ul style="list-style-type: none"> • Master of Business Administration (Finance) University of Texas Arlington, U.S.A. • Bachelor of Engineering, Chulalongkorn University Director Training Programs: <ul style="list-style-type: none"> • TLCA Executive Development Program (EDP 8/2011) • Thai Listed Companies Associations • Senior Executive Program (SEP-22/2008) • Sasin Graduate Institute of Business Administration of Chulalongkorn University • Overview of Current Macro Economic Condition • Prudential Regulation-Impact to Thai Corporation (2007) • The Thai Banker's Association • Blue Ocean Strategy (2007) • Business Development Center • EVA : Managing for Value Creation (2006) • Sasin Graduate Institute of Business Administration of Chulalongkorn University • Director Certification Program (DCP 75/2006) • Thai Institute of Directors Association (IOD) • Risk Management (2005) • The Thai Institute of Banking and Finance Association 	None	None	Kiatnakin Phatra Financial Group		
					2013 - Present	Director	Kiatnakin Bank Public Company Limited
					2012 - Present	First Executive Vice President Head of Special Asset Management Group Member of the Executive Committee Member of the Risk Management Committee	Kiatnakin Bank Public Company Limited
					2012 - Present	Director	Phatra Capital Public Company Limited
					2012 - Present	Director	Phatra Securities Public Company Limited
					2011 - 2012	Director Member of the Executive Committee Member of the Risk Management Committee Member of the Main Credit Foreclosed Property Committee	Kiatnakin Bank Public Company Limited
					2006 - 2011	Director Member of the Risk Management Committee Head of Risk Management	Kiatnakin Bank Public Caompany Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					None		

*KKP Share holding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
15. Mrs. Patraporn Milindasuta <ul style="list-style-type: none"> • Director^{1/} • Member of the Compliance and Governance Committee • First Executive Vice President • Chief Governance Officer^{2/} ^{1/} Appointed effective on October 1, 2014 ^{2/} Appointed effective on June 13, 2013	51	<ul style="list-style-type: none"> • Master of Laws Chulalongkorn University • Bachelor of Laws Thammasat University • Barrister-at-Law The Thai Bar under the royal patronage Director Training Programs: <ul style="list-style-type: none"> • Compliance Officer (7/2014) Faculty of Law, Chulalongkorn University • TLCA Executive Development Program (EDP 2008) Thai Listed Companies Association • The Advanced Senior Executive Program (ASEP 2007) Sasin Graduate Institute of Business Administration of Chulalongkorn University • Company Secretary Program (CSP 12/2005) Thai Institute of Directors Association (IOD) 	None	None	Kiatnakin Phatra Financial Group		
					Oct 2014 - Present	Director	Kiatnakin Bank Public Company Limited
					2013 - Present	First Executive Vice President Chief Governance Officer	Kiatnakin Bank Public Company Limited
					2013 - Present	Director	Phatra Capital Public Company Limited Phatra Securities Public Company Limited KKTRADE Securities Company Limited Phatra Asset Management Company Limited
					May 2013 - Apr 2014	Managing Director and Chief Administrative Officer	Phatra Capital Public Company Limited
					Apr - Sep 2012	Director	Kiatnakin Bank Public Company Limited
					Feb - Apr 2013	Acting President	Phatra Capital Public Company Limited
					Feb - Apr 2013	Acting President	Phatra Securities Public Company Limited
					2011 - Jan 2013	Managing Director Chief Administrative Officer	Phatra Capital Public Company Limited
					Feb 2007 - Jan 2013	Managing Director Chief Administrative Officer	Phatra Securities Public Company Limited
					2004 - Jan 2007	Executive Vice President (Office of General Counsel & Internal Audit)	Phatra Securities Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					2007	Founding Committee Director	Thai Company Secretary Club
					2006 - 2009	Sub-Committee on Consideration of Draft Notifications Concerning Equity Instruments	Securities and Exchange Commission of Thailand (SEC)
					2003 - 2004	Partner	White and Case (Thailand) Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
16. Mrs. Kulhan Tsanthaiwo • First Executive Vice President • Head of Priority Banking Group ¹ ¹ Appointed effective on June 1, 2014	50	• Master of Science in Computer Information System (MSCIS) New Hampshire, U.S.A. • Master of Business Administration Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Political Science Chulalongkorn University <u>Director Training Programs:</u> • Director Accreditation Program (DAP 37/2005) Thai Institute of Directors Association (IOD)	None	None	<u>Kiatnakin Phatra Financial Group</u>		
					Jun 2014 - Present	First Executive Vice President Head of Priority Banking Group	Kiatnakin Bank Public Company Limited
					Dec 2012 - Present	Director Member of the Audit Committee	KKTRADE Securities Company Limited
					2012 - Present	Managing Director Head of Private client group	Phatra Securities Public Company Limited
					1999 - 2007	Head of Private client	Merrill Lynch Phatra Securities Company Limited
					1994 - 1997	Head of Private client	Merrill Lynch Phatra Securities Company Limited
					1990 - 1994	Head of Equity capital market	Phatra Securities Company Limited
					<u>Other Listed Companies</u>		
					None		
					<u>Non-Listed Companies</u>		
None							

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
17. Mr. Chavalit Chindavanig • First Executive Vice President • Head of Finance and Budgeting Group ¹⁾ • Member of the Risk Management Committee ¹⁾ Appointed effective on July 23, 2007	51	• Master of Business Administration Eastern Michigan University, U.S.A. • Bachelor of Engineering (Mechanical Engineering) Chulalongkorn University <u>Director Training Programs:</u> • Monitoring the System of Internal Control and Risk Management (MIR 12/2012) Thai Institute of Directors Association (IOD) • Monitoring the Quality of Financial Reporting (MFR 15/2012) Thai Institute of Directors Association (IOD) • Monitoring the Internal Audit Function (MIA 11/2011) Thai Institute of Directors Association (IOD) • Monitoring Fraud Risk Management (MFM 6/2011) Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP 37/2011) Thai Institute of Directors Association (IOD) • TLCA Executive Development Program (EDP 2/2008) Thai Listed Companies Association • Directors Certification Program (DCP 76/2006) Thai Institute of Directors Association (IOD) • Director Accreditation Program (DAP 21/2004) Thai Institute of Directors Association (IOD)	None	375,000	Kiatnakin Phatra Financial Group		
					2012 - Present	First Executive Vice President Head of Finance and Budgeting Member of the Risk Management Committee	Kiatnakin Bank Public Company Limited
					2007 - 2012	Head of Finance and Budgeting Member of the Executive Committee Member of the Risk Management Committee	Kiatnakin Bank Public Company Limited
					2012 - Present	Director	Phatra Capital Public Company Limited
					2012 - Present	Director	Phatra Securities Public Company Limited
					2011 - Present	Director Member of the Audit Committee	Phatra Asset Management Company Limited
					2011 - 2012	Head of Strategy and Organization Development	Kiatnakin Bank Public Company Limited
					2010 - Present	Member of the Audit Committee	KKTRADE Securities Company Limited
					2009 - Present	Director	KKTRADE Securities Company Limited
					2009 - Present	Director	Erawan Law Office Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					None		

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
18. Mr. Chaiwat Lertvanarin • First Executive Vice President • Head of Information Technology Group ^{/1} ^{/1} Appointed effective on January 20, 2012	55	<ul style="list-style-type: none"> Master of Business Administration Ramkhamhaeng University Bachelor of Science Kasetsart University 	None	None	Kiatnakin Phatra Financial Group		
					2012 - Present	First Executive Vice President	Kiatnakin Bank Public Company Limited
						Head of Information Technology Group	
					Other Listed Companies		
					None		
					Non-Listed Companies		
					2007 - 2011	Vice President of Information Technology	United Overseas Bank Public Company Limited
					2006 - 2011	Associate Judge	Central Intellectual Property and International trade Court

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
19. Mr. Thawatchai Techawatanawana • First Executive Vice President • Head of Corporate Banking Group ^{/1} ^{/1} Appointed effective on September 28, 2012	50	• Master of Business Administration Sasin Graduate Institute of Business Administration, Chulalongkorn University • Bachelor of Engineering (Electrical Engineering) King Mongkut's Institute of Technology, Ladkrabang • Bachelor of Laws Ramkhamhaeng University Director Training Programs: • Director Certification Program (DCP 98/2008) Thai Institute of Directors Association (IOD)	None	None	Kiatnakin Phatra Financial Group		
					2012 - Present	First Executive Vice President Head of Corporate Banking Group	Kiatnakin Bank Public Company Limited
					Listed Companies		
					2008 - 2010	Executive Vice President	TMB Bank Public Company Limited
					2006 - 2008	Senior Vice President	TMB Bank Public Company Limited
					Non-Listed Companies		
					None		

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
					Kiatnakin Phatra Financial Group		
20. Mr. Preecha Techarungchaikul • First Executive Vice President • Head of Financial Markets Group ¹⁾ ¹⁾ Appointed effective on March 6, 2013	44	<ul style="list-style-type: none"> • Master of Science (Finance) University of Colorado at Denver, U.S.A. • Bachelor of Business Administration (Industrial Management) Thammasat University 	None	None	2013 - Present	First Executive Vice President Head of Financial Markets Group	Kiatnakin Bank Public Company Limited
					<u>Other Listed Companies</u>		
					Jul 2008 - Sep 2011	Head of Trading	Siam Commercial Bank Public Company Limited
					<u>Non-Listed Companies</u>		
					Oct 2011 - Jan 2013	Head of Markets	Royal Bank of Scotland, Bangkok Branch
					Jul 2000 - Jun 2009	Head of Rates Trading	The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
21. Mr. Pansait Trakarnkitvichit <ul style="list-style-type: none"> First Executive Vice President Head of Credit Analysis Group^{/1} ^{/1} Appointed effective on November 1, 2014	50	<ul style="list-style-type: none"> Master of Business Administration Woodbury University, U.S.A. Bachelor of Economics California State University, U.S.A. 	None	None	Kiatnakin Phatra Financial Group		
					Nov 1, 2014 - Present	First Executive Vice President	Kiatnakin Bank Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					2009 - 2012	President	Southeast Capital Company Limited
					2005 - 2008	President	UOB Leasing (Thailand) Company Limited
					2001 - 2005	Senior Vice President	UOB Bank Public Company Limited
					2000 - 2001	Finance Manager	R.S. Cannery Company Limited
					1996 - 2000	Vice President	Citibank Bangkok Branch
					1996	Deputy Representative	National Australia Bank Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
22. Dr. Popanit Poommarapan <ul style="list-style-type: none">First Executive Vice PresidentHead of Risk Management Group¹ ¹ Appointed effective on October 1, 2012	52	<ul style="list-style-type: none">Ph.D. (Engineering Management) Missouri University of Science and Technology, U.S.A.Operations Research Wichita State University, KS, U.S.A.Master of Science (Engineering Management) University of Louisiana at Lafayette, U.S.A.Bachelor of Engineering (Electrical Engineering) Chulalongkorn University Director Training Programs: <ul style="list-style-type: none">Risk Management Committee Program (RMC 1/2013) Thai Institute of Directors Association (IOD)	None	None	Kiatnakin Phatra Financial Group		
					2012 - Present	First Executive Vice President Head of Risk Management Group	Kiatnakin Bank Public Company Limited
					2008 - 2012	Assistant Managing Director	Phatra Securities Public Company Limited
					Other Listed Companies		
					2005 - 2008	Senior Vice President	TMB Bank Public Company Limited
					Non-Listed Companies		
					None		

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
23. Mr. Manit Wannavanit • First Executive Vice President • Head of Sales Distribution Group ^{1/} ^{1/} Appointed effective on September 4, 2012	48	• Master of Public Administration National Institute of Development Administration • Bachelor of Economics Ramkhamhaeng University <u>Director Training Programs:</u> • Director Certification Program (DCP 145/2011) Thai Institute of Directors Association (IOD)	None	30,000	Kiatnakin Phatra Financial Group		
					2012 - Present	First Executive Vice President Head of Sales Distribution Group	Kiatnakin Bank Public Company Limited
					Other Listed Companies		
					Apr - Aug 2012	Executive Vice President Provincial Branch Business Division, Distribution Group	Bank of Ayudhya Public Company Limited
					2010 - Apr 2012	Senior Vice President	Bank of Ayudhya Public Company Limited
					2008 - 2010	Regional Manager	Bank of Ayudhya Public Company Limited
					2007 - 2008	Deputy Regional Manager	Bank of Ayudhya Public Company Limited
Non-Listed Companies							
None							

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
24. Mr. Worrakrit Jaruwongpak • First Executive Vice President • Head of Operations Group ^{/1} ^{/1} Appointed effective on January 16, 2014	54	<ul style="list-style-type: none"> Master of Business Administration National Institute of Development Administration Bachelor of Economics Chiang Mai University <u>Director Training Programs:</u> <ul style="list-style-type: none"> Director's Certification Program (DCP 179/2013) Thai Institute of Directors Association (IOD) Financial Institutions Governance Program (FGP 5/2012) Thai Institute of Directors Association (IOD) 	None	None	Kiatnakin Phatra Financial Group		
					2014 - Present	First Executive Vice President Head of Operations Group	Kiatnakin Bank Public Company Limited
					Other Listed Companies		
					2010 - 2014	Executive Vice President	Bank of Ayudhya Public Company Limited
					2007 - 2010	Senior Manager	Bank of Ayudhya Public Company Limited
					2003 - 2007	Manager	Bank of Ayudhya Public Company Limited
					1986 - 2003	Deputy Manager	Bank of Ayudhya Public Company Limited
					1983 - 1986	IT Supervisor	The Siam Commercial Bank Public Company Limited
					Non-Listed Companies		
					2009 - 2013	Director	National TIMX Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
25. Mr. Wittapon Jawjit • First Executive Vice President • Head of Human Resource Management Group ¹ ¹ Appointed effective on January 16, 2014	44	<ul style="list-style-type: none"> Master of Engineering Chulalongkorn University Bachelor of Engineering Chulalongkorn University Director Training Programs: <ul style="list-style-type: none"> Director Certification Program (DCP 190/2014) Thai Institute of Directors Association (IOD) Organization Behavior Analysis (2013) Mercer (Singapore) Pte. Leadership for Regional Management Leadership Team (2011) Mercer (Australia) Pte. MBTI Licensed Facilitator Program (2010) Strategic Management and Business Analysis (2006) Leadership Development Program for Mercer Global Leadership Team, San Francisco, U.S.A. Business Process Reengineering (1996) Asia Business Forum, Singapore 	None	None	Kiattakin Phatra Financial Group		
					2014 - Present	First Executive Vice President Head of Human Resource Management Group	Kiattakin Bank Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					2012 - Present	Director	Human Resource Capability Development Institute, Federal of Thai Industries
					2011 - 2013	Chairman	Marsh McLenna Company Group (Thailand)
					2006 - 2013	Managing Director	Mercer (Thailand) Limited
					2010 - 2013	Co – Managing Director	Mercer (Philippines) Pte.

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
26. Mr. Sarawut Charuchinda • First Executive Vice President • Head of Commercial Lending Group ¹⁾ ¹⁾ Appointed effective on October 1, 2012	56	• Master of Business Administration (Finance) University of Mississippi, U.S.A. • Bachelor of Accountancy (2 nd Class Honors) Chulalongkorn University <u>Director Training Programs:</u> • Directors Certification Program (DCP 31/2003) Thai Institute of Directors Association (IOD)	None	260,000	Kiatnakin Phatra Financial Group		
					2012 - Present	First Executive Vice President Head of Commercial Lending Group	Kiatnakin Bank Public Company Limited
					2011 - Present	Director and Managing Director	Erawan Law Office Company Limited
					2005 - 2012	Head of Debt Restructuring Member of the Executive Committee Member of the Risk Management Committee Member of the Main credit Foreclosed Property Committee	Kiatnakin Bank Public Company Limited
					Other Listed Companies		
					2012 - Present	Independent Director Member of the Audit Committee	Unionauction Public Company Limited
					Non-Listed Companies		
					2013 - Present	Independent Director Chairman of the Audit committee	Thai Packaging Industry Public Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
27. Dr. Anuchit Anuchitanukul • First Executive Vice President • Head of Process & Product Improvement and Alternative Channels Group ^{†1} ^{†1} Appointed effective on July 2, 2013	43	<ul style="list-style-type: none"> • Ph.D. (Computer Science) Stanford University, U.S.A. • Master of Engineering (Computer Science) Stanford University, U.S.A. • Master of Business Administration (Finance) Chulalongkorn University • Bachelor of Engineering (1st Class Honors) Chulalongkorn University Director Training Programs: <ul style="list-style-type: none"> • TLCA Executive Development Program (EDP 2009) • Thai Listed Companies Association • Top Executive Program in Commerce and Trade (TEPCoT 2011) • University of the Thai Chamber of Commerce • Office Of Insurance Commission (OIC) • OIC Advanced Insurance Institute (OIC All) • Strategy and Innovation for Businesses in Asia (SIBA 2012) • Massachusetts Institute of Technology (MIT) - College Of Management Mahidol University (CMMU) • Directors Certification Program (DCP 93/2007) • Thai Institute of Directors Association (IOD) 	None	None	Kiatnakin Phatra Financial Group		
					2013 - Present	First Executive Vice President Head of Process and Product Improvement and Alternative Channels Group	Kiatnakin Bank Public Company Limited
					Other Listed Companies		
					2010 - 2013	Senior Executive Vice President Director	Krunghai Bank Public Company Limited Krunghai AXA Life Insurance Public Company Limited
					2009 - 2013	Director	Krunghai Panich Insurance Public Company Limited
					2008	First Executive Vice President	Krunghai Bank Public Company Limited
					2008	Executive Vice President	Krunghai Bank Public Company Limited
					Non-Listed Companies		
					2009 - 2013	Director Director	National ITMX Company Limited Krunghai Panich Insurance Public Company Limited
					2007 - 2010	Director	Krunghai Computer services Company Limited
					2007 - 2009	Director	KTBS Securities (Thailand) Company Limited

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
28. Mrs. Suree Hampinijak • Senior Vice President • Department Head of Accounting ^{/1} ^{/1} Appointed effective on January 1, 2002	55	• Master of Accountancy Chulalongkorn University • Master of Political Science (Politics and Governments) Thammasat University • Graduated Diploma in Auditing Thammasat University • Bachelor of Accountancy (1 st Class Honors) University of the Thai Chamber of Commerce • Certified Public Accountant registration No. 3432	None	56,500	Kiatnakin Phatra Financial Group		
					2015 - Present	Senior Vice President of Financial and Budgeting group	Kiatnakin Bank Public Company Limited
					2002 - 2014	Senior Vice President Department Head of Accounting	Kiatnakin Bank Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					None		

*KKP Shareholding is included share numbers of spouse and minor children

Name-Surname Present Position	Age:	Education/ Director Training Programs	Family Relationship with the Executive	KKP share holding*	Experience in the Past 5 Years		
					Year	Position	Company Name
29. Ms. Pornpip Chuprakhun • Corporate Secretary ^{/1} • Senior Vice President • Department Head of Office of Corporate Secretary ^{/1} Appointed effective on January 13, 2010	46	<ul style="list-style-type: none">• Master of Business Administration Assumption University• Bachelor of Art (Political Science) Kasetsart University Training Programs: <ul style="list-style-type: none">• Compliance Officer (7/2014) Faculty of Law, Chulalongkorn University• Fundamental Practice for Corporate Secretary (FPCS 23/2011)Thai Listed Companies Association• Board Reporting Program (BRP 1/2009)Thai Institute of Directors Association (IOD)• Company Secretary Program (CSP 17/2006)Thai Institute of Directors Association (IOD)• Effective Minute Taking (EMT 2/2006)Thai Institute of Directors Association (IOD)• Corporate Secretary Development Program (11/2005)Faculty of Commerce and Accountancy	None	59,001	Kiatnakin Phatra Financial Group		
					2011 - present	Senior Vice President Department Head of Office of Corporate Secretary	Kiatnakin Bank Public Company Limited
					2010 - present	Corporate Secretary	Kiatnakin Bank Public Company Limited
					2008 - 2010	Vice President Office of the Directors	Kiatnakin Bank Public Company Limited
					Other Listed Companies		
None							
Non-Listed Companies							
None							

*KKP Shareholding is included share numbers of spouse and minor children

Directorship of Directors and Executives in Subsidiaries, Associated and Related Companies

(As of December 31, 2014)

Name			Kiatnakin Bank Public Company Limited	Position		Related Companies																								
				Subsidiaries & Associated Companies																										
					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
1.	Mr. Supol	Wattanavekin	Chairman											/			X													
2.	Mr. Pichai	Dachanapirom	Director														/													
3.	Assoc.Prof.Manop	Bongsadatt	Director																											
4.	Mr. Chet	Pattrakornkul	Director																											
5.	Mr. Pravitt	Varutbangkul	Director																											
6.	Mr. Pongtep	Polanun	Director										X*															/		
7.	Mr. Tarnin	Chirasoonon	Director		X*																									
8.	Mr. Suraphol	Kulsiri	Director																											
9.	Mr. Suvit	Mapaisansin	Director									X*																		
10.	Mr. Banyong	Pongpanich	Director, Chief Executive Officer	X			X							/					/											
11.	Mr. Aphinant	Kiewpathinond	Director, President and Chairman of Commercial Banking Business																											
12.	Mr. Kritiya	Veeraburus	Director, Chairman of Capital Market Business, First Executive Vice President, Head of Corporate Strategy	/			/									/														
13.	Ms. Thilinan	Wattanavekin	Director, First Executive Vice President	/			/																							
14.	Mr. Pracha	Chumnanrikitsol	Director, First Executive Vice President, Head of Special Asset Management Group	/			/																							
15.	Mrs. Patrapom	Minlindasula	Director, First Executive Vice President, Chief Governance Officer																											/
16.	Mrs. Kulnan	Tsanthalwo	First Executive Vice President, Head of Priority Banking Group				/																							
17.	Mr. Chavalit	Chindavng	First Executive Vice President, Head of Finance and Buddeling Group																											
18.	Mr. Chaiwat	Lertvanain	First Executive Vice President, Head of Information Technology Group																											
19.	Mr. Thawachai	Techawatanawana	First Executive Vice President, Head of Corporate Banking Group																											
20.	Mr. Preecha	Techarungchaikul	First Executive Vice President, Head of Financial Markets Group																											
21.	Mr. Pansalit	Trakarnkitvichit	First Executive Vice President, Head of Analysis Credit Group																											
22.	Dr. Popanit	Poommarapan	First Executive Vice President, Head of Risk Management Group																											
23.	Mr. Manit	Wannavanit	First Executive Vice President, Head of Sales Distribution Group																											
24.	Mr. Worakit	Jaruwongpak	First Executive Vice President, Head of Operation Group																											
25.	Mr. Wittapon	Jawjit	First Executive Vice President, Head of Human Resource Management Group																											
26.	Mr. Sarawut	Charuchinda	First Executive Vice President, Commercial Lending Group		/																		/							
27.	Dr. Anuchit	Anuchitanukul	First Executive Vice President, Head of Process and Product Improvement and Alternative Channels Group																											
28.	Mrs. Suree	Hampinijisak	Senior Vice President, Head of Accounting Department																											

Remark: 1. / = Director X = Chairman // = Executive Director * = Authorized Director

2. Related Company means Party entity definition may conflict under the Securities and Exchange Commission

- Phatra Capital Public Company Limited
- Erawan Law Offices Limited
- KKTRADE Securities Company Limited
- Phatra Securities Public Company Limited
- Phatra Asset Management Company Limited
- The Krungthep Thanakom Company Limited
- Grand Success Company Limited
- K S P Square Company Limited
- Celestium (Thailand) Company Limited
- The Erawan Group Public Company Limited
- The Palm Chaam Company Limited
- Don Muang Tollway Public Company Limited
- The Dhammit Public Company Limited
- BTMJ Leasing (Thailand) Company Limited
- Muang Thai Insurance Public Company Limited
- Tubkaew-Hori and Nursery Kindergarten Company Limited
- Worakul Property Public Company Limited
- Squire (Thailand) Company Limited
- Unionaucton Public Company Limited
- Dhammit Auditing Company Limited
- Golden Lime Public Company Limited
- Thai Packaging Industry Public Company Limited
- Advanced Information Technology Public Company Limited
- RPC PTE. LTD.
- Rumphon Phatra International Corp.

Directors of Subsidiaries

Subsidiaries/ Directors	Phatra Capital Public Company Limited	Phatra Securities Public Company Limited
1. Mr. Banyong Pongpanich	X	X
2. Mr. Suvit Mapaisansin *	/	/
3. Mr. Veravat Chutichetpong	/	/
4. Dr. Supavud Saicheua *	//	//
5. Mr. Aphinant Klewpatinond *	/	/
6. Mrs. Patchanee Limapichat *	//	//
7. Mr. Norachet Sangruji *	//	//
8. Ms. Thitinan Wattanavekin	/	/
9. Mr. Pracha Chumnarnkitkosol	/	/
10. Mr. Chavalit Chindavanig *	/	/
11. Mrs. Patraporn Milindasuta *	/	/
12. Mr. Krittiya Veeraburus *	//	//
13. Mr. Trairak Tengtrirat	//	//

Remark : 1. : X = Chairman / = Director // = Executive Director * = Authorized director

2. Subsidiary means a subsidiary as a significant revenue more than 10 percent of the consolidated total income of the financial year.

Personnel

Human Resource is critical to organization success and growth. Employees are not only business partners, but they are also regarded as members of the Group.

In 2014, the Bank restructured its organization and streamlined work processes to be more efficient and effective, in order to support the Bank's policy and business direction. As of December 31, 2014, the Group employed 4,019 personnel. Details are as follows:

The Group	Number of Personnel	
	2013	2014
Kiatnakin Bank Public Company Limited	3,137	3,238
Erawan Law Office Company Limited	130	106
Phatra Capital Public Company Limited	42	67
Phatra Securities Public Company Limited	299	307
KKTRADE Securities Company Limited	291	253
Phatra Asset Management Company Limited	43	48
Total	3,942	4,019

In 2014, number of personnel of the Group increased by 77 personnel from the previous year, or equivalent to 1.95% growth of headcounts.

Internal Capabilities Development

The Bank has been focusing on development of internal capabilities to ensure its readiness for competition and to support sustainable growth. Hence, human resource strategies are critical for achievements of business strategic goals. The Group focuses on identifying, recruiting highly qualified personnel, and subsequently developing our workforces so that they can acquire required competencies. With the internal capabilities and dedication of our personnel, we can deliver best services and products to our clients. The Bank also emphasizes on providing very competitive compensation scheme which ensures internal equity and external competitiveness. Furthermore, the Bank thrives to promote good corporate culture and work environments, equality, embrace diversity, and respect of individual rights.

Human Resources Policy

(1) Personnel Recruitment and Selection

The Bank has employed state-of-the-art technology and various channels and networks to reach its target qualified candidates for the required vacancies. In the severely competitive environment for quality workforce, it is important to ensure efficiency in the recruitment and selection process. The selectors and interviewers are constantly being trained to further enhance their skills. Furthermore, the Bank has placed importance on the development of a competency-based selection process, applying the latest recruitment tools to assess candidates' qualification, skills and potential as well as attitude, ethics and creativity to identify professionals for the respective positions.

(2) Career Management

To motivate employees and build up the organization's strength, every employee has opportunities for career progression, both vertically and horizontally. The Bank promotes and supports "Internal promotion" for available/ vacancy job positions. Should there be no best candidates within the organization, hiring from outside will be considered. The Promotion's criteria have been established and comprehended, and Promotion is conducted twice a year, which promotion criteria have been established and comprehended by all employees.

(3) Performance Assessment

The Bank annually appraises its employees' performance, with emphasis on the assessment of their work competency, skill development, and capability to achieve assigned goals and comply with prescribed policies. The appraisal process is transparent, fair, and undiscriminating. The Bank has applied various appraisal methods to assess employee performance such as performance appraisal from line supervisors and 360 degree evaluation, where applicable.

The Bank's key assessment objectives are not limited to performance appraisal, but also focusing on using practical tools to assess and improve internal work processes. The annual appraisals are used as a vital methodical tool ensuring the Bank's standard of work and service quality, particularly the services provided to clients and other related parties. At the same time, appraisal outcomes are regarded as good feedback to employees providing information on required on-going self-improvement, competency enhancement, and career development programs. It is also an important tool for the Bank in selecting and retaining good performers by selecting and applying proactive measures.

(4) Performance Management

The Bank's performance management system aims at promoting employees' dedication to provide best services to internal and external clients, and mutual understanding between supervisors and subordinates. Performance management is an important and fundamental responsibility of all supervisors, who are held accountable for supervising, developing, and providing continuous feedback and coaching. It is mandatory for all supervisors to comprehend concept, processes and system of performance management. To develop best practices of supervisors in managing their workforce, HR for Non-HR development program was implemented in 2014.

(5) Employee Compensation and Benefits

The Bank thrives to promote internal equity and fairness in human resource management, particularly, in managing compensation and benefits. The core of our compensation philosophy is Pay-for-Performance. However, the Bank also emphasizes the importance of non-monetary components of compensation such as job characteristics/ fulfilment, job value, performance recognition, safety and security of our employees. This is to ensure that our employees consider

the Bank as a happy workplace, which provides fair and competitive compensation systems.

Employee's compensation is consisted of three components:

1) Direct Monetary Compensation

Monetary compensation is structured based on employee's job scope, competency and performance, and will be explicitly rewarded to employees in forms of salary and other monetary forms which reflect performance in assigned roles. As such, employees who deliver required performance will be entitled to salary increase/ adjustment, bonus, incentives, and other related monetary rewards. Furthermore, the Bank also provides job-related allowances such as phone allowance, shift allowance, weekend shift allowance, auto insurance allowance, to facilitate employees to perform their roles effectively, as well as to relief their financial burdens.

2) Indirect Monetary Compensation

To ensure that employees have good morale and work-life balance, the Bank provides several welfare and benefits such as provident fund, social securities, life, accidental and total permanent disability insurances, retirement benefit, annual medical checkup and first aid room, and other fundamental benefits.

Provident Fund

The Bank set up its employee provident fund, in compliance with the Ministerial Regulation No. 162 (B.E. 2526), and with the intention to provide its employees welfares and benefits that:

- (1) Promote employee's savings
- (2) Establish safety net mechanism for employees and their families

The provident fund has been registered in compliance with the Provident Fund Act B.E. 2530 under the name "Kiatnakin Registered Provident Fund". The details and contribution scheme are presented below.

Year of Service	Employer's Contribution (% of Salary)
Less than five years	5
five year and more	10

The Fund's investment policy has been considered by the Provident Fund's committees which elected by members and employer representatives. Provident Fund's Committee shall be in position for two years and has authorities and responsibilities in monitoring fund performance including determine appropriate investment policy as a member representative. Currently, the Provident Fund consist of three investment policies comprising 100% Debt Policy, Mixed 85% Equity 15% Debt Policy and Mixed 75% Equity 25% Debt Policy. In order to broaden choices of employees to better suit their needs and saving goals, the provident fund allows members to switch their investment policy twice a year during the month of January and July.

Other Welfare & Benefits

- Health Care

The Bank provides health care for employees in form of group health insurance through the selected insurer, which provides good services, good hospital/ clinic network to ensure employees' convenience in accessing required treatments. In addition, employees are allowed to buy group health insurance for their families at corporate rate, which is lower than individual personal insurance premium. This is an alternative for providing accessibility to medical treatments to employees' families at reasonable cost. Furthermore, the Bank has provided annual preventive medical checkup for employees and also arranged treatment's first aid room, including Mother Corner room, at its head office with an in-house specialized doctor two days a week.

- Life, Accident and Total Permanent Disability Group Insurance

To ensure that employees have security and work-life balance, as well as to strengthen employees' morale and minimize any impacts to their families from undesirable incidents, the Bank provides 24-hour insurances coverage both inside and outside of working hours.

3) Non-monetary Compensation

In addition to direct and indirect monetary compensation, the Bank provides other compensations to promote and develop employees' capability such as challenging job assignments, personal development through training programs and other systems, flexible work time and employee's activities within the Bank and the Group.

Organization Development

(1) Training

The Bank intends to support skill and knowledge development of all employees, as well as to foster positive work attitudes that help enhance trustworthiness and expertise. The overall concept of the Bank's training programs is to develop work skills, knowledge, core competency, functional competency, and leadership competency. From 2014, the Bank has been organizing for its employees various training programs which ranged from generic to specialized development objectives, both conducted in-house and outside. The Bank employs various learning solutions such as workshops, lectures, team building sessions, all of which were conducted by knowledgeable and experienced facilitators. The Bank encourages its staff to enhance knowledge, gain experiences to fulfill their task creatively and effectively, which shall eventually increase values to the Bank.

(2) Knowledge Management

In our Bank, every department amasses and exchanges work-related knowledge and experiences, which lead to development of knowledge database. This invaluable asset is used to initiate improvement, and

to promote innovation within the departments. The Bank supports such initiatives by organizing the KM Day, which is a competition for innovation and creativity which drives the Bank to become the learning organization.

(3) Succession Plan

In 2014, the Bank developed the succession plan policies and continuously reviewed and revised the succession plan for its directors and top executives. Scope of the succession plan covers the plans for all critical positions to ensure that long-term leadership pipeline for the Bank. For the purpose of business continuity, the Bank has implemented the Business Contingency Plan (BCP), which is integrated with the succession plan by determining the qualified employees to perform acting for in case of temporary vacant of critical positions.

Internal Communication

The Bank has placed highly-efficient communication systems for all employees such as the intranet KK world, the KK SMS for sending short messages to employees, KK VDO conference for long-distance conferences, as well as posters which provide information on gifts for various occasions, to ensure that employees will have all information available for internal and external uses. The internal communication channels are also venues for exchange of ideas and are communication channels between employees and management. This helps foster an atmosphere of cooperation at work and create an open-minded working environment, promote good image of the organization and support the Bank to achieve its business projections.

Corporate Governance Policy and Practices

Corporate Governance Policy

Realizing its responsibility towards all stakeholders, the Board of Directors has continually run the business in line with corporate governance principles. The Board of Directors therefore has approved the Bank's Corporate Governance Principles and annually reviews it in order to maintain practical guidelines in the business operation and in order to improve the standard of the Bank's corporate governance to be more comparable with international standards. The Bank's Corporate Governance Principles are comprised of five sections as follows:

- Section 1: Rights of the Shareholders
- Section 2: Equitable Treatment of Shareholders
- Section 3: Role of Stakeholders
- Section 4: Disclosure and Transparency
- Section 5: Board Responsibilities

The Board of Directors and the management strongly believe that good corporate governance will enable the Group to have a proper management system with efficiency, transparency, accountability, and fairness to all related parties, and allow the company to build trust and increase competitiveness under a system of good ethics and social responsibility. This will build strong stability and a long-term foundation for the Group. For that reason, the practice of Corporate Governance Principles is one of the prime missions of the Board of Directors, the management, and employees in order to benefit the Group, shareholders, clients, stakeholders and society. The Bank discloses its Corporate Governance Principles on its website (www.kiatnakinphatra.com) as well as widely

communicating these principles to executives and employees via its intranet system (KK World) to ensure better understanding and strict compliance on the principles.

Corporate Governance Practices

The Board of Directors pays great attention and commits to conduct its business according to good corporate governance principles as prescribed by the relevant supervision authorities. This attentiveness and commitment has enabled the Bank to achieve numerous governance honors and awards, such as the following:

- Rated as "Excellent" for the arrangement of the Annual General Meeting of the Shareholders for 2014 with the full assessment scores by the Thai Investors Association, the SEC and Thai Listed Company Association (eight consecutive years)
- Rated as "Excellent" from the annual corporate governance survey for 2014 of the Institution of Directors (IOD)
- Given the 2014 SET Award of Honor for excellent corporate governance reporting by the SET in collaboration with Money and Banking Magazine (five consecutive years since 2010)
- Given the 2014 SET Award of Honor for the best CSR by the SET in collaboration with Money and Banking Magazine (three consecutive years since 2012)
- Among the top 50 companies with the highest scores in ASEAN CG Scorecard

In 2014, the Bank's implementations according to all five sections of the SET's Principles of Good Corporate Governance for Listed Companies are as follows:

1. Rights of Shareholders

The Board of Directors has established the Bank's Corporate Governance Principles regarding the statutory rights of shareholders. The principles embrace the right to attend shareholders' meetings, the right to appoint a third party as a proxy for attending and voting at meetings, the right to vote on the election or removal of each individual director, the right to vote on directors' remuneration annually, the right to appoint the external auditors and vote on the annual audit fees, and the right to obtain adequate information, participate and vote in shareholders' meetings if there are any significant corporate changes. In addition, the Bank provides shareholders the right to express an opinion and raise questions during shareholders' meetings, the right to propose agenda items for shareholders' meetings, the right to nominate directors, the right to be involved in improving the Bank's business performance, the right to share in the Bank's profit and the right to receive sufficient and up-to-date information in a timely manner.

1.1 The Bank facilitated shareholders to fully exercise their rights by attending and voting in shareholders' meetings.

The Bank's Annual General Meeting of Shareholders ("AGM") was held within four months of the end of the fiscal year. An extraordinary general meeting of shareholders may be called if there is any urgent proposal which requires shareholders' approval. In 2014, the AGM was held on April 24, 2014, which was not on a commercial bank holiday, at the Grand Hyatt Erawan Bangkok Hotel, which offered convenience in transportation for shareholders. During 2014, the Bank called no extraordinary general meeting of shareholders.

The Bank fully facilitated all shareholders, including institutional shareholders, to attend the AGM. On the AGM day, the registration was open not less than two hours before the AGM commenced; an appropriate venue was selected; ample staff was present to help shareholders and proxies register; the barcode for registration and

vote-counting systems of Thailand Securities Depository Co., Ltd. (TSD) were used to facilitate shareholders; and duty stamps were provided for authorization of proxies.

The notice of AGM clearly informed shareholders of all necessary documents and the Bank's Articles of Association relevant to the shareholders' meeting to maintain their legitimate rights for attending the AGM and proxy forms, allowing shareholders to appoint a third party or the Banks' independent director as their proxies.

Moreover, the Bank prepared all AGM documents in English versions, which were disclosed concurrently with the Thai versions, for foreign shareholders. The Bank also gave those shareholders who showed up after the AGM commenced the chance to vote on agenda items still under deliberation.

1.2 The Bank provided advance and complete information on the AGM to shareholders.

The Bank's AGM was arranged in compliance with the AGM checklist of the Thai Investors Association. For instance, the Bank posted the notice of AGM along with information for each agenda item thirty-one days prior to the Meeting date and assigned TSD, the registrar, to arrange delivery of the notice of AGM to shareholders not less than twenty-one days prior to the AGM date. The notice of AGM was published in both daily Thai and English newspapers for three consecutive days. The Bank provided a complete agenda and sufficient information for voting on all agenda items, each of which was identified clearly as either for acknowledgement or consideration together with opinions of the Board of Directors on particular issues. For example, for the dividend agenda, the Bank disclosed its dividend payment policy, dividend amount proposed for consideration, supporting reasons and dividend payment information in comparison with the previous year. For the director election agenda, the Bank provided complete profiles of persons proposed to be elected as directors. For directors' remuneration agenda, besides types and amount of remuneration proposed, the Bank provided information on policy and guidelines for considering directors' remuneration.

1.3 The Bank allowed shareholders to submit questions relevant to shareholders' meeting agendas in advance.

For the shareholders' ultimate benefit from the shareholders' meeting, once the meeting date had been announced, the Bank allowed shareholders to submit questions relevant to shareholders' meeting agendas. In order to fully reserve shareholders' rights, the Bank disclosed the criteria for submission of questions in advance on its website. Shareholders were allowed to submit questions via the Bank's website, registered post or facsimile to the Bank's Corporate Secretary, who gathered, reviewed and proposed questions submitted by shareholders to the Chairman of the Board of Directors and the Board of Directors for consideration.

1.4 The Bank allowed shareholders to propose agenda items for the AGM and to nominate directors.

The Bank provided opportunity for shareholders to propose agenda items for the AGM and nominate directors before the notice of AGM was issued. For the 2014 AGM, the Bank allowed shareholders to propose agenda items and nominate directors in advance at least three months prior to the end of its fiscal year, between October 1, 2013 to December 31, 2013. The Bank announced this opportunity via the SET's channel and also disclosed the guidelines for shareholders to propose agenda items and nominate directors on its website. However, no agenda items were proposed for the 2014 AGM and neither were any directors nominated by any shareholder during the above-mentioned period.

The Board of Directors is responsible for determining the appropriateness of the agenda items proposed by shareholders and such agenda proposals must be in line with the Bank's criteria, unless otherwise stated by the Board of Directors. The Board of Directors' resolution is considered final.

In the case where many shareholders propose related agenda items, the Board of Directors may

combine them into one agenda item. The proposals, which are approved by the Board of Directors, along with the Board of Directors' opinion will be included as agenda items in the notice of AGM. For the proposals which are not approved by the Board of Directors, the Bank will inform the shareholder(s) after the Board of Directors' meeting and before the shareholders' meeting via its website or other appropriate channels.

1.5 Shareholders may grant proxies for shareholders' meeting.

The Bank allows shareholders who cannot attend the shareholders' meetings to appoint a third party or the Bank's independent director as their proxies and vote on their behalf. The proxy forms, on which shareholders are able to specify their votes, are provided together with the notice of AGM. Shareholders can also download proxy forms from the Bank's website. Furthermore, the Bank clearly informs shareholders of all necessary documents for granting proxy.

For the AGM, the Bank proposes its independent directors as an option for shareholders who cannot attend the shareholders' meetings to appoint as their proxies. For the 2014 AGM, the Bank proposed three independent directors to shareholders for granting proxies. Thirty-two shareholders, representing 78,523,477 shares, appointed the Bank's independent directors as their proxies.

1.6 The Bank encourages directors and executives to attend shareholders' meetings to provide information and answer questions.

The Bank has a policy encouraging the Chairmen of the Board of Directors, the Audit Committee and Nomination and Remuneration Committee, the CEO, the President, heads of business and supporting groups, senior executives and auditors to participate in all AGMs to provide additional information and answer questions to shareholders. In 2014, all Chairmen of the Board of Directors and committees under the supervision of the Board of Directors, CEO, President, heads of business and supporting groups, senior

executives in charge of finance and auditors were present at the AGM.

1.7 An appropriate meeting time is allocated and shareholders are supported to express their opinions.

Before considering the agenda items, shareholders are informed about the meeting rules, voting and vote-counting procedures, and how to express opinions, give suggestions and raise questions relevant to the Bank during the shareholders' meetings. The Chairman of the Board of Directors, acting as the Chairman of the AGM, runs the meeting in accordance with the agenda items specified in the notice of AGM without adding any other agenda item which is not notified to shareholders in advance. During the AGM, the Chairman provides appropriate time for discussion and opportunity for shareholders to equally express their opinions and make inquiries and requests relevant directors to clarify and provide complete information to shareholders.

1.8 Comprehensive minutes of shareholders' meetings are recorded.

Comprehensive minutes of the 2014 AGM were recorded. It included names of directors and executives attending the AGM, voting and vote-counting procedures, key discussion issues, questions raised, clarifications, comments, resolution results and complete voting results (for/against/abstaining) of each agenda item.

The Bank disclosed in a timely manner the resolutions of the 2014 AGM via the SET's channel, delivered the minutes of the AGM to the regulatory agencies within fourteen days of the meeting date, and disclosed such minutes on its website.

2. Equitable Treatment of Shareholders

The Group respects and values the importance of equitable treatment of shareholders. The Group treats shareholders equitably for participating in shareholders' meetings, receiving information and voting by one share for one vote. The shareholders who have a business stakeholding in any agenda item have no right to vote on such agenda item.

2.1 Transaction with Related Persons or Connected Transactions

The Group does not encourage any transaction entered into between the Group and directors, executives, major shareholders and related persons. This is to avoid any potential conflict of interest among the Group and those persons. However, in the course of doing business, it may be necessary for the Group to enter into such transactions. This is to be done within the procedures and framework of regulations of such matters. In order for the Bank to enter into any connected transaction and where there is the possibility of a conflict of interest, this transaction must go through a rigorous process of consideration, which must be clear, free from bias and within the boundaries of good ethical practices, keeping in mind the importance of its being beneficial to both the Group and shareholders.

The Group's directors and executives who have an interest in any transaction or matter affecting the Group do not participate in the decision-making process on such issues for the utmost benefit of the Group.

The Bank's Audit Committee has authority in considering any transaction that involves directors, executives, major shareholders and their related persons so as to avoid any conflict of interest between the Bank and the related parties. The Audit Committee has a duty to review the disclosure of information or details of any transaction, which may cause conflict of interest and/or with related parties, to ensure its accuracy, completeness and compliance with laws and regulations. In the previous year, the Bank did not violate any regulations regarding connected transactions.

The Group requests its directors and executives including their spouses and offspring under the legal age to maintain their securities trading account with securities companies in the Group. The securities trading transactions with directors and executives must be on an arm's-length basis without taking unfair advantage of anyone through unethical or illegal means. The transactions must be entered into in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with other similarly situated clients.

3. Role of Stakeholders

The Group, with acknowledgement of the right of all stakeholders, has a policy to manage impacts from business operations in all aspects. It projects to ascertain for all related parties that its business has taken into consideration environmental concerns for sustainable development. In addition, this is to ensure that all stakeholders, both internal stakeholders, i.e. employees, executives and subsidiaries, as well as external stakeholders, are fairly treated.

In January 2014, the Board of Directors approved a policy for conducting business with a responsibility towards society so that directors, executives and employees of the Bank had guidelines for performing their duties responsibly for society in ten areas. These consist of good corporate governance, fair operations, anti-corruption, respecting human rights, fair treatment of employees/labor, responsibility to consumers, community and social development participation, environment management, innovations and dissemination of CSR innovations and sustainability reporting.

3.1 Stakeholders' Involvement to Enhance the Operation of the Bank

The Bank's website has been developed so that it can become another channel through which the stakeholders can participate to enhance the operation of the Bank. All stakeholders, including clients, counterparties, competitors, employees, shareholders and creditors, can send suggestions to the Bank's management via its website in order to create wealth, financial stability and sustainability.

3.2 Channels for Complaints and Whistleblower Protection

The Bank has arranged for a reporting channel for whistleblowers, e.g. the report on the accuracy of financial reports, deficient internal controls or any illegal or unethical activities or any suspected corruption or improper behavior of all employees. The Bank's employees and other stakeholders can communicate

these actions to the Bank through electronic e-mail to independent directors or the Bank's Contact Center. Moreover, the Bank's employees can directly contact the Bank's Chairman of the Board of Directors, CEO, President or Chief Governance Officer (CGO) to file complaints on wrongdoing as such.

The Bank has set the whistleblower protection process and will not commit any unfair treatment on all employees, temporary staff or contract staff who have reported any suspected acts. The Bank has realized the importance of keeping reported information and evidence confidential. The whistleblowing information will be acknowledged only among the responsible parties or only be disclosed by law as stipulated. In addition, the whistleblowers can submit a complaint confidentially. The Bank will execute complaints received according to the Bank's whistleblowing process as well as investigation and disciplinary regulation.

3.3 Stakeholder Treatment Guidelines

The Board of Directors ensures all stakeholders are well and fairly treated according to their statutory rights and agreements with the Bank. Therefore, it has defined guidelines for treatment with various stakeholders in its Corporate Governance Principles which can be summarized as follows:

Role, Practice and Responsibilities of the Bank towards Shareholders

The Group aims for good business performance, competitive capability and steady growth and takes into account the current and future risks in order to add value to shareholders in the long term. The Group has duties to operate businesses, disclose information transparently and fairly to all shareholders – both major shareholders and minorities – for the utmost benefit of shareholders as a whole and try its best to protect the assets and reputation of the Group.

Role, Practice and Responsibilities of the Bank towards Clients

The Group realizes that clients' satisfaction and confidence in the Group are essential. Thus, the Group strives to provide best-quality products and services to clients by keeping in mind their needs and benefits; to provide complete and accurate information about products and services without any distortion of fact; to implement no practice that is unjust; to ensure that clients are consistently treated in accordance to terms agreed with care and honesty; and to respect clients' information privacy. The Group does not release client information to third-parties, except upon a client's authorization or when permitted or required by law and does not sell or rent clients' personal information. The Group's employees do not discuss their clients with any other employees not relating to the matter. The Group abides by all legal regulations and additional rules in regard to clients' information.

In addition, the Group welcomes clients' complaints on products and services. Upon receipt, such complaints are investigated and remedial actions are provided promptly.

Role, Practice and Responsibilities of the Bank towards Employees

All employees of the Group are valued resources and a key success factor in its business operation. Therefore, training is continually provided on a regular basis throughout the organization to encourage the development of skills and capabilities of employees to enhance their potential to be comparable to the standards of other leading firms in the industry and to partake in the development of the Group to be a leading financial institution that can provide good services to clients.

The Bank has in place a system of appointment, transfer as well as rewards and punishments based on the knowledge, capability and suitability of employees. The Bank respects the human rights of every employee by respecting the rights of each employee and individual and maintaining secrecy on personal information. The Bank does not tolerate discrimination on the grounds of race, nationality, religion, gender, age, disability, sexual orientation and any other form of illegal discrimination.

The Bank has arranged for a system of remuneration

and benefits accordingly and equivalent to standards of other firms in the same industry and also provides retirement compensation adequate for a secure life. Welfare for the Bank's employees includes provident fund, social security fund, group health insurance, group life insurance, group accident insurance, annual medical check-up, nursing room, mother corner (breast milk collection room), scholarships for employees' children (Kiatnakin Responsibility Scholarships) and other monetary benefits for assisting employees in some occasions.

In terms of safety and health, the Bank has set up a working environment taking into account safety, health and environment suitable for employees to work while ensuring clients' convenience. Furthermore, the Bank has organized fire drills and an office security system. The Bank has also announced the Guidelines for Safety and Unusual Sight to ensure safety to the buildings and its employees.

The Bank supervises, manages and justly treats all employees with kindness, politeness and respect and provides working opportunities to employees at every level. Also, the Bank has strived to develop a positive corporate culture and working atmosphere.

The Group has set up the Guidelines for Business Conduct prescribing the Group's framework for employees in business dealings, and has issued an Anti-corruption policy in order to set standards with which employees may operate with a sense of honesty. The Group arranges for the dissemination of the Guidelines for Business Conduct and Anti-corruption policy. This is to be used in conjunction with the working rules and regulations of the Group and is to be reviewed periodically.

(Details on respecting human rights and fair treatment of employees/labor of the Bank are shown in the CSR report.)

Role, Practice and Responsibilities of the Bank towards Creditors in accordance with Credit Guarantees

The Bank strictly abides by all terms and conditions as stipulated in agreements with creditors and creditor guarantees in respect to purpose and utilization of loan, repayment and proper maintenance of collateral.

The Bank provides correct and honest status and financial reports to creditors periodically and in the event that the Bank is unable to comply with any condition of an agreement, the Bank will immediately inform the creditor so as to find a reasonable and mutually-acceptable solution. The Bank strives to maintain good relationships and mutual trust with creditors.

The Bank has established a strategy in treasury function to promote security and strength in capital management to prevent the Bank from experiencing difficulties in repaying creditors. There is also a liquidity management on debt repayment to meet the maturity in a timely manner.

The Risk Management Committee is responsible for planning, monitoring and controlling the Group's capital to ensure its sufficiency, considering the Group's position and business activities. In doing so, the Group has an appropriate Internal Capital Adequacy Assessment Process (ICCAP) which is able to cover the Group's significant risks under normal circumstances or crisis and is in accordance with the capital management standards under the Pillar 2 of the Bank of Thailand.

Role, Practice and Responsibilities of the Bank towards Counterparties

The Group realizes importance of counterparties as part of its success is derived from the support of counterparties. Therefore, the Group treats all counterparties equally and fairly in all transactions and strictly adheres to all terms of any agreement. In the event that the Group fails to do so, the counterparties will be informed immediately in order to find a reasonable and mutually-acceptable solution.

The Bank has implemented a procurement system in which the selecting process for sellers, counterparties and consultants must be based on the premise that the Bank will receive maximum benefit. This is done in a transparent manner, free from any bias and able to be audited. Employees are not allowed to receive any benefit from parties entering the bidding

process. If there is any evidence of dishonestly requested or benefit receipt, counterparties will be informed so the problem will be solved in a fair and timely manner.

The Group has in place an audit system which will not permit the disclosure of any information of counterparties or the use of such information for conducting business in any illegal manner. The Group does not cooperate with any person or entity related with illegal activities or posing a threat to society and to security of the nation.

Role, Practice and Responsibilities of the Bank towards Competitors

The Group conducts businesses ethically and in accordance with rules and regulations; avoids any search for confidential information of business competitors by dishonest or improper means; and refrains from tarnishing competitors' reputation without truth.

It is against the Bank's policy to seek increased sales by disparaging the products and services of other banks since the Bank's goal is to increase business by offering superior products and services.

Role, Practice and Responsibilities of the Bank towards Community, Society and Environment

The Group acts as a responsible citizen, supporting democracy under the demo-monarchy system and remains unbiased in politics. Employees are permitted to exercise their rights and political freedom, which is an individual right, but are not permitted to do so under the name of the Group.

The Group strictly conducts the businesses under laws and regulations. The Group will not cooperate or support any person or entity that is illegal, is connected with corruption or poses a threat to society and the security of the nation; takes part in any activity that causes harm to the community, society or environment; and partakes of any profit that can arise from burdening society.

The Group stands firm in its commitment to the synergy of the benefit of organization, clients and

shareholders with the economic development and financial market of Thailand; strives to keep growing together with the financial and capital markets; tries to assist the financial, capital and securities markets to steadily grow; and supports the use of knowledge and expertise of the Group and its employees relating to management, systems implementation and law for the benefit of society.

The Group supports the employees at every level in developing their skills with periodic training seminars to instill a sense of responsibility towards the community, society and environment; promotes and creates awareness among employees of the need for natural resources and energy conservation and how to use them wisely; and supports and encourages employees to volunteer and participate in social activities and charity work.

The Group has set aside an appropriate budget for society and charity work without being limited to projects that can be used for tax reduction purposes only; supports projects that help maintain our culture and traditions as well as promoting religious activities; and supports the strengthening of the community in which it is located as well as other communities so that they can become self-reliant, help each other, improve the quality of life and live with happiness.

(Details on activities towards social and environmental responsibilities of the Group are shown in the CSR report.)

3.4 Respect Intellectual Property

The Group respects the intellectual property of other parties. The unauthorized use of another party's patented, trademarked or copyrighted (audio, video, text) materials is strictly prohibited, regardless of their sources. In addition, the Group does not permit the use of software or other devices whose primary purpose is the circumvention or violation of another's intellectual property rights.

3.5 Anti-corruption and Anti-bribery

The Bank intends and is committed to taking a stand against corruption in any form by adhering to Guidelines for Business Conduct, Corporate Governance Principles, Anti-corruption Policy and regulations according to the laws on anti-corruption which is to be strictly followed. The Bank and its subsidiaries in the capital market group have

announced their intention to be part of the Private Sector Collective Action Coalition Against Corruption (CAC) with support from the government and the National Anti-Corruption Commission. As of the end of 2014 the Bank's subsidiaries in the capital market group were certified as full members of the CAC.

For 2014, the Bank has implemented an anti-corruption program as follows:

- The Anti-Corruption Policy has been issued by the Board of Directors for all directors, executives and employees as a guideline to perform their duties in a transparent manner, paving the way to building a sustainable organization. The Bank's policy forbids bribes, payoffs or payments of any kind to any person, government official or entity for the purpose of improperly obtaining or retaining business or influencing consideration of any business activity. This policy covers all types of payments that may or may not be considered legal under the circumstances. Special rules may apply to payments or gifts (including entertainment) to officers, directors, employees or other affiliates of government-owned or controlled entities.

The Bank will not cooperate or support any illegal activities which involve corruption, or are a threat to society and national security.

Furthermore, no director, executive, employee or member of their families may, directly or indirectly, accept or receive gifts, frequent or excessive entertainment, or any similar form of consideration that is of more than nominal value from any person or entity with which the Bank does, or seeks to do, business.

- The Bank requires that all departments implement operational risk management standards through the use of Risk and Control Self Assessment (RCSA), Operational Loss Reporting and Key Risk Indicator (KRI). In addition, all departments are required to perform their own risk assessment in relation to anti-corruption which will identify the specific forms of corruption and report to the

Operational Risk Management Department and Compliance Department for further review and analysis, and report to the Operational Risk Sub-committee, the Risk Management Committee and top management positions. Key risk indicators are determined for monitoring and controlling of such risks within an acceptable level as well as to ensure efficiency and prepare to deal with potential risks in the future.

- The Bank has issued regulations on receiving and giving of gifts, entertainment and other expenses to external persons to be used by the Board of Directors, executives and employees as a guideline to perform their duties, and for reimbursement of expenses which must be reasonable, appropriate in value and do not have characteristics leading to corruption and must be consistent with the Bank's policy and the relevant legal requirements.
- The Bank communicates its Anti-Corruption policy and related regulations and clarifies the role of employees where they have seen suspicious actions related to corruption. The Bank will not demote or take disciplinary action against anybody who has refused to be involved in a corruption scheme even though it may have made the Bank lose a business opportunity. The Bank also distributes information on its Anti-Corruption policy to directors, executives and employees through the intranet, and via executive talks by the CEO in which the Bank has invited the bank's executives to attend and discuss topics relating to anti-corruption, policy statement and e-learning training courses for all employees on the Guidelines for Business Conduct which includes the practices for anti-corruption measures together with an assessment form for understanding by employees. Furthermore, the Bank also

distributes information on its Anti-Corruption policy to the companies within the Group.

The Bank also communicates the Anti-Corruption policy to the general public, and other stakeholders through channels such as e-mail, the Bank's website, annual reports and reports on corporate social responsibility. Furthermore, the Bank has sent letters to clients and partners about the Bank's services which were based on corporate governance and anti-corruption principles.

- The Audit Committee has reviewed the appropriateness of the self-assessment on anti-corruption of the Bank and the Board of Directors has approved the Bank to inform the self-assessment to the CAC to enter the certification process.
- The Meeting of the CAC for the fourth quarter of 2014 held on January 16, 2015 has resolved to certify the Bank as a full member of the CAC.

4. Disclosure and Transparency

Information disclosure is a vital principle for good corporate governance. The Group places great emphasis on disclosure of information to shareholders. Accurate and complete information is provided to shareholders in a transparent and timely manner through various actions as follows:

4.1 Disclosure of Information

The Group ensures that all important information related to the Bank, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and in a transparent manner through the SET, its annual report, annual statement (Form 56-1), the Bank's website in both Thai and English, as well as through public media (in some circumstances) so that shareholders can equally receive information.

The Group has clear procedures for information disclosure under ordinary and urgent circumstances alike. In an effort to make financial information more rapidly available, the Group discloses unaudited financial statements for the half-year and year-ended

periods and unreviewed financial statements for the first and third quarters besides the audited and reviewed versions. Also, the Group discloses management discussion and analysis along with the performance update presentations on a quarterly basis on its website. The Group has never submitted its financial reports late.

All disclosed information, as well as that made public to shareholders and investors, is disseminated through the Bank's website, which has been upgraded, regularly updated and made bilingual to benefit shareholders.

In 2014, senior executives and investor relations of the Group met and provided information to local as well as foreign analysts, shareholders and investors as follows:

Type of Activities	Times
One-on-One Meeting	27
Conference Call	6
Analyst Meeting	4
Domestic Investor Conference	3
International Roadshow	3

Furthermore, the Board of Directors prepares a statement of its responsibilities concerning the financial reports signed by the Chairman of the Board of Directors and CEO and ensures that the roles and responsibilities of committees of the Bank are disclosed in Form 56-1, annual report and website as per details shown in the Management Structure section and reports of committees.

4.2 Investor Relations

Investor relations serve institutional investors, minor shareholders, analysts, and those who are interested in monitoring the Group's information.

The investor relation officer of the Bank is:

Name : Mr.Chavalit Chindavanig (Acting)
 Phone : 0-2841-5502
 Facsimile : 0-2841-5529
 E-mail : investor_relations@kiatnakin.co.th
 Website : www.kiatnakinphatra.com
 Address : Investor Relations Department
 Kiatnakin Bank Public Company Limited
 209/1 K Tower B, 31st Floor
 Sukhumvit 21 (Asoke), Klongtoey-Nua,
 Wattana, Bangkok 10110

The Bank has set the Code of Conduct for investor relations officers to promote ethical conduct and compliance with laws and regulations among all executives and employees involved with investor relations in terms of the disclosure and confidentiality of financial statements and any related information of which details are shown on the Bank's website.

Additionally, the Bank supports its investor relations officers to participate in activities of the Thai Investor Relations Club in order to exchange knowledge, experiences and practices and build good relationships with other listed companies.

4.3 Appointment of Auditor and Financial Statements

The Board of Directors assigns the Audit Committee to be responsible for reviewing, selecting and nominating independent persons, whose names appear in the list of auditors approved by the SEC, to be appointed as the auditors of the Bank, so as to recommend the remuneration of independent auditors. In this regard, since the auditors of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. (details as presented in the General Information section) have served as the Bank's external auditor for seven consecutive years in 2014, in order to comply with good corporate governance, the Audit Committee has therefore reviewed and selected the new auditors of three leading audit firms. The Board of Directors, at the meeting No.2/2015, on February 26, 2015, approved a proposal by the Audit Committee to propose to the Annual General Meeting of Shareholders the appointment and remuneration of auditors from Pricewaterhouse Coopers ABAS Ltd. ("PwC") as the auditor of the Bank for 2015. The main reason was because of their independence and state of readiness on taking up the role as the Bank's and subsidiaries' external auditors. Also, the auditors of PwC have demonstrated a sound knowledge and understanding of the operations and related accounting standards relevant to the banking and capital market businesses. Moreover, PwC pays great attention to and arranges sufficient time for transition process and this would help ensure smooth transition during the transition period between the old and new auditors.

The audit fee was approved by the Bank's shareholders' meeting of which details for 2014 were shown in the Auditor's Remuneration section.

In the previous year, the Bank's financial statements were unconditionally certified by the auditor.

5. Board Responsibilities

5.1 Board Composition

The Bank's Board of Directors is comprised of fifteen members, including five independent directors, three non-executive directors and seven executive directors. To comply with good corporate governance principles, the Bank has appointed a non-executive director as a Chairman of the Board of Directors. The Chairman of the Board of Directors and CEO are different individuals.

- *Chairman of the Board of Directors*

The Chairman of the Board of Directors has a vital role in ensuring that the Board of Directors performs its duties in accordance with the specified direction and strategic goal for the utmost benefit of the Bank and shareholders as a whole. He is the leader who takes part in making decisions on the Bank's policies, which are the results from the Board of Directors' meetings in which the business targets are considered and set together with the management. His roles include effectively and efficiently conducting the Board of Directors' meetings, encouraging all directors to participate in the meetings, i.e. raise important questions, provide management with suggestions, monitor and evaluate the Bank's performance, support the business operation via the CEO, oversee the shareholders' benefits, facilitate the effective communications between the directors and shareholders, be a contact person for receiving complaints regarding misconduct behaviors, maintain good governance of the Board of Directors in performing functions in good faith, and be the Bank's representative to co-operate with other organizations and government offices regarding matters other than the Bank's businesses.

- *CEO*

The CEO is the leader of management who has the duty to successfully manage the day-to-day

businesses of the Bank and companies in the Group and set up action plans and strategies in accordance with the approval from the Board of Directors.

The Board of Directors will not interfere in the duties of the management. The relationship of the Board of Directors and management is in the form of co-working.

- *Independent Director*

The Bank has laid down stricter qualification requirements for independent directors than the minimum requirements of the SEC and the SET as follows:

- (1) Holding not more than 0.5% of the total shares with voting rights of the Bank, its parent Bank, its subsidiary, its affiliate, major shareholder or controlling person, inclusive of the shares held by related persons;
- (2) Not being or having previously been a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Bank, its parent company, its subsidiary, its affiliate, its subsidiary at the same level, major shareholder or controlling persons unless the termination of being in such position had occurred at least two years before an appointment as the Bank's independent director. Such prohibited characteristics shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Bank;
- (3) Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, brothers, sisters, and children, including spouse of children, of its executives, its major shareholder, its controlling person, or such other person who will be nominated to take up the position of executives or controlling persons of the Bank or its subsidiary;
- (4) Having no current or previous business relationship with the Bank, its parent company, its subsidiary, its affiliate, major shareholder or controlling person

in the manner which may interfere with his or her independent discretion, not being or having previously been a significant shareholder or controlling person of any person having a business relationship with the Bank, its parent company, its subsidiary, its affiliate, major shareholder or controlling person unless the termination of being in such position had occurred at least two years before an appointment as the Bank's independent director;

Such business relationships include normal business transactions, rental or lease of immovable property transactions, asset or service transactions, or giving or taking financial assistance by borrowing or lending money, suretyship, providing assets as collateral, and any other similar actions, which result in the Bank or his counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the company or Baht 20.00 million or more, whichever is lower;

- (5) Not being or having previously been an auditor of the Bank, its parent company, its subsidiary, its affiliate, major shareholder or controlling person, a significant shareholder, controlling person or partner of the audit office to which the auditor of the Bank, its parent company, its subsidiary, its affiliate, major shareholder or controlling person unless the termination of being in such position had occurred at least two years before an appointment as the Bank's independent director;
- (6) Not being or having previously been any professional service provider including legal advisor or financial advisor who receives more than Baht 2.00 million annually from the Bank, its parent company, its subsidiary, its affiliate, major shareholder or controlling person and not being a significant shareholder, controlling person or partner of the professional service provider unless

the termination of being in such position had occurred at least two years before an appointment as the Bank's independent director;

- (7) Not being a director appointed as a representative of the Bank's directors, a major shareholder or a shareholder who is related to the Bank's major shareholder;
- (8) Not undertaking any business in the same nature and in competition with the business of the Bank, its subsidiary or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares more than 1% of the total shares with voting rights of another company having its business in the same nature and in competition with the business of the Bank or its subsidiary;
- (9) Having no characteristics that may affect the giving of independent opinions on the Bank's operations;

A person appointed as independent director, upon fulfilling the above (1) - (9) criteria, may be assigned by the Bank's Board of Directors to make decisions on the operation of the Bank, its parent company, its subsidiary, its affiliate, major shareholder or controlling person, by means of collective decision.

- *Other Committees*

To further study and screen matters in particular areas, the Board of Directors has appointed five committees, namely: the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Executives Committee and Compliance and Governance Committee. The authorities, duties and responsibilities of such committees are shown in the Management Structure section.

5.2 Authorities, duties and Responsibilities of the Board of Directors

Authorities, duties, responsibilities of the Board of Directors and matters under the authority of the Board

of Directors are shown in the Management Structure section.

5.3 Vision and Mission

The Board of Directors, in conjunction with the Executive Committee, reviews the Bank's vision and mission periodically so as to make adjustments that reflect the business strategy in the future.

The Board of Directors in the meeting no. 5/2014 dated on July 31, 2014 reviewed and approved the new vision and mission that are in accordance with the business target and strategy. (The vision and mission are shown in the [Vision and Mission] section.

5.4 Business Ethics

The Group realizes the importance of its good reputation. Maintaining trust with clients, colleagues, shareholders, regulators and the general public is the obligation of every director, executive, officer and employee. All directors, executives and employees must comply with laws, rules and regulations and policies that govern or apply to the Group's businesses and adhere to high professional standards of integrity and to key principles of business conduct in the performance of their duties. This is because the Group's businesses are predicated on the trust and respect of clients and the general public.

In 2013, the Board of Directors approved the Guidelines for Business Conduct so that directors, officers and employees of the Group have a standard framework for the performance of duties. The Guidelines for Business Conduct of the Group set key principles on significant issues, which are (1) conflict of interest; (2) corporate opportunities; (3) confidentiality obligations; (4) fair dealing; (5) respect for the individual; (6) safeguarding the Bank's information, assets and property 7) Compliance with law 8) the Bank's written and electronic communications; and (9) commitment to promoting ethical conduct (as per details shown on the Bank's website). The Bank communicates and disseminates

the Guidelines for Business Conduct via its intranet so that employees and executives acknowledge and comply with the guidelines when they perform their duties. Furthermore, all employees of the Bank have to do the E-learning and pass the test on the Guidelines for Business Conduct.

5.5 Conflict of Interest

A conflict of interest occurs when an individual's private interest interferes in any way or even appears to interfere with the interests of the Group as a whole. A conflict situation can arise in various businesses of the Group. Therefore, the Board of Directors has set the written policy on conflict of interest which is used for the Bank and companies in the Group.

The Group expects each director, management and employee to avoid activities, interests or associations that may interfere with the independent exercise of his or her judgment or the best interests of the Group, its clients, its shareholders or the public or activities that are unethical or can damage the Group's good reputation.

The Bank and companies in the Group will not proceed with any transaction that may lead to conflict of interest, unless such transaction is conducted in compliance with law and ethics or under the following principles.

- Transactions that provide the utmost benefit to clients or are necessary and beneficial to clients in the circumstances;
- Transactions that are normal business operations executed on an arm's-length basis with the general public; or
- Transactions to comply with conditions specified by any regulator to perform to ensure transparency or fairness for clients.

5.6 Risk Management Policy

The Board of Directors, via the Risk Management Committee, closely regulates the risk management policy embracing the management of risks throughout the entire organization with emphasis on establishing, for each business group and unit, roles and responsibilities of understanding the risks of its business activities and managing such risks under the risk management policies

and guidelines of the Group. The Risk Management Group has roles and duties to regulate, monitor and review the mechanics of risk management and control in each business unit and business group. Furthermore, each business unit will be allocated capital in an amount depending on the level of its transaction risks and business operation losses.

Moreover, the Risk Management Group arranges training and educates employees of the Bank and companies in the Group on risk management to build an understanding of risks and encourage employees' involvement in managing risks.

5.7 Board Meeting

Each year the Bank schedules regular meeting dates and agendas for the Board of Directors' meetings in advance prior to the end of the earlier year so the Corporate Secretary can inform the Board members of those meeting schedules and agendas for the coming year. Additional Board meetings may be held, if necessary. The Banks' Corporate Secretary is responsible for the meeting arrangement and sending notices of meetings together with relevant documents to each Board member not less than seven days prior to the meeting date, except in urgent cases, in order that the directors shall have adequate time to review relevant information prior to the meeting. Each director can make inquiries for additional information from the Corporate Secretary and is free to submit any meeting agenda. Each meeting agenda is well-defined whether it is for acknowledgement, approval, consideration or regular follow-up on the operating results.

During the Board meeting, the Chairman of the Board allocates ample time for the management to report and for adequate discussion. Minutes of meetings are recorded, certified by the Board of Directors and made available for examination by the Board and relevant parties. In 2014, the Board of Directors met eight times. (The attendance record of each director is shown in the Management Structure section.)

In addition, the Chairman of the Board encourages the CEO to invite senior executives to attend the Board

meetings to present additional information and get acquainted with the Board members. The Bank also grants opportunities for the directors to request additional and necessary information from the CEO, President, heads of business or support groups, Corporate Secretary or other senior executives within the specified policy framework as well as opportunities for non-executive directors to hold their internal meetings to discuss management matters of interest. In 2014, there was one meeting among non-executive directors and the result from such meeting had been reported to the Board of Directors.

5.8 Development of Directors and Executives

The Banks encourages its directors and executives to participate in seminars and training session of the IOD, SET, Thai Listed Companies Association, Thai Bankers' Association or other institutions to benefit the performance of their duties for the Bank and the Group.

In 2014, sixteen directors and senior executives partook in various training programs, totaling fourteen, to develop their potential in several aspects, for example, to enhance competitive capability, to create vision and increase their knowledge base and to exchange valuable experiences among executives. The average training per person amounted to approximately 5.3 man-days.

In 2014, there were four directors, namely Mr. Supol Wattanavekin, Mr. Chet Pattrakornkul, Mr. Tanin Chirasooton and Ms. Thitinan Wattanawekin, attending the training programs of the IOD as per details shown in Profiles of the Directors, Executives, Controlling Persons and Corporate Secretary section.

5.9 Directorship in Other Companies of Directors

The Bank is well aware of the value of the experience the directors will gain by being directors of other agencies. Nevertheless, in order to allow executive directors to have sufficient time to perform their duties to the fullest extent, the positions held at other agencies must be under the condition that they will not have an adverse effect on the performance of their duties as directors of the Bank.

As stipulated in the Corporate Governance Principles, directors of the Bank may hold the position of Chairman of the Board, executive director or authorized director at no more than three groups. If the company in which a director holds a title is a single company, then it will be counted as one group. This is consistent with the notification no. sor nor sor.60/2008 dated August 3, 2008 of the Bank of Thailand.

Directors of the Bank may not hold shares in any private or public company which operates in the same industry and is considered in direct competition with the Bank, unless the shareholders' meeting has been informed prior to being appointed.

Prior to taking up a post as director, officer or employee in any other business, a director must receive approval from the Bank. If an executive director wishes to take up a post of director in a listed company of the SET, he/she must receive approval from the Executive Committee of the Bank. This is in order to prevent any conflict of interest that may arise.

All newly-appointed directors must disclose all activities and interests outside the Bank and all directors are duty-bound to disclose any changes to the status of the interest outside the Bank to the Bank.

5.10 Directorship in Other Companies of Executives

The Bank is well aware of the value of the experiences the CEO, President and Chairman of the business group or equivalent position will gain by being directors of other agencies. Nevertheless, in order to allow senior executives to have sufficient time to perform their duties to the fullest extent, the positions held at other agencies must be under the condition that they will not have an adverse effect on the performance of their duties.

As stipulated in the Corporate Governance Principles, the CEO, President and Chairman of the business group or equivalent position may hold the position of Chairman of the Board, executive director or authorized director at no more than three groups.

If the company in which they hold title is a single company, then it will be counted as one group.

The CEO, President and Chairman of the business group or equivalent may not hold shares in any private or public company which operates in the same industry and is considered in direct competition with the Bank.

Prior to taking up a post as director, officer or employee in any other business, the CEO, President and Chairman of the business group or equivalent position must receive approval from the Compliance Department. In the case where the CEO, President and Chairman of the business group or equivalent takes up a post of director in a listed company of the SET, he/she must notify the Executive Committee of the Bank in order to avoid any conflict of interest that may arise.

Upon entering employment with the Bank, all senior executives must disclose all activities and interests outside the Bank and are duty-bound to inform the Bank of any changes in status of the interest outside the Bank to the Bank.

5.11 Director Orientation

Upon changes in director, the Office of Corporate Secretary is responsible for preparing for a new director a set of documents consisting of an annual report, mission, vision, core values, business performance, Articles of Association, Memorandum of Association, director handbook and relevant regulatory notifications.

5.12 Terms of Directorship

The Bank stipulated in Clause 18 of the Articles of Association that at every annual general meeting of shareholders, at least one-third (1/3) of the directors shall retire from the positions. Should the number of directors not be divisible into three equal parts, the nearest number to one-third must retire from office. Directors retiring by rotation can be re-elected as directors. In short, an average term of a director is three years.

However, the Bank does not specify a maximum number of years and terms any director can be in office in order for the Bank not to lose its opportunity to appoint knowledgeable, capable and experienced directors who are a successful factor in directing the Bank.

5.13 Succession Plan

The Board of Directors assigns the duties to the Nomination and Remuneration Committee to be responsible for overseeing that the management has adequately prescribed a relevant policy for the required succession plan. The plan, which needs to be submitted to the Board of Directors, shall involve the preparation for selection of successors in levels from the First Vice President up to the Chief Executive Officer and President. This aims to assure the continuity of the Bank's business operation and the practices which are in line with the policies and standards applied to financial institutions.

The Bank's succession plan consists of procedures which (1) survey and identify positions; (2) assess and approve a list of successors; (3) plan for successor development; and (4) follow up on the successor development. Such a succession plan has been annually reported to the Board of Directors for acknowledgement.

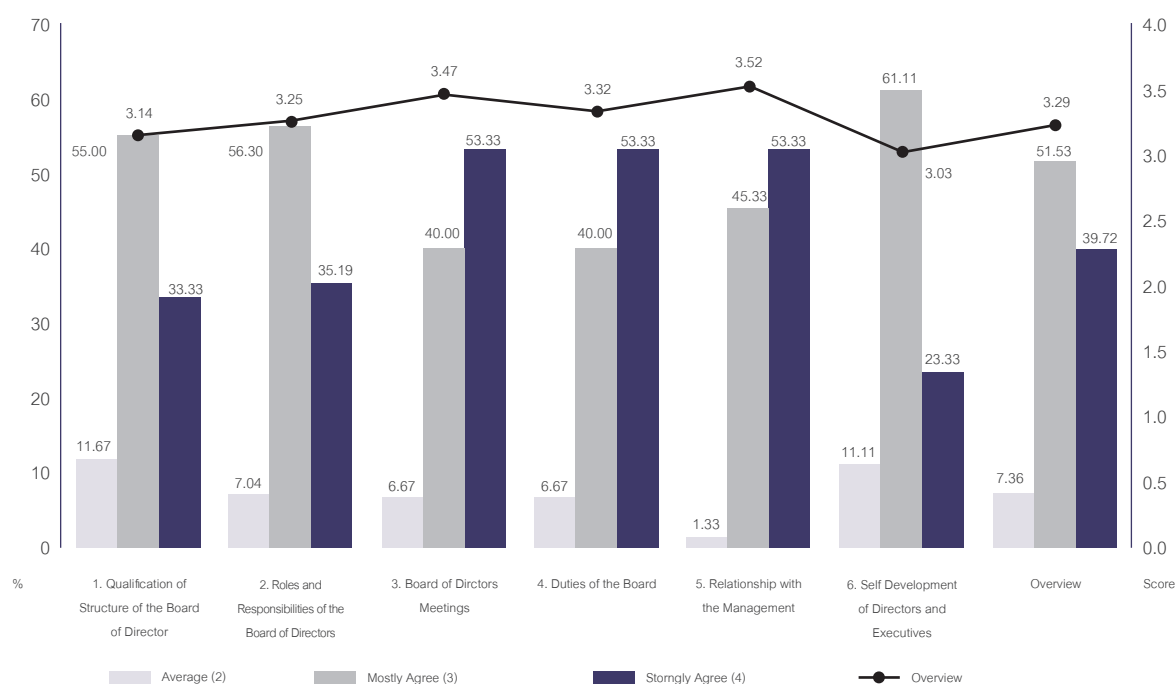
5.14 Board of Directors' Self Assessment

The Board of Directors has conducted its annual self-assessment to determine whether or not, over the past year, it has carried out its duties completely and appropriately according to the framework of authorities and responsibilities and Corporate Governance Principles. The assessment result is gathered and summarized by the corporate secretary.

The assessment form used for the Board of Directors has been adapted from the assessment form from the Corporate Governance Center of the SET with changes making it suitable for the Bank's Board of Directors. It assesses six major aspects: (1) Qualifications of Structure of the Board Members; (2) Roles and Responsibilities of the Board Members; (3) Board of Directors' Meetings; (4) Duties of the Board; (5) Relationship with the Management; and (6) Self Development of Directors and Executives, of which the entire aspects accounted for fifty-five individual subjects as a whole within the range of 0-4; strongly disagree to strongly agree.

The result of the 2014 annual assessment of the Board of Directors is a favorable result with the average score of 3.29.

2014 Board of Directors' Self Assessment



5.15 Sub-committees' Self Assessment

In 2014, all five sub-committees under the supervision of the Board of Directors performed their self-assessment and reported the results to the Board of Directors.

The Executive Committee and the Risk Management Committee performed their self-assessment by using the assessment form of which questions were divided into four topics, which were the performance according to duties, authorities and responsibilities, the committee's meeting, the performance of the chairperson and the minutes of the committee's meetings. The answer scale was 1-5 rating from the lowest to the highest. The results of the self-assessment of the Executive Committee and the Risk Management Committee were an average of 4.00 and 4.03 respectively.

The Compliance and Governance Committee performed its self-assessment by using the assessment form in which questions were divided into six topics. These were the structure and qualification of the committee, the roles, duties and responsibilities of the committee, the committee's meeting, the performance of the committee, the relationship with management and the self-improvement of committee members. The answer scale was 0-4 from totally disagreeing to totally agreeing. The result of the self-assessment of the Compliance and Governance Committee was at an average of 3.12.

The Audit Committee performed its self-assessment by using the assessment form developed from the assessment form published with the Audit Committee's manual of the SEC. The assessment form consisted of two main parts, which were Part 1: the appropriateness of the structure and composition of the committee and the general environment that could help the committee to effectively perform its task; and Part 2: the performance of the committee during the year. The assessment form of the Audit Committee had ninety-three questions in total. It aimed to improve the environment to facilitate the performance of the committee as well as the charter of the committee to be more suitable. The result showed that the Audit Committee was of the opinion that the structure and composition of the committee and the general environment helped the committee perform its duties effectively (90%) and the committee had performed its tasks according to the scope of work, authorities and responsibilities in the previous year (89%).

The Nomination and Remuneration Committee performed its self-assessment by using the assessment form in which questions were divided into six topics. They were the structure and qualification of the committee, the roles, duties and responsibilities of the committee, the committee's meeting, the performance of the committee, the relationship with management and the self-improvement of committee members. The answer scale was 0-4 from totally disagreeing to totally agreeing. The result of the self-assessment of the Nomination and Remuneration Committee was at an average of 3.11.

5.16 Executive Performance Evaluation

On annual basis, the Chairman of the Nomination and Remuneration Committee, who is an independent director, shall conduct performance evaluation of the CEO and President. The evaluation will be conducted by the Banks' directors and its result shall be taken into account in determining remuneration of both executives. The evaluation also serves as feedbacks to the executives reflecting the needs to review strategies, policies and management approaches to improve the management effectiveness and efficiency.

Evaluation results shall be shared to the executives by Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee, to establish mutual understanding on expectations of the Board of Directors.

Evaluation Methodology

Executive performance evaluation is consisted of three parts:

1. Bank Performance Appraisal, which shall be valued by all directors.
2. CEO Performance Evaluation, which is self-evaluation, and evaluation by directors and members of committees of which the CEO serves as Chairperson.
3. President Performance Evaluation, which is self-evaluation, and evaluation by all directors, CEO, and member of the Commercial Banking Management Committee.

The Nomination and Remuneration Committee's secretary shall collect evaluation results, compile, and report summary of evaluation results to the Nomination and Remuneration Committee and to Board of Directors respectively.

Evaluation Framework

1. The following criteria are employed in evaluating the Bank's performance:

- 1.1 Profitability
- 1.2 Overall Financial Status
- 1.3 Bank's Strategy and Goals Formulation
- 1.4 Risk Takings and Risk Management System
- 1.5 Overall Effectiveness of the Bank's Management
- 1.6 Human Resource Management Efficiency
- 1.7 Bank's Image and Perception Towards Its Stakeholders
- 1.8 Collaboration and Efficiency in Working with the Board of Directors

2. The following criteria are employed in evaluating the CEO's performance:

2.1 Visionary Leader

2.1.1 Establishing Direction and Group Business Structuring

2.1.2 Driving Synergies and Collaboration

2.1.3 Creating Differentiated Positioning

2.2 Corporate Governance

2.2.1 Implementing Corporate Governance

2.2.2 Being Responsive to Stakeholders' Concerns and Needs

2.2.3 Managing Effectiveness of Committees

2.3 Leadership Role Model

2.3.1 Aligning Executives and Stakeholders

2.3.2 Demonstrating Good Governance Practices and Attitudes

3. The following criteria are used in evaluating President's performance:

3.1 Visionary Leader

3.1.1 Visioning and Strategic Thinking

3.1.2 Conceptual Thinking

3.1.3 Organization Development

3.1.4 Understanding Stakeholders

3.2 Planning and Execution

3.2.1 Creating Alignment of Strategy Execution

3.2.2 Systematic Planning

3.2.3 Problem Solving and Decision Making

3.2.4 Collaborating with Related Committees

3.2.5 Corporate Governance Supervision

3.3 Leadership Role Model

3.3.1 Building Engagement among Executives

3.3.2 Achievement Motivation

3.3.3 Self Controlling and Working Under Pressure

3.3.4 Personnel Management and Development

3.3.5 Demonstrating Good Governance

3.3.6 Demonstrating Senses of Belonging

3.4 Change Management

3.4.1 Pro-activeness

3.4.2 Leading Change

Besides the corporate governance practices mentioned above, there are some corporate governance assessment guidelines below which the Bank has not yet applied.

1. Using cumulative voting for electing directors.

The Bank does not use cumulative voting for electing directors as the Bank's Articles of Association states that a shareholder shall have one vote for one share and each shareholder shall use all his or her votes to elect one or several persons as a director. However, he or she may not divide his or her votes among any candidates.

2. Board of Directors to be comprised of five to twelve members.

The Bank's Board of Directors consists of fifteen members as the businesses of the Bank and its subsidiaries are commercial banking and capital market businesses which require directors from various fields. The Bank's Board of Directors therefore consists of members with diverse knowledge, experience and capabilities adequate to effectively perform duties.

3. The Board of Directors has at least one female non-executive director; more than 50% independent directors and at least one female independent director, while the Chairman of the Board of Directors is an independent director.

Presently, out of the total of fifteen directors, the Bank's Board of Directors has eight non-executive

directors representing 53% and five independent directors representing 33%. There are two female executive directors. Meanwhile, the Chairman of the Board of Directors is a non-executive director.

4. Limit on the number of years for independent directors to be in office.

The Bank's independent directors are qualified experts and have understanding of commercial banking and capital market businesses which require specific expertise, knowledge and experience. The Bank and shareholders deem that its independent directors are still able to independently perform their duties with responsibility.

Furthermore, the Bank is in the process of considering and proceeding on the following matters in order to improve

its operation to better comply with the corporate governance guidelines specified with regulatory bodies.

1. Prepare a board skill matrix to identify the professional skills or characteristics essential for the Board and consider using a professional search firm or director pool in nominating new directors;
2. Conduct an annual assessment of individual directors and hire an outside advisory firm to advise on the assessment of the Board of Directors; and
3. Set the long-term incentive policy for employees and executives which relates to the Bank's long-term operation result and value-added to shareholders.

Supervision of Subsidiaries and Affiliates

The Bank supervises the companies in the Group by having the Board of Directors determine the overall strategic direction and goals and approve the Group's policies and business direction proposed by the Executive Committee. The Board of Directors is also responsible for the nomination of qualified candidates for President of the companies in the Group selected and proposed by the Nomination and Remuneration Committee to act as the Bank's representatives in overseeing the Group's business operations to ensure its alignment with the determined strategic direction and goals and the approved policies and business direction.

In relation to an oversight of overall management, the Bank, through the Board of Directors, has established the Group's monitoring and overseeing structure, which covers the areas of risk management, internal control system monitoring, compliance and business administration.

Recognizing the importance of information disclosure under the Good Corporate Governance Principles, the Board of Directors has assigned the

Compliance and Governance Committee to supervise the Group's information disclosure and regulatory compliance through the Bank's Compliance Department, which shall be responsible for monitoring performance of the Group's Compliance units and directly reporting to the Compliance and Governance Committee.

Moreover, the Board of Directors has assigned the Audit Committee to ensure that the Bank and companies in the Group have appropriate and efficient internal control systems. The Bank's Internal Audit unit oversees the internal audit system, monitors performance of the Group's Internal Audit units and directly reports to the Audit Committee. In addition, the Board of Directors of the companies in the Capital Market Business and/or the Audit Committee of those companies, through the Group's Internal Audit units, shall be responsible for supervising the companies in the Group to operate under sufficient and appropriate internal control systems and directly reporting to the Bank's Audit Committee.

Supervision of Usage of Internal Information

The Bank has issued a written directive forbidding the use of internal information for personal gain or others which would be taking advantage of others. The Bank has forbidden directors, executives, employees and related persons including spouse and children who are under the legal age to use any undisclosed information which could affect the change in the value of the shares or for the securities trading of the Bank. The directors and executives must ask for approval prior to trading securities of the Bank at least one day, and the Bank has instructed that directors, executives, their spouses and children who are under the legal age and any other related persons to report (Form 59-2), any changes in the status of their holdings of the Bank's shares, within three business days to the SEC and also hand in a copy of the form to the corporate secretary, so it will be reported in the Board of Directors' meeting and disclosed in the annual report.

The Bank has forbidden any directors, executives or employees, who are aware of the Bank's important

information and financial statements, to trade the Bank's securities, seven days prior to the end of the quarter until at least one trading session has elapsed after the Bank's financial statement has been made available to the public. However, this regulation does not include the issuance of the warrants to purchase new ordinary shares offered to executives or employees of the Bank.

In addition, the Bank has also continually provided information on the practices of the usage of internal Information communication within the Bank's directors, executives and employees at all levels throughout the entire organization, so that they are aware of the duties and responsibilities as set out in the Bank's regulations.

The Internal Audit Group reviews the practice of the usage of internal information and compliance with the Guidelines for Business Conduct. Any violations will be reported to the Audit Committee and the Board of Directors for consideration according to the Bank's regulations.

Auditor's Remuneration

In 2014, the Bank and its subsidiaries engaged Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. as an external auditor for the Bank and its subsidiaries and incurred the fee charge as follows:

Audit Fee

The Bank and its subsidiaries engaged Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for audit and other audit-related services and incurred expenses including the audit fee totaling Baht 11 million.

Non-audit Fee

The Bank and its subsidiaries paid the non-audit fee for other services including services for special audit under the requirement of the Bank of Thailand, electronic fund transfer audit, consulting service on accounting-related issues and other projects etc., to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., totaling Baht 11 million. In addition, there will be another Baht 51 million to be paid in the future for the service agreed but not completed in 2014.

For 2015, the Audit Committee has reviewed and nominated auditors of PricewaterhouseCoopers ABAS Ltd. ("PwC") as the independent auditors of the Bank for the year ended December 31, 2015. The Audit Committee has recommended the appointment and remuneration of independent auditors to the Board of Directors, to be proposed to the shareholders' meeting for approval.

Internal Controls

Summary of Internal Controls and Risk Management

The Group pays attention to the importance of good governance and requires its executives and employees to abide by the following guidelines:

- Promote, support and establish greater understanding of internal controls, as well as create positive relationships and widespread acceptance among executives and employees on their particular duties and roles through effective corporate communications fostered by the senior executives.
- Promote and support the implementation of a self-regulation process in each division or business unit with adherence to the internal control frameworks and guidance of COSO Enterprise Risk Management (COSO ERM).

Internal Controls

It is the Group's policy to foster an effective and efficient self-regulation process, internal controls, and risk management. The Audit Committee, the Compliance and Governance Committee, the Risk Management Committee, and the assigned executives regularly review the efficiency of the three such processes, which govern financial controls, operations and compliance. Accordingly, internal control elements are being assessed, particularly in eight aspects, namely Internal Environment, Objective Setting, Event Identification, Risk Assessment, Risk Response, Control Activities, Information and Communication and Monitoring. The Group also takes appropriate actions to assure consistent improvements on the three such processes.

To conform to the frameworks and guidance of good governance, internal controls and risk management, as prescribed in the eight components of COSO ERM, the Group undertakes the following actions:

1. Internal Environment

The Group encourages its directors, executives and all staff to recognize the necessity of an internal

control system. The Board of Directors and board-appointed committees ensure that business objectives are clearly stated and assessable, and are applicable as staff practice guidelines. The organizational structure is designed to enable efficient management of business operations. The Group prescribes in writing its Guidelines for Business Conduct and conflict of interest policy which prohibit executives and employees from acting in a manner that would create a conflict with the organization's interests, as well as prescribing penalties for violations thereof. The Group has established the Internal Audit Group, the Compliance Department, and the Risk Management Group which are the key supporting arms ensuring efficiency of good governance, internal controls, and risk management. The Group has also established in writing policies and procedures that strictly govern financial transactions, procurement, general administration and fraud protection measures. In addition, it has set strategies on human resources management and prescribes staff policies regarding selection, recruitment, orientation and training & development. Other internal control mechanisms include supervision and team management, and appropriate checks and balances in each of the Group's business functions.

2. Objective Setting

Each of the Group's business units is required to set its objectives that are linked to the Group's corporate vision, mission and strategies, with clearly defined key performance indicators. In brief, the "SMART" concept, which is an acronym for criteria for setting of objectives that represent business imperatives, is applied. This concept includes the following:

Specific: targeted returns or outcomes are clearly defined and comprehensible to all employees.

Measurable: achievements can be quantified and measured.

Achievable: targets are possible to achieve under the availability of the Bank's current resources.

Relevant: conform to the Bank's operation strategies and targets.

Timeliness: achievement timeframe is clearly specified.

All of these objective settings aim to create efficiency, appropriateness and a common ground on corporate direction for an acceptable risk level.

3. Event Identification

The Group identifies internal and external events that can affect its achievement targets for business operations. Appropriate stress test assessments under given stress scenarios are implemented to evaluate the severity of potential losses or adversity, as well as to find proper response planning for such outcomes. The Bank's Risk Management Group, under the supervision of the Risk Management Committee, generally performs regular reviews of stress test procedures and environment in accordance with the risk management framework and policy prescribed by the Bank of Thailand.

4. Risk Assessment

The Bank consistently and continually fosters risk management policy and risk assessment processes, evaluates both internal and external risk factors that may materially affect the Bank's business operations, establishes control measures to monitor circumstance changes in such factors and implements mitigation measures thereof. The Risk Management Group, under the supervision of the Risk Management Committee, regularly communicates with relevant functions of the Group to remain aware and comply with such risk management measures. The Internal Audit Group shall review and monitor relevant implementations thereof to assure compliance with the prescribed risk management plans by each unit.

5. Risk Response

The Risk Management Group, together with related business units, determines risk response methods for mitigation of such risk to an acceptable threshold. Exploring appropriate risk response methods to the probability or consequences of a risk event is undertaken via cost-benefit analysis. The Group continually and consistently monitors and reviews its risk response measures.

6. Control Activities

The Group clearly prescribes in writing its delegation of authority governing all its authority levels in the management and committees. The controls include the segregation of duties and responsibilities of various functional roles, involving granting of approval and authorization, recording

of information data and recognition of accounting entries, as well as fiduciary duty and property management. The actions create a check-and-balance mechanism. In the event that the Group undertakes transactions with its major shareholders, directors, executives or connected parties thereof, the Group also sets approval measures to govern such transactions, and in the event that the Group has investments in its subsidiaries or affiliates, the Group also monitors the business operations of such entities on a regular basis. The Group provides strategic directions to an individual whom it has appointed to serve as director or management of such entities to comply with. The Compliance Department monitors legal compliance of the Group to assure the mitigation of reputation risk. In the event of error and deficiency, a fact-finding panel comprising an independent body shall be established to investigate facts as well as to propose remedial and improvement methods to prevent any recurrence of such error and deficiency.

7. Information & Communication

The Group has arranged to have an information technology system that can adequately support information management. It has also established comprehensive intra-corporate communications that are high-quality, clear, timely and with organization-wide coverage. The system, which has the beneficial features of completeness, simplicity and an easy-to-use pattern, provides support to decision-making with data storage and data classification. The Bank has set up a Committee for Process Development and Information Technology to define its development targets for internal work process and IT improvements to be in line with its overall policy objectives. It also promotes knowledge management activities to make knowledge and proficiency accessible to all employees and encourages them to apply such knowledge and proficiency in their work duties. The Group also promotes business expertise and advisory skills among employees to enable them to better serve their clients, trade partners and related parties, as well as render maximized corporate benefits as per the Group's targeted vision and mission.

8. Monitoring

The Group has processes, procedures and tools to support its executives, Board members and committees to monitor business operations, improve efficiency and make assessments according to the key performance

indicators. All these help in assuring performances and on-going efficiency of the internal control system and are regularly adjusted with changes in circumstances. It also assures that any errors or omissions are promptly identified for remediation. The Group prescribes the reporting of its operational results, performances, and comparative performance targets on a monthly and quarterly basis, according to their relative importance and impacts. It also monitors and reports incurred losses for assessment and review of operation process and efficiency of applied risk management tools. The monitoring process includes reviews of minutes of meetings, loss reports, complaints, and random checks on self-assessment reports made in accordance with self-regulation and self-control concepts. The monitoring actions are made by the Compliance Department, Risk Management Group and Internal Audit Group, together with investigations by external auditors. The Board of Directors also assesses the adequacy of the internal control system on an annual basis, to assure that the Group has appropriate internal control systems, thus making it capable of achieving its targeted goals.

Summary of the Opinions of the Board of Directors to Internal Controls

The Board of Directors is of the opinion that the Bank and its subsidiaries have sufficient and appropriate internal control systems, which can protect the assets of the Bank and its subsidiaries from any misappropriation or unauthorized action of directors or executives. In the past year the Bank and its subsidiaries had some deficiencies in its internal control systems and management has given serious attention to these issues in order to correct and improve the performance of the system. The Audit Committee shared similar views to those of the Board of Directors. The external auditors did not make any remarks which could be deemed as being of any significance on the Group's internal controls. The related party transactions between the Group and persons who could present potential conflicts of interest which are necessary, undertaken in the ordinary course of business, and at market price, are disclosed in the notes to the financial statements.

The Group arranges to have internal control assessment surveys every year. In 2014, the Group's management was engaged in assessing the adequacy of internal controls using the SEC's checklist, which was developed under the New COSO 2013 framework. The assessment results had been reviewed by the Audit Committee and the Board of Directors in order to exchange views and have a common understanding over the state of internal controls so that appropriate actions could be further determined.

Chief of the Internal Auditor

During the meeting of the Audit Committee no.1/2012 dated on January 11, 2012, the Committee approved the appointment of Dr.Narong Preedanan to hold the position of Executive Vice President, Head of Internal Audit Group. The decision was submitted to the Board of Directors for further approval. Dr.Narong Preedanan has over twenty years of internal audit work experience with leading financial institutions. He sufficiently attended various internal audit training courses and has a good understanding of the Group's business and operations, and thus is suitable to perform his assigned tasks. The decisions on appointment, transfer, dismissal of the Chief of the Internal Audit require approval from the Audit Committee. His qualifications are as follows:

Dr. Narong Preedanan

Executive Vice President, Internal Audit Group

Education

- Doctor of Business Administration (DBA), University of South Australia, Australia
- MBA, University of Leicester, UK
- BA (Accounting & Finance), Chulalongkorn University

Professional Certificates

- CFSA (Certified Financial Service Auditor, IIA)
- CCSA (Certification in Control Self Assessment, IIA)
- CRISC (Certified in Risk and Information System Control, ISACA)

Work Experience

2012 - Present	Executive Vice President, Head of Internal Audit Group, Kiatnakin Bank Public Company Limited
2004 - 2011	Senior Vice President, Group Audit, TMB Bank Public Company Limited
2001 - 2003	Vice President, Financial Markets Audit, DBS Thai Dhanu Bank Public Company Limited
1997 - 2000	Vice President, Head of Internal Audit, Thailand Securities Finance Cooperation (TSFC) Securities Company Limited
1992 - 1996	Senior Manager, Finance One Public Company Limited
1991 - 1992	Management Internal Control, the Chase Manhattan Bank N.A.
1987 - 1990	Audit Officer, Siam Commercial Bank Public Company Limited

Training

- New COSO Internal Control Framework 2013, the Stock Exchange of Thailand
- Workshop for Practical Issues in Thai Financial Reporting Standards, Deloitte
- Director Certification Program (DCP), the Institute of Directors (IOD)
- Director Accreditation Program (DAP), the Institute of Directors (IOD)
- Anti-Corruption, the Institute of Directors (IOD)
- First 100 Companies: Collective Active Power in Anti-corruption, the Institute of Directors (IOD)
- Information Technology and Audit to Prevent Fraud, Fraud Risk & Investigation Association
- Final FATCA Regulations Workshop, Deloitte
- TFRS & IFRS Excellence, Deloitte
- Knowledge relating to Internal Audit profession, Banking and Financial Markets; e.g. Internal Audit Workshop (London), Derivatives (DBS Bank/ Singapore), New Financial Instruments: Accounting & Taxation (Euromoney/ Hong Kong), Fundamental of Financial Derivatives, Treasury System (Australia), Bond/Debenture (Euromoney), Credit Training Programme, Asset Liability Management, Enterprise Risk Management (COSO ERM)

Chief of Compliance

During the meeting of the Board of Directors no.1/2014 dated on January 31, 2014, the Board resolved the appointment of Mr.Aphichart Chongsanguanpradab to hold the position of Executive Vice President, Compliance Department, effective as of February 1, 2014 and the Bank of Thailand has approved such appointment. Mr. Aphichart Chongsanguanpradab has over eighteen years of experience in compliance, supervisory policy for securities business, and internal audit of financial institutions. He attended various training courses, including the Compliance Officer Program organized by the Bank of Thailand together with the Faculty of Law, Chulalongkorn University, and the Thai Bankers' Association, as well as the ASCO Compliance Training Program organized by the Association of Thai Securities Companies. His qualifications are as follows:

Mr. Aphichart Chongsanguanpradab

Executive Vice President, Compliance Department

Education

- Bachelor of Accountancy, Chulalongkorn University
- Master of Business administration with Finance Concentration, Eastern Michigan University

Certificates or Diploma Programs

- Compliance Officer of Commercial Bank organized by the Bank of Thailand, The Faculty of Law Chulalongkorn University and The Thai Bankers' Association
- Bond Regulatory Update organized by The Thai Bond Market Association

Work Experience

2014 - Present	Executive Vice President, Compliance Department, Kiatnakin Bank Public Company Limited
2011 - 2014	Head of Operation Department, Phatra Securities Public Company Limited
2010 - 2011	Compliance Officer, Credit Suisse (Thailand) Securities Company Limited
2004 - 2010	Head of Compliance , Phatra Securities Public Company Limited
2003 - 2004	Compliance Officer, Merrill

	Lynch International Bank Limited (Merchant Bank) (Singapore Branch)
1999 - 2003	Compliance Officer, Merrill Lynch Phatra Securities Company Limited
1997 - 1999	Internal Auditor, Bangkok Bank Public Company Limited

Training

- Compliance Meeting Training Program 2014 for Compliance Officer organized by The Securities and Exchange Commission
- Bond Regulatory Update organized by The Thai Bond Market Association
- Financial Action Task Force (FATTF): Anti-Money Laundering and Audit organized by The Thai Institute of Banking and Finance Association
- Overview of Legal and Regulatory Regime, Sanctions, Cross-border Projects and ASEAN Integration 2015 organized by Myanmar Legal Services Company Limited
- Enhanced Tax Enforcement Under FATCA: What are the Risks to Asia's Financial Institutions organized by Chandler & Thong-EK Law Offices Company Limited
- ASCO Compliance Training Program organized by Association of Thai Securities Companies
- Compliance Officer of Commercial Bank organized by the Bank of Thailand, the Faculty of Law Chulalongkorn University and the Thai Bankers' Association
- Fraud Risk in Financial Institutions (Best practice) organized by the Thai Institute of Banking and Finance Association
- Customer Due Diligence Ministerial Rules (B.E.2556) organized by Anti-Money Laundering Office
- FATCA Training Workshop organized by KPMG (Thailand) Company Limited
- FATCA Training organized by Standard Chartered Bank (Thai) Public Company Limited

Roles and Responsibilities of Chief of Compliance

1. Provide departmental strategic plan (business, budget, resource plans) consistent with organization direction and strategy
2. Determine departmental goals and objectives which are appropriate with organizational direction as well as their benchmarks with the management
3. Prepare performance evaluation, monitoring, following up on guidelines and performing as sessments as such
4. Determine and approve compliance policies
5. Develop conclusive compliance system/ process and update relevant laws as well as distribute notices, guidelines, policies, manual, including KM distribution
6. Advise and provide training in relation to policies, process or other matters with respect to relevant laws, rules and other guidelines, especially those in connection with new products or financial transactions to directors, management and employees
7. Assess the process sufficiency and effectiveness and provide solutions to other parties to improve processes which are in connection with compliance matters
8. Determine guidelines for record retention for agreements which the bank entered into with clients, e.g. hire purchase agreements, loan agreements, etc.
9. Determine and evaluate guidelines for compliance surveillance program with relevant laws and regulations enforced on financial institutions and report any potential regulatory risks
10. Determine guidelines for compliance surveillance program with the bank policies, notices, processes and work manuals
11. Determine guidelines with other parties to improve work process which is in relation to regulatory compliance
12. Monitor, analyze and investigate transactions for any potentially suspicious transactions as well as report to Anti Money Laundering Office and collectively consider mutual resolution.

Related Party Transactions

In 2013 and 2014, the Bank performed related party transactions, which were transacted to support its normal course of business operations. The Bank also maintains the prescribed procedures governing related party transactions that are in accordance with the guidelines set forth by the SEC. These related party transactions do not lead to any conflict of interest.

Measures or Procedures Governing Approval of Related Party Transactions

The Bank pays attention towards protections against any circumstances that threaten to give rise to any conflict of interest. When considering entering into any related party transactions with any party or person that may have any potential conflict of interest, such transaction shall be considered by the Bank on a similar basis as, and no less favorable to any other transaction undertaken with any unrelated third-party. It also prescribes that its directors and executives who have special interest in any particular transaction shall not be entitled to cast their vote on the approval thereof.

Significant Related Party Transactions

1. Significant related party transaction with subsidiaries and related party.

Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)		Reasons and Necessities
			2013	2014	
Phatra Capital Public Company Limited/ PHATRA	99.98% owned by the Bank	- Loans	1,800.00	1,350.00	The Bank calculated interest at the normal rate similar to regular clients.
		- Other assets	10.81	1.00	
		- Other liabilities	58.55	56.37	
		- Interest income	57.53	121.37	
		- Dividend income	-	515.13	
		- Other income	70.45	2.23	
		- Other expense	57.92	78.07	
Phatra Securities Public Company Limited/ PTSEC	Indirectly holding via PHATRA of 99.95%	- Loans	600.00	-	The Bank calculated interest at the normal rate similar to regular clients.
		- Deposit	0.20	0.20	
		- Other accounts receivable	1.24	3.19	
		- Borrowings	-	200.00	
		- Other liabilities	0.58	9.94	
		- Interest income	11.89	2.37	
		- Other income	2.25	5.83	
		- Interest expense	7.18	7.93	
		- Other expense	-	9.80	
		- Contingencies	31.68	31.68	
					The Bank issued L/G for PTSEC.

Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)		Reasons and Necessities
			2013	2014	
KKTRADE Securities Company Limited/ KKTRADE	Indirectly holding via PHATRA of 99.97%	- Deposit	64.55	55.65	The Bank calculated interest at the normal rate similar to regular customers.
		- Other assets	0.11	0.11	
		- Borrowings	25.00	60.00	
		- Other liabilities	10.15	5.75	
		- Interest income	4.86	2.06	
		- Other income	12.46	11.12	
		- Interest expense	43.52	31.86	
Phatra Asset Management Company Limited/ PASSET	Indirectly holding via PHATRA of 99.97%	- Other assets	0.17	0.20	
		- Other income	4.31	2.34	
Erawan Law Office Company Limited	99.93% owned by the Bank	- Deposit	44.26	38.47	The Bank calculated interest at the normal rate similar to regular clients.
		- Other assets	-	0.05	
		- Dividend income	-	34.98	
		- Other income	5.84	5.78	
		- Interest expense	0.14	0.16	
		- Other expense	88.20	81.00	Legal fee
The Asia Recovery 1 Fund	99.95% owned by the Bank	- Dividend income	-	84.96	
		- Other income	1.01	0.24	
The Asia Recovery 2 Fund	99.59% owned by the Bank	- Dividend income	-	298.75	Gain (loss) on redemption
		- Other income	(4.38)	(11.01)	
The Asia Recovery 3 Fund	99.97% owned by the Bank	- Dividend income	-	209.94	
		- Other income	2.49	2.01	
Thai Restructuring Fund	98.91% owned by the Bank	- Dividend income	296.73	103.86	
		- Other income	7.18	4.83	
Asia Recovery Property Fund 3	98.77% owned by the Bank	- Dividend income	-	59.26	
Bangkok Capital Fund	95.72% owned by the Bank	- Deposit	52.49	19.03	The Bank calculated interest at the normal rate similar to regular clients.
		- Dividend income	1,531.49	574.31	
		- Other income	36.75	33.67	

Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)		Reasons and Necessities
			2013	2014	
Gamma Capital Fund	94.03% owned by the Bank	- Deposit	31.49	50.19	The Bank calculated interest at the normal rate similar to regular clients.
		- Dividend income	470.14	648.79	
		- Other income	18.69	0.43	
CMIC Development Company Limited	80.58% shares received from conversion of debts to equity according to the debt restructuring agreement	- Loan	258.00	140.00	The Bank calculated interest at the normal rate similar to regular clients.
		- Other assets	17.36	19.06	
		- Other liabilities	-	2.83	
		- Interest income	19.19	12.85	
		- Rental and service Expenses	65.33	75.76	

2. Related transaction between the Bank and other business entities in which the directors, key executives and related persons have significant influence

Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)		Reasons and Necessities
			2013	2014	
Business entities in which the directors, key executives and related persons have significant influence	Business entities are related to Wattanavekin's family, the directors and executives.	- Loan	134.27	-	The Bank calculated interest at the normal rate similar to regular clients.
		- Deposit	200.84	79.59	
		- Interest expense	6.58	3.45	

3. Related transaction between the Bank and directors, key executives and related persons have significant influence

Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)		Reasons and Necessities
			2013	2014	
Directors/ key executives/ related persons	Directors/ key executives/ related persons	- Deposit	275.67	332.35	The Bank calculated interest at the normal rate similar to regular clients. PTSEC, KKTRADE and PASSET provide services and charge at the same commission rate as other regular clients.
		- Borrowing	14.25	-	
		- Interest expense	7.64	9.40	
		- Brokerage income	19.50	16.68	

Policy and Outlook for Future Related Party Transactions

It is not the Bank's and its subsidiaries' policy to encourage the transacting of related party transactions with any party or persons that may have any potential conflict of interest, unless such transactions are those which occur in their normal course of business operations. In that regard, such related party transactions shall maintain their pricing or terms which are no different from those transacted between the Bank and any unrelated third-party. The Bank and its subsidiaries shall regularly review their related party transactions on a quarterly basis.

Reasons Behind the Holding of the Bank and Its Subsidiaries' Shares in Excess of 10.00% by a Person That May Have Potential Conflict, Instead of Direct Holdings

It is not the Bank's policy to have a person that may have potential conflict hold shares in its subsidiaries on behalf of the Bank.

Responsibility of the Board of Directors to the Financial Report

The Board of Directors is accountable for the Bank's financial statements and consolidated financial statements as well as other financial information as presented in the annual report. The financial statements have been prepared in accordance with Thai Financial Reporting Standards. The Bank has chosen appropriate accounting policies applied on a conservative and consistent basis and used the best estimations where necessary. Adequate disclosures have been made in the notes to the financial statements. All the disclosures and implementation of financial statements are in accordance with laws and regulations of the Bank of Thailand, the SEC, and the SET. In addition, these financial statements have been audited by independent auditors, who have given their unqualified opinion. Therefore, the financial statements present fairly, in all material respects, the financial position and performance of the Bank and its subsidiaries in the past year, which has been correct, transparent, and useful to shareholders and all investors.

The Board of Directors has adopted and maintained appropriate and effective systems of risk management, internal control, internal audit, and compliance to ensure that all accounting records are accurate, complete, and sufficient. These systems facilitate the Bank in maintaining all of its assets as well as preventing any damage from other significant irregularities in the operations of the Bank.

In this respect, the Board of Directors has appointed the Audit Committee consisting of independent directors to be responsible for the following duties: assuring the accuracy and sufficiency of the Bank's financial reports, overseeing and cross-examining the Bank's internal control system as well as its internal audit, and reviewing all disclosures of the Bank's related transactions or conflict of interest for the greatest accuracy and completeness. The opinion of the Audit Committee related to these matters is merely stated in the Report of the Audit Committee section in the annual report and the annual registration statement (Form 56-1).

The Board of Directors is of the opinion that the overall internal control system of the Bank is sufficient, well-managed, and satisfactory to provide reasonable confidence in the reliability of the financial statements and the consolidated financial statements of the Bank and its subsidiaries for the accounting year ending December 31, 2014.



Mr. Supol Wattanavekin
Chairman



Mr. Banyong Pongpanich
Chief Executive Officer

Report of the Audit Committee

The Audit Committee of Kiatnakin Bank Public Company Limited consisted of Mr.Pichai Dachanapirom as a chairman, associated with Mr.Chet Pattrakornkul, Mr.Pravit Varutbangkul and Dr.Anumongkol Sirivedhin as members. Dr.Anumongkol Sirivedhin has resigned from the Audit Committee and the Board of Directors effective from August 1, 2014.

In 2014, the Audit Committee had ten meetings and performed its duties in accordance with the roles set forth in the Audit Committee Charter, in summary:

- In each quarter, the Committee reviewed the financial reports through a meeting with executives of Finance and Budgeting, and external auditors to consider all comments made from the auditing and reviewing of financial statements. In addition, the Committee and the external auditors had some meetings arranged without the attendance of the executives.
- By working together with internal auditors, the Committee cross-examined the internal control system and the security of an information technology system to assess the efficiency and sufficiency of both systems. Moreover, in 2014, the Bank arranged to have an internal control assessment survey done by using the SEC's checklist, which was developed under the New COSO 2013 framework. The Bank's management was engaged in assessing the adequacy of internal controls and the assessment results were reviewed by the Audit Committee and the Board of Directors in order to exchange views and have a common understanding regarding the state of internal controls so that appropriate actions could be further determined.
- The Committee approved the Internal Audit Master Plan and Annual Audit Plan for year 2014.
- The Committee reviewed the Bank's enterprise risk management, especially ones which were linked to the internal control system, through the reports of the Risk Management Group and Internal Audit. The Bank's enterprise risk management is comprised of objective setting, risk identification, risk assessment, risk response, and risk monitoring constructed on a quarterly basis. There was a determination of key risk indicators regarded as a precautionary system, and risk appetite as well as risk tolerance. Additionally, risks were regularly reviewed to satisfy the current situation and risk management policy of the Bank, and in line with five major risk areas specified by the Bank of Thailand which include strategic risk, credit risk, market risk, liquidity risk, and operational risk.

- The related party transactions were reviewed and considered under the principle of transparency and sufficient disclosure of information in accordance with the Bank's policy and Corporate Governance Principles.
- The Committee arranged meetings with internal auditors to review and assess whether appropriate surveillance and monitoring programs are in place to ensure compliance with relevant laws and regulations related to banking business, including those imposed by the SET, the Anti-Money Laundering Act, the Consumer Protection Act, etc.
- The Committee reviewed the performance of the Bank's external auditors on their duties over the past year. Since the auditors of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. have served as the Bank's external auditors for seven consecutive years as of 2014, in order to comply with good corporate governance, the Audit Committee therefore reviewed and selected the new auditors from three leading audit firms and proposed the names of selected external auditors, as well as the remuneration for year 2015, to the Board of Directors for further consideration.

In carrying out the duties of reviewing and considering the core operations of the Bank, by cooperating with respective executives, internal auditors and external auditors, the Audit Committee is of the opinion that the Bank has appropriate and efficient risk management, and sound internal controls in place for undertaking related party transactions, monitoring compliance with the rules and policies, and for other Bank operations. The financial statements of the Bank are reliable and have been constructed with sufficient control systems and in accordance with Thai Financial Reporting Standards. Such consideration has already taken into account the risk management and examination process.

The Committee has proposed Mrs. Unakorn Phruithithada, CPA License No. 3257, or Ms. Sakuna Yamsakul, CPA License No. 4906, or Mr. Somchai Jinnovart, CPA License No. 3271 of PricewaterhouseCoopers ABAS Ltd. to be auditors for 2015. The Committee has also considered the auditors' remuneration for 2015, and presented to the Board of Directors before proposing it to the shareholders' meeting for final approval.

As of January 19, 2015
On Behalf of the Audit Committee



Mr. Pichai Dachanapirom
Chairman of the Audit Committee

Report of the Nomination and Remuneration Committee

The Board of Directors, on October 26, 2002, resolved to appoint the Chairman and members of the Nomination and Remuneration Committee and amended the structure of the Nomination and Remuneration Committee to comply with Bank of Thailand's regulations on Corporate Governance of the Financial Institutions, and to increase the effectiveness of the Committee. As of December 31, 2014, the Nomination and Remuneration Committee consists of three independent directors as follows:

1. Associate Professor Manop Pongsadadt	Chairman of Nomination and Remuneration Committee
2. Mr. Chet Pattrakornkul	Member of the Nomination and Remuneration Committee
3. Mr. Pravut Varutbangkul	Member of the Nomination and Remuneration Committee

In 2014, the Committee held eight meetings. Summary of the Committee's key resolutions are presented below:

1. Selected and nominated candidates for the Bank's director to replace the directors who were retired by rotation, and proposed such candidates to the Board of Directors and subsequently to the annual shareholders meeting of shareholders for election.
2. Selected and nominated candidate for the Bank's director to replace the director who resigned, and proposed such candidate to the Board of Directors for approval and appointment.
3. Assessed and nominated qualified candidates for appointment as the Bank's senior executives prior to proposing nominations to the Bank of Thailand for endorsement and subsequently to the Board of Directors for approval and appointment. Consideration of candidates' qualification was given to ensure diversity and appropriateness in terms of knowledge, competence, experiences in order to strengthen and support the Bank's business directions.
4. Monitored and ensured that structure, component, and size of the Board of Directors was adequately effective in supporting the Bank's business directions and complied with corporate governance.
5. Arranged the annual performance assessment of the Board of Directors, CEO and President. The assessments were conducted by members of the Board of Directors, and other related committees. The assessment results, including all feedbacks and comments for increasing overall performance of the committees and senior executives, were reported to the Boards of Directors for consideration and acknowledgement.
6. Reviewed and ensured that the compensation of the Board of Directors and sub-committees' members were appropriated given as assigned duties and responsibilities and competitive with banking industry practices prior to proposing to the Board of Directors for consideration and subsequently to the shareholder's meeting for approval.

7. Acknowledged bonus and annual merit's budget criteria and guidelines, which were proposed by the Human Resources Committee, and proposed to the Board of Directors for approval. The approved criteria and guidelines were basis for determining compensation and benefits for executives and directors in long term.
8. Approved compensation of the CEO and President based on scope of duties and responsibilities, and ability to increase long-term shareholders' values prior to proposing to the Board of Directors for consideration.
9. Provided guidance on succession planning of senior executive positions, to be implemented to ensure the Bank's business continuity and supporting business directions.

The Nomination and Remuneration Committee provided disclosure of relevant information on remuneration and compensation in various forms including the report of the Committee presented in 2014 Annual Report.



Associate Professor Manop Pongsadatt
Chairman of the Nomination and Remuneration Committee

Report of the Compliance and Governance Committee

The Compliance and Governance Committee is comprised of the four following directors; Mr.Chet Pattrakornkul (an independent director and the Chairman of the Committee), Mr.Pravit Varutbangkul (an independent director), Mr.Tarnin Chirasoonton (a non-executive director), and Mrs.Patraporn Milindasuta (an executive director and the Chief Corporate Governance Officer). The Committee oversees the governance and compliance of the Bank and companies in the Group to ensure their compliance with laws, regulations, rules, and principles of good governance. In 2014, the Committee held five meetings and undertook the following important actions:

- Considered the Bank's core governance policies, which were submitted to the Bank's Board of Directors for further approval. The considered issues are as follows:
 - Considered the Anti-Corruption Policy as the Bank is committed to taking a stand against corruption in any form.
 - Updated the Compliance and Governance Committee Charter to be clearer in the purpose of the meeting, roles and responsibilities.
 - Reviewed the Corporate Governance Principles of the Bank and made suggestions on improvement to be in line with the additional adjustments in the Corporate Governance of Listed Companies.
- Approved the action plans of the Compliance Department for the year 2014 and updated compliance policies.
- Assessed the performance of the Compliance and Governance Committee. The results were used to review the annual performance.
- Reviewed practices of the Bank according to the criteria of the Corporate Governance Report of the Thai Listed Companies and monitored the progress of the improvement processes.
- Considered and expressed opinions on the compliance reports for the year 2013 prior to their submission to relevant governing authorities.
- Acknowledged the compliance reports of the Bank and companies in the Group proposed by the Compliance Offices of the Bank and companies in the Group. The Committee also expressed its views and made suggestions on the improvement of the Bank's and the Group's compliance status to duly be in line with the prescribed regulations of governing authorities.

In 2014, the Bank was bestowed with the following corporate governance awards:

- The award of "Excellence" from the quality assessment of its Annual General Shareholder Meeting in 2014, presented by the Thai Investors Association, the Office of the Securities and Exchange Commission and Thai Listed Company Association, for eight consecutive years (2007-2014)
- "Excellent" CG Scoring from the Corporate Governance Report of Thai Listed Companies in 2014 and received five Logos : Excellent CG scores from the Thai Institute of Directors (IOD)

- The SET Award of Honor on the Corporate Governance Report in 2014, presented by the SET and Money & Banking Magazine, for five consecutive years (2010-2014)
- The SET Award of Honor on “Outstanding Corporate Social Responsibility, presented by the SET and Money & Banking Magazine, for three consecutive years (2012-2014)

The Bank believes in ethical business conduct and the merit of good corporate governance in creating value and enhancing confidence on the part of the shareholders, stakeholders and all concerned parties, as well as in promoting the Bank’s sustainable growth. The Bank is fully committed to pursuing best practice under good corporate governance principles.



Mr.Chet Pattrakornkul

The Chairman of the Compliance and Governance Committee

Management Discussion and Analysis

The management discussion and analysis (MD&A) for the year ended December 31, 2014, comparing operating performance and financial position with those of the year ended December 31, 2013, is as follows:

Overall Economy and Financial and Capital Market Environment

The domestic economy during the beginning of 2014 contracted as a result of political instability. Although the negative political climate was relieved somewhat during the second half of the year, a recovery was not evident in either private consumption or investment, a result of lower household income especially in provincial areas. Exports further declined following the sluggish world economy. Our in-house research forecasted 2014 GDP growth of 0.8% per annum with growth expected to improve to 3.7% per annum in 2015 as a result of a lower base, increasing government spending, and lower interest rates. However, Thailand's economy will likely be facing downside risks, especially an export slowdown following the weak world economic conditions particularly in China, Europe and Japan. Meanwhile, a decline in agricultural product prices together with a delay in government disbursement and drought will exacerbate the slowdown in the domestic economy.

Domestic car sales in 2014 totaled 881,832 units and declined by 33.7% YoY. Passenger car sales dropped by 41.4% while commercial car sales decreased by 26.8% following a weak domestic

economy amid declining agricultural product prices, and rising household debt at 84.7% of GDP in the third quarter of 2014 compared with 82.3% at the end of 2013. The government's first-car scheme caused demand for cars to sharply rise during 2012-2013, and while second-hand car prices declined further in 2014, hire-purchase loans also dropped. However, our in-house research has forecasted industry car sales to improve to 940,000 units in 2015, growing by 7.0% from 2014.

Meanwhile, the BoT policy rate was lowered from 2.25% to 2.00% in March 2014 due to an increase in downside risks for the domestic economy during a period of political instability. The policy rate was maintained at this level until the end of 2014 to support economic recovery.

For the capital market, the average daily securities trading value on the SET and MAI decreased from Baht 50,329 million in 2013 to Baht 45,466 million in 2014 due to political unrest in the first quarter. The SET index closed at 1,497.67 points at the end of 2014, increased from 1,298.71 points as of the end of 2013.

Overall Business Operations in 2014

• Commercial Banking Business

Following an increase in household debt and a contracting economy in 2014 compared with 2013, the Bank reported loan contraction at 3.2% from the end of 2013. Hire-purchase loans which comprise the majority of the Bank's loan portfolio exhibited a 7.3%

decline following a 33.7% drop in industry car sales in 2014. The Bank's penetration rate for new cars slightly dropped from 4.0% in 2013 to 3.9% in 2014. During the beginning of 2014, the Bank provided corporate loans to listed companies and large corporate clients with a loan portfolio totaling Baht 5,780 million at the end of 2014.

During 2014, the Bank prudently managed its loan portfolio to counter a decline in repayment ability especially in the hire-purchase segment such as increasing the down-payment for new cars, decreasing loan to collateral value for used cars, and adjusting its pricing policy to reflect borrowers' risks. However, hire-purchase NPLs still increased especially from loans originated during 2012-2013.

The total NPLs increased from 3.8% at the end of 2013 to 5.6% at the end of 2014, mainly from qualitative NPLs of real estate clients and rising NPLs of hire-purchase clients. However, NPLs dropped during the year mainly driven by the repayment of NPLs of real estate clients while hire-purchase NPLs increased at a slower pace.

In 2014, the Bank developed service channels and introduced CarQuickCash through a partnership with B-Quik and Counter Service. The Bank further customized CarQuickCash loans in response to clients' ability to pay. KK Auto Application was also launched to facilitate hire-purchase clients. Besides, in December, Generali entered into a 15-year exclusive bancassurance partnership with the Bank starting from 2015 in an effort to support the Bank's strategy to create a variety of financial and investment products provided to the bank's clients.

Regarding deposit products, besides KK Smart Savings with 2.60% interest rate, the Bank introduced KK Smart Bonus with a 2.70% interest rate. As such, the ratio of current accounts and saving accounts to interest-bearing debt rose from 12.5% in 2013 to 34.1%. In addition, the Bank provided cash deposit services from every bank's ATMs. For borrowings, the Bank issued short-term debentures amounting to Baht 42,652 million and long-term debentures amounting to Baht 10,065 million in 2014.

The Special Asset Management, despite a slowdown during the first half, recovered on an improved economy. The Bank sold NPAs totaling Baht 2,071 million, exceeding the target of approximately Baht 1,200 million, and had gains of Baht 767 million.

• Capital Market Business

At the end of 2014, the SET index closed at 1,497.67 points while the average daily securities trading value on the SET and MAI decreased 9.7% from 2013 to Baht 45,466 million in 2014 following political tension during the first quarter of 2014. The market share (excluding proprietary trading) of PTSEC and KKTRADE was 4.04% and 0.99% respectively. If combined, the market share declined from 5.69% in 2013 to 5.03%, ranked fifth from a total of 34 brokers due to increasing market volume in the retail segment, while PTSEC focuses on the institutional investor segment. Meanwhile, the investment business recorded revenue when including comprehensive income totaling Baht 1,198 million.

Summary of Performance of the Bank and Subsidiaries

Ratio (%)	2013	1Q14	2Q14	3Q14	4Q14	2014
Loan Growth (Consolidated)	12.9	3.6	-1.8	-3.2	-1.7	-3.2
NPLs/Total Loans (excluding interbank)	3.8	4.2	5.6	5.6	5.6	5.6
Total Loan Loss Reserve/Total NPLs (Coverage Ratio)	100.0	91.4	68.9	71.3	81.6	81.6
Total Loan Loss Reserve/Total Mandatory Reserve	186.7	158.5	130.9	138.6	158.4	158.4

Statement of Comprehensive Income

For the Year Ended December 31, (BAHT'000)	Consolidated		Change	
	2014	2013	Amount	%
Interest Income	15,942,066	15,808,672	133,394	0.8
Interest Expenses	7,016,133	7,461,695	(445,562)	(6.0)
Net Interest Income	8,925,933	8,346,977	578,956	6.9
Fees and Services Income	3,863,201	4,838,173	(974,972)	(20.2)
Fees and Services Expenses	410,828	480,966	(70,138)	(14.6)
Net Fees and Services Income	3,452,373	4,357,207	(904,834)	(20.8)
Gains (Loss) on Trading and Foreign Exchange Transactions	573,726	442,681	131,045	29.6
Gain on Investments	248,530	636,768	(388,238)	(61.0)
Dividend Income	278,395	205,659	72,736	35.4
Other Operating Incomes	290,660	275,973	14,687	5.3
Total Operating Income	13,769,617	14,265,265	(495,648)	(3.5)
Other Operating Expenses				
Employee's Expenses	3,811,084	4,030,520	(219,436)	(5.4)
Directors' Remuneration	22,770	18,333	4,437	24.2
Premises and Equipment Expenses	1,075,836	1,125,825	(49,989)	(4.4)
Taxes and Duties	311,762	347,337	(35,575)	(10.2)
Loss from Revaluation of Foreclosed Assets	(249,115)	(299,224)	50,109	(16.7)
Loss from Sale of Foreclosed Assets	1,279,467	54,709	1,224,758	2,238.7
Other Expenses	1,312,919	1,356,692	(43,773)	(3.2)
Total Other Operating Expenses	7,564,723	6,634,192	930,531	14.0
Impairment Loss of Loans and Debt Securities	3,198,843	2,240,155	958,688	42.8
Profit from Operating before Income Tax Expenses	3,006,051	5,390,918	(2,384,867)	(44.2)
Income Tax Expenses	352,915	951,043	(598,128)	(62.9)
Net Profit	2,653,136	4,439,875	(1,786,739)	(40.2)

For the Year Ended December 31, (BAHT'000)	Consolidated		Change	
	2014	2013	Amount	%
Net Profit Attributable to:				
Equity Holders of the Bank	2,636,080	4,418,191	(1,782,111)	(40.3)
Non-controlling Interest	17,056	21,684	(4,628)	(21.3)
Total Comprehensive Income Attributable to:				
Equity Holders of the Bank	2,792,945	3,878,818	(1,085,873)	(28.0)
Non-controlling Interest	21,026	23,427	(2,401)	(10.2)
Earnings per Share of Equity Holders of the Bank				
Basic Earnings per Share (Baht)	3.14	5.29	(2.15)	(40.64)
Diluted Earnings per Share (Baht)	3.13	5.25	(2.12)	(40.38)

Operating Results for 2014 Comparing with 2013

The consolidated net profit excluding minority interest totaled Baht 2,636 million, decreasing by 40.3% YoY, of which Baht 926 million was the net profit from the capital market business operated by PHATRA and subsidiaries, namely PTSEC, KKTRADE, and PASSET. Meanwhile, consolidated comprehensive income totalled Baht 2,793 million, decreasing by 28.0% YoY, and the capital market business's comprehensive income was Baht 993 million. The comprehensive income included revaluation of available-for-sale securities as a result of the capital market volatility.

Interest Income was Baht 15,942 million, rising by 0.8% from 2013. Interest on loans increased 9.2% YoY following new loan booking from corporate loan business and cash-basis interest income of real estate NPLs. Meanwhile, interest income on interbank and money market items decreased by 19.7% due to liquidity management. Hire-purchase and financial lease interest income slightly declined by 0.9% due to decelerated hire-purchase loan growth and increasing NPLs.

For the Year Ended	Consolidated		Change	
	Dec. 31, 2014	Dec. 31, 2013	Baht Million	%
Interest Income	15,942	15,809	133	0.8
Interest on Loans	4,713	4,314	399	9.2
Interest on Interbank and Money Market Items	263	327	(64)	(19.7)
Hire-purchase and Financial Lease Income	9,743	9,834	(91)	(0.9)
Interest on Securities	617	777	(160)	(20.6)
Interest on Investment in Loans	606	557	49	8.9

Interest Expenses totaled Baht 7,016 million, decreasing by 6.0% YoY from flexible liquidity management and an increase in CASA portion from 12.5% to 34.1%. The Interest on debt issued and borrowings increased by 16.4% mainly from short-term debentures issuance at a low interest rate to replace matured deposits. In addition, the cost of fund decreased from 3.9% to 3.7%.

For the Year Ended	Consolidated		Change	
	Dec. 31, 2014	Dec. 31, 2013	Baht Million	%
Interest Expense	7,016	7,462	(446)	(6.0)
Interest on Deposits	4,515	5,145	(630)	(12.2)
Interest on Interbank and Money Market Items	96	121	(25)	(20.2)
Interest on Debt Issued and Borrowings	1,461	1,255	206	16.4
Fees and Charges on Borrowings	3	3	0	3.5
FIDF and DPA Fees	881	875	6	0.7
Others	60	63	(3)	(4.6)

Net Interest Income amounted to Baht 8,926 million, up 6.9% while loan spread decreased from 4.0% in 2013 to 3.9% in 2014 as a result of lower loan yield from 7.9% to 7.6% YoY due to the increasing NPLs and lower yield on loans from corporate clients.

%	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Yield on Loan	7.6	7.9	7.5	7.3	7.6	7.6	7.6
Cost of Fund	3.8	3.9	3.7	3.6	3.4	3.4	3.7
Loan Spread	3.8	4.0	3.8	3.7	4.2	4.2	3.9

Net Fee and Service Income was Baht 3,452 million, decreasing by 20.8% from 2013 due to a 25.5% decline in brokerage income following lower market share and lower average daily securities trading value. The investment banking fee including financial advisory fee and underwriting fee totaled Baht 179 million, declining from Baht 524 million in 2013 which included large investment banking transactions from BTSGIF and MK Restaurant Group Plc. Meanwhile, the fee from asset management business increased from Baht 78 million to Baht 134 million following increasing assets under management (AUM). In addition, bancassurance fee income amounted to Baht 866 million.

Other Operating Income totaled Baht 13,770 million, decreasing by 3.5% YoY despite a 6.9% increase in net interest income due to lower revenue from the capital market business. Brokerage fees declined from Baht 2,419 million to Baht 1,802 million while underwriting fees dropped from Baht 420 million to Baht 16 million. Meanwhile, the investment business of PHATRA and PTSEC, i.e. Equity and Derivatives Trading, Hedge Fund, and Direct Investment improved. The Bank saw an improvement in gain from sales of trading securities from Baht 351 million to Baht 725 million. When taking into account gain (loss) on remeasuring available-for-sale securities, the Bank would have higher gains, increasing from Baht 647 million in losses in 2013 to Baht 126 million in gains in 2014.

Other Operating Expenses were Baht 7,565 million, increasing by 14.0% YoY. This was mainly from loss from sales of foreclosed assets totaling Baht 1,279 million compared with Baht 55 million in 2013, mainly due to Baht 2,047 million in losses on the sale of repossessed cars.

When excluding loss from sales of foreclosed assets and loss from revaluation of foreclosed assets, the other operating expenses in 2014 totaled Baht 6,534 million and dropped 5.0% from 2013, resulting from variable personnel expenses and NPA-related expenses. Cost-to-income ratio excluding loss from sales of foreclosed assets was 52.3% compared with 48.4% in 2013 from declining operating income.

Bad Debts and Doubtful Accounts and Loss on Debt Restructuring totaled Baht 3,199 million, increasing from Baht 2,240 million YoY. The Bank reversed general provision to specific provision totaling Baht 628 million in the first half of 2014 and set up general provision totaling Baht 350 million in the third quarter of 2014 and Baht 900 million in the fourth quarter of 2014 as a counter cyclical buffer and to meet industry standard. The total loan loss reserve to total mandatory reserve ratio increased to 158.4% compared with 186.7% at the end of 2013. Meanwhile, total loan loss reserve/total NPLs (coverage ratio) was at 81.6% and declined from 100.0% at the end of 2013 from rising NPLs.

Corporate Income Tax totaled Baht 353 million or 11.7% tax rate due to the recording of deferred tax asset resulting from dividend income paid from subsidiaries which incurred impairment along with tax exemption of gain from NPA sales from eight funds.

Basic Earnings per Share and Diluted Earnings per Share were Baht 3.14 per share and Baht 3.13 per share respectively.

Of the Bank	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Net Profit (Baht Million)	1,029	4,418	700	601	847	488	2,636
ROAE (%)	12.0	13.0	7.9	6.7	9.5	5.4	7.4
ROE (%)	12.2	13.4	8.0	6.7	9.6	5.4	7.5
ROAA (%)	1.7	1.8	1.1	0.9	1.3	0.8	1.1
Comprehensive Income							
(Baht Million)	1,021	3,879	1,005	710	954	123	2,793
ROAE (%)	11.9	11.4	11.3	8.0	10.7	1.4	7.9
ROE (%)	12.1	11.8	11.5	7.9	10.8	1.4	8.0
ROAA (%)	1.6	1.6	1.6	1.1	1.5	0.2	1.1

Statements of Financial Position

Total Assets as at December 31, 2014 were Baht 240,407 million, decreasing 3.5% YoY. Total loans net of deferred revenue declined by 3.2% YoY to Baht 184,777 million from Baht 190,804 million at the end of 2013, resulting from deterioration in hire-purchase loans of around Baht 10,000 million. Net interbank and money market decreased by 28.1% YoY following liquidity management. Meanwhile, net investment in securities was Baht 29,289 million, increasing by 8.6% YoY mainly from trading securities. Net foreclosed assets were Baht 3,667 million, declining by 10.6% due to NPAs sold during this period.

Assets (BAHT'000)	Consolidated		Change	
	Dec. 31, 14	Dec. 31, 13	Amount	%
Cash	1,301,070	1,230,769	70,301	5.7
Interbank and Money Market Items, Net	6,998,054	9,728,606	(2,730,552)	(28.1)
Derivatives Assets	1,112,589	373,561	739,028	197.8
Investments in Securities, Net	29,288,651	26,970,711	2,317,940	8.6
Investments in Receivables, Net	3,302,756	3,884,705	(581,949)	(15.0)
Investments in Properties, Net	37,179	57,300	(20,121)	(35.1)
Loans and Accrued Interest Receivables, Net				
Loans	204,070,591	213,404,498	(9,333,907)	(4.4)
Securities Business Receivables	519,094	614,483	(95,389)	(15.5)
Accrued Interest Receivables	1,140,564	1,250,012	(109,448)	(8.8)
Total Loans and Accrued Interest				
receivables	205,730,249	215,268,993	(9,538,744)	(4.4)
Less Deferred Revenue	(19,812,267)	(23,215,481)	3,403,214	(14.7)
Less Allowance for Doubtful Accounts	(8,427,847)	(7,251,648)	(1,176,199)	16.2
Less Allowance for Troubled Debt Restructuring	(9,963)	(23,415)	13,452	(57.5)
Net Loans and Accrued Interest				
Receivables	177,480,172	184,778,449	(7,298,277)	(3.9)
Properties Foreclosed, Net	3,667,347	4,102,669	(435,322)	(10.6)
Land, Premises and Equipment, Net	1,017,470	1,223,427	(205,957)	(16.8)
Other Intangible Assets, Net	423,328	425,028	(1,700)	(0.4)
Goodwill	3,085,731	3,085,607	124	0.0
Deferred Tax Assets	935,126	720,745	214,381	29.7
Accounts Receivable from Clearing House	2,568,087	460,995	2,107,092	457.1
Securities and Derivative Business Receivables	7,323,457	10,207,069	(2,883,612)	(28.3)
Other Assets	1,865,514	1,859,483	6,031	0.3
Total Assets	240,406,531	249,109,124	(8,702,593)	(3.5)

Total Liabilities amounted to Baht 204,212 million, decreasing by 4.6% YoY. Deposits were Baht 132,315 million, decreasing by 9.4% YoY and comprising of 52.3% of term deposits and 47.7% of current and saving accounts (CASA) compared with 16.7% at the end of 2013.

Meanwhile, debts and borrowings were Baht 42,772 million, increasing by 0.5% YoY, including total debentures amounting to Baht 42,514 million. In 2014, the Bank issued short-term debentures amounting to Baht 42,652 million and long-term debentures totaling Baht 10,065 million.

Loan to deposits and borrowings ratio was at 105.5% as opposed to 101.2% at the end of 2013.

Liabilities (BAHT'000)	Consolidated		Change	
	Dec. 31, 14	Dec. 31, 13	Baht Million	%
Deposits	132,314,751	145,996,498	(13,681,747)	(9.4)
Current Account	242,971	191,045	51,926	27.2
Saving Account	62,867,702	24,140,160	38,727,542	160.4
Term Deposits	68,516,850	121,234,614	(52,717,764)	(43.5)
Certificate of Deposit	687,228	430,679	256,549	59.6
Interbank and Money Market Items, Net	9,795,069	6,656,021	3,139,048	47.2
Liabilities Payable on Demand	315,538	414,296	(98,758)	(23.8)
Derivatives Liabilities	1,456,721	634,115	822,606	129.7
Debt issued and Borrowings	42,771,534	42,569,029	202,505	0.5
Debentures	42,514,456	35,744,114	6,770,342	18.9
Bills of Exchange	257,078	6,824,915	(6,567,837)	(96.2)
Provisions	399,380	374,709	24,671	6.6
Deferred Tax Liabilities	81,628	126,893	(45,265)	(35.7)
Accounts Payable to Clearing House	1,070,437	1,050,733	19,704	1.9
Securities and Derivative Business Payables	7,175,549	8,886,919	(1,711,370)	(19.3)
Accrued Interest Expenses	859,397	1,059,165	(199,768)	(18.9)
Other Accounts Payable	1,810,718	1,910,219	(99,501)	(5.2)
Legal Execution Department Payable	575,380	575,380	0	0.0
Income Tax Payable and Specific Business Tax Payable	262,466	526,922	(264,456)	(50.2)
Other Liabilities	5,323,096	3,183,804	2,139,292	67.2
Total Liabilities	204,211,664	213,964,703	(9,753,039)	(4.6)

Shareholders' Equity was Baht 36,195 million, decreasing by 3.0% YoY. Total issued and paid-up capital totaled Baht 8,428 million, increasing by 0.5% YoY mainly from the exercise of ESOP-W2 during the year. Share premium totaled Baht 9,281 million and unappropriated retained earnings were Baht 16,757 million.

Dividend

The Bank paid the remaining dividend for 2013 operation at the rate of Baht 1.65 per share on May 23, 2014 and paid the interim dividend for January 1 - June 30, 2014 operation at the rate of Baht 0.50 per share on September 26, 2014.

Additionally, from the total 25,890,000 units of ESOP-W2, the warrants to purchase new ordinary shares offered to directors and/or employees of the Bank and/or its subsidiaries with exercise ratio (warrant: ordinary share) of 1:1 at exercise price of Baht 29.27 per unit, at present 17,105,050 shares were exercised. The remaining ESOP-W2 was 8,784,950 units, and the last exercise day will be June 30, 2015.

Capital Adequacy Ratio (BIS ratio)

As at December, 2014, the Capital Adequacy Ratio (BIS ratio) under Basel III which included the first half of 2014 net profit was 15.16% while Tier-1 ratio was at 14.77%. When including 2014 profit, the BIS ratio will increase to 15.53% while Tier-1 ratio will rise to 15.14%.

Business Segment Performance

The organization structure divides business into two groups which are 1) Commercial Banking Business and 2) Capital Market Business.

Commercial Banking Business

The banking business loans include retail loans, commercial loans, corporate loans, and Special Asset Management loans. The breakdown of total loan portfolio is as follows:

Type of Loans	Dec. 31, 2014		Dec. 31, 2013		Change (% YoY)
	(Baht Million)	%	(Baht Million)	%	
Retail Lending	129,520	70.1	139,737	73.2	(7.3)
Hire-purchase	124,252	67.2	134,019	70.2	(7.3)
Personal Loan	3,232	1.7	3,620	1.9	(10.7)
Micro-SMEs Loan	1,666	0.9	1,655	0.9	0.7
Housing Loan	370	0.2	443	0.2	(16.4)
Commercial Lending	48,103	26.0	49,434	25.9	(2.7)
Real Estate Development	27,216	14.7	28,537	15.0	(4.6)
SMEs Loan	20,887	11.3	20,897	11.0	(0.0)
Corporate Lending	5,780	3.1	0	0.0	N/A
Special Asset Management Loan	855	0.5	1,018	0.5	(16.0)
Other Loans	519	0.3	614	0.3	(15.5)
Total Loans and Account Receivables	184,777	100.0	190,804	100.0	(3.2)

- Retail Loans

Retail loans totaled Baht 129,520 million, decreasing by 7.3% from the end of 2013. Retail loans include hire-purchase loans, personal loans, Micro-SME loans, and housing loans. Details are as follows:

- Hire-purchase Loans amounted to Baht 124,252 million, deteriorating by 7.3% YoY. New hire-purchase business volume booked in 2014 totaled Baht 37,450 million compared with Baht 54,697 million in 2013. The portion of new cars to used cars was at 55:45.

Domestic new car sales in 2014 totaled 881,832 units, declining by 33.7% YoY. The penetration rate of KK's new car to domestic car sales slightly declined from 4.0% in 2013 to 3.9% in 2014. The NPLs of hire-purchase loans increased to 2.9% from 2.1% at the end of 2013.

- Housing Loans totaled Baht 370 million and declined 16.4% from the end of 2013. The Bank does not offer mortgage loans and book the loan but joins the Housing Loan Project of Secondary Mortgage Corporation (SMC), so the Bank will sell such housing loans to SMC to manage further.

- Commercial Loans

Commercial Loans totaled Baht 48,103 million, declining by 2.7% from 2013. Commercial loans include real estate development loans and SME loans. Details are as follows:

- Real Estate Development loans (RE) totaled Baht 27,216 million, decreasing by 4.6% YoY. The NPL rate was at 15.6%, increasing from 8.3% at the end of 2013 but decreasing from 16.0% at the end of the third quarter of 2014 from partial NPL repayments.

- SME Loans were likely steady at Baht 20,887 million. SME loans are comprised of several business sectors including Apartment & Hotel, Floor Plan, Logistics, Specialized Industrial, and Construction Machinery & Materials. The NPLs ratio increased from 4.4% at the end of 2013 to 5.1% mainly from Floor Plan and Industrial businesses.

- Corporate Loans

Corporate loans are a new service provided by the Bank with current outstanding loans totaling Baht 5,780 million, increasing from Baht 4,071 million in the third quarter of 2014. Corporate loans are a lending service to listed company clients and large corporate clients, or financing for investment banking transactions of capital market business.

- Special Asset Management (SAM) Loans

Restructured loans from Special Asset Management business totaled Baht 855 million, decreasing by 16.0% YoY.

NPLs Distributed by Loan Type

Type of Loans	Dec. 31, 2014			Dec. 31, 2013		
	Baht Million	%	% of Loans	Baht Million	%	% of Loans
Retail Lending	4,335	41.9	3.3	3,231	44.4	2.3
Hire-purchase	3,614	34.9	2.9	2,762	37.9	2.1
Personal Loan	290	2.8	9.0	112	1.5	3.1
Micro-SMEs Loan	271	2.6	16.3	143	2.0	8.7
Housing Loan	159	1.5	42.9	213	2.9	48.2
Commercial Lending	5,295	51.2	11.0	3,290	45.2	6.7
Real Estate Development	4,236	40.9	15.6	2,379	32.7	8.3
SMEs Loan	1,059	10.2	5.1	911	12.5	4.4
Corporate Lending	0	0.0	0.0	0	0.0	0.0
Special Asset Management loan	715	6.9	83.6	756	10.4	74.3
Other Loans	6	0.1	1.2	6	0.1	1.0
Total	10,352	100.0	5.6	7,283	100.0	3.8

The consolidated NPLs amounted to Baht 10,352 million or 5.6% of total loans, increased from Baht 7,283 million or 3.8% of total loans from the end of 2013. This was mainly from qualitative NPL classification of real estate clients in the second quarter of 2014 which resulted in real estate NPLs increasing from 8.3% in 2013 to 16.5% in the second quarter of 2014 but declining to 15.6% at the end of 2014 from partial loan repayment. Meanwhile, NPLs of hire-purchase loans increased from 2.1% in 2013 to 2.9% especially from the new car segment which was directly hit by the government's first-car scheme. However, the amount of NPLs and the portion of special-mentioned loans of used cars exhibited a decline since the second quarter of 2014 but NPLs still increased from continuing loan contraction.

Capital Market Business

The capital market business comprises of securities and derivative brokerage business, investment banking business, investment business, and asset management business. Details are as follows:

- Securities and Derivative Brokerage Business

PTSEC operates agency business providing both securities and derivatives brokerage services to both local and foreign institutional clients, as well as high-net-worth individuals under Private Wealth Management and serves as a mutual fund selling agent. For 2014, the market share¹ of PTSEC was 4.04%, ranked eighth from a total of 34 brokers. PTSEC generated revenue totaling Baht 1,389 million including securities brokerage fee of Baht 1,166 million, derivative brokerage fee of Baht 95 million, and other income of Baht 128 million.

KKTRADE provides securities and derivative brokerage services to mainly retail clients with the market share¹ of 0.99% in 2014, ranked 29th from a total of 34 brokerage houses. KKTRADE generated brokerage fee totaling Baht 440 million, including securities brokerage fee of Baht 414 million and derivative brokerage fee of Baht 26 million.

- Investment Banking Business

Investment banking business operated by PTSEC provides financial advisory service as well as underwriting service. In 2014, the revenue was Baht 186 million, contributing financial advisory fees amounting to Baht 163 million and underwriting fees amounting to Baht 23 million.

- Investment Business

Investment business is managed by three main units. First, PHATRA operates direct investment business via the Direct Investment Department, with a medium to long-term investment horizon. Second is PTSEC which manages short-term investment via

two units of the Investment and Trading Group. The Investment and Trading Group is comprised of the Equity and Derivatives Trading Department focusing on equity and equity-linked securities in the capital market and derivative market, with short-term investment of not more than one year by applying arbitrage investment strategy as well as issuing and offering financial structured products; and the Hedge Fund Department focusing on equity and derivatives trading with an investment horizon of less than one year, applying a market-neutral strategy and advanced statistical modeling.

In 2014, the Direct Investment Department had revenue including gain on re-measuring available-for-sale securities totaling Baht 368 million. The revenue from Hedge Fund business was Baht 139 million. Meanwhile, the Equity and Derivatives Trading Department had gain on investment totaling Baht 544 million². Additionally, there were other investment incomes from treasury and liquidity management, resulting in overall investment income of Baht 1,198 million.

- Asset Management Business

PASSET operates asset management business. PASSET's AUM as of 31 December 2014 were Baht 32,330 million with a total of thirty-four funds under management consisting of thirty mutual funds and four property funds. PASSET's market share in terms of mutual funds accounted for 0.85%. In 2014, income from asset management business totaled Baht 73 million.

Moreover, PASSET operates private fund business with total assets under management as of 31 December 2014 at Baht 3,397 million. Fee income from private fund business totaled Baht 61 million.

¹ Including SET and mai but excluding proprietary trading

² Income before deducting the cost of hedging, once deducting those costs, net revenue was Baht 95 Million for Hedge Fund, and gain of Baht 495 million for Equity and Derivatives Trading Department

Credit Rating

As of October 28, 2014, TRIS Rating Co., Ltd. has affirmed the latest company rating and issue ratings of the Bank at level A- with positive outlook. Details are as follows:

	February 14, 2012	March 14, 2013	August 21, 2013	October 28, 2014
Company Rating:	A-	A-	A-	A-
Issue Ratings:				
KK154A: Baht 1,700 million senior unsecured debentures due 2015	-	-	-	A-
KK157A: Baht 754 million senior unsecured debentures due 2015	-	-	-	A-
KK164A: Baht 600 million senior unsecured debentures due 2016	-	-	-	A-
KK165A: Baht 3,500 million senior unsecured debentures due 2016	-	-	A-	A-
KK168A: Baht 1,500 million senior unsecured debentures due 2016	-	-	A-	A-
KK16DA: Baht 975 million senior unsecured debentures due 2016	A-	A-	A-	A-
KK172A: Baht 4,000 million senior unsecured debentures due 2017	-	-	-	A-
KK174B: Baht 900 million senior unsecured debentures due 2017	-	-	-	A-
KK187A: Baht 240 million senior unsecured debentures due 2018	A-	A-	A-	A-
KK18DA: Baht 625 million senior unsecured debentures due 2018	A-	A-	A-	A-
KK18DB: Baht 10 million senior unsecured debentures due 2018	A-	A-	A-	A-
Up to Baht 1,000 million senior unsecured debentures due within 2016	-	-	-	A-
Rating Outlook:	Positive	Positive	Positive	Positive

Source: TRIS Rating Co., Ltd.

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the consolidated financial statements of Kiatnakin Bank Public Company Limited and subsidiaries and the Bank's financial statements of Kiatnakin Bank 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 shareholders' 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

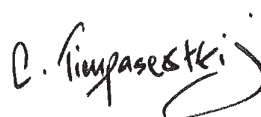
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 Kiatnakin Bank Public Company Limited and subsidiaries and of Kiatnakin Bank 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.



Chavala Tienpasertkij

Certified Public Accountant (Thailand)

Registration No. 4301

BANGKOK

February 17, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

KIATNAKIN BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

UNIT: THOUSAND BAHT

		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS		
		As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013	
ASSETS		Notes				
Cash			1,301,070	1,230,769	1,299,783	1,229,487
Interbank and money market items, net	6.2		6,998,054	9,728,606	3,731,500	6,255,659
Derivatives assets	6.3		1,112,589	373,561	1,000,976	291,297
Investments in securities, net	6.4		29,288,651	26,970,711	22,079,967	18,095,077
Investments in subsidiaries, net	6.5		-	-	13,186,599	13,968,910
Investments in receivables, net	6.6		3,302,756	3,884,705	968,743	1,179,317
Investments in properties, net			37,179	57,300	-	-
Loans to customers and accrued interest receivables, net	6.7					
Loans to customers			204,070,591	213,404,498	205,420,591	215,204,498
Securities business receivables			519,094	614,483	-	-
Accrued interest receivables			1,140,564	1,250,012	1,138,498	1,254,563
Total loans to customers and accrued interest receivables			205,730,249	215,268,993	206,559,089	216,459,061
<u>Less</u> Deferred revenue			(19,812,267)	(23,215,481)	(19,812,267)	(23,215,481)
<u>Less</u> Allowance for doubtful accounts	6.9		(8,427,847)	(7,251,648)	(8,420,573)	(7,245,249)
<u>Less</u> Allowance for troubled debt restructuring	6.11		(9,963)	(23,415)	(9,963)	(23,415)
Total loans to customers and accrued interest receivables, net			177,480,172	184,778,449	178,316,286	185,974,916
Properties foreclosed, net	6.12		3,667,347	4,102,669	3,520,156	4,155,546
Land, premises and equipment, net	6.13		1,017,470	1,223,427	553,295	734,211
Other intangible assets, net	6.14		423,328	425,028	368,110	363,811
Goodwill	6.14		3,085,731	3,085,607	-	-
Deferred tax assets	6.15		935,126	720,745	929,419	712,351
Accounts receivable from clearing house			2,568,087	460,995	-	-
Securities and derivative business receivables			7,323,457	10,207,069	-	-
Other assets, net	6.16		1,865,514	1,859,483	1,405,830	1,334,651
Total assets			240,406,531	249,109,124	227,360,664	234,295,233

The note to the financial statements form an integral part of these statements

KIATNAKIN BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2014

UNIT: THOUSAND BAHT

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Notes					
LIABILITIES AND EQUITY					
Deposits	6.17	132,314,751	145,996,498	132,422,439	146,124,737
Interbank and money market items, net	6.18	9,795,069	6,656,021	10,110,915	6,745,691
Liabilities payable on demand		315,538	414,296	315,538	414,296
Derivatives liabilities	6.3	1,456,721	634,115	1,102,366	252,598
Debt issued and borrowings	6.19	42,771,534	42,569,029	40,362,078	40,836,370
Provisions	6.20	399,380	374,709	269,653	240,343
Deferred tax liabilities	6.21	81,628	126,893	-	-
Accounts payable to clearing house		1,070,437	1,050,733	-	-
Securities and derivative business payables		7,175,549	8,886,919	-	-
Accrued interest expenses		859,397	1,059,165	865,145	1,069,217
Other accounts payable	6.22	1,810,718	1,910,219	1,669,291	1,821,473
Legal Execution Department payable	6.23	575,380	575,380	575,380	575,380
Income tax payable and specific business tax payable		262,466	526,922	184,312	386,167
Other liabilities	6.24	5,323,096	3,183,804	4,750,624	2,487,844
Total liabilities		204,211,664	213,964,703	192,627,741	200,954,116
EQUITY	6.25				
Share capital					
Authorized share capital					
852,337,268 ordinary shares of Baht 10 each (December 31, 2013 : 852,337,268 shares of Baht 10 each)		8,523,373	8,523,373	8,523,373	8,523,373
Issued and paid-up share capital					
842,833,559 ordinary shares of Baht 10 each (December 31, 2013 : 838,833,109 shares of Baht 10 each)		8,428,336	8,388,331	8,428,336	8,388,331
Premium on share capital		9,280,742	9,203,653	9,280,742	9,203,653
Other reserves	6.29	729,060	580,178	259,400	184,411
Retained earnings					
Appropriated					
Legal reserve	6.27	852,337	852,337	852,337	852,337
Others		380	380	380	380
Unappropriated		16,757,192	15,919,050	15,911,728	14,712,005
Total equity of the Bank		36,048,047	34,943,929	34,732,923	33,341,117
Non-controlling interests		146,820	200,492	-	-
Total equity		36,194,867	35,144,421	34,732,923	33,341,117
Total liabilities and equity		240,406,531	249,109,124	227,360,664	234,295,233

The note to the financial statements form an integral part of these statements

KIATNAKIN BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

UNIT: THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2014	2013	2014	2013
Interest income	6.38	15,942,066	15,808,672	15,457,921	15,197,930
Interest expenses	6.39	7,016,133	7,461,695	6,929,884	7,404,153
Interest income, net		8,925,933	8,346,977	8,528,037	7,793,777
Fees and services income		3,863,201	4,838,173	1,763,405	1,750,306
Fees and services expenses		410,828	480,966	143,591	162,768
Fees and services income, net	6.40	3,452,373	4,357,207	1,619,814	1,587,538
Gain (loss) on trading and foreign exchange transactions, net	6.41	573,726	442,681	39,575	(48,945)
Gain (loss) on investments, net	6.42	248,530	636,768	(493,664)	324,416
Dividend income		278,395	205,659	2,591,191	2,299,707
Other operating income	6.43	290,660	275,973	272,944	246,491
Total operating income		13,769,617	14,265,265	12,557,897	12,202,984
Other operating expenses					
Employee's expenses		3,811,084	4,030,520	2,519,560	2,536,991
Directors' remuneration		22,770	18,333	21,140	17,833
Premises and equipment expenses		1,075,836	1,125,825	843,247	887,539
Taxes and duties		311,762	347,337	301,454	337,856
Reversal of loss from revaluation of foreclosed assets		(249,115)	(299,224)	(255,939)	(285,264)
Loss from sale of foreclosed assets		1,279,467	54,709	1,599,700	634,188
Other expenses	6.44	1,312,919	1,356,692	1,215,115	1,114,068
Total other operating expenses		7,564,723	6,634,192	6,244,277	5,243,211
Impairment loss on loans and debt securities	6.45	3,198,843	2,240,155	3,190,884	2,243,142
Profit from operating before income tax expenses		3,006,051	5,390,918	3,122,736	4,716,631
Income tax expenses	6.46	352,915	951,043	117,092	493,807
Net profit		2,653,136	4,439,875	3,005,644	4,222,824

KIATNAKIN BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

UNIT: THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2014	2013	2014	2013
Other comprehensive income	6.47				
Gain (loss) on remeasuring investments in receivables		(4,407)	14,240	(22,955)	(19,149)
Gain (loss) on remeasuring available-for-sale securities		190,295	(687,362)	116,691	(120,181)
Income taxes relating to components of other comprehensive income		(33,036)	137,138	(18,747)	27,870
		152,852	(535,984)	74,989	(111,460)
Actuarial gain (loss) on defined benefit plan		9,714	(2,057)	-	8,802
Income taxes relating to components of other comprehensive income		(1,731)	411	-	(1,760)
		7,983	(1,646)	-	7,042
Total other comprehensive income		160,835	(537,630)	74,989	(104,418)
Total comprehensive income		2,813,971	3,902,245	3,080,633	4,118,406
Net profit attributable to:					
Equity holders of the Bank		2,636,080	4,418,191	3,005,644	4,222,824
Non-controlling interests		17,056	21,684	-	-
Total comprehensive income attributable to:					
Equity holders of the Bank		2,792,945	3,878,818	3,080,633	4,118,406
Non-controlling interests		21,026	23,427	-	-
Earnings per share of Equity holders of the Bank					
Basic earnings per share (Baht)	6.32	3.14	5.29	3.58	5.05
Diluted earnings per share (Baht)	6.32	3.13	5.25	3.56	5.02

The note to the financial statements form an integral part of these statements

KIATNAKIN BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

UNIT: THOUSAND BAHT

CONSOLIDATED FINANCIAL STATEMENTS													
Notes	Equity attributable to the Bank's shareholders												
	Issued and paid-up share capital	Premium on share capital	Other reserves					Appropriated retained earnings		Unappropriated retained earnings	Total equity attributable to the Bank's shareholders	Non-controlling interests	Total
			Revaluation Surplus (Deficit) on investments in receivables	Revaluation Surplus (Deficit) on available-for-sale securities	Deferred tax relating to components of other comprehensive income	Surplus on business combination under common control	Legal reserve	Others					
Opening balances as at January 1, 2013	8,328,319	9,088,009	989,561	231,078	(98,637)	(13)	782,332	380	13,577,141	32,898,170	299,388	33,197,558	
Dividend paid	-	-	-	-	-	-	-	-	(2,004,631)	(2,004,631)	-	(2,004,631)	
Legal reserve	-	-	-	-	-	-	70,005	-	(70,005)	-	-	-	
Increase in ordinary shares	60,012	115,644	-	-	-	-	-	-	-	175,656	-	175,656	
Total comprehensive income	-	-	12,356	(661,661)	111,578	-	-	-	4,416,545	3,878,818	23,427	3,902,245	
Surplus on business combination under common control	-	-	-	-	-	(4,084)	-	-	-	(4,084)	-	(4,084)	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(122,323)	(122,323)	
Closing balances as at December 31, 2013	8,388,331	9,203,653	1,001,917	(430,583)	12,941	(4,097)	852,337	380	15,919,050	34,943,929	200,492	35,144,421	
Opening balances as at January 1, 2014	8,388,331	9,203,653	1,001,917	(430,583)	12,941	(4,097)	852,337	380	15,919,050	34,943,929	200,492	35,144,421	
Dividend paid	-	-	-	-	-	-	-	-	(1,805,921)	(1,805,921)	-	(1,805,921)	
Increase in ordinary shares	40,005	77,089	-	-	-	-	-	-	-	117,094	-	117,094	
Total comprehensive income	-	-	(8,326)	190,235	(33,027)	-	-	-	2,644,063	2,792,945	21,026	2,813,971	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(74,698)	(74,698)	
Closing balances as at December 31, 2014	8,428,336	9,280,742	993,591	(240,348)	(20,086)	(4,097)	852,337	380	16,757,192	36,048,047	146,820	36,194,867	

The note to the financial statements form an integral part of these statements

KIATNAKIN BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

UNIT: THOUSAND BAHT

Notes	THE BANK'S FINANCIAL STATEMENTS							Total
	Issued and paid-up share capital	Premium on share capital	Other reserves		Appropriated retained earnings		Unappropriated retained earnings	
			Revaluation Surplus on investments in receivables	Revaluation Surplus (Deficit) on available-for-sale securities	Deferred tax relating to components of other comprehensive income	Legal reserve	Others	
Opening balances as at January 1, 2013	8,328,319	9,088,009	150,427	219,416	(73,972)	782,332	380	31,051,686
Dividend paid	-	-	-	-	-	-	-	(2,004,631)
Legal reserve	-	-	-	-	-	70,005	-	(70,005)
Increase in ordinary shares	60,012	115,644	-	-	-	-	-	175,656
Total comprehensive income	-	-	(19,149)	(120,181)	27,870	-	-	4,118,406
Closing balances as at December 31, 2013	8,388,331	9,203,653	131,278	99,235	(46,102)	852,337	380	33,341,117
Opening balances as at January 1, 2014	8,388,331	9,203,653	131,278	99,235	(46,102)	852,337	380	33,341,117
Dividend paid	-	-	-	-	-	-	-	(1,805,921)
Increase in ordinary shares	40,005	77,089	-	-	-	-	-	117,094
Total comprehensive income	-	-	(22,955)	116,691	(18,747)	-	-	3,080,633
Closing balances as at December 31, 2014	8,428,336	9,280,742	108,323	215,926	(64,849)	852,337	380	34,732,923

The note to the financial statements form an integral part of these statements

KIATNAKIN BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

UNIT: THOUSAND BAHT

	CONSOLIDATED		THE BANK'S	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit from operating before income tax expenses	3,006,051	5,390,918	3,122,736	4,716,631
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities				
Depreciation	340,664	370,358	243,076	280,841
Amortization	92,949	105,404	68,871	83,538
Amortization of discount (premium) on investments in securities	50,450	(33,118)	50,450	(33,118)
Bad debt and doubtful accounts	3,486,294	2,485,717	3,485,419	2,485,717
Loss on troubled debt restructuring	-	3,003	-	3,003
Loss on impairment of investments in receivables	86,320	47,998	79,236	50,985
Gain from transferring investments in receivables to loans	(1,762)	(35,654)	(1,762)	(35,654)
Unrealized loss on foreign exchange	11,009	6,672	11,009	6,672
Loss on diminution in value of securities (reversal)	(235,344)	516,646	546,442	(128,266)
Reversal on diminution in value of properties foreclosed	(249,115)	(299,224)	(255,939)	(285,264)
Loss on impairment of other assets (reversal)	(3,600)	(10,720)	19,714	1,909
(Gain) loss on disposal of investment in securities	(227,738)	(553,346)	17,830	(61,685)
Gain on disposal of equipment	(8,943)	(24,436)	(8,607)	(23,749)
Loss on write-off of equipment	13,473	721	13,246	630
Net interest income	(8,925,933)	(8,346,977)	(8,528,037)	(7,793,777)
Dividend income	(278,395)	(205,659)	(2,591,191)	(2,299,707)
Proceeds from interest income	16,054,728	15,581,083	15,436,795	14,812,294
Interest paid	(7,215,901)	(7,237,211)	(7,133,956)	(7,190,345)
Dividend received	278,308	204,479	61,214	1,346
Cash paid for corporate income tax	(659,418)	(617,808)	(553,570)	(491,858)
Increase in provision expenses	32,437	23,862	29,310	13,876
Increase (decrease) in specific business tax payable	(1,351)	2,404	(1,193)	1,379
Increase (decrease) in accrued expenses	(127,565)	360,669	(34,298)	200,580
Profit from operating before changes in operating assets and liabilities	5,517,618	7,735,781	4,076,795	4,315,978
(Increase) decrease in operating assets				
Interbank and money market items	3,489,950	(3,653,123)	2,523,734	(55,176)
Derivatives assets	(824,873)	(267,681)	(795,524)	(191,055)
Investments in trading and available-for-sale securities	219,011	8,270,397	(1,458,700)	7,574,857
Investments in receivables	527,081	505,906	144,241	91,215
Investment in properties	43,434	33,075	-	-
Loans and receivables	(1,306,186)	(26,999,543)	(681,531)	(27,615,668)
Properties foreclosed	5,652,070	5,320,349	5,820,955	5,430,373
Accounts receivable from clearing house	(2,107,092)	295,721	-	-
Securities and derivative business receivables	2,883,612	(5,388,984)	-	-
Other assets	(294,256)	(273,085)	36,296	156,269

KIATNAKIN BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

UNIT: THOUSAND BAHT

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES (Continued)				
Increase (decrease) in operating liabilities				
Deposits	(13,681,747)	(7,030,740)	(13,702,298)	(7,406,972)
Interbank and money market items	3,139,048	1,187,614	3,365,224	1,132,939
Liabilities payable on demand	(98,758)	39,701	(98,758)	39,701
Derivatives liabilities	839,655	576,179	866,817	202,594
Short-term borrowings	(6,567,837)	(5,299,060)	(6,367,837)	(5,499,060)
Accounts payable to clearing house	19,704	901,369	-	-
Securities and derivative business payables	(1,711,370)	4,129,469	-	-
Other payables	(118,387)	(49,966)	212,144	85,826
Other liabilities	2,268,272	177,633	1,925,761	(13,599)
Net cash from operating activities	(2,111,051)	(19,788,988)	(4,132,681)	(21,751,778)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash paid for long-term investments in securities	(6,852,377)	(5,228,847)	(3,322,410)	(4,247,000)
Proceeds from long-term investments in securities	4,981,507	7,010,899	916,266	5,994,003
Proceeds from sales of subsidiaries	-	-	-	715,531
Cash received from capital reduction of subsidiaries	-	-	-	47,976
Cash paid to minority shareholders for purchasing of additional shares of subsidiary	(605)	-	(605)	(3,017)
Dividend received from subsidiaries	-	-	2,529,977	2,298,361
Cash paid for building improvement and equipment	(129,692)	(228,644)	(73,792)	(132,795)
Proceeds from sales of equipment	9,341	25,673	8,607	23,749
Purchases of intangible assets	(75,833)	(191,834)	(59,784)	(154,056)
Net cash from investing activities	(2,067,659)	1,387,247	(1,741)	4,542,752
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from increase in share capital	117,094	175,656	117,094	175,656
Proceeds from issuance of debentures	66,799,398	34,841,475	52,716,600	25,690,455
Cash paid for redemption of debentures	(60,029,055)	(16,096,722)	(46,823,055)	(6,814,000)
Dividend paid	(1,805,921)	(2,004,631)	(1,805,921)	(2,004,631)
Dividend paid to minority interest	(67,736)	(93,619)	-	-
Decrease in share capital of minority shareholders in subsidiaries	(4,946)	(27,698)	-	-
Net cash from financing activities	5,008,834	16,794,461	4,204,718	17,047,480
Net increase (decrease) in cash and cash equivalents	830,124	(1,607,280)	70,296	(161,546)
Cash and cash equivalents as at January 1,	5,303,716	2,838,049	1,229,487	1,391,033
Cash and cash equivalents as at December 31,	6,133,840	1,230,769	1,299,783	1,229,487

The note to the financial statements form an integral part of these statements

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

1. GENERAL

Kiatnakin Bank Public Company Limited ("the Bank") was incorporated in Thailand. Its head office is located at 500 Amarin Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok. The Bank provides banking business through its branches network in Thailand. As at December 31, 2014 and 2013 the Bank has 13 subsidiaries and funds ("subsidiaries").

- 1.1 Phatra Capital Public Company Limited, incorporated in Thailand since April 1, 2010 and located at 9th floor, Muang Thai-Phatra Office Tower 1, 252/6 Ratchadapisek Road, Huaykwang, Bangkok. The subsidiary's main business is holding company.
- 1.2 Phatra Securities Public Company Limited, which is held by Phatra Capital Public Company Limited, incorporated in Thailand since February 9, 1972 and located at 6th, 8th - 11th Floor, Muang Thai-Phatra Office Tower 1, 252/6 Ratchadapisek Road, Huaykwang, Bangkok. The subsidiary's main business is securities business.
- 1.3 KKTRADE Securities Company Limited, incorporated in Thailand since October 27, 1998 and located at 7th Floor, Amarin Tower, 500 Ploenchit Road, Lumpini, Pathumwan, Bangkok. The subsidiary's main business is securities business.
- 1.4 Phatra Asset Management Company Limited, incorporated in Thailand since January 23, 2004 and located at 25th Floor, Muang Thai-Phatra Complex Building Tower B, 252/122 Ratchadapisek Road, Huaykwang, Bangkok. The subsidiary's main business is mutual fund and individual private fund management.
- 1.5 Erawan Law Office Company Limited, incorporated in Thailand since January 5, 2009 and located at 12th floor, K Tower B, 209/1 Sukhumvit 21 (Asoke), Khlongtoey Nua, Wattana, Bangkok. The subsidiary's main business is legal and consulting services.
- 1.6 The Asia Recovery 1 Fund, incorporated in Thailand since March 2, 1999 and located at One Assets Management Limited, 24th Floor, Siam Tower, 989 Rama 1 Road, Pathumwan, Bangkok. The subsidiary's main business is to invest in rights of claims which are business loans of financial institutions.
- 1.7 The Asia Recovery 2 Fund, incorporated in Thailand since April 27, 1999 and located at One Assets Management Limited, 24th Floor, Siam Tower, 989 Rama 1 Road, Pathumwan, Bangkok. The subsidiary's main business is to invest in rights of claims which are business loans of financial institutions.
- 1.8 The Asia Recovery 3 Fund, incorporated in Thailand since November 30, 1999 and located at One Assets Management Limited, 24th Floor, Siam Tower, 989 Rama 1 Road, Pathumwan, Bangkok. The subsidiary's main business is to invest in rights of claims which are business or other loans of financial institutions.
- 1.9 Thai Restructuring Fund, incorporated in Thailand since September 30, 1999 and located at One Assets Management Limited, 24th Floor, Siam Tower, 989 Rama 1 Road, Pathumwan, Bangkok. The subsidiary's main business is to invest in property or rights of claims.

- 1.10 Asia Recovery Property Fund 1, incorporated in Thailand since August 22, 2001 and located at One Assets Management Limited, 24th Floor, Siam Tower, 989 Rama 1 Road, Pathumwan, Bangkok. The subsidiary's main business is to invest in real estate property and/or rights of claims with property as collateral.
- 1.11 Asia Recovery Property Fund 3, incorporated in Thailand since August 1, 2001 and located at One Assets Management Limited, 24th Floor, Siam Tower, 989 Rama 1 Road, Pathumwan, Bangkok. The subsidiary's main business is to invest in real estate property and/or rights of claims with property as collateral.
- 1.12 Bangkok Capital Fund, incorporated in Thailand since April 30, 1999 and located at One Assets Management Limited, 24th Floor, Siam Tower, 989 Rama 1 Road, Pathumwan, Bangkok. The subsidiary's main business is to invest primarily in distressed commercial loans in Thailand.
- 1.13 Gamma Capital Fund, incorporated in Thailand since April 30, 1999 and located at One Assets Management Limited, 24th Floor, Siam Tower, 989 Rama 1 Road, Pathumwan, Bangkok. The subsidiary's main business is to invest primarily in distressed commercial loans in Thailand.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis for Preparation of the Financial Statements

The Bank maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and the Bank of Thailand's guidelines.

The consolidated and the Bank's financial statements are prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2012) "Presentation of Financial Statements" and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies, B.E. 2544, where the form of financial statements is based on, including the Procedures, Policies and Presentation in accordance with the Bank of Thailand (BOT) "Notification 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.

Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2014 onwards, as follow:

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2012)	Related Party Disclosures
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interests in Joint Venture
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible Assets

Thai Financial Reporting Standards ("TFRS")

TFRS 2 (Revised 2012)	Share - Based Payments
TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

Thai Accounting Standards Interpretations ("TSIC")

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Disclosure - Service Concession Arrangements
TSIC 32	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets Form Customers

Guideline on Accounting

Guideline on Accounting regarding Stock Dividend

The Bank and subsidiaries have adopted the above Financial Reporting Standards with no material impact on the Bank and subsidiaries' financial statements.

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2014), which was announced in the Royal Gazette and effective from October 15, 2014 onwards to replace the Accounting Framework (Revised 2009). Such Conceptual Framework for Financial Reporting has no material impact on these financial statements.

Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the accounting period beginning on or after January 1, 2015 onwards as follows:

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
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 11 (Revised 2014)	Construction Contracts
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 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
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
TAS 40 (Revised 2014)	Investment Property

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2014)	Share - Based Payment
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
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 Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes - Change 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 29 (Revised 2014)	Disclosure - Service Concession Arrangements
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 12 (Revised 2014)	Service Concession Arrangements
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 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard (TFRS), which is effective for the accounting period beginning on or after January 1, 2016 onwards as follow:

Thai Financial Reporting Standards ("TFRS")

TFRS 4 (Revised 2014) Insurance Contracts

The management of the Bank and its subsidiaries has assessed the effects of such Conceptual Framework for Financial Reporting and believes that it will not have any significant impact on the financial statements for the period in which it is initially applied.

2.2 Basis for Preparation of the Consolidated Financial Statements

The consolidated financial statements include the accounts of the head office and all branches of the Bank and its subsidiaries where the Bank has a controlling interest. Significant related party transactions and balances have been eliminated. The subsidiaries which were incorporated in Thailand are as follows;

	Type of Business	Ownership Interest (%)	
		2014	2013
Phatra Capital PLC.	Holding Company	99.98	99.97
Phatra Securities PLC.	Securities	99.95 ⁽¹⁾	99.94 ⁽¹⁾
KKTRADE Securities Co., Ltd.	Securities	99.97 ⁽²⁾	99.96 ⁽²⁾
Phatra Asset Management Co., Ltd.	Fund Management	99.97 ⁽²⁾	99.96 ⁽²⁾
Erawan Law Office Co., Ltd.	Law Office	99.93	99.93
Asia Recovery 1 Fund	Investments	99.95	99.95
Asia Recovery 2 Fund	Investments	99.59	99.59
Asia Recovery 3 Fund	Investments	99.97	99.97
Thai Restructuring Fund	Investments	98.91	98.91
Asia Recovery Property Fund 1	Investments	99.52	99.52
Asia Recovery Property Fund 3	Investments	98.77	98.77
Bangkok Capital Fund	Investments	95.72	95.72
Gamma Capital Fund	Investments	94.03	94.03

⁽¹⁾ Indirectly holding via Phatra Capital PLC. of 99.97%

⁽²⁾ Indirectly holding via Phatra Capital PLC. of 99.99%

2.3 Change in accounting estimate

Since December 1, 2014, the Bank changed the method for calculation allowance for impairment of repossessed vehicles in accordance with the Bank of Thailand's Notification plus additional allowance based on the managements estimation which consider from the historical loss experienced from sale of the repossessed vehicles. Previously, the Bank provided allowance for impairment of repossessed vehicles at 100% of their valuation. It resulted to the allowance for impairment of repossessed vehicles as at December 31, 2014 decreased by Baht 147.70 million.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents in the Bank's statements of cash flows include cash on hand and cash on collection according to the Bank of Thailand's Notification.

Cash and cash equivalents in the consolidated statements of cash flows include cash on hand and cash on collection of the Bank and current accounts, savings accounts, time deposits maturing within 3 months and without commitments, call notes receivable and term notes receivable maturing within 3 months of subsidiaries.

3.2 Investments in securities

3.2.1 Basis of investment classification

The Bank and its subsidiaries classify investments other than investments in subsidiaries and interest in joint ventures into the following four categories: trading, held-to-maturity, available-for-sale and general investments. The classification depends on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale. Investments in non-marketable equity securities are classified as general investments.

3.2.2 Trading and available-for-sale investments

The Bank and its subsidiaries state trading and available-for-sale investments at fair value in the statements of financial position. The fair value of debt securities traded in the established market is based on the quoted prices or yields of the Thai Bond Market Association at the reporting date, or the latest trading date prior to the reporting date if there was no trading on that date of the Thai Bond Market Association. If the debt securities are not traded in the

established market, the fair value is calculated by reference to the risk-free yield curve adjusted by an appropriate risk premium. The fair value of equity securities is based on the last bid price quoted by the Stock Exchange of Thailand at the reporting date. The fair value of unit trusts is determined from the net assets value (NAV) published by mutual fund management companies as the fund managers.

Unrealized gain or loss resulting from changes in fair value of trading investments is recognized in the statements of comprehensive income.

Unrealized gain or loss resulting from changes in fair value of available-for-sale investments are reported as a component of equity through other comprehensive income until realized, after which gain or loss on disposal of the investments will be recognized as net gain (loss) on investments.

3.2.3 Held-to-maturity investments

The Bank and its subsidiaries state held-to-maturity investments at amortized cost using the effective yield method in the statements of financial position.

3.2.4 General investments

The Bank and its subsidiaries state general investments at cost less allowance for impairment in value in the statements of financial position.

3.2.5 Investments in subsidiaries

Investments in subsidiaries in the Bank's financial statements are accounted for by the cost method less impairment losses, if any.

Subsidiaries are entities in which the Bank has an interest of more than one half of the voting rights or has power to exercise control over the financial and operating policies. Such subsidiaries are consolidated from the date on which control is transferred to the Bank until the date that control ceases.

The purchase method of accounting is used by the Bank and its subsidiaries to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. All intercompany transactions, balances and unrealized gains or losses on transactions between group companies are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. The significant accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for non-controlling interest in the consolidated statement of financial position and consolidated statement of comprehensive income.

A list of the subsidiaries is set out in Note 1 and Note 2.2

3.2.6 Impairment of investments in securities

Investments in securities of the Bank and its subsidiaries are tested for impairment when there is a factor indicating that an investment in securities might be impaired. If the carrying amount of the investments in securities is higher than its recoverable amount, impairment loss is charged to the statements of comprehensive income.

3.2.7 Gain (loss) from disposal of investments in securities

The Bank and its subsidiaries recognize income of investments in securities when there is disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

When a particular investment is partly disposed of, the carrying amount of disposed part is determined by the weighted average method of the carrying amount of the total holding of such investment.

3.3 Valuation of investments in receivables

The investments in receivables are the investments in commercial and hire-purchase loans with or without collateral. These commercial and hire-purchase loans have no readily ascertainable market values available and, therefore, are reported at the estimated fair value. Fair value of investments in receivables is determined by the net present value of estimated future cash flows from sales of collateral.

Changes in fair value of investments in receivables is reported in a separate component of equity, except where the Bank and its subsidiaries dispose such investments, the realized gain or loss will be recognized in the statements of comprehensive income.

Investments in receivables of the Bank and its subsidiaries are tested for impairment when there is a factor indicating that an investment in receivables might be impaired. If the carrying value of the investments in receivables is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

For the Bank, where there is a change in terms or contracts through debt restructuring agreements, the investments in receivables will be transferred to loans account to comply through debt restructuring agreements, with the Bank of Thailand's Notification No. Sor Nor Sor. 21/2555 Re: Accounting procedures for financial institution. The Bank will record the transfer at the fair value on the day the transfer occurred. The difference between book value and fair value will be recognized immediately in the statement of comprehensive income. In case where there is a gain, the Bank will take into consideration of the probability of future cash flow to be received.

3.4 Valuation of investments in property

The investments in property are the investments in real estate business of the subsidiaries, which are mutual funds. These investments generally have no readily ascertainable market values available and,

therefore, are reported at the lower of cost or fair value. Fair value is calculated from the appraisal value, appraised by an external independent valuer or internal valuer according to the Bank of Thailand's guidelines and discounted by the risk premium according to the holding period.

3.5 Loans

Overdrafts are stated at the principal amounts including interest. Other loans are stated at the principal amount. Unearned discounts received in advance are presented as deduction from the loans.

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

Securities and derivatives business receivables represent the net securities business receivables and derivatives business receivables. Securities business receivable comprises of the receivable of credit balance accounts for which the securities purchased are used as collateral, and other receivables such as overdue amounts in cash accounts and securities receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balances of cash accounts are presented under the caption of Securities and derivative business receivables.

3.6 Allowance for doubtful accounts

The Bank classifies its loan portfolios into categories and sets allowance for doubtful accounts for loans in accordance with the Bank of Thailand's Notification dated August 3, 2008 and with the management estimation over the allowance for doubtful accounts from the ending balance of loans. The period of time that a loan is past due and the ability to repay the debt are the principal criteria utilized in classifying a loan. The value of collateral used depends on each type of collateral. The Bank categorizes their loan portfolios into six categories and determines allowance for doubtful accounts subject to different levels of provisioning.

The Bank sets allowance on loan receivables and fleet car hire-purchase receivables classified as substandard, doubtful and doubtful of loss, at the rate of 100% of the difference between outstanding loan value and present value of expected cash flow from receivables or present value of expected cash flow from disposal of the collateralized assets. The discount rate and expected collateral disposal duration is referenced from the BOT's guideline. For receivables classified as normal and special mention, the Bank sets allowance for doubtful account at the rate of 1% and 2% of outstanding loan value net of collateralized assets.

The Bank provides allowance for doubtful accounts on hire-purchase receivables by using the collective approach method which considers from the historical loss suffered by calculating using the probability of default and the percentage of loss given default. Inclusively, the Bank adjusted historical loss data for key domestic and international economic factors which may influence repayment abilities of the receivables. The Bank also sets additional allowance for doubtful accounts from the collective approach to certain classes of receivables in order to be conservative.

The Bank's subsidiaries operating as securities companies have provided for an allowance for doubtful accounts on securities and derivatives business receivables based on management's review and assessment of the status of individual debtor as well as the requirements. Such assessment takes into consideration various factors including the risks involved and the value of collateral. Allowance is made for the estimated losses that might be incurred where the debts are not fully secured and/or there exists a possibility that principal and interest cannot be recovered in full.

For increase or decrease in allowance for doubtful accounts, the Bank and its subsidiaries are recorded as an expense or decrease in expenses during the accounting period.

Bad debts are written off during the period in which they are identified. Bad debts recovery is recorded by reducing bad debts and doubtful accounts expenses in the statements of comprehensive income.

3.7 Troubled debt restructuring

The Bank accounts for troubled debt restructuring in accordance with guidelines approved by the Bank of Thailand. The Bank records the assets or equity securities transferred to the Bank for debt settlements at the lower of fair values of the assets or equity securities, less estimated selling expenses, or the amount of investments in receivables (including non-accrued interest income at the restructuring date).

In cases where the debt restructuring involves modifications to terms of receivables as accepted by the Bank, the fair value of investments in receivables after restructuring is based on the net present value of expected future cash flows discounted using the Minimum Lending Rates (MLR) prevailing at the restructuring date.

The Bank recognize losses arising from debt restructuring by the waiver of loan principal or recorded accrued interest receivables, less recorded allowance, in the statement of comprehensive income when incurred.

The Bank recalculate the fair value of restructured debts based on the aforementioned discount interest rate as of the date of the monthly financial statements and adjust the valuation on debt restructured for any change, 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 purchased and subsequently restructured, the Bank calculate the fair value of restructured debt as of the restructuring date and recognize the difference between book value and fair value in the statements of comprehensive income for the period and classified investments in receivables as loans in accordance with the BOT's criteria.

Legal fees and other direct costs incurred as a result of the debt restructuring are expensed when incurred.

3.8 Properties foreclosed

Properties foreclosed include land and/or construction, leasehold, condominium and repossessed vehicles.

The Bank state land and/or construction, leasehold and condominium at the lower of the outstanding loan principal including accrued interest or fair value.

Repossessed vehicles are stated at the lower of cost or fair value at the transferred date. Fair value is calculated by using market value (Red book).

Gains (losses) on disposal of properties foreclosed are recorded as income or expenses in the statements of comprehensive income when the disposal is made. Impairment loss (if any) is recognized as expense in the statements of comprehensive income.

3.9 Land, premises and equipment

The Bank and its subsidiaries state land at historical cost, while premises and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis to write off the cost of each asset, except for land, to its residual value over its estimated useful life as follows;

Premises and building improvement	5, 20 and 30 years
Equipment	3-5 years
Furniture and fixtures	3-5 years
Vehicles	5 years

Gains or losses on disposal of fixed assets are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

3.10 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. The Bank recognizes goodwill in a business combination as an asset recorded as of the acquisition date in the consolidated financial statements.

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

For excess of net fair value of the identifiable net assets over purchase cost as at the date of acquisition, the Bank recognizes that excess as revenue recorded in the consolidated statements of comprehensive income.

3.11 Intangible assets

3.11.1 Computer software

Acquired computer software licenses are capitalized when the Bank uses the specific software. These costs are amortized over their estimated useful lives of not exceeding 10 years.

3.11.2 TFEX membership license

The subsidiary, which is the securities business, recognized TFEX membership license as intangible asset without amortization. The subsidiary tests it for impairment annually and allowance for impairment (if any) will be set up and recorded as loss on impairment in the statement of comprehensive income.

3.11.3 Deferred license fee

The subsidiaries amortize deferred license fee on a systematic basis over the useful economic useful life of 5 years.

3.12 Provisions

Provisions are recognized as liabilities in the statement of financial position when it is probable that an obligation for the Bank and its subsidiaries has been incurred as a result of a past event, it is possible that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reasonably estimated.

3.13 Foreign currency transactions

The Bank and its subsidiaries translate foreign currency transactions into Baht at the rates of exchange on the transaction dates. Monetary assets and liabilities at the reporting date denominated in foreign currencies are translated into Baht using the reference rates of exchange of the Bank of Thailand ruling as of that date.

Gains or losses on exchange resulting from the settlements and the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

3.14 Accounting for lease

Leases of premises or equipment which substantially all the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance lease balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of

the finance cost is charged to the statement of comprehensive income over the lease period. Assets acquired from financial lease will be depreciated throughout the assets life time or the period of contracts, whichever is the lower.

Leases which a significant portion of the risks and rewards of ownership retained with the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which such termination takes place.

3.15 Interest income on loans and deposits

Interest income on loans and deposits are recognized as income on an accrual basis, except in the case of interest on loans which is over three months past due from the due date where interest is recognized on collection basis. The Bank reverses accrued interest income on loan when its principal or interest payment has become over three months past due to comply with the Bank of Thailand's Notification dated August 3, 2008. The Bank will recognize income only when cash is received and the Bank continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest has been paid.

3.16 Hire-purchase and finance lease income

Interest income from hire-purchase contracts is recognized based on the effective interest method.

Interest income on hire-purchase is recognized on an accrual basis. The Bank reverses accrued interest income on hire-purchase when its principal or interest payment has become over three months past due to comply with the Bank of Thailand's Notification dated August 3, 2008. The Bank will recognize income only when cash is received and the Bank continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest has been paid.

The Bank and its subsidiaries recognize income from finance lease contracts on the effective interest method over the period of contracts.

3.17 Interest and dividend income from investment in securities

Interest income on investment in securities is recognized as income on an accrual basis except in the case of interest on debt securities which is over three months past due where interest is recognized on collection basis. Dividend income is recognized when dividend is declared.

3.18 Income from investments in receivables

The Bank and its subsidiaries recognize interest income from investments in receivables on the collection basis based on the outstanding loans multiplied by the effective yield according to contract or new agreement.

3.19 Fees and services income

The Bank and its subsidiaries recognize fees and services income when services have been rendered.

3.20 Recognition of expenses

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

3.21 Income tax expenses

Income tax expenses comprises current income tax and deferred income tax.

3.21.1 Current income tax

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

3.21.2 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). The Bank and its subsidiaries generally recognize deferred tax liabilities 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 by the Bank and its subsidiaries. The Bank and its subsidiaries do not recognize deferred tax assets and liabilities for the goodwill.

The Bank and its subsidiaries measure deferred tax assets and liabilities 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 at the end of the reporting period.

Current tax assets and liabilities are offset when there is a legally enforceable right for the Bank and its subsidiaries to off set 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.

The Bank and its subsidiaries present income tax expenses or income related to profit or loss in the statement of comprehensive income. Current income taxes and deferred taxes related to items recognized directly in other comprehensive income in equity in the same or different period are recognized directly in other comprehensive income.

3.22 Earnings per share

The Bank and its subsidiaries compute basic earnings per share by dividing the net profit for the period by the weighted-average number of issued and paid-up ordinary shares during the period. The diluted earnings per share are computed by dividing the net profit for the period adjusted by expense (after tax effect) saved from the conversion of dilutive potential ordinary shares, by the weighted-average number of ordinary shares (included potentially dilutive shares).

3.23 Employment benefit

Provident fund

The Bank and its subsidiaries operate a provident fund that is a defined contribution plan, the assets of which are held separately from the Bank and its subsidiaries and managed by an authorized fund manager. The provident fund is funded by payments from employees and by the Bank and its subsidiaries. Contributions to the provident fund are charged to be expenses in the statements of comprehensive income in the period to which they relate.

The Bank and its subsidiaries and every employee are required to make contributions at the same rates as follows;

Service periods	Contribution rate (%)
Less than 5 years	5
Over 5 years	8 - 10

Post-employment benefit obligation

Legal severance payment plan

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

The obligation of this plan is considered as an unfunded defined benefit obligation under TAS 19 Employee benefits and is separately measured by an actuary using the projected unit credit method to determine the present value of employee benefit cash flows to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee's expected salary, employees' turnover rate, salary increase rate, mortality rate, discount rate, years of service and other factors.

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

The Bank and its subsidiaries recognize the post-employment benefit obligation as a provision in the statement of financial position and personnel expenses in the statement of comprehensive income.

Benefit from carried forward leave

The Bank and its subsidiaries recognize the benefit from employees' cumulative carried forward leave as a provision in the statement of financial position and personnel expenses in the statement of comprehensive income.

3.24 Derivatives

Recognition of derivatives is as follows:

3.24.1 Derivatives for trading are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

3.24.2 Derivatives for hedging of transactions which are measured on an accrual basis are recorded as off-financial reporting items and income and expense are recognised on an accrual basis equivalent to that used for the underlying transactions.

3.25 Recognition and amortization customers' deposits

Cash collateral received from customers for trading in securities of cash balance accounts and placed as margin for derivatives trading is recorded as assets and liabilities of the subsidiary for internal control purposes. As at the end of reporting period, the subsidiary excludes these amounts from both the assets and liabilities and presents only the assets which belong to the subsidiary.

3.26 Securities borrowing and lending

The subsidiary records its obligations to return borrowed securities which has been sold as short selling or lent as "Securities and derivative business payables" in the statements of financial position. At the end of the period, the balance of securities borrowing payables are adjusted by the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the period. Gains or losses arising from such adjustment are included in statements of comprehensive income. Securities lent to customers are recorded as "Securities and derivative business receivables" in the statements of financial position. Cash paid or received as collateral for securities borrowing and lending is recorded as "Collateral receivables" or "Collateral payables". Fees on securities borrowing and lending are recognized on an accrual basis.

3.27 Receivables from Clearing House

Receivables from Clearing House comprise of net receivable from Thailand Clearing House (TCH) for settlement of equity securities trading made through the Stock Exchange of Thailand, and net receivable from TCH from derivatives trades of subsidiaries which include cash collateral pledged with TCH for derivatives trades.

3.28 Payables to Clearing House

Payables to Clearing House comprise of net payable to Thailand Clearing House (TCH) for settlement of equity securities trading made through the Stock Exchange of Thailand and net payable to TCH which is margin required by TCH for derivatives business of subsidiaries.

3.29 Securities and derivatives business receivables

Securities and derivatives business receivables are cash account traders which are the receivables that were derived from cash settlements within 3 working days, after the securities purchasing date.

3.30 Securities and derivatives business payables

Securities and derivatives business payables are the obligation of the subsidiary in respect to securities and derivatives business with outside parties, such as the net payable of cash accounts, obligation to deliver securities as a result of short sales or securities borrowing and obligation to return assets held by the subsidiary as customers' collateral for securities lending, etc.

3.31 Structured notes

The subsidiary's structured notes are offered to customers or business associates of the subsidiary, who are institutional investors or high net worth investors, through private placements. The notes are issued under conditions approved by the Office of the Securities and Exchange Commission, and the underlying assets are securities listed on the Stock Exchange of Thailand.

The notes are recorded at amortized cost, adjusted by the discount on the notes. The discount is amortized by the effective rate method with the amortized amount presented as interest expense in statement of comprehensive income.

Embedded derivatives are recorded as derivative assets/liabilities at fair value and the changes in fair value are recorded in statement of comprehensive income. In determining the fair value of structured notes, the subsidiary uses a valuation technique and theoretical model. The input to the model is derived from observable market and conditions that include liquidity, dividend, interest rate, underlying price and volatility of underlying asset.

4. RISK MANAGEMENT

The risk management policy of the Bank and its subsidiaries is emphasized on managing overall risks as a Group wide in order to ensure the appropriateness and effectiveness of the enterprise wide risk management. While each related business and department unit is required to sufficiently understand and effectively manage its risks incurred under the centralized framework and risk management policy of the Bank and its subsidiaries, risk management department also plays important roles to control and review each business line and unit to ensure the sufficient risk management and control system.

Significant financial assets carried on the statement of financial position include cash, interbank and money market items, investments in securities, investments in receivables, hire-purchase receivables and loans. Significant financial liabilities carried on the statement of financial position include deposits, interbank and money market items, and debt issued and borrowings.

Risks relating to significant financial instruments held by the Bank and its subsidiaries are summarized below:

4.1 Credit risk

Credit risk refers to risk arising from the failure of either debtors to repay principal and interest as agreed, or of counterparties to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange, and other types of debts; and those off-financial reporting such as derivatives trading and letters of guarantee.

The Bank and its subsidiaries has constantly improved its process of credit risk management to appropriately reflect its managed credit risk. Details of such improvement measures are as follows:

4.1.1 Credit Policy Adjustment

The Bank focuses on adjusting its main credit policy, business loan policy and personal loan policy to an adequate level of conservativeness and suitability to current environment. Counterparty credit policy and country credit policy have also been added to accommodate the Bank's extended reach to financial institution and corporation counterparties resulting from the merger with Phatra Capital.

4.1.2 Development of Credit Approval Aid

The Bank aims to consistently develop and improve its tools for assisting the credit approval process. Credit Scoring was implemented for the Bank to efficiently assess risks and select a customer group in accordance with its goals and strategy.

4.1.3 Loan portfolio Management

The Bank focuses on giving credit to businesses which the Bank has expertise. The Bank will manage its loan portfolio to maximize profit with an acceptable level of risk through the monitoring of loan portfolio position with a systematic information reporting, in-depth analysis for the identification of risks and solution planning. A concentration risk limit is also utilized to lessen the volatility in the Group's performance. Examples of concentration limits include the Single Lending Limit and the Large Borrower Concentration Limit.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statement of financial position, net of a portion of allowance for doubtful accounts (see Note 6.9), represents the maximum exposure to credit risk.

The Bank and its subsidiaries consider 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 when settlement becomes due.

The Bank and its subsidiaries are exposed to credit risk in case where the counter-party fails to comply with terms in accordance with off-statement of financial position financial instruments such as commitments to extend credit, standby letters of credit, and financial guarantees. Risk of aforementioned instruments equals the contractual notional amount of applicable instruments. The Bank and its subsidiaries use the same credit policy in making commitments and conditional obligations as they do for on-statement of financial position financial instruments. For interest rate swap and forward foreign exchange contracts, the contract or notional amount does not represent the Bank and its subsidiaries exposure to potential credit loss. The Bank and its subsidiaries controls credit risk on financial instruments through prudent credit approvals, limits, and strict monitoring procedures.

The Bank and its subsidiaries have policies in place to ensure that loans are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Bank and its subsidiaries have policies that limit the credit line of loan transaction to any client or financial institution.

Concentrations of credit risk relative to the loans and receivables summarized by type of industry are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Agriculture and mining	67,577	29,532	67,577	29,532
Manufacturing and commerce	11,959,518	6,568,291	11,959,518	6,568,291
Real estate and constructions	35,402,055	37,044,249	35,402,055	37,044,249
Public utilities and services	2,146,631	766,803	2,146,631	766,803
Housing loans	381,276	456,779	381,276	456,779
Hire-purchase loans	129,591,596	140,135,836	129,591,596	140,135,836
Leasing loans	865,263	883,015	865,263	883,015
Others	4,363,502	4,918,995	5,194,408	6,104,512
Total loans and receivables	184,777,418	190,803,500	185,608,324	191,989,017

4.2 Market Risk

Market risk refers to the value or price of assets, such as interest rate, exchange rate, asset in money or capital market, including price volatility of money and capital market securities which affects the value of price of derivatives, deviates and then takes effect to the Bank's stability on either Trading Book or Banking Book, and may negatively result the Bank's incomes and capital.

The Bank and subsidiaries have laid out a market risk management framework for the efficient and appropriate management of market risk while limiting the risk to the risk appetite and overall risk policy. The Bank and subsidiaries have also continually developed the throughout systematic market risk management scheme, starting from risk identification, measurement, control and monitor. The risk management scheme includes related market risk factors, such as, interest rates, foreign exchange rate, and equity price risks.

The Bank's risk management group is responsible for managing market risk of Bank's activities, which separated into 2 sections, trading book, and banking book. This is controlled by internationally accepted risk measurement tools, Value at Risk (VaR), and price change per a basis point (PV01), for example.

The market risk management of the capital market business, which managed by subsidiaries, strategies chiefly invest in listed equities in The Stock Exchange of Thailand, and future contracts in The Thailand Future Exchange. The market risks of these strategies are designed to be minimal by hedging their market risks.

However, the capital market business realizes risks inherent in the investment strategies, as such, the risk level is set to be in line with the risk appetite. The risk management of the capital market business is responsible for setting internationally accepted risk limits, Value at Risk (VaR), maximum holding limit set according to daily trading volume, for instance. The risk management promptly reports to related parties when the set limit is breached, or when an unusual event occurs.

4.2.1 Interest rate risk

Interest rate risk management in banking book is to reduce negative impact arising from interest rate volatility. The Bank manages risk of the gap between asset and liability structures, which sensitive to interest rate change, both on balance, and off-balance sheets. The Bank specifies to regularly evaluate the impacts on net interest income (Earning perspective), and economic value of equity (Economic value perspective), under supervision of the Assets and Liabilities Management Committee (ALCO). The treasury department is mainly responsible for managing the structure of assets and liabilities to be at an appropriate level, while the risk management group monitors and controls the risk, and reports to the Risk Management Committee and the Bank's Board of Directors on a regular basis. The loan information classified by fixed and floating rates is summarized as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Loans and receivables with fixed interest rate	143,133,119	150,542,302	143,133,119	150,542,302
Loans and receivables with floating interest rate	41,644,299	40,261,198	42,475,205	41,446,715
Total loans and receivables	184,777,418	190,803,500	185,608,324	191,989,017

The Bank and its subsidiaries have summarized financial assets and liabilities classified on maturity of interest re-pricing period as at December 31, 2014 and 2013 as follows;

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS							
	0 - 3	Over	Over	2014	Non-performing	Non-interest	Total
	Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Loans	Bearing	
<i>Financial assets</i>							
Interbank and money market items, net	4,433,661	-	-	-	-	2,564,393	6,998,054
Derivatives assets	-	-	1,677	221,009	-	889,903	1,112,589
Investments in securities, net	10,781,660	1,105,301	8,524,753	1,368,374	-	7,508,563	29,288,651
Investments in receivables, net	-	415,221	706,507	-	2,181,028	-	3,302,756
Investments in properties, net	-	-	37,179	-	-	-	37,179
Loans	54,143,541	28,387,238	87,501,081	3,229,939	10,345,209	1,170,410	184,777,418
Receivables from clearing house	-	-	-	-	-	2,568,087	2,568,087
Securities and derivative business receivables	-	-	-	-	-	7,323,457	7,323,457
<i>Financial liabilities</i>							
Deposits	81,429,934	34,917,744	9,306,689	6,518,347	-	142,037	132,314,751
Interbank and money market items, net	8,839,226	291,034	625,506	-	-	39,303	9,795,069
Liabilities payables on demand	-	-	-	-	-	315,538	315,538
Derivatives liabilities	-	28,547	293,891	-	-	1,134,283	1,456,721
Debt issued and borrowings	9,108,001	16,186,455	17,477,078	-	-	-	42,771,534
Payable to clearing house	-	-	-	-	-	1,070,437	1,070,437
Securities and derivative business payables	-	-	-	-	-	7,175,549	7,175,549

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS							
	0 - 3	Over	Over	2013	Non-performing	Non-interest	Total
	Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Loans	Bearing	
<i>Financial assets</i>							
Interbank and money market items, net	6,829,963	-	-	-	-	2,898,643	9,728,606
Derivatives assets	30,077	17,342	-	-	-	326,142	373,561
Investments in securities, net	7,608,811	855,747	8,126,909	2,328,959	-	8,050,285	26,970,711
Investments in receivables, net	50,103	474,028	707,590	-	2,652,984	-	3,884,705
Investments in properties, net	-	-	57,300	-	-	-	57,300
Loans	52,207,889	28,252,293	98,075,495	4,991,631	980,545	6,295,647	190,803,500
Receivables from clearing house	-	-	-	-	-	460,995	460,995
Securities and derivative business receivables	-	-	-	-	-	10,207,069	10,207,069
<i>Financial liabilities</i>							
Deposits	67,981,783	72,392,670	5,459,813	-	-	162,232	145,996,498
Interbank and money market items, net	5,376,156	244,775	1,018,401	-	-	16,689	6,656,021
Liabilities payables on demand	-	-	-	-	-	414,296	414,296
Derivatives liabilities	66,549	43,622	-	-	-	523,944	634,115
Debt issued and borrowings	16,520,848	15,347,103	10,691,078	10,000	-	-	42,569,029
Payable to clearing house	912	-	-	-	-	1,049,821	1,050,733
Securities and derivative business payables	20,899	-	-	-	-	8,866,020	8,886,919

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS							
	0 - 3	Over	Over	2014	Non-performing	Non-interest	Total
	Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Loans	Bearing	
<i>Financial assets</i>							
Interbank and money market items, net	1,892,301	-	-	-	-	1,839,199	3,731,500
Derivatives assets	-	-	1,677	221,009	-	778,290	1,000,976
Investments in securities, net	9,793,894	1,105,301	8,493,938	1,368,374	-	1,318,460	22,079,967
Investments in receivables, net	-	387,497	581,246	-	-	-	968,743
Loans	53,624,447	29,737,238	87,501,081	3,229,939	10,345,209	1,170,410	185,608,324
<i>Financial liabilities</i>							
Deposits	81,537,622	34,917,744	9,306,689	6,518,347	-	142,037	132,422,439
Interbank and money market items, net	9,155,072	291,034	625,506	-	-	39,303	10,110,915
Liabilities payables on demand	-	-	-	-	-	315,538	315,538
Derivatives liabilities	-	28,547	293,891	-	-	779,928	1,102,366
Debt issued and borrowings	9,108,000	13,777,000	17,477,078	-	-	-	40,362,078

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS							
	2013				Non-performing	Non-interest	Total
	0 - 3 Months	Over 3 - 12 Months	Over 1 - 5 Years	Over 5 Years	Loans	Bearing	
<i>Financial assets</i>							
Interbank and money market items, net	4,142,388	-	-	-	-	2,113,271	6,255,659
Derivatives assets	30,077	17,342	-	-	-	243,878	291,297
Investments in securities, net	6,810,945	815,337	8,116,709	2,328,959	-	23,127	18,095,077
Investments in receivables, net	-	471,727	707,590	-	-	-	1,179,317
Loans	51,643,406	30,002,293	98,075,495	4,991,631	980,545	6,295,647	191,989,017
<i>Financial liabilities</i>							
Deposits	68,110,022	72,392,670	5,459,813	-	-	162,232	146,124,737
Interbank and money market items, net	5,465,826	244,775	1,018,401	-	-	16,689	6,745,691
Liabilities payables on demand	-	-	-	-	-	414,296	414,296
Derivatives liabilities	66,549	43,622	-	-	-	142,427	252,598
Debt issued and borrowings	16,520,847	13,614,445	10,691,078	10,000	-	-	40,836,370

The average balances of significant performing financial assets and financial liabilities, including the average interest and dividend income are summarized as follows;

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS			
	2014		
	Average Outstanding Balances	Interest and Dividend Income	Average Rate %
<i>Significant performing financial assets</i>			
Interbank and money market items, net	12,197,743	262,726	2.15
Investments in securities	21,197,948	616,856	2.91
Investments in receivables	3,157,434	606,139	19.20
Loans	191,257,232	14,456,345	7.56
	227,810,357	15,942,066	7.00
<i>Significant financial liabilities</i>			
Deposits	146,637,551	4,514,743	3.08
Interbank and money market items, net	6,979,818	96,464	1.38
Debt issued and borrowings	44,665,845	1,460,655	3.27
	198,283,214	6,071,862	3.06

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS			
2013			
	Average Outstanding Balances	Interest And Dividend Income	Average Rate %
<i>Significant performing financial assets</i>			
Interbank and money market items, net	12,689,799	327,153	2.58
Investments in securities	24,183,550	776,530	3.21
Investments in receivables	3,833,797	556,556	14.52
Loans	182,325,258	14,148,433	7.76
	223,032,404	15,808,672	7.09
<i>Significant financial liabilities</i>			
Deposits	153,621,770	5,208,291	3.39
Interbank and money market items, net	6,497,609	120,872	1.86
Debt issued and borrowings	35,433,599	1,254,983	3.54
	195,552,978	6,584,146	3.37

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS			
2014			
	Average Outstanding Balances	Interest And Dividend Income	Average Rate %
<i>Significant performing financial assets</i>			
Interbank and money market items, net	8,848,481	169,535	1.92
Investments in securities	18,603,066	532,511	2.86
Investments in receivables	1,490,770	213,861	14.35
Loans	192,577,751	14,542,014	7.55
	221,520,068	15,457,921	6.98
<i>Significant financial liabilities</i>			
Deposits	146,709,219	4,514,921	3.08
Interbank and money market items, net	7,071,779	128,677	1.82
Debt issued and borrowings	41,412,694	1,395,077	3.37
	195,193,692	6,038,675	3.09

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS		
	2013		
	Average Outstanding Balances	Interest And Dividend Income	Average Rate %
<i>Significant performing financial assets</i>			
Interbank and money market items, net	10,477,501	251,836	2.40
Investments in securities	19,658,115	636,210	3.24
Investments in receivables	1,727,324	140,478	8.13
Loans	183,485,728	14,169,406	7.72
	215,348,668	15,197,930	7.06
<i>Significant financial liabilities</i>			
Deposits	153,742,128	5,144,877	3.35
Interbank and money market items, net	6,477,236	169,047	2.61
Debt issued and borrowings	33,837,532	1,205,980	3.56
	194,056,896	6,519,904	3.36

4.2.2 Foreign exchange rate risk

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

The Bank sets and controls the risk of trading intent transactions that exposed to foreign exchange rate risk to be within an acceptable level. The transactions include FX spot, FX derivatives, and cross currency swap. For other assets and liabilities, the Bank regularly hedges against the foreign exchange rate risk by using forward and swap contracts. Therefore, the Bank's overall foreign exchange rate risk is relatively low.

The subsidiaries have strategies, which invest abroad and do not intent to expose to foreign exchange rate risk. As such, the subsidiaries also use forward and swap contracts to hedge the risk. However, the foreign exchange rate risk may remain for some investment strategies, since the amount of these investment strategies is considered as very small or the investments are exposed to foreign exchange rate risk in low liquidity currencies, and unable to hedge. Although, the remaining foreign exchange rate risk is considered as minimal, and not significant to the Bank and subsidiaries.

The balances of financial assets and liabilities denominated in foreign currencies as at December 31, 2014 and 2013 are summarized as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
<i>Financial assets</i>				
US Dollar	1,209,613	1,468,641	632,044	844,319
Singapore Dollar	8,493	-	75	-
Euro	1,410	252,104	170	252,104
Yen	83	410,477	83	410,477
Pound	30	1,055	30	-
Kip	154,548	176,543	-	-
Yuan	340	322	340	322
Others	104	-	104	-
<i>Financial liabilities</i>				
US Dollar	471,106	428,600	-	-
Hong Kong Dollar	503	500	-	-
Pound	-	254	-	-
Others	103	-	-	-

4.2.3 Equity price risk

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

The Bank assess the potential of securities issuer companies and has a policy to buy/sell equity securities mainly for medium-term and long-term investments. In managing equity position risk which is held, according to initial intention, as long-term, the Bank monitors and regularly reports the equity price risk.

At December 31, 2014, the majority of Bank's equity position is in the subsidiaries, and unit trusts, which manage the Bank's assets. The remaining portion consists of equities listed in The Stock Exchange of Thailand, and those obtained from debt restructuring.

The equity position in the banking book of the capital market business is managed by the direct investment department of Phatra Capital PLC., which focuses on a long-term investment based on the business intrinsic value by employing value based investment approach. In a search for investment opportunities, the direct investment department performs in-depth analysis, and covers essential aspects related to sustainable growth of the business opportunity, such as, attractiveness, industry's trend, business model, sustainable competitiveness, talent and transparency of executives, including the structure that encourages good governance. However, every transaction of the direct investment department must be approved from the Investment Committee (IC) before investing and be controlled and monitored transactions under the framework which approved by the risk management department.

4.3 Liquidity risk

Liquidity risk is the risk of the Bank not being able to fulfill its obligation of repayment as it is unable to promptly convert its assets into cash, unable to raise sufficient funds in time or able to at a high cost which may affect the Bank's income and capital.

The Bank has established the Money Desk Sub-Committee to analyze and track cash inflows and outflows as well as closely monitor the Bank's liquidity to comply with the Bank's risk limits, under the supervision of the Asset and Liability Management Committee (ALCO). The treasury department plays a key role in the implementation of the Bank's liquidity management to maintain an appropriate level of liquidity. Additionally, the risk management department monitors and controls the position of liquidity risk and regularly reports to the Risk Management Committee (RMC) and the Board of Directors.

The Bank also sets liquidity risk management policy and procedure in accordance with the Bank's strategy and the BOT's financial institution liquidity management framework. The main policies are as follows:

- Maintenance of liquid assets within the BOT's limits and at an appropriate level
- Control of liabilities and assets maturity mismatch at an acceptable level
- Diversification of liability types
- Expansion of deposit base while considering customer concentration and maturity
- Provision of contingent liquidity reserves

Significant assets and liabilities of the Bank analyzed by relevant maturity groupings are as follows;

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS						
2014						
	On demand	Within 1 year	Over 1 - 5 years	Over 5 years	No maturity	Total
<i>Financial assets</i>						
Cash	-	-	-	-	1,301,070	1,301,070
Interbank and money market items, net	3,773,408	3,049,748	-	-	174,898	6,998,054
Derivatives assets	-	891,580	221,009	-	-	1,112,589
Investments in securities, net	-	16,677,609	8,533,030	1,368,374	2,709,638	29,288,651
Investments in receivables, net	526	30,986	3,271,244	-	-	3,302,756
Investments in properties, net	-	-	37,179	-	-	37,179
Accounts receivable from clearing house	-	2,568,087	-	-	-	2,568,087
Securities and derivative business receivables	-	7,323,457	-	-	-	7,323,457
Hire-purchase receivables	26,205	3,040,279	104,134,943	22,390,169	-	129,591,596
Leasing receivables	9,376	55,244	773,932	-	-	838,552
Loans and receivables	1,274,565	5,141,623	27,901,039	19,520,104	509,939	54,347,270
Total financial assets	5,084,080	38,778,613	144,872,376	43,278,647	4,695,545	236,709,261
<i>Financial liabilities</i>						
Deposits	63,110,672	53,379,042	9,306,690	6,518,347	-	132,314,751
Interbank and money market items, net	123,211	9,091,288	222,730	357,840	-	9,795,069
Liabilities payable on demand	315,538	-	-	-	-	315,538
Derivatives liabilities	-	1,025,251	431,470	-	-	1,456,721
Debt issued and borrowings	-	22,840,456	16,931,078	3,000,000	-	42,771,534
Accounts payable to clearing house	-	1,070,437	-	-	-	1,070,437
Securities and derivative business payables	-	7,175,549	-	-	-	7,175,549
Total financial liabilities	63,549,421	94,582,023	26,891,968	9,876,187	-	194,899,599

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	2013					
	On demand	Within 1 year	Over 1 - 5 years	Over 5 years	No maturity	Total
<i>Financial assets</i>						
Cash	-	-	-	-	1,230,769	1,230,769
Interbank and money market items, net	3,333,748	6,344,654	-	-	50,204	9,728,606
Derivatives assets	-	314,237	59,324	-	-	373,561
Investments in securities, net	-	14,827,005	8,135,185	2,328,959	1,679,562	26,970,711
Investments in receivables, net	-	60,960	3,823,745	-	-	3,884,705
Investments in properties, net	-	-	57,300	-	-	57,300
Accounts receivable from clearing house	-	460,995	-	-	-	460,995
Securities and derivative business receivables	-	10,207,069	-	-	-	10,207,069
Hire-purchase receivables	18,087	2,742,272	102,294,748	35,080,729	-	140,135,836
Leasing receivables	8,611	47,474	826,930	-	-	883,015
Loans and receivables	2,366,508	3,498,673	26,736,014	17,183,454	-	49,784,649
Total financial assets	5,726,954	38,503,339	141,933,246	54,593,142	2,960,535	243,717,216
<i>Financial liabilities</i>						
Deposits	24,331,205	116,332,584	5,332,709	-	-	145,996,498
Interbank and money market items, net	253,356	5,384,264	441,426	576,975	-	6,656,021
Liabilities payable on demand	414,296	-	-	-	-	414,296
Derivatives liabilities	-	559,896	74,219	-	-	634,115
Debt issued and borrowings	1,300	23,236,650	16,331,079	3,000,000	-	42,569,029
Accounts payable to clearing house	-	1,050,733	-	-	-	1,050,733
Securities and derivative business payables	-	8,886,919	-	-	-	8,886,919
Total financial liabilities	25,000,157	155,451,046	22,179,433	3,576,975	-	206,207,611

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2014					Total
	On demand	Within 1 year	Over 1 - 5 years	Over 5 years	No maturity	
<i>Financial assets</i>						
Cash	-	-	-	-	1,299,783	1,299,783
Interbank and money market items, net	2,235,949	1,495,551	-	-	-	3,731,500
Derivatives assets	-	779,967	221,009	-	-	1,000,976
Investments in securities, net	-	10,899,195	8,493,938	1,368,374	1,318,460	22,079,967
Investments in receivables, net	-	-	968,743	-	-	968,743
Hire-purchase receivables	26,205	3,040,279	104,134,943	22,390,169	-	129,591,596
Leasing receivables	9,376	55,244	773,932	-	-	838,552
Loans and receivables	1,265,410	6,491,623	27,901,039	19,520,104	-	55,178,176
Total financial assets	3,536,940	22,761,859	142,493,604	43,278,647	2,618,243	214,689,293
<i>Financial liabilities</i>						
Deposits	63,218,360	53,379,042	9,306,690	6,518,347	-	132,422,439
Interbank and money market items, net	123,733	9,406,612	222,730	357,840	-	10,110,915
Liabilities payable on demand	315,538	-	-	-	-	315,538
Derivatives liabilities	-	753,988	348,378	-	-	1,102,366
Debt issued and borrowings	-	20,431,000	16,931,078	3,000,000	-	40,362,078
Total financial liabilities	63,657,631	83,970,642	26,808,876	9,876,187	-	184,313,336

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS						
	2013					
	On demand	Within 1 year	Over 1 - 5 years	Over 5 years	No maturity	Total
<i>Financial assets</i>						
Cash	-	-	-	-	1,229,487	1,229,487
Interbank and money market items, net	2,707,267	3,548,392	-	-	-	6,255,659
Derivatives assets	-	231,973	59,324	-	-	291,297
Investments in securities, net	-	7,586,281	8,116,709	2,328,959	63,128	18,095,077
Investments in receivables, net	-	-	1,179,317	-	-	1,179,317
Hire-purchase receivables	18,087	2,742,272	102,294,748	35,080,729	-	140,135,836
Leasing receivables	8,611	47,474	826,930	-	-	883,015
Loans and receivables	1,802,025	5,248,673	26,736,014	17,183,454	-	50,970,166
Total financial assets	4,535,990	19,405,065	139,213,042	54,593,142	1,292,615	219,039,854
<i>Financial liabilities</i>						
Deposits	24,459,444	116,332,584	5,332,709	-	-	146,124,737
Interbank and money market items, net	278,477	5,448,813	441,426	576,975	-	6,745,691
Liabilities payable on demand	414,296	-	-	-	-	414,296
Derivatives liabilities	-	178,379	74,219	-	-	252,598
Debt issued and borrowings	1,300	21,503,992	16,331,078	3,000,000	-	40,836,370
Total financial liabilities	25,153,517	143,463,768	22,179,432	3,576,975	-	194,373,692

4.4 Fair value

Since the majority of the Bank and its subsidiaries' financial instruments are short-term in nature and bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

The methodology of fair value measurement is depended on the characteristics of the financial instrument. For those financial instruments which are regarded as being traded in an active market, fair value is determined by reference to the market price of the financial instrument. If however the appropriate quoted market price cannot be determined, the fair value is determined by using an appropriate valuation technique and complied with related authorities' regulations.

The fair value of financial instruments as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	2014		2013	
	Carrying Amount	Fair value	Carrying Amount	Fair value
<i>Financial assets</i>				
Cash	1,301,070	1,301,070	1,230,769	1,230,769
Interbank and money market items, net	6,998,054	6,998,054	9,728,606	9,728,606
Derivatives assets	1,112,589	1,112,589	373,561	373,561
Investments in securities, net	29,288,651	30,525,918	26,970,711	27,832,214
Investments in receivables, net	3,302,756	3,302,756	3,884,705	3,884,705
Investments in properties, net	37,179	37,179	57,300	57,300
Loans to customers and accrued interest receivables, net	177,480,172	177,480,172	184,778,449	184,778,449
Receivables from clearing house	2,568,087	2,568,087	460,995	460,995
Securities and derivative business receivables	7,323,457	7,323,457	10,207,069	10,207,069
Total	229,412,015	230,649,282	237,692,165	238,553,668
<i>Financial liabilities</i>				
Deposits	132,314,751	132,314,751	145,996,498	145,996,498
Interbank and money market items, net	9,795,069	9,795,069	6,656,021	6,656,021
Liabilities payables on demand	315,538	315,538	414,296	414,296
Derivatives liabilities	1,456,721	1,456,721	634,115	634,115
Debt issued and borrowings	42,771,534	43,058,657	42,569,029	42,741,868
Payables to clearing house	1,070,437	1,070,437	1,050,733	1,050,733
Securities and derivative business payables	7,175,549	7,175,549	8,886,919	8,886,919
Accrued interest payables	859,397	859,397	1,059,165	1,059,165
Total	195,758,996	196,046,119	207,266,776	207,439,615

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS			
	2014		2013	
	Carrying Amount	Fair value	Carrying Amount	Fair value
<i>Financial assets</i>				
Cash	1,299,783	1,299,783	1,229,487	1,229,487
Interbank and money market items, net	3,731,500	3,731,500	6,255,659	6,255,659
Derivatives assets	1,000,976	1,000,976	291,297	291,297
Investments in securities, net	22,079,967	23,318,312	18,095,077	18,956,580
Investments in receivables, net	968,743	968,743	1,179,317	1,179,317
Loans to customers and accrued interest receivables, net	178,316,286	178,316,286	185,974,916	185,974,916
Total	207,397,255	208,635,600	213,025,753	213,887,256
<i>Financial liabilities</i>				
Deposits	132,422,439	132,422,439	146,124,737	146,124,737
Interbank and money market items, net	10,110,915	10,110,915	6,745,691	6,745,691
Liabilities payables on demand	315,538	315,538	414,296	414,296
Derivatives liabilities	1,102,366	1,102,366	252,598	252,598
Debt issued and borrowings	40,362,078	40,649,200	40,836,370	41,009,209
Accrued interest payables	865,145	865,145	1,069,217	1,069,217
Total	185,178,481	185,465,603	195,442,909	195,615,748

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 approximate fair values.

Derivatives:

The fair value of derivatives is derived from market price or valuation techniques which are based on the market prices of instruments with similar characteristics and maturities or the valuation quoted by a reliable institution. Where applicable, a valuation reserve is applied to arrive at proper fair value.

Investments in securities, net:

The determination of fair value for investments, net, is as disclosed in note 3.2 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.

Investments in receivables, net:

The carrying amount of investments in receivables presented in the statement of financial position approximates fair value.

Investment in properties, net:

Fair value for investments in property is calculated from the appraisal value, appraised by an external independent valuer or internal valuer according to the Bank of Thailand's guidelines and discounted by the risk premium according to the holding period.

Loans to customers and accrued interest receivables, net:

Loans and accrued interest receivables, net include non-performing loans. Interest on the majority of loans are fixed rate. The fair value is the outstanding balance of loans and accrued interest receivables less allowance for doubtful accounts.

Receivables from clearing house:

The carrying amount of receivable from clearing house presented in the statement of financial position approximate fair value.

Securities and derivative business receivables:

The carrying amount of securities and derivative business receivables presented in the statement of financial position approximates fair value.

Deposits:

The carrying amount of deposits presented in the statement of financial position approximates fair value.

Interbank and money market items (liabilities):

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

Liabilities payable on demand:

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

Debt issued and borrowings:

The fair value of debts issued and borrowings is based on the market values or amortized cost.

Payables to clearing house:

The carrying amount of payable to clearing house presented in the statement of financial position approximates fair value.

Securities and derivative business payables:

The carrying amount of securities and derivative business payables presented in the statement of financial position approximates fair value.

Accrued interest payables:

The carrying amount of accrued interest payable presented in the statement of financial position approximates fair value.

4.5 Derivatives

The Bank and subsidiaries holds derivatives for trading intent, and servicing customers, including for a purpose of managing the Bank and subsidiaries' assets and liabilities. This includes interest rate swaps, cross currency swaps, FX derivatives, and equity derivatives.

Additionally, the Bank and subsidiaries do not only control the market risk of the derivatives to be within an acceptable level, but also the counterparty credit risks by setting-up, and controlling transaction limits based on the normal lending procedures.

4.6 Capital fund

As a result of BASEL II improvement, on November 8, 2012, the Bank of Thailand issued the new supervisory guideline on capital fund for the commercial bank to comply with global regulatory framework (BASEL III) of Basel Committee on Banking Supervision (BCBS) which is effective by phase starting on January 1, 2013 up to January 1, 2019. During the period January 1, 2013 to December 31, 2015, the minimum capital requirement ratio is 8.5% of total risk weighted assets with the condition that Tier 1 capital shall not be less than 6.0% of total risk weighted assets and common equity Tier 1 capital shall not be less than 4.5% of total risk weighted assets.

The Bank thus conducts 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. As at December 31, 2014 and 2013, the Bank's total capital funds can be categorized as follows;

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS	
	2014	2013
Tier 1 capital		
Issued and paid-up capital	8,428,336	8,388,331
Share premium	9,280,742	9,203,653
Legal reserve	852,337	852,337
General reserve	380	380
Retained earnings after appropriation	15,163,821	12,423,333
Other reserve and other provisions	66,521	(1,546)
<u>Less</u> Deferred tax assets	(989,546)	(753,729)
Intangible Assets	(73,622)	-
Goodwill	(3,085,731)	(3,085,607)
Total tier 1 capital	29,643,238	27,027,152
Tier 2 capital	788,633	1,150,113
Total capital fund	30,431,871	28,177,265

As at December 31, 2014 and 2013, capital adequacy ratios and leverage ratios maintained by the Bank in accordance with the Notification of the BOT are as follows

	THE BANK'S FINANCIAL STATEMENTS			
	2014		2013	
	Bank's capital fund ratio (%)	Minimum required by BOT (%)	Bank's capital fund ratio (%)	Minimum required by BOT (%)
Common equity tier 1 capital to risk-weighted assets	14.77	4.50	13.10	4.50
Tier 1 capital to risk-weighted assets	14.77	6.00	13.10	6.00
Capital funds to risk-weighted assets	15.16	8.50	13.66	8.50

Disclosure of Capital Maintenance information under the Notification of the Bank of Thailand Re:
Public Disclosure of Capital Maintenance for Commercial Banks

Location of disclosure	: www.kiatnakin.co.th
Date of disclosure	: Within April 2015
Information as at	: December 31, 2014

5. Estimates And Assumptions

Preparation of financial statements in conformity with the Thai Financial Reporting Standards requires management to make estimates and assumptions in certain circumstances, affecting reported amounts of revenue, expenses, assets and liabilities, the disclosure of contingent assets and liabilities. Actual results could differ from these estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

5.1 Allowance for doubtful accounts

5.1.1 Loans

The Bank classifies its loan portfolios into categories and sets allowance for doubtful accounts for loans in accordance with the Bank of Thailand's Notification and with the management's estimation over the allowance for doubtful accounts from the outstanding balance of loans at the period end date. The period of time that a loan is past due and the ability to repay the debt are the principal criteria utilized in classifying a loan. The collateral value used in calculating the required allowance for doubtful accounts is based on the type of collateral. Revaluation is performed every 3 years in accordance to the Bank of Thailand's guideline. The Bank provided the allowance for doubtful accounts on substandard, doubtful and doubtful loss at the rate of 100% of the difference between the carrying amount and net present value of estimated future cash flow to be received from debtors or from sales of collateral. Discount rate and holding periods used is in compliance with the Bank of Thailand's guideline. For the normal and special mentioned debts, the Bank provided the allowance for doubtful accounts at the rates of 1% and 2%, respectively.

5.1.2 Fleet car hire-purchase receivables

The Bank sets allowance for doubtful account of fleet car hire-purchase receivables by considering the loan classification, the value of collaterals and loss rate according to the Bank of Thailand's guidelines.

5.1.3 Hire-purchase receivables

The Bank provides allowance for doubtful accounts on hire-purchase loans by using the collective approach method which considers historical loss suffered and is calculated using the probability of default and the percentage of loss given default. Inclusively the Bank adjusted historical loss suffered data for key domestic and international economic factors which may influence repayment abilities of the receivables. Allowance for doubtful hire-purchase receivables made under the collective approach is in line with the BOT's guideline regarding the Classification and Provision Criteria of Financial Institution.

The Bank sets additional allowance for doubtful accounts from the collective approach to certain classes of receivables in order to be conservative. Formerly, the Bank provides allowance for doubtful accounts for hire-purchase receivables based on the collective approach and additional allowance on hire-purchase receivables was made by considering the difference between outstanding loan value and present value of expected cash flow from receivables or present value of expected cash flow from disposal of the collateralized assets per the BOT's notification.

5.1.4 Securities business receivables

The Bank's subsidiaries operating as a securities company has provided for an allowance for doubtful accounts on securities and derivatives business receivables based on management's review and assessment of the status of individual debtor as well as requirements stated in the Office of the Securities and Exchange Commission's Notifications. Such assessment takes into consideration various factors including the risks involved and the value of collateral. Allowance is made for the estimated losses that might be incurred where the debts are not fully secured and/or there exists a possibility that principal and interest cannot be recovered in full. As such, debtors' classifications and provisions are as follows:

a) Debts classified as loss are:

- 1) Loan balances which the subsidiaries has already made every effort to collect, but remains unpaid and which the subsidiaries has already written off in accordance with the tax law.
- 2) Loan balances which the subsidiaries has forgiven the debt balances.

b) Doubtful debt is defined as the uncollateralized portion of outstanding debt balance which meets the following criteria:

- 1) General loans, troubled financial institution loans, and other loans for which the collateral value is less than outstanding loan balances.
- 2) Installment loans with repayment frequency of less than 3 months and for which principal or interest is overdue for more than 3 months.

3) Installment loans with repayments scheduled no less frequently than every 3 months unless there is clear evidence and a high degree of certainty that full repayment will be received.

c) Substandard debt is defined as the collateralized portion of loans which meet the criteria in b).

Loans classified as bad debt will be written off when identified. Provision will be set aside for loans classified as doubtful at not less than 100% of the doubtful debt balance.

The increase or decrease in allowance for doubtful accounts is recorded as expense or decrease in expense during the accounting period.

5.1.5 Long-term deposit at financial institution

The subsidiaries will treat long-term deposit at financial institution as impaired when such financial institution is facing going concern problems and has default on payment. The subsidiaries' management uses judgment to estimate the loss reserve for deposit at financial institution, based on considering repayment ability and the financial institution plan to restructure its debts.

5.2 Valuation of investments in receivables

Fair value of investments in receivables is determined by the net present value of estimated future cash flows from selling of collateral, appraised by an external independent valuer or internal valuer according to the Bank of Thailand's guideline, discounted by interest rate at 7% per annum with the expected selling period of 4 - 5 years but not exceeding the balance in the original contract. The fair values assigned to the investment portfolio are based upon available information and assumptions which do not necessarily represent amounts which might ultimately be realized because of the uncertainty of economic's circumstance which is the significant factor to determine the fair value.

The subsidiaries which are mutual funds that invest in the investments in receivables measured the fair values of the investments in restructured commercial loans based upon net present value of estimated future cash flows (interest rate as identified in restructuring agreements). Fair value of the investments in non-restructured commercial loans is based upon the net present value of estimated future cash flows from sales of collateral, appraised by an external independent valuer or internal valuer according to the Bank of Thailand's guideline, discounted by interest rate at 7% per annum with the expected selling period of 4 - 5 years but not exceeding the balance in the original contract.

For Bangkok Capital Fund and Gamma Capital Fund, fair value of investments in receivables is calculated based upon the net present value of estimated future cash flows from sales of collateral, appraised by an external independent valuer or internal valuer according to the Bank of Thailand's guideline, discounted by yield rate with the expected selling period of 2.4 - 8.4 years but not exceeding the balance in the original contract.

5.3 Valuation of investments in properties

Fair value of investments in properties is calculated from the appraisal value, appraised by an external independent valuer or internal valuer according to the Bank of Thailand guideline, which is discounted according to the holding period. The fair values assigned to the investments portfolio are based upon available information estimates and assumptions which do not necessarily represent amounts which might ultimately be realized because of the uncertainty of economic circumstance which is the significant factor to determine the fair value.

5.4 Valuation of properties foreclosed

Fair value of properties foreclosed-immovable assets is calculated from the appraisal value, appraised by an external independent valuer or internal valuer of the Bank every year, less estimated selling expenses, and the appraisal value is discounted according to the holding period.

Since December 1, 2014, the Bank changed the method for calculation allowance for impairment of repossessed vehicles in accordance with the Bank of Thailand's Notification plus additional allowance based on the managements estimation which consider from the historical loss experienced from sale of the repossessed vehicles. Previously, the Bank provided allowance for impairment of repossessed vehicles at 100% of their valuation.

For Bangkok Capital Fund and Gamma Capital Fund, fair value of properties foreclosed is calculated from appraisal value, appraised by an external independent valuer or internal valuer of the Bank every year less estimated selling expenses and discounted by the expected rate of return with the expected period to be sold within 2.4 years.

5.5 Goodwill

Goodwill is tested for impairment using a fair value method of present value of estimated future cash flows to be received on an annual basis.

6. Additional Information

6.1 Supplementary disclosures of cash flow information

Non-cash transactions for the years ended December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Transfer of assets for loan settlement	4,970,252	4,148,124	4,700,208	3,822,296
Transfer of investments in receivables to loans	36,817	300,916	36,817	300,916
Increase (decrease) in fair value				
reserves on investments in receivables	(8,326)	12,356	(22,955)	(19,149)
Increase (decrease) in fair value reserves on				
available-for-sale securities	190,235	(661,661)	116,691	(120,181)

6.2 Interbank and money market items, net (assets)

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

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	2014			2013		
	On demand	Term	Total	On demand	Term	Total
Domestic						
The Bank of Thailand and FIDF	1,492,445	-	1,492,445	1,678,996	-	1,678,996
Commercial Banks	3,590,854	1,500,000	5,090,854	3,439,651	3,550,000	6,989,651
Special purpose financial institutions	-	-	-	1,042,472	-	1,042,472
Other financial institutions	400,000	-	400,000	-	-	-
Total	5,483,299	1,500,000	6,983,299	6,161,119	3,550,000	9,711,119
<u>Add</u> Accrued interest receivables	-	551	551	-	2,975	2,975
<u>Less</u> Allowance for doubtful accounts	(9,000)	-	(9,000)	(11,000)	-	(11,000)
Total Domestic item	5,474,299	1,500,551	6,974,850	6,150,119	3,552,975	9,703,094
Foreign						
US Dollar	22,402	-	22,402	25,190	-	25,190
Euro	170	-	170	-	-	-
Yuan	339	-	339	322	-	322
Other currency	293	-	293	-	-	-
Total foreign item	23,204	-	23,204	25,512	-	25,512
Total	5,497,503	1,500,551	6,998,054	6,175,631	3,552,975	9,728,606

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS						
	2014			2013		
	On demand	Term	Total	On demand	Term	Total
Domestic						
The Bank of Thailand and FIDF	1,478,757	-	1,478,757	1,678,996	-	1,678,996
Commercial Banks	359,992	1,500,000	1,859,992	434,271	3,550,000	3,984,271
Other financial institutions	400,000	-	400,000	600,000	-	600,000
Total	2,238,749	1,500,000	3,738,749	2,713,267	3,550,000	6,263,267
<u>Add</u> Accrued interest receivables	-	551	551	-	2,975	2,975
<u>Less</u> Allowance for doubtful accounts	(9,000)	-	(9,000)	(11,000)	-	(11,000)
Total Domestic item	2,229,749	1,500,551	3,730,300	2,702,267	3,552,975	6,255,242
Foreign						
US Dollar	398	-	398	95	-	95
Euro	170	-	170	-	-	-
Yuan	339	-	339	322	-	322
Other currency	293	-	293	-	-	-
Total foreign item	1,200	-	1,200	417	-	417
Total	2,230,949	1,500,551	3,731,500	2,702,684	3,552,975	6,255,659

6.3 Derivatives

6.3.1 Derivatives

Derivatives for trading as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS						
Type Risk	2014			2013		
	Fair value		Notional Amount	Fair value		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	778,290	779,924	141,749,468	144,315	131,171	8,731,397
Interest rate	208,289	289,482	46,750,000	46,740	71,422	26,289,000
Equity price	111,613	354,355	3,674,119	82,264	381,517	2,414,217
Total	1,098,192	1,423,761	192,173,587	273,319	584,110	37,434,614

Unit: Thousand Baht

Type Risk	THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Fair value		Notional Amount	Fair value		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	778,290	779,924	141,749,468	144,315	131,171	8,731,397
Interest rate	208,289	289,482	46,750,000	46,740	71,422	26,289,000
Total	986,579	1,069,406	188,499,468	191,055	202,593	35,020,397

As at December 31, 2014 and 2013, the proportion, determined based on the notional amount, of derivatives for trading transactions divided by type of counterparty is as follows;

Counterparty	CONSOLIDATED FINANCIAL STATEMENTS	
	2014	2013
	Proportion (%)	Proportion (%)
Financial institutions	98	94
Third parties	2	6
Total	100	100

Counterparty	THE BANK'S FINANCIAL STATEMENTS	
	2014	2013
	Proportion (%)	Proportion (%)
Financial institutions	100	100
Total	100	100

6.3.2 Derivatives for hedging as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

Type Risk	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Fair value		Notional Amount	Fair value		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	14,397	32,960	1,431,357	100,242	50,005	1,518,719
Total	14,397	32,960	1,431,357	100,242	50,005	1,518,719

6.4 Investments in securities, net

6.4.1 Classification of investments in securities

As at December 31, 2014 and 2013, the Bank and its subsidiaries classify their investments in securities as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Trading securities - fair value				
Government and state enterprise securities	3,159,793	1,641,122	3,159,793	1,641,122
Private sector's debt securities	2,591,055	300,472	2,591,055	300,472
Domestic marketable equity securities	4,790,649	6,402,448	-	-
Total trading securities	10,541,497	8,344,042	5,750,848	1,941,594
Available-for-sale securities - fair value				
Government and state enterprise securities	14,361,609	15,441,845	13,343,029	14,593,369
Private sector's debt securities	30,321	30,182	30,321	30,182
Foreign debt securities	631,645	1,506,804	631,645	1,506,804
Domestic marketable equity securities	2,506,777	1,402,438	1,305,715	11,644
Foreign marketable equity securities	178,831	215,432	-	-
Total available-for-sale securities	17,709,183	18,596,701	15,310,710	16,141,999
Held-to-maturity debt securities - amortised cost				
Government and state enterprise securities	1,005,664	-	1,005,664	-
Total held-to-maturity debt securities	1,005,664	-	1,005,664	-
General investment - cost				
Domestic non-marketable equity securities	60,404	57,235	15,170	13,771
<u>Less</u> Allowance for impairment	(28,097)	(27,267)	(2,425)	(2,287)
Total general investment	32,307	29,968	12,745	11,484
Total investments in securities, net	29,288,651	26,970,711	22,079,967	18,095,077

6.4.2 Investments in securities with holdings of 10% upwards

As at December 31, 2014 and 2013, investments in securities in which the Bank hold 10% upwards of the paid-up capital in each entity, classified by industry are as follows;

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
2014			
	Business type	Investment amount at cost (Baht)	Holding (%)
<u>Other companies</u>			
BTMU Leasing (Thailand) Co., Ltd.	Leasing	3,085,200	10.00
CMIC Development Co., Ltd.*	Real estate	1	80.58

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
2013			
	Business type	Investment amount at cost (Baht)	Holding (%)
<u>Other companies</u>			
BTMU Leasing (Thailand) Co., Ltd.	Leasing	3,085,200	10.00
CMIC Development Co., Ltd.*	Real estate	1	80.58

* The consolidated financial statements for the years ended December 31, 2014 and 2013 do not include the financial statements of CMIC Development Co., Ltd. which the Bank holds 80.58% of common shares since the shares were received from conversion of debts to equity according to the debt restructuring agreement and the Bank has intended to hold these investments temporarily and has no control.

6.5 Investments in subsidiaries, net

As at December 31, 2014 and 2013, the Bank has investments in subsidiaries as follows;

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS							
2014							
	Business type	Securities investment type	Paid-up capital/ outstanding capital	Cost method		Holding (%)	Dividend received ****
				Cost	Impairment		
Phatra Capital PLC.	Holding Company	Ordinary shareholder	1,051,551	7,170,459	-	99.98	515,128
Erawan Law Office Co., Ltd.	Law office	Ordinary shareholder	1,000	999	-	99.93	34,976
Asia Recovery 1 Fund	Investments*	Unit trust	216,658	223,687	-	99.95	84,956
Asia Recovery 2 Fund	Investments*	Unit trust	786,832	824,462	(213,849)	99.59	298,754
Asia Recovery 3 Fund	Investments*	Unit trust	775,959	819,087	(14,892)	99.97	209,940
Thai Restructuring Fund	Investments*	Unit trust	682,635	675,591	-	98.91	103,859
Asia Recovery Property Fund 1	Investments**	Unit trust	53,400	54,832	-	99.52	-
Asia Recovery Property Fund 3	Investments***	Unit trust	933,405	941,000	-	98.77	59,263
Bangkok Capital Fund	Investments*	Unit trust	343,886	1,801,113	(111,131)	95.72	574,306
Gamma Capital Fund	Investments*	Unit trust	270,208	1,219,914	(204,673)	94.03	648,795
				13,731,144	(544,545)	13,186,599	2,529,977

* Investments in commercial loans auctioned from Financial Restructuring Authority (FRA).

** Investments in receivables, which have properties as collateral

*** Investments in receivables or properties

**** Dividend received for the year ended December 31, 2014

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS								
2013								
	Business type	Securities investment type	Paid-up capital/ outstanding capital	Cost method		Holding (%)	Dividend received ****	
				Cost	Impairment			Net balance
Phatra Capital PLC.	Holding Company	Ordinary shareholder	1,051,551	7,169,854	-	7,169,854	99.97	-
Erawan Law Office Co., Ltd.	Law office	Ordinary shareholder	1,000	999	-	999	99.93	-
Asia Recovery 1 Fund	Investments*	Unit trust	216,658	223,687	-	223,687	99.95	-
Asia Recovery 2 Fund	Investments*	Unit trust	910,084	953,609	-	953,609	99.59	-
Asia Recovery 3 Fund	Investments*	Unit trust	801,216	845,748	-	845,748	99.97	-
Thai Restructuring Fund	Investments*	Unit trust	683,380	676,328	-	676,328	98.91	296,729
Asia Recovery Property Fund 1	Investments**	Unit trust	53,400	54,832	(2,084)	52,748	99.52	-
Asia Recovery Property Fund 3	Investments***	Unit trust	933,405	941,000	-	941,000	98.77	-
Bangkok Capital Fund	Investments*	Unit trust	349,887	1,832,544	-	1,832,544	95.72	1,531,489
Gamma Capital Fund	Investments*	Unit trust	281,832	1,272,393	-	1,272,393	94.03	470,143
				13,970,994	(2,084)	13,968,910		2,298,361

* Investments in commercial loans auctioned from Financial Restructuring Authority (FRA).

** Investments in receivables, which have properties as collateral

*** Investments in receivables or properties

**** Dividend received for the year ended December 31, 2013

Reduction of the capital of the mutual funds

According to the Notification of the Capital Market Supervisory Board No. Thor Nor. 22/2552: Rules, Conditions and Procedures for Establishment and Management of Mutual Funds for Solving Financial Institutions Problems which was amended by the Notification of the Capital Market Supervisory Board No. Thor Nor. 10/2553, it specified that in case management company of the funds (“the asset management company”) has already acquired, by way of debt repayment, property from foreclosure of the mortgage, or public auction in the category which a mutual fund cannot invest or possess prior to March 1, 2006, the asset management company shall dispose of such property when the first opportunity arises by taking into account the best interest of unitholders, but in any case no later than December 31, 2010 and that of the capital reduction of the mutual fund by pay-in-kind whether in whole or in part to be approved by the unanimous resolution of unitholders, the asset management company must reduce the number of units and transfer the non-cash assets and cash (if any) to the unitholders.

As the asset management company could not dispose of such assets within December 31, 2010, thus it proceeded with the capital reduction of the mutual fund, which obtained the unanimous resolutions from unitholders, by pay-in-kind assets to the Bank and pay in cash to other unitholders.

During the year 2013, from the capital reduction of 5 mutual funds which consist of Asia Recovery 2 Fund, Asia Recovery 3 Fund, Thai Restructuring Fund, Bangkok Capital Fund and Gamma Capital Fund, the Bank has received the pay-in-kind properties foreclosed in the amount of Baht 275.17 million, which results in loss from capital reduction in the amount of Baht 4.62 million and deferred gain from capital reduction in the amount of Baht 83.63 million. However, the Bank will be recognize deferred gain from capital reduction when properties foreclosed transferred are sold.

For the year ended December 31, 2014, from the capital reduction of 5 mutual funds which consist of Asia Recovery 2 Fund, Asia Recovery 3 Fund, Thai Restructuring Fund, Bangkok Capital Fund and Gamma Capital Fund, the Bank has received the pay-in-kind properties foreclosed in the amount of Baht 229.42 million, which results in loss from capital reduction in the amount of Baht 17.83 million and deferred gain from capital reduction in the amount of Baht 6.79 million, which will be recognized when the properties foreclosed are sold.

During the year ended December 31, 2014, the Bank has been transferred the rights and ownership of the property foreclosed from the mutual funds. However, there are 1 item of property foreclosed with total cost of Baht 0.98 million, which are under the registration process to transfer the ownership. According to the Notification of the Capital Market Supervisory Board No. Thor Nor. 22/2552: Rules, Conditions and Procedures for Establishment and Management of Mutual Funds for Solving Financial Institution Problems, the asset management company shall submit the registration of capital reduction to the Securities and Exchange Commission within five business days after reducing the number of investment units of each unit holder and make payment with other assets or cash to unit holders whose name appears on the register book as of the closing date.

However, as at December 31, 2014, the asset management company has already reported such matter to the Securities and Exchange Commission.

6.6 Investments in receivables, net

As at December 31, 2014 and 2013, the details of investments in receivables auctioned from the Financial Restructuring Authority ("FRA"), the Legal Execution Department ("LED") and other companies are as follows;

Unit: Thousand Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS				
2014				
Purchase date	Number of debtors	Outstanding balance per original and renewed agreements	Cost	Fair value
<u>Kiatnakin Bank Public Company Limited</u>				
Receivables auctioned from FRA				
September 30, 1999	310	2,196,660	211,059	107,294
December 15, 1999	157	426,668	6,824	4,779
Receivables purchased				
January 2009 - December 2014	3	110,687	64,233	35,526
Receivables auctioned from LED	1,278	12,249,140	1,164,748	821,144
	1,748	14,983,155	1,446,864	968,743
<u>Subsidiaries (Fund)</u>	2,934	52,042,908	1,491,070	2,334,013
Total	4,682	67,026,063	2,937,934	3,302,756

Unit: Thousand Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS				
2013				
Purchase date	Number of debtors	Outstanding balance per original and renewed agreements	Cost	Fair value
<u>Kiatnakin Bank Public Company Limited</u>				
Receivables auctioned from FRA				
September 30, 1999	312	2,209,019	240,659	142,348
December 15, 1999	158	427,441	9,421	10,621
Receivables purchased				
January 2009 - December 2013	3	110,687	73,158	61,096
Receivables auctioned from LED	1,282	12,281,674	1,253,680	965,252
	1,755	15,028,821	1,576,918	1,179,317
<u>Subsidiaries (Fund)</u>	2,991	53,074,873	1,873,910	2,705,388
Total	4,746	68,103,694	3,450,828	3,884,705

6.7 Loans to customers and accrued interest receivables, net

6.7.1 Classified by product as at December 31, 2014 and 2013.

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
<u>Loans</u>				
Overdrafts	1,204,269	896,228	1,204,269	896,228
Loans	52,464,348	48,223,169	53,814,348	50,023,169
Bills	136,682	51,690	136,682	51,690
Hire-purchase receivables	149,298,839	163,240,125	149,298,839	163,240,125
Leasing receivables	966,453	993,286	966,453	993,286
<u>Less</u> Deferred revenue	(19,812,267)	(23,215,481)	(19,812,267)	(23,215,481)
Total loans net of deferred revenue	184,258,324	190,189,017	185,608,324	191,989,017
<u>Add</u> Accrued interest receivables	1,138,054	1,246,508	1,138,498	1,254,563
Total loans and accrued interest receivables net of deferred revenue	185,396,378	191,435,525	186,746,822	193,243,580
<u>Less</u> Allowance for doubtful accounts				
1. Minimum allowance per BOT guideline				
- Individual Approach	(2,080,143)	(1,208,734)	(2,093,643)	(1,226,734)
- Collective Approach	(3,216,364)	(2,638,163)	(3,216,364)	(2,638,163)
2. Surplus reserve	(3,124,066)	(3,398,352)	(3,110,566)	(3,380,352)
<u>Less</u> Allowance for troubled debt restructuring	(9,963)	(23,415)	(9,963)	(23,415)
Net loans to customers and accrued interest receivables	176,965,842	184,166,861	178,316,286	185,974,916
<u>Securities business receivables</u>				
Margin accounts	509,939	608,118	-	-
Other receivables	9,155	6,365	-	-
Total securities business receivables	519,094	614,483	-	-
<u>Add</u> Accrued interest receivables	2,510	3,504	-	-
<u>Less</u> Allowance for doubtful accounts	(7,274)	(6,399)	-	-
Net securities business receivables and accrued interest receivables	514,330	611,588	-	-
Total loans to customers and accrued interest receivables, net	177,480,172	184,778,449	178,316,286	185,974,916

Deferred interest revenue of hire-purchase and finance lease contracts are stated net of commissions and direct expenses incurred at the initiation of the contract

6.7.2 Classified by currency and residence of customers as at December 31, 2014 and 2013.

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Baht - Domestic	184,034,007	190,803,500	184,864,913	191,989,017
US Dollar - Domestic	743,411	-	743,411	-
Total loans	184,777,418	190,803,500	185,608,324	191,989,017

6.7.3 Classified by business type and loans classification as at December 31, 2014 and 2013.

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS						
2014						
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	Total
Agriculture and mining	62,997	988	-	-	3,592	67,577
Manufacturing and commerce	10,734,471	544,926	282,433	106,426	291,262	11,959,518
Property development and construction	25,728,626	4,427,114	1,750,436	1,394,156	2,101,723	35,402,055
Public utilities and services	1,975,261	19,113	11,693	120,289	20,275	2,146,631
Housing loans	196,482	25,018	22,005	36,828	100,943	381,276
Hire-purchase loans	108,962,200	16,912,008	1,737,592	1,559,702	420,094	129,591,596
Leasing loans	802,085	50,335	4,232	-	8,611	865,263
Others	3,596,929	386,480	149,223	130,529	100,341	4,363,502
Total loans	152,059,051	22,365,982	3,957,614	3,347,930	3,046,841	184,777,418
Accrued interest receivables	722,763	417,703	-	-	98	1,140,564
Total	152,781,814	22,783,685	3,957,614	3,347,930	3,046,939	185,917,982

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS						
2013						
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	Total
Agriculture and mining	25,588	3,444	500	-	-	29,532
Manufacturing and commerce	5,830,439	293,507	87,496	219,937	136,912	6,568,291
Property development and construction	32,092,542	1,440,172	778,856	653,344	2,079,335	37,044,249
Public utilities and services	713,229	21,753	4,397	6,143	21,281	766,803
Housing loans	202,817	26,938	24,107	50,055	152,862	456,779
Hire-purchase loans	121,047,000	16,264,495	1,392,502	1,154,961	276,878	140,135,836
Leasing loans	836,336	12,365	25,703	-	8,611	883,015
Others	4,414,692	295,690	66,538	61,144	80,931	4,918,995
Total loans	165,162,643	18,358,364	2,380,099	2,145,584	2,756,810	190,803,500
Accrued interest receivables	981,899	268,015	-	-	98	1,250,012
Total	166,144,542	18,626,379	2,380,099	2,145,584	2,756,908	192,053,512

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS						
2014						
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	Total
Agriculture and mining	62,997	988	-	-	3,592	67,577
Manufacturing and commerce	10,734,471	544,926	282,433	106,426	291,262	11,959,518
Property development and construction	25,728,626	4,427,114	1,750,436	1,394,156	2,101,723	35,402,055
Public utilities and services	1,975,261	19,113	11,693	120,289	20,275	2,146,631
Housing loans	196,482	25,018	22,005	36,828	100,943	381,276
Hire-purchase loans	108,962,200	16,912,008	1,737,592	1,559,702	420,094	129,591,596
Leasing loans	802,085	50,335	4,232	-	8,611	865,263
Others	4,435,011	386,480	149,223	130,529	93,165	5,194,408
Total loans	152,897,133	22,365,982	3,957,614	3,347,930	3,039,665	185,608,324
Accrued interest receivables	720,795	417,703	-	-	-	1,138,498
Total	153,617,928	22,783,685	3,957,614	3,347,930	3,039,665	186,746,822

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS						
2013						
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	Total
Agriculture and mining	25,588	3,444	500	-	-	29,532
Manufacturing and commerce	5,830,439	293,507	87,496	219,937	136,912	6,568,291
Property development and construction	32,092,542	1,440,172	778,856	653,344	2,079,335	37,044,249
Public utilities and services	713,229	21,753	4,397	6,143	21,281	766,803
Housing loans	202,817	26,938	24,107	50,055	152,862	456,779
Hire-purchase loans	121,047,000	16,264,495	1,392,502	1,154,961	276,878	140,135,836
Leasing loans	836,336	12,365	25,703	-	8,611	883,015
Others	5,606,510	295,690	66,538	61,144	74,630	6,104,512
Total loans	166,354,461	18,358,364	2,380,099	2,145,584	2,750,509	191,989,017
Accrued interest receivables	986,548	268,015	-	-	-	1,254,563
Total	167,341,009	18,626,379	2,380,099	2,145,584	2,750,509	193,243,580

6.7.4 Classification by loans classification as at December 31, 2014 and 2013.

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS				
Loans classification	2014			
	Loans outstanding and accrued interest receivables	Net balance used for allowance	Rate used for allowance (%)	Allowance for doubtful accounts
Normal				
Loans ⁽¹⁾	43,315,607	12,878,560	1.00	128,758
Hire-purchase receivables-fleet	4,912,128	3,001,131	1.00	30,012
Hire-purchase receivables	104,554,079	104,070,966	0.80	834,975
Special mention				
Loans ⁽¹⁾	5,624,976	676,150	2.00	13,448
Hire-purchase receivables-fleet	350,758	286,903	2.00	5,738
Hire-purchase receivables	16,807,951	16,566,748	7.59	1,256,688
Substandard				
Loans	2,220,022	544,412	100.00	544,412
Hire-purchase receivables-fleet	37,537	37,537	100.00	37,537
Hire-purchase receivables	1,700,055	1,700,055	27.18	462,133
Doubtful				
Loans	1,788,228	576,510	100.00	576,510
Hire-purchase receivables-fleet	37,879	37,451	100.00	37,451
Hire-purchase receivables	1,521,823	1,521,823	27.44	417,639
Doubtful loss				
Loans	2,626,845	837,789	100.00	837,789
Hire-purchase receivables-fleet	27,519	27,519	100.00	27,519
Hire-purchase receivables	392,575	392,575	27.17	106,672
Total loans and accrued interest receivables	185,917,982	143,156,129		5,317,281
Additional allowance for some doubtful accounts				1,260,566
General reserve				1,850,000
Total				8,427,847

(1) Allowance for doubtful accounts on troubled debt restructured receivables have been wholly presented in allowance for troubled debt restructuring.

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS				
Loans classification	2013			
	Loans outstanding and accrued interest receivables	Net balance used for allowance	Rate used for allowance (%)	Allowance for doubtful accounts
Normal				
Loans ⁽¹⁾	44,509,613	9,965,371	1.00	99,617
Hire-purchase receivables-fleet	5,637,323	5,593,548	1.00	55,936
Hire-purchase receivables	115,997,606	115,435,453	0.68	782,934
Special mention				
Loans ⁽¹⁾	2,109,382	591,152	2.00	9,238
Hire-purchase receivables-fleet	449,815	443,771	2.00	8,875
Hire-purchase receivables	16,067,182	15,820,724	6.79	1,074,310
Substandard				
Loans	987,597	150,465	100.00	150,465
Hire-purchase receivables-fleet	48,755	48,755	100.00	48,755
Hire-purchase receivables	1,343,747	1,343,747	23.63	317,521
Doubtful				
Loans	990,623	240,805	100.00	240,805
Hire-purchase receivables-fleet	9,991	9,991	100.00	9,991
Hire-purchase receivables	1,144,970	1,144,970	23.77	272,117
Doubtful loss				
Loans	2,480,030	732,508	100.00	732,508
Hire-purchase receivables-fleet	3,164	3,164	100.00	3,164
Hire-purchase receivables	273,714	273,714	23.59	64,560
Total loans and accrued interest receivables	192,053,512	151,798,138		3,870,796
Additional allowance for some doubtful accounts				2,152,752
General reserve				1,228,100
Total				7,251,648

(1) Allowance for doubtful accounts on troubled debt restructured receivables have been wholly presented in allowance for troubled debt restructuring.

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS				
Loans classification	2014			
	Loans outstanding and accrued interest receivables	Net balance used for allowance	Rate used for allowance (%)	Allowance for doubtful accounts
Normal				
Loans ⁽¹⁾	44,151,721	12,878,560	1.00	128,758
Hire-purchase receivables-fleet	4,912,128	3,001,131	1.00	30,012
Hire-purchase receivables	104,554,079	104,070,966	0.80	834,975
Special mention				
Loans ⁽¹⁾	5,624,976	676,150	2.00	13,448
Hire-purchase receivables-fleet	350,758	286,903	2.00	5,738
Hire-purchase receivables	16,807,951	16,566,748	7.59	1,256,688
Substandard				
Loans	2,220,022	544,412	100.00	544,412
Hire-purchase receivables-fleet	37,537	37,537	100.00	37,537
Hire-purchase receivables	1,700,055	1,700,055	27.18	462,133
Doubtful				
Loans	1,788,228	576,510	100.00	576,510
Hire-purchase receivables-fleet	37,879	37,451	100.00	37,451
Hire-purchase receivables	1,521,823	1,521,823	27.44	417,639
Doubtful loss				
Loans	2,619,571	830,515	100.00	830,515
Hire-purchase receivables-fleet	27,519	27,519	100.00	27,519
Hire-purchase receivables	392,575	392,575	27.17	106,672
Total loans and accrued interest receivables	186,746,822	143,148,855		5,310,007
Additional allowance for some doubtful accounts				1,260,566
General reserve				1,850,000
Total				8,420,573

(1) Allowance for doubtful accounts on troubled debt restructured receivables have been wholly presented in allowance for troubled debt restructuring.

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS				
Loans classification	2013			
	Loans outstanding and accrued interest receivables	Net balance used for allowance	Rate used for allowance (%)	Allowance for doubtful accounts
Normal				
Loans ⁽¹⁾	45,706,080	10,015,371	1.00	100,117
Hire-purchase receivables-fleet	5,637,323	5,593,548	1.00	55,936
Hire-purchase receivables	115,997,606	115,435,453	0.68	782,934
Special mention				
Loans ⁽¹⁾	2,109,382	591,152	2.00	9,238
Hire-purchase receivables-fleet	449,815	443,771	2.00	8,875
Hire-purchase receivables	16,067,182	15,820,724	6.79	1,074,310
Substandard				
Loans	987,597	150,465	100.00	150,465
Hire-purchase receivables-fleet	48,755	48,755	100.00	48,755
Hire-purchase receivables	1,343,747	1,343,747	23.63	317,521
Doubtful				
Loans	990,623	240,805	100.00	240,805
Hire-purchase receivables-fleet	9,991	9,991	100.00	9,991
Hire-purchase receivables	1,144,970	1,144,970	23.77	272,117
Doubtful loss				
Loans	2,473,631	726,109	100.00	726,109
Hire-purchase receivables-fleet	3,164	3,164	100.00	3,164
Hire-purchase receivables	273,714	273,714	23.59	64,560
Total loans and accrued interest receivables	193,243,580	151,841,739		3,864,897
Additional allowance for some doubtful accounts				2,152,252
General reserve				1,228,100
Total				7,245,249

(1) Allowance for doubtful accounts on troubled debt restructured receivables have been wholly presented in allowance for troubled debt restructuring.

6.7.5 Non-performing loans

As at December 31, 2014 and 2013, the Bank has non-performing loans, defined according to the BOT's Notification as loan classified as substandard, doubtful, and doubtful loss, including interbank and money market items, but excluding accrued interest receivables, as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Non-performing loans				
(excluding accrued interest receivables)	10,352,385	7,282,493	10,345,209	7,276,192
Percentage of non-performing loans to total loans				
(including loans to financial institutions)	5.55	3.75	5.52	3.71
Non-performing loans net of allowance for doubtful				
accounts (excluding accrued interest receivables)	6,683,038	4,608,770	6,683,136	4,608,868
Percentage of non-performing loans net of allowance for				
doubtful accounts to total loans net of allowance for				
doubtful accounts (including loans to financial institutions)	3.65	2.40	3.64	2.38
Percentage of non-performing loans to the total of				
each type of loans				
- Loans	12.12	8.89	11.83	8.59
- Hire-purchase receivables	2.87	2.02	2.87	2.02
- Securities and derivative business receivables	1.38	1.03	-	-

Loans and accrued interest receivables from which recognition of income based on accrual basis has been discontinued are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	2014		2013	
	Principal	Interest receivables	Principal	Interest Receivables
Loans and bills receivables	6,627,821	-	4,451,851	-
Securities business receivables	7,176	98	6,301	98
Hire-purchase receivables	3,717,388	-	2,824,341	-
Total loans from which recognition of income has been discontinued	10,352,385	98	7,282,493	98

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS			
	2014		2013	
	Principal	Interest receivables	Principal	Interest Receivables
Loans and bills receivables	6,627,821	-	4,451,851	-
Hire-purchase receivables	3,717,388	-	2,824,341	-
Total loans from which recognition of income has been discontinued	10,345,209	-	7,276,192	-

6.8 Hire-purchase and finance lease receivables

As at December 31, 2014 and 2013, receivables of the Bank and its subsidiaries under hire-purchase and finance lease agreements and mostly comprise hire-purchase agreements for cars, machine and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements, interest is charged at a fixed rate as specified in agreements.

Unit: Thousand Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
	2014			
	Amount due under lease agreements			
	Less than 1 year	Within 1-5 years	Over 5 years	Total
Gross investment in the agreements	3,370,436	118,243,706	28,651,150	150,265,292
<u>Less</u> Unearned income*				(19,808,433)
Present value of minimum lease payment per agreement				130,456,859
<u>Less</u> Allowance for doubtful accounts				(3,335,772)
Hire-purchase and finance lease receivables, net				127,121,087

* Net of commission and direct expenses incurred at the initiation of hire purchase.

Unit: Thousand Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
	2013			
	Amount due under lease agreements			
	Less than 1 year	Within 1-5 years	Over 5 years	Total
Gross investment in the agreements	47,916,957	111,275,430	5,041,024	164,233,411
<u>Less</u> Unearned income*				(23,214,560)
Present value of minimum lease payment per agreement				141,018,851
<u>Less</u> Allowance for doubtful accounts				(3,623,135)
Hire-purchase and finance lease receivables, net				137,395,716

* Net of commission and direct expenses incurred at the initiation of hire purchase.

6.9 Allowance for doubtful accounts

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

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS							
	2014						
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	General reserve	Total
At beginning of year	1,946,897	1,402,928	655,523	942,435	1,075,765	1,228,100	7,251,648
Add Doubtful accounts (reversal)	(543,179)	101,854	635,952	295,290	2,065,738	621,900	3,177,555
Bad debts recovered	-	-	-	-	367,155	-	367,155
Less Bad debt written-off	-	-	-	-	(2,368,511)	-	(2,368,511)
At end of year	1,403,718	1,504,782	1,291,475	1,237,725	1,140,147	1,850,000	8,427,847

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS							
	2013						
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	General reserve	Total
At beginning of year	1,975,683	577,694	1,253,411	727,658	1,186,356	423,100	6,143,902
Add Doubtful accounts (reversal)	(28,786)	825,234	(597,888)	214,777	1,037,093	805,000	2,255,430
Bad debts recovered	-	-	-	-	256,058	-	256,058
Less Bad debt written-off	-	-	-	-	(1,403,742)	-	(1,403,742)
At end of year	1,946,897	1,402,928	655,523	942,435	1,075,765	1,228,100	7,251,648

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS							
	2014						
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	General reserve	Total
At beginning of year	1,946,897	1,402,928	655,523	942,434	1,069,367	1,228,100	7,245,249
Add Doubtful accounts (reversal)	(543,179)	101,854	635,952	295,291	2,064,862	621,900	3,176,680
Bad debts recovered	-	-	-	-	367,155	-	367,155
Less Bad debt written-off	-	-	-	-	(2,368,511)	-	(2,368,511)
At end of year	1,403,718	1,504,782	1,291,475	1,237,725	1,132,873	1,850,000	8,420,573

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS							
	2013						
	Normal	Special mention	Substan- dard	Doubtful	Doubtful loss	General reserve	Total
At beginning of year	1,975,683	577,694	1,253,411	727,658	1,179,957	423,100	6,137,503
Add Doubtful accounts (reversal)	(28,786)	825,234	(597,888)	214,776	1,037,094	805,000	2,255,430
Bad debts recovered	-	-	-	-	256,058	-	256,058
Less Bad debt written-off	-	-	-	-	(1,403,742)	-	(1,403,742)
At end of year	1,946,897	1,402,928	655,523	942,434	1,069,367	1,228,100	7,245,249

6.10 Troubled debt restructuring

As at December 31, 2014 and 2013, the Bank has troubled debt restructuring classified by default period as follows;

Unit: Million Baht

Default period	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
	2014			
	Number of debtors	Principal balance	Loans net of collateral	Allowance for doubtful accounts
0 - 1 month	52	816	56	169
More than 1 month - 3 months	14	525	11	36
More than 3 months - 6 months	41	1,463	262	457
More than 6 months - 12 months	47	1,304	389	492
More than 12 months	92	1,375	562	614
Total	246	5,483	1,280	1,768

Unit: Million Baht

Default period	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
	2013			
	Number of debtors	Principal balance	Loans net of collateral	Allowance for doubtful accounts
0 - 1 month	55	1,066	44	187
More than 1 month - 3 months	13	638	133	150
More than 3 months - 6 months	24	777	42	86
More than 6 months - 12 months	47	276	16	99
More than 12 months	97	1,352	553	604
Total	236	4,109	788	1,126

For the year ended December 31, 2014, the Bank has no loss on troubled debt restructuring and for the year ended December 31, 2013, the Bank has 3 troubled debts restructuring with outstanding balance before restructuring amounting to Baht 68.40 million.

Unit: Million Baht

Restructuring type	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS				
	2013				
	Number of debtors	Outstanding balance before TDR ⁽¹⁾	Outstanding balance after TDR ⁽¹⁾	Type of assets transferred	Fair value of Assets
Transfer of properties	2	34.65	-	Apartment	32.29
Transfer of properties and modifications of payment terms	1	33.75	10.00	Apartment	23.11
Total	3	68.40	10.00		

(1) Presented at book value (principal and accrued interest receivables)

6.11 Allowance for troubled debt restructuring

Allowance for troubled debts restructuring as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS	
	2014	2013
At beginning of year	23,415	27,789
Decreased during year	(13,452)	(4,374)
At end of year	9,963	23,415

6.12 Properties foreclosed, net

Properties foreclosed as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Properties foreclosed	4,703,569	5,388,006	4,513,579	5,404,908
<u>Less</u> Provision for diminution in value	(1,036,222)	(1,285,337)	(993,423)	(1,249,362)
Net properties foreclosed	3,667,347	4,102,669	3,520,156	4,155,546

The Bank and subsidiaries acquired properties foreclosed by transferring asset, auction and repossession for the debt settlement.

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		
	2014		
	Immovable assets	Movable Assets	Total
At beginning of year	5,210,159	177,847	5,388,006
Additions	606,655	4,930,491	5,537,146
Disposals	(1,334,198)	(4,887,385)	(6,221,583)
At end of year	4,482,616	220,953	4,703,569
<u>Less</u> Provision for diminution in value	(962,968)	(73,254)	(1,036,222)
Net properties foreclosed	3,519,648	147,699	3,667,347

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS			
2013			
	Immovable assets	Movable Assets	Total
At beginning of year	6,362,875	201,312	6,564,187
Additions	569,228	3,574,940	4,144,168
Disposals	(1,721,944)	(3,598,405)	(5,320,349)
At end of year	5,210,159	177,847	5,388,006
<u>Less</u> Provision for diminution in value	(1,107,500)	(177,837)	(1,285,337)
Net properties foreclosed	4,102,659	10	4,102,669

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS			
2014			
	Immovable assets	Movable Assets	Total
At beginning of year	5,227,277	177,631	5,404,908
Additions	497,348	4,930,491	5,427,839
Disposals	(1,431,999)	(4,887,169)	(6,319,168)
At end of year	4,292,626	220,953	4,513,579
<u>Less</u> Provision for diminution in value	(920,169)	(73,254)	(993,423)
Net properties foreclosed	3,372,457	147,699	3,520,156

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS			
2013			
	Immovable assets	Movable Assets	Total
At beginning of year	6,536,717	201,096	6,737,813
Additions	522,529	3,574,940	4,097,469
Disposals	(1,831,969)	(3,598,405)	(5,430,374)
At end of year	5,227,277	177,631	5,404,908
<u>Less</u> Provision for diminution in value	(1,071,731)	(177,631)	(1,249,362)
Net properties foreclosed	4,155,546	-	4,155,546

The details of assets at fair value where the Bank granted an option to debtors for repurchasing classified by outstanding term of contract as at December 31, 2014 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Less than 2 months	5,500	-	5,500	-
2 - 12 months	67,796	260,137	32,144	239,049
Total	73,296	260,137	37,644	239,049

Immovable properties foreclosed classified by external and internal appraisers 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
Immovable properties foreclosed				
Appraised by external appraisers	3,770	4,357	3,592	4,417
Appraised by internal appraisers	713	853	701	810
Total	4,483	5,210	4,293	5,227

6.13 Land, premises and equipment, net

Land, premises and equipment as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS								
	2014								
	Cost				Accumulated depreciation				Land, premises and equipment, net
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
Land	146,981	-	-	146,981	-	-	-	-	146,981
Premises and building improvement	580,327	57,781	(11,896)	626,212	(256,854)	(61,308)	1,929	(316,233)	309,979
Equipment	1,396,222	103,953	(71,991)	1,428,184	(1,043,058)	(139,448)	59,583	(1,122,923)	305,261
Furniture and fixtures	868,929	16,818	(29,572)	856,175	(634,423)	(104,029)	21,697	(716,755)	139,420
Vehicles	354,483	9,753	(19,055)	345,181	(189,180)	(59,227)	19,055	(229,352)	115,829
Total	3,346,942	188,305	(132,514)	3,402,733	(2,123,515)	(364,012)	102,264	(2,385,263)	1,017,470

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS								
	2013								
	Cost				Accumulated depreciation				Land, premises and equipment, net
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
Land	146,981	-	-	146,981	-	-	-	-	146,981
Premises and building improvement	556,410	26,836	(2,919)	580,327	(224,146)	(34,847)	2,139	(256,854)	323,473
Equipment	1,319,945	136,805	(60,528)	1,396,222	(949,354)	(152,503)	58,799	(1,043,058)	353,164
Furniture and fixtures	856,549	36,778	(24,398)	868,929	(533,106)	(121,433)	20,116	(634,423)	234,506
Vehicles	367,294	46,792	(59,603)	354,483	(186,685)	(61,575)	59,080	(189,180)	165,303
Total	3,247,179	247,211	(147,448)	3,346,942	(1,893,291)	(370,358)	140,134	(2,123,515)	1,223,427

Depreciation for the years ended December 31, 2014 : Baht 340,664 Thousand
 December 31, 2013 : Baht 370,358 Thousand

As at December 31, 2014 and 2013, the Bank and its subsidiaries had premises and equipment, fully depreciated but still in use, at the original costs amounting to Baht 1,480.60 million and Baht 1,687.81 million, respectively.

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS								
	2014								
	Cost				Accumulated depreciation				Land, premises and equipment, net
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
Land	94,968	-	-	94,968	-	-	-	-	94,968
Premises	76,552	-	-	76,552	(44,883)	(3,476)	-	(48,359)	28,193
Equipment	957,878	58,468	(48,680)	967,666	(702,763)	(92,431)	38,756	(756,438)	211,228
Furniture and fixtures	745,889	7,185	(23,707)	729,367	(546,410)	(91,951)	20,385	(617,976)	111,391
Vehicles	319,741	9,753	(19,055)	310,439	(166,761)	(55,218)	19,055	(202,924)	107,515
Total	2,195,028	75,406	(91,442)	2,178,992	(1,460,817)	(243,076)	78,196	(1,625,697)	553,295

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS								
	2013								
	Cost				Accumulated depreciation				Land, premises and equipment, net
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
Land	94,968	-	-	94,968	-	-	-	-	94,968
Premises	76,552	-	-	76,552	(41,407)	(3,476)	-	(44,883)	31,669
Equipment	916,490	70,579	(29,191)	957,878	(621,256)	(110,581)	29,074	(702,763)	255,115
Furniture and fixtures	731,259	14,860	(230)	745,889	(437,571)	(109,024)	185	(546,410)	199,479
Vehicles	330,580	44,441	(55,280)	319,741	(163,812)	(57,760)	54,811	(166,761)	152,980
Total	2,149,849	129,880	(84,701)	2,195,028	(1,264,046)	(280,841)	84,070	(1,460,817)	734,211

Depreciation for the years ended December 31, 2014 : Baht 243,076 Thousand
 December 31, 2013 : Baht 280,841 Thousand

As at December 31, 2014 and 2013, the Bank had premises and equipment, fully depreciated but still in use, at the original costs amounting to Baht 897.61 million and Baht 776.93 million, respectively.

6.14 Other intangible assets, net and goodwill

6.14.1 Other intangible assets, net Other intangible assets, net as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS								
	2014								
	Cost				Accumulated amortization				Other intangible assets, net
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
Software	1,004,636	78,306	(2,473)	1,080,469	(585,135)	(77,483)	-	(662,618)	417,851
TFEX Membership	12,709	-	-	12,709	(7,182)	(50)	-	(7,232)	5,477
Total	1,017,345	78,306	(2,473)	1,093,178	(592,317)	(77,533)	-	(669,850)	423,328

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS								
	2013								
	Cost				Accumulated amortization				Other intangible assets, net
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
Software	812,801	193,690	(1,855)	1,004,636	(492,892)	(92,243)	-	(585,135)	419,501
TFEX Membership	12,709	-	-	12,709	(7,132)	(50)	-	(7,182)	5,527
Total	825,510	193,690	(1,855)	1,017,345	(500,024)	(92,293)	-	(592,317)	425,028

Amortization for the years ended
 December 31, 2014 : Baht 77,533 Thousand
 December 31, 2013 : Baht 92,293 Thousand

As at December 31, 2014 and 2013 , the Bank and its subsidiaries had software, fully amortized but still in use, at the original costs amounting to Baht 404.02 million and Baht 374.60 million, respectively.

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS								
	2014								
	Cost				Accumulated amortization				Other intangible assets, net
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
Software	729,241	59,784	-	789,025	(365,430)	(55,485)	-	(420,915)	368,110
Total	729,241	59,784	-	789,025	(365,430)	(55,485)	-	(420,915)	368,110

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS								
	2013								
	Cost				Accumulated amortization				Other intangible assets, net
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
	575,185	154,056	-	729,241	(295,323)	(70,107)	-	(365,430)	363,811
Total	575,185	154,056	-	729,241	(295,323)	(70,107)	-	(365,430)	363,811

Amortization for the years ended
 December 31, 2014 : Baht 55,485 Thousand
 December 31, 2013 : Baht 70,107 Thousand

As at December 31, 2014 and 2013, the Bank had software, fully amortized but still in use, at the original costs amounting to Baht 206.13 million and Baht 193.51 million, respectively.

6.14.2 Goodwill

Goodwill as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS				
2014				
Cost				
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance
Goodwill	3,085,607	124	-	3,085,731
Total	3,085,607	124	-	3,085,731

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS				
2013				
Cost				
	Beginning balance	Additions	Disposals/ Transfers	Ending Balance
Goodwill	3,085,290	317	-	3,085,607
Total	3,085,290	317	-	3,085,607

6.15 Deferred tax assets

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Deferred tax assets	935,126	720,745	929,419	712,351
Total	935,126	720,745	929,419	712,351

Movements in deferred tax assets during the year were as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2014	Items as recognized into profit or loss	Items as recognized into other comprehensive income	Balance as at December 31, 2014
Temporary differences				
Allowance for doubtful accounts	255,173	123,086	-	378,259
Allowance for impairment of investments	106,888	120,032	-	226,920
Allowance for impairment of properties foreclosed	249,872	(51,187)	-	198,685
Provisions	172,653	5,191	(1,745)	176,099
Income received in advance	252,188	(31,195)	-	220,993
Non-accrued interest income	44,585	10,398	-	54,983
Prepaid hire-purchase commission	(326,922)	41,365	-	(285,557)
Depreciation of assets	(1,779)	1,779	-	-
Gain on remeasuring available-for-sale securities	(46,103)	-	(18,747)	(64,850)
Unrealized (gain) loss on remeasuring trading securities	(1,409)	986	-	(423)
Others	15,599	14,418	-	30,017
Total	720,745	234,873	(20,492)	935,126

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	Items as recognized into profit or loss	Items as recognized into other comprehensive income	Balance as at December 31, 2013
Temporary differences				
Allowance for doubtful accounts	95,238	159,935	-	255,173
Allowance for impairment of investments	128,717	(21,829)	-	106,888
Allowance for impairment of properties foreclosed	309,392	(59,520)	-	249,872
Provisions	181,163	(8,576)	66	172,653
Income received in advance	216,791	35,397	-	252,188
Non-accrued interest income	42,618	1,967	-	44,585
Prepaid hire-purchase commission	(298,448)	(28,474)	-	(326,922)
Depreciation of assets	3,014	(4,793)	-	(1,779)
(Gain) loss on remeasuring available-for-sale securities	(74,850)	-	28,747	(46,103)
Unrealized (gain) loss on remeasuring trading securities	(29,194)	27,785	-	(1,409)
Others	44,225	(28,626)	-	15,599
Total	618,666	73,266	28,813	720,745

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2014	Items as recognized into profit or loss	Items as recognized into other comprehensive income	Balance as at December 31, 2014
Temporary differences				
Allowance for doubtful accounts	253,424	123,086	-	376,510
Allowance for impairment of investments	106,888	120,032	-	226,920
Allowance for impairment of properties foreclosed	249,872	(51,187)	-	198,685
Provision	164,228	5,112	-	169,340
Income received in advance	252,188	(31,195)	-	220,993
Non-accrued interest income	44,585	10,398	-	54,983
Prepaid hire-purchase commission	(326,922)	41,365	-	(285,557)
Gain on remeasuring available-for-sale securities	(46,102)	-	(18,747)	(64,849)
Others	14,190	18,204	-	32,394
Total	712,351	235,815	(18,747)	929,419

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	Items as recognized into profit or loss	Items as recognized into other comprehensive income	Balance as at December 31, 2013
Temporary differences				
Allowance for doubtful accounts	93,489	159,935	-	253,424
Allowance for impairment of investments	127,251	(20,363)	-	106,888
Allowance for impairment of properties foreclosed	306,925	(57,053)	-	249,872
Provision	159,552	6,436	(1,760)	164,228
Income received in advance	216,791	35,397	-	252,188
Non-accrued interest income	42,617	1,968	-	44,585
Prepaid hire-purchase commission	(298,448)	(28,474)	-	(326,922)
(Gain) loss on remeasuring available-for-sale securities	(73,972)	-	27,870	(46,102)
Others	20,086	(5,896)	-	14,190
Total	594,291	91,950	26,110	712,351

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% of net income for an accounting period beginning on or after January 1, 2012 and 20% of net income for two consecutive accounting period beginning on or after January 1, 2013 and 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% of net income for an accounting period beginning on or after January 1, 2015, up to December 31, 2015.

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

The deferred tax assets of subsidiaries which have not been recognized in the statements of financial position as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS	
	2014	2013
Unused tax losses	12,376	9,911
Provisions	758	426
Loss on remeasuring available-for-sale securities	52	26
Total	13,186	10,363

6.16 Other assets, net

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Interest and dividend income receivables	154,714	154,457	140,574	137,521
Other income receivables*	30,607	26,663	10,739	3,211
Prepaid expenses and deferred expenses	79,669	92,668	56,473	70,056
Prepaid output tax for hire-purchase receivables*	112,191	111,170	112,191	111,170
Other receivables, net*	622,602	560,534	435,155	324,842
Receivables from trading securities	130,810	101,445	130,810	101,445
Refundable deposit	321,542	224,413	203,032	125,247
Withholding income tax	11,303	51,110	-	41,826
Input VAT - pending tax invoice	212,891	304,143	212,891	303,647
Prepayment for leasehold right	38,257	53,673	35,013	48,399
Others*	150,928	179,207	68,952	67,287
Total other assets	1,865,514	1,859,483	1,405,830	1,334,651

* As at December 31, 2014 these transactions are shown net of total doubtful accounts of Baht 41.29 million and Baht 32.55 million in the consolidated and the Bank's financial statements, respectively. (December 31, 2013: Baht 47.77 million and Baht 39.02 million in the consolidated and the Bank's financial statements, respectively).

6.17 Deposits

6.17.1 Classified by type of deposit as at December 31, 2014 and 2013

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Current accounts	242,971	191,045	303,983	275,011
Savings accounts	62,867,702	24,140,160	62,914,378	24,184,433
Term deposits	68,516,850	121,234,614	68,516,850	121,234,614
NCD	687,228	430,679	687,228	430,679
Total	132,314,751	145,996,498	132,422,439	146,124,737

6.17.2 Classified by currency and residence of depositors as December 31, 2014 and 2013

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	131,668,503	646,248	132,314,751	145,474,685	521,813	145,996,498
Total	131,668,503	646,248	132,314,751	145,474,685	521,813	145,996,498

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	131,776,191	646,248	132,422,439	145,602,924	521,813	146,124,737
Total	131,776,191	646,248	132,422,439	145,602,924	521,813	146,124,737

6.18 Interbank and money market items, net (liabilities)

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2014			2013		
	On demand	Term	Total	On demand	Term	Total
Bank of Thailand and Financial Institution Development Fund	-	625,506	625,506	-	821,148	821,148
Commercial banks	-	3,368,278	3,368,278	80	-	80
Specific Financial Institution	3,630	3,600,000	3,603,630	116,283	3,000,000	3,116,283
Other financial institutions	50,870	2,146,785	2,197,655	127,695	2,590,815	2,718,510
Total	54,500	9,740,569	9,795,069	244,058	6,411,963	6,656,021

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS						
	2014			2013		
	On demand	Term	Total	On demand	Term	Total
Bank of Thailand and Financial						
Institution Development Fund	-	625,506	625,506	-	821,148	821,148
Commercial banks	-	3,368,278	3,368,278	-	-	-
Specific Financial Institution	3,630	3,600,000	3,603,630	116,283	3,000,000	3,116,283
Other financial institutions	321,825	2,191,676	2,513,501	162,194	2,646,066	2,808,260
Total	325,455	9,785,460	10,110,915	278,477	6,467,214	6,745,691

6.19 Debt issued and borrowings

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

Unit: Thousand Baht

	Currency	Interest Rate (%)	Maturity	CONSOLIDATED FINANCIAL STATEMENTS	
				2014	2013
Debentures	THB	2.20 - 5.10	2018	42,514,456	35,744,114
Bills of exchange	THB	3.65 - 5.10	2017	257,078	6,824,915
Total				42,771,534	42,569,029

Unit: Thousand Baht

	Currency	Interest Rate (%)	Maturity	THE BANK'S FINANCIAL STATEMENTS	
				2014	2013
Debentures	THB	2.20 - 5.10	2018	40,105,000	34,211,455
Bills of exchange	THB	3.65 - 5.10	2017	257,078	6,624,915
Total				40,362,078	40,836,370

6.20 Provisions

Provisions as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Post-employment benefits obligation	323,758	302,108	195,967	169,833
Others	75,622	72,601	73,686	70,510
Total	399,380	374,709	269,653	240,343

Post-employment benefits obligation

The Bank and its subsidiaries have post-employment benefits plan under the Thai Labor Protection Act, which is considered as unfunded defined benefit plans.

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: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Current service cost	44,708	36,925	30,766	25,138
Interest cost	11,889	9,516	7,058	5,748
Actuarial (gain) loss on defined benefit plan	(10,055)	2,057	-	(8,802)
Total	46,542	48,498	37,824	22,084

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Beginning defined benefit obligation	302,108	267,905	169,833	154,937
Service cost for previous year	973	-	-	-
Current service cost	44,708	36,925	30,766	25,138
Interest cost	11,889	9,516	7,058	5,748
Defined benefit obligation transferred from subsidiary company	-	-	1,721	-
Actuarial (gain) loss on defined benefit plan	(10,055)	2,057	-	(8,802)
Benefits paid	(25,865)	(14,295)	(13,411)	(7,188)
Ending defined benefit obligation	323,758	302,108	195,967	169,833

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

	2014	2013
Financial assumptions		
Discount rate	2.9 - 4.4%	3.6 - 4.4%
Expected rate of salary increase	3.0 - 15.0%	3.0 - 18.0%
Turnover rate	0.0 - 30.0%	0.0 - 30.0%
Retirement age	55 years and 58 years	55 years and 60 years

6.21 Deferred tax liabilities

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS	
	2014	2013
Deferred tax liabilities	81,628	126,893
Total	81,628	126,893

Movements in deferred tax liabilities during the years were as follows;

Unit: Thousand Baht

	THE CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2014	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Balance as at December 31, 2014
Temporary differences				
Premise appraisal surplus	37,696	(3,446)	-	34,250
Allowance for impairment of investments	(1,466)	-	-	(1,466)
Allowance for impairment of properties foreclosed	(2,263)	205	-	(2,058)
Provision	(16,901)	(405)	-	(17,306)
Depreciation of assets	(2,846)	1,023	-	(1,823)
Gain on remeasuring available-for-sale securities	14,594	-	14,290	28,884
Unrealized gain on remeasuring trading securities	5,951	1,720	-	7,671
Unrealized gain (loss) on remeasuring securities borrowing and lending	60,520	(51,842)	-	8,678
Unrealized gain (loss) on remeasuring derivatives	32,175	(6,795)	-	25,380
Others	(567)	-	(15)	(582)
Total	126,893	(59,540)	14,275	81,628

Unit: Thousand Baht

	THE CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Balance as at December 31, 2013
Temporary differences				
Premise appraisal surplus	41,141	(3,445)	-	37,696
Allowance for impairment of investments	-	(1,466)	-	(1,466)
Allowance for impairment of properties foreclosed	-	(2,263)	-	(2,263)
Provision	(540)	(16,231)	(130)	(16,901)
Depreciation of assets	-	(2,846)	-	(2,846)
Gain (loss) on remeasuring available-for-sale securities	122,728	-	(108,134)	14,594
Unrealized gain on remeasuring trading securities	-	5,951	-	5,951
Unrealized gain on remeasuring securities borrowing and lending	-	60,520	-	60,520
Unrealized gain on remeasuring derivatives	-	32,175	-	32,175
Others	-	-	(567)	(567)
Total	163,329	72,395	(108,831)	126,893

6.22 Other accounts payable

Other accounts payable as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Insurance premium payables	467,724	565,217	467,724	565,217
Dealer payables	200,711	385,182	200,711	385,182
Other refund payables to customers	15,477	13,762	12,012	13,762
Securities payables	438,912	-	438,912	-
Others	687,894	946,058	549,932	857,312
Total	1,810,718	1,910,219	1,669,291	1,821,473

6.23 Legal Execution Department payable

As December 31, 2014 and 2013, the Bank had an outstanding principal payable to the Legal Execution Department in the amount of Baht 575.38 million in accordance with the order of the Central Bankruptcy Court dated November 16, 2010 which resulted from the breach of contract for bidding a secured property in a bankruptcy case of a Bank's debtor in which the Legal Execution Department demanded for the different amount between the first and final bidding. On January 17, 2014, the Bank has placed with the official receiver a government bond of Baht 575,380,000 together with a letter of acknowledgement of debt, according to the resolution of the meeting of the creditors committee on November 6, 2013. Subsequently, the Bank filed the petition with the official receiver requesting for preferential right over such amount since the Bank is a secured creditor over such secured property. In which the official receiver dismissed the petition of the Bank. On May 20, 2014, the Bank filed the objection with the Central Bankruptcy Court requesting the Central Bankruptcy Court to order that the Bank has preferential right. Presently, such order is under the consideration of the Central Bankruptcy Court.

6.24 Other liabilities

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Accrued bonus	981,790	1,164,641	479,584	520,000
Accrued expenses	843,871	788,584	669,710	666,769
Front-end fees	422,811	490,737	422,811	490,737
Other income received in advance	2,255,783	202,538	2,448,518	433,862
Deposits	222,409	252,113	222,357	252,061
Suspense accounts cash received from customers	77,918	63,816	76,603	63,668
Stock subscription payables	16,980	3,779	16,980	3,779
Value added tax payable	378,439	33,819	365,941	-
Others	123,095	183,777	48,120	56,968
Total other liabilities	5,323,096	3,183,804	4,750,624	2,487,844

6.25 Share capital

Details of warrant holders exercising their rights during the year 2013 are as follows:

The 846,400 unit of warrants were converted into 846,400 ordinary shares. The Bank registered the increase in share capital with the Ministry of Commerce on January 7, 2013.

The 1,231,800 unit of warrants were converted into 1,231,800 ordinary shares. The Bank registered the increase in share capital with the Ministry of Commerce on April 4, 2013.

The 918,600 unit of warrants were converted into 918,600 ordinary shares. The Bank registered the increase in share capital with the Ministry of Commerce on July 4, 2013.

The 3,004,450 unit of warrants were converted into 3,004,450 ordinary shares. The Bank registered the increase in share capital with the Ministry of Commerce on October 4, 2013.

Thus, during the year ended December 31, 2013, the Bank issued ordinary shares from conversion of warrants totally 6,001,250 ordinary shares or total increase in share capital of Baht 60,012,500 which resulted in the increase in issued and paid up capital as at December 31, 2013 to Baht 8,388,331,090.

Details of warrant holders exercising their rights during the year 2014 are as follows:

The 154,350 unit of warrants were converted into 154,350 ordinary shares. The Bank registered the increase in share capital with the Ministry of Commerce on January 7, 2014.

The 856,000 unit of warrants were converted into 856,000 ordinary shares. The Bank registered the increase in share capital with the Ministry of Commerce on April 2, 2014.

The 608,350 unit of warrants were converted into 608,350 ordinary shares. The Bank registered the increase in share capital with the Ministry of Commerce on July 2, 2014.

The 2,381,750 unit of warrants were converted into 2,381,750 ordinary shares. The Bank registered the increase in share capital with the Ministry of Commerce on October 1, 2014.

Thus, during the year ended December 31, 2014, the Bank issued ordinary shares from conversion of warrants totally 4,000,450 ordinary shares or total increase in share capital of Baht 40,004,500 which resulted in the increase in issued and paid up capital as at December 31, 2014 to Baht 8,428,335,590.

6.26 Warrants

Warrants as at December 31, 2014 and 2013 are as follows;

	As at December 31, 2013			Decrease during the year							As at December 31, 2014		
	Unit	Price per unit (Baht)	Amount (Thousand Baht)	Cancel (Unit)	Exercise (Unit)	Amount (Thousand Baht)	Exercise rate to purchase ordinary share per 1 unit of warrant	Share capital issued during period (Share)	Exercise price (Baht)	Amount (Thousand Baht)	Unit	Price per unit (Baht)	Amount (Thousand Baht)
ESOP-W 2*	13,365,500	-	-	-	4,000,450	-	1.00	4,000,450	29.27	117,093	9,365,050	-	-
	13,365,500		-	-	4,000,450	-		4,000,450		117,093	9,365,050		-

	As at December 31, 2013			Decrease during the year							As at December 31, 2013		
	Unit	Price per unit (Baht)	Amount (Thousand Baht)	Cancel (Unit)	Exercise (Unit)	Amount (Thousand Baht)	Exercise rate to purchase ordinary share per 1 unit of warrant	Share capital issued during period (Share)	Exercise price (Baht)	Amount (Thousand Baht)	Unit	Price per unit (Baht)	Amount (Thousand Baht)
ESOP-W 2*	19,366,750	-	-	-	6,001,250	-	1.00	6,001,250	29.27	175,657	13,365,500	-	-
	19,366,750		-	-	6,001,250	-		6,001,250		175,657	13,365,500		-

* ESOP-W2 warrants which are offered to the management and directors of the Bank can be exercised on the 30th of every quarter ended starting from September 30, 2011 to June 30, 2015.

6.27 Legal reserve

Under the Public Companies Act, the Bank which is the public company is required to set aside as legal reserve at least 5% of its net profit, net of accumulated deficit brought forward (if any), until the reserve is not less than 10% of the registered capital.

6.28 Dividend paid

On April 25, 2013, the Annual General Meeting of the Bank's shareholders for the year 2013 approved the resolution regarding the payment of dividend for the year 2012 at the rate of Baht 2.40 per ordinary share, a part of which had been paid as interim dividend at the rate of Baht 1.00 per share on October 5, 2012, amounting to Baht 828,765,659 and the remaining amount was paid on May 23, 2013 at the rate of Baht 1.40 per share, amounting to Baht 1,168,821,303.

On August 29, 2013, the meeting of the Board of Directors of the Bank No. 7/2556 approved the resolution regarding the payment of interim dividend from six-month period operating performance at the rate of Baht 1 per ordinary share. The dividend was paid on September 27, 2013 amounting to Baht 835,809,659.

On April 24, 2014, the Annual General Meeting of the Bank's shareholders for the year 2014 approved the resolution regarding the payment of dividend for the year 2013 at the rate of Baht 2.65 per ordinary share, a part of which had been paid as interim dividend at the rate of Baht 1.00 per share on September 27, 2013, amounting to Baht 835,809,659 and the remaining amount will be paid on May 23, 2014 at the rate of Baht 1.65 per share, amounting to Baht 1,385,710,176.

On August 28, 2014, the meeting of the Board of Directors of the Bank No. 6/2557 approved the resolution regarding the payment of interim dividend from six-month period operating performance at the rate of Baht 0.50 per ordinary share. The dividend was paid on September 26, 2014 amounting to Baht 420,210,355.

6.29 Other reserves

Other reserves for the for the years ended December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	Equity attributable to the Bank's shareholders			
	Other reserves			
	Revaluation surplus (deficit) on investments in receivables	Revaluation surplus (deficit) available-for-sale Securities	Deferred tax relating to components of other comprehensive Income	Surplus on business combination under common Control
Opening balances as at January 1, 2013	989,561	231,078	(98,637)	(13)
Surplus on business combination under common control	-	-	-	(4,084)
Total comprehensive income	12,356	(661,661)	111,578	-
Closing balances as at December 31, 2013	1,001,917	(430,583)	12,941	(4,097)
Opening balances as at January 1, 2014	1,001,917	(430,583)	12,941	(4,097)
Total comprehensive income	(8,326)	190,235	(33,027)	-
Closing balances as at December 31, 2014	993,591	(240,348)	(20,086)	(4,097)

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS

	Revaluation surplus (deficit) on investments in Receivables	Other reserves Revaluation surplus (deficit) available-for-sale securities	Deferred tax relating to components of other comprehensive income
Opening balances as at January 1, 2013	150,427	219,416	(73,972)
Total comprehensive income	(19,149)	(120,181)	27,870
Closing balances as at December 31, 2013	131,278	99,235	(46,102)
Opening balances as at January 1, 2014	131,278	99,235	(46,102)
Total comprehensive income	(22,955)	116,691	(18,747)
Closing balances as at December 31, 2014	108,323	215,926	(64,849)

6.30 Assets with obligations and restrictions

As at December 31, 2014 and 2013, assets with obligations and restrictions of the Bank are as stated in Note 6.12 and government and state enterprise securities with book value of Baht 577.18 million and Baht 3.3 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

6.31 Contingencies and Commitments

6.31.1 As at December 31, 2014 and 2013, contingencies of the Bank and its subsidiaries are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Aval to bills of exchange	381,061	983,698	381,061	983,698
Letters of credit	-	5,463	-	5,463
Other contingencies				
- Securities issuance guarantee	-	-	31,680	31,680
- Unused overdraft credit facilities	1,903,688	307,256	1,903,688	307,256
- Other guarantee	2,491,074	2,588,883	2,491,074	2,588,883
Total	4,775,823	3,885,300	4,807,503	3,916,980

6.31.2 Commitments under Bancassurance Agreement with Generali Life Assurance (Thailand) Public Company Limited

On December 18, 2014, the Bank has entered into a Bancassurance Agreement (the "Agreement") with Generali Life Assurance (Thailand) Public Company Limited ("Generali Thailand"). Under this Agreement, the Bank and Generali Thailand will become strategic alliances with the objective to develop and leverage the Bank's Bancassurance business. Within

the scope of the Agreement, Generali Thailand will obtain exclusive rights to distribute life insurance products through the Bank's channel. The Bank received a sum of the fees in advance with the commitment to the agreement for the period of 15 years, starting from January 1st, 2015. The Bank amortises such fees income over the term of the agreement and records the fees received in advance under other liabilities, as disclosed in note 6.24 to the financial statements.

6.32 Earnings per share

Earnings per share in the consolidated and the Bank's financial statements for the years ended December 31, 2014 and 2013 are calculated as follows;

	CONSOLIDATED FINANCIAL STATEMENTS					
	Profit for the years		Weighted average number of ordinary shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht)	(Thousand Share)	(Thousand Share)	(Baht)	(Baht)
Basic earnings per share						
Net profit available to ordinary shareholders	2,636,080	4,418,191	840,518	835,771	3.14	5.29
Effect of dilutive securities						
Warrants	-	-	2,777	5,813		
Diluted earnings per share						
Net profit available to ordinary shareholders plus assumed conversions						
conversions	2,636,080	4,418,191	843,295	841,584	3.13	5.25

	CONSOLIDATED FINANCIAL STATEMENTS					
	Profit for the years		Weighted average number of ordinary shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht)	(Thousand Share)	(Thousand Share)	(Baht)	(Baht)
Basic earnings per share						
Net profit available to ordinary shareholders	3,005,644	4,222,824	840,518	835,771	3.58	5.05
Effect of dilutive securities						
Warrants	-	-	2,777	5,813		
Diluted earnings per share						
Net profit available to ordinary shareholders plus assumed conversions						
conversions	3,005,644	4,222,824	843,295	841,584	3.56	5.02

6.33 Information on quality of assets

The quality of assets classified in accordance with the guidelines of the Securities Exchange Commission as at December 31, 2014 and 2013 are as follows;

6.33.1 Investments in securities

The Bank has investments in debt instruments in companies which were ordered to discontinue their operations and defaulted their debts as at December 31, 2014 and 2013 as follows;

Unit: Thousand Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
	Type of investment	Numbers	Cost	Market value	Provision
Company which has defaulted on interest payment	Senior debenture	1	0.04	-	0.04
			0.04	-	0.04

The Bank had recognized impairment loss on such debt instruments in the statement of comprehensive income in the period when incurred

6.33.2 Loans and accrued interest receivables

The Bank had given loans and accrued interest receivables to companies which faced the financial operational difficulties and provided related allowance for doubtful accounts in the consolidated and the Bank's financial statements as follows;

Unit: Thousand Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS				
2014				
	Numbers	Total debts	Collateral	Allowance for doubtful accounts
Companies which are under default problem	89	5,378	9,271	1,839
	89	5,378	9,271	1,839

Unit: Thousand Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS				
2013				
	Numbers	Total debts	Collateral	Allowance for doubtful accounts
Companies which are under default problem	67	3,591	7,581	1,114
	67	3,591	7,581	1,114

6.34 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Bank, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship rather than the legal form.

According to the Bank of Thailand's Notification Sor Nor Sor. 6/2553 regarding the Guideline on Consolidated Supervision dated June 18, 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.

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

To manage the operation and consolidated supervision, the Board of Directors assigned the Risk Management Committee to take the policy into action, control and monitor business and supporting unit to conform with the Financial Business Group Policy. Moreover, the Board of Directors shall be informed of the significant risk of the Financial Business Group on a regularly basis.

Furthermore, the Risk Management Committee of each company in the Financial Business Group is responsible to perform the risk assessment according to its policy, and report the results to the Bank's Risk Management Committee on a regularly basis. In case there is any significant change or any circumstance that will impact the current business operation, the Risk Management Committee shall report such matters immediately.

The following transactions were carried out with related parties for the years ended December 31, 2014 and 2013.

6.34.1 Income

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS	
	2014	2013
Interest and dividend income		
Phatra Capital PLC.	636.50	57.53
Phatra Securities PLC.	2.37	11.89
KKTRADE Securities Co., Ltd.	2.06	4.86
Erawan Law Office Co., Ltd.	34.98	-
Asia Recovery 1 Fund	84.96	-
Asia Recovery 2 Fund	298.75	-
Asia Recovery 3 Fund	209.94	-
Asia Recovery Property Fund 3	59.26	-
Bangkok Capital Fund	574.31	1,531.49
Gamma Capital Fund	648.79	470.14
Thai Restructuring Fund	103.86	296.73
CMIC Development Co., Ltd.	12.85	19.19
	<u>2,668.63</u>	<u>2,391.83</u>
Fees and services income		
Phatra Capital PLC.	2.23	4.92
Phatra Securities PLC.	6.60	2.25
KKTRADE Securities Co., Ltd.	6.35	7.68
Phatra Asset Management Co., Ltd.	2.34	4.31
Erawan Law Office Co., Ltd.	5.78	5.84
Asia Recovery 1 Fund	0.24	0.24
Asia Recovery 2 Fund	0.24	0.24
Asia Recovery 3 Fund	0.24	0.24
Thai Restructuring Fund	0.54	0.57
Bangkok Capital Fund	1.36	1.40
Gamma Capital Fund	2.18	2.24
	<u>28.10</u>	<u>29.93</u>
Loss on trading and foreign exchange transactions		
Phatra Securities PLC.	(0.77)	-
	<u>(0.77)</u>	<u>-</u>
Gain on investments		
Phatra Capital PLC.	-	65.53
	<u>-</u>	<u>65.53</u>
Gain (loss) on resales of unit trust		
Asia Recovery 1 Fund	-	0.77
Asia Recovery 2 Fund	(11.25)	(4.62)
Asia Recovery 3 Fund	1.77	2.25
Thai Restructuring Fund	4.29	6.61
Bangkok Capital Fund	32.31	35.35
Gamma Capital Fund	(1.75)	16.45
	<u>25.37</u>	<u>56.81</u>
Other income		
KKTRADE Securities Co., Ltd.	4.77	4.78
	<u>4.77</u>	<u>4.78</u>

The consolidated financial statements for the year ended December 31, 2014 included the brokerage income received from the Bank and brokerage income received from the directors and management at the position of department head and above amounting to Baht 2.5 million and Baht 16.68 million, respectively (December 31, 2013: Baht 0.18 million and Baht 19.50 million, respectively).

During the year ended December 31, 2014, the Bank sold asset which had the net book value of Baht 1 to director at Baht 1.43 million, which was its fair value. (December 31, 2013, the Bank sold assets which had the net book value of Baht 2 to directors at Baht 1.50 million).

6.34.2 Expenses

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS	
	2014	2013
Interest and discounts on borrowings		
Phatra Securities PLC.	7.93	7.18
KKTRADE Securities Co., Ltd.	31.86	43.52
Erawan Law Office Co., Ltd.	0.16	0.14
Directors and management at the position of department head and above including their related persons who have control or significant influences	12.85	14.22
	52.80	65.06
Employee expenses		
Phatra Capital PLC.	78.07	57.92
Phatra Securities PLC.	9.80	-
	87.87	57.92
Rental and services expenses		
CMIC Development Co., Ltd.	75.76	65.33
Other related parties	10.77	10.21
	86.53	75.54
Other service expenses		
Erawan Law Office Co., Ltd.	81.00	88.20
Other related parties	66.70	37.60
	147.70	125.80

6.34.3 Outstanding balances as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS	
	2014	2013
Loans to financial institutions / Loans		
Phatra Capital PLC.	1,350.00	1,800.00
Phatra Securities PLC.	-	600.00
CMIC Development Co., Ltd.	140.00	258.00
<u>Less</u> Allowance of doubtful accounts	(116.68)	(127.18)
Directors and management at the position of department head and above including their related persons who have control or significant influences	-	134.27
	1,373.32	2,665.09
Accrued interest receivables		
Phatra Capital PLC.	0.44	8.06
	0.44	8.06
Other accounts receivables		
Phatra Capital PLC.	0.56	2.75
Phatra Securities PLC.	2.77	1.24
KKTRADE Securities Co., Ltd.	0.11	0.11
Phatra Asset Management Co., Ltd.	0.20	0.17
Erawan Law Office Co., Ltd.	0.05	-
	3.69	4.27
Derivatives assets		
Phatra Securities PLC.	0.42	-
	0.42	-
Other assets		
CMIC Development Co., Ltd.	19.06	17.36
	19.06	17.36
Deposits		
Phatra Securities PLC.	0.20	0.20
KKTRADE Securities Co., Ltd.	55.65	64.55
Erawan Law Office Co., Ltd.	38.47	44.26
Bangkok Capital Fund	19.03	52.49
Gamma Capital Fund	50.19	31.49
Directors and management at the position of department head and above including their related persons who have control or significant influences	411.94	476.51
	575.48	669.50
Borrowings		
Phatra Securities PLC.	200.00	-
KKTRADE Securities Co., Ltd.	60.00	25.00
Directors and management at the position of department head and above including their related persons who have control or significant influences	-	14.25
	260.00	39.25
Derivatives liabilities		
Phatra Securities PLC.	1.19	-
	1.19	-

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS	
	2014	2013
Accrued interest expenses		
KKTRADE Securities Co., Ltd.	5.75	10.15
	5.75	10.15
Other liabilities		
Phatra Capital PLC	56.37	58.55
Phatra Securities PLC.	8.75	0.58
CMIC Development Co., Ltd.	2.83	-
Other related parties	8.36	2.78
	76.31	61.91

As at December 31, 2014 and 2013 the Bank issued a Letter of Guarantee to Phatra Securities PLC. in the amount of Baht 31.68 million.

As at December 31, 2014 a director of the Bank has not acted as a guarantor to the Bank's loan receivable and December 31, 2013 a director of the Bank acted as a guarantor to the Bank's loan receivable Baht 0.37 million.

6.35 Benefits paid to directors and executives

The Bank has no special benefits given to the directors and executives beyond the general benefits provided such as directors' remuneration, executives' salary and bonus (if any) included ESOP warrants

For the years ended December 31, 2014 and 2013, compensations paid to key management personnel are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Short-term employee benefits	312,250	366,363	203,177	133,309
Post-employment benefits	7,395	8,129	4,470	3,894
Total	319,645	374,492	207,647	137,203

6.36 Operating lease commitments

As at December 31, 2014 and 2013, the Bank has operating lease commitments in respect of vehicle, office space, computer software and maintenance, and office equipment expenses from the statements of financial position dates as follows;

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS				
2014				
	Vehicle rental expenses	Office rental Expenses	Computer software and office equipment expenses	Total
Within the first year	1	173	4	178
Within the second year	-	122	-	122
Over three years	-	96	-	96
Total	1	391	4	396

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS				
2013				
	Vehicle rental expenses	Office rental Expenses	Computer software and office equipment expenses	Total
Within the first year	-	156	45	201
Within the second year	1	94	4	99
Over three years	-	106	-	106
Total	1	356	49	406

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS			
2014			
	Office rental expenses	Computer software expenses	Total
Within the first year	151	4	155
Within the second year	105	-	105
Over three years	88	-	88
Total	344	4	348

Unit: Thousand Baht

THE BANK'S FINANCIAL STATEMENTS			
2013			
	Office rental expenses	Computer software expenses	Total
Within the first year	137	44	181
Within the second year	83	4	87
Over three years	98	-	98
Total	318	48	366

6.37 Operating segments

6.37.1 Operation result

Operation result classified by Commercial Banking Business, Capital Market Business and The Debt Restructuring Segment for the years ended December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS				
2014				
	Commercial banking business	Capital market business	Capital market business	Total
Income from external clients				
Interest income, net	8,462	(57)	521	8,926
Fees and services income, net	1,562	1,885	6	3,453
Other operating income, net	309	1,075	7	1,391
Total income from operating	10,333	2,903	534	13,770
Income between segments	2,977	118	17	3,112
Depreciation and amortization	291	120	7	418
Other expenses	5,998	1,616	(467)	7,147
Total other operating expenses	6,289	1,736	(460)	7,565
Impairment loss of loans and debt securities	3,131	1	67	3,199
Profit from operating before income tax expenses	913	1,166	927	3,006
Income tax expenses (income)	(10)	232	131	353
Net Income	923	934	796	2,653

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS				
	2013			
	Consolidated financial statements	Capital market business	Debt restructuring segment	Total
Income from external clients				
Interest income, net	7,740	34	573	8,347
Fees and services income, net	1,552	2,800	5	4,357
Other operating income, net	308	1,262	(9)	1,561
Total income from operating	9,600	4,096	569	14,265
Income between segments	1,439	38	10	1,487
Depreciation and amortization	343	112	8	463
Other expenses	5,067	1,788	(684)	6,171
Total other operating expenses	5,410	1,900	(676)	6,634
Impairment loss of loans and debt securities (reversal)	2,302	-	(62)	2,240
Profit from operating before income tax expenses	1,888	2,196	1,307	5,391
Income tax expenses	353	452	146	951
Net Income	1,535	1,744	1,161	4,440

The Bank discloses operating segments information in accordance with the Thai Financial Reporting Standard No.8 (Revised 2012) "Operating Segments" and under the same basis as internal management reports presented to the Bank's chief operating decision maker for resources allocation to and performance evaluation of various segments. Accordingly, the Bank has divided reportable segments in accordance with the new structure of the Kiatnakin Phatra Financial Group and characteristics of segments operating in significantly diverse environment. These operating segments are; Commercial Banking Business, Capital Market Business, and the Debt Restructuring Segment under the Commercial Banking Business. Details of each operating segment are as follows;

- Commercial banking business consists of all commercial banking business except for the Debt restructuring segment
- Capital market business consists of Phatra Capital PLC., Phatra Securities PLC., KKTRADE Securities Co., Ltd., and Phatra Asset Management Co., Ltd.
- The Debt restructuring segment

Assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard as adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs and income between segment. Transactions between segments are eliminated on consolidation.

6.37.2 Total assets classified by Commercial Banking Business, Capital Market Business and The Debt Restructuring Segment as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	Commercial banking business	Capital market business	Debt restructuring segment	Total
December 31, 2014	213,667	19,484	7,256	240,407
December 31, 2013	219,468	21,442	8,199	249,109

6.37.3 Reconciliation operating segments information

- Reconciliation between consolidated income from all segments and income for the years ended December 31, 2014 and 2013.
- Reconciliation between consolidated profit from all segments and profit from operating before income tax expenses for the years ended December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS	
	2014	2013
Income		
Consolidated income from all segments	16,882	15,752
Elimination of inter-segment income	(3,112)	(1,487)
Total income	<u>13,770</u>	<u>14,265</u>
Profit		
Consolidated profit from all segments	3,006	5,391
Elimination of inter-segment profit	-	-
Profit from operating before income tax expenses	<u>3,006</u>	<u>5,391</u>

- Reconciliation between consolidated assets from all segments and total assets as at December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS	
	2557	2556
Assets		
Consolidated assets from all segments	240,407	249,109
Elimination of inter-segment assets	-	-
Total assets	<u>240,407</u>	<u>249,109</u>

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

The Bank operates only in Thailand thus no segment information by geographical area is presented.

6.38 Interest income

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Interbank and money market items	262,726	327,152	169,535	251,837
Investment in debt securities	616,856	776,530	532,511	636,210
Investment in receivables	606,138	556,556	213,861	140,478
Loans	4,712,827	4,314,261	4,798,495	4,335,232
Hire-purchase and financial leases	9,743,519	9,834,173	9,743,519	9,834,173
Total interest income	15,942,066	15,808,672	15,457,921	15,197,930

6.39 Interest expenses

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Deposits	4,514,743	5,144,736	4,514,921	5,144,877
Interbank and money market items	96,464	120,872	128,677	169,047
Contributions to Financial Institution Development Fund and Deposit Protection Agency	880,690	874,709	880,690	874,709
Debt issued				
- Senior securities	1,296,625	789,369	1,296,625	789,369
- Others	164,029	465,614	98,451	416,612
Fees and charges on borrowings	2,938	2,840	10,520	9,539
Others	60,644	63,555	-	-
Total interest expenses	7,016,133	7,461,695	6,929,884	7,404,153

6.40 Fees and services income, net

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Fees and services income				
- Brokerage fees	1,802,136	2,418,741	-	-
- Bancassurance fees	865,738	972,546	865,738	972,546
- Acceptance, avals and guarantees	62,873	62,345	63,177	62,399
- Others	1,132,454	1,384,541	834,490	715,361
Total fees and services income	3,863,201	4,838,173	1,763,405	1,750,306
Fees and services expenses				
- Security management fees	213,538	252,085	-	-
- Others	197,290	228,881	143,591	162,768
Total fees and services expenses	410,828	480,966	143,591	162,768
Fees and services income, net	3,452,373	4,357,207	1,619,814	1,587,538

6.41 Gain (loss) on trading and foreign exchange transactions, net

Gain (loss) on trading and foreign exchange transactions, net for the years ended December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Gain (loss) on trading and foreign exchange transactions				
- Foreign exchange	(23,349)	9,192	(24,908)	(7,303)
- Debt securities	122,662	(16,475)	121,797	(16,960)
- Equity securities	(354,101)	(494,043)	-	-
- Derivatives	828,514	944,007	(57,314)	(24,682)
Total	573,726	442,681	39,575	(48,945)

6.42 Gain (loss) on investments, net

Gain (loss) on investments, net for the years ended December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Gain (loss) on sale of				
- Available-for-sale investments	249,365	635,120	23,561	79,054
- General investments	(4)	1,812	5	1,793
- Investments in subsidiaries	-	-	25,370	122,347
Total	249,361	636,932	48,936	203,194
Reversal (loss) on impairment of				
- Available-for-sale investments	-	3	-	3
- General investments	(831)	(167)	(139)	(167)
- Investments in subsidiaries	-	-	(542,461)	121,386
Total	(831)	(164)	(542,600)	121,222
Total gain (loss) on investments, net	248,530	636,768	(493,664)	324,416

6.43 Other operating income

Other operating income for the years ended December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Penalty income	256,678	205,325	256,443	204,937
Profit from sales of fixed assets	8,847	24,861	8,607	23,279
Other income	25,135	45,787	7,894	18,275
Total other operating income	290,660	275,973	272,944	246,491

6.44 Other expenses

Other expenses for the years ended December 31, 2014 and 2013 are as follows;

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Repossessed cars expenses	157,275	152,813	157,275	152,813
Properties foreclosed expenses	66,807	104,574	66,807	104,574
Transportation expenses	155,934	161,171	131,257	134,079
Advertising and promotion expenses	382,080	285,342	360,826	256,060
Management fee of Mutual funds	13,164	17,684	-	-
Other intangible assets expenses	77,533	92,429	55,485	70,244
Other expenses	460,126	542,679	443,465	396,298
Total other expenses	1,312,919	1,356,692	1,215,115	1,114,068

6.45 Impairment loss on loans and debt securities

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Interbank and money market items (reversal)	(2,000)	4,750	(2,000)	4,750
Loans	3,488,294	2,480,967	3,487,419	2,480,967
Loss on trouble debt restructuring	-	3,003	-	3,003
Loss on revaluation and impairment of investments in receivables	86,320	47,998	79,236	50,985
Gain from transferring investments in receivables to loans	(1,762)	(35,654)	(1,762)	(35,654)
	3,570,852	2,501,064	3,562,893	2,504,051
Less: Bad debts recovered from loans and hire purchase receivables	(367,155)	(256,058)	(367,155)	(256,058)
Bad debts recovered from investments in receivables	(4,854)	(4,851)	(4,854)	(4,851)
Total	3,198,843	2,240,155	3,190,884	2,243,142

6.46 Income tax expenses

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

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Current income tax for the year	636,202	955,430	341,781	588,795
Adjustment in respect of current income tax of previous year	11,126	(3,516)	11,126	(3,038)
Deferred tax	(294,413)	(871)	(235,815)	(91,950)
Total income tax expenses	352,915	951,043	117,092	493,807

Reconciliation of effective tax rate for the years ended December 31, 2014 and 2013.

Unit: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	2014		2013	
	Thousand Baht	Rate (%)	Thousand Baht	Rate (%)
Profit before income tax expenses	3,006,051		5,390,918	
Income tax at the domestic tax rate	601,210	20.00	1,078,184	20.00
Adjustment in respect of current income tax of previous year	11,126	0.37	(3,516)	(0.07)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(259,421)	(8.63)	(123,625)	(2.29)
Income tax expenses as statements of comprehensive income	352,915	11.74	951,043	17.64

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS			
	2014		2013	
	Thousand Baht	Rate (%)	Thousand Baht	Rate (%)
Profit before income tax expenses	3,122,736		4,716,631	
Income tax at the domestic tax rate	624,547	20.00	943,326	20.00
Adjustment in respect of current income tax of previous year	11,126	0.36	(3,038)	(0.06)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(518,581)	(16.61)	(446,481)	(9.47)
Income tax expenses as statements of comprehensive income	117,092	3.75	493,807	10.47

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% of net income for an accounting period beginning on or after January 1, 2012 and 20% of net income for two consecutive accounting period beginning on or after January 1, 2013 and 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% of net income for an accounting period beginning on or after January 1, 2015, up to December 31, 2015.

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

6.47 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: Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2014			2013		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Gain (loss) on remeasuring investments in receivables	(4,407)	4,591	184	14,240	3,830	18,070
Gain (loss) on remeasuring available-for-sale securities	190,295	(37,627)	152,668	(687,362)	133,308	(554,054)
Actuarial loss on defined benefit plan	9,714	(1,731)	7,983	(2,057)	411	(1,646)
Other comprehensive income	195,602	(34,767)	160,835	(675,179)	137,549	(537,630)

Unit: Thousand Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2014			2013		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Gain (loss) on remeasuring investments in receivables	(22,955)	4,591	(18,364)	(19,149)	3,830	(15,319)
Gain (loss) on remeasuring available-for-sale securities	116,691	(23,338)	93,353	(120,181)	24,040	(96,141)
Actuarial gain (loss) on defined benefit plan	-	-	-	8,802	(1,760)	7,042
	93,736	(18,747)	74,989	(130,528)	26,110	(104,418)

6.48 Event after the reporting period

The numbers of 580,100 units of warrants have been converted into 580,100 ordinary shares. The Bank registered the increase in share capital with the Ministry of Commerce on January 8, 2015 resulting in the increase in issued and paid-up share capital of Baht 5,801,000 to Baht 8,434,136,590.

6.49 Approval of financial statements

These financial statements have been approved for issuing by the Bank's authorized directors on February 17, 2015

