

Building Strength

TMB Bank Public Company Limited
Annual Report 2013



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Investors may find more information of TMB Bank from Annual Registration Statement (Form 56-1) which is available on the SEC website at www.sec.or.th or TMB Bank website at www.tmbbank.com

Vision and Mission

Vision

To be the Leading Thai Bank with World-Class Financial Solutions

Mission

- 1. Understand our customers and offer high quality financial services designed to meet their needs and aspirations**
- 2. Create shareholder value with appropriate and sustainable shareholder returns**
- 3. Trust in employees and provide opportunities to develop and perform to their full capabilities as well as reward them based on their performance**
- 4. Create value to society while operating our business with internationally accepted standards of good corporate governance**



Historical Financial Performance

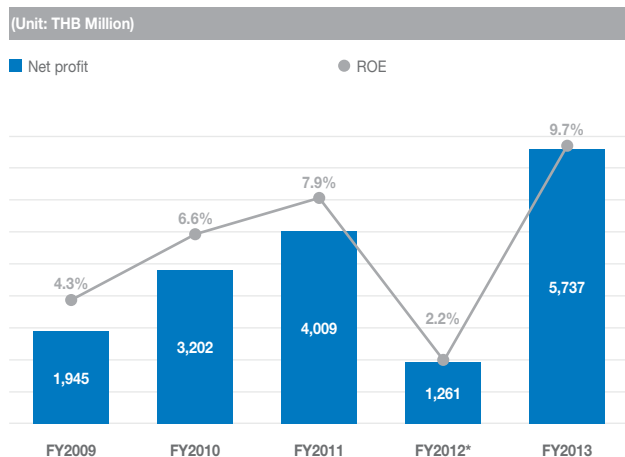
Consolidated Financial Statements

(Unit: THB Million)	FY2013	FY2012*	FY2011	FY2010	FY2009
Selected Statement of Comprehensive Income Items					
Interest income	34,826	30,678	26,148	18,249	19,942
Interest expenses	14,004	13,613	11,912	7,833	9,756
Net interest income	20,822	17,065	14,236	10,416	10,186
Net fees and operating income	8,385	7,641	6,581	5,751	9,336
Total operating income	29,207	24,706	20,817	16,167	19,522
Other operating expenses	14,550	14,291	13,641	11,288	14,897
Bad debts, doubtful accounts and impairment loss	7,613	8,751	3,104	1,654	2,627
Income tax expenses	1,296	376	40	14	33
Profit for the year	5,748	1,288	4,032	3,211	1,965
Equity holders of the Bank	5,737	1,261	4,009	3,202	1,945
Non-controlling interest of the subsidiaries	10	27	23	9	20
Other comprehensive income (loss)	-25	815	142	-147	-541
Total comprehensive income	5,712	2,076	4,151	3,055	1,404

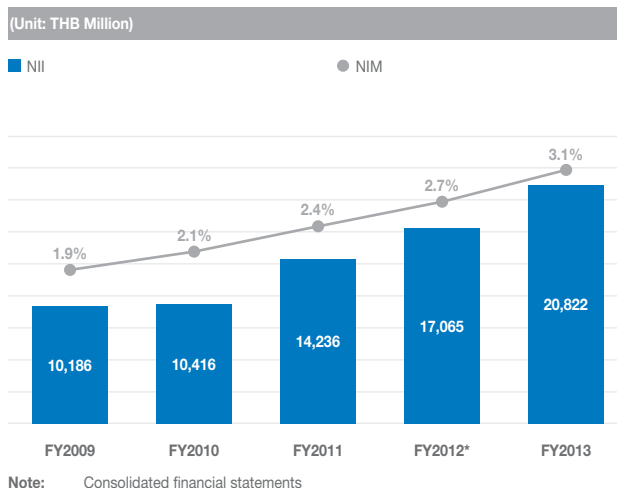
Selected Statement of Financial Position Items

Loans to customers and accrued interest receivables	500,478	453,674	398,373	363,741	369,063
Total assets	765,732	716,925	723,963	589,200	543,142
Deposits	529,606	496,158	452,316	412,723	407,776
Total liabilities	703,899	659,543	667,388	539,345	496,385
Total shareholders' equity	61,833	57,382	56,575	49,855	46,757
Equity attributable to equity holders of the Bank	61,757	57,316	56,471	49,772	46,682
Non-controlling interests of the subsidiaries	76	66	104	83	75
Basic earnings per share (Baht per share)	0.1316	0.0290	0.0921	0.0749	0.0458

Net Profit and Return on Equity (ROE)



Net Interest Income (NII) and Net Interest Margin (NIM)



Key Financial Ratios

Profitability

	FY2013	FY2012*	FY2011	FY2010	FY2009
Return on equity (ROE)	9.7%	2.2%	7.9%	6.6%	4.3%
Return on assets (ROA)	0.8%	0.2%	0.6%	0.6%	0.3%
Cost to income ¹	50.5%	56.6%	63.2%	73.5%	76.8%
Net interest margin (NIM)	3.1%	2.7%	2.4%	2.1%	1.9%

Liquidity

Loan to deposit (LDR)	94.3%	91.9%	85.4%	87.9%	90.3%
% Current and saving accounts to total deposits (CASA)	62.5%	65.1%	60.2%	46.3%	49.5%

Capital adequacy

Tier I ²	10.6%	11.1%	11.1%	11.3%	12.3%
Capital adequacy ratio (CAR) ²	15.9%	18.2%	16.1%	16.6%	17.0%

Asset quality

Consolidated NPL ratio	3.9%	4.1%	5.7%	8.3%	12.7%
NPL coverage ratio	140.4%	112.8%	72.9%	57.0%	57.7%
% Excess reserve to performing loan	3.3%	2.6%	1.8%	2.3%	2.5%

Others

Book value per share (Baht per share)	1.42	1.32	1.20	1.15	1.07
Number of employees	9,015	9,106	8,968	8,750	8,236
Number of branches	458	466	458	455	483
Number of ATMs	2,379	2,357	2,398	2,300	2,257

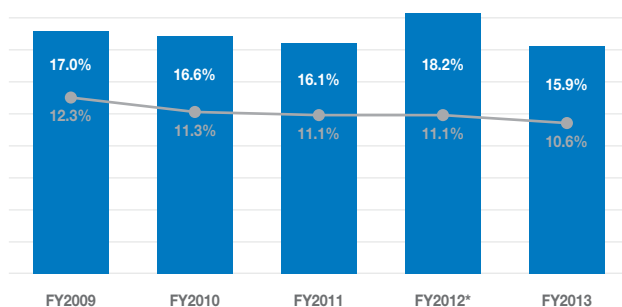
Note: *Restated
¹ Excluded extra ordinary items
² For 2013, based on Basel III

Capital Adequacy Ratio (CAR) and Tier I

(Unit: Percentage %)

■ CAR

● Tier I

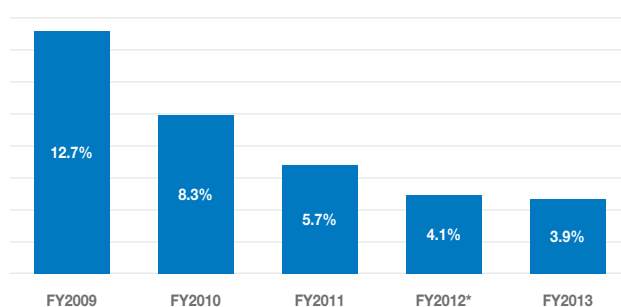


Note: Bank-only financial statements

Non-Performing Loan Ratio (NPL Ratio)

(Unit: Percentage %)

■ Gross NPL ratio



Note: Consolidated financial statements

**Committed to create
value for customers
in accordance with
our brand 'Make
THE Difference'**



Message from the Chairman of the Board of Directors

Thai economic growth in 2013 slowed down as a result of the country's political tension in late 2013, ongoing impact from the economic crisis in Europe, and the downward trend of the Chinese economy. Despite such challenging environments, TMB continued to strengthen its businesses, with success in improving operating performance. In 2013, TMB achieved net profits of THB5,737 million. The Bank's pre-provision operating profits (PPOP) reached a record high of THB14,409 million, an increase of 39% from the previous year. More importantly, TMB managed to get its NPL ratio down to 3.87% and increased coverage ratio to 140%, strengthening the Bank's ability to handle economic uncertainties. TMB also made dividend payments at THB0.033 per share to its shareholders on May 9, 2013, which was higher than the dividend payments of 2012.

In 2013, TMB remained committed to creating value for customers in accordance with our brand's 'Make THE Difference' ethos. TMB focused on serving customers' unmet financial needs, developing products and services that truly matched their requirements and made their lives better. TMB challenged the status quo and took another step forward to create the Branded Customer Experience, promoting staff's product knowledge enhancement along with the commitment of all TMB employees to work together and create service excellence via all service channels.

In addition to developing financial products and services that unequivocally met customers' needs, TMB continued to provide opportunities to Thai youth under the 'FAI-FAH' project, which was developed to motivate youth and develop their life skills through the arts. Youth's who participated in the program would use the skills and knowledge acquired from 'FAI-FAH' to improve their lives and communities sustainably.

Firmly aware of the importance and benefits of good corporate governance, the Bank continues its emphasis on ensuring TMB upholds good corporate governance as a key priority, with the commitment to continuously enhance its standard of corporate governance and supervision. TMB is pleased to report that in 2013, TMB categorized as being 'Excellent' in corporate governance for five consecutive years among 'Thai Listed Companies 2013', the highest score achievable. The assessment was conducted by the Thai Institute of Directors Association, supported by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors would like to express our gratitude to shareholders, customers, and employees for supporting the Bank's business growth and strengthening its fundamental values, which continue to drive TMB towards future success. TMB is confident that the dedication of employees and management who work as one team under our 'Make THE Difference' culture will create excellence in financial products and services that are meaningfully different so as to delight our customers, improve their quality of life, and deliver good and sustainable returns to shareholders.



Mr Rungson Sriworasat
Chairman

**With a solid
foundation
in place, TMB
is Building
Strength**



Message from the Chief Executive Officer

TMB's transformation is on track. The Bank is getting stronger every year and we are on target to deliver on the last phase of our 5-year plan: to build market leadership. With a solid foundation and strong fundamentals in place, TMB used 2013 to continue challenging the status quo in the Thai banking industry through the alignment of our offerings and services with the needs of our customers. We did this by continuing to develop a stronger internal culture, reinforcing employee empowerment through our Make THE Difference philosophy. We continued to grow our focus on being overtly customer-centric, delving deeper to build a stronger understanding of customer behaviors, and improving our branded customer experience to match their under-served needs. To outsiders, TMB's first-mover strategies may seem like innovations, but to us, it is not about creating innovations for the sake of being innovative. For TMB, it is all about finding the best solution to accommodate customer behaviors and make their banking experience a better one.

TMB's transformation now focuses on providing our customers with the best transactional banking services to improve their efficiencies and create stronger connections within their individual communities. Such a big effort can only yield results if all employees focus on the same goals and objectives and pool resources to move forward in the same direction. We believe we have a strong bedrock – a result of investing into developing a strong culture – comprised of the **TMB WAY**, which are the values by which we live: Customer-Centricity, Integrity, Open Communications, Risk Management and High Performance; **LEAN**, the management system we use in order to improve internal efficiencies that ultimately benefit our customers; and our **Branded Customer Experience**, helping us to always deliver consistently in a way that Makes THE Difference to our customers at all touchpoints. With TMB's solid foundation in place as the backbone for everything we do, all of our employees are the key to **BUILDING STRENGTH** for the Bank.

Strengthening financial position

TMB made significant progress in strengthening its financial position this past year. Pre-provision Operating Profits (PPOP) increased 39% in 2013, after reaching a record level in the Bank's history in 2012.

TMB has continued to grow its deposit base in all customer segments. With an emphasis on transactional accounts, deposit volume grew by 7% year-on-year, which was achieved by keeping costs stable. At the same time, gross loans rose by 10%, driven mainly by the SME business, which provided the Bank with the best risk-adjusted return and drove the Bank's average yield up. When coupled with well-managed and stable funding costs, TMB's Net Interest Margin (NIM) rose nicely by 39 basis points and reached 3.12% in 2013, enabling Net Interest Income (NII) to grow 22% year-on-year. Apart from an enhanced NII, TMB's fee-base income increased by 19%, with a share of wallet that grew TMB's total operating revenue by 21% in 2013. Efficiency improvements also allowed operating costs to rise only 9%. As revenue growth was more than double of costs, TMB recorded an improved PPOP of THB14,409 million in 2013, a 39% increase, while cost to income ratios further improved to 51% from 57% last year. Amid economic uncertainties, TMB decided to set up an extra provision with a "countercyclical provision buffer" as a top up cushion for performing loans. The aim of this provision was to limit downside risk to the Bank. As a result, total allowance to total NPL (NPL coverage ratio) was raised to 140%, and has become one of the highest in the Thai banking industry. Net profit in 2013 remained strong at THB5,737 million, representing ROE of 9.7%. The NPL ratio of the Bank and its subsidiaries reduced to 3.87%, from 4.10% in 2012. TMB's strengthening financial position and well-controlled asset quality was recognized in November 2013 by S&P, when the agency upgraded the Bank's credit rating to BBB-.

Strengthening employee base

A strong employee base is a key investment for TMB. We want to ensure that each employee has the necessary tools and training in order to deliver for our stakeholders. This means that we need to put the right people into the right roles, by helping our employees map out a career plan whereby each individual is not only able to grow with TMB, but where employees themselves will help grow and strengthen the Bank.

A big point of emphasis was to make sure that each employee could maximize and optimize their full potential. TMB was one of the first banks in Thailand to create a training roadmap designed to develop core and leadership competencies. The Bank has customized its training to fit staff and management at all levels, by analyzing key behaviors and skills required at different proficiencies.

Also, by leveraging the LEAN methodology in the way we work, our bank-wide goal is to release employees from doing unnecessary work that is redundant and mundane, and more importantly, does not efficiently contribute added value to the Bank's goals and objectives. With improved process efficiencies, employees' contributions become more optimized so that all actions effectively contribute towards improving the end-to-end customer experience at TMB.

Strengthening understanding of customer behaviors

TMB's products and services Make THE Difference to the Thai market. We are offering genuine value to the customers based on our growing understanding of constantly changing customer lifestyles. TMB has continued to build upon our suite of successful transactional products and services that customers did not even initially know they needed but are now unable to live without. TMB has been gaining the trust of our customers and we are well on our way towards becoming a bank that offers the best and simplest transactional banking services, making our customers' lives more efficient. This strengthening and understanding of customer behavior is evident in TMB's ability to grow our deposit volume

In 2013, TMB continued to make significant progress in offering relevant transactional banking services to our customers. In July 2013, TMB unconditionally waived all fees for transfer, withdrawals and cheque deposits within TMB. This revolution created real value for the Bank's customers as transfers to other TMB customers in a different province could be done minus fees. **At TMB, our principle is simple: a TMB customer is a customer of the entire Bank as a whole, not just a customer of a specific branch.** In other words, customers can go to any TMB branch to conduct any banking transaction. This principle provides a genuine benefit that improves efficiencies for our customers and is a critical leap forward towards our goal of ensuring that all of TMB's banking channels are integrated and seamless. When coupled with the ongoing success of our products that were offered to customers in earlier years, TMB not only continued to strengthen its customer base, but gained momentum in increasing the frequency with which active customers interacted with TMB.

We Make THE Difference so that you can Make THE Difference

TMB's Make THE Difference brand philosophy is becoming more widely recognized and understood because it rings true in everything we do. It starts with our employees who Make THE Difference by ensuring that our Brand DNA is embedded into everything we do for our customers. Four elements drive the way we relate to our customers—having a **“Why not” attitude**; being **Genuine**; **Intelligent** and **Simple**. In 2013, TMB continued to reinforce this philosophy publicly through a print ad campaign emphasizing that at TMB, we always try to Make THE Difference in everything we do, so that our customers can focus not just on banking, but on bringing their passions back to life.

Strengthening our community

The Make THE Difference concept extends beyond banking. TMB is committed to investing in strengthening the communities in which we work – Pradiphat, Pracha-uthit and Chan, from the ground up. FAI-FAH's community improvement projects are geared towards sustainability of community and social businesses, through empowering youths and community to change without waiting for assistance from others, while equipping them with tangible skills. Throughout 2013, a total of 814 community residents from three communities in the neighborhoods of FAI-FAH centers participated in FAI-FAH community improvement projects.

Corporate Responsibility, to us, is not solely about donating money to a good cause. Rather, it is about leveraging our employee base towards a common objective of empowering youths to have stronger leadership skills and competencies that will enable them to Make THE Difference in their own lives and the lives of people within the communities in which they live. The channel by which this is accomplished is through teaching children the arts and having them in turn leverage their newfound skills to improve their own communities. Throughout the year, more than 3,500 TMB employees from headquarters and 380 branches nationwide (equivalent to 83.15% of total branches) contributed their personal time to volunteer in FAI-FAH programs.

We believe that our efforts to Make THE Difference have not only yielded true value to TMB's customers, but also strengthened the Thai banking industry as well as our community. We thank our shareholders for their trust in the Bank and helping us to make 2013 one of the best years in TMB's history.



Mr Boontuck Wungcharoen
Chief Executive Officer

Make **THE** Difference

Building Strength

Building Strength in Numbers

2013 has been a year of strength for TMB. The following report is proof of this success, and we will endeavor to build up this strength in the years to come with our Make THE Difference philosophy always at the heart of everything that we do.

Solid Performances

As a result, 2013 became our year of building strength, fortifying our positioning in the Thai market. The figures speak for themselves – 2013 resulted in TMB's pre-provision operating profit rising by 39% to THB14,409 million, the highest ever in TMB's history, surpassing the previous year's formerly highest-held record.

Net profit at
THB5,737 million
(ROE = 9.7%)

Operating revenue growth
at 21%

21%

2013 Pre-provision
operating profit 39% higher
than 2012, a new record in
TMB's history

39%

Cost to income ratio down
to 51%

51%

THB5,737m

NPL Ratio dropped
to 3.87%

3.87%

TMB NPL coverage ratio
at 140%

140%

CAR at a strong level
of 15.9%

15.9%

Credit rating upgraded
to BBB- by S&P

BBB-

Building Core Strength

TMB's transformation now focuses on providing our customers with the best transactional banking services to improve their efficiencies and create stronger connections within their individual communities.

Such a big effort can only yield results if all employees focus on the same goals and objectives and pool resources to move forward in the same direction. We believe we have a strong bedrock – a result of investing into developing a strong culture – comprised of the TMB WAY, which are the values by which we live: Customer-Centricity, Integrity, Open Communications, Risk Management and High Performance; LEAN, the management system we use in order to improve internal efficiencies that ultimately benefit our customers; and our Branded Customer Experience, helping us to always deliver consistently in a way that Makes THE Difference to our customers at all touchpoints.

With TMB's solid foundation in place as the backbone for everything we do, all of our employees are the key to BUILDING STRENGTH for the Bank.



**TMB's strong internal
culture ultimately
benefits our customers**

Strengthening Customer Loyalty

In the past few years, TMB has carved a niche for itself by giving customers products they didn't initially know they needed but now cannot live without. Here are some of the ways we have evolved to meet our customers' needs in 2013.

Make THE Difference everyday, by upgrading and eliminating unnecessary customer costs

- Abolishing inter-region fees between TMB accounts nationwide
- Relevant to all basic savings and current account holders nationwide
- No costs on deposits, withdrawals, cash and cheque transfers between TMB accounts
- Applicable to all service channels

Three Times, Three Flow Funding – an innovative SME credit product

- Another innovative product to serve customers' unmet needs
- An evolution of the Three Time SME Credit and Quick Three Times SME Credit products
- Designed for customers with a turnover of THB500 million and below
- Funding in the three crucial stages of the business life cycle: business growth stage, unforeseen contingent capacity increase and expansion stage, and unforeseen contingent capacity expansion stage
- Overdraft loan of up to three times of collateral asset value provided
- Additional support of 15% on top of approved loan without new application submission available

TMB ยกกระต๊อบสิทธิประโยชน์
ไม่มีค่าธรรมเนียมข้ามเขต
อีกต่อไป...



ทุกธุรกรรมภายใน TMB
ทุกบัญชี ทุกช่องทาง ไม่มีเงื่อนไข
เพื่อลูกค้าทั่วประเทศ

- ผ่าก / ถอน / โอน ภายใน TMB ผ่ากเช็คทุกธนาคาร
- ไม่จำกัดจำนวนครั้ง ไม่จำกัดจำนวนเงิน
- ช้อปสินค้า 1 เดือน ฟรี 1 เดือนทุกครึ่ง (สำหรับบัญชีประเภทออมทรัพย์)

ธุรกรรมทางเงินต้อง TMB

TMB 1558 tmbbank.com

TMB
Make THE Difference

TMB 3 Times 3 Flows Credit
สินเชื่อธุรกิจ 3 เท่า 3 ทีก



สินเชื่อธุรกิจ 3 เท่า 3 ทีก
วงเงินรวมสูงสุด 20 ล้านบาท

ทีก 1 ให้เยอะ รับเงินกู้ก้อนแรกสูงสุด 3 เท่า ของมูลค่าหลักทรัพย์ค้ำประกัน
ทีก 2 ให้ถูกเงิน รับเงินเพิ่ม ภายใน 3 วันทำการ
ทีก 3 ให้ขยาย เตรียมเงินไว้ให้อีกก้อน เพื่อยขยายธุรกิจ

เตรียมไว้แล้ว เงินกู้ทีก 2 และทีก 3 เพียงหมุนเวียนบัญชีเป็นประจำ

เมื่อเปิดโปงตามรายการรายละเอียด

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TMB
Make THE Difference



**Make THE Difference
everyday by upgrading
and eliminating
unnecessary
customer costs**

Community Strength

Ripple out to communities

Corporate Responsibility to us is about leveraging our employee base towards empowering youths to Make THE Difference in their lives and the lives of people within the communities in which they live.

This plan was put to action in 2013, when:

- More than 3,500 TMB volunteers nationwide worked collaboratively with youths and communities in the FAI-FAH programs
- We created and delivered more than 4,000 braille books to students in 13 schools for the blind nationwide, through the FAI-FAH In-a-Box program
- Created three major community improvement projects geared towards social business and the sustainability of communities.





**More than 3,500
TMB employees
nationwide
volunteered in
FAI-FAH programs**



Board of Directors



1

Mr Rungson Sriworasat

Chairman of the Board

2

General Prayut Chan-o-cha

Director

3

Mr Philippe G.J.E.O. Damas

Director

Chairman of the Board of Executive Directors

Member of the Nomination, Remuneration and Corporate Governance Committee

4

Mr Singha Nikornpun

Independent Director

Chairman of the Audit Committee

5

Mr Rachane Potjanasuntorn

Independent Director

Chairman of the Nomination, Remuneration and Corporate Governance Committee

Member of the Risk Management Committee

6

Ms Swee-Im Ung

Director

Chairperson of the Risk Management Committee

Member of the Credit Committee



7

Mr Pongpanu Svetarundra

Director

Chairman of the Credit Committee

Member of the Board of Executive Directors

Member of the Nomination, Remuneration and Corporate Governance Committee

8

Mr Vaughn Nigel Richtor

Director

Member of the Board of Executive Directors

9

Mr Amorn Asvanunt

Director

Member of the Board of Executive Directors

Member of the Credit Committee

Member of the Risk Management Committee

10

Mr Christopher John King

Independent Director

Member of the Audit Committee

Member of the Nomination, Remuneration and Corporate Governance Committee

11

General Kamon Saenissara

Independent Director

Member of the Audit Committee

12

Mr Boontuck Wungcharoen

Director and Chief Executive Officer

Member of the Board of Executive Directors

Member of the Credit Committee

Member of the Risk Management Committee

Board of Directors



Name

Mr Rungson Sriworasat

Age

58 years old

Position(s) at TMB

Chairman of the Board

Date of Appointment

June 5, 2013

Education and Training

Master of Business Administration, Prince of Songkla University

Bachelor of Law, Sukhothai Thammathirat Open University

Bachelor of Accounting, Ramkhamhaeng University

National Defence College

Senior Executive Program Certificate, Capital Market Academy (CMA)

Politics and Governance in Democratic System for Executive Course, King Prajadhipok's Institute

The Program for Senior Executive on Criminal Justice Administration, Judicial Training Institute

Senior Executive Program, Office of the Civil Service Commission

International Financial Fraud Training Program (IFFT), Internal Revenue Service (IRS) Georgia, USA

Executive Program for Senior Management 2006 Development Course for Organization Leaders under Globalization Current Fiscal Policy Research Institute Foundation, Kingdom of Thailand in cooperation with Kellogg School of Management and the Maxwell School of Syracuse University, Schulich School of Business York University

Financial Institutions Governance Program (FGP 7/2013), Role of the Chairman Program, Finance for Non-Finance Director, Audit Committee Program, Successful Formulation & Execution

the Strategy, and Director Certification Program, Thai Institute of Directors Association

Positions in Other Listed Companies

None

Positions in Non-Listed Companies

October 2013 – Present

Permanent Secretary, Ministry of Finance

October 2013 – Present

Chairman, Government Pension Fund

October 2013 – Present

Chairman, Student Loan Fund

October 2013 – Present

Chairman, Office of Insurance Commission (OIC)

October 2013 – Present

Chairman of State Enterprises Directors List Preparation

Committee, The Secretariat of the Cabinet

October 2013 – Present

Chairman of the Committee Cooperation in the Development

Competitive Industries 2012, The Prime Minister's Office

October 2013 – Present

Member of the Committee on Public and Private Sectors

Economic Problems, Office of the National Economics and Social

Development Board

October 2013 – Present

Member of the Board, Office of Securities and Exchange

Commission (SEC)

October 2013 – Present

Member of the Committee on the National Strategy for

the Prevention and Suppression of Corruption in the State,

Ministry of Justice

August 2013 – Present

Director, State Railway of Thailand (SRT)

February 2013 – Present

Director, Judicial Officer Commission

October 2012 – Present

Director, The Government Pharmaceutical Organization

Work Experience

October 2012 – October 2013

Deputy Permanent Secretary, Ministry of Finance

April 2013 – May 2013

Director, General Hospital Products Public Co., Ltd.

January 2013 – May 2013

Director, Deposit Protection Agency

February 2013 – May 2013

Director, Tourism Authority of Thailand

2005 – February 2013

Director, Bank for Agriculture & Agricultural Co-operatives

2010 – 2012

Director, Judicial Administration Commission

2010 – 2012

Director-General, The Comptroller General Department,

Ministry of Finance

2011 – 2012

Director, Eastern Water Resources Development and Management Public Co., Ltd.

2010 – 2012

Director, Government Pension Fund

2010 – 2012

Director, Malaysia-Thailand Joint Authority (MTJA)

2010 – 2012

Director and Secretary, Student Loans Fund

2009 – 2011

Inspector-General, Ministry of Finance

2009 – 2011

Director, Provincial Waterworks Authority

2009 – 2011

Director, Dhanarak Asset Development Company Limited

2006 – 2009

Auditor, The Thai Red Cross Society

2005 – 2009

Deputy Director-General, The Comptroller General Department, Ministry of Finance

2005 – 2009

Executive Director, Subic Bay Energy Co., Ltd.

**Name**

General Prayut Chan-o-cha

Age

60 years old

Position(s) at TMB

Director

Date of Appointment

October 7, 2010

Education and Training

Bachelor of Science, Chulachomkhalo Royal Military Academy

Diploma, RTA Command and General Staff College

National Defence College

Financial Institutions Governance Program (FGP 6/2013) and Director Certification Program, Thai Institute of Directors Association

Positions in Other Listed Companies

None

Positions in Non-Listed Companies

October 2010 – Present

Commander-in-Chief, Royal Thai Army

Work Experience

2009 – September 2010

Deputy Commander-in-Chief, Royal Thai Army

2007 – April 2010

Independent Director and Chairman of the Corporate Governance Committee, Thai Oil Plc.

2008 – 2009

Chief of Staff, Royal Thai Army



Name

Mr Philippe G.J.E.O. Damas

Age

63 years old

Position(s) at TMB

Director

Chairman of the Board of Executive Directors

Member of the Nomination, Remuneration and Corporate Governance Committee

Date of Appointment

December 28, 2007

Education and Training

MBA (Accounting & International Finance), Columbia University, USA

Military Service, Belgian Army

Advanced Automatics, Ecole Nationale de l'Aéronautique et de l'Espace, Toulouse, France

Ingénieur Civil Electricien Mécanicien, Université Libre de Bruxelles, Brussels, Belgium

Directors Refresher Program, ING Vysya Bank (India)

Positions in Other Listed Companies

None

Positions in Non-Listed Companies

December 2013 – Present

Board member, Capstone Partners (Asia)

April 2013 – Present

Board member, CM Houlder (SEA) Pte. Ltd.

April 2013 – Present

Board member, CM Houlder Insurance Brokers (Singapore) Pte. Ltd.

December 2011 – Present

Board member, Eurofin Asia (Singapore)

May 2011 – Present

International Advisory Board member, Pacific Star (Singapore)

2009 – Present

Board Chairman, Prochem (Singapore)

Work Experience

July 2011 – November 2012

Board member, Quant Capital (Mumbai, India)

March 2011 – November 2012

Independent Director, METROCOM Bank in Kazakhstan

2006 – May 2012

Director, ING Mauritius

2006 – September 2011

Vice Chairman of the Board, ING Vysya Bank Ltd. (India)

2001 – January 2010

Director, ING Asia Private Bank (Singapore)

November 2008 – November 2009

CEO, Retail and Banking Asia, ING Group (Singapore)



Name

Mr Singha Nikornpun

Age

59 years old

Position(s) at TMB

Independent Director
Chairman of the Audit Committee

Date of Appointment

January 10, 2014

Education and Training

Master of Science (Human Relations and Management),
Abilene Christian University, Dallas, Texas, USA
Bachelor's Degree in Economics (Money and Banking),
Kasetsart University
Senior Executive Program Certificate, Capital Market Academy
(CMA)
Politics and Governance in Democratic Systems for Executives,
King Prajadhipok's Institute
Advanced Management for Bankers Wharton School, University
of Pennsylvania, USA
Financial Institutions Governance Program, Role of the
Compensation Committee, and Director Certification Program,
Thai Institute of Directors Association

Positions in Other Listed Companies

2013 – Present

Independent Director and Member of Audit Committee,
IFS Capital (Thailand) Plc.

November 2012 – Present

Independent Director and Member of Audit Committee,
Tirathai Plc.

Positions in Non-Listed Companies

February 2013 – Present

Director, Thailand Professional Qualification Institute
(Independent Entity under the supervision of the Office
of the Prime Minister)

2006 – Present

Director, Association of Provident Fund

Work Experience

2008 – 2012

President, Deposit Protection Agency

2005 – 2011

Vice Chairman and Chairman of the Audit Committee,
Thai Bond Market Association

2006 – 2008

Chairman, GPF Property Management Co., Ltd.

2006 – 2008

Director, Thai Prosperity Advisory Co., Ltd.

2006 – 2008

Chairman, Fitch Ratings Co., Ltd.

2004 – 2008

Director, Saha Thai Steel Pipe Plc.

2003 – 2008

Chairman, Thai Administration Service Co., Ltd.

1999 – 2008

Deputy Secretary General (Investment), Government
Pension Fund



Name

Mr Rachane Potjanasuntorn

Age

61 years old

Position(s) at TMB

Independent Director

Chairman of the Nomination, Remuneration and Corporate Governance Committee

Member of the Risk Management Committee

Date of Appointment

October 8, 2012

Education and Training

MBA (Honors), National Institute of Development Administration
BS (Forestry), Kasetsart University

National Defence College

Senior Executive Program Certificate, Capital Market Academy (CMA)

Top Executive Program in Commerce and Trade (TEPCOT)
Commerce Academy

Senior Executive Program (SES 20)

Financial Institutions Governance Program, Thai Institute of Directors Association

Positions in Other Listed Companies

None

Positions in Non-Listed Companies

2009 – Present

Vice Chairman, Gems and Jewelry Promotion Foundation

Work Experience

2009 – February 2013

Director, Department of Civil Aviation, Ministry of Transport

2009 – September 2012

Deputy Permanent Secretary, Ministry of Commerce

2007 – September 2012

Executive Director, Office of the Cane and Sugar Board, Ministry of Industry

2006 – September 2012

Advisor, The National Shippers' Council

2012 – 2012

Chairman of Budget sub-committee, The Gem and Jewelry Institute of Thailand (Public Organization)

2010 – 2012

Advisor for Strategy and Gem and Jewelry Industry Development Plan, The Gem and Jewelry Institute of Thailand (Public Organization)

2006 – 2009

Director-General, Department of Export Promotion, Ministry of Commerce



Name

Ms Swee-Im Ung

Age

62 years old

Position(s) at TMB

Director

Chairperson of the Risk Management Committee

Member of the Credit Committee

Date of Appointment

September 30, 2011

Education and Training

Bachelor of Accountancy (Merit Honors), University of Singapore

Director Accreditation Program, Thai Institute of Directors Association

Positions in Other Listed Companies

None

Positions in Non-Listed Companies

2006 – Present

Sole Director, Chianti Investors Ltd.

Work Experience

2005 – 2007

Global Head of Credit Risk Management, ING Direct

2003 – 2007

Head of Issuer Risk Management, ING Group N.V.



Name

Mr Pongpanu Svetarundra

Age

55 years old

Position(s) at TMB

Director

Chairman of the Credit Committee

Member of the Board of Executive Directors

Member of the Nomination, Remuneration and Corporate Governance Committee

Date of Appointment

February 23, 2012

Education and Training

MA (Economics), Northwestern University, USA

B.Com (Econ), University of Auckland, New Zealand

Advanced Management Program, Harvard Business School

National Defence College

Senior Executive Program Certificate, Capital Market Academy (CMA)

Senior Executive Program, Office of the Civil Service Commission

The Program for Senior Executive on Criminal Justice

Administration, Judicial Training Institute

Certificate Course in Good Governance for Directors and Top Executives, Public Director Institute (PDI)

Financial Institutions Governance Program (FGP 7/2013), Director Certification Program, Financial Statement for Directors, and Role of Chairman Program, Thai Institute of Directors Association

Positions in Other Listed Companies

December 2013 – Present

Director, Thai Airways International Plc.

2011 – Present

Director, Crown Seal Plc.

2009 – Present

Director, Thaisri Insurance Plc.

2004 – Present

Director, Cathay Leaseplan Plc.

Positions in Non-Listed Companies

2011 – Present

Deputy Permanent Secretary, Ministry of Finance

2008 – Present

Director, Mass Rapid Transit Authority of Thailand

Work Experience

2011 – December 2013

Director, PEA ENCOM International Co., Ltd.

2009 – April 2012

Director, Bangkok Metro Plc.

2010 – 2011

Director General, Excise Department, Ministry of Finance

2008 – 2011

Chairman, Small and Medium Enterprise Development Bank of Thailand

2009 – 2010

Director General, Comptroller General's Department, Ministry of Finance

2009 – 2010

Director and Secretary, Student Loans Fund

2009 – 2010

Director, Government Pension Fund

2006 – 2009

Director General, Public Debt Management Office, Ministry of Finance

2006 – 2009

Director, Investment Committee of Vayupak Fund and Vayupak Fund Steering Committee



Name

Mr Vaughn Nigel Richtor

Age

58 years old

Position(s) at TMB

Director

Member of the Board of Executive Directors

Date of Appointment

December 28, 2007

Education and Training

BA (Honors) First Class (Business Studies), Southbank, London, UK

Corporate Finance Diploma, London Business School, UK

General Management Program and Management in International Banking, CEDEP, Insead, Fontainebleu, France

Directors Colloquium on Corporate Governance, International Financial Reporting Standards (IFRS) and its implications on Indian Banking Sector and Director's Liabilities and Competition Law, ING Vysya Ltd. (India)

Legal Developments in Corporate Governance, Accounting and Finance Developments, Developments in Directors and Officers, Insurance and Regulator Update - APRA, ING Direct, Australia

Various other courses in Insurance, Asset Management, Credit and Financial Analysis, Capital Market, also lectured and written for Euromoney, The Treasurer and the FTA Journal

Regular speaking engagements on Leadership, Customer Service, Corporate Culture, IT and ING Direct Philosophy and Business Model

Positions in Other Listed Companies

None

Positions in Non-Listed Companies

August 2012 – Present

CEO and Member of the Board, ING Bank (Australia) Limited

August 2012 – Present

CEO Retail Banking Asia, ING Group N.V.

March 2012 – Present

Member of Retail Banking International Management Team and Member of Senior Leadership Team, ING Group N.V.

February 2010 – Present

Member of Board of Executive Directors, Member of Risk Committee, Member of Audit Committee, and Member of Remuneration Committee, ING Bank (Australia) Limited

June 2009 – Present

Member of Corporate Governance Committee, Member of Audit Committee, Member of Board Credit Committee, Chairman of Risk Management & Review Committee, and Member of Remuneration Committee, ING Vysya Bank Ltd. (India)

2000 – Present

Member of Management Council, ING Group N.V.

Work Experience

March 2011 – February 2013

Non-Executive Director and Member of Strategy Committee, KF Financial Group

January 2010 – July 2012

CEO, ING Banking Asia

February 2006 – April 2009

Managing Director & CEO, ING Vysya Bank Ltd. (India)



Name

Mr Amorn Asvanunt

Age

65 years old

Position(s) at TMB

Director

Member of the Board of Executive Directors

Member of the Credit Committee

Member of the Risk Management Committee

Date of Appointment

October 16, 2003

Education and Training

MBA, Bowling Green State University, Ohio, USA

BA (Accountancy), Chulalongkorn University

Stanford-NUS Executive Program, Stanford University and National University of Singapore

Changing Organizational Behavior Program, Wharton School, University of Pennsylvania, USA

Financial Institutions Governance Program (FGP 7/2013), Director Accreditation Program, and CEO Performance Evaluation, Thai Institute of Directors Association

Positions in Other Listed Companies

March 2006 – Present

Independent Director and Member of the Audit Committee, Sahacogen (Chonburi) Plc.

2005 – Present

Independent Director and Member of Risk Management Committee, Krungdhep Sophon Plc.

2003 – Present

Independent Director, Member of the Audit Committee, and Chairman of Risk Management Committee, I.C.C International Plc.

2003 – Present

Independent Director and Chairman of the Audit Committee, People's Garment Plc.

2003 – Present

Independent Director and Member of the Audit Committee, Far East DDB Plc.

Positions in Non-Listed Companies

June 2009 – Present

Director, WBLP Co., Ltd.

June 2009 – Present

Director, P A Capital Co., Ltd.

1988 – Present

Independent Director, BNH Medical Center Co., Ltd.

Work Experience

June 2009 – 2013

Director, Drafting Committee for Specialized Financial Institution Development Plan (2009-2013), Ministry of Finance

2003 – March 2006

Chairman of the Audit Committee, Sahacogen (Chonburi) Plc.

1997 – 2005

Director, Christiani & Nielsen (Thai) Plc.



June 2009 – Present

Director, Kingfisher Holdings Ltd. and three subsidiaries, namely; Southeast Asian Packaging and Canning Ltd., Oceanic Cannery Co., Ltd. and KF Foods Ltd.

1992 – Present

Director, Thivatharn Ltd.

Work Experience

1997 – 2004

Partner, Linklaters LLP., London

1997 – 2003

Managing Partner, Linklaters (Thailand) Ltd.

Name

Mr Christopher John King

Age

69 years old

Position(s) at TMB

Independent Director

Member of the Audit Committee

Member of the Nomination, Remuneration and Corporate Governance Committee

Date of Appointment

September 1, 2004

Education and Training

Bachelor of Laws (LL.B) (Honors), University of Bristol, UK

Postgraduate Practical Certificate in Law, University of Singapore

Director Certification Program, Thai Institute of Directors Association

Positions in Other Listed Companies

April 2013 – Present

Director, Big C Supercenter Plc.

2005 – Present

Independent Director, Chairman of Nominating and Remuneration Committee, and Member of Audit Committee, Singer Thailand Plc.

Positions in Non-Listed Companies

November 2012 – Present

Director, Singer Leasing (Thailand) Limited



Name

General Kamon Saenissara

Age

65 years old

Position(s) at TMB

Independent Director
Member of the Audit Committee

Date of Appointment

April 11, 2012

Education and Training

Master of Public Administration (Executive MPA), Sripatum University

Bachelor of Science, Chulachomklao Royal Military Academy

Diploma, RTA Command and General Staff College

National Defence College

Senior Executive Program Certificate, Capital Market Academy (CMA)

Top Executive Program in Commerce and Trade (TEPCOT), Commerce Academy

Certificate Course in Good Governance for Directors and Top Executives, King Prajadhipok's Institute

Infantry Officer Advance Course and Instructor Course, FT. Benning, GA, USA

Director Certification Program, Role of Compensation Committee, and Financial Institutions Governance Program, Thai Institute of Directors Association

Positions in Non-Listed Companies

November 2012 – Present

Chairman of Internal Audit, The National Broadcasting and Telecommunication Commission (NBTC)

2011 – Present

Chairman of Advisory Board, Basketball Association of Thailand

2010 – Present

Member of Advisory Board, Royal Thai Armed Forces' Strategy Learning Center Commemorating His Majesty the King's 80th Birthday

2009 – Present

Special Officer, 21st Infantry Regiment, Queen's Guard

2008 – Present

Advisor, National Defence College Association of Thailand

2008 – Present

Advisor, National Defence College Alumni Think Tank

2007 – Present

Special Officer, 1st Infantry Regiment, King's Own Bodyguard

2007 – Present

Special Aide-de-Camp, Royal Aide-de-Camp Department

2003 – Present

Special Officer, Cadet Regiment, King's Guard

1997 – Present

Special Officer, 11th Infantry Regiment, King's Guard

Work Experience

May 2012 – November 2012

Director of Internal Audit, The National Broadcasting and Telecommunication Commission (NBTC)

2010 – 2011

Honorary Advisor, Senate Energy Committee

2009 – 2011

Vice Chairman, Chairman of Risk Management Committee, and Chairman of Remuneration Committee, Aeronautical Radio of Thailand Ltd.

2008 – 2009

Judge, Military Supreme Court, Bangkok Military Court

2008 – 2009

Chairman of Advisory Board, Royal Thai Armed Forces

Positions in Other Listed Companies

None

**Name**

Mr Boontuck Wungcharoen

Age

57 years old

Position(s) at TMB

Director and Chief Executive Officer

Member of the Board of Executive Directors

Member of the Credit Committee

Member of the Risk Management Committee

Date of Appointment

July 14, 2008

Education and Training

MBA (Finance and International Business), New York University, USA

B.Eng. (Chemical Engineering), Chulalongkorn University

Director Accreditation Program, Thai Institute of Directors Association

Positions in Other Listed Companies

None

Positions in Non-Listed Companies

1982 – Present

Director, Benjaboon Enterprise Co., Ltd.

Work Experience

1999 – 2007

Executive Vice President, KASIKORNBANK PCL.

Chief Officers



Name

Mr Boontuck Wungcharoen

Age

57 years old

Position(s) at TMB

Director of the Board and Chief Executive Officer
Member of the Board of Executive Directors
Member of the Credit Committee
Member of the Risk Management Committee

Education

MBA in Finance and International Business, New York University, USA
 B.Eng. (Chemical Engineering), Chulalongkorn University

Work Experience

2008 – Present
 Chief Executive Officer, TMB Bank Plc.
1999 – 2007
 Executive Vice President, KASIKORNBANK PCL.



Name

Mr Jan Henri Van Wellen

Age

57 years old

Position(s) at TMB

Chief Risk Officer
Member of the Credit Committee
Member of the Risk Management Committee

Education

Master degree in Applied Economics, Sint-Ignatius University in Antwerp, Belgium
 Industrial Engineer
 Electro-Mechanics, Don Bosco, Hoboken, Belgium

Work Experience

2013 – Present
 Chief Risk Officer, TMB Bank Plc.
2012 – 2013
 Senior Credit Officer – Structure Finance, ING Bank NV, Amsterdam
2008 – 2012
 Chief Risk Officer IVBL, ING Vysya Bank Ltd., India
2003 – 2008
 Head of Credit Risk Management, ING Asia Private Bank Ltd., Singapore
1995 – 2003
 Risk Manager for Greater China at ING Bank N.V., Hong Kong



Name

Mr Lorenzo Tassan-Bassut

Age

47 years old

Position(s) at TMB

Chief Operating Officer

Education

Master Degree, Computer Engineer, Hogeschool Enchede, The Netherlands
 Bachelor Degree, H.A.V.O Diploma, Griffland College, The Netherlands

Work Experience

2013 – Present
 Chief Operating Officer, TMB Bank Plc.
2010 – 2013
 Chief Operating Officer, Managing Director in ING Bank (EurAsia) ZAO – Commercial Banking, Moscow, Russia
2007 – 2010
 Chief Operating Officer, Assistant Managing Director, ING Bank N.V. Hungary Branch – Commercial Banking, Budapest, Hungary
2000 – 2007
 Regional Head of IT Infrastructure Asia, Chief Operating Officer, ING Shanghai and ING Bank N.V. Hong Kong Branch



Name

Mr Bernard Marie-Jeanne Maurice Coucke

Age

53 years old

Position(s) at TMB

Chief Retail Banking Officer

Education

Master of Laws, Katholieke Universiteit Leuven (KUL), Belgium
 Bachelor of Laws, Katholieke Universiteit Leuven (KUL), Belgium
 Bachelor in Management, Katholieke Universiteit Leuven (KUL), Belgium

Work Experience

2012 – Present
 Chief Retail Banking Officer, TMB Bank Plc.
2007 – 2012
 Global Head Private Banking Clients, ING Bank NV, Amsterdam, The Netherlands
2006 – 2007
 Head of Europe Private Banking and Deputy Head Global PB, ING Bank NV, Amsterdam
2004 – 2006
 CEO, ING Luxembourg



Name

Mr Piti Tantakasem

Age

43 years old

Position(s) at TMB

Chief Wholesale Banking Officer

Education

Ph.D. in Strategic Management under the collaboration program between the University of Nebraska at Lincoln and Bangkok University

Master of Business Administration, Kenan-Flagler Business School, The University of North Carolina at Chapel Hill

Work Experience

2008 – Present

Chief Wholesale Banking Officer, TMB Bank Plc.

2007 – 2008

First Senior Vice President, KASIKORNBANK PCL.



Name

Mr Paphon Mangkhalathanakun

Age

43 years old

Position(s) at TMB

Chief SME and Supply Chain Officer

Education

MBA in Finance, Oregon State University, Oregon, USA

B.Eng. (Industrial Engineering), Chulalongkorn University

Work Experience

2011 – Present

Chief SME and Supply Chain Officer, TMB Bank Plc.

2008 – 2011

Executive Vice President, Head of Small SME Segment

2004 – 2008

First Vice President, Head of Small SME and Micro Business Department, KASIKORNBANK PCL.



Name

Mr Thanomsak Chotikaparakai

Age

51 years old

Position(s) at TMB

Chief Financial Officer

Education

Master of Business Administration, University of Eastern Michigan, USA

B.Eng. (Electrical Engineering), Chulalongkorn University

Work Experience

2009 – Present

Chief Financial officer, TMB Bank Plc.

2003 – 2009

Chief Financial Officer, Standard Chartered Bank (Thailand)

Management Team

Direct Report to Chief Executive Officer

Mr Agapol Na Songkhla	Head of Strategy and Transformation, Head of Corporate Governance
Miss Chompoonoot Pathomporn	Head of Human Resources
Mr Paradai Theerathada	Head of Corporate Branding and Communications
Miss Thanawan Teekautamakorn	Head of Audit

Retail Banking

Mr Pradit Leosirikul	Head of Branch Banking
Mrs Supaporn Angchaisuksiri	Head of Branch Services Delivery
Mr Prompong Pattanateeradej	Head of Customer Segment Middle Income
Mrs Kanchana Rojvatunyu	Head of Retail Marketing
Miss Suvimol Pornsalnuwat	Head of Retail Lending Business
Mrs Marie Ramlie	Head of Deposit, Transactional Products and Mutual Funds
Mrs Tamara van den Ban	Head of Digital Strategy and Channels
Miss Kamolwan Imruthaicharoenchok	Head of Bancassurance

SME and Supply Chain

Miss Sukanya Treesanaejit	Head of Small SME Customer Management
Mr Pichit Jongsaliswang	Head of Small SME Segment
Mr Samuel Yan-Fai Cheung	Head of Small SME Product and Portfolio Management
Mr Ed Sirivallop	Head of Supply Chain Product and Sales Management
Mr Rungsun Tamanakijprasart	Head of Supply Chain Channel and Implementation
Mr Vithaya Sintharapantorn	Head of Commercial Banking Marketing Management

Wholesale Banking

Mr Vikran Paovarojkit	Head of Corporate and Multi-Corporate Banking Segments
Mr Pirapong Nithikraiwt	Head of Corporate Banking Segment 1, Acting Head of Corporate Banking Segment 2
Mr Ekanat Kieatinapasin	Head of Lending and Structured Products – Corporate Banking
Mr Alexander Nondh Langfeldt	Head of Multi-Corporate Banking Segment 1
Miss Tientip Narach	Head of Multi-Corporate Banking Segment 2
Mr Sopon Kluaymai Na Ayudhya	Head of Military Business and Public Sector Management
Mr Trirong Butragaht	Head of Business Banking Segment

Wholesale Banking (Continued)

Mr Thanawat Veerachayapornkul	Head of Lower Business Banking Segment
Miss Vipasiri Chantanumat	Head of Business Banking Segment – BKK
Mr Piti Krasaesian	Head of Business Banking Segment – UPC
Mr Saranya Phuphatana	Head of Capital Markets
Mr Jarin Pintosopon	Head of Corporate Finance and Debt Capital Markets
Mr Weerachai Amornrat-Tana	Head of Credit and International Trade Product

Risk Management

Mr Sunthorn Ruckpanich	Acting Head of Corporate Credit Underwriting, Team Head of Multi-Corporate Banking Credit Underwriting
Mr Martin Alan Searle	Head of Consumer and Small Enterprise Credit
Miss Supreeya Pipatmanomai	Head of Credit Restructuring
Miss Oranuj Tantimedh	Head of Market Risk Management
Mr Maxence Laval	Head of Credit Risk Intelligence
Mr Somsak Woravijak	Head of Legal
Mr Cornelius Henricus Maria de Rooij	Head of Corporate Operational Risk Management
M.L. Ayuth Jayant	Head of Compliance

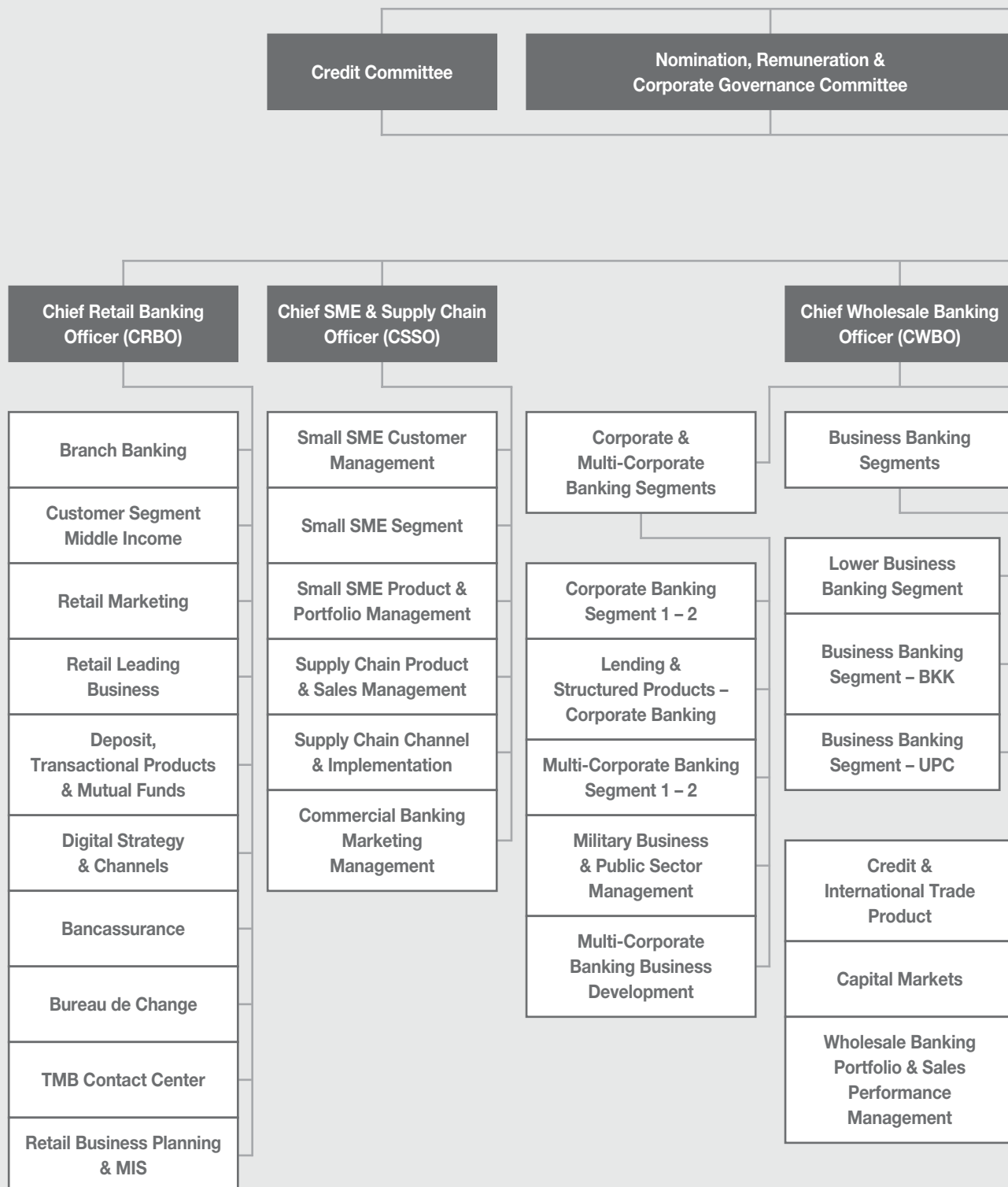
Finance

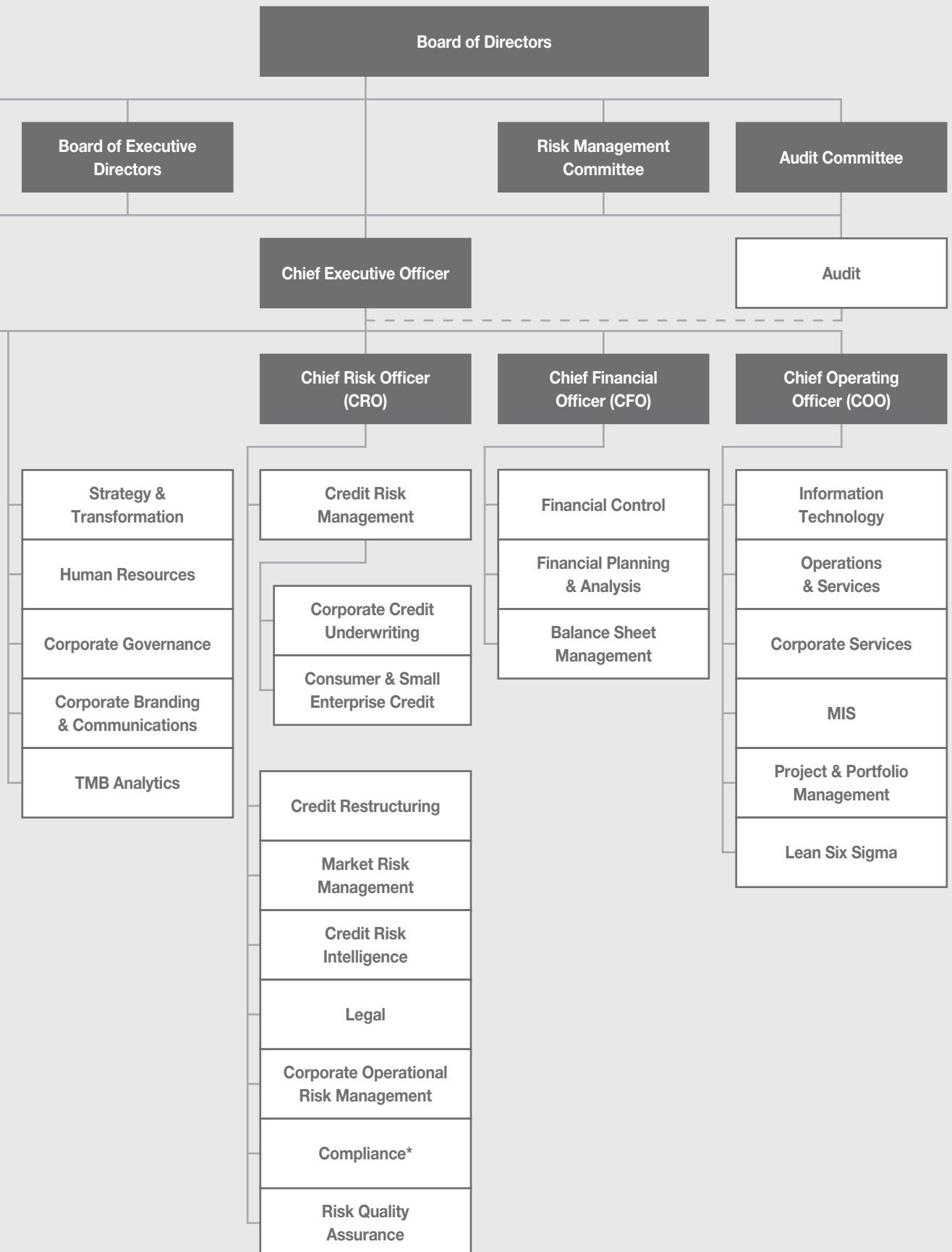
Miss Waewalai Wattana	Financial Controller
Miss Arwiwan Tangtrongchit	Head of Financial Planning and Analysis
Mr David Benjamin Warr	Head of Balance Sheet Management

Chief Operating Officer

Miss Saipin Kittipornpimol	Head of Information Technology
Miss Ubolluck Luevoravinyu	Head of Application Solutions
Mrs Rattana Lerkkumsup	Head of Operations and Services
Miss Utoomphorn Kunakorn	Head of Corporate Services

Organization Chart





* Also directly reports to Audit Committee

Thai Economy and Banking Industry

Thai Economy in 2013

In 2013, the Thai economy expanded by 2.9%, a slowdown from 6.5% in the previous year. All economic activities weakened throughout the year as both external and domestic factors put more pressure on the Thai economy. For domestic demand, private consumption slightly increased by 0.2%, weighed down mainly by the expiry of the first-car buyer scheme and high concern on household debt. Private investment contracted by 2.8%, after accelerated the rehabilitation investment in 2012 from the flood crisis, in addition to low business and investor's confidence from sustained economic slowdown and year-end political uncertainty. The public investment increased at a slower-than-expected pace, as a consequence from the delayed disbursement and legal complications in both water management projects, THB350 billion worth, and the infrastructure projects, THB2 trillion worth. For external demand, merchandise exports, which were initially expected to offset the slowdown in domestic demand, also mildly contracted 0.3%, measured in US dollar, owing to the uneven global economic recovery, particularly in the US and Europe. In the fourth quarter, intensified political unrest continued weighing down domestic demand resulting in the economic growth of only 0.6%, the slowest pace in almost two years.

In 2013, Thai baht movement fluctuated widely, with strong appreciation in the first half due to capital inflows as a result of the US quantitative easing measures, and then rapidly weakened in the remainder of the year due the deteriorating of Thai economy and signals to taper the quantitative measures in the US. Over the year, Thai baht averaged at 30.72 baht per US dollar, stronger than the previous year. Meanwhile, the policy rate was cut twice to 2.25% from 2.75% at the beginning of the year to support economic growth amid the low inflation pressure.

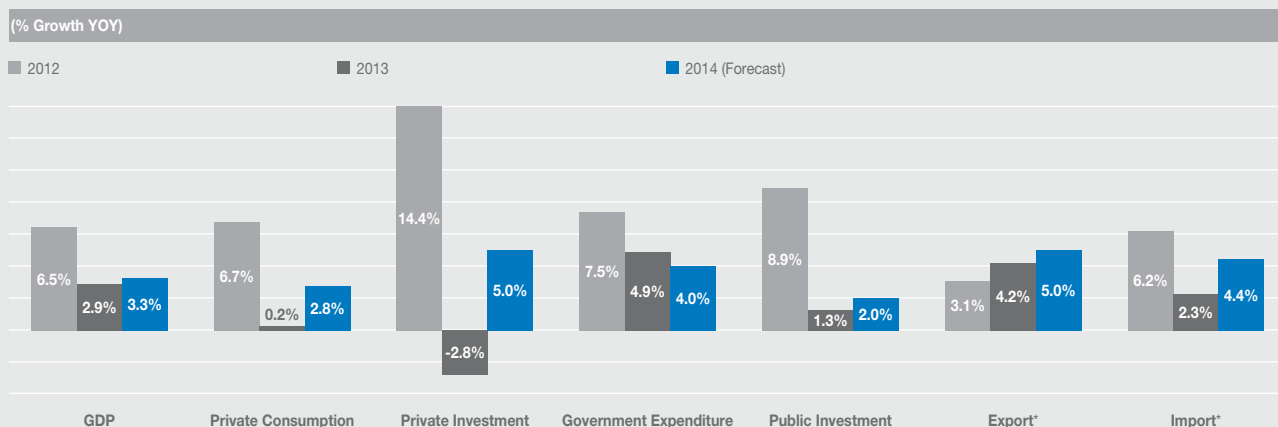
Economic Outlook for 2014

Given the weak economic momentum at the end of 2013, Thailand's economy will continue to face headwinds against its growth in 2014. The political turmoil which has become more intense and prolonged would weigh domestic demand further down particularly in the first half of the year. In particular, the long absence of government will dampen the roles government spending plays in the economy as the fiscal year will come to an end in the 3rd quarter. In addition, the new government, once formed, may put more emphasis on the needed constitutional and governance reforms and less on stimulating the economy or on the public investment projects, leading to further delays in private investment as well. Hence, the private consumption and investment may not return to normal level as quickly. Tourism sector would also grow at a slower pace as many countries have issued tourist warning for traveling to Thailand since multiple political clashes took place in Bangkok.

On the contrary, exports of goods would grow 4.5%, measured in US dollar, supported by stronger trade partners' economic recovery. The International Monetary Fund (IMF) projected that the global economy would grow at a faster rate of 3.6% in 2014, with major contribution from the advanced economies such as the US together with continued expansion of China's economy albeit a slower rate. All in all, the Thai economy is expected to grow at 3.3%, driven primary by export recovery.

Thai baht is expected to weaken in 2014 with an average of 32.5 baht per US dollar due to the slowdown in domestic economy and the tapering of the US quantitative measures. While the policy rate is expected to remain at a low level to accommodate more economic growth, there is a downside risk in the first half of the year and will likely resume its normalization at the end of the year following improved economic condition and higher inflation risk. Therefore, depending on the pace of domestic and global recovery, the policy will move in a limited range of 2.00-2.50%.

2014 Economic Growth Projection



Source: NESDB and forecast by TMB Analytics as of December 2013

Remark: *Goods and Services

Thai Commercial Banks in 2013

Thai banking industry has continuously expanded with slower rate from the year 2012. Total assets increased by 9.5% to around THB16.2 trillion. Loans rose 11.0% to THB10.8 trillion whereas total deposits grew 9.3% to THB10.9 trillion. Credit expanded at a faster pace than funding via deposits and borrowings and caused L/DB ratio to increase from 89.1% last year to 91.8%. Likewise, L/D ratio was up from 97.6% to 99.1%. The higher LDB ratio did not pressure liquidity in Thai banking system, which still stood at THB1.1 trillion. The total industry-wide capital adequacy ratio was at 15.7%.

Less lending growth was driven by slower retail loans which grew only 12% from 22% last year. Manufacturing and trade (wholesale and retail) loans increased 8% and 17% respectively. Share of retail loans accounted for 26% of total loans while share of manufacturing and trade occupied 18% and 14% of total loans respectively. Three types of loan therefore comprise nearly 60% of total loans. After excluding lending to financial activities, corporate loan grew 6%, slower than the aforementioned retail loan growth, while SMEs expanded 15%. Share of corporate loans decreased to 28% from 29%, whereas share of SMEs lending slightly increased to 37% from 36%. Retail lending's share was stable at 34%.

As of December 2013, total non-performing loans increased by THB11 billion from 2012-end to THB270 billion. Gross NPL ratio dropped to 2.2% from 2.3%. The sectors that featured high NPL ratio of around 4%-5% were construction, real estate activities, and agriculture, while manufacturing and trade's NPL ratios were 3.6% and 2.3%, respectively. Personal consumption NPL ratio increased from 1.9% last year to 2.2%.

Industry-aggregate operating performance improved in 2013 with THB214 billion in net profit, growing at 24% year-on-year. Net interest incomes increased 12%, while fee-based incomes, which accounted 16% of total incomes, grew 14%. Of all fee incomes, 80% came from debit and credit card services and e-bankings, money transfer, commission, and other fee income such as bancassurance and safe deposit boxes. Net interest margin (NIM) was stable at 2.8% from the previous year. This was driven by less competition in deposit market though interest rate decreased. Monetary Policy Committee cut the policy rate twice by 25bps each on May 28th-29th and November 27th. Hence, the policy rate dropped to 2.25% from 2.75% at the end of 2012. Four largest banks' average interest rates also changed as follows: saving deposit rate -12bps to 0.63%, 3-m fixed deposit rate -11bps to 1.56%, 12-m fixed deposit rate -23bps to 2.20%, and MLR -16bps to 6.8%.

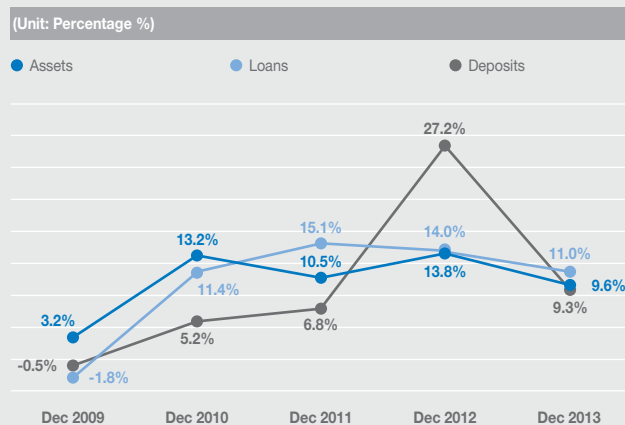
Trend of Commercial Banks in 2014

The commercial banking industry will continue its performance with slower rate due to prolonged political situation in the country. Investor's and consumer's confidence have been weighed down by such political gridlock. Mega infrastructure projects, which would have led to stronger loan demands from both public and private, are also stalled from the political situation. These factors together with more cautious bank lending will slowdown lending growth in contrast to past performances. Consequently, competition in deposit market is likely to be less severe. Nevertheless, competitions in banking system still exist in other forms especially on fee-generating transactions and on the reduction of operating cost while creating more value for the customers. There are four major factors that could potentially affect the landscape of the Thai banking industry in 2014:

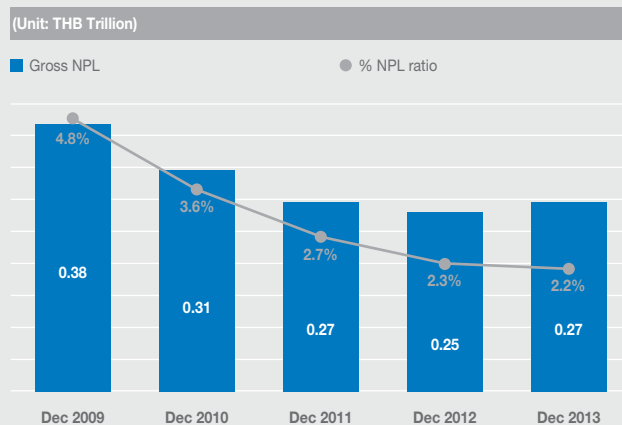
1. Competition in retail market will be intense especially in financial products for investment and savings. Pricing strategy to attract more deposits via higher interest rates will no longer be enough. More qualitative strategy will be needed to meet the demand from customers, such as professional financial advisory services over various financial product offerings. Wealth banking business should play more crucial role for banking business, as it generates more fee income along the line discussed above.
2. Opportunities from financial and economic development in regional areas are on the rise due to renewed urbanization and border trade activities in line with the advent of the AEC in 2015. Demographic and business relocation are expected. Hence, regional lending for both business and retail will be an important source of growth for banking business this year.
3. Commercial banks' business alliances with other financial players are needed in order to provide end-to-end services and more complete business networks for both their domestic and cross-border companies. Not only business alliances will be seen only within ASEAN, but also in other strategic East Asian countries such as, China, Japan, and South Korea.
4. Development of financial transactions via automatic machines or other electronic media will continue to play crucial role for banking business. These services can provide both convenience and efficiency for customers who are becoming more technology-oriented. In addition to commercial banks earning more fee income from such services, they also reduce the banks' operating cost as well. Banks will nonetheless have to emphasize security to the highest degree for these channels to strengthen consumer confidence on any security issue of the system.

All in all, slower loan growth for core banking business should be an opportunity for commercial banks to concentrate on other strategic businesses which are likely to become important in the near future. Changing of economic-geographical structure (AEC) and demographic structure (aging society) will force banking business to offer new services with more customer-centric solution. After all, in addition to generating more values for shareholders, banks' have the responsibility to support economic growth in all parts of the economy to ensure the sound development of financial market, financial access, and higher standard of living for the future.

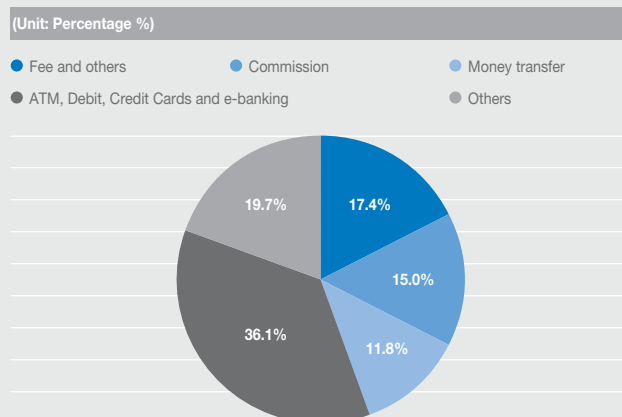
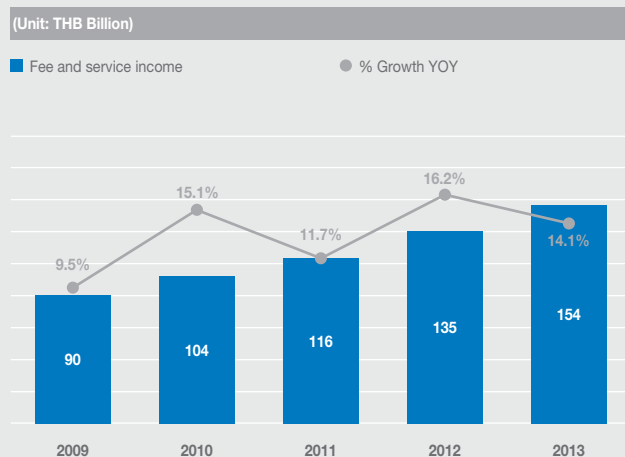
Banking Industry: Asset, Loan, Deposit Growth



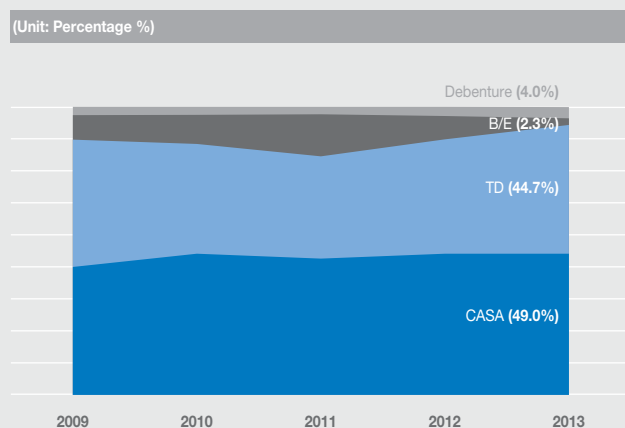
Banking Industry: NPLs



Banking Industry: Fee Income and Structure



Banking Industry: Funding Structure



Source: BOT and TMB Analytics

Strategy and Business

Our Vision

Be ‘the leading Thai bank with world-class financial solutions’

- Main bank with sustained profitability
- Value long-term relationships
- Cultivate customer centricity
- Realize benefits of partnerships

Our Brand

TMB Brand, ‘Make THE Difference’

Rooted in core brand DNA:

- **Genuine**
Offer financial products and services that put customers’ best interests first.
- **Simple and Easy**
Make banking easy for our customers.
- **Intelligent**
Understand our customers well enough to provide products that cater their real financial needs.
- **Why Not Attitude**
Challenge markets norms with creative and innovative financial solutions that are beneficial to customers.

How We Plan to Deliver – TMB 5 Strategic Intents

Have Strong Customer Understanding

TMB emphasizes on understanding customers at both individual and community levels (including cross-segment) so that the Bank can develop products and services that match with customers’ needs and never exist in Thai banking industry.

Grow Quality Deposits

TMB aims to acquire quality deposits while managing the cost of deposits to be in line with leading peers.

This will help TMB establish new relationship with customers while the quality deposits can in turn be redeployed into quality assets that provide the Bank with sustainably profitable returns.

Build Transactional Banking Excellence

TMB prioritizes transactional banking since it serves the basic banking needs of all customers and thus allows the Bank to become ‘closer’ to and understand customers better.

Better visibility of customers transactions also provides the Bank with better liquidity management, better risk management and lower funding cost.

For TMB, transactional banking excellence also means serving customers in the most efficient and effective way.

Optimize Capital and Liquidity Utilization

TMB is strongly committed to delivering the level of profits expected by investors and has set the target at 14% ROE within 2014.

To achieve this, the Bank focuses on growing in customer segments with higher risk-adjusted return such as SME segment, while proactively managing our liquidity, as well as increasing share of wallet by cross-selling value-added products and services to existing customers.

Ensure Cost Efficiency

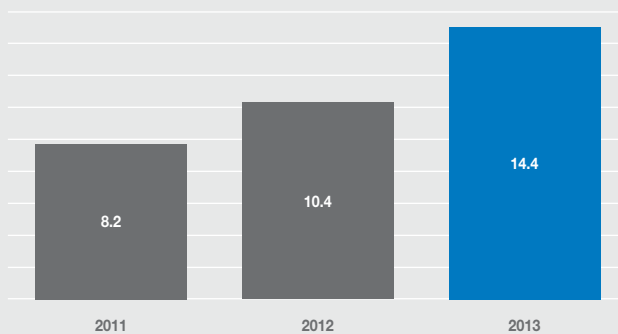
As TMB grows, the Bank must ensure greater levels of efficiency in terms of business model and operational processes.

Efficiency will be driven forwards in every part of the organization through Lean Organization and Lean Six Sigma initiatives to support the strong growth of sales and servicing transactions.

Key Performance Indicators

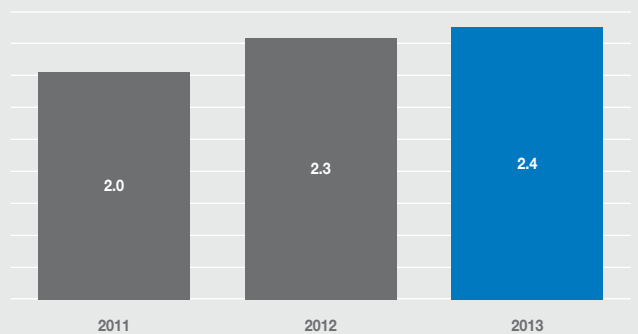
Leading Thai Bank with World-class Financial Solutions

Pre-Provision Operating Profit (THB Billion)



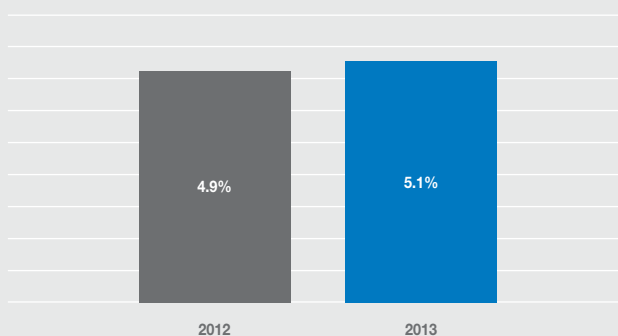
Have Strong Customer Understanding

Quality Active Retail Customers (Million) ¹



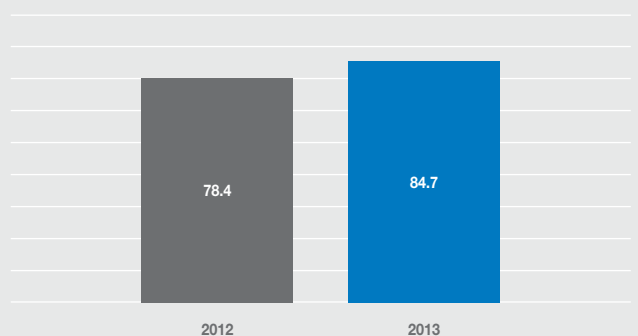
Grow Quality Deposit

TMB CASA Market Share (%) ²



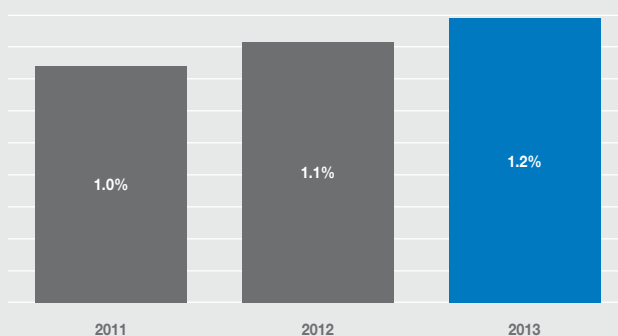
Transactional Banking Excellence

Number of Retail Transactions / Customer



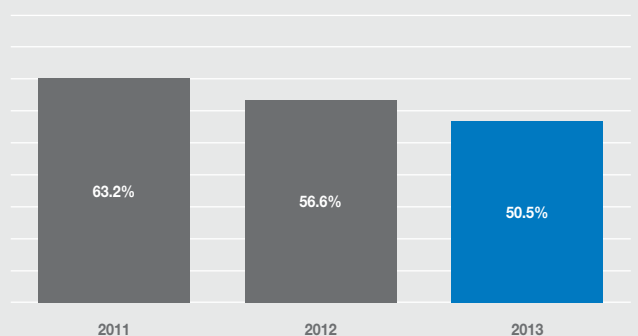
Optimize Capital and Liquidity Utilization

Net Fee Income / Loan (%)



Ensure Cost Efficiency

Cost / Income Ratio (%)



Note: ¹ Based on monthly transactional activity and average deposit balance.

² TMB CASA includes Current, Savings, No Fixed, ME and Term Deposits. Numbers of 2012 are adjusted to be comparable to those of 2013.

TMB Transformation Program

To deliver our strategic business model, the Bank is following a four-stage plan to transform TMB into a customer-centric, high-performance organization.

The transformation program will affect every aspect of the Bank, enhancing value for all stakeholders, including customers, shareholders, employees and Thai society.

Stage	Key Highlights	Status
1 Strengthen the Foundation 2008 – 2009	<ul style="list-style-type: none"> • Reorganization • End-to-end process improvement • HR transformation • Raised service standards • Enhanced risk management 	Complete <ul style="list-style-type: none"> • Improved overall asset quality • Achieved top quartile employee engagement
2 Acquire Good Customers 2010 – 2011	<ul style="list-style-type: none"> • Customer base expansion in SME and Retail Banking • Service and operational excellence • Products and services that match with customers' needs and are not offered by other banks • Physical channel optimization • Brand enhancement 	Complete <ul style="list-style-type: none"> • Successfully grew customer base through improvement of quality services and products which matched with customers' needs • Branch renovation and relocation • Launch of 'Make THE Difference'
3 Deepen Share of Wallet 2012 – 2013	<ul style="list-style-type: none"> • Cross-selling into existing customers and across different segments • Transactional banking excellence • Best-in-class e-Channel • Better loan mix (larger proportion of SME and unsecured lending) • Customer value proposition and branded experience 	Complete <ul style="list-style-type: none"> • Successful release of flagship transactional products • Start of cross-selling initiatives • Optimization of loan portfolio
4 Differentiate and Enter into New Business 2014 onwards	<ul style="list-style-type: none"> • Become the best transactional bank in Thailand • Introduce integrated channel model • Potentially enter into new business 	2014 onwards

Income Structure

Income structure of TMB and its subsidiaries consists of interest income, fees and service income and other operating income. In 2013, interest income remained the largest portion of 77.0%, relatively stable when compared to 76.3% in 2012. Fee and service income was 16.8% of total operating income, compared to 16.4% in previous year.

In terms of interest income, interest on loan was the biggest portion or 83.8%; increased from 79.8% in 2012. This followed by interest in debt securities of 8.3% and interbank and money market of 5.7%. For more details and the discussion of operating performance, please see Management Discussion and Analysis.

Details of income structure for the years ended December 31, 2011 – 2013 are in the following Income Structure Table:

(Unit: THB million)

Income Structure	Accounting year ended December 31,					
	FY2013	%	FY2012*	%	FY2011	%
Interest income	34,826	77.0	30,678	76.3	26,148	75.9
Interbank and money market items	1,999	4.4	2,488	6.2	2,698	7.8
Investments and trading transactions	457	1.0	323	0.8	88	0.3
Investments in debt securities	2,878	6.4	2,994	7.4	2,815	8.2
Interest on loans	29,173	64.5	24,495	60.9	20,479	59.5
Others	319	0.7	378	0.9	68	0.2
Fees and service income	7,611	16.8	6,583	16.4	5,441	15.8
Net gains on trading and foreign exchange transactions	2,258	5.0	1,703	4.2	1,922	5.6
Net loss on financial liabilities designated at fair value through profit or loss	-9	-	-2	-	-	-
Net gains on investments	142	0.3	86	0.2	106	0.3
Net gains on sale of assets	87	0.2	686	1.7	246	0.7
Dividend income	65	0.1	131	0.3	306	0.9
Other operating income	264	0.6	348	0.9	270	0.8
Total income	45,244	100.0	40,213	100.0	34,439	100.0

Note: *Restated

Please note that the revenue structure is disclosed as per F56-1. For more details of operating revenue and expenses, please see Notes to Financial Statements no. 36, 37 and 38.

Wholesale Banking

Our Intents

- Become the transactional bank of choice for wholesale customers, providing best-in-class transactional services via supply chain solutions and trade finance
- Become a trusted banking partner to our customers, thereby gaining share of wallet by providing value added products, services and channels

How We Plan to Deliver

- Gain strong customer insights at all customer levels which enable the development of product flagship solutions
- Improve market position and share of wallet through superior products and services
- Build transactional banking excellence through superior transactional banking and 'Trade Finance Solutions'
- Develop sales and servicing model to enhance customer experience and ensure long-term competitive advantage

2013 Summary

TMB wholesale banking commits to acquire transactional accounts by better understanding customers' pain points and providing products and services that **'Make THE Difference'** in line with TMB's bank-wide strategic direction. In 2013, TMB successfully acquired 240 new corporate customers, showing continuous expansion of TMB customer base.

For several years, TMB wholesale banking has strongly focused on trade finance as the Bank believes trade transactions are critical to many Thai business and economy. TMB trade finance's volume in 2013 reached THB1.2 trillion. Particularly, the corporate volume significantly increased by 40% from 2012 against country's negative growth. This represented a ten-fold growth since 2009 and was an evidence that TMB has become a transactional bank of choice for many wholesale customers in Thailand. The key success of which was due to the Bank's robust trade finance systems already put in place and the strengths of our product features, as well as our reliable services.

For capital market business, TMB achieved THB1.3 billion of income, growing by 65% from transactional foreign exchange, funding and hedging. Meanwhile, TMB assisted customers in raising THB 31 billions through bond issuance, project finance and syndicated loan, resulting in

No. 1 ranking for non-rated THB bond in Thailand and no. 1 for foreign issuer THB bond on Thai commercial banks' league table.

TMB was one of first few banks in Thailand which has emphasized on bringing **'Supply Chain Solutions'** to the Thai market. In 2013, TMB covered 24 sponsor-linked chains, including both large Thai corporations and MNCs. Together with such sponsors, more than 1,200 dealers and suppliers enjoyed benefits from improved business efficiency. Furthermore, TMB introduced TMB **'Efficiency Improvement for Supply Chain'** program to improve customers' entire business chain efficiency through theoretical and practical solutions. This program was popular among Thai entrepreneurs.

TMB still continued with the release of TMB **'One Bank'** product series which aimed to reduce banking pains and encourage wholesale customers to transact more via TMB. TMB **'One Bank'** products helped to boost the number of operating account customers in 2013. The quality of deposits also improved. The volume of current and saving operating accounts contributed to approximately 70% of total wholesale deposits.

Loan growth with quality is always TMB's primary objective. Risk-adjusted return and concentration risk are key indicators for TMB to measure performance. In addition, TMB highly focused on portfolio quality and developed a newly set-up, proactive NPL prevention team. Overall, TMB lending portfolio has been more diversified, resulting in improved margin by 21% and decreasing NPL by 15%.

Plans for 2014

- Continue to expand customer base through in-depth customer understanding
- Grow cross-border trade finance with superior hedging platform
- Enhance prudent monitoring process including increasing customer facing time amid economic slow down period

SME Banking

Our Intent

- Become the best transactional bank for SMEs in Thailand
- Become a trusted partner for SMEs by focusing on understanding and serving SME needs

How We Plan to Deliver

- Improve understanding of customers' transactional and financial needs in all stages of the business life-cycle
- Provide better transactional banking solutions with continuous improvement that 'Make THE Difference' to SME businesses
- Incorporate solutions and services that facilitate efficient flow along customers' supply chains both upstream and downstream

2013 Summary

TMB is one of the very first few Thai commercial banks that place a strong focus on SME businesses as they are critical to our economy and represent the majority of Thai business owners. TMB understands this importance and aims to meet SME needs by increasing their financial efficiency as a way to improve their competitiveness.

TMB aspires to become the best transactional bank for SMEs in Thailand through deep customer understanding and game-changing solutions. The Bank focuses on helping businesses enhance their efficiency with emphasis on convenient and fast transaction. TMB **'One Bank One Account'** is a complete transaction account that helps customers optimize transaction expenses while enjoying favorable interest rates. TMB **'One Bank One Account'** is a combination of checking and saving accounts with transaction expense saving features such as money transfers and cheque. In addition, an optional **'One Bank One Day'** service offers same-day availability of funds for cheque deposit. As a result, TMB successfully expanded active customer base acquiring many new customers to the Bank and encouraged existing customers to transact more with TMB.

TMB **'3 Times 3 Flows'** credit program, released to the market in early 2013, serves the critical needs of SMEs. This product consists of 3 elements: (1) SME credit up to 3 times of collateral value; (2) emergency short-term for customers with good credit behavior and active transactional relationship; and (3) additional credit for business expansion. TMB **'3 Times 3 Flows'** is intended to support funding throughout SME's business life cycle and has been popular among SME customers. TMB **'3 Times 3 Flows'** helped the Bank to achieve a significant loan growth.

TMB continuously strengthens relationship with SME customers through dual relationship managers for each customer. The model helped the Bank to promote more responsive and superior care and support to our customers. TMB covered the

main business areas in Bangkok and other provinces across the country with the network of 53 zone offices for Medium Enterprise (ME) and 71 zone offices for Small Enterprise (SE).

In addition, the Bank remains committed to **'Supply Chain Solutions'** as a key focus. The **'Supply Chain Solutions'** such as 'Buyer Financing', 'Receivable Financing' and 'Supplier Financing' continued with success and helped improve liquidity, cost efficiency of SMEs and strengthened overall competitiveness of supply chain. The Bank developed TMB **'Efficiency Improvement for Supply Chain'** program to promote SME businesses in improving customers' entire business chain through theoretical and practical solutions with classes and workshop activities conducted by industry's leading speakers and experts. Business owners also expanded their business network both upstream to downstream, and received further consultation after the program.

TMB's SME loan growth outpaced the market by expanding 27% from the previous year. Of which, small SMEs were the core growth driver. SME loan contribution to overall TMB loan portfolio expanded to 36% at the end of 2013, aligned with the Bank's strategic focus to gear our loan portfolio mix towards higher risk-adjusted return segments. TMB plans to reach 50% SMEs contribution to overall loan portfolio within the next 5 years.

Plans for 2014

- Continue to release and enhance transactional banking products and services including sector-based 'packaged' products, based on in-depth customer understanding
- Provide more accessibility through variety of channel options
- Deepen customer relationship through more rigorous customer visit program to increase share of wallet and monitor customers' financial health
- Utilize customer behavioral analysis to proactively offer credit to suitable customers
- Offer 'Supply Chain Solutions' to help improving customers' efficiency throughout value-chain and business life cycle

Retail Banking

Our Intents

- Become the first choice transactional bank
- Build customer value by offering products that customers need but are not provided by other large banks

How We Plan to Deliver

- Understand and fulfill needs of target customers through dynamic behavioral sub-segmentation
- Acquire quality customers and grow deposits by providing complete and superior transactional banking services
- Provide the right value-added products and services relevant to customers' immediate needs
- Offer superior integrated channels with best-in-class accessibility, flexibility, functionality and efficiency

2013 Summary

TMB retail banking continued the positive momentum from the previous year. The Bank expanded quality active customer base as a result of TMB strategy in offering financial solutions that are relevant to customers' immediate needs and that do not exist in Thai banking industry.

Retail deposit remains a strong funding source that drives the growth of the Bank's total deposits. In alignment with TMB's bank-wide **'deposit-led strategy'**, TMB continuously place emphases in growing **'quality deposit'** which gives the Bank a stable funding base. Retail customers in Thai market have traditionally been given limited choices and less flexibility on saving and managing their cash. They have been forced to choose either placing deposits in savings accounts which yield low interest rates or tying up their money in fixed deposits in return for higher rates. TMB **'No Fixed'** breaks the limitations of the two by giving customers a high return without having to lose access to their money. Since the release in May 2011, more than 1.2 million No Fixed accounts were opened, contributing to more than one third of last year's retail deposit growth of 12%.

'ME by TMB', launched in early 2012, is another core product that challenges the status quo by offering the cost benefits of a pure digital channel to customers by a higher interest rate. In addition, the self-service feature of **'ME by TMB'** provides customers with a sense of ownership and freedom, building key TMB signature experience. **'ME by TMB'** successfully attracted more than 80,000 customers to date.

TMB has consistently provided a broad range of transactional banking services to a diversified mix of customers. As 2013 key transactional products, **'No Fee'** and **'Free Flow'** provided customers with effective tools in managing their daily transactions without being forced to pay unnecessary bank fees via ATMs, Internet, mobile banking and phone banking channels.

To provide transactional convenience with cost effectiveness, TMB relocated a further 13 branches and opened 3 new branches to the right locations enabling customers' increasing transactional traffics. In addition, the Bank relocated 300 ATMs to better locations, and installed 130 new ADMs in high-traffic zones. For e-Channel, the Bank completed the blueprint and technology foundation to prepare for the launch of integrated digital channels, including mobile and Internet banking, for anticipated rapid growth of smart-phone and Internet users.

Overall, as a measure of retail banking efforts, the number of quality active customers increased to 2.4 million at the end of 2013.

Strong relationship with active customers enables the Bank to understand and to be able to develop the right products at the right time for the right customers. Our **'Propensity to Buy'** model helps the Bank to offer in a timely manner to the customers the relevant product for their pressing needs. As a result, TMB was able to improve retail fee income by 22% through introduction of appropriate products including bancassurance and mutual fund to the right target customers.

In consumer lending, TMB continued to step up on unsecured lending. In 2013, the portfolio of personal loans and credit card grew by approximately 30% over 2012, taking the total volume to over THB 26 billion.

Plans for 2014

- Continue to acquire quality customers through transactional banking excellence
- Enhance customer experience by focusing on service-based selling
- Deepen share of wallet by offering the products that match customers' immediate needs
- Offer integrated digital channels as a core customer interface channel

Key Risk Factors and Risk Management

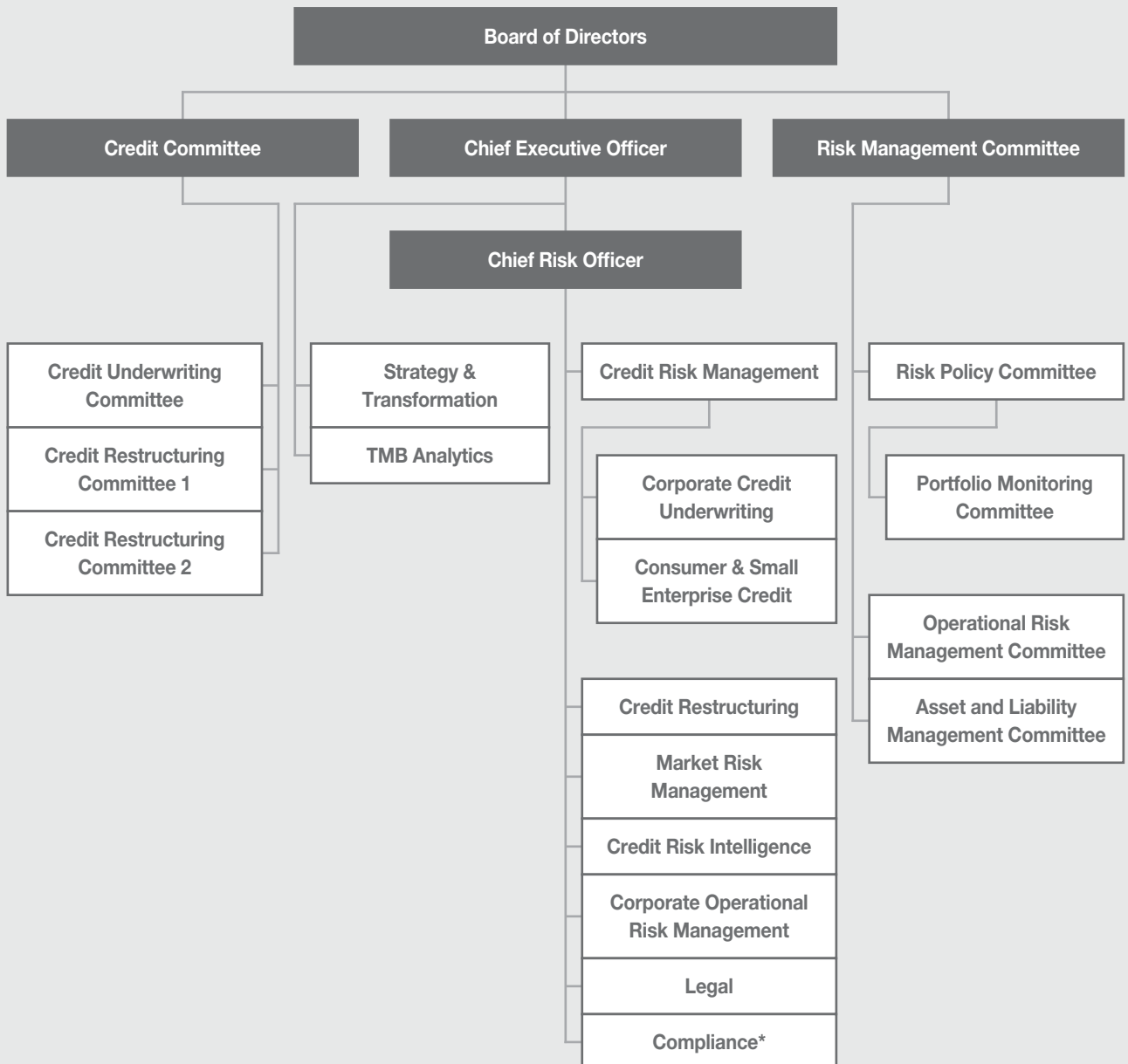
Overview of TMB's Risk Management

Risk management is essential to TMB's business to being able to create shareholder value with appropriate and sustainable shareholder returns. Risk management is embedded in the daily business activities and strategic planning with the objective to optimize risks and returns. Our approach to risk is founded on solid risk governance and embedding a risk management culture where all employees look for risks, consider their impacts, and apply appropriate risk mitigation strategies.

Risk Governance Structure

TMB maintains a risk governance structure that is intended to strengthen risk management while ensuring that risk-taking authorities are cascaded down from the Board to the appropriate committees and functional levels. Risk issues and the changing regulatory and business environment are managed in an efficient and effective manner.

TMB Risk Governance Structure



* Also directly reports to Audit Committee

The Board of Directors (BoD) holds ultimate responsibility of bank-wide risk management. The Risk Management Committee (RMC) has been delegated by the Board of Directors to review and oversee the management of all risks across the Bank and is authorized to approve the Bank's overall risk management strategies, policies, frameworks and standards, as well as aggregate risk tolerance and risk concentration levels.

Several risk committees provide forums to discuss specific risk areas:

- The Risk Policy Committee: assists the RMC in fulfilling its oversight of internal policies, frameworks, standards, risk appetite targets and boundaries, as well as issues related to credit risk management.
- The Portfolio Monitoring Committee serve as a discussion forum for Business functions and Risk functions with a primary focus on credit portfolio monitoring to ensure appropriate proactive credit portfolio management and alignment with business strategy.
- The Operational Risk Management Committee: assists the RMC in all matters related to the operational risk management.
- The Asset and Liability Management Committee: assists the RMC in all matters related to the asset and liability management and balance sheet management.

However, Business Units are primarily responsible for managing risks within their responsible portfolio.

All the risk management related functions are under the stewardship of the Chief Risk Officer (CRO). The CRO, a member of the Bank's executive committee (CEC) and reporting directly to the Chief Executive Officer, oversees and promotes the development and implementation of consistent bank-wide risk management. However, strategic risk management reports directly to the Chief Executive Officer.

Risk Management Process

Risk Management in TMB consists of 4 key risk management processes:

1. Risk Identification: TMB classifies risks which are arising in daily business activities into 5 key risk areas: Strategic Risk, Credit Risk, Market Risk (which includes Foreign Exchange Risk and Interest Rate Risk), Liquidity Risk, and Operational Risk.
2. Risk Measurement: TMB uses different methods and tools to measure various risk types in both quantitative and qualitative measures. In addition, TMB also conducts Stress Testing to measure quality and resilience of the Bank's portfolio and the Bank's tolerance to the stress event scenarios.

3. Risk Monitoring and Control: TMB controls and monitors risks by setting the key risk indicators and risk boundaries as well as risk limits at the bank-wide level, portfolio level, product level, and other levels as may be appropriate. TMB also implemented the Early Warning System for credit risk as one of the tools to detect customers that may be moving toward adverse classification or further deterioration of their performance.
4. Risk Reporting: Status of various risk types as well as actions taken / to be taken are reported to relevant parties / committees and top management on a regular basis. The risk reports cover product level, functional level, and the bank-wide level.

Strategic risk

TMB is aware of the possible strategic risk that results from the strategic plans, business plans, strategic implementations and controls which may be inappropriate and/or inconsistent with both internal and external business environments.

TMB's vision is, "To be the leading Thai bank with world-class financial solutions" and in order to achieve this vision, TMB has developed a 5-year rolling strategic plan focusing on a Deposit-Led Strategy and Transactional Banking Excellence. This will create a strong foundation for sustainable growth whilst TMB builds towards achieving market leadership.

The crystallization of our strategy are reflected in continuous improvements in fundamental results. In order to better manage the strategic risk, TMB has improved the processes of performance tracking and strategic risk control. Regular meetings of the management team and business units are held to review performance results together with remedial planning in case of target shortfalls. A strategic risk dashboard has been developed and is updated regularly to keep management informed and aware of the changing strategic risk status. A self assessment of strategic risk is also regularly evaluated by management.

In all, TMB is strongly determined to maintain a high level of strategic risk management. Starting from the process of strategic planning, organization restructuring, staffing and project implementation as well as performance monitoring, all must be in line with the Bank's key strategies. In addition, the strategic plan itself is reviewed regularly to ensure it is consistent with the changing business environment.

Credit risk

Credit risk is the risk of loss to TMB as a result of borrowers and/or counterparties failing to meet their financial and contractual obligations in accordance with agreed terms. It arises principally from granting loans and undertaking contingent liabilities, and also from certain off-balance sheet products such as guarantees and credit derivatives.

TMB's credit risk management objective is to maximize the Bank's risk-adjusted return by maintaining credit risk exposure within acceptable levels and build a sustainable competitive advantage by integrating risk management into business activities and strategic planning.

In recent years, TMB has improved and continues to improve its credit risk management capabilities with investments in people, risk management governance, processes, measurement tools and systems including the development of an economic capital framework, improved risk measurement processes, credit assessment & origination and tools, such as risk rating models, application- and behavioral scorecards, and established frameworks which set out credit policies, procedures, and guidelines covering the measurement and management of credit risk. This has been achieved while further building a stronger credit culture within TMB, based on thorough knowledge of our borrowers and executed by well-trained staff according to our 3 lines of defense credit risk management framework. The 3 lines of defense principle helps us to mitigate credit risk within TMB and consists of 3 principles.

- Management of TMB Bank business units have primary responsibility and accountability for the effective control of credit risks incurred by their business units ("**1st line of defense**").
- Credit Risk Management ("**2nd line of defense**") partner with and support the 1st line of defense's risk management activities. Risk management functions are independent of the management and staff that originate the credit risk exposures.
- Audit operates as the "**3rd line of defense**". Audit is to provide an independent assurance of the design and effectiveness of internal controls over the credit risks inherent to TMB's business performance.

Key Credit Risk Factors

- **Credit quality**
Further improving the quality of TMB's assets remains a key priority. Non-Performing Loans (NPL) arises when debtors fail to repay debts according to an agreed schedule. This may lead to loss of interest income but sometimes also of the principal balance, whether in whole or in part, which thereby will affect TMB's profitability and capital adequacy.

TMB manages the quality of its credit portfolios by monitoring and reviewing status of our borrowers and/or counterparties constantly, both at individual level and at portfolio level. Also here the 3 lines of defense approach is applicable: dedicated Relationship Managers monitor their Wholesale and SME Customers at an individual level. Credit Risk data is supporting them on a portfolio level.

In our Retail portfolio the focus is on portfolio management. Special attention is paid to problem exposures, which are subject to more frequent review and reporting. Early warning triggers are in place to detect customers that may be moving toward adverse classification or further deterioration of their performance. Dedicated Credit Restructuring teams and Credit Restructuring Committees are established to restructure problem loans in an effective manner and to provide advice on debt restructuring conditions. TMB sets aside loan loss provision in accordance with guidelines from the Bank of Thailand (BOT). TMB also takes IBNR provisions (loss incurred but not yet recognized) for performing loans as a further cushion for losses expected as a result of future events. IBNR provisioning is calculated using PD (probability of default) based on risk level and EAD (exposure at default) based on loan types or debtor types and LGD (loss given default) based on collateral types.

- **Impairment in value of physical collateral**

A substantial portion of TMB's loan portfolio is secured by physical collateral and other assets, the value of which may be affected by the overall economic conditions of Thailand. For example, a downturn in the real estate market could result in the principal amount of loans secured by real estate exceeding the loan-to-value proportion compared to that at the time of origination. A decline in the value of collaterals securing loans may result in an increase in the Bank's allowance for doubtful accounts. TMB manages collateral value impairment risk by establishing a collateral appraisal policy and executing procedures which are in accordance with BOT's regulations. The reappraisal frequency is also driven by the level of risk measured by the borrower's loan performance.

- **Credit concentration**

Concentration risk in credit portfolios is an important aspect of credit risk management. TMB manages and monitors credit concentration with respect to industries, countries and borrowers by establishing and managing Bank-wide industry diversification thresholds, country limits and customer concentration to manage both existing and potential exposures within acceptable levels to ensure appropriate diversification of the portfolio and avoid excessive credit risk exposure in certain industries, countries or borrowing groups. In addition, TMB has established a risk-based Single Exposure Limit to manage the maximum exposure for single obligor and related lending. Managing concentration risk remains a major focus in TMB's Credit Risk Management prioritization.

Market risk

Market risk is defined as the potential losses due to changes in the price of market parameters. The main parameters are interest rates, foreign exchange (FX) rates, equity and commodity prices.

For risk management purposes, the Bank has established various market risk policies, which set standards and guidelines for market risk management. The business unit designated with the responsibility for market risk management accomplishes this task under the standards set in the policies, while Market Risk Management independently monitors the bank-wide market risk.

The Bank controls the actual market risk exposure by setting limits within the maximum exposure and maximum loss approved by the Board of Directors. The significant market risks are as follows:

- **Foreign exchange risk**

Foreign Exchange Risk means the potential losses of earnings and/or shareholder value of the Bank resulting from changes in foreign exchange rates arising from exposures in, both on- and off-balance-sheet, the Trading and/or Banking Book. The losses may arise from the devaluation on the conversion of foreign currency positions, including losses from foreign exchange trading transactions, or translations from one currency to another.

The Bank's Capital Markets is responsible for managing foreign exchange positions of the Bank's Trading Book. In addition, Market Risk Management puts in place a framework of market risk management measures. These measures are designed to minimise the excessive risk from unfavorable changes in market conditions, which adversely affect the prices or returns on the Bank's trading portfolios related to foreign currencies, with strict limits on:

1. Delta – Defined as the rate of change of the option value with respect to changes in the price of underlying asset.
2. Gamma – Defined as the rate of change of the delta with respect to changes in the price of the underlying asset.
3. Vega – Defined as the rate of change of the option value with respect to the volatility of the underlying asset.
4. Foreign Exchange – Defined as both the gross amount (the aggregated amounts of individual long and short positions) and net amount (the net difference of both long and short positions) for individual FX positions.

Within these limits, Capital Markets is responsible for trading and managing the portfolio and optimizing the return on the funds invested. Adherence to the limits is monitored by Market Risk Management.

- **Interest rate risk**

Interest rate movements directly affect the Bank's earning or economic value. Interest rate risk management is undertaken in accordance with the policy framework as approved by the Bank's Board of Directors, by establishing and monitoring various risk curbing limits such as Earnings-at-Risk limit, Economic Value-at-Risk limit. The ALCO is delegated by the Board of Directors to oversee the firm-wide structural interest rate risk to stay within the Bank's aggregated interest rate risk limit.

The Bank has adopted interest rate risk management measures to cushion the interest rate volatility, e.g. rebalancing of assets and liabilities or setting of a proper mismatch by considering external and internal factors including interest rate forecasted by TMB Analytics.

In 2013, The Bank and its subsidiaries had net interest income THB20,822 million increased by THB3,757 million or 22% from 2012. Net interest income was 71% of total operating income higher than the 69% of 2012. Of the Bank and subsidiaries' loans to customer net of deferred revenue as of 31 December 2013, 62% were floating rate less than the 65% as of 31 December 2012.

Liquidity risk

Liquidity risk is the risk that the Bank fails to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds deemed adequate for its operations causing damage to the Bank. The Asset and Liability Management Committee (ALCO) is responsible for the oversight of liquidity management. The primary aim is to provide liquidity to the Bank in order to ensure that liquidity position is sufficient for the Bank's normal operations as well as for any crisis that may arise and that the Bank's liquidity level is to exceed the minimum as required by BoT and comply with the risk framework approved by the Risk Management Committee and the Board of Directors. The Bank reviews its liquidity risk policy plan and strategy for a normal and critical situation on regular basis, or under special situation due to material changes that may impact the Bank's position. This is to ensure the alignment with the Bank's core policy, the organization structure, the regulations, and the ever-changing market condition. The Bank and each company in the Bank's financial group manage liquidity risk separately.

The Balance Sheet Management (BSM) is the unit of the Bank responsible for overall liquidity management and Capital Markets is responsible for day-to-day liquidity management. Besides, Balance Sheet Management is including responsible for liquidity risk measurement, and reporting the performance of the liquidity management to the ALCO. The Market Risk Management is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has a liquidity risk management policy, which is reviewed at least once a year, or when necessary, to ensure that it is appropriate with the prevailing environment.

In order to manage liquidity, the Bank continuously monitors its funding sources and access to capital markets. The Bank recognizes the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds. According to its funding structure as of 31 December 2013, the Bank's deposits, interbank & money market items, short-term and long-term borrowings were 83.6%, 10.4%, 2.7% and 3.3% respectively, most of which were mainly from deposits. The Bank's ongoing deposit-led strategy seeks

to further strengthen its financial position and operating results in order to boost depositors' and customers' confidence. Meanwhile, priority is also given to liquidity risk management by maintaining the level of liquid assets, keeping abreast of risk levels on a daily, weekly and monthly basis, setting risk indicators limits, and taking proactive steps to contain risks at an acceptable level. Plans for risk management in critical situations have been devised to ensure that the Bank has strategic plans for taking remedial action, should an early warning indicator be triggered.

Operational risk

Operational risk is defined as the risk of loss, both financial and non-financial, resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Effective operational risk management leads to more stable business processes and lower operational losses. TMB adopts the Basic Indicator Approach (BIA) for the capital assessment of operational risk by using gross income as a proxy for overall operational risk exposure.

Operational Risk Management at the Bank is managed through a governance structure where the Board of Directors holds the ultimate responsibility for bank-wide risk management. The Board has delegated several operational risk management related authorities to the Operational Risk Management Committee (ORC), chaired by the CEO, whose responsibilities are to identify, measure, monitor, and manage the operational risks of the Bank and its subsidiaries with appropriate quality of coverage (granularity) and to ensure that appropriate management action is taken by the responsible line managers at the appropriate level of granularity.

The Bank has established a dedicated Corporate Operational Risk Management (CORM), reporting to the CRO, to oversee specific operational risk management concerns such as processing risk, control risk, unauthorized activity risk, information (technology) risk, crisis management & business continuity / disaster recovery risk, fraud risk, personal and physical security risk, and workplace safety risk.

Business and Support Units are primarily responsible and accountable for their own operational risk management and control. The Bank has appointed a number of Unit Operational Risk Managers (UORM) in the Business and Support Units who, with support from Corporate Operational Risk Management, take on / carry out the operational risk management responsibilities of their respective units. Audit operates as the "third line of defense". Their mission is to provide an independent assurance of the design and effectiveness of internal controls established by the first and second line of defense. In carrying out this work, Audit will provide specific recommendations for improving the governance and the risk and control framework.

The Bank has developed an Operational Risk Management Framework to ensure that the operational risks are properly identified, assessed, monitored, reported, analysed, and controlled in a systematic and consistent manner. The Framework provides the foundation and common infrastructure for delivering, maintaining, and governing operational risk management. The Framework consists of an Operational Risk Governance Structure applying the three lines of defense risk governance model, and aligning with the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) risk management framework.

The Bank has established its risk appetite level for operational risk utilizing the potential loss (probability and impact) concept. The level is determined based on consideration of the historical loss data of the Bank, its financial strength, and the overall operational risk management environment. For potential loss over a threshold amount, the Bank will take further mitigating action to bring down the potential loss level to within threshold.

Various policies, minimum standards, and guidelines have been established to manage the different operational risks as per Basel New Capital Accord (Basel II) guideline, including coverage of all key processes and tools, such as Risk & Control Self-Assessment (R&CSA), Key Risk Indicators (KRI), and Incident Management.

R&CSA is a process that helps to identify and assess key risks and controls as well as to determine the mitigating actions. The Bank has also established KRI's at corporate and business level to be a warning signal for all levels of management, enabling them to proactively manage and control their operational risks. Incident management is established to enable detection, resolution, analysis of operational risk incidents, as well as collection of loss data. This incident reporting and response is key in order to facilitate management's insight in and awareness of the actual costs of operational risks, existing control weaknesses, and the Bank's specific risk profile.

Other major Operational Risk Mitigation Programs / Mechanisms include the Product and Service Approval Process (PSAP), Action Tracking, Outsourcing / Insourcing Risk Management, and Business Continuity Plan and Disaster Recovery Plan (BCP / DRP).

To ensure that products and services are offered in a safe and responsible manner, the Product and Service Approval Process (PSAP) is established to set guidelines for sign-off and approval of new products and services. This due diligence process ensures that the potential risks created by the new products and services are properly identified and addressed, and that the necessary infrastructure and controls are in place to support the new business.

To ensure adequate and timely resolution of audit and non-audit items, the Bank has also implemented an action

tracking system as a tool to keep track of the status of these items. Through this action tracking system, all outstanding audit and non-audit findings can be monitored and managed efficiently by all relevant parties.

The Bank has established its Outsourcing / Insourcing Risk Management Policy to set out the principles and standards for the effective identification of major risks created by outsourcing / insourcing and management of such risks.

The Bank has established its Business Continuity Management (BCM) Policies and Standards to provide guidance and standards for all units to develop a Business Continuity Plan. The Business Continuity Management under CORM is set up to oversee the implementation of BCM Policies and Standards, monitor and lead the co-ordination of group-wide BCP initiatives to raise the overall BCP / DRP readiness of the Bank.

In terms of operational risk management at the subsidiaries, the subsidiaries have aligned with and adopted TMB's Operational Risk Management Framework, Policies, and Minimum Standards, where applicable. Their organization structure includes their own dedicated operational risk management. They also implemented operational risk tools such as R&CSA, incident reporting, KRI, and BCP.

Risks from material changes in the regulations that govern the Bank and its business activities

Key regulatory non compliance risks of the Bank lie in compliance to Financial Institutions' Businesses Act, Bank of Thailand's Regulations and Notifications, The Securities and Exchanges Act, the Securities Laws and Regulations as issued by the Stock Exchange of Thailand, the Securities and Exchange Commission, the Anti Money Laundering Laws and their Royal Decrees. Besides, there is one foreign legislation which have a substantial impact to the banking business environment. Details as appeared below.

Bank of Thailand issues the regulation for governing the trade finance and factoring business which was revised from the previous one since 2008. This rule requires the bank considering such business using risk and reward basis. TMB studied such requirement and prepared the product manual and the support system for credit underwriting, know the customer, accounting record, SLL, Risk weighted asset calculation, and all relevant reports.

Beside that Bank of Thailand also reviewed the guideline regarding the commercial bank's capital fund disclosure such as quantitative and qualitative of capital funds structure and add the new topic to align with Basel Committee on Banking Supervision : BCBS rule, as well as revised the disclosure on capital fund for operational risk. In order to comply with such regulation, TMB has updated some part of disclosure which impact to the disclosure for the first half of 2013 fiscal year

which was reported in September 2013. The end of 2013 will be reported in March 2014.

In 2013, the Bank of Thailand issued the significant regulations which impacted to the operations of retail customer business. BoT has revised the regulations on undertaking the commercial banks' branch business to allow more flexibility and to allow the Bank of Thailand to consider approving on a case by case basis. This is to promote financial services of commercial banks that are changed in order to meet customers' needs. The establishment of general branches that provide other forms of services, the banks shall submit application to the Bank of Thailand on a case by case basis prior to conducting the services.

BoT also issued the Policy Statement on Information Disclosure on Banking Products undertaking by the commercial banks with effective on 1 January 2014, commercial banks are to provide information on all aspects of their financial products for customers. Principles and practices required are as followed;

1. Five principles of disclosure in financial products are; disclosure of information should be current and up-to-date, clearly and directly related to the decision, focusing important information and can be compared.
2. Disclosure of information to a customer should be continuously since before buying a product or before entering into the contract, when buying a product or entering into the contract and during the contract is valid.

The Policy shall be applied to all financial products offered to retail and small and medium-sized customers except life and non-life insurance, bill of exchange, bonds, and investment units as well as derivative transactions.

The Credit Information Protection Committee announced the rules regarding disclosure or provision of credit information to members or recipients of service and obtaining prior consent from owner of information. According to the rules, the Bank, as a member of the National Credit Bureau Co., Ltd, must not use credit information for purposes other than those set out under the Credit Information Business Act B.E. 2545 or sent credit information abroad to its affiliates, counterparties or any other persons.

Regarding to Anti Money Laundering, in 2013, Anti Money Laundering Office (AMLO) has announced a significant change to the existing Anti Money Laundering (AML) Act and Combating the Financing of Terrorism (CFT) Act. which aims to be clear and consistent with international standards, as followings;

1. Anti-Money Laundering Act (No. 4), B.E. 2556 (2013)
2. Counter-Terrorism Financing Act, B.E. 2556 (2013)
3. Ministerial Regulation Prescribing Rules and Procedures for Customer Due Diligence B.E. 2556 (2013)
4. Anti-Money Laundering Office Notification Concerning Politically Exposed Persons
5. Anti-Money Laundering Office Notification Concerning

Guidelines for Prescribing Risk Mitigation Measures in Relation to Possible Money Laundering and Terrorism Financing Prior to Introduction of New Product New Service or Use of New Technology

6. Anti-Money Laundering Office Notification Concerning Guidelines for Prescribing Factors for Customer Risk Consideration in Relation to Professions
7. Anti-Money Laundering Office Notification Concerning Guidelines for Prescribing Factors for Customer Risk Consideration in Relation to Area or Jurisdiction
8. Anti-Money Laundering Office Notification Concerning Guidelines for Prescribing Factors for Consideration for Low Risk Customer
9. Anti-Money Laundering Office Notification Concerning Guidelines for Identification of Customers and Ultimate Beneficial Owners
10. Anti-Money Laundering Office Notification Concerning Guidelines for Customer Due Diligence Measures for Existing Customer
11. Anti-Money Laundering Office Notification Concerning Guidelines for Prescribing Wire Transfer without the Need for Information Accompanying the Transfer Order.
12. Anti-Money Laundering Office Notification Concerning Guidelines for Issuing Policy and Procedures for Assessment and Management of Risk Related to Money Laundering and Terrorism Financing

The main issue of Anti-Money Laundering Act (No. 4), B.E. 2556 (2013) is to set an additional 12 faults (Existing is 12 faults, the total is 24 faults) and clearly define more clearly the predicate offense.

The Counter-Terrorism Financing Act, B.E. 2556 (2013) is a new Act for prevention of Counter-Terrorism Financing and Funding for Terrorism as the existing Act has only process to define an offense of terrorism but no measure to prevent source of fund for terrorism.

The Ministerial Regulation Prescribing Rules and Procedures for Customer Due Diligence B.E. 2556 (2013) had been revised more clearly and to consistent with international standards.

The 9 announcements of Anti-Money Laundering Office are guidelines for execution of Customer Due Diligence for Existing Customer B.E. 2556.

FATCA (Foreign Account Tax Compliance Act) is one of US laws which aim to prevent any avoidance of Individual and corporate tax payer regarding the taxable amount on the international money transmission by using the bank account with the financial institutions outside US or transferring the profit sharing to outside US. This rule requires US payers who pay any payment to the foreign institution outside US withheld the tax at rate 30% of such amount to submit to the Internal Revenue Service (IRS). The exemption is made to any foreign institutions who register

as Participating Foreign Financial Institution: PFFI which each FFIs has to provide customers information to US IRS and then the 30% withholding tax will not be applied to them. TMB aims to register as PFFI and obtain Global Intermediary Identification Number (GIIN) in time in order to avoid any possible business disruption resulted from this legislation.

Risk from economic condition

There are 2 key risks to Thai economic growth in 2014. First, the global economic recovery remains unstable, owing in parts to the impact of QE tapering that would induce capital outflows and volatile exchange rates in developing and emerging market economies, leading to slower growth than their previous potential levels. The spillover effect from the slower growth in trade partner's economies in conjunction with the rise long-term interest rates may in turn weaken the US economic recovery. As a consequence, Thai exports may find it difficult to achieve the expected full recovery. Second, the political instability may also prolong the absence of a full government beyond the first half of 2014, disrupting budget disbursement for the whole fiscal year as well as the approval process of government's budget for the fiscal year of 2015. This could further depress consumption, investment and tourism, leading to slower growth than previously expected.

Management Structure

Board of Directors

The Board of Directors as of January 10, 2014 consisted of 12 members, 7 holding Non-Executive Directors positions, 4 Independent Directors, and 1 holding Executive Director position.

Name	Position	No. of attendance	No. of the meeting in attendance
Mr Rungson Sriworasat ¹	Chairman of the Board	9	9
General Prayut Chan-o-cha	Director	16	9
Mr Philippe G.J.E.O. Damas	Director Chairman of the Board of Executive Directors Member of the Nomination, Remuneration and Corporate Governance Committee	16	15
Mr Singha Nikornpun ²	Independent Director Chairman of the Audit Committee	–	–
Mr Rachane Potjanasuntorn	Independent Director Chairman of the Nomination, Remuneration and Corporate Governance Committee Member of the Risk Management Committee	16	16
Ms Swee-Im Ung	Director Chairperson of Risk Management Committee Member of the Credit Committee	16	13
Mr Pongpanu Svetarundra	Director Chairman of the Credit Committee Member of the Board of Executive Directors Member of the Nomination, Remuneration and Corporate Governance Committee	16	16
Mr Vaughn Nigel Richtor	Director Member of the Board of Executive Directors	16	9
Mr Amorn Asvanunt	Director Member of the Board of Executive Directors Member of the Credit Committee Member of the Risk Management Committee	16	13
Mr Christopher John King	Independent Director Member of the Audit Committee Member of the Nomination, Remuneration and Corporate Governance Committee	16	14
General Kamon Saenissara	Independent Director Member of the Audit Committee	16	16
Mr Boontuck Wungcharoen	Director Member of the Board of Executive Directors Member of Credit Committee Member of the Risk Management Committee Chief Executive Officer	16	16

¹ Mr Rungson Sriworasat took Chairman position on June 5, 2013 to replace Mrs Saowanee Kamolbutr resigned on May 2, 2013

² Mr Singha Nikornpun took position on January 10, 2014 to replace Mr James Parks Stent resigned on November 30, 2013

Mr Agapol Na Songkhla is Secretary to the Board.

The Board meeting is held at minimum on a monthly basis or as deemed necessary.

Authorized Signatories

Mr Rungson Sriworasat, Chairman, or Mr Boontuck Wungcharoen, Chief Executive Officer, or any two directors are authorized to co-sign with the Bank's seal affixed.

The scope of Roles and Responsibilities of the Board of Directors is as follows:

1. Principles for Directors

1. Understand and execute their oversight role, including understanding the Bank's risk profile.
2. Exercise their 'fiduciary duty', 'duty of loyalty' and 'duty of care' to the Bank under applicable Thai laws and supervisory standards.
3. Avoid conflicts of interest and the appearance of such conflicts, and institute and enforce measures to monitor and avoid potential conflicts by the Bank's personnel in dealings with other persons and organizations.
4. Commit sufficient time and energy to fulfilling their responsibilities.
5. Avoid direct participation in day-to-day management of the Bank.
6. Secure information from management to enable the Board to fulfill its functions. It is the Board's responsibility to decide what information it wants.
7. Excuse themselves from decisions when they themselves or someone related to or connected with them have a conflict of interest that makes them incapable of properly fulfilling their duties to the Bank.
8. Provide oversight of the senior management of the Bank by exercising their duty and authority to question and insist upon straightforward explanations from management, and receive on a timely basis sufficient information to judge the performance of management.
9. Ensure that the Bank's confidential information and customer information is not given either inadvertently or deliberately to third parties, and shall not use the information to seek gains without the Bank's consent or permission by law.

2. Functions of the Board

The Board has delegated the management and day to day running of TMB to the CEO including implementation of the strategy approved by the Board. The functions of the Board are to:

Strategy and Policy

1. Approve the overall business strategy of the Bank, risk policy and risk management procedures.
2. Approve budget including overall risk appetite and business plan.
3. Safeguard the longer-term values of the Bank, which include the brand and corporate reputation.
4. Approve all credit limits for amounts in excess of the amount

delegated to management.

5. Approve all other risk limits and policies as prescribed by BOT and other relevant regulators.
6. Determine a calendar each year that sets forth and schedules the issues to be discussed by the Board during the year. Substantive issues such as strategy, financial performance and progress against budget and operational plans, capital planning, actual risk profile, CEO performance evaluation and operational oversight issues such as product approval process should be prioritized over formalistic issues.
7. Approve the authority or the delegation of authority to approve credit, market risk limits, acquisitions, disposals, investments, or realization or creation of a new venture.

Compliance

1. Oversee management's actions and consistency with Board policies as part of the checks and balances embodied in sound corporate governance.
2. Meet regularly with senior management to review policies, establish communication lines and monitor progress toward corporate objectives.
3. Promote Bank safety and soundness, understand the regulatory environment and ensure the Bank maintains an effective relationship with its regulators.
4. Provide sound advice to management and recommend sound practices gleaned from other situations.
5. Review and, where permissible or required under applicable regulations, consider approval of connected transactions as prescribed by the SEC and related party credit limits as prescribed by the BOT.

Organization

1. Organize the Board and its committees in a way that promotes efficiency and strategic discussion.
2. Establish certain specialized committees to assist the Board in its oversight function and to advise the Board on issues requiring specific technical expertise.
3. Periodically assess the effectiveness of their own governance practices, including nomination and election of Board members and management of conflicts of interest, determining where weaknesses exist, and making changes as necessary.
4. Develop and maintain an appropriate level of expertise as the Bank grows in size and complexity.
5. Select, monitor and where necessary replace key executives, while ensuring that the Bank has an appropriate plan for executive succession and that any intended successor(s) will be qualified, fit and proper to manage the affairs of the Bank.
6. Select, evaluate and determine the compensation of the Chief Executive Officer as well as certain key senior executives.
7. Ensure that TMB's compensation and benefits programs are appropriate and consistent with the strategic objectives and are compliant with relevant regulations.
8. Continuously review the internal structure of the Bank to ensure that there are clear lines of accountability for management throughout the organization.

The delegation of authority and responsibilities of the Board of Directors shall not be the delegation or sub-delegation that will allow for the Board of Directors or the persons so authorized to approve any transactions that they themselves or their related parties (as defined in the SEC's notification or by other concerned authorities) have vested interest or conflicts of interest with the Bank or any of its subsidiaries, unless it is an approval of the transactions that is in accordance with the policies and regulations approved by the shareholders' meeting or the Board of Directors.

Executives

As of December 31, 2013, the Bank's executives are comprised of 71 persons as follows:

Name	Position
Mr Boontuck Wungcharoen	Chief Executive Officer
Mr Agapol Na Songkhla	Executive Vice President, Head of Strategy and Transformation and Head of Corporate Governance
Miss Chompoonoot Pathomporn	Executive Vice President, Head of Human Resources
Mr Paradai Theerathada	Executive Vice President, Head of Corporate Branding and Communications
Miss Thanawan Teekautamakorn	Executive Vice President, Head of Audit
Mr Sornchai Pongsuwan	Executive Vice President, Team Head of Independent Credit Review
Mr Bernard Marie-Jeanne Maurice Coucke	Chief Retail Banking Officer
Mr Pradit Leosirikul	Senior Executive Vice President, Head of Branch Banking
Mrs Supaporn Angchaisuksiri	Executive Vice President, Head of Branch Services Delivery
Mr Prompong Pattanateeradej	Executive Vice President, Head of Customer Segment Middle Income
Mrs Kanchana Rojvatuny	Executive Vice President, Head of Retail Marketing
Miss Suvimol Pornsalnuwat	Executive Vice President, Head of Retail Lending Business
Mrs Marie Ramlie	Executive Vice President, Head of Deposit, Transactional Products and Mutual Funds
Mrs Tamara van den Ban	Executive Vice President, Head of Digital Strategy and Channels
Mr Pichai Chirungsappasak	Executive Vice President, Regional Manager, (Branch Service and Relationship)
Miss Kamolwan Imruthaicharoenchok	Senior Vice President, Head of Bancassurance
Mr Paphon Mangkhalathanakun	Chief SME and Supply Chain Officer
Miss Sukanya Treesanaejit	Executive Vice President, Head of Small SME Customer Management
Mr Pichit Jongsaliswang	Executive Vice President, Head of Small SME Segment

Name	Position
Mr Samuel Yan-Fai Cheung	Executive Vice President, Head of Small SME Product and Portfolio Management
Mr Ed Sirivallop	Executive Vice President, Head of Supply Chain Product and Sales Management
Mr Rungsun Tamanakijprasart	Executive Vice President, Head of Supply Chain Channel and Implementation
Mr Vithaya Sintharapantorn	Executive Vice President, Head of Commercial Banking Marketing Management
Mr Piti Tantakasem	Chief Wholesale Banking Officer
Mr Vikran Paovarojkit	Senior Executive Vice President, Head of Corporate and Multi-Corporate Banking Segments
Mr Pirapong Nithikraiwt	Executive Vice President, Head of Corporate Banking Segment 1 and Acting of Head of Corporate Banking Segment 2
Mr Ekanat Kieatinapasin	Executive Vice President, Head of Lending and Structured Products – Corporate Banking
Mr Alexander Nondh Langfeldt	Executive Vice President, Head of Multi-Corporate Banking Segment 1
Miss Tientip Narach	Executive Vice President, Head of Multi-Corporate Banking Segment 2
Mr Sopon Kluaymai Na Ayudhya	Executive Vice President, Head of Military Business and Public Sector Management
Mr Trirong Butragaht	Senior Executive Vice President, Head of Business Banking Segment
Mr Thanawat Veerachayapornkul	Senior Vice President, Head of Lower Business Banking Segment
Miss Vipasiri Chantanumat	Senior Vice President, Head of Business Banking Segment – BKK
Mr Piti Krasaesian	Executive Vice President, Head of Business Banking Segment – UPC
Mr Saranya Phuphatana	Executive Vice President, Head of Capital Markets
Mr Weerachai Amornrat-Tana	Executive Vice President, Head of Credit and International Trade Product
Mr Jarin Pintosopon	Executive Vice President, Head of Corporate Finance and Debt Capital Markets
Mrs Vallapa Posayanond	Executive Vice President, Senior Executive Corporate Banker and Business Development

Name	Position
Mr Jan Henri Van Wellen	Chief Risk Officer
Mr Sunthorn Ruckpanich	Senior Vice President, Acting Head of Corporate Credit Underwriting and Team Head of Multi-Corporate Banking Credit Underwriting
Mr Martin Alan Searle	Executive Vice President, Head of Consumer and Small Enterprise Credit
Miss Supreeya Pipatmanomai	Executive Vice President, Head of Credit Restructuring
Miss Oranuj Tantimedh	Executive Vice President, Head of Market Risk Management
Mr Maxence Laval	Executive Vice President, Head of Credit Risk Intelligence
Mr Somsak Woravijak	Executive Vice President, Head of Legal
Mr Cornelius Henricus Maria de Rooij	Executive Vice President, Head of Corporate Operational Risk Management
M.L. Ayuth Jayant	Executive Vice President, Head of Compliance
Mr Satian Tantanasarit	Executive Vice President, Team Head of Business Compliance 1
Mr Thanomsak Chotikaprakai	Chief Financial Officer
Miss Waewalai Wattana	Executive Vice President, Financial Controller
Miss Arwiwan Tangtrongchit	Executive Vice President, Head of Financial Planning and Analysis
Mr David Benjamin Warr	Executive Vice President, Head of Balance Sheet Management
Mr Mate Kanokpibool	Senior Vice President, Team Head of Financial Reporting and Tax
Miss DOUNGJAN Saenim	Senior Vice President, Team Head of Cost Management and Budget Control
Mr Waravoot Tocharoentanapol	Senior Vice President, Team Head of Management Accounting
Mr Chanpichai Chinsamran	First Vice President, Team Head of Management Accounting Application System Support
Mrs Suleeporn Pratippornkul	Senior Vice President, Team Head of General Accounting
Mr Surin Matayatana	First Vice President, Team Head of Regulatory Data Center
Mrs Prapasiri Khuncharoen	First Vice President, Team Lead of Financial Statement
Mrs Jarinee Yim-Udom	Vice President, Team Lead of Accounts Compiling
Mrs Kamolmarn Staworn	Vice President, Team Lead of Special Accounts
Mrs Suphavadee Wuthithien	Vice President, Team Lead of Regulatory Report Management

Name	Position
Mrs Ruamporn Nanthawong	First Vice President, Senior Cost Management Specialist
Mr Thawatchai Trongnamsukij	Vice President, Senior Accounting Policy Specialist
Mrs Nujaree Yingkiattaweek	Assistant Vice President, Financial Analysis Specialist
Mr Paul Fletcher Melling	Senior Vice President, Team Head of Capital Management
Mr Lorenzo Tassan-Bassut	Chief Operating Officer
Miss Saipin Kittipornpimol	Executive Vice President, Head of Information Technology
Miss Ubolluck Luevoravinyu	Executive Vice President, Head of Application Solutions
Mrs Rattana Lerkkumsup	Executive Vice President, Head of Operations and Services
Miss Utoomphorn Kunakorn	Executive Vice President, Head of Corporate Services

Change in TMB Shares held by Directors and Chiefs in 2013

Name	Position	TMB shares held as of 31 Dec 2012	TMB shares held as of 31 Dec 2013	Change (net) Increase/(Decrease) in TMB shares held in 31 Dec 2013
Mr Rungson Sriworasat Spouse and minor children	Chairman	– –	– –	– –
General Prayut Chan-o-cha Spouse and minor children	Director	– –	– –	– –
Mr Philippe G.J.E.O. Damas Spouse and minor children	Director	2,866,900 –	2,116,900 –	(750,000) –
Mr Rachane Potjanasuntorn Spouse and minor children	Independent Director	– –	– –	– –
Ms Swee-Im Ung Spouse and minor children	Director	– –	– –	– –
Mr Pongpanu Svetarundra Spouse and minor children	Director	105 –	105 –	– –
Mr Vaughn Nigel Richtor Spouse and minor children	Director	– –	– –	– –
Mr Amorn Asvanunt Spouse and minor children	Director	– –	– –	– –
Mr Christopher John King Spouse and minor children	Independent Director	– –	– –	– –
General Kamon Saenissara Spouse and minor children	Independent Director	– –	– –	– –

Name	Position	TMB shares held as of 31 Dec 2012	TMB shares held as of 31 Dec 2013	Change (net) Increase/(Decrease) in TMB shares held in 31 Dec 2013
Mr Boontuck Wungcharoen Spouse and minor children	Director and Chief Executive Officer	6,572,700 –	20,618,500 –	14,045,800 –
Mr Piti Tantakasem Spouse and minor children	Chief Wholesale Banking Officer	758,334 –	2,763,867 –	2,005,533 –
Mr Thanomsak Chotikaprakai Spouse and minor children	Chief Financial Officer	655,567 –	2,308,900 –	1,653,333 –
Mr Paphon Mangkhalathanakun Spouse and minor children	Chief SME and Supply Chain Officer	583,334 –	1,164,433 –	581,099 –
Mr Jan Henri Van Wellen Spouse and minor children	Chief Risk Officer	– –	– –	– –
Mr Bernard Marie-Jeanne Maurice Coucke Spouse and minor children	Chief Retail Banking Officer	– –	– –	– –
Mr Lorenzo Tassan-Bassut	Chief Operating Officer	–	–	–

Company Secretary

The Board of Directors has appointed Mr Agapol Na Songkhla to hold position of Company Secretary.
(See more detail in attachment 1)

The Company Secretary's roles and responsibilities are to perform duty in compliance with laws and follow up activities of the Board of Directors, management, and the Bank's to be in line with relevant laws, regulations, and articles of association of TMB. The Company Secretary is also to support the Board of Directors, board committee, management, and the Bank to implement operation in line with good corporate governance.

The Company Secretary has roles and responsibilities as follows:

1. For the Bank

1. To monitor and supervise the Bank's overall operation to comply with relevant laws and regulatory requirements including resolution of Board of Directors, resolution of AGM.
2. To file and keep the Bank's important documentation such as certificate, memorandum and articles of association, shareholder register, licenses and power of attorney, etc.
3. To push for guidelines so that the Bank shall formulate policies, comply with good corporate governance and conduct regular review.
4. To act as contact person of the Bank.

2. For the Board

1. To advise the Board of Directors and management on laws and regulations relevant to their duties.

2. To oversee and conduct meetings of the Board and board committees established by the Board of Directors to be in line with laws, regulations, articles of association, charters, and best practices.
3. To perform the Board's secretary and board committees' secretary as assigned including Chief Executive Committee, record accurate and complete minutes, inform to relevant management the resolution and follow up the resolution implementation.
4. To oversee the changes of directors and examine director's qualifications in case of appointment of new directors and director to replace director who resigned by rotation in line with regulatory requirements, including propose the issue to the Bank of Thailand for endorsement.
5. To review director's qualifications during the directorship period to ensure that the qualifications are always in line with regulatory requirements.
6. To oversee insider information practices of directors.
7. To facilitate directors' training and development.
8. To provide Board's performance assessment.
9. To arrange Directors and Officers Liability Insurance (D&O Insurance) for the directors and management.

3. For the Shareholders

1. To conduct shareholders' meeting to be in line with laws, articles of association and good corporate governance principle, including perform duty of secretary to the shareholders' meeting.
2. To oversee the right of shareholders and create good relationship with shareholders.

Remuneration for Directors and Executives

The Bank has fairly set the directors' remuneration criteria, compositions and amounts based on Fiduciary Duty at appropriate level. In addition, the directors' remuneration shall be in accordance with the assigned duty and responsibility of the directors compared with the companies in the same industry and similar size. However, it must be sufficient and attractive to nominate qualified directors and retain good directors to perform their duty and dedicate themselves to contribute to the Bank. The Nomination, Remuneration and Corporate Governance Committee has reviewed the directors' remuneration on an annual basis, and then propose it in the Annual General Meeting of Shareholders for approval.

Directors' Remuneration Criteria

1. Monthly fee consist of
 - 1.1 Retaining fee – Director is entitled to the retaining fee for one position only.
 - 1.2 Committee fee – Director is entitled to the committee fee for every board and committee that he/she sits on.
2. Attendance fee – Director is entitled to the attendance fee for every meeting where he/she is present.

Cash Remuneration

		Remuneration (Baht)		
		Retaining Fee (Per Year)	Committee Fee (Per Year)	Attendance Fee (Per Meeting)
Board of Directors	Chairman	1,800,000	1,800,000	40,000
	Member	384,000	384,000	30,000
Board of Executive Directors	Chairman	1,440,000	1,440,000	40,000
	Member	422,400	422,400	31,200
Audit Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Nomination, Remuneration and Corporate Governance Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Risk Management Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Credit Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600

The directors who are the Bank's executives do not receive the remuneration according to TMB's regulations and the representative directors who are the executives of ING Bank N.V. will not receive the remuneration under ING's policy.

In case additional remuneration is required for newly formed committees, the Board of Directors shall provide such remuneration and ensure that the total remuneration for the directors shall not exceed THB40 million as approved by the shareholders' meeting.

During January – December 2013, all of the 14¹ directors received remuneration for serving on the Board of Directors and other committees in a total amount of THB31,999,400. The details are as follows:

Name of Director	Details
Mrs Saowanee Kamolbutr ² (Until May 2, 2013)	Receiving THB1,590,000 for serving as Chairperson of the Board of Directors.
Mr Rungson Sriworasat ³ (From June 5, 2013)	Receiving THB2,460,000 for serving as Chairman of the Board of Directors.
General Prayut Chan-o-cha	Receiving THB1,038,000 for serving on the Board of Directors.
Mr Philippe G.J.E.O. Damas	Receiving THB5,097,400 for serving on the Board of Directors and as Chairman of the Board of Executive Directors, and Member of the Nomination, Remuneration and Corporate Governance Committee.
Dr Vijit Supinit ² (Until April 12, 2013)	Receiving THB797,600 for serving on the Board of Directors and as Chairman of the Audit Committee.
Mr James Parks Stent ^{2/4} (From April 12 – November 30, 2013)	Receiving THB1,812,800 for serving on the Board of Directors and as Chairman of the Audit Committee.
Mr Rachane Potjanasuntorn	Receiving THB3,436,200 for serving on the Board of Directors and as Chairman of the Nomination, Remuneration and Corporate Governance Committee, and Member of the Risk Management Committee.
Mr Pongpanu Svetarundra	Receiving THB4,440,600 for serving on the Board of Directors and as Chairman of the Credit Committee, Member of the Board of Executive Directors, and Member of the Nomination, Remuneration and Corporate Governance Committee.
General Kamon Saenissara	Receiving THB2,114,400 for serving on the Board of Directors and as Member of the Audit Committee.
Mr Amorn Asvanunt	Receiving THB3,394,800 for serving on the Board of Directors and as Member of the Board of Executive Directors, Member of the Credit Committee, and Member of the Risk Management Committee.
Mr Christopher John King	Receiving THB2,625,600 for serving on the Board of Directors and as Member of the Audit Committee, and Member of the Nomination, Remuneration and Corporate Governance Committee.
Ms Swee-Im Ung	Receiving THB3,192,000 for serving on the Board of Directors and as Chairperson of the Risk Management Committee, and Member of the Credit Committee.
Mr Vaughn Nigel Richtor	Not entitled to receive the monetary remuneration as per the criteria of ING Bank N.V.
Mr Boontuck Wungcharoen	Not entitled to receive the monetary remuneration as per the criteria of TMB.

Note: ¹ Not include Mr Singha Nikompun that was appointed as a director, and the chairman of the Audit Committee, to replace Mr James Parks Stent from the Board of Director on January 10, 2014.

² Not holding a board member.

³ Mr Rungson Sriworasat was appointed as a chairman of the Board of Director, to replace Mrs Saowanee Kamolbutr from the Board of Director Meeting on June 5, 2013.

⁴ Mr James Parks Stent was appointed as a director, the chairman of the Audit Committee, to replace Dr Vijit Supinit from the annual general meeting of shareholder on April 12, 2013 and resigned on November 30, 2013.

Other benefits

No other benefits

Remuneration for executive officers

During the accounting year ended December 31, 2013, the Bank's 71 executives received remuneration in a total amount of THB705 million, consisting of salary, bonus, provident fund, TMB PSBP 2010 Shares (only employees who participated in the Program) and other benefits. (According to the definition of SEC, Executives refer to managers, the first four ranks of executives under each manager's command line, those in the positions equivalent to the first 4th ranked person at the executive level, and refer to those in the positions at the executive level in the Accounting or Finance areas at the level of Department Head or equivalence. However, the Bank also include those in the position at Head and Executive Vice President level and up and related executives level in the Accounting or Finance areas).

On June 24, 2010, "TMB Performance Share Bonus Program 2010" or "TMB PSBP 2010" was established by resolution of the Extraordinary General Meeting of Shareholders No. 1/2010. The objective of the TMB PSBP 2010 is to support and reinforce the Bank's high performance value, by offering long-term incentives to employees whose decisions and actions materially impact the Bank's performance or who have strategic value to the Bank. The long-term incentives come in the form of newly issued shares, and thus give the program participants opportunities to share the value they help create for the Bank in years to come. Each employee may, at their own discretion, choose to participate in the TMB PSBP 2010 while top management are automatically participants in the program. Each participant shall receive 50 percent of his or her variable performance incentive in cash and shall be granted the right to subscribe for the awarded shares. The award share is deemed to represent the remainder of his or her variable performance incentive. TMB PSBP 2010's term is five years from the first award date or the date on which all the shares available for issuance under TMB PSBP 2010 have been issued, whichever is earlier.

Personnel**Total number of employees**

As of December 31, 2013, TMB had a total number of 9,015 employees, broken down by group as follows:

Group	No. of Employees (Persons)
Chief Executive Officer	
Strategy and Transformation	10
Human Resources	83
Corporate Governance	23
Corporate Branding and Communications	31
Audit	69
Other	14
Chief Retail Banking Officer	
Branch Banking	4,290
Customer Segment Middle Income	1
Retail Marketing	59
Retail Lending Business	45
Deposit, Transactional Products and Mutual Funds	22
Digital Strategy and Channels	122
Bancassurance	10
Other	613
Chief SME and Supply Chain Officer	
Small SME Customer Management	635
Small SME Segment	3
Small SME Product and Portfolio Management	22
Supply Chain Product and Sales Management	69
Supply Chain Channel and Implementation	37
Commercial Banking Marketing Management	26
Other	2
Chief Wholesale Banking Officer	
Corporate and Multi-Corporate Banking Segments	2
Corporate Banking Segment 1	52

Group	No. of Employees (Persons)	Group	No. of Employees (Persons)
Corporate Banking Segment 2	26	Market Risk Management	18
Lending and Structured Products – Corporate Banking	32	Credit Risk Intelligence	67
Multi-Corporate Banking Segment	2	Legal	74
Multi-Corporate Banking Segment 1	64	Corporate Operational Risk Management	42
Multi-Corporate Banking Segment 2	43	Compliance	40
Military Business and Public Sector Management	13	Other	8
Business Banking Segment	2	Chief Financial Officer	
Lower Business Banking Segment	75	Financial Controller	113
Business Banking Segment – BKK	148	Financial Planning and Analysis	28
Business Banking Segment – UPC	82	Balance Sheet Management	21
Credit and International Trade Product	51	Other	3
Capital Markets	60	Chief Operating Officer	
Other	47	Information Technology	239
Chief Risk Officer		Operations and Services	690
Corporate Credit Underwriting	46	Corporate Services	265
Consumer and Small Enterprise Credit	260	Other	51
Credit Restructuring	165	Grand Total	9,015

Staff's total number during the past three years

From 2011-2013, the total number of TMB's employees was displayed as following:

- As of December 31, 2011, the total number of TMB's employees was 8,968 persons.
- As of December 31, 2012, the total number of TMB's employees was 9,106 persons.
- As of December 31, 2013, the total number of TMB's employees was 9,015 persons.

Key labor disputes during the past three years

Type of Case	No. of Cases	Status
1. Lawsuit brought by TMB against employees		
1.1 Internal fraud	7	
• Case not yet finalized	4	• Cases are under the Court's proceedings.
• Case finalized	3	• The Criminal Court sentenced.
1.2 Duty performed with negligence	–	
• Case not yet finalized	–	
• Case finalized	–	
2. Lawsuit brought by employees against TMB		
2.1 Staff welfare (Car Park)	1	
• Case not yet finalized	–	
• Case finalized	1	• Case has been dropped by the Court.
2.2 Unfair employment termination	12	
• Case not yet finalized	10	• Cases are under the Court's proceedings.
• Case finalized	2	• Cases has been filed.
2.3 Bonus payment	4	
• Case not yet finalized	3	• Cases are under the Court's proceedings.
• Case finalized	1	• Case has been dropped by the Court.
2.4 Demotion	1	
• Case not yet finalized	1	• Cases are under the Court's proceedings.
• Case finalized	–	
2.5 Request for adjustment of 2006 performance evaluation	1	
• Case not yet finalized	1	• Cases are under the Court's proceedings.
• Case finalized	–	
2.6 Request for payment for unused vacation leave	4	
• Case not yet finalized	4	• Case is under the Court's proceedings.
• Case finalized	–	
2.7 Request for payment for commission from selling asset	1	
• Case not yet finalized	–	
• Case finalized	1	• The Bank paid according to the Court's judgment.

Staff's compensation

TMB is well aware that employees are its valued resources and key contributors to its success. Therefore, the Bank gives priority to the boosting of the employees' morale and ensure that they receive compensation based on their performance, skills and competence, as well as other welfare and benefits that are reasonable, fair and comparable to other financial institutions'.

Total compensation and types of compensation for employees

The Bank considers the employee's Compensation to ensure to benchmark with market, also fairness within the Bank. It also provides other financial allowances for the employees such as allowance for working in the upcountry, which will be specially increased for office locations in areas such as island and the three risky southernmost provinces, allowance for staff at branches that are opened seven days a week, etc. The Bank annually conducts the employee performance evaluation for annual performance-based salary increase and Performance Bonus.

In 2013, total compensation for the employees given in the forms of salary, cost of living allowance, special gratuity, allowance for working in the upcountry, position allowance, overtime, TMB Performance Share Bonus Program (PSBP) 2010 (for employees who participated in the Program) and others accounted for THB6,732 million.

Other allowances

The Bank gives other forms of allowances to employees on several occasions such as uniform allowance, grants for staff's wedding, childbirth, ordination, Islamic pilgrimage, and scholarship for staff's children. The Bank also grants gratuity to the employees in case they themselves or any of their family members have passed away.

Provident fund

The Bank and Employees have jointly established The Registered Provident Fund of TMB Bank Public Company Limited which is managed by The Board of Directors of The Registered Provident Fund of TMB Bank Public Company Limited that comprised of 1) employers, which come from the appointment and 2) employees which come from the election from the member. The fund is managed with Employee's Choice which contribution at 5% - 10% of the staff's salary is paid by the Bank into the Fund and The Bank's employee may choose to pay their own portion into the Fund at the rate of 2% - 10% of their salary.

Other welfares and fringe benefits

Medical care

The Bank provides Medical Benefit to staff by health insurance company through effective service standards. The medical care includes medical

treatment, dental treatment, annual health checkup, in-house medical clinic at the head office with specialized physicians to give medical treatment and health consultancy, etc.

Group life insurance, personal accident insurance, and health and accident insurance while on overseas business trips

These insurance programs are aimed at strengthening the employees' security while working with the Bank. The insurance has been taken out in several types with around-the-clock coverage. Including the preparation of life insurance to employees who work in areas including four risky southernmost provinces such as, Yala, Pattani, Narathiwat and Songkhla.

Welfare loans

The Bank has been providing staff welfare loans, both secured and unsecured loan that are referred to processes and products which provide to customers, as well as encourage employees to adhere to the financial discipline. Staff Welfare Loan are consisted of:

- Staff Home Loan and Refinance Home Loan
- Home Equity Loan
- Multi-Purpose Loan
- Emergency and Child Education Loan

Employee clubs and activities

The Bank supports a wide range of clubs and activities for employees based on their own interests. These allow employees to relax and enjoy recreational activities together, creating work life balance and happiness in the workplace. In addition, spaces at the Head Office are renovated and made available for indoor sports and workout.

Canteen

The Bank has renovated the canteen at its Head Office where employees can enjoy quality food and drinks in a nice environment.

Library

To encourage staff to study, research and enrich their knowledge, the Bank has provided a library where books, textbooks, publications and audio-visual media for learning are available.

Human resource development

TMB Policy on Human Resources Development

TMB consider that to equip employees with practical knowledge and skills is very important and requires continuity in order to achieve business targets. Moreover, leadership development, talent development as well as succession plan together with the development of functional expertise of employees at all levels in each business unit are essential to strengthen TMB.

We have realized that employee development is a long term investment. To increase people potential, TMB has provided quality training programs which were delivered by external experts and also by a cadre of internal certified facilitators to ensure that our employees acquire and demonstrate the practical knowledge, skills and desirable attributes.

We have also encouraged sharing knowledge both within and across functions. TMB aims to develop the employees at headquarters and branch based on TMB Way which is our core value to ensure that our people live with integrity and work professionally to create real value for customers and stakeholders and fulfill their needs in order to drive the sustainable growth of TMB.

Human Resources Development with the Business Plan Alignment

Core and Leadership Competency Training Roadmap

After launching the development framework based on TMB Core, Leadership and Functional Competency, we have created TMB training roadmap in 2013 to develop core and leadership competency of our people. We customized training contents and topics to fit staff and management at all levels through analyzing key behaviors and skills required for TMB employees at different proficiency levels. Also, the development methods i.e workshop, coaching and self-study are carefully selected to ensure the quality and effectiveness of the development.

For the training topics to be delivered through classroom-training method, we have placed them in the bank-wide training roadmap as the standard training to enhance sustainable learning atmosphere that encourages the development of core and leadership competency of our employees.

Functional Expertise Enhancement

Not only the core and leadership competency based training programs, TMB has also provided the essential functional training programs to our employees through classroom training and e-learning i.e. credit analysis, TMB product knowledge, crucial rules and regulations and banking and financial system to maximize their performance outcome and accuracy.

Human Resources Development and Process Improvement

In order to align with the bank strategy on maximizing TMB resources for cost and quality control, TMB has applied Six Sigma and Lean concept to improve working process within the organization. The training program on process improvement is thus provided to all level of our employees to create awareness among them.

Human Resources Development and Risk Management

With the concern on the impact of operational risks on customers, TMB reputation and related parties, risk management is one of the aspects that TMB has seriously focused. We have then provided various risk related training programs i.e. Information Risk Management, Business Continuity Management and Incident Reporting to our people through TMB e-learning system with pre and post tests to assess their learning effectiveness.

In summary, in 2013 TMB employees have spent 40 hours in average for self development through classroom training and 6 hours in average through e-learning. To align with TMB business direction, we will continue developing our employees to enhance their capability as the key resource for TMB business achievement.

Measures for employee security

The Bank has attached importance to its staff's welfare and security by strictly complying with security measures as required by law, announced the Security, Profession health and workplace policy as well as setting out additional measures as follows:

Legal measures

1. The Bank has established the Security, profession health and workplace committee to monitor the action/working condition to ensure it is safe from hazard, illness or disturbance.
2. The Bank has regularly conducted a fire drill at the Head Office at least once a year.
3. Training is arranged on fire prevention and firefighting with basic fire extinguishing tools for employees representing their departments.
4. The Bank has established the strengthen of building structural and the security of basic facilities audit by the licensed auditor yearly to comply municipal law.
5. The Bank has established Business continuity plan (BCP) for almost business units, particularly Core business to comply BOT standard regulation and arranged BCP exercise at least once a year.

The Bank's security measures

1. The Bank has installed security systems within and around the buildings e.g. Digital CCTV system, Burglar alarm and Fire alarm systems, Fire extinguished system, Access Control System, Building automation systems and Disaster Recovery Center in another building.
2. A number of staff is assigned to handle the building control and security system control for the Bank's staffs and assets everyday around the clock.
3. The Bank has arranged training and rehearsal on employee fire drill evacuation which coordinating with related government offices. The Bank was awarded a certificate of Standard Fire Safety Building 2006 from the Bangkok Metropolitan Administration.

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4. The Bank has implemented a measure to make a bomb-detecting check on all incoming vehicles 24 hours and made available communication device and bomb detectors to facilitate security function.
 5. The Bank has coordinated with the public agencies, state enterprises, and private companies, namely Military forces, Royal Thai Police office, Metropolitan Electricity Authority, TOT, TRUE, Metropolitan Waterworks Authority, Fire police station, District Hospital and Chatuchak District Office to seek assistance in case of any critical incident.
 6. Training has been regularly arranged for staff concerned with building management and security on a semi-annual basis.

Corporate Governance

TMB Bank Public Company Limited ('the Bank') is committed to high standards of good corporate governance which means that the Bank has efficient, transparent, honest without corruption, and able-to-be-audited management systems to build trust and confidence among its shareholders, investors, and other stakeholders. Good corporate governance is means to increase value to shareholders and encourage sustainable growth of the Bank.

Corporate Governance Policy

At the meeting no. 3/2549 held on March 23, 2006, the Board of Directors resolved to approve the 'Corporate Governance Policy' as written guideline and announced to all levels of bank personnel including the directors, the management, and bank staff for their strict and on-going compliance. The Board of Directors has role and duty to consider and review content of the policy to be appropriate and consistent with the regulatory requirement and international standard. This policy is considered in compliance with the principle of good corporate governance of the Stock Exchange of Thailand, the Securities and Exchange Commission, the Bank of Thailand, and OECD.

Having adhered to the good corporate governance principles, the Bank has formulated policies pertaining to matters such as the directors' code of best practices, structure and role of the board of directors, operations with transparency, disclosure of connected transactions or significant transactions that may pose a conflict of interest, awareness of rights of the shareholders and equitable treatment to the shareholders, and social responsibility. This is aimed at bringing about a sustainable prosperity of the Bank and adding value to the shareholders in the long term, with due regards paid for the rights of and fairness to all stakeholders. To completely implement the corporate governance policy, the Bank will arrange to formulate other related policies as a guideline for specific matters, comprising rules and regulations, requisite practices and relevant operation manuals such as business ethics and code of conducts, preventive measures against a conflict of interest, personal securities investment policy, and etc.

The Board of Directors has put best efforts in ensuring the policy is implemented and monitor, review, and improvement are undertaken to update and align with the changing situations so that the implementation creates maximum benefits for the Bank, shareholder, investors, all stakeholders, and all relevant persons. In addition, the Bank oversee subsidiaries and joint venture companies to establish corporate governance policy and implementation of the policy.

In 2010, the Board of Directors' meeting no. 7/2553 held on July 29, 2010 resolved to approve TMB Corporate Governance Framework so as to emphasize the compliance with the Corporate Governance Policy.

The Framework determines and segregates roles and responsibilities between the Board of Directors and the management and Chief Executive Officer (CEO) more precisely. It also determines the effective and transparent management, with honesty without corruption and able to be audited, which will build trust and confidence of shareholders, investors, and stakeholders in order to add value and promote sustainable growth of the Bank.

Board Committees

In order to relieve the Board of Directors' burden in scrutinizing and considering essential businesses of the Bank, a number of Board committees have been set up by the approval of the Board of Directors to be tasked with overseeing and ensuring the Bank's transparent and effective business operations. The Board committees shall have the authority to make decision on behalf of the Board subject to the Board's delegation of authority, duty and responsibility. The Bank's Board committees comprise the Board of Executive Directors, the Audit Committee, the Nomination, Remuneration and Corporate Governance Committee, the Risk Management Committee, and the Credit Committee. The board committees are eligible to set a working group for studying the specific issue in detail.

For an appointment of the Board Committees, the Nomination, Remuneration and Corporate Governance Committee has made consideration and give the endorsement, and then further submit to the Board for appointment thereof. To appoint the board committees, the Board shall consider the requirements of expertise in respect of roles and responsibilities of each board committee. In addition, the Board shall take into account the qualified persons having competence, professional experience and specialized qualifications without conflict of interest to hold the position. Each board committee shall fully have compositions and qualifications in accordance with regulatory requirement.

The Board has determined the scope of roles and responsibilities of the board committees to be in accordance with their mission. The segregation of duty is clearly defined without duplication of work, as well as in compliance with the regulatory requirements. The board committees' meetings have been held on a regular basis to report their performance for the Board's acknowledgement.

The board committees of TMB are comprised of the following committees:

1. Board of Executive Directors

As of December 31, 2013, the Board of Executive Directors was composed of members as follows:

Name	Position	Note
Mr Philippe G.J.E.O. Damas	Chairman	Non Executive Director
Mr Vaughn Nigel Richter	Committee Member	Non Executive Director
Mr Pongpanu Svetarundra	Committee Member	Non Executive Director
Mr Amorn Asvanunt	Committee Member	Non Executive Director
Mr Boontuck Wungcharoen	Committee Member / Chief Executive Officer	Executive Director

Mr Agapol Na Songkhla is Secretary to the Board of Executive Directors.

The Board of Executive Directors' meeting is usually held twice a month or as deemed necessary and instructed by the Chairman of the Board of Executive Directors.

The scope of responsibilities is as follows:

- To review business performance of the Bank in details on behalf of the Board.
 - Review and recommend annual budget and business plan of TMB including capital planning.
 - Conduct tracking of financial result and performance by business segment of TMB.
 - Oversee performance of subsidiaries.
- Review and recommend or approve large capital expenditure in relation to plan and strategy according to delegation of authority.
- Review and recommend new business models that are strategic for the Bank including equity participation.
- Monitor progress of transformation that build capabilities of the Bank for the future.
- Monitors progress of the branding and corporate communications programs.
- Review the overall performance of the Chief Executive Committee and provide advice to management as appropriate on urgent or important issues and review the critical issues raised by the management and propose to the Board.
- Undertake such additional tasks as are related to and considered by the BoED to be necessary to achievement of the foregoing responsibilities or as may be assigned to it by the Board.

The delegation of authority and responsibilities of the Board of Executive Directors shall not be the delegation or sub-delegation that will allow for the Board of Executive Directors or the persons so authorized to approve any transactions that they themselves or their related parties (as defined in the SEC's notification or by other concerned authorities) have vested interest or conflicts of interest with the Bank or any of its subsidiaries, unless it is an approval of the transactions that is in accordance with the policies and regulations approved by the shareholders' meeting or the Board of Directors.

2. Audit Committee

As of January 10, 2014, the Audit Committee was comprised of members whose qualifications must conform to the Securities and Exchange Commission's requirements as follows:

Name	Position	Note
Mr Singha Nikornpun*	Chairman	Independent Director
General Kamon Saenissara	Committee Member	Independent Director
Mr Christopher John King	Committee Member	Independent Director

Note: *Mr Singha Nikornpun was appointed as independent director, and the Chairman of the Audit Committee on January 10, 2014, to replace Mr James Parks Stent resigned on November 30, 2013.

Miss Thanawan Teekautamakorn is Secretary to the Audit Committee.

The Audit Committee's meeting is usually held once a month or as deemed necessary and instructed by the Chairman of the Audit Committee.

The scope of responsibilities is as follows:

- To review the Bank's financial statements to ensure accuracy and adequacy.
- To review and ensure that the Bank has suitable and efficient internal control system and internal audit, and reviewing to ascertain that internal audit function is independence. Hiring, transferring, removal and performance appraisal of Chief Internal Audit shall be concurred by Audit Committee.
- To review to ensure compliance with the laws and regulations imposed by the SEC, SET and other relevant regulators including compliance report prepared by the Bank's Compliance unit.
- To select, nominate and recommend remuneration of the Bank's external auditor by taking into account the credibility, adequacy of resources, experience and independence. The Audit Committee shall meet with the External Auditors without the members of the Executive Management being presented as often as it determines but at least once a year.

5. To approve audit-related and other services engagements with the Bank's external auditor.
 6. To review connected transaction or transaction that may lead to conflict of interest to ensure transactions are conducted and disclosed in compliance with the law and regulation and that transactions are entered with reasonableness for the benefit to the Bank.
 7. To prepare audit committee report, signed by the chairman of the audit committee, and disclose it in an annual report of the Bank. The report should at least contain the following information;
 1. The audit committee's opinion regarding the accuracy, completeness and integrity of the Bank's financial statements.
 2. The audit committee's opinion regarding adequacy of the Bank's internal controls.
 3. The audit committee's opinion regarding compliance to the applicable laws and regulations.
 4. The audit committee's opinion regarding suitability of the Bank's External Auditor.
 5. The audit committee's opinion regarding transaction that may lead to conflict of interest.
 6. Number of the meeting held during the year and number of each member's attendance.
 7. Overall opinion arisen from discharging of audit committee's duties according to the charter.
 8. Other information, within the scope of the roles and responsibilities of audit committee, which is deemed to be necessary for shareholders and general investors.
 8. To commence investigation without delay upon being informed by external auditor of suspicious circumstance and report SEC and external auditor the preliminary result within 30 days. The Committee also is to report to the Board of Directors so that the board can rectify the issues within the timeline specified by audit committee on the following findings or suspected transactions or actions:
 1. Conflict of interest;
 2. Fraud, possible fraud, or significant deficiency of internal control;
 3. Breaching of the applicable laws and regulations.
- In case where the Board of Directors or Executive Management failed to rectify the issues within the specified timeline, audit committee shall report such deed to the Bank of Thailand, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and disclose in the Bank's annual report.
9. To review the appropriateness of corrective measures and actions taken by management in response to the reports or instructions from the Bank of Thailand, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and any other relevant regulators.
 10. To review the accuracy and reliability of the financial statements of the Bank's subsidiaries, and to review compliance with the policies, processes and standards set by the bank for its subsidiaries, including those related to internal controls and audit.

11. To perform any other duties as delegated by the Board of Directors and agreed by the Audit Committee.¹
12. To perform other duties as required by law.

Note: ¹ Board of Director delegated AC the following roles and responsibilities:

1. To review 1st and 3rd financial statements before SET filing. BoD resolved on June 24, 2010.
2. To take supervisory role over Compliance as suggested by the Compliance Policy approved by the BoD on July 29, 2010.

3. Nomination, Remuneration and Corporate Governance Committee

As of December 31, 2013, the Nomination, Remuneration and Corporate Governance Committee was comprised of the directors not holding executive position, namely:

Name	Position	Note
Mr Rachane Potjanasuntorn	Chairman	Independent Director
Mr Philippe G.J.E.O. Damas	Committee Member	Non Executive Director
Mr Pongpanu Svetarundra	Committee Member	Non Executive Director
Mr Christopher John King	Committee Member	Independent Director

Mr Agapol Na Songkhla is secretary to the Nomination, Remuneration and Corporate Governance Committee.

The meeting of this Committee is usually held once a month or as deemed necessary and instructed by the Chairman of the Nomination, Remuneration and Corporate Governance Committee.

The scope of Nomination, Remuneration and Corporate Governance Committee responsibilities is as follows:

Nomination

1. Review and recommend to the Board policies, criteria and methods for the recruitment, selection and nomination of
 - a. Members of the Board
 - b. Members and chairpersons of each Board Committee of the Board
 - c. Representatives of the Bank as directors, chairpersons and chief executives of companies which are Subsidiaries or where the Bank is entitled to nominate one or more representatives as director
 - d. Senior Management
2. Screen, shortlist and propose to the Board for nomination or appointment qualified candidates for the positions mentioned in 1 above.
3. Recommend to the Board appropriate succession plans for Senior Management.

- Review and monitor the implementation and effectiveness of the policies, criteria, methods and plans referred to in 1 and 3 above and report thereon to the Board at least annually.

Remuneration

- Review the overall remuneration structures policies and practices of the Group, including those on benefits, performance evaluation, incentive awards and severance payments, to ensure they are consistent with the decisions of the Board and the Bank's culture, objectives, strategy and control environment, promote long term shareholder value, and take fair account of the roles, responsibilities, management of risk and performance of the individuals concerned, and of market benchmarks; and make recommendations to management and the Board as appropriate.
- Recommend to the Board (subject to further approval by the shareholders where required) the amount of actual remuneration and benefits of members of the Board and of Board Committees.
- Approve (or in the case of the CEO of the Bank recommend to the Board for approval) the actual remuneration and benefits, including any incentive award or severance payment, of Senior Management.

Corporate Governance

- Review and where appropriate recommend to the Board changes to applicable policies, codes, rules and guidelines to ensure the highest standards of good corporate governance and ethics in line with best international practice, and supervise, monitor and report to the Board at least annually on the implementation and effectiveness thereof.
- Recommend to the Board the appropriate size and composition of the Board and Board Committees, and the mandates of each Board Committee.
- Recommend to the Board policies criteria and methods for the periodic evaluation of the performance of the Board and Board Committees, implement the same and report the results to the Board.

Other Responsibilities

- Undertake such additional tasks as are related to and considered by the NRCC to be necessary to achievement of the foregoing responsibilities or as may be assigned to it by the Board.
- Make such reports and disclosures on its work to the Board, regulators, shareholders and the public as are required by applicable regulations or deemed appropriate in the interests of good governance.

4. Risk Management Committee

As of December 31, 2013, the Risk Management Committee was comprised of members as follows:

Name	Position	Note
Ms Swee-Im Ung	Chairperson	Non Executive Director
Mr Amorn Asvanunt	Committee Member	Non Executive Director
Mr Rachane Potjanasuntorn	Committee Member	Independent Director
Mr Boontuck Wungcharoen	Committee Member / Chief Executive Officer	Executive Director
Mr Jan Henri Van Wellen*	Committee Member / Chief Risk Officer	Management

Note: *Mr Jan Henri Van Wellen was appointed to be committee member on May 1, 2013 to replace Mr Jan Schuit who retired by rotation since May 1, 2013.

Miss Oranuj Tantimedh is Secretary to the Risk Management Committee.

The meeting of this Committee is usually held on a monthly basis or as deemed necessary and instructed by the Chairperson of the Risk Management Committee.

The scope of responsibilities is as follows:

- To propose to the Board a policy for overall risk management, including major risks such as credit risks, market risks, liquidity risks, operational risks, strategic and reputational risks, etc.
 - To advise the Board on its risk appetite, tolerance and strategy for the Bank and its business units.
 - To recommend the risk and concentration levels for approval by the Board, in alignment with the Board's risk appetite.
 - To approve significant policies and framework that govern the management of risks, including risk governance matters, and which have been delegated to RMC by the Board.
- To formulate strategies that are consistent with the risk management policy and which can assess, monitor, and ensure that the financial institution's risks are at appropriate levels.
 - To approve the supplemental risk limits as defined in the relevant policies and frameworks.
 - To review the adequacy of the Bank's risk management policy and systems, and the effectiveness of policy and systems implementation in terms of identifying, measuring, aggregating, controlling and reporting these risks.
 - To review and monitor all risks and risk management practices, including internal control and compliance processes and systems.

3. To approve the appointment, review of committee structure and composition, and roles and duties of the management – level risk management committees.
4. To report the risk management performance and all risk management matters and measures to the Board, and to the Audit Committee for any improvements needed to ensure the effectiveness of the policy implementation.
5. To advise on the development and maintenance of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact of their actions on the Bank and its business units.
6. To advise on the alignment of compensation structures in relation to the management of risk, within the Board's risk appetite.

5. Credit Committee

As of December 31, 2013, the Credit Committee was composed of members as follows:

Name	Position	Note
Mr Pongpanu Svetarundra	Chairman	Non Executive Director
Ms Swee-Im Ung	Committee Member	Non Executive Director
Mr Amorn Asvanunt	Committee Member	Non Executive Director
Mr Boontuck Wungcharoen	Committee Member / Chief Executive Officer	Executive Director
Mr Jan Henri Van Wellen*	Committee Member / Chief Risk Officer	Management

Note: *Mr Jan Henri Van Wellen was appointed to be committee member on May 1, 2013 to replace Mr Jan Schuit who retired by rotation since May 1, 2013.

Mr Sunthorn Ruckpanich is Secretary to the Credit Committee.

The Credit Committee's meeting is usually held twice a month or as deemed necessary and instructed by the Chairman of the Credit Committee.

The scope of responsibilities is as follows:

1. To consider and approve credits that are beyond the Management's approval authority.
2. To consider and approve investments of the usual transactions, and debt restructuring that are beyond the Management's approval authority.
3. To review the medium- and large-sized NPLs.
4. To set and review the strategies and carry out credit-related development so as to achieve the Bank's targets and make

appropriate recommendations to the Board of Directors.

5. To review credit and investment performance of the Bank.

6. Other committees/working groups

Policy issues (5 main committees)

1. Chief Executive Committee: To operate long term strategy of the Bank and conduct regular review of progress in achieving its goals. To propose the Annual Business Plan, Annual Budget, Capital Budget, Headcount Plan to the Board of Directors for consideration and approval and control headcount against headcount plan. To consider and approve investment, main projects of the Bank, branding, advertising, corporate communication and measures to deal with crisis situations. In addition, to consider strategic plan of subsidiaries and review their performance.

2. Asset and Liability Management Committee: To define and decide on the formulation and execution of asset and liability management policies; and to endorse / approve for all matters relating to the asset and liability management of the Bank.

3. Risk Policy Committee: To assess the integrity and adequacy of the credit management of the Bank ; to review and endorse or approve the Bank's credit risk policies, framework, guideline, credit underwriting guidelines and standards, and credit criteria of products within the delegated authority.

4. Operational Risk Management Committee: To oversee develop tools and techniques for risk identification, approve operational risk minimum standard and guidelines, set targets for key risk indicators, initiate action on reported incidents or events and approval new products.

5. Corporate Social Responsibility Committee: To advise and endorse policy and framework regarding Bank innovative Corporate Social Responsibility (CSR) initiatives, endorse the development of strategic CSR initiatives prior to submit to the relevant committees for endorsement or approval as indicated in delegation of authority. In addition, to ensure the success of initiatives.

Information technology

IT Committee: To endorse IT Strategic Plan and Blueprint to ensure proper alignment with corporate plan; to be informed and updated of the Bank and Market crucial banking technology.

Human resources

Human Resource Committee: To consider and approve the framework governing the Bank's human resources management policies, compensation standards, rules and regulations, succession plan, performance review, salary adjustment, bonus and incentive award of employees at below Group Head. To approve the governance structure of job grading and function title

or any issues under HR transformation. To approve the Bank's human resource development structure and corporate culture.

Health and safety

Safety, Occupational Health and Work Environment

Committee: To consider policy and plan on workplace safety and safety outside works; organize projects encouraging and supporting safety-related activities; and investigate regulations and manuals on safety, occupational health and working environment to be in line with Ministerial official laws.

Energy management

Energy Management Working Group: To manage energy conservation program to be in line with the Ministerial regulations and the energy conservation policies and procedures of the bank. To arrange training programs or activities with an aim to raise staff consciousness in this regards.

Recruitment of directors and top executive officers

Director and Independent director nomination criteria

Independent Director

The Bank has been aware that independent directors take a vital role in safeguarding the interests of the Bank and the minor shareholders. To enhance independence of the Board of Directors and manage conflicts of interest pursuant to the regulatory criteria and the corporate governance principles, the Board has formulated criteria for nomination of independent directors from professionals of diversified fields with proper qualifications and experience who can deliver independent opinions and have fairness in the performance of duty. The Nomination, Remuneration and Corporate Governance Committee shall make preliminary consideration of the nomination of independent directors before submission to the Board meeting or the shareholders' meeting (as the case may be) for appointment thereof. The basic qualifications of an independent director shall be as defined by the Bank which more stringent than that under the criteria set by the Capital Market Supervisory Board.

Qualification of Independent Directors

TMB Bank Plc. has defined the term 'Independent Director' as a director who is independent from any major shareholder, executive, and related person thereof, and is in charge of protecting the interests of all the shareholders and stakeholders on an equitable basis. The minimum number of independent directors is set to be one-third of the total number of directors and not less than three persons.

In addition, The qualification set by the Bank is also more stringent than that under the criteria set by the Capital Market Supervisory Board details of which are as follows:

1. Not hold shares in excess of 0.5 percent of total voting shares of the Bank, or the Bank's parent company, subsidiary, associated company, major shareholder, or any

person with controlling power over the Bank, whilst the number of shares held by any related person of that independent director must also be counted.

2. Not be and have not been a director participating in management role, an employee, an officer, an advisor who receives regular salary, or a person having controlling power over the Bank, the Bank's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.
3. Not be a person having relationship either through bloodline or legal registration as the father, mother, spouse, sibling and child, as well as the spouse of a child of an executive, major shareholder, a person having controlling power, or a person to be nominated as the executive or that who has controlling power over the Bank or its subsidiary.
4. Have no or have had no any business relationship with the Bank or its parent company, subsidiary, associated company, major shareholder, or person having controlling power over the Bank, in a manner that may prevent his/her due and independent use of discretion. The independent director shall not be and have not been a shareholder in material respect or a person who has controlling power over the person with business relationship with the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Bank, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

Business relationship in the above paragraph shall cover any ordinary course of business or trade for business engagement purpose, property rent, transaction relevant to asset or service, giving or receiving financial assistance in form of loan or guarantee, offering assets as collateral, and any other similar conduct, which causes the Bank or its counterparty to be liable for debt settlement to another party in an amount equivalent to 3 percent or more of the net tangible assets of the Bank or twenty million baht or more, whichever is lower. The calculation of the said debt shall accord with the calculation of a connected transaction prescribed in the Capital Market Supervisory Board's notification regarding criteria on connected transactions mutatis mutandis. However, consideration of the said debt shall include the debt incurred during the one-year period prior to the date on which such business relationship takes place.

5. Not be and have not been an auditor of the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power. The independent director shall not be and have not been a shareholder in material respect, a person having controlling power, a partner of an auditing firm for which the auditor of the Bank, or that of its parent company, subsidiary, major shareholder, or a person with controlling power over the Bank has been working, unless such independent director

has not been a person referred to above for at least two years prior to the date of his/her appointment.

6. Not be and have not been a professional advisor, including legal or financial advisor, who obtains fee more than two million baht a year from the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power. The independent director shall not be and have not been a shareholder in material respect, a person with controlling power, or a partner of such professional service provider, unless the independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.
7. Not be a director who has been appointed as a representative of the Bank's director, the major shareholder, or the shareholder related to the Bank's major shareholder.
8. Not engage in the business of the same nature as or competing with that of the Bank or its subsidiary. The independent director shall not be a partner in material respect in a partnership, or director participating in management role, an employee, officer, or advisor obtaining regular salary, or a shareholder holding more than one percent of total voting shares of any other company which engages in the business of the same nature as or competing with that of the Bank or its subsidiary.
9. Not have any characteristics that prevent the director from giving independent opinions on the Bank's operations.

Director

Board of Directors has put in place a definite and transparent director nomination process. the Nomination, Remuneration and Corporate Governance Committee is responsible for the selection, screening, and nomination of qualified persons to the Board of Directors for consideration before proposing to the shareholders' meeting for further election as directors of the Bank. Apart from the qualifications prescribed in the Bank's Articles of Association, government agency's regulation and the appropriate personal qualifications, the persons nominated must be competent, knowledgeable and experienced in business operations with the possession of leadership skills, visionary and strategic ideas that can lead the Bank to a strong and sustainable growth and must be able to dedicate their time for the optimum benefits of the Bank.

In case of vacancy due to the resignation of a director before finishing the term, the Board of Directors shall appoint a person to fill the vacant position through the nomination made by the Nomination, Remuneration and Corporate Governance Committee. The said new director shall hold office only for the remaining term of office of the director whom he/she has replaced.

The shareholders are allowed to vote for the election of directors by individual. This voting use the majority votes of the shareholders who attend the meeting and have voting rights.

Recruitment of top executive officers

In the appointment process of the executive officers at "Head" and Executive Vice President level and higher, the Nomination, Remuneration and Corporate Governance Committee is responsible for selecting and screening qualified persons from both internal and external sources as defined by TMB's rules and regulations. The nominated persons will be proposed for approval from the Board of Directors and others as required to comply with laws and regulations of government authorities related to financial service business.

Regarding the appointment process of the executive officers at "Team Head" level and lower, the Management shall consider, select and appoint qualified persons as deemed appropriate. The recruitment process to fill the position of the executive officer who will soon complete a specific term of office shall be made at least 6 months in advance.

Subsidiaries Supervision

The Bank has put in place the management and control structure of the subsidiaries in aspect of generating strategic plan and nominating representative directors to jointly manage the subsidiaries and reorganize to take responsibility of the subsidiaries as appropriate.

1. Mechanism for Supervision

The Bank has mechanism to supervise subsidiaries for controlling the operation of subsidiaries in which to keep benefit covering investment, The Board of Directors has determined 'Consolidated Supervision Policy', which includes policies as follows:

1. Financial Reporting Policy

To determine the accounting and financial report policy for the Bank to collect related information from the subsidiaries for generating consolidated financial report correctly, in the same direction and in compliance with the Bank of Thailand's rule and regulation and analyzing performance and financial status of the subsidiaries correctly and promptly for controlling and following.

2. Risk Management Policy

To determine the risk management policy of the subsidiaries covering various aspects of risk relating to companies' performance that are market risk management, liquidity risk management, credit risk management and operational risk management impacting the stability of the subsidiaries.

3. Corporate Governance Policy

To determine the policy for the subsidiaries to conduct under business ethic and the morality and the best practices are concerning in good corporate governance and best practices which should be in line with Good Corporate Governance Policy and TMB Corporate Governance Framework.

4. Compliance Policy

To determine the policy for the subsidiaries to conduct under Compliance Policy and relevant Regulatory Policy such as Regulatory Compliance, Related Parties or Connected Persons Policy, Bank of Thailand's Regulatory Compliance and Know your Customer and Anti-Money Laundering.

5. Corporate Communication Policy

To determine the policy for the subsidiaries to conduct in the same way and promote Bank image in aspect of name and brand and disclose information of the subsidiaries.

6. Audit Policy

To determine the roles of Audit unit and the Audit Committee's oversight role in conjunction with the roles of the Bank management and external auditor on auditing, controlling and monitoring the subsidiaries. The ultimate objective is to ensure sound control culture and good governance throughout the subsidiaries.

2. Representative Director Appointment

The objective is to manage and control the subsidiaries carefully under policy. TMB sets guideline of representative director appointment as follows:

1. The Bank nominates directors by proportion of the Bank's share holding.
2. Chairman of the Board must be appointed by the Bank's Board of Directors.
3. Managing Director or Chief Executive Officer's nomination must be endorsed by the Bank's Board of Directors. The nomination of Managing Director of all companies in Solo Consolidation Group must be approved by the Bank of Thailand.
4. Chief supervising the subsidiaries and joint venture companies proposes the Bank's executives as representative directors by:
 - 4.1 Propose to the Board of Directors (BoD) the appointment of new representative directors through Chief Executive Committee (CEC), and Nomination, Remuneration and Corporate Governance Committee (NRCC) respectively or other guidelines that will be set by the Board of Directors in the future.
 - 4.2 Propose to the CEC the re-appointment of the existing representative directors.
5. The Bank may consider appointing outside expert to be a director as appropriate.
6. In case there are more than one Bank's representative directors in the subsidiaries, the Bank may nominate a Lead Director who are position Executive Vice President (EVP) up on to gather and propose information and performance for each company.
7. The person who is appointed to be a representative director could be appointed as managing director or

authorized director or others. However, such person must not be appointed in aforementioned positions in more than 3 business groups.

8. Bank's representative director has no conflict of interest with the Company to which the Bank will send the representative director.
(See more details of the subsidiaries directors in Attachment 2)

3. Duty of Representative Directors

1. All representative directors shall not receive any remuneration in terms of cash and non-cash for being representative directors.
2. Attend all Board meetings to determine Bank Policy and strategy to drive and transmit the policy from the Bank.
3. Supervise the operation of the subsidiaries to be compliance with Bank's policies, plans, rule and regulation efficiently and effectively, as well as ensure no Conflict of Interest issue.
4. Propose policy, strategy, performance and opinion to the Bank.
5. Report performance of the subsidiaries or any material change that may have an impact on the Bank such as capital increase/decrease of the subsidiaries, business sale and purchase/merging, change in financial status, change in business group or change in rules/regulatory bodies/specific laws of each business.
6. Monitor and protect all benefits of the Bank.
7. Other duty as specified by the Bank.

4. Transactions that requires approval by the Bank before Voting in the subsidiaries Board Meetings

1. Policy and strategy that will significantly impact on going business operation or nature of business.
2. Increase or decrease of registered capital.
3. Approvals of dividend payout.
4. Investment or divestiture of other business which subsidiary holds more than 10% of paid-up capital.
5. Selling of core asset.
6. Entering into business contract/agreement that is worth more than 15% of net tangible asset (NTA).
7. Liquidation/ Debt Moratorium /Bankruptcy.
8. Transactions related to TMB and connected persons to the company following Compliance Policy.
9. Borrowing transaction over 15% of NTA and Letter of Guarantee to third party with transaction over 15% of NTA.
10. Change of image, business format or brand.
11. Other matters that have significant impacts on TMB's business and the liability for representative directors.

Control of inside information

The Board of Directors has determined regulation on the use of inside information and ensure strict compliance to prevent any director, executive or employee in the position or status

having opportunity to access to the Bank's inside information from exploiting such information for his/her own benefits or for others' benefits such as using details or confidential information of the customers to operate business competing with the customers' businesses or exploit any benefit from his/her authority and responsibility. In this regard, the Board of Directors clearly stipulates the regulations on this practice as detailed below:

1. TMB's policy on Confidential and Insider Information and Conflict of Interest
2. Policy on Trading of Securities in the Restricted List for Securities Trading Committee and Staff in Corporate and Investment Banking Group Including Staff in Relevant Groups.
3. Regulation on Trading of and Investment in the Bank's Securities by the Bank's Staff.
4. Regulation on Black-out Period for Directors and the Bank's Staff.
5. Regulation on Trading of Securities on the Watch List / Restricted List and Black-out Period for Directors and the Bank's Staff.

In addition, the Board of Directors determined that the directors, Chief Executive Officer, Chiefs, Executive Vice President or Heads, and Team Heads in Finance Control, Financial Planning and Analysis, Balance Sheet Management, and other person that Chief Financial Officer defines shall disclose and report to the SEC the Bank-issued securities held by them, their spouses and minor children, as well as any changes thereof, such as sale, purchase, transfer or acceptance of transfer of those securities in the report format and within the period of time specified by the SEC.

Auditor's remuneration

Audit Fee

The Bank and its subsidiaries paid remuneration to the following parties:

- The external auditor in the previous accounting year amounting to THB11,208,000.
- The audit office of the auditor, individual or business that is related with the auditor and the audit office of the auditor in the previous accounting year amounting to THB496,000.

Non-Audit Fee

The Bank and its subsidiaries paid remuneration for other services, which included the fee for special audit, summation of gross profit margin on foreign exchange transactions and foreign money, information technology review on electronic money transfer system and auditing the offering circular of term note to the external auditor in the previous accounting year amounting to THB4,600,000 and will pay in the future due to the agreement on incomplete audit services in the previous accounting year totaling amount of THB1,550,000.

Other Corporate Governance Practices

The Board of Directors continued its commitment to uphold good corporate governance principles with honesty and transparency without corruption. As the Board has firm determination to develop corporate governance of the Bank to match high international standards. According to the Corporate Governance Report of Thai Listed Company 2013, the Bank received the highest category score 'Excellent' continuously by the Thai Institute of Directors (IOD). The Bank has implemented good corporate governance in compliance with the principles of good corporate governance for listed companies as per the SET's guidelines to its shareholders, investors, stakeholders and related parties in 2013 as follows:

1. Rights of shareholders

The Bank has policy on rights of shareholders to comply with the recommendations of the SET for listed companies on shareholder rights, facilitate and encourages shareholders to exercise their rights, and is committed to the equal treatment of all shareholders. The Bank facilitates all shareholders to ensure they can fully exercise their basic rights, i.e. right to participate in the annual general meeting of shareholders, independent purchase, sales and transfer of securities they hold, and safeguarded the interests of all shareholders, comprising major shareholders, minor shareholders, individuals and institutions on an equitable basis in the access to accurate and updated information of the Bank.

The Annual General Meeting of Shareholders

The annual general meeting of shareholders is held annually within four months from the end of the fiscal year (December 31). In case of any special issue that needs to be proposed as an urgent and necessary case, and where the approval of the shareholders' meeting is required pursuant to the applicable conditions, rules or laws, the Bank will call an extraordinary general meeting of shareholders on a case by case basis.

Agenda and related documents in regard to annual shareholder meeting will be sent to shareholder in advance, of which the procedure will be in accordance with regulation in terms of timing and sufficiency of information to ensure sufficient time for shareholders to review the information. For the shareholders who cannot attend the meeting by themselves, the Bank designates independent directors whom shareholders can appoint to attend in the meeting and perform on their behalf as their proxies.

The Bank has a policy to arrange the shareholders' meeting with efficiency and transparency and in compliance with relevant regulations and regulatory requirements. Meeting agenda and documents are to be delivered to the shareholders in advance, with sufficient information provided to support the shareholders' consideration and decision to vote on each agenda with their full use of rights. On the meeting date, appropriate registration procedure has been prepared by the Bank, with facilities

provided by Bank staff for the shareholders and proxies.

In 2013, The Annual General Meeting of Shareholders (AGM) which was held on Friday, April 12, 2013, at the Auditorium, 7th Floor, TMB Head Office with altogether 3,429 shareholders holding an aggregate number of 30,436,867,952 shares which accounted for 69.8896% and 10 directors attending the meeting.

The meeting procedures conformed to the good corporate governance principles as below:

1. Before the meeting

The Bank provided the rights for the shareholders to propose the agenda, and suitable qualified candidates to be nominated as the Bank's director in advance for the annual general shareholder's meeting 2013 during the period from December 1, 2012 to January 31, 2013.

Shareholders had full access to necessary information on the meeting date, location, and the agenda in advance. Prior to the meeting, invitations and relevant meeting materials were sent to the shareholders no lesser than 30 days, via the Bank's website (www.tmbbank.com) so that they would have adequate time to study the information before receiving the documents.

The Bank had assigned Thailand Securities Depository Co., Ltd. (TSD), its share registrar, to send out to all shareholders the invitation notice, with details stipulated therein regarding the meeting date, time, venue, agenda, and annual report on CD-ROM as well as complete information necessary for the meeting. The invitation notice stated the objectives and rationale as well as the opinions of the Board of Directors on each item, accompanied by complete and sufficient details for the consideration of each item and for the decision to vote on each item. Shareholders were clearly informed which item would be for consideration and which one for acknowledgement. Moreover, in the invitation notice, the shareholders were informed of the details regarding necessary evidence documents to be brought to the meeting as well as meeting attendance process and voting rules.

A proxy form was also enclosed so that the shareholders could use in appointing any of the Bank's designated independent directors or other persons as their proxies in case they could not attend the meeting.

2. During the meeting

The meeting was arranged with transparency, fairness and equitable treatment of all shareholders. Appropriate registration procedure was prepared by the Bank, with facilities provided by Bank staff, classified by type of attendees, i.e. shareholders attending in person and proxies attending on shareholders' behalf. This aimed at ensuring rapid and accurate registration procedure. Voting card was available for each attendee to vote on each item on the agenda. Moreover, the Bank also provided

shuttle bus service at various spots and sufficient parking space to serve the shareholders.

At the 2013 AGM, the Chairperson of the Board of Directors served as Chairperson of the meeting, and Chairman of each Board committee, namely the Executive Board of Directors, the Nomination, Remuneration and Corporate Governance Committee, and the Credit Committee together with the Chief Executive Officer, and Chiefs were also present at the meeting to clarify and answer questions of relevant issues.

Before the beginning of the meeting, the Chairperson assigned Company Secretary to clearly inform the meeting of the voting and counting methods. For more convenience to the shareholders, a simultaneous English translation was provided by Bank staff for foreign shareholders. In this regard, the shareholders' rights to study of the Bank's information memorandum would not be undermined, such as no abrupt distribution of additional document with key information during the meeting, no addition of new items on the agenda or change in the key information without prior notice to the shareholders, no prohibition of meeting attendance of late attendees, and so on.

The Chairperson proceeded with the meeting in order of the items on the agenda. In consideration of certain items on the agenda in which directors who joined the meeting have interests or have relation thereto. The Chairperson also encouraged the shareholders to cast votes and raise questions and comments. Importance was given to all the recommendations or comments made by the shareholders, with all questions comprehensively clarified and all useful suggestions brought into account.

The vote casting and the vote counting were undertaken openly and transparently. Weerawong, Chinnavat & Peangpanor Ltd., legal consultant and volunteer for shareholders were invited to witness the vote counting on all agenda items.

In addition, assessment forms of shareholders' meeting were disseminated to gather feedbacks and comments from the shareholders to improve and develop shareholders' meetings in the future to be more efficient and maximize benefits for the shareholders.

The meeting minutes and detailed votes on all items, as well as essence of shareholders' inquiries, clarifications of the Board of Directors & CEO and resolutions were recorded completely and accurately by the Company Secretary.

3. After the meeting

After the meeting, the minutes of the meeting that would be proposed for adoption at the next meeting were submitted to the relevant authority within the specified period, and made available to the shareholders on the Bank website at www.tmbbank.com promptly including the systematic filing for monitoring and reference.

Furthermore, the Bank recorded the meeting into DVD for the shareholders who could not attend the meeting by notifying them via the Bank's website. If the shareholder interest DVD, they can contact the Bank.

From such operation, the Thai Investors Association qualitatively assessed the 2013 Annual General Meeting of the Bank as 'Excellent'.

2. Equitable Treatment of Shareholders

The Bank has been committed to conducting business under good corporate governance principles and has policy to assure all shareholders, i.e. majority shareholders, minority shareholders, individuals and institutions or foreigner. Under the policy, Thai and foreign alike, of their rights to fair and equitable treatment as follows:

1. Rights to attend the shareholders' meeting

For each shareholder's meeting, all shareholders will have equitable right to attend the meeting. Opportunity is opened to those who are unable to attend the meeting in person to appoint proxies to attend and vote at the meeting on their behalf. The Bank has arranged to have its independent directors who do not have interests in the business on the agenda be available for the appointment as proxies. The shareholders may appoint other persons as their proxies.

2. Rights to vote at the shareholders' meeting

At each meeting of shareholders, the Bank specifies that the rights to vote shall be accordance with the amount of shares held by the shareholders, with one share equivalent to one vote. The voting shall be carried out rapidly and the counting of the votes shall be transparently disclosed. The majority votes will be considered as the resolution except for special resolutions of certain cases set forth by the laws requiring the votes of at least three-fourths of the votes of all the shareholders attending the meeting and having the rights to vote. With regards to the voting method, the shareholders can vote to agree, not agree, or abstain from on each agenda in the voting cards. The Bank collects the voting cards from the shareholders on every agenda that needs to be voted for resolution and vote counting by barcode system. The Bank will notify to the shareholders the voting result on every item once the counting is finished, divided into approval votes, dissenting votes and abstentions, as well as invalid ballots. The resolution of the meeting according to the voting result on each item will be recorded in writing and all ballots will be kept for further examination.

3. Rights to appoint directors individually

At every annual ordinary general meeting of shareholders, one-third of the total number of the directors of the Bank shall retire. The Bank has an agenda item concerning the election of the Bank's directors. The shareholders are allowed to vote for the election of directors by individual which is the practice in conformity with good corporate governance that shareholders

have the right to choose the person/s that they deem having proper qualifications to perform duties as directors so as to safeguard the shareholders' interests. This will enable the Bank to have directors from diversified fields to represent the shareholders. The Bank also has an agenda on directors' remuneration to be proposed for consideration and approval on an annual basis.

4. Rights to propose to the meeting agenda items and make director nominations

The Bank has realized the importance of the rights and the equitable treatment of shareholders which are part of corporate governance practice. It has allowed the shareholders to propose issues for the meeting agenda and make director nominations in advance. The Bank has clearly posted on its website as well as through the SET informing the shareholders of such right and procedure as well as the Bank's criteria and timeframe within which they are to make proposals.

3. Role of Stakeholders

The Bank has policy to treat fairly all stakeholders, comprising shareholders, employees, customers, business partners and creditors, investors, government authorities and the society, and other relevant parties. The Bank has put in place the system to handle customers' complaints and resolve their problems with prudence and fairness. Customer information is to be kept confidential in compliance with the agreements made with business partners. The Bank's business operations are based on fair and ethical competition. The employees have been treated fairly and equally. Training has been provided to enhance staff's knowledge, potential and efficiency, and fair compensation scheme has been mapped out. The Bank has also promoted corporate governance culture within the organization.

To ensure all stakeholders' full access to their rights, the Bank has laid down relevant policies for all stakeholders as follows:

1. Policy for Stakeholders

• Shareholders Policy

The Board of Directors has policy to operate the business to have satisfactory performance by taking into account sustainable growth on a long run based on the Bank's full potential and capability. This is to enhance the Bank's value in terms of both share price and attractive dividend payment.

• Employees Policy

Employees are the most valuable resources and important factor for the Bank's success. The Board of Directors has policy that all employees are supported and their capability is developed to have the highest performance ability. The employments are fair and appropriate for all employees to have career advancement opportunities with returns that reflect their ability. Employees' opinions are welcome. The Bank ensures good benefit and good work environment with occupational safety standard and takes an interest in every employee's well-being. Employees

are treated with politeness and their individuality is respected. The consideration of employment, promotion and rotation of employees are based on fair treatment and use of human resources for the Bank's optimum benefits.

The Bank has built up an organization culture, namely TMB WAY which is a significant foundation to help all employees fully unleash their work potential. It also encourages the employees to have working attitude in the same direction so as to further drive the Bank to the goal. TMB WAY comprises Customer Centricity, Open Communication, High Performance, Risk Management and Integrity.

The Bank instills four key Make THE Difference brand DNA as working practices in the employees so as to achieve outstanding success. Four key DNA are:

1. Why Not Attitude?
2. Genuine
3. Intelligent
4. Simple and Easy

These four key principles can help develop the employees' potential and roles enabling them to unleash their energy for driving the Bank to achieve the goal. Moreover, this is in order to enhance all employees to perform their duty with full commitment and as best as possible.

- **Customers Policy**

The Board of Directors has policy to take the customer centricity strategy in its business operations to provide the customers with diversified services and products that can well respond to their needs and create maximum customer satisfaction.

The Bank has cultivated good working attitude for the employees in order to create the best experience for the Bank's customers under the following practices:

1. Acknowledge and understand the customers' needs.
2. Understand products, services and our own responsibility in order to provide the best to the customers.
3. Provide quick and convenient services beyond the customers' expectation.
4. Be ready to do challenge things for the highest benefits of the customers.
5. Protect the customers' benefits as it is our own benefits.

- **Business Partners Policy**

The Bank gives importance to operate business with partners in long-term and sustainable way as the good business alliances. The Board of Directors has determined clear policy for partner treatment. For example, procurement of materials, hardware, employment, leasing and high purchase. The practices have been orderly and strictly in compliance with criteria for fair treatment, transparency, auditing, and mutual ultimate benefits in terms of quality, price, terms and conditions of services and products.

The Bank's guidelines for business partner are as follows:

1. Procurement officers and those related to procurement

process shall perform duty impartially, honestly, independently and transparently regarding contact and coordination with suppliers.

2. Procurement officers and relevant persons, including their direct family members, who have direct or indirect vested interest with procurement and employment, for example, employee, director, partner or advisor of the sale company, shall not participate in considering the specific procurement whether there is remuneration or not.
3. Procurement officers and relevant persons, including their direct family members, shall not obtain any personal gain of commission, fee or token of appreciation from suppliers.
4. In case of receiving presents and/or gifts, procurement officers and relevant persons, including their direct family members, shall comply with the regulation 'Accepting Gifts'
5. Procurement officers and relevant persons, including their direct family members, should not be the one borrowing from or lending to the existing suppliers or suppliers who are making an offer to the Bank.
6. Procurement officers and persons related to procurement shall not disclose names of the persons selecting supplier, price, offer or technical information of procurement apart from public information of the selection team to those not being directly responsible or other suppliers to prevent non-transparent supplier selection and to provide fair treatment to all suppliers making price proposal to the Bank.

- **Creditors Policy**

The Bank has policy to strictly honor and comply with conditions with creditors. Loan and interest payment are monitored to ensure complete and timely payment to all creditors. Loan conditions are rigorously complied to without any misused fund allowed. Besides, the Bank operates business in the way to build confidence for creditors in the Bank's good financial status and debt serviceability as well as report the complete and accurate information to creditors.

- **Competitors Policy**

The Board of Directors has policy to carry out business with free competition, fairness, honesty and shall not sabotage or restrict the business of the competitors.

The Bank's guidelines for competitors are as follows:

The Bank has conducted its business on a fair play basis. The Bank not use a disgraceful approach such as bribery in order to get competitors' sensitive confidential information. The Bank also refrain from attacking the competitors with false allegations.

- **Investors Policy**

The Board of Directors has policy to disclosure of correct, complete and sufficient information to timely serve investors' decision making.

- **Government Agencies Policy**

The Board of Directors has policy to conduct its business to

be strictly in compliance with laws, rules and regulations and relevant regulatory requirement, as well as provide cooperation with the regulators such as compliance with Thai law relevant to collective anti-corruption etc.

- Corporate Social Responsibility Policy

The Bank has recognized the significance of corporate social responsibility (CSR). With a strong commitment to its accountability to the society, the Bank has policy to support various activities relating to the promotion of social quality in many respects and has followed up the results of which for further improvement. (see more detail in section 17).

2. Policy on Compliance with International Human Rights Principle

The Board of Directors has policy to places importance on equality of all employees. Hence, the Bank shall not do anything considered as human rights violation which is discrimination against individual on grounds of the difference in origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, economic or social standing.

3. Policy on Non-Violation Against Intellectual Property Rights or Copyrights

The Board of Directors has policy to operate its business without violating or exploiting copyrighted works or intellectual property, unless legal permission is granted by the copyright owners.

In the operation on information technology, development system, providing IT program and IT equipments, the Bank comply with Copyright Act and support law of Department of Intellectual Property and also support audit by copyright owner. In addition, the Bank conduct employees do not copy, modify, public on some part or all of copy or original documents. The Bank does not allow employees use license program of the Bank / EXE file / song / games / and other link within the Bank.

4. Policy on Anti-Fraud and Anti-Bribery Measures

The Board of Directors places importance on prevention and suppression of fraud, bribe, corruption within the Bank. The Board of Directors provide Anti Fraud Policy, TMB Anti-Money Laundering/Combating of financing Terrorism Policy, with strict measures for fraud detection in order to reduce fraud related losses. The relevant policies, standards and procedures have been determined to enhance efficiency and effectiveness in fraud prevention and suppression within the Bank. This includes preventive measures prohibiting an outsider to use the Bank to commit illegal actions. For Example;

1. Defining and assigning roles and responsibilities with respect to combating fraud
2. Defining measures and controls to increase fraud prevention and fraud detection
3. Creating a network of anti-fraud specialists to assist the Bank entities in integrating and coordinating their anti-fraud activities

4. Defining measures in order to embed anti-fraud into the Bank entities
5. Defining measures to create awareness of fraud risk amongst management and staff and defining clearly what is expected from them.

In addition, The Bank places importance on anti-bribery for the Bank's business benefit or anti-bribery in business agreement with government and private organization. The Bank provide Gift, Entertainment and Anti Bribery Policy for the employees to use as guideline in their operation.

(See more details of collective anti-corruption in section 17, CSR)

5. Policy on Whistle Blowing or Complaints

The Board of Directors has policy to ensure that all stakeholders are able to communicate, report, or complain about improper deeds such as violations of laws and regulations, misconduct and unethical behaviors, embezzlement, frauds, and corruption. The stakeholders can report or make complaints conveniently through channels provided by the Bank either in writing or through the Bank's website. With the imposed policies and procedures, the complaints will be forwarded to concerned work units for quick investigation and correction. After that, the whistleblowers, whose identities and complaints will be kept confidential for their safety, will get notified of the Bank's operation. In addition, the Bank has measure protection whistleblowers from getting threaten and penalty from whistle blowing.

6. Policy on conflict of interest

The Board of Directors has policy for imposing strict measures for conflict of interest or related transaction or connected transaction management. The transactions that may pose a conflict of interest are performed in conformity to the regulatory rules. These transactions are treated in the same manner as those made with the outsiders (an arm's length basis) and the stakeholders shall not participate in the approval process. The Board of Directors has policy for making transactions with conflict of interest in order to treat such transactions with fairness, transparency and in accordance with the relevant regulatory requirement. The Bank shall disclose any such transactions accurately and completely under the good corporate governance principles.

7. Policy on Internal Control

The Board of Directors has policy for internal control in both managing and operational levels and put in place the efficient, appropriate and adequate internal control systems and conduct regular assessment. Besides, The Board of Directors supervise the work units to comply with laws, relevant regulatory requirements, policies and the Bank's regulations to ensure that the benefits of the Bank and the stakeholders are protected with the best effort.

8. Business ethics and code of conduct

The Board of Directors realize good conduct to conserve and

uphold the Bank's honor and reputation, business ethics and code of conduct have been provided to the directors, executives and employees as principles for them to comply with. By doing so, virtue and ethics in daily work will be reflected and this will result in social reliability and confidence.

4. Disclosure and Transparency

The Board of Directors has policy regarding to disclosure of the Bank's financial and non-financial information relevant to the business and performance result that information will be disclosed correctly, completely, sufficiently, reliably and timely. Such information will demonstrate the true business operational condition and financial status of the Bank. This is to ensure the stakeholders have equal access to adequate information through channels in both Thai and English. Significant information will be disclosed to the public completely in line with the criteria and regulations of the SET and the Securities and Exchange Commission, including the good corporate governance principles.

The Bank gives importance to manage investor with institutional and individual investors, both domestic and overseas, with the concern of correctness, completeness, quality and adequacy of the information disclosed to the investors, securities analytics, etc. on a timely manner. The Bank's management team will arrange meetings with investors and securities analytics on a regular basis by convening meetings to present the quarter and annual operating performance and attending seminars with the investors and securities analytics, domestic and overseas. This is to build their confidence in the Bank's performance and establish long-term relationship.

The Bank has established Investor Relations unit to correspond and communicate with investors, securities analytics, etc. to provide them with accurate and complete information of the Bank in terms of both financial and general information on a timely manner and in accordance with laws or relevant regulations. This is to support the decision-making, create confidence and good reputation to the Bank. In 2013, the Investor Relations unit met and provided information to concerned parties on the following occasions:

Types of Meeting	No. of Times	No. of Companies	No. of Persons
One-on-One meeting	52	64	85
Analyst and Investor Group Meeting	6	101	156
Non-Deal Roadshow and Investor Conference	8	84	111
Total	66	249	352

Investor Information contact: Investor Relations, Strategy and Transformation, Floor 28, TMB Head Office
Tel. 02-299-1178 Fax. 02-299-1211,
Email: investor.rel@tmbbank.com, Website: www.tmbbank.com.

Shareholder Information Contact: Board Committees and Shareholder Services, Floor 28, TMB Head Office
Tel. 02-299-2769, 02-299-1406 Fax. 02-299-2758.

5. The Responsibilities of the Board of Directors

1. Board of Directors' structure

The Board of Directors set up Board of Directors' structure to contain proper composition of members in respect of the fair investment portion of each group of investors. The Board structure has been established with clear and transparent scope of responsibilities with balance of management power without allowing any person or group of persons to have unlimited power. In addition, the Board structure has diversity such as skills and expertise etc.

2. Composition of the Board of Directors

The composition of Board of Directors is composed of non-executive directors, executive directors and independent directors at least one-third of the total number must be independent directors and not less than three independent directors. Each independent director must have qualifications as prescribed by the regulatory criteria. The qualification of independent directors set by the Bank is more stringent than that under the criteria set by the Capital Market Supervisory Board.

3. Board Meeting

The Board meeting has been held at least once a month. The meeting date shall be scheduled in advance so that the Board members are able to plan the attendance of every meeting. In case of an urgent case, the Board can arrange a special meeting as deemed necessary. The meeting agenda shall be endorsed, with clearly-divided session, by the Chief Executive Officer and approved by the Board Chairman. In addition, The Bank also hold non-executive directors meeting of which the executive director or management is not present.

The Bank sends the meeting documents and invitation letter to directors in advance so that the directors will have sufficient time to read the documents for preparation. The Secretary to the Board of Directors shall ensure that all directors completely receive all relevant documents and have sufficient time to study and consider the information to support their decision making on each agenda in advance. The directors can additionally ask for necessary information regarding the meeting agenda from the management. In this regard, the Board Secretary shall be responsible for preparing the written minutes of the meeting and filing to be available for inspection.

Directors attend every meeting except for a case deemed necessary. Nonetheless, the directors have to attend the meeting at least 50% of total number of the meetings held in each year.

In the meeting, the Chairman shall declare the meeting open and proceed with the business on the agenda. The time shall be appropriately arranged for the Management to present the information and provide chance for the Board members to raise inquiry and express their opinions on a significant issue which will be summarized as the meeting resolution. Directors who have conflict of interest on that agenda shall leave the meeting and will not be entitled to right to vote.

In January – December 2013, there were 16 meetings of the Board of Directors. Details of the meeting attendance of the Board of Directors and board committee members are as follows:

Name	Board of Directors	Board of Executive Directors	Credit Committee	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Risk Management Committee
Total number of meetings in 2013	16	16	17	20	15	13
Ms Saowanee Kamolbutr ¹ (Until May 2, 2013)	6	–	–	–	–	–
Mr Rungson Sriworasat ² (From June 5, 2013)	9	–	–	–	–	–
General Prayut Chan-o-cha	9	–	–	–	–	–
Mr Philippe G.J.E.O. Damas	15	16	–	–	15	–
Dr Vijit Supinit ¹ (Until April, 2013)	5	–	–	4	–	–
Mr James Park Stent ¹ (From April 12 – November 30, 2013)	8	–	–	12	–	–
Ms Swee-Im Ung	13	–	12	–	–	11
Mr Pongpanu Svetarundra	16	15	17	–	15	–
Mr Vaughn Nigel Richtor	9	10	–	–	–	–
Mr Amorn Asvanunt	13	14	14	–	–	10
Mr Christopher John King	14	–	–	15	13	–
General Kamon Saenissara	16	–	–	20	–	–
Mr Rachane Potjanasuntorn	16	–	–	–	15	13
Mr Boontuck Wungcharoen	16	14	14	–	–	11

¹ Not currently board member.

² Mr Rungson Sriworasat was appointed as a director to replace Ms Saowanee Kamolbutr from the Board of Directors' meeting on May 23, 2013 and effective from June 5, 2013.

Notes:

1. Mr Philippe G.J.E.O. Damas is a director who does not have residence in Thailand. The Board of Executive Directors meetings no. 1/2556 Mr Philippe G.J.E.O. Damas joined the meetings through teleconferencing / videoconferencing system.
2. Mr Vaughn Nigel Richtor is a director who does not have residence in Thailand. The Board of Executive Directors meetings no. 1/2556, 6/2556 and 10/2556 Mr Vaughn Nigel Richtor joined the meetings through teleconferencing / videoconferencing system.
3. Ms Swee-Im Ung is a director who does not have residence in Thailand. The Credit Committee meetings no. 5/2556, 6/2556 and 12/2556 Ms. Swee-Im Ung joined the meetings through teleconferencing.

4. Non-Executive Directors and Independent Directors Meeting
In 2013, non-executive directors and independent directors had meeting of which the executive director was not present with consideration of selected important issue.

5. Segregation of duties and check and balance of non-executive directors

Chairman of the Board of Directors, and Chief Executive Officer must not be the same person to prevent any person or group of persons to have unlimited power and to enable proper.

The Chairman of the Board of Directors must not serve in any position of the committees and involve in normal daily management activities. Meanwhile, Chief Executive Officer shall take responsibilities for the Bank management in respect to the scope of authority delegated by the Board of Directors.

In addition, member of the Board except for Chief Executive Officer must not be the Bank's staff and shall not involve in normal daily management activities of the Bank. In this regards, the segregation of duties between the Board of Directors and the Management has been determined clearly.

6. Terms of Directorship Policy

The Board of Directors has determined policy that the terms of directorship is as prescribed in Clause 17 of the Bank Article Association state that in each annual general shareholders meeting, at least 1 of 3 of the directors shall retire. Should the total number of directors cannot be divided exactly by 3, the number of directors closest to the 1/3 ratio shall apply. In short, an average term of director is 3 years.

7. Assumption of Directorship in Other Companies by Directors Policy

The Board of Directors has determined policy that directors of the Bank should not assume the position of director in more than 5 listed companies. Moreover, directors of the Bank are able to assume a position or several positions, including the chairman of the board, an executive director, or an authorized signatory director in other companies in no more than 3 business groups. Assuming the positions of the chairman of the board, an executive director, or an authorized signatory director in a company that is not a part of a business group shall be treated as one business group.

In addition, Directors shall disclose the information regarding assumption of directorship in other companies to the Bank as per regulatory requirements and the Bank regulation.

8. The practices of the board on role and responsibilities of the Board of Directors

Policy determination

The Board of Directors responsibilities include approving policies and passing endorsement for the Bank's operational related activities e.g. vision, mission, strategic business plans, annual budget, human resource, approve financial statement as

well as supervising the management to ensure that the management has run the business in line with the policies and plans set forth.

Compliance

The Board of Directors responsibilities include performing duty in compliance with relevant laws, regulations, and regulatory requirements to ensure that the Bank implement operation on an accurate and transparent basis under good corporate governance.

Internal Control

The Board of Directors responsibilities include monitoring and ensuring proper internal control measure to have efficient management system that is adequate for the acceptable risk level and suitable for working features or operational processes of a business unit. The audit committee is assigned to regularly monitor the internal control and assess the efficiency and the adequacy of the internal control periodically in order to improve the internal control measure to be comprehensive and appropriate with changes, as well as report to the Board of Directors on a regular basis.

Risk Management

The Board of Directors responsibilities include ensuring the Bank has in place established policies and procedures of risk management with efficient risk report, and provide adequate risk management tools to cover all risk areas. The Board of Directors also monitor the Bank's management of risk to ensure the appropriate and acceptable risk level, and review the risk management process on a regular basis, oversee the Bank to have credit and investment policies taking place with an emphasis on credit granting to a business related with directors, a person having management authorization or major shareholders. Supervising to ensure that NPL and problem investment policies take place and setting NPL provision that is adequate for possible damages by assigning Risk Management Committee to govern the risk management process to ensure the process is executed in an effective manner and report to the Board of Directors on a regular basis.

Oversight of Capital Adequacy

The Board of Directors is responsible for ensuring the stability and adequacy of the capital to support entire business activities at present and in the future, as well as supervise the Bank to establish processes or tools to maintain the capital adequacy at stable level.

Management of Conflict of Interest

The Board of Directors is responsible to govern the business operation management is carried out on an efficient basis with transparency to prevent the conflict of interests from business management, whereby concerned directors, executives and staff in any particular issue shall not participate in consideration and voting for such issue.

The responsibilities also include supervising the Bank to completely disclose the information relevant to conflict of interest.

Adherence of Good Corporate Governance

All directors has performed their duties with integrity, and shall not seek personal benefit, as well as shall not either participate or be involved in the decision making regarding transactions or business which the directors have conflict of interest. Also the directors monitor the management to perform the duty in compliance with policies and strategies determined, supervise the Bank to prepare business ethic and employee code of conduct in writing, as well as govern the Bank to have proper segregation of duties and check and balance in place.

9. Reporting of the Interest of Directors Policy

The Board of Directors has determined policy that all directors are required to report their interest or their related persons' interest as stipulated by laws. The Bank's directors have to prepare a report of interest using a form on interest as specified by the Bank and certify the correctness of the information therein, and submit it to the Bank within specified timeframe. TMB state policy to require directors and managements to report their transactions of the company's common shares to the BoD every month.

10. Directors' Performance Assessment

The Board shall conduct Self-Assessment once a year so that the Board have opportunity to review their duty, performance, problems and obstacles incurred during the year.

Assessment's Criteria

The self-assessment is undertaken in three tiers below:

1. Assessment of the whole Board of Directors' performance
2. Assessment of the performance of each Board committees, i.e. the Audit Committee, the Board of Executive Directors, the Credit Committee, the Nomination, Remuneration and Corporate Governance Committee, and the Risk Management Committee.
3. Individual Board Member Self-Assessment

Assessment's Method

1. The self-assessment of the Board of Directors will be made by all the Board's members.
2. The self-assessment of the board committees will be made by all the members of the board committees, member of the Board (by volunteer) and the Bank's executive who take position in the board committees on an individual committee basis.
3. Individual Board Member Self-Assessment will be made by all the Board's members.
4. The secretary of each committee will also join in the assessment.

11. Enhancement of Directors' Performance

The Bank have an orientation for the new directors in every time that has an appointment and provide them "The Director's Handbook" so that they can have the awareness of their roles and responsibilities, the Bank's business operations and relevant regulatory requirements. Besides, the Bank arrange meetings between the Bank's executives and the new directors to make discussion on the Bank's business operations in detail.

The Bank encourage the directors to participate in training courses to expand their knowledge at least one course related to their directorship, of which courses are provided by Thai Institute of Directors ("IOD") such as Director Accreditation Program (DAP), Director Certification Program (DCP) or other programs relevant to director's roles and responsibilities or the bank's business operations. This aims at enhancing directors' skills and competency, and the Bank will be responsible for all expenses. Furthermore, the Bank also provide internal training which are relevant to bank business and director's responsibilities.

In 2013, the Bank had 4 directors participate in training course "Financial Institutions Governance Program (FGP)" which are provided by IOD.

The foreign directors already participated in the professional director training from aboard same as IOD programs. The Bank support the foreign director to take IOD training course also.

12. Executive Succession Plan

The Board of Directors determines that the executive succession plan is a key composition for the strategic planning. The Board has set up policy, work plans and procedures in connection with the mission and business goal so as to ensure that the executive succession is carried out smoothly and continuously, The succession planning starts for chief level and continues to subsequent manage levels.

Other Related Information and Effecting Factors

Related Transaction

Transactions with related parties which occurred during the years

Related party disclosures, which comprised of definitions and characteristics of relationship, pricing policy, significant agreements with related parties, senior management personnel compensation, other benefits payable to the directors and executives, transactions with related parties which occurred during the years and outstanding balances with related parties, were disclosed in notes to financial statements for the year ended December 31, 2013.

Measures or Procedures to approve the making of related transactions

The Board of Directors arranged to have the regulation on any transaction having or considered having possible conflict of interest in order to ensure such transactions are treated correctly and completely according to the BoT's, the SEC's and the SET's regulations on credit transactions, investment, incurrence of commitments or credit-like transactions, including other transactions, for example, asset lending and leasing, property lending and leasing, procurement, entering into any service agreement, asset buying or selling, etc.

The consideration of the transactions that may involve conflict of interest or the connected transactions or the related transactions has been made stringently in accordance with the regulatory regulations and international standards. These transactions have been treated the same as those made with outside parties (Arm-Length Basis). Stakeholders in any transaction shall not participate in the consideration and approval of such transaction. The information is disclosed transparently under corporate governance practice.

Persons who may have conflicts of interest to hold more than a 5% of stake in subsidiary company or associated company instead of direct shareholding by the Bank.

The Bank has no policy to allow any person who may have a conflict of interest to hold shares on its behalf, unless such shareholding is essential for the Bank to comply with the law.

Legal Disputes

1. Legal disputes in which TMB is defendant

As of December 31, 2013, TMB Bank Plc. (TMB) or its subsidiary was involved in one case of legal dispute, which is not yet finalized. This could negatively affect the Bank's assets in an amount of higher than 5% of its shareholders' equity as per financial statements, ending December 31, 2013. Details of the case are summarized as follows:

Legal dispute between Luang Bumrung Limited Partnership and TMB

On August 7, 2000, Luang Bumrung Limited Partnership (LBP) which is a juristic person registered with the Ministry of Commerce, with a registered capital of THB5 million, was the plaintiff bringing a lawsuit to the Southern Bangkok Civil Court against DBS Thai Danu Bank Plc. (DTDB) (which has now merged with TMB, hence all of the rights and obligations has been transferred to TMB) as the 1st defendant together with 16 directors with regards to the violation of guarantee agreement, and claimed for compensation of about THB140.261 billion. The court accepted only the claim against DTDB and dismissed the claim against all the directors.

Pursuant to the claim by LBP, LBP had contacted and entered into agreement with Bangchak Petroleum Plc. (BCP) regarding oil purchase. DTDB, Ladprao Branch, by Mrs Panee Boonnak (Mrs Panee), is claimed to have issued a letter of guarantee (L/G) to LBP to guarantee the trading of oil with BCP in an amount of up to THB200 million. Later, BCP informed LBP that an account for the trading of oil with LBP could not be opened as, upon examination of the L/G, DTDB was not the issuer of the L/G. DTDB then requested to have the L/G returned to be used in bringing a criminal case against its staff. LBP deems that DTDB's denial of being the issuer of the L/G is considered as a violation of the agreement with LBP and has caused damage to LBP.

DTDB defended the case that the L/G was fraudulently issued. Mrs Panee, DTDB's Assistant Branch Manager, issued the L/G upon LBP's request without the due authorization of DTDB. Furthermore, as regards the case which DTDB together with the public prosecutor were plaintiffs bringing a criminal case against Mrs Panee, the final judgment was passed and the court ruled that the L/G was a forgery. Therefore, in informing BCP that DTDB was not the issuer of the L/G, DTDB could not be deemed as having violated the agreement and did not do any harm to LBP.

On December 29, 2004, the Southern Bangkok Civil Court passed a judgment for the red case no. 10000/2547 that the L/G used by LBP in the litigation was the L/G fraudulently issued by Mrs Panee without the due authorization of DTDB. Moreover, the final judgment already passed for the case which DTDB together with the public prosecutor were plaintiffs bringing a criminal case against Mrs Panee regarding the issue of the L/G. The criminal court ruled that such L/G was a forgery and that DTDB was not the issuer of the L/G to LBP. Therefore, DTDB did not have to be liable for the L/G. The Southern Bangkok Civil Court, in this regard, dismissed the claim.

On March 15, 2005, LBP appealed this judgment to the Appellate Court, and on August 31, 2005, TMB defended the case. The Appellate Court, on May 14, 2010, decided to uphold the earlier judgment (Case Dismissal).

Later, on August 16, 2011, LBP submitted the case further to the Supreme Court, including making motions requesting to stay for execution and sue in forma pauperis (court fees waived). TMB defended the case and its motions on October 20, 2010. The Court, on November 15 2010, rejected the LBP's motion regarding to sue in forma pauperis (court fees waived) and ordered LBP to pay court fees within 15 days upon hearing date of rejection in order to continue the case. LBP, however, appealed the rejection result. The Court has not yet to decide the matter.

In this respect, the Bank's Management deems that the claim against the Bank in the stage of the Supreme Court has little merit and is unlikely to succeed; therefore, the Bank will not have to be liable for this case.

2. Legal disputes in which TMB is plaintiff

Apart from the above case, TMB is still engaged in another case of legal dispute in which the Bank is plaintiff. In this regard, the Bank deems it suitable to inform the investors of the matter. Details of the case are summarized as follows:

Legal dispute between TMB and Thai Asset Management Corporation (TAMC)

On April 2, 2007, TMB brought a lawsuit to the civil court against Thai Asset Management Corporation (TAMC) and Financial Institution Development Fund (FIDF) as the 1st and 2nd defendants respectively with regards to the violation of promissory notes and aval, claiming for compensation of about THB7.196 billion.

Pursuant to the case that DTDB and the Industrial Finance Corporation of Thailand (IFCT) entered into asset transfer agreements with TAMC. Later, following the Bank's merger with DTDB and IFCT, all of the rights and obligations under these asset transfer agreements were transferred to the Bank.

Later, TAMC sent a letter requesting downward adjustment of the NPA transfer price comprising machinery and/ or other assets pledged as guarantee on the basis that machinery and/ or other assets pledged as guarantee were not legally perfected. TMB did not consent to this request and sent a letter contradicting such downward adjustment. On July 20, 2006, TAMC informed TMB to return three promissory notes totaling about THB 6.525 billion to TAMC, as TAMC would like to adjust the amount and redeem the notes via a partial payment. In this respect, TAMC agreed to issue and deliver new promissory notes with aval provided by FIDF to TMB. Therefore, the Bank returned the promissory notes to TAMC. However, TAMC did not comply with the agreement, i.e. TAMC would not issue and deliver new promissory notes with aval provided by FIDF to TMB.

Moreover, on November 14, 2006, TAMC did not make debt repayment of about THB520 million to TMB, refused to make a partial payment and revoked one promissory note with aval provided by FIDF for the partial payment of the transfer price of the NPAs.

On April 2, 2007, the Bank therefore initiated legal proceedings against TAMC and FIDF to the Civil Court to seek the following relief from the Court. Details are summarized as follows:

1. TAMC to issue a promissory note of about THB4.432 billion avaled by FIDF with a maturity date on December 31, 2012 and with interest to be payable on the last business day of every year to TMB which is entitled to the payment. If TAMC and FIDF fail to do this, they are required to jointly pay such amount plus interest from the date of the court filing.
2. TAMC to issue a promissory note of about THB2.027 billion avaled by FIDF with a maturity date on October 31, 2011 and with interest to be payable on the last business day of every year to TMB which is entitled to the payment. If TAMC and FIDF fail to do this, they are required to jointly pay such amount plus interest from the date of the court filing.
3. TAMC to issue a promissory note of about THB12 million avaled by FIDF with a maturity date on February 28, 2013 and with interest to be payable on the last business day of every year to TMB which is entitled to the payment. If TAMC and FIDF fail to do this, they are required to jointly pay such amount plus interest from the date of the court filing.
4. TAMC and FIDF to jointly pay about THB520 million plus interest calculated from the average deposit interest rate until the date of the court filing amounting to about THB 15 million, hence a total amount of about THB535 million plus interest from the date of the court filing onwards.

On April 27, 2010, the Civil Court passed a judgment for the red case no. 1681/2553 that TAMC to issue 3 (three) Promissory Notes. The first note amount THB 4,431,879,337.93 with a maturity date on December 31, 2012. The second one amount THB2,027,134,274.65 with a maturity date on October 31, 2011 and, the third one amount THB12,002,000 with a maturity date on February 28, 2013. All ones shall be honored at the issuer bank with interest, to be payable on the last business day of every year, at rate quarterly calculation from the arithmetic mean of the average deposit interest rate weighted on all kind of deposit accounts (including currency account) only in Thai Baht provided by Bangkok Bank PLC, Krung Thai Bank PLC, Kasikorn Bank PLC, Thai Commercial Bank PLC and Bank of Ayudhya PLC. They shall be avaled by FIDF and delivered to TMB entitling as payee. FIDF and TAMC shall be mutual responsibly for the judicial fees incurred and the lawyer fee amount THB200,000. Other filing claims apart from the judgment are dismissed.

The aforesaid judgment has dismissed the filing claim no. 4 mentioned hereinabove on the basis that TMB has not right to filing this claim since, on the filing date (April 2, 2007), the Promissory Note of THB520 million being hold by TMB is not honored yet due to its maturity date on February 14, 2013.

Case is being held in the Appellate Court. TMB appealed case on August 23, 2010. Both FIDF and TAMC made their appeal file on September 21, 2010 as well.

Corporate Social Responsibility (CSR)

TMB realizes the importance of Corporate Social Responsibility (CSR) and is strongly determined to operate in alignment with sustainability development principles through the involvement of various projects and activities in order to enhance the quality of society in many aspects and also appropriately monitor the results for further development.

The Bank has set up Corporate Responsibilities unit under Corporate Communication for CSR activities and sustainability development. This working unit takes on continuous promotion of activities and projects for social and environmental development. The Bank's employees and other stakeholders are also persuaded to voluntarily join with the programs to help and grant benefits to communities and societies through various kinds of activity in order to improve quality of life for the communities, as well as sustainable development of the society and the environment.

1. Policy and Direction

The Bank has clear strategy to operate under the principles of social and economic responsibility. The Bank's policy toward key stakeholders can be highlighted as follows:

Shareholders and Investors

The Bank is committed to operate its business to deliver good performance with an aim to have long-term sustainable growth on the Bank's full potentials. This is to enhance the Bank's value in terms of both share price appreciation and attractive dividend payment.

The Bank is also committed to disclose correct, complete and sufficient information in order to enable investors to understand the Bank's operation and future prospective to support investors' decision making in a timely manner.

The Bank has a comprehensive Risk Management policy which complied with the international standard covering multiple risk aspects to ensure clear and transparent operations. Moreover, the Bank's investors can be assured that the Bank does not involve in the businesses that are conflicted with international ethic principles.

Customers

The Bank has embedded the Customer Centricity concept in its business operations. This enables the Bank to best provide the customers with diversified services and products that can well respond to their needs, create maximum customer satisfaction, and maintain strong customer relationships.

TMB is committed to **Make THE Difference** brand. The Bank is the pioneer in offering the new financial products and services possibility to the market to truly focus on the benefits to the customers. The Bank has cultivated good working attitude for the employees in order to create the best experience for the

Bank's customers under the following practices.

1. Acknowledge and understand the customers' needs
2. Understand products, services and our own responsibility in order to provide the best to the customers
3. Provide quick and convenient services beyond the customers' expectation
4. Be ready to do challenge things for the highest benefits of the customers
5. Protect the customers' benefits as it is our own benefits

Employees

Employees are the most valuable resources and important factor for the Bank's success. All employees are supported and developed to have the highest ability in performing work. The employment conditions are fair and appropriate for all employees to have career advancement opportunities, while remunerations reflect their abilities. Employees' opinions are welcome. The Bank ensures good benefit and good work environment with occupational safety standard and takes an interest in every employee's well-being. Employees are treated with politeness, and their individualities are respected. The consideration of employment, promotion and rotation of employees are based on fair treatment and utilization of human resources for the Bank's optimum benefits.

The Bank has built up an organization culture, the TMB WAY, which is a significant foundation to help all employees fully unleash their work potential. It encourages the employees to have working attitude in the same direction so as to further drive the Bank to the goal. TMB WAY comprises Customer Centricity, Open Communication, High Performance, Risk Management and Integrity.

Moreover, the Bank is committed to Human Resource policies which continuously reinforce the Bank to be the organization that can attract and maintain the quality employees. The essential components are Clear Career, Performance Recognition, Best Development and Make THE Difference culture.

Business Partners

The Bank realizes the importance of cooperation with business partner in long-term and sustainable way for strong business alliances. The Bank has clear policies for practices to business partners; for example, procurement of goods and services, employment, leasing and hire purchase. The practices have been orderly and strictly complied to, in order to ensure fair treatment, transparency, audit ability, and mutual ultimate benefits in terms of quality, price, terms and conditions of services and products.

Creditors

The Bank has a policy to strictly honor and comply with conditions of creditors. Loan and interest payments are monitored to ensure complete and timely payment to all creditors. Loan utilization is rigorously complied with loan objective whereby any violation of loan agreement is prohibited. In addition, the Bank operates

business in the way to build up creditability from strong financial position and sound debt service ability as well as reports the complete and accurate information to creditors.

Competitors

TMB's operation is based on free competitive environment while the Bank has strong adherence to business morale and honesty without any intention to sabotage or obstruct business of the competitors.

The Bank keeps its role in cooperation with other financial institutions in order to enhance the efficiency of entire commercial banks and strengthen Thai financial market.

Government Agencies

The Bank strictly conducts its business in compliance with laws, rules, regulations and relevant regulatory requirements with the willingness to maintain good collaboration with the regulators such as compliance with Thai law relevant to collective anti-corruption.

Moreover, the Bank is determined to promote fraud protection and anti-corruption, as it is a subject of strong importance to the country. Accordingly, TMB has clear policy statements and initiatives of Anti-Fraud and Anti-Corruption that are in line with international standards.

The Bank's practices to all stakeholders can be summarized under 8 core principles as follows.

Fair Trade Practice

TMB has the policy of transparent business operations including business administration and dealings in order to build strong trust and confidence to all stakeholders. The Bank has good management in dealing with confidential trading information and has implemented policy and procedures that will ensure fair trade practice.

Anti-Fraud and Anti-Corruption

The Bank places importance on prevention and suppression of fraud within the Bank. The Anti-Fraud Policy with strict measures for fraud detection is stipulated in order to reduce losses from fraudulent events. The relevant policies, standards and procedures have been determined to enhance efficiency and effectiveness in fraud prevention and suppression within the Bank. This includes the Bank's measures to prevent outsiders to use the Bank as means to commit illegal actions. For example;

1. Defining and assigning roles and responsibilities with respect to combating fraud
2. Defining measures and controls to increase fraud prevention and fraud detection
3. Creating a network of anti-fraud specialists to assist the Bank entities in integrating and coordinating their anti-fraud activities
4. Defining measures in order to embed anti-fraud into the Bank's entire operating units

5. Defining measures to create awareness of risk arising from fraudulent events to management and staff and also defining clear statement of the Bank's expectation.

In addition, The Bank places importance on anti-bribery for the Bank's benefit or anti-bribery in business dealing with government and private organization.

Human Rights

The Bank places importance on equal treatment to all employees. The Bank shall not commit any action that might be considered as violation to human rights from discrimination against individual on grounds of the difference in place of origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status and economic or social status.

Fair Labor Treatment

The Bank treats its employees fairly, with policy to develop capabilities and skills of the Bank's employees. Employee relation management is in place. The policy of fair compensations and benefits are implemented. Furthermore, the Bank fully supports to the establishment of employee's clubs and activities in order to promote quality working environment.

Responsibility to Customers

The Bank focuses on Customer Centricity policy in order to serve the customers with high quality products and services and meet our customers' needs. Moreover, the Bank is committed to provide services that are convenient to customers as well as facilitation of accurate information. TMB strongly emphasizes on truly understanding the difficulties and inconveniences that the customers are faced with including the cross-relationship of each customer segments, in order to innovate the products and services that help solve those problems.

Community and Social Development

The Bank supports the activities of employee's community and family in order to improve their working lives such as social activities of the employee's clubs. In addition, TMB also has the policy implementation to set working standards that ensure the safety of workplace.

Environmental Management

TMB undertakes our role in environmental preservation through credit underwriting policy which is an instrument to prevent environmental impact that may arise from customers' businesses. The Bank also supports the customers to improve the efficiency of their business operations in terms of natural resource consumption.

Moreover, the Bank has a policy for management of the Bank's premises that aligns with the United Nation Global Compact (UNGC) principles such as management of TMB Office building in the environmental friendly way.

Innovations and Distribution of Innovations

The Bank stipulates the policy in introducing new products and services to our customers. Those products and services aim to serve customers' needs and environmental friendly attributes.

The policy towards TMB's stakeholders and 8 principles mentioned above can be summarized in table as follows:

Stakeholders	Fair Trade Practice	Anti-Corruption	Human Rights	Fair Labor Treatment	Responsibility to Customer	Community and Social Development	Environmental Management	Innovation & Distribution of Innovation
Shareholders	●	●			●	●		
Customers	●	●			●		●	●
Employees		●	●	●		●	●	●
Business Partners	●	●		●				
Creditors	●							
Competitors	●							
Investors	●	●						
Government Agencies		●						

2. Sustainability Report

This Sustainability Report is a part of TMB's Annual Report 2013 that contains the disclosure of the Bank's operations related to Corporate Social Responsibility (CSR) and Environmental Management during the period of 1 January – 31 December 2013. The report is based on SEC's Guideline for Corporate Social Responsibility 2013.

The contents of the report are contributed by different operating functions in the Bank namely; Corporate Governance, Human Resources, Legal, Risk Management, Compliance, and Corporate Social Responsibility Team.

3. Policy Implementation

The policy implementation for corporate social responsibility is part of the Bank's daily business operations. The Bank adheres to 8 principles of CSR which can be described as follows.

1. Fair Trade Practice

The Bank operates under the righteousness and ethical policies through the delivering of beneficial financial products and efficient services to our customers.

TMB operates under the philosophy of granting true benefits to customers and societies and against the involvement of unethical businesses such as arm trading. The Bank also operates under the transparency and traceability principles as governed by

suitable audit structure and policy approved by the Bank's Board of Directors that complies with standard practice. In addition to good corporate governance, the Bank also has implemented standard practices for annual credit review together with debt restructuring review in order to ensure the fairness is embedded in the business and to earn the trust of stakeholders.

Regarding the procurement process, the Bank has regulated the Seller/Contractor to provide covenants and assure no violation to patent or copyright of any third party from the production of goods/service. In case of such violation, the Seller/Contractor shall be solely liable for all indemnification to the said third party or the Bank including penalty, charge or any expenses. In addition, the Seller/Contractor is responsible for delivering of goods/service as committed in purchase order/purchase requisition in a timely manner. To build transparency, the Bank has stipulated procurement guidelines with detail as follows.

1. Procurement officers and those related to procurement process shall perform their duty with fairness, honesty, independence and transparency in contact and coordination with the suppliers.
2. Procurement officers and relevant persons, including their direct family members, who have direct or indirect vested interest with procurement and employment, for example, employee, director, partner or advisor of the sale company, shall not participate in considering the specific procurement whether there is remuneration or not.
3. Procurement officers and relevant persons, including

their direct family members, shall not obtain any personal benefits from commission, fee or token of appreciation from suppliers.

4. In case of receiving presents and/or gifts, procurement officers and relevant persons, including their direct family members, shall comply with the regulation of "Accepting Gifts".
5. Procurement officers and relevant persons, including their direct family members, should not be borrowers or debtors of the existing suppliers or potential suppliers.
6. Procurement officers and related persons shall not disclose any information related to the Bank's procurement for supplier; including names of the procurement committees, bidding price, supplier's offering term or technical information apart from public information of the supplier, to external parties in order to prevent non-transparency and conduct to fair treatment to all suppliers who participated in the bidding process.

2. Anti-Corruption

TMB operates its business with virtue and ethics by firmly holding the responsibilities for the Bank's stakeholders, consisting of customers, shareholders, employee and society. The Bank is committed to good corporate governance for having transparency and against corruption as well as preventing conflicts of interests that cause unfairness and adverse effects to the Bank or the country's economy as a whole.

The Bank has given an emphasis in controlling and preventing corruption within the Bank, following its policies and guidelines. For example, The Anti-Fraud Policies for preventing fraud and corruption to reduce the possibility of loss and failure have intensively been adopted. The Gift, Entertainment and Anti-Bribery Policies, Code of Conduct, one of the ethical, moral, and suggested policies are also adopted in the operating process in order to create reliability and credibility to all stakeholders. The Procurement Policies, the process of purchasing and services, are accordingly set to meet transparency at work and fairness.

In addition, the Whistle Blowing channel has been put in place to ensure all stakeholders are able to communicate or report about improper deed for concerned work units to prompt investigation and correction.

The TMB Code of Conduct has been developed and announced as a standard of behavior and moral discretion for employees in order to protect the benefits of the customers and stakeholders which comprises of employees, shareholders and society. The TMB Code of Conduct is composed of the Bank's principles regarding integrity, confidentiality, insider trading, conflict of interest and abuse of position, offering or accepting gifts/giving or accepting entertainments from others, work on other work besides from the Bank's work, the branding communication and activities, compliance with laws and regulations and the Bank's

policies and procedures, care of the Bank's asset, inappropriate behavior and violation of individual rights and social responsibility and environmental conservation.

TMB considerably operates against corruption with high standard and good collaboration. At present, the Bank announced its intention on anti-corruption with other non-government sectors called the Collective Action Coalition against Corruption or CAC. The Board of Directors acknowledged with this principles and duties in monitoring the Bank's operation to be subjected with the relevant regulations and intention. Currently, the Bank is strengthening the Anti-corruption Policy as well as revising various guidelines to be in line with the best practices by adding them in existing process to be clearer for continuous effective operation.

3. Human Rights Policy

TMB focuses on the compliance with Human Right Law and Constitutional Law with the emphasis on equality of all employees and is strongly against discrimination of any individual persons. The Bank treats the employees fairly without any prejudice and regardless of place of birth, race, language, age, education, institution, gender, disability, physical or health status, social status and financial status.

TMB has opened for the recruitment of disability candidates and fully complied with Empowerment of Persons with Disabilities Act. The Bank also joined donating to Fund for Empowerment of Persons with Disabilities to support the improvement of their knowledge and skills.

4. Fair Labor Practice

The Bank has set up the policies and regulations to enhance the fair labor practice at the Bank. The details are as follows.

- 4.1 TMB Staff Guidebook has been developed to demonstrate the important and useful information for employees. The guidebook consist of "TMB WAY" which is the Bank's core culture, employee's rights and code of conduct. The information is available for all employees on intranet at HR Webpage. Additionally, the Staff Guidebook will be provided to new joiners.
- 4.2 TMB fully complies with the Labor Protection Act B.E.2541, Labour Relation Act B.E. 2518, Social Security Act and Promotion and Development of Quality of Life for Disabled Person Act B.E. 2550 by setting up rules and regulations to enforce internally, for instance, regulations in according to working days/normal working hours/holidays and wage payment/overtime pay/holiday pay and holiday overtime pay, holiday, leave, discipline, disciplinary action and procedure, grievance, discharge of employment and severance payment.
- 4.3 TMB's "Total Compensation" policy is aligning with the Bank's strategic direction, which aims to encourage and enhance staff performance. The compensation is, therefore, evaluated on both the Bank's operating performance and

individual performance, so called Pay-for-Performance. The objective is to provide opportunities for career development. Moreover, the Bank benchmarks its staff compensation with market rates on regular basis to ensure the fair remuneration.

- 4.4 Other welfare and benefits are provided to support employees' working and living standard such as Provident Fund, Medical Welfare, Social Security Fund, Welfare Loan and etc.
- 4.5 TMB encourages employees to learn and understand themselves in order to best improve their skills and grow their career path whether inside or outside their current functions with the support of their supervisors and the Bank. For example, the Bank regularly provides both internal and external training for employees. There are a knowledge management system for research and study and E-learning for self-development. "**CAREER by ME**" and Job Search system allow employees to explore job opportunities available internally so that employees are able to plan and develop their career path efficiently.
- 4.6 TMB has the policy of employee's skill development. The Bank provides training for all staff on a regular basis to enhance employee's ability to work. The contents and training methods are always updated. Doing so, staff can always improve their skills and prepare for career advancement. In addition, TMB continues to promote a culture of self-improvement by cultivate the awareness and positive attitudes and encouraging employees to be innovative.
- 4.7 TMB understands the importance of communication with employees. Therefore, HR Message and HR Website have been initiated as a channel for the Bank to communicate with employees and as a place for employees to share useful information. Besides, HR Website is an easy-to-access source of information and as a result, supports employees for more opportunities to participate in the Bank's activities.

5. Responsibility to consumers

TMB develops the corporate culture of **TMB WAY**, which is the key foundation of encouraging employees to show their ability and skills. Inspired by TMB WAY, the Bank focuses on "**Customer Centricity**", trying to offer the products that best fit with customers' needs. The Bank represents the focus on Customer Centricity under the branding concept of **Make THE Difference** and encourages employees to work with the following attitudes.

- Always challenge the status quo
- Know our business well and strive to make your function a world-class one
- Understand all aspects of customers' lives and invent better solutions for them that they may not realize they need
- Create a paradigm improvement in stakeholders' value
- Never mislead customer
- Simplify wherever possible

Consequently, serving the customers' needs and delivering TMB Branded Customer Experience would be the employees' major priority. The Bank then routinely measures customers' satisfaction via survey. Customers' feedback and opinion are important for the improvement of operations.

The Bank realizes the importance of clear and transparent marketing communications. For instance, an unconditional upgrade program for TMB customers has been well recognized by the customers as the message was clear and easy to understand.

TMB has set up the 24-hour call center 1558 to serve the customers who find difficulties with the Bank's services. For Whistle Blowing, TMB has set up a protocol that allows customers to leave their complaints directly to relevant departments or working groups. Importantly, this protocol is carried out strictly to ensure confidentiality of the whistle blowers.

6. Community and social development

TMB supports and participate in community and social development in several ways, some of which are described as follows:

- 6.1 TMB supports a wide range of clubs and activities and allows employees to join in on their own interests, including the photography club, the Buddhist society, various sports clubs, etc. Such recreational activities would create work-life balance for staff as well as cheerful environment in the workplace.
- 6.2 Work Heart project has been initiated since 2009 to survey employee's engagement towards the Bank. All employees share their ideas to improve the working atmosphere and strengthen relationship within the unit.

Community and social development activities outside normal operations of the Bank are described in details under the section 5 After Process CSR.

7. Environmental management

TMB realized the importance of environmental impact from its daily energy and natural resource consumption and is fully aware of environmental conservation to ensure the sustainable growths of society and economic development.

The Bank has a policy not to engage in credit funding for businesses that may involve in environmental and social issues which could cause the Bank reputational risk. TMB has developed the Environmental and Social Risk Policy since 2013 to emphasize on proper measures and working procedures. So far, the Bank has screen out the businesses that could have negative impact on environment. Consequently, TMB does not engaged in funding projects for environmentally-harmful businesses such as a large dam construction. Going forward, TMB will continue to operate under this principle.

Moreover, The Bank has formulated various projects in accordance with UNGC principles. The Bank's Building Management and the Chief of Corporate Service is responsible for the implementation and improvement of the Environmental Management.

Accordingly, the Bank has introduced Blue Planet project which consists of several environmental-friendly activities as follows:

- **Cooling Tower Project:** Replacing existing office and building equipment with energy-saving ones to reduce 33% of energy consumption in 2013.
- **Waste water treatment Project:** Waste water is treated before being discharged.
- **Electric Saving:** Replacing fluorescent lights with LED and setting up an automatic turn-off system after 6.00 pm.
- **Paper Recycling Project:** Providing left-over paper to paper-recycling companies.

The Bank commits to operate with full awareness of social and environment by initiating appropriate policy to support the environmental conservation.

8. The innovation development under social responsibility principles

Nowadays, many organizations around the world are moving forward to develop their new roles to operate their business by taking into account of social responsibilities in order to diminish the possible negative impact to societies and environment. They also implement the principles of sustainability development to their business operations.

TMB has also put utmost importance to the contribution to society and act as a good corporate citizen. With the branded Make THE Difference, the Bank introduces differentiation to the Thai Banking by offering Banking product innovation to every customer segments continuously.

TMB's brand "**Make THE Difference**" is the Bank's commitment to offer customers the differentiation in product and services for their better way of lives. "**Make THE Difference**" is not only a fancy slogan, but it is the genuine operation of the Bank with the willingness to offer the best benefit to all of customer segments and also to the system. The best benefit is being offered to customers through all aspects ranking from banking service, lending and deposit products. Examples of products and services are highlighted below.

Small and Medium Enterprise (SME) Customers:

TMB is one of the very first few commercial banks in Thailand that put a strong focus on SMEs. The Bank believes SMEs is a growth engine of Thai economy and has been underserved by the incumbent of banking industry.

As TMB sees the importance of efficiency improvement, the Bank, therefore, has launched "**Efficiency Improvement for**

Supply Chain" for SME business. The program aspired to equip Thai SMEs with tools they can use to improve their own business. As such, the Bank invited our SMEs customers to participate in workshops with notable guest speakers and industry experts who helped walk them through the chain from upstream to downstream. As participants were grouped based on the industry, so SME customers not only received useful knowledge from this program but also have access to valuable business connection. TMB has continued to support SMEs even after the program through advisory clinic and other seminar/activities.

Through deep customer understanding and game-changing innovation, TMB has also introduced flagship products and services that support a sustainable growth of Thai SMEs as described below.

- **3 Times 3 Flows** that unlock the limitation of SMEs access to capital and very well-received by the market that other Banks joined.
- **One Bank Series: One Bank One Account** changes the landscape of Banking industry in traditional fees collection and truly helps SMEs manage transaction, saving and liquidity more easily and efficiently. Optional service, **One Bank One Day** allows SMEs to have same day availability of fund from cheque deposit, without having to wait for normal clearing process which takes days. **One Bank One Treasury** simplifies and brings SMEs liquidity management service previously available to larger enterprises.
- **SMEs Relationship Management Center** provides dedicated Relationship Manager (RM) reachable by phone to fulfill the servicing gap that SMEs are usually less taken care of compared to larger enterprise.

Retail Customers:

Over the past recent years, TMB has continued its intention to develop retail products to meet customer demands and to response to evolving behaviors by breaking through any limitation of Banking transactions. Many retail products have been initiated as follows:

- **TMB No Fee:** Nowadays, many of retail customers manage banking transactions themselves by automated and electronic Banking channels while interest rates of saving accounts have been consistently declined. Having realized that, TMB offers accounts that help them save fee expense, so called TMB No Fee and Free Flow, as our best alternatives for transactional accounts where customers can do transaction freely without over-concerning on fees and charges. This helps customer to save hundreds of Baht every month which could be more than interest that possibly earned from a savings account.
- **TMB No Fixed Account:** On another instance, it has become a norm that in order for customers to get high interest rate

from a bank on a deposit account, they must deposit a large enough amount of cash for a fixed period of time. In short, only large deposit and fixed term will get high interest rate. If customers need money before the fixed time, or if they would like gradually save money, they would lose opportunity to earn high interest rate. Seeing this point, TMB has developed TMB No Fixed Account where customers can receive high interest rate regardless of their deposit amount or outstanding balance.

- **TMB Credit Card:** Last but not the least, TMB So GooOD 0% 3-Month Credit Card Installment Service was genuinely created as the simplest solution to empower retail customers. TMB credit cardholders can choose which transaction, what amount and how often that they want to make payment installment at 0% interest rate for 3 months whereas traditionally the choice was dictated by the bank or the merchant. The service enables TMB cardholders a full control of their money and spending.

4. In-process business that impacts to social responsibility

To ensure that TMB operations are under principles of the responsibility in social and environment, the Bank has investigated current operations that could potentially impact the environment and society. In 2013, the under investigation cases that related to the 8 principles are reported as follows:

Principle	Impact to Social and Environment
Fair Trade Practice	No case
Anti-corruption	No case
Human Right	No case
Fair Labor Treatment	Refer to Key labor disputes
Responsibility to Customer	No case
Environment Management	No case
Community and Social Development	No case
Innovation and Distribution to Innovation	No case

5. After Process CSR

Apart from in-process CSR, where the Bank incorporates the social responsibility principles into the business operation, TMB has also initiated several projects that support social development and environmental conservation as follows:

- **FAI-FAH, TMB's CSR program for children:** FAI-FAH is TMB's innovative and inspirational social responsibility program that TMB intends to contribute to society. The first FAI-FAH project was found on Prachauthit road in 2010 with an aim to offer better opportunity and to help youth age between 12-17 years old to optimize their time in a variety of activities such as arts, sport, music and computer. The skills that have been taught in FAI-FAH program, free of charge, include vocational skill, academic skill and life skill. Furthermore, FAI-FAH encourages students to leverage the skills they learn within FAI-FAH to work with community residents with the support from of volunteers from TMB employee and non TMB employee. Currently, TMB operates three FAI-FAH centers, Prachauthit, Prachauthit and Chan.

In 2013, through three FAI-FAH centers, the program has inspired more than 100,000 children in Bangkok and vicinity through regular programs, community development projects, and inspirational arts activities. In addition, TMB volunteers from 380 branches nationwide participated in extending FAI-FAH concepts to the neighborhood communities through FAI-FAH In-a-Box program. The program encourages volunteers from TMB branches to join hands with customers to give back to their communities.

- **TMB Foundation:** With a strong commitment and awareness of its accountability to the society, the Bank has supported various activities relating to the sustainable social development. Apart from FAI-FAH, the inspirational social responsibility program, and Blue Planet, the program that promotes environmental conservation and energy saving, TMB also established TMB Foundation in December 2012. The foundation focuses on promoting development of children and community as well as environment conservation. The foundation also aims to conduct charitable activities and work in collaboration with organizations or philanthropists for general charitable activities. In 2013, TMB Foundation presented a donation of over THB 3 million to the Education for Development Foundation (EDF)'s scholarship programs for the orphans from unrest in the three southern provinces of Thailand. The sources of the donation include revenue from sales of tickets for TMB ING Parkrun 2013 and donations from TMB and customers.

Shareholder Structure

Major Shareholders

Below is the list of the 10 largest shareholders at the latest share register closing date on April 24, 2013, in order to determine the rights to receive the 2012 operating profit and the dividend payment as follows:

Major Shareholders	Number of Ordinary Shares	%
1 Ministry of Finance	11,364,272,005	26.06
2 ING Bank N.V.	10,970,893,359	25.16
3 Thai NVDR Co., Ltd.	3,818,620,417	8.76
4 DBS BANK A/C 003	1,150,000,000	2.64
5 HSBC (Singapore) Nominees Pte Ltd.	827,214,788	1.90
6 Mrs Somporn Jungrungrueangkit	810,000,000	1.86
7 Royal Thai Army	596,539,860	1.37
8 State Street Bank Europe Limited	514,932,277	1.18
9 NORBAX INC., 13	403,633,900	0.93
10 JP Morgan Special Situations (Mauritius) Limited	399,833,300	0.92

Note: Information on the latest share register closing date on April 24, 2013 prepared by Thailand Securities Depository Co., Ltd. Investors may look for the list of major shareholders from www.set.or.th

The number of shares or impacts on shareholders' voting rights from the issuance of Non-Voting Depository Receipt (NVDR)

Non-Voting Depository Receipt (NVDR) is a trading instrument issued by Thai NVDR Co., Ltd., a subsidiary wholly owned by Stock Exchange of Thailand (SET).

By investing in NVDRs, investors will receive all financial benefits including dividends, right issues or warrants, as if they had invested in a company's ordinary shares. Unlike ordinary shareholders, NVDR holders are not entitled to voting rights in a shareholders' meeting except for the case of voting to pass a resolution concerning the delisting of shares from the SET. If the Bank's shares are issued as NVDRs in a great number, its shares with voting rights will decrease and the voting rights of other shareholders will increase.

As of April 24, 2013, the latest share register closing date for the right to receive the dividend payment from the 2012 operating profit, Thai NVDR Co., Ltd. issued NVDRs with TMB shares as reference asset amounting to 3,818,620,417 shares or 8.76% of TMB's issued and paid-up ordinary shares. However, the issuance of NVDR securities does not fall within the realm of the Bank's control. Investors may check the information on NVDR shares from website of the SET at www.set.or.th/nvdr.

Dividend Payment Policy

The Bank's Policy

The Bank has set out a policy on the dividend payment from financial statements (Bank only). The dividend payment is subject to the Bank's operating performance, the long term benefits to the Bank's shareholders, the Bank's capital adequacy and reserve requirements as well as the relevant legal conditions.

In addition, the dividend payment must be in line with the BOT's Notification, SorNorSor 31/2551, Re: Classification and Provision of the Financial Institutions, dated August 3, 2008 which stated that as long as financial institutions have not yet written off the impaired assets or have not yet made full provision for the assets and contingent liabilities whether they are impaired or not, financial institutions are not allowed to pay dividends nor any other forms of returns to its shareholders; and the BOT's Notification, SorNorSor 21/2555, Re: Regulation for Accounting Treatment of the Financial Institutions, Section 8: Dividend Policy dated December 17, 2012, requiring that financial institutions should not make dividend payments out of unrealized profits or profits that are not based on actual cash flows, such as profits from mark to market values of securities, or out of any profits derived from the reclassifying of financial assets, nor should financial institutions make dividend payments out of profits from the sale of assets, which are not actually completed and which may result in abnormal profits or losses such as profits from the sale of properties foreclosed where a repurchase option is part of the agreement. In addition under the BOT's Notification SorNorSor 12/2556, starting from 1 January 2016 onwards, the Bank is required to maintain a capital conservation buffer above regulatory minimum capital requirements, and if the Bank's minimum capital requirements fall within certain specified ranges, constraints would be imposed and distributions including dividends would be restricted. Although not effective until 2016, the Bank aims to maintain capital levels above these ranges as part of its capital planning and dividend policy considerations.

Policy of Subsidiary Companies

Subsidiary companies' dividend payments are subject to the approval of their respective boards of directors and are to be proposed at their meetings of shareholders for approval. The Bank has not set out a payment rate. Their dividend payments will depend on their operational performance and business plans and must be in compliance with each company's regulations and relevant laws governing the company's dividend payment.

Internal Control

1. Opinion of the Board of Directors on Internal Controls and Risk Management

Internal control system is an important cornerstone of the Bank's policy and the strategic direction both at the management and the operational levels emphasizing on sound organizational structure, segregation of duties, and assignment of authority and the level of approval over the transactions.

This is to ensure that the benefits of the customers and the Bank are appropriately taken care. The Board of Directors through the Audit Committee, Risk Management Committee, and Nomination, Remuneration and Corporate Governance Committee was tasked with oversight of internal controls, risk management process and the good governance.

Audit carries out reviews over the Bank's overall operations and the related and connected transactions and reports findings to the Audit Committee and the Board of Directors.

The Board of Directors meeting no. 1/2557 held on January 23, 2014 which was attended by all members including ones represented in the Audit Committee has reviewed the report on the Bank's internal control assessment proposed by Head of Audit. Auditors conducted the assessment based on the Internal Control Core Components; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

The Board of Directors is aware of the current status of the Bank's internal control and has taken a close supervision on management's efforts on internal control improvement. Moreover, Audit Committee has recommended management taking remedy actions to address deficiencies identified and reporting progress to the committee and the Board of Directors regularly.

2. Gate Keepers

Head of Internal Audit

The Board of Directors has appointed Miss Thanawan Teekautamakorn to hold position of Head of Internal Audit. (See more detail in Attachment 1)

Head of Internal Audit and Compliance

The Board of Directors has appointed M.L. Ayuth Jayant to hold position of Head of Compliance. (See more detail in Attachment 1)

Statement of the Audit Committee

In 2013, the Bank's Audit Committee, served fully by independent directors who were not the bank's executives or employees of any kind, carried out its responsibilities, within its given authority and in accordance with the guidelines set out by the Stock Exchange of Thailand and the Bank of Thailand. Major areas of responsibilities can be summarized as follows:

1. Review the Bank's financial statements to ensure accuracy and adequacy.
2. Review and ensure adequate and efficient internal control.
3. Review connected transaction or transaction which may lead to conflict of interest to ensure transactions are conducted and disclosed in compliance with the law and SET regulation and that transactions are entered with reasonableness for the benefit to the Bank.
4. Review to ensure compliance with the laws and regulations imposed by the SEC, SET and other relevant regulators including compliance report prepared by the Bank's Compliance unit.
5. Select and propose to the Board of Directors and Shareholder meetings the appointment of Bank's auditor and annual audit fee. In addition, the Committee is responsible for approving other non-audit-related engagements with the Bank's external auditor.
6. Closely supervise the Bank's internal audit function including approving internal audit plans and assessing audit performance to ensure sufficient audit resources and that all auditing activities were independently and effectively conducted in accordance with the regulatory requirements.
7. Review and follow up on observations of regulators, and external and internal auditors to ensure appropriate response actions.

The Audit Committee held 20 meetings in 2013, and the attendance record of each committee member is reported in the Shareholding and Management section in the Annual Report. Overall, the Audit Committee gained full co-operation from the Management as well as full access to all information relevant to the Bank's operations, necessary for them to discharge their responsibilities. Relevant executive officers were invited to attend and clarify issues in the meetings. The Audit Committee made inquiries and took into account clarifications from the Management and the external auditor as to the accuracy and adequacy of the financial statements and the sufficient disclosure of information. The Audit Committee is of the opinion in agreement with external auditor that the Bank's financial reports fairly present accurate and reliable information in material aspects in compliance with generally accepted accounting principles. In addition, any transactions which may cause conflict of interest were reviewed to verify they were reasonable and appropriate, most of them being found to be in the normal course of business or supporting normal course of business conducted on an arm's length basis. Furthermore, the Audit Committee has assessed the performance, independence of external auditor and also periodically changes of the external auditor has been made appropriately and compliance with the regulatory requirement. The Audit Committee agreed to propose the Board of Directors to seek shareholders' meeting approval on the appointment and remuneration of the independent auditors of Ernst & Young Office Limited to be the Bank's independent auditors for the year 2013.

The Bank's internal control systems and regulatory related compliance are good, and there have been continual improvements in order to meet changes and emerging risk in business environment. The bank continually pays high attention to the internal control execution and enforcement, providing necessary training to the staff including follow up issues, investigation, root causes and corrective measures, imposing of disciplinary action to assure internal control effectiveness.



Mr Singha Nikornpun
Chairman of Audit Committee

Report of the Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee (“NRCC”) was appointed by the Board of Directors comprising four committee members – two independent directors and two non-executive directors. In 2013, the Committee carried out its responsibilities within the scope of authority given from the Board of Directors holding 15 meetings in total in order to consider key matters in response to duties and responsibilities assigned by the Board of Directors. The key areas of responsibilities can be summarized as follows:

Nomination and Remuneration

The Committee assists the Board of Directors to formulate policies and criteria for the selection of the Bank’s directors and high level executives; considers and nominates qualified persons to be the Bank’s directors and senior executives; and formulates structure and policies on remuneration and other benefits including considers those offered to directors and senior executives. Other responsibilities are to ensure that the Bank’s employees receive appropriate remuneration, set guidelines for performance appraisal of the Board and Chief Executive Director in view of the scope of responsibilities, relevant risks involved; and to increase shareholder’s value in the long term.

The Committee has selected and nominated the candidates who are to serve as directors and Bank’s senior executives in order to ensure that they have proper qualifications, competence, capability and experience. The Committee gave importance to checking the qualifications of persons who were nominated before proposing them to the Bank of Thailand for approval. Qualified candidates were then proposed to the Board for appointment. In addition, the Committee has considered the amount of compensation of the members of the Board and Board Committees and senior management prior to proposing the amount to the Board for approval by taking into account the suitability and reasonableness based on their scope of duties and responsibilities.

Corporate Governance

The Committee assists the Board of Directors to oversee and ensure that the Bank’s conduct, practices and operations conform to the principles of good corporate governance. The Committee also prepares and monitors the Company’s Corporate Governance Framework and disseminates to internal and external parties involved, to keep them informed of the Bank’s code of practice. Other responsibilities are to review and revise relevant policies, principles, and performance guidelines regularly; recommend requirements relating to principles and business ethics; consider good corporate governance practices of other institutions in Thailand and abroad, and recommend the adoption of such practices where appropriate to the Bank.

The Committee has considered, review and amended charters of Board Committees including Board of Executive Directors, Audit Committee, Nomination, Compensation and Corporate Governance Committee, and Risk Management Committee Charter to further raise the standard. The Committee also supervised self assessment of the Board of Directors and board committees. The Committee proposed to the Board and the Bank’s management to consider succession plan and continuity of management and oversaw the implementation of good corporate governance to ensure its practical effectiveness, continuity and appropriateness to the Bank’s business operations.

In this regards, the Committee, with all ability, carried out works assigned by the Board of Directors with care, prudence, and transparency for the sake of optimal benefit of the Bank, shareholders and stakeholders.

Mr Rachane Potjanasuntorn

Chairman of the Nomination, Remuneration and Corporate Governance Committee

Report of the Board of Directors' Responsibility for Financial Reports

The Board of Directors is responsible for the Bank's financial statements. The financial statements for the year ended December 31, 2013 have been prepared in accordance with generally accepted accounting standards with appropriate accounting policies applied on a conservative and consistent basis. Judgement and estimates where required have been applied with careful and reasonable considerations, with adequate material information disclosures made available in the notes to the financial statements. These financial statements have been audited by independent auditors who have given their unqualified opinions.

The Board has also adopted and maintained an appropriate and effective risk management, internal control, and compliance, so that the Bank can be assured that the financial records are accurate, complete and the protections are appropriate for the Bank's assets. These controls also serve as preventive measures against any significant operational risk of the Bank. The Board of Directors has appointed an Audit Committee entirely comprising independent directors responsible for the quality of Bank's financial reporting, the internal control systems as well as complete and appropriate disclosure of connected transactions. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board is of the view that the Bank has maintained an effective internal control system which provides an adequate and appropriate level of protection, and therefore can assure the credibility of the Bank's financial statements as of December 31, 2013.



Mr Boontuck Wungcharoen
Chief Executive Officer



Mr Rungson Sriworasat
Chairman

Management Discussion and Analysis

Executive Summary

Year 2013 was a year of solid success for TMB's transformation. The Bank has shown a consistent strengthening of profitability and financial profile. Furthermore, the growth in operating profit was achieved together with a significant progress along TMB's path in reaching the goal to become Thailand's Best Transactional Bank. Importantly amidst turbulent economic climate, TMB has been able to manage asset quality well, reflected in improved NPL ratio and significant strengthening of coverage ratio.

Operating performance improved during the year: TMB posted 2013 pre-provision operating profit (PPOP) of THB14,409 million, a growth of 38.5%. After special provision set to limit downside risk of the Bank as countercyclical provision buffer, net profit remained strong at THB5,737 million or 355.0% increased from last year (FY2012 figures were restated to reflect the adoption of new accounting standards for comparative purpose). The improvement of operating profit was principally on the back of a continued increase in operating income and well-managed operating costs. The operating income¹ growth of 21.2%, from both interest and non-interest income, was achieved with rise of operating cost² of only 9.1%, which resulted in improvement of cost to income ratio further to 50.5% from 56.6% in 2012.

Deposits and loans continued to grow with quality: In 2013, deposits increased by 6.7%YoY. This was a result of strengthened deposit franchise with products designed for the best fit with customers' needs and received good feedback from customers, led by TMB No Fix account, ME by TMB and transactional account series. Importantly, the continued growth of transactional account number from both retail and commercial customers has essentially strengthened the bank's deposit stability and also helped stabilized funding cost. For loans, a 10.3%YoY growth came from all segments. However, the major driver was SME lending with high risk-adjusted return, which continued to support average yield of the Bank.

NPL ratio reduced while coverage ratio further strengthened: TMB's asset quality was well maintained. Consolidated NPL ratio dropped to 3.87% in 2013 from 4.10% in 2012. During 2nd quarter of 2013, TMB decided to take a forward step in setting up extra provision as "countercyclical provision" amounted to THB4,143 million to strengthen provision cushion for its performing loans. As a consequence, the coverage ratio rose further to 140% from 113% in an earlier year. In 2014, the bank aims to reduce NPL further and maintain coverage ratio at high level.

Capital adequacy remained strong under BASEL III: Starting in 2013, the Capital Adequacy Ratio (CAR) and Tier 1 capital are calculated under Basel III requirement. At the end of 2013, on bank only basis, CAR was 15.9% while CET1 and Tier 1 were 9.9% and 10.6%, well above the Bank of Thailand's minimum requirement of 8.5%, 4.5% and 6.0%, respectively. TMB also targets to maintain capital base comfortably above the BOT's minimum requirement.

For the disclosure of full details of capital under BASEL III, please visit investor relations webpage at www.tmbbank.com

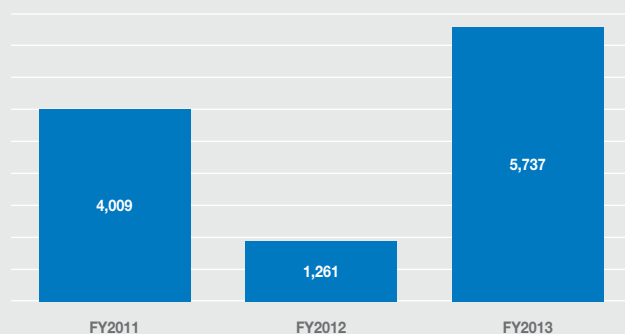
Note:

1. Operating income excludes gain on sale of assets.
2. Operating costs exclude loss on impairment of properties foreclosed, provisions of obligation on transfers of NPA and provisions for other liabilities.

Discussion of Operating Performance

Figure 1:
Net Profit

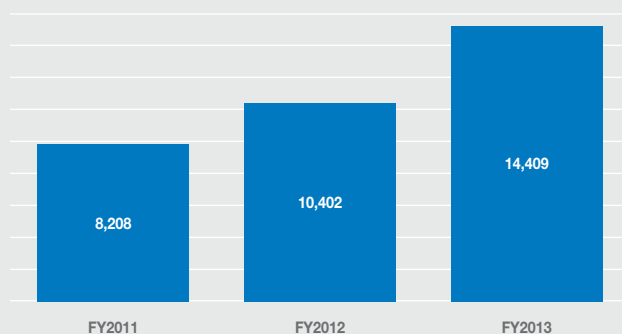
(Unit: THB Million)



Note: Consolidated financial statements

Figure 2:
Pre-Provision Operating Profit (PPOP)

(Unit: THB Million)



Note: Consolidated financial statements

In 2013, consolidated pre-provision profit of TMB was recorded at THB14,409 million, a 38.5% increase from THB10,402 million in 2012, again highest PPOP in the Bank's history. After special provision set in 2nd quarter of 2013 to limit downside risk of the Bank as countercyclical provision buffer, net profit remained strong at THB5,737 million, representing ROE of 9.7%.

The net profit showed 355.0% increased from THB1,261 million last year (FY2012 figures were restated to reflect the adoption of new accounting standards for comparative purpose). The continued improvement in operating profit well reflected the success in TMB's transformation. In the following parts, the operating performance of TMB will be discussed in details.

Figure 3:
Summary of Consolidated Comprehensive Income Statement

(Unit: THB Million)

Summary of Statements of Comprehensive Income

	FY2013	FY2012	Change	% Δ YOY
Interest income	34,826	30,678	4,148	13.5%
Interest expenses	14,004	13,613	391	2.9%
Net income from interest	20,822	17,065	3,757	22.0%
Fees and service income	7,611	6,583	1,028	15.6%
Fees and service expenses	2,032	1,894	139	7.3%
Net fees and service income	5,579	4,690	889	19.0%
Total other operating income	2,807	2,951	-145	-4.9%
Non interest income	8,385	7,641	744	9.7%
Total operating income	29,207	24,706	4,501	18.2%
Non interest expenses	14,550	14,291	259	1.8%
Bad debt and doubtful accounts and impairment loss of debt securities	7,613	8,751	-1,138	-13.0%
Profit before income tax expense	7,044	1,664	5,381	323.4%
Income tax expense	1,926	376	921	245.0%
Net profit	5,748	1,288	4,460	346.3%
Other comprehensive income	-25	815	-840	-103.0%
Total comprehensive income	5,723	2,103	3,620	172.2%
Net profit attributable to: Equity holders of the parent	5,737	1,261	4,476	355.0%

Note: Consolidated financial statements

Interest income and expenses

In 2013, interest income grew by 13.5%YoY to THB34,826 million. The growth of interest income was mainly from higher interest on loans, which was supported by higher yields and loan base expansion, especially from small enterprise lending (SE). As SME loan growth, which offered the best risk-adjusted return, was higher than other segments, average yield on earning asset was driven up by 32bps to 4.98%.

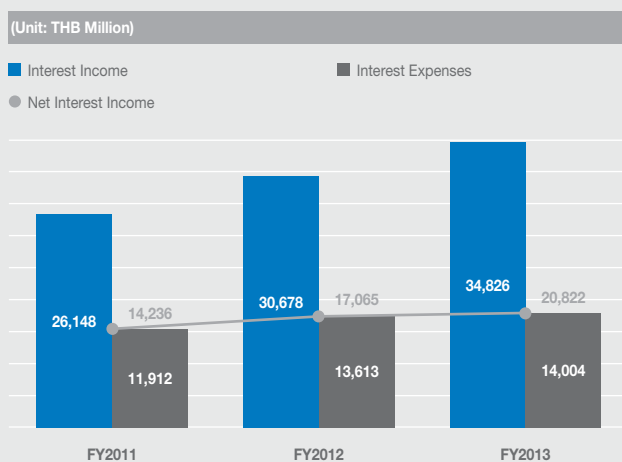
Interest expenses rose only 2.9%YoY and was recorded at THB14,004 million. This was because lower funding costs helped offset higher volume of deposits.

Net interest income (NII) and net interest margin (NIM)

From yield enhancement and stable funding cost, net interest margin rose to 3.12% in 2013 from 2.73% in 2012. When coupled with performing loan growth, net interest income rose by 22.0%YoY to THB20,822 million in 2013. During 4Q13, TMB also successfully restructured a problem loan and resulted in unearned interest recognition of THB552 million. If stripping off such interest of restructured debt, NIM was still in a positive momentum at 3.04% in 2013, up 31bps from 2012.

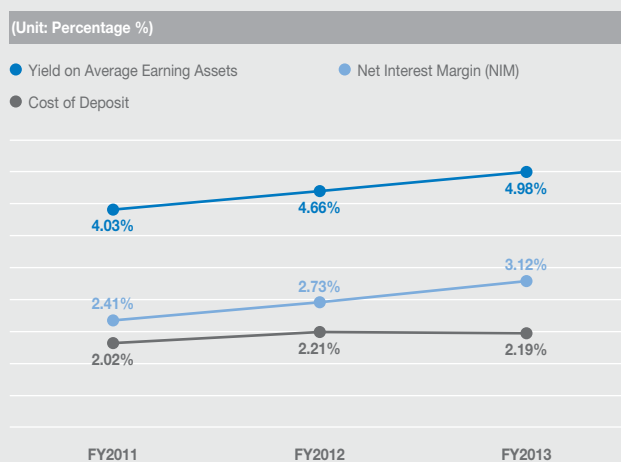
A continued improvement in NIM was largely attributed to a loan mix rebalance to higher risk-adjusted return and stability of funding cost. The Deposit-led Strategy which TMB implemented since 2008 and later crystallized to emphasize on transactional excellence not only brought funding cost down but also strengthened the Bank's deposit franchise.

Figure 4:
Net Interest Income



Note: Consolidated financial statements

Figure 5:
Net Interest Margin (NIM), Cost of Deposit and Yield on Average Earning Assets



Note: Consolidated financial statements

Figure 6:
Net Interest Income

(Unit: THB Million)	FY2013	FY2012	Change	% Δ YOY
Interest income	34,826	30,678	4,148	13.5%
Interest on interbank and money market items	2,000	2,488	-488	-19.6%
Investments and trading transactions	457	323	134	41.7%
Investments in debt securities	2,878	2,994	-116	-3.9%
Interest in loans	29,173	24,495	4,677	19.1%
Others	319	378	-59	-15.6%
Interest expenses	14,004	13,613	391	2.9%
Interest on deposits	8,567	7,883	683	8.7%
Interest on interbank and money market items	1,510	1,210	300	24.8%
Contributions to the Deposit Protection Agency	2,348	2,214	134	6.0%
Interest on debt issued and borrowings	1,555	2,290	-735	-32.1%
Borrowing fee	14	9	6	69.9%
Others	9	7	3	43.4%
Net interest income (NII)	20,822	17,065	3,757	22.0%

Note: Consolidated financial statements

Non-interest income and expenses

TMB and its subsidiaries generated THB8,385 million of non-interest income or a growth of 9.7%YoY. The consistent increase in non-interest income was mainly from 1) higher net fee and service income and 2) gain on foreign currency business. Excluding gain on sale of assets (major item was gain on sale of Silom building of THB550 million in 2012), the operating non-interest income grew by 21.2%.

Net fee and service income was major contribution of non-interest income. In 2013, it recorded at THB5,579 million or a 19.0%YoY growth, thanks to higher mutual fund fee, credit-related and ATM fee. Note that growth in credit-related fee was partially supported by restructuring fee from a restructured loan. Gain on trading and FX transaction also grew well or by 32.6%YoY to THB2,258 million.

Non-interest expenses were THB14,550 million, rose only 1.8% from 2012. The slow growth in non-interest expenses was mainly because increases in employee expenses, premises expenses, tax and duties and marketing expenses were offset by lower provision for obligation for TAMC, lower NPA impairment and lower provisions for other liabilities.

When stripping off those items, operating expense grew by 9.1% which was less than half of the revenue growth mainly, thanks to efficiency enhancement and lean initiatives. Consequently, cost to income ratio continued to decrease to 50.5% in 2013, compared to 56.6% in 2012.

Figure 7:
Net Fee and Service Income

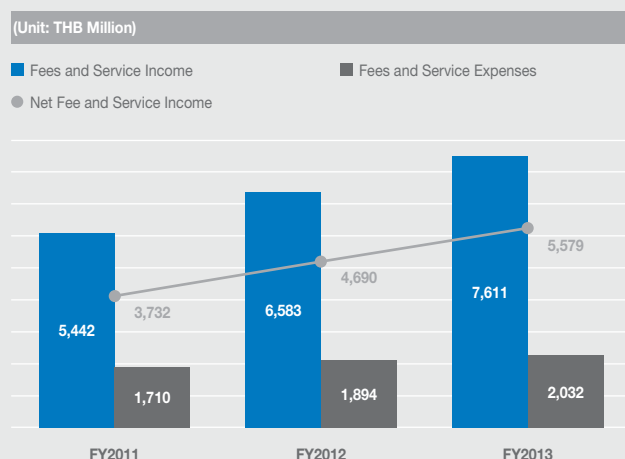


Figure 8:
Operating Cost to Income Ratio

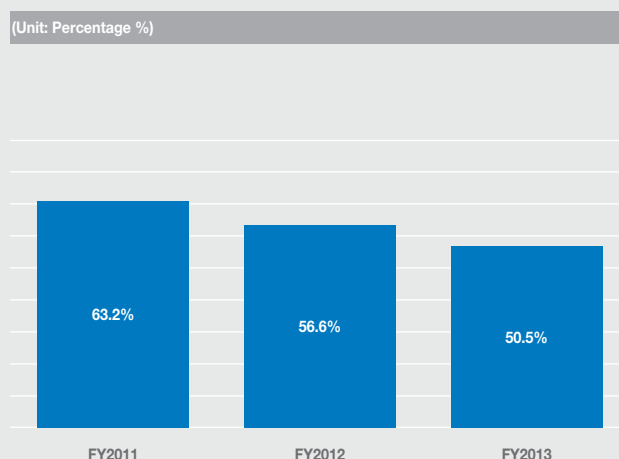


Figure 9:
Non-Interest Income

(Unit: THB Million)	FY2013	FY2012	Change	% Δ YOY
Fees and service income	7,611	6,583	1,028	15.6%
Acceptances, aval and guarantees	335	340	-5	-1.5%
Others	7,276	6,243	1,033	16.5%
Fees and service expenses	2,032	1,894	139	7.3%
Net fees and service income	5,579	4,690	889	19.0%
Gains (losses) on tradings and foreign exchange transactions	2,258	1,703	555	32.6%
Gains (losses) on financial instrument designated at fair value	-9	-2	-6	N/A
Gains (losses) on investments	142	86	56	64.8%
Gains on sale of assets	87	686	-599	-87.4%
Dividend income	65	131	-66	-50.4%
Others	264	348	-84	-24.1%
Non-interest income	8,385	7,641	744	9.7%

Note: Consolidated financial statements

Figure 10:
Non-Interest Expenses

(Unit: THB Million)	FY2013	FY2012	Change	% Δ YOY
Personnel expenses	7,595	7,217	378	5.2%
Directors' remuneration	32	32	1	2.0%
Premises and equipment expenses	2,780	2,451	329	13.4%
Taxes and duties	1,145	960	185	19.2%
Loss on impairment of properties foreclosed (reversal)	43	416	-373	-89.6%
Loss on diminution in value of other assets	87	131	-45	-34.0%
Provisions of obligation on transfers of non-performing assets (reversal)	-296	137	-433	-315.4%
Provisions for other liabilities (reversal)	-1	173	-174	-100.5%
Other expenses	3,164	2,773	391	14.1%
Non-interest expenses	14,550	14,291	259	1.8%

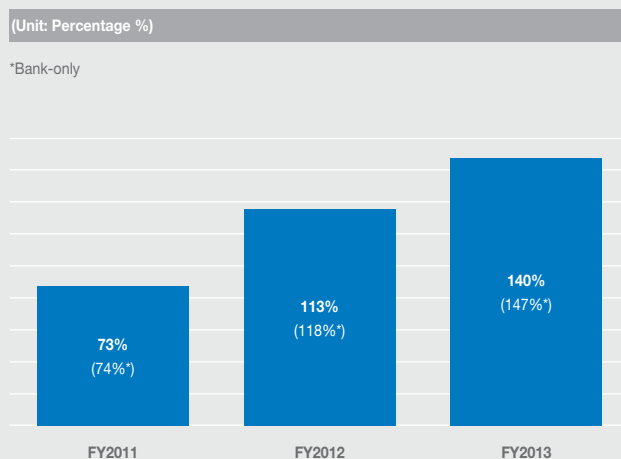
Note: Consolidated financial statements

Loan loss provision

During 2Q13, TMB decided to take a forward step in setting up extra provision as “countercyclical provision” amounted to THB4,143 million to strengthen provision cushion for its performing loans. In addition, the bank also topped up the general provision with total amount of unearned interest and non-interest income from the success of a problem loan restructured in 4Q13. Consequently, provisions for bad debt and doubtful accounts and impairment loss of debt securities for 2013 totaled to THB7,613 million. Nevertheless, total provision in 2013 was 13.0% lower than those of 2012 when the bank set aside a THB5,286 million of extra-provision to strengthen coverage of NPL portfolio.

Consequently, the coverage ratio on consolidated basis rose further to 140% from 113% as of December 2012. For bank only basis, the coverage ratio rose to 147%, compared with 118% as of December 2012. Such a level of coverage ratio is on par with top-tier banks in Thai market.

Figure 11:
Coverage Ratio



Note: Consolidated and Bank-only financial statements

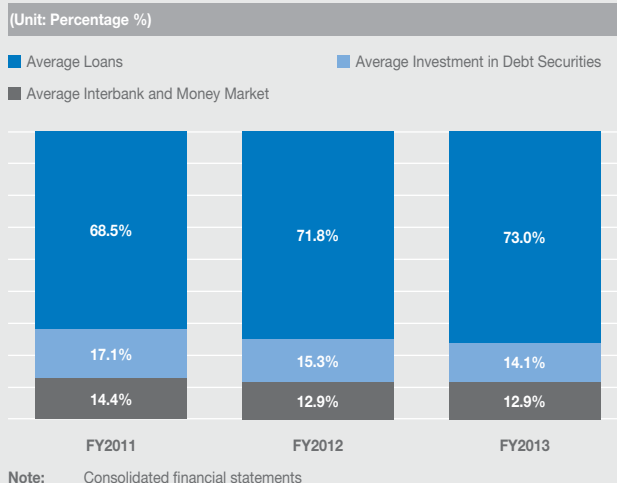
Discussion of Financial Position

TMB continued to strengthen its financial position by strengthening asset quality together with maintaining of strong liquidity and strong capital base. Key areas of financial position discussion are as follows.

Assets and asset quality

As of 31 December 2013, consolidated assets were THB765,732 million, increased by THB48,807 million or 6.8% from 31 December 2012. Loans remained the largest portion of earning assets (73.0%), followed by investment in debt securities (14.1%) and interbank and money market items (12.9%).

Figure 12:
Composition of Earning Assets



Loans: As of 31 December 2013, total loans on consolidated basis were THB499,474 million, increased by THB46,754 million or 10.3% from 31 December 2012. The increase was mainly from a 10.8%YoY growth in performing loan which was mainly supported by SME lending.

In 2013, SME performing loan grew by 26.5%YoY, thanks to a 45.0%YoY growth in Small Enterprises (SE) and a 9.5%YoY growth in Business Bank (BB). This is in line with the Bank’s strategy to expand SME loan base. Retail segment increased by 5.0%YoY, mainly from unsecured loan and credit card products while corporate loan increased by 2.8%YoY. As a result of steady growth in SME lending, the contribution of SME to total loan increased to 36.5% from 31.9% in December 2012. The shift in loan mix toward SE and BB which offered the best risk-adjusted return has continued to improve average yield on loans.

In term of loan breakdown by products, term loans/promissory notes, OD and trade finance, represented 51.4%, 27.4% and 15.4% of total loans, respectively.

Figure 13:
Performing Loan Breakdown by Customers

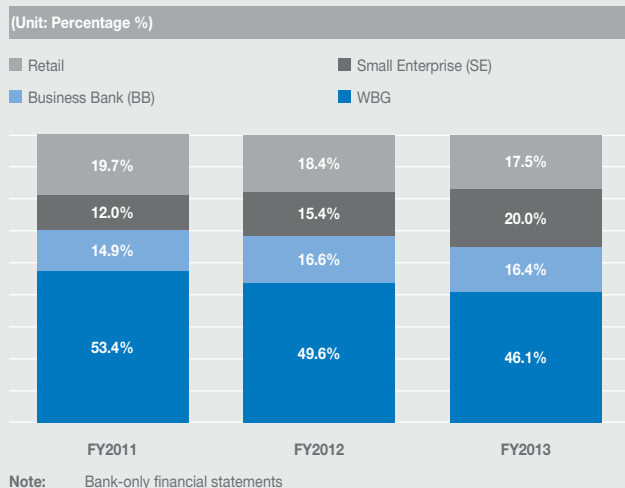
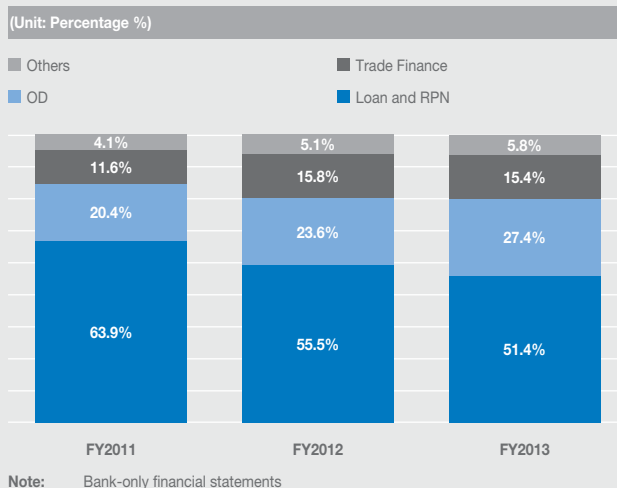


Figure 14:
Loan Breakdown by Product



Definitions of customer segments are as follows:

- Corporate loans (WBG) are loans to customers that have total annual revenue of over THB500 million.
- Business Banking (BB) loans are loans to customers that have total annual revenue more than THB50 million but less than THB500 million.
- Small enterprise (SE) loans are loans to customers that have total annual revenue of less than THB50 million, including owner operator.
- Retail loans are loans to individual person.

Non-performing loan (NPL): As of 31 December 2013, consolidated NPL amounted to THB22,421 million, slightly increased by THB318 million or 1.4% from 31 December 2012 while NPL on bank-only basis was THB20,716 million, increased by THB561 million or 2.8%YoY. This slight increase is considered small amidst turbulent economic climate.

Although NPL amount slightly increased in line with economic conditions, NPL ratio dropped by 23bps from 4.10% as of December 2012 to 3.87% as of December 2013 as performing loan grew in larger amount than the increase in bad debt. On bank-only basis, NPL ratio decreased 17bps to 3.58% from 3.75% last year.

Net property foreclosed (NPA): NPA totaled to THB1,897 million, dropped by THB253 million or 11.8% from 2012, due mainly to ongoing properties foreclosed sales on the bank's target to minimize foreclosed properties. As a result, property foreclosed to total asset continued to decrease to 0.25% from 0.30% from the end of last year.

The continued decrease in NPL ratio and NPA showed the development in asset quality, and TMB aims to continue enhancing asset quality further.

Figure 15:
Non-performing Loans and NPL Ratio

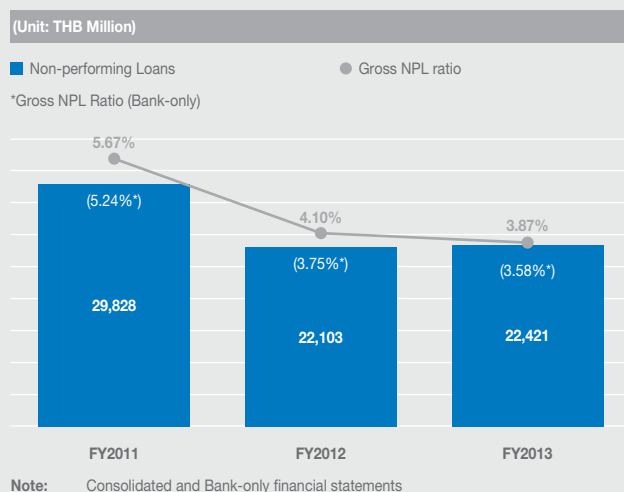
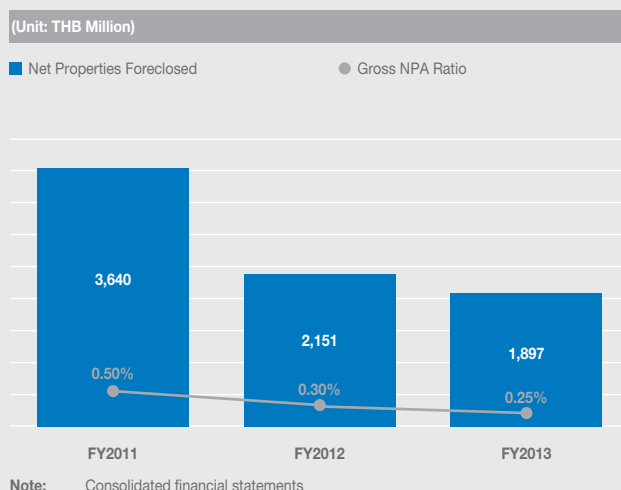


Figure 16:
NPA and NPA Ratio



Liabilities and liquidity

As of December 2013, consolidated liabilities totaled THB703,899 million, increased by THB44,355 million or 6.7%YoY. This was due largely to deposit expansion. In 2013, deposits remained the largest composition of interest-bearing liabilities of the Bank or 83.6%, followed by interbank and money market items of 10.4% and debt issued and borrowings of 6.0%.

Deposits: Consolidated deposits were THB529,606 million, increased by THB33,449 million or 6.7%YoY, thanks mainly to growth in retail customers with Time Deposit, No Fixed and ME accounts as key products.

Transactional deposit accounts also well remained on track. TMB's transactional products, highlighted by **"TMB One Bank One Account"** (launched in June 2012 for SME customers) and **"TMB Free Flow Daily Account"** (launched in October 2012 for retail customers) showed a consistent growth by THB12,500 million or 185.2% from December 2012. **"TMB No Fee Account"** (launched in August 2009 for retail customers) also grew by 16.1%YoY to THB27,346 million.

Liquidity: TMB has maintained strong liquidity position with high proportion of liquid and low-risk assets. As of 31 December 2013, on consolidated basis, total liquid assets represented 20.0% of the total assets. The liquid assets consisted of cash 2.2%, interbank and money market 12.6% and the short-term investment 5.3%.

In terms of loan to deposit ratio (LDR), the ratio on consolidated basis was 94.3%, increased from 91.2% as of December 2012, still in a comfortable range and in line with expansion of stable retail deposits.

Figure 17:
Interest Bearing Liabilities

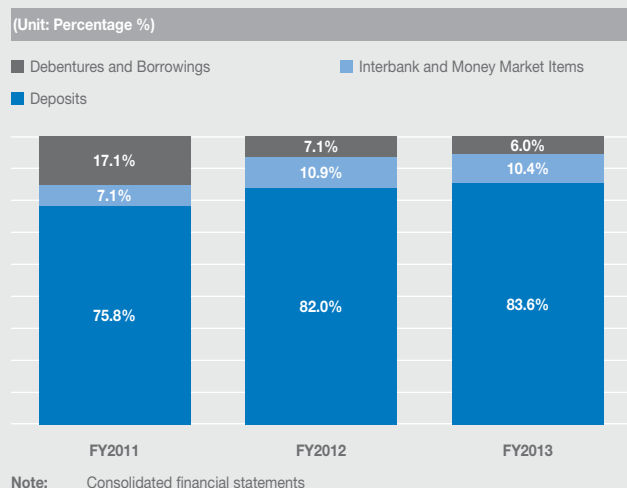
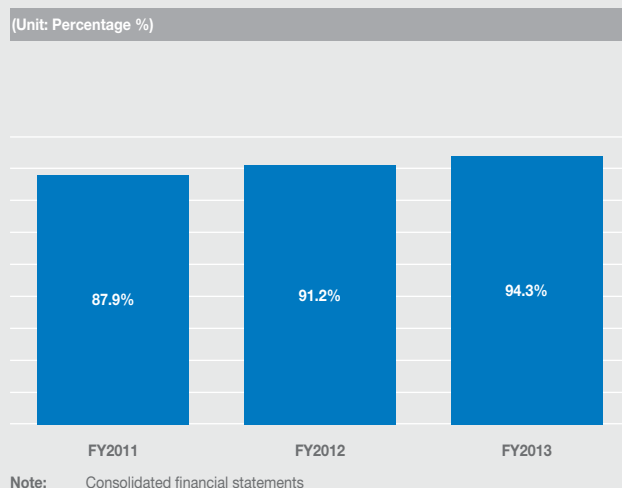


Figure 18:
Loan to Deposit Ratio (LDR)



Shareholder equity and capital adequacy

Shareholder equity: As of 31 December 2013, the consolidated shareholders' equity was THB61,833 million, increased by THB4,452 million or 7.8% from December 2012. The increase was from profit generation during the year and the increase of retained earnings from the implementation of new accounting standard (TAS12 Income Taxes).

Capital adequacy: Capital Adequacy Ratio (CAR) of the Bank under Basel III calculation was reported at 15.9% while CET1 and Tier I were 9.9% and 10.6%, respectively. The Bank has maintained the robust capital well above the Bank of Thailand's minimum requirement of 8.5%, 4.5% and 6.0% of CAR, CET1 and Tier I capital ratios, respectively.

In coming years, TMB will continue to capitalize the strong foundations that have been laid for sustainable profit growth. The focus will be on enhancing revenue both from interest and non-interest income together with efficiency improvement. The Bank maintains the commitment to improve asset quality and maintain coverage ratio and capital base at high level.

Figure 19:
CAR and BOT's Minimum Requirement

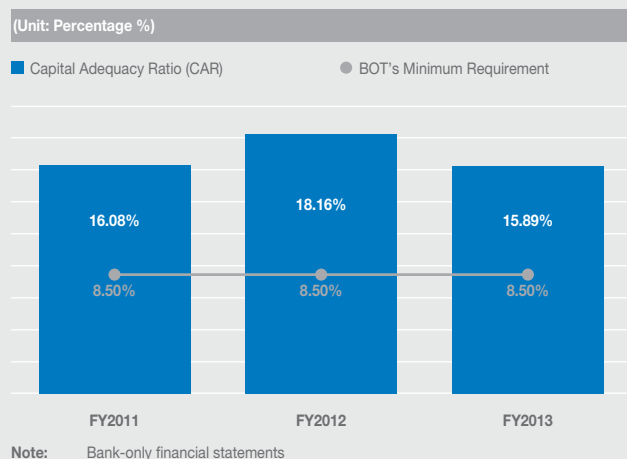
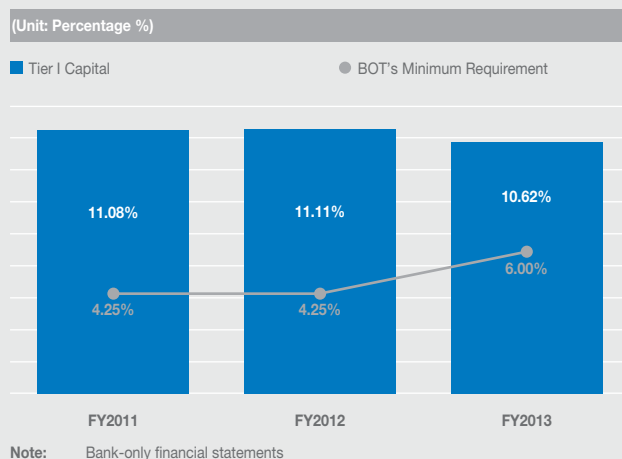


Figure 20:
Tier I and BOT's Minimum Requirement



Credit Ratings

TMB has steadily improved its operating performance and shown ability to manage asset quality. When coupled with the Bank's consistency in maintaining strong liquidity and solid capital base, S&P upgraded credit rating of TMB from BB+ to BBB- in November 2013.

The table below shows credit ratings of TMB assigned by Standard & Poor's, Moody's, Fitch Ratings and TRIS Rating as of December 2013 and 2012.

Credit Rating Agencies	December 31, 2013	December 31, 2012
Standard & Poor's (S&P)		
(Upgraded in November 2013)		
Foreign Currency		
Long-term – Debt instrument	BBB-	BB+
Short-term – Deposits / Debt instrument	A-3	B
Stand-Alone Credit Profile (SACP)	bb+	bb
Outlook	Stable	Positive
Moody's		
Foreign Currency		
Long-term – Deposits	Baa3	Baa3
Short-term – Deposits / Debt instrument	Prime-3	Prime-3
Outlook	Stable	Stable
BFSR	D-	D-
BFSR Outlook	Stable	Stable
Fitch Ratings		
Foreign Currency		
Long-term IDR	BBB-	BBB-
Short-term IDR	F3	F3
National		
Long-term	A+ (tha)	A+ (tha)
Short-term	F1 (tha)	F1 (tha)
Subordinated	A (tha)	A (tha)
Viability Rating	bbb-	bbb-
Support Rating	3	3
Supporting Rating Floor	BB+	BB+
Outlook	Stable	Stable
TRIS Rating		
Thai Baht		
Long-term – Debt instrument	A+	A+
Long-term – Unsecured subordinated debt instrument	A	A
Outlook	Stable	Stable

TMB Bank Public Company Limited and its Subsidiaries

Auditor's Report and Financial Statements 31 December 2013

Report of Independent Auditor

Independent Auditor's Report To the Shareholders of TMB Bank Public Company Limited

I have audited the accompanying consolidated financial statements of TMB Bank Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year ended, and a summary of significant accounting policies and other explanatory information. I have also audited the separate financial statements of TMB Bank Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TMB Bank Public Company Limited and its subsidiaries and of TMB Bank Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

I draw attention to Note 3 to the financial statements regarding the changes in accounting policies during the year as a result of (a) the initial adoption of Thai Accounting Standard 12 "Income Taxes" due to its being effective and (b) the early adoption of Thai Financial Reporting Standard Interpretation 13 "Customer Loyalty Programmes" before its effective date. The Bank and its subsidiaries have restated the consolidated and separate financial statements for the year ended 31 December 2012, presented as comparative information, to reflect the adjustments resulting from such changes in accounting policies. The Bank and its subsidiaries have also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the same accounting policies for income taxes and customer loyalty programmes. My opinion is not qualified in respect of this matter.



Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

Ernst & Young Office Limited
Bangkok: 20 February 2014

TMB Bank Public Company Limited and its subsidiaries
Statements of financial position
As at 31 December 2013

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)	(Restated)		(Restated)	(Restated)
Assets							
Cash		16,576,203	14,598,973	13,217,293	16,556,121	14,598,880	13,217,229
Interbank and money market items – net	10	96,437,473	96,267,479	138,142,341	95,887,849	95,801,623	137,808,100
Claims on securities		24,639,000	9,975,800	23,502,500	24,639,000	9,975,800	23,502,500
Derivatives assets	11	16,757,143	6,216,696	9,272,794	16,757,143	6,216,696	9,272,794
Investments – net	12, 49.7	103,276,604	109,146,848	113,660,479	101,753,683	107,990,099	113,035,443
Investments in subsidiaries and associate – net	13.2	8	8	8	2,872,442	2,683,442	2,298,192
Loans to customers and accrued interest receivables	14, 49.7						
Loans to customers		499,550,714	452,768,331	397,609,971	497,844,546	450,817,407	395,252,875
Accrued interest receivables		1,004,085	954,626	776,623	1,004,085	954,626	776,623
Total loans to customers and accrued interest receivables		500,554,799	453,722,957	398,386,594	498,848,631	451,772,033	396,029,498
Less: Deferred revenue		(76,680)	(48,581)	(13,640)	(76,680)	(48,581)	(13,640)
Allowance for doubtful debts	16, 49.7	(31,399,709)	(24,804,645)	(21,597,658)	(30,342,798)	(23,663,827)	(20,272,049)
Revaluation allowance for debt restructuring	17	(68,214)	(118,521)	(157,040)	(68,214)	(118,521)	(157,040)
Loans to customers and accrued interest receivables – net		469,010,196	428,751,210	376,618,256	468,360,939	427,941,104	375,586,769
Customers' liability under acceptance		7,886	35,431	19,052	7,886	35,431	19,052
Properties foreclosed – net	18	1,897,105	2,150,510	3,639,849	1,847,357	2,100,259	3,552,030
Premises and equipment – net	19	11,412,117	11,533,273	12,051,660	11,382,742	11,499,776	12,018,376
Goodwill and other intangible assets – net	20	914,623	780,945	750,206	849,317	717,986	686,957
Deferred tax assets	21.1	3,472,239	4,777,994	5,319,357	3,402,232	4,690,689	5,177,327
Other receivables – net	22, 49.7	12,328,621	27,102,798	22,299,298	12,125,842	26,907,176	21,945,882
Other assets – net	23, 49.7	9,002,708	5,587,049	5,469,590	8,902,833	5,500,009	5,386,844
Total assets		765,731,926	716,925,014	723,962,683	765,345,386	716,658,970	723,507,495

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

TMB Bank Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2013

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)	(Restated)		(Restated)	(Restated)
Liabilities and shareholders' equity							
Liabilities							
Deposits	24, 49.7	529,606,021	496,157,514	452,316,140	529,663,495	496,414,416	452,444,613
Interbank and money market items	25, 49.7	66,037,751	66,053,168	42,220,824	66,037,751	66,053,168	42,220,824
Liability payable on demand		3,275,886	3,880,266	3,439,911	3,275,886	3,880,266	3,439,911
Liabilities to deliver securities		24,639,000	9,975,800	23,502,500	24,639,000	9,975,800	23,502,500
Financial liabilities designated at fair value							
through profit or loss	26	362,695	213,297	-	362,695	213,297	-
Derivatives liabilities	11	16,498,729	6,041,401	9,407,097	16,498,729	6,041,401	9,407,097
Debts issued and borrowings	27, 49.7	38,172,802	43,248,124	102,266,052	38,172,802	43,248,124	102,266,052
Bank's liability under acceptance		7,886	35,431	19,052	7,886	35,431	19,052
Provisions for obligation on transfers of							
non-performing assets	9, 49.7	5,998,333	6,379,711	6,242,361	5,998,333	6,379,711	6,242,361
Provisions for employee benefits	28.2	1,424,437	1,297,695	1,245,556	1,401,717	1,278,957	1,231,031
Provisions for other liabilities	29	538,877	540,333	429,504	524,604	514,480	376,274
Deferred tax liabilities	21.1	1,022,756	1,058,700	1,022,093	1,017,705	1,053,619	1,020,914
Other payables	30	5,251,893	14,857,078	15,638,175	5,236,144	14,841,656	15,632,493
Other liabilities	31, 49.7	11,061,473	9,804,790	9,638,172	10,983,775	9,707,689	9,559,623
Total liabilities		703,898,539	659,543,308	667,387,437	703,820,522	659,638,015	667,362,745
Shareholders' equity							
Share capital							
Registered share capital							
44,108,738,479 ordinary shares of Baht 0.95 each		41,903,302	41,903,302	41,903,302	41,903,302	41,903,302	41,903,302
Issued and paid-up share capital							
43,606,322,266 ordinary shares of Baht 0.95 each							
(31 December 2012 : 43,549,920,569 ordinary shares and							
1 January 2012 : 43,528,738,479 ordinary shares)	32.5	41,426,006	41,372,425	41,352,302	41,426,006	41,372,425	41,352,302
Share premium	32.5	81,196	27,008	-	81,196	27,008	-
Other components of shareholders' equity		4,276,071	4,325,298	3,929,135	4,260,833	4,309,220	3,925,624
Retained earnings							
Appropriated - Statutory reserve	34, 35	770,000	480,000	400,000	770,000	480,000	400,000
Unappropriated		15,203,983	11,111,320	10,789,420	14,986,829	10,832,302	10,466,824
Equity attributable to equity holders of the Bank		61,757,256	57,316,051	56,470,857	61,524,864	57,020,955	56,144,750
Non-controlling interests of the subsidiaries		76,131	65,655	104,389	-	-	-
Total shareholders' equity		61,833,387	57,381,706	56,575,246	61,524,864	57,020,955	56,144,750
Total liabilities and shareholders' equity		765,731,926	716,925,014	723,962,683	765,345,386	716,658,970	723,507,495

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



Mr Boontuck Wungcharoen
Chief Executive Officer



Mr Rungson Sriworasat
Chairman of the Board

TMB Bank Public Company Limited and its subsidiaries
Statements of comprehensive income
For the year ended 31 December 2013

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		(Restated)		(Restated)	
Profit or loss:					
Interest income	36, 49.6	34,825,723	30,677,665	34,655,251	30,457,873
Interest expenses	37, 49.6	14,004,059	13,612,894	14,004,241	13,613,882
Net interest income		20,821,664	17,064,771	20,651,010	16,843,991
Fees and service income	38, 49.6	7,610,856	6,583,244	7,150,859	6,109,912
Fees and service expenses	38, 49.6	2,032,251	1,893,657	1,956,562	1,835,982
Net fees and service income		5,578,605	4,689,587	5,194,297	4,273,930
Net gains on trading and foreign exchange transactions	39	2,258,041	1,702,701	2,258,041	1,702,701
Net loss on financial liabilities designated at fair value through profit or loss	40	(8,683)	(2,382)	(8,683)	(2,382)
Net gains on investments	41	141,748	85,989	296,112	354,817
Other operating income	19, 42, 49.6	415,527	1,164,953	484,764	1,134,784
Total operating income		29,206,902	24,705,619	28,875,541	24,307,841
Other operating expenses					
Employee's expenses		7,594,647	7,216,551	7,382,563	7,013,630
Directors' remuneration		32,479	31,841	31,999	31,271
Premises and equipment expenses		2,780,296	2,451,311	2,725,023	2,397,680
Taxes and duties		1,145,077	960,448	1,143,665	958,901
Other operating expenses	43, 49.6	2,997,235	3,630,964	2,848,361	3,543,787
Total other operating expenses		14,549,734	14,291,115	14,131,611	13,945,269
Bad debts, doubtful accounts and impairment losses	44, 49.6	7,612,759	8,750,680	7,686,226	8,824,016
Profits from operation before income tax expenses		7,044,409	1,663,824	7,057,704	1,538,556
Income tax expenses	21.2	1,296,588	375,869	1,258,495	285,139
Profits for the years		5,747,821	1,287,955	5,799,209	1,253,417
Other comprehensive income (loss) :	45				
Changes in revaluation surplus on assets		(57,896)	1,043,886	(57,896)	1,043,886
Losses on revaluation of available-for-sale investments		(2,468)	(34,034)	(1,418)	(50,354)
Gain (losses) arising from translating the financial statements					
of foreign operations		29,557	(14,145)	29,557	(14,145)
Actuarial gains on post-employment benefit plan		-	57,439	-	57,776
Other comprehensive income (loss)		(30,807)	1,053,146	(29,757)	1,037,163
Add (less): Relevant income taxes	21.3	6,161	(238,220)	5,951	(234,204)
Other comprehensive income (loss) net of relevant income taxes		(24,646)	814,926	(23,806)	802,959
Total comprehensive income		5,723,175	2,102,881	5,775,403	2,056,376

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

(Unit: Thousand Baht)

(Unit: Baht)

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



Mr Boontuck Wungcharoen
Chief Executive Officer

Rumyso

Mr Rungson Sriworasat
Chairman of the Board

TMB Bank Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity
For the year ended 31 December 2013

(Unit: Thousand Baht)

Equity attributable to equity holders of the Bank													
Other components of shareholders' equity													
	Note	Issued and paid-up share capital	Share premium	Other reserve - share-based payments (Note 32.5)	Revaluation surplus on assets - net (Note 33)	Revaluation surplus (deficit) on investments - net (Note 12.4)	Translation adjustment arising from translating the financial statements of foreign operations - net	Total other components of shareholders' equity	Retained earnings		Total equity attributable to equity holders of the Bank	Non-controlling interests of the subsidiaries	
									Appropriated - Statutory reserve	Unappropriated			
												Total	
Balance as at 31 December 2011 – as previously reported		41,352,302	-	117,784	4,600,978	108,729	39,042	4,866,533	400,000	5,558,522	52,177,357	104,354	52,281,711
Cumulative effects of the changes in accounting policies	3	-	-	-	(906,398)	(22,766)	(8,234)	(937,398)	-	5,230,898	4,293,500	35	4,293,535
Balance as at 1 January 2012 – as restated		41,352,302	-	117,784	3,694,580	85,963	30,808	3,929,135	400,000	10,789,420	56,470,857	104,389	56,575,246
Profit for the year – as restated		-	-	-	-	-	-	-	-	1,261,112	1,261,112	26,843	1,287,955
Other comprehensive income (loss) – net of relevant income taxes – as restated		-	-	-	808,136	(26,207)	(10,890)	771,039	-	43,809	814,848	78	814,926
Total comprehensive income (loss) for the year – as restated		-	-	-	808,136	(26,207)	(10,890)	771,039	-	1,304,921	2,075,960	26,921	2,102,881
Transferred revaluation surplus on assets directly to retained earnings – as restated		-	-	-	(454,016)	-	-	(454,016)	-	454,016	-	-	-
Expenses in relation to share-based payments	32.1	-	-	126,800	-	-	-	126,800	-	-	126,800	-	126,800
Issued ordinary shares to employees	32.5	20,123	27,537	(47,660)	-	-	-	(47,660)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	32.5	-	(529)	-	-	-	-	-	-	-	(529)	-	(529)
Additional investment in a subsidiary – as restated	13.1	-	-	-	-	-	-	-	-	(50,595)	(50,595)	(65,655)	(116,250)
Appropriated to statutory reserve	35.1	-	-	-	-	-	-	-	80,000	(80,000)	-	-	-
Dividend paid	35.2	-	-	-	-	-	-	-	-	(1,306,442)	(1,306,442)	-	(1,306,442)
Balance as at 31 December 2012 – as restated		41,372,425	27,008	196,924	4,048,700	59,756	19,918	4,325,298	480,000	11,111,320	57,316,051	65,655	57,381,706
Balance as at 31 December 2012 – as previously reported		41,372,425	27,008	196,924	5,060,875	74,695	24,897	5,357,391	480,000	6,387,396	53,604,220	65,055	53,669,275
Cumulative effects of the changes in accounting policies	3	-	-	-	(1,012,175)	(14,939)	(4,979)	(1,032,093)	-	4,743,924	3,711,831	600	3,712,431
Balance as at 1 January 2013 – as restated		41,372,425	27,008	196,924	4,048,700	59,756	19,918	4,325,298	480,000	11,111,320	57,316,051	65,655	57,381,706
Profit for the year		-	-	-	-	-	-	-	-	5,737,345	5,737,345	10,476	5,747,821
Other comprehensive income (loss) – net of relevant income taxes		-	-	-	(46,316)	(1,975)	23,645	(24,646)	-	-	(24,646)	-	(24,646)
Total comprehensive income (loss) for the year		-	-	-	(46,316)	(1,975)	23,645	(24,646)	-	5,737,345	5,712,699	10,476	5,723,175
Transferred revaluation surplus on assets directly to retained earnings		-	-	-	(84,253)	-	-	(84,253)	-	84,253	-	-	-
Expenses in relation to share-based payments	32.1	-	-	167,999	-	-	-	167,999	-	-	167,999	-	167,999
Issued ordinary shares to employees	32.5	53,581	54,746	(108,327)	-	-	-	(108,327)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	32.5	-	(558)	-	-	-	-	-	-	-	(558)	-	(558)
Appropriated to statutory reserve		-	-	-	-	-	-	-	290,000	(290,000)	-	-	-
Dividend paid	35.1	-	-	-	-	-	-	-	-	(1,438,935)	(1,438,935)	-	(1,438,935)
Balance as at 31 December 2013		41,426,006	81,196	256,586	3,918,131	57,781	43,563	4,276,071	770,000	15,203,983	61,757,256	76,131	61,833,387

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

(Unit: Thousand Baht)

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

TMB Bank Public Company Limited and its subsidiaries
Statements of cash flows
For the year ended 31 December 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from operating activities				
Profits from operation before income tax expenses	7,044,409	1,663,824	7,057,704	1,538,556
Adjustments to reconcile profits from operation before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,105,707	987,379	1,092,900	972,374
Bad debts, doubtful accounts and impairment losses	7,612,759	8,750,680	7,686,226	8,824,016
Impairment losses on premises and equipment (reversal)	8,377	(97,812)	8,377	(97,812)
Impairment losses on properties foreclosed and other assets	129,923	547,627	129,519	548,505
Provisions for other liabilities (reversal)	(113,332)	475,190	(191,329)	470,231
Impairment losses on investments (reversal)	1,792	78,683	(187,208)	(190,317)
Unrealised (gains) losses on revaluation of trading investments	(1,836)	2,038	(1,836)	2,038
Gains on disposals of premises and equipment	(36,242)	(559,728)	(35,484)	(557,684)
Gains on disposals of investments	(143,539)	(164,671)	(108,904)	(164,500)
Unrealised (gains) losses on remeasurement of financial liabilities designated at fair value through profit or loss	(603)	13,297	(603)	13,297
Unrealised (gains) losses on exchange on borrowings and derivatives	424,810	(41,713)	424,810	(41,713)
Expenses in relation to share-based payments	167,999	126,800	167,999	126,800
Decrease (increase) in other accrued income	39,459	(153,447)	51,587	(142,985)
Increase (decrease) in other accrued expenses	96,482	(146,240)	94,110	(150,930)
Net interest income	(20,821,664)	(17,064,771)	(20,651,010)	(16,843,991)
Dividend income	(64,905)	(130,800)	(64,905)	(130,800)
Cash received on interest income	31,941,337	27,564,001	31,772,901	27,348,534
Cash paid on interest expenses	(12,330,119)	(12,154,886)	(12,330,449)	(12,157,176)
Cash refund on income taxes	81,458	-	81,458	-
Cash paid on income taxes	(221,343)	(251,906)	(192,543)	(214,073)
Profits from operating activities before changes in operating assets and liabilities	14,920,929	9,443,545	14,803,320	9,152,370

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

TMB Bank Public Company Limited and its subsidiaries
Statements of cash flows (continued)
For the year ended 31 December 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
(Increase) decrease in operating assets				
Interbank and money market items	(232,538)	41,888,548	(150,695)	42,019,404
Derivatives assets	4,481,294	7,354,342	4,481,294	7,354,342
Trading investments	1,388,458	(7,730,603)	1,388,458	(7,730,603)
Loans to customers	(47,813,058)	(62,403,097)	(48,047,374)	(62,697,814)
Properties foreclosed	449,910	1,414,854	449,910	1,359,688
Other receivables	2,722,409	1,981,453	2,729,566	1,840,590
Other assets	(3,244,794)	125,427	(3,243,628)	123,962
Increase (decrease) in operating liabilities				
Deposits	33,444,038	43,890,017	33,244,608	44,018,448
Interbank and money market items	(15,417)	23,832,344	(15,417)	23,832,344
Liability payable on demand	(604,380)	440,355	(604,380)	440,355
Financial liabilities designated at fair value through profit or loss	150,000	200,000	150,000	200,000
Derivatives liabilities	(4,494,255)	(7,806,312)	(4,494,255)	(7,806,312)
Short-term debts issued and borrowings	(3,567,464)	(69,478,966)	(3,567,464)	(69,478,966)
Provisions for obligation on transfer of non-performing assets	(85,552)	-	-	-
Provisions for employee benefits	(56,685)	(55,897)	(56,642)	(55,897)
Provisions for other liabilities	(44,401)	(113,276)	(44,401)	(79,276)
Other payables	1,337,289	467,396	1,336,963	470,120
Other liabilities	1,109,213	378,806	1,122,876	345,400
Net cash used in operating activities	(155,004)	(16,171,064)	(517,261)	(16,691,845)

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

TMB Bank Public Company Limited and its subsidiaries
Statements of cash flows (continued)
For the year ended 31 December 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from investing activities				
Cash received on interest income	2,418,015	2,114,638	2,417,348	2,106,060
Cash received on dividend income	64,905	130,800	64,905	130,800
Investments in available-for-sale investments	(48,890,169)	(69,572,903)	(47,236,294)	(68,672,903)
Proceeds from sales of available-for-sale investments	51,036,468	83,164,623	49,732,593	83,164,623
Investments in held-to-maturity debt securities	(16,284,069)	(16,000,445)	(16,284,069)	(16,000,445)
Proceeds from redemption of matured held-to-maturity debt securities	19,942,729	8,918,712	19,925,316	8,534,104
Investments in general investments	(18,901)	-	(18,901)	-
Capital return from investment units and proceeds from sales of general investments	291,539	208,398	291,539	208,226
Investment in a subsidiary	-	(116,250)	-	(116,250)
Purchases of premises and equipment	(1,119,980)	(1,043,065)	(1,111,769)	(1,029,048)
Cash paid for leasehold rights	(103,624)	(16,637)	(103,624)	(16,637)
Purchases of intangible assets	(402,377)	(286,892)	(398,930)	(285,029)
Proceeds from disposals of premises and equipment	178,030	2,224,433	176,646	2,221,437
Proceeds from disposals of leasehold rights	-	10,997	-	10,997
Net cash provided by investing activities	7,112,566	9,736,409	7,454,760	10,255,935
Cash flows from financing activities				
Cash repayments on long-term debts issued and borrowings	(2,004,013)	(216,758)	(2,004,013)	(216,758)
Cash paid on interest on long-term debts issued and borrowings	(1,566,383)	(1,682,441)	(1,566,309)	(1,681,215)
Cash receipts on issuance of subordinated debentures	-	10,350,000	-	10,350,000
Cash receipts on issuance of long-term bills of exchange	-	686,650	-	686,650
Expenses in relation to issuance of ordinary shares to employees	(558)	(529)	(558)	(529)
Dividends paid	(1,438,935)	(1,306,442)	(1,438,935)	(1,306,442)
Net cash provided by (used in) financing activities	(5,009,889)	7,830,480	(5,009,815)	7,831,706
Net increase in cash and cash equivalents	1,947,673	1,395,825	1,927,684	1,395,796
Increase (decrease) in translation adjustments arising from translating the financial statements of foreign operations	29,557	(14,145)	29,557	(14,145)
Cash and cash equivalents as at 1 January	14,598,973	13,217,293	14,598,880	13,217,229
Cash and cash equivalents as at 31 December	16,576,203	14,598,973	16,556,121	14,598,880

Supplemental cash flows information**Non-cash transactions:**

Issuance of ordinary shares to employees	108,327	47,660	108,327	47,660
Decrease in available-for-sale investments as a result of revaluation	(2,468)	(34,034)	(1,418)	(50,354)
Increase (decrease) in premises as a result of revaluation and/or amortisation of revaluation surplus	(163,212)	459,897	(163,212)	459,897
Decrease in provisions for employee benefits as a result of actuarial gains on post-employment benefit plan	-	57,439	-	57,776

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

TMB Bank Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2013

1. General information

TMB Bank Public Company Limited (“the Bank”), is a public company incorporated and domiciled in Thailand. The Bank has been operating commercial banking businesses whereby its head office is located at No. 3000, Phaholyothin Road, Chomphon Sub-district, Chatuchak District, Bangkok. As at 31 December 2013, the Bank had altogether 458 branches, including the Head Office, in all regions throughout Thailand and 2 overseas branches (31 December 2012: 466 branches in Thailand and 2 overseas branches).

All subsidiaries are incorporated as limited companies under Thai laws and have been operating in Thailand, with their core businesses being provisions of asset management and fund management services.

2. Basis of preparation of financial statements

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 11/2553 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 3 December 2010.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 5 to the financial statements regarding a summary of significant accounting policies.

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

2.2 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of TMB Bank Public Company Limited and the following subsidiaries:

Type of business	Percentage of shares held by the Bank as at		Assets included as a percentage to the consolidated totals as at		Revenue included as a percentage to the consolidated totals for the years ended 31 December	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	2013	2012
					(Restated)	(Restated)
Phayathai Asset Management Co., Ltd. Asset management business	100.00	100.00	0.34	0.33	0.42	0.59
Designee for ETA Contract Ltd. Financial support business	99.40	99.40	-	-	-	-
TMB Asset Management Co., Ltd. Fund management business	87.50	87.50	0.09	0.08	2.20	1.97

- (b) The Bank and its subsidiaries do not treat investments in any mutual funds in which they hold more than 50% of outstanding units as investments in subsidiaries because the Bank does not have control over the financial and operating policies of these funds. In case that the Bank and its subsidiaries receive shares as a result of debt restructuring of a borrower, which causes the Bank and its subsidiaries to hold more than 50% of the paid-up share capital of such company, the Bank and its subsidiaries will not treat that investee company as a subsidiary, since they intend to hold such investment temporarily.
- (c) Subsidiaries’ financial statements have been fully consolidated since the date on which the Bank obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Bank.

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

2.3 Separate financial statements

The separate financial statements, which present investments in subsidiaries and associate under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

3.1 Accounting standards that became effective in the current accounting year

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

The management of the Bank and its subsidiaries have assessed the effect of the above accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance, and believe that they are either not related to the businesses of the Bank and its subsidiaries or do not have a significant impact on the financial statements, except for TAS 12 "Income Taxes", which has been adopted by the Bank and its subsidiaries during the year and the Bank and its subsidiaries restated the prior years' financial statements, presented as comparative information, as though they had always adopted such accounting policy. The cumulative effect of the change in accounting policy is separately presented under the heading of "Cumulative effects of the changes in accounting policies" in the statements of changes in shareholders' equity.

The effect of adjustments to each line item in the current and prior years' financial statements as a result of such change in accounting policy is shown below:

				(Unit: Million Baht)		
	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Statements of financial position						
Deferred tax assets were						
increased by	3,472	4,778	5,320	3,402	4,691	5,178
Deferred tax liabilities were						
increased by	1,023	1,059	1,022	1,018	1,054	1,021
Other components of						
shareholders' equity were						
decreased by	1,005	1,032	937	1,001	1,028	937
Unappropriated retained						
earnings were increased by	3,453	4,750	5,235	3,385	4,665	5,094
Non-controlling interests of the						
subsidiaries were increased by	1	1	-	-	-	-

			(Unit: Million Baht)	
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Statements of comprehensive income				
Profits or loss:				
Income tax expenses were increased by		1,277		1,258
Profits attributable to equity holders of the				
Bank were decreased by		(1,277)		(1,258)
Other comprehensive income (loss):				
Income taxes relating to components of other				
comprehensive income (loss) were				
(increased) decreased by		6		6
		(238)		(234)
Earnings per share (Baht per share):				
Basic earnings per share was decreased by		0.0293		0.0289
Diluted earnings per share was decreased by		0.0292		0.0288

3.2 Accounting standards that will become effective in the future

	Effective date
Accounting Standards:	
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 38 (revised 2012)	Intangible Assets

		<u>Effective date</u>
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Bank and its subsidiaries already assessed and believe that TAS 31 (revised 2012), TFRS 4, TSIC 29, TFRIC 5, TFRIC 7, TFRIC 12 and TFRIC 18 are not relevant to the businesses of the Bank and its subsidiaries while the remaining accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations will not have a significant impact on the financial statements for the year when they are initially adopted, except for TFRIC 13 "Customer Loyalty Programmes" that the management of the Bank and its subsidiaries have considered to early adopt it starting 1 January 2013 onwards before it becomes effective and therefore restated the prior years' financial statements, presented as comparative information, as though they had always adopted this accounting policy. Cumulative effect of such change in accounting policy is separately presented under the heading of "Cumulative effects of the changes in accounting policies" in the statements of changes in shareholders' equity.

The effect of adjustments to each line item in the prior year's financial statements as a result of such change in accounting policy is shown below.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	31 December 2012	1 January 2012
Statements of financial position		
Provisions for other liabilities were decreased by	50	66
Other liabilities were increased by	56	70
Unappropriated retained earnings were decreased by	6	4

	(Unit: Million Baht)
	Consolidated and separate financial statements
	For the year ended 31 December 2012
Statements of comprehensive income	
Profit or loss:	
Fees and service income were increased by	13
Other operating expenses were increased by	16
Profits attributable to equity holders of the Bank were decreased by	3
Earnings per share (Baht per share):	
Basic earnings per share was decreased by	0.0001
Diluted earnings per share was decreased by	0.0001

4. Changes in accounting policies

Other than changes in accounting policies as a result of adoption of new accounting standards as already described in Note 3 to the financial statements, during 2013, the Bank and its subsidiaries have also changed the method used to calculate cost of investments in debt securities that have been sold and those are still held by them from the weighted average method to the first-in, first-out method for management purposes. However, the Bank and its subsidiaries have not restated the prior years' financial statements because the impact as a result of such change is insignificant.

5. Summary of significant accounting policies

5.1 Revenue Recognition

(a) Interest Income

The Bank and its subsidiaries recognise interest income on loans on an accrual basis, except for loans on which interest has been accrued longer than 3 months, or loans classified as sub-standard, doubtful and doubtful of loss in accordance with the Bank of Thailand's regulations. Interest on these loans is then recognised when received and the Bank and its subsidiaries will reverse all interest income previously accrued for these loans. Interest on these loans will be recognised on an accrual basis once they are restructured and meet all of the following conditions:

1. The loans are qualified to be classified as "pass".
2. There are no interest receivables and present value loss on debt restructuring outstanding.

Interest on investment in debt securities is recognised as revenue based on the effective yield rates over the holding periods.

(b) Dividend income

Dividends are recognised as revenue on the date that the Bank's and its subsidiaries' right to receive the dividends is established.

(c) Fees and service income

Fees are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered, taking into account the stage of completion of the services provided. In case that the Bank and its subsidiaries give away customer loyalty programmes, such as award points to redeem goods or services, etc. to their customers to motivate them to become their loyal customers, the Bank and its subsidiaries shall allocate the fair value of the award points earned by customers each time they use services of the Bank and its subsidiaries from considerations received on services they provide each time. The then allocated amount is recorded as deferred revenue, which is presented as a part of "other liabilities" in the statements of financial position and it will be recognised as revenue in profit or loss from operation when the customers redeem the award points.

5.2 Recognition of expense

(a) Interest expenses

The Bank and its subsidiaries recognise interest expenses on an accrual basis.

(b) Fees and service expenses

The Bank and its subsidiaries recognise fees and service expenses on an accrual basis.

5.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in the process of collection.

5.4 Securities purchased under resale agreements/Securities sold under repurchase agreements

The Bank enters into agreements to purchase securities or to sell securities that include agreements to sell or purchase the securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Interbank and money market items - assets" or "Loans to customers", depending upon the type of its counterparty, in the statements of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items - liabilities" or "Debt issued and borrowings", depending upon the type of its counterparty, in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

5.5 Investments

The Bank and its subsidiaries classify their investments in debt securities as trading investments, available-for-sale investments, held-to-maturity debt securities as the case may be, and classify their investments in equity securities as trading investments, available-for-sale investments, general investments, investments in subsidiaries or associate as the case may be. Purchases and sales of investments are recorded on trade dates.

Impairment losses are recognised in profit or loss from operation. In the event the Bank and its subsidiaries reclassify investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date.

The difference between the carrying amount and the fair value of such investment on the date of reclassification is recorded in profit or loss from operation or at revaluation surplus (deficit) on investments in shareholders' equity, depending on the type of investment that is reclassified.

Investments in subsidiaries and associate

Investments in subsidiaries and associate as stated in the Bank's separate financial statements are accounted for using the cost method (cost net of allowance for impairment, if any). Losses on impairment are recorded as expenses in profit or loss from operation.

Investment in an associate as stated in the consolidated financial statements is accounted for using the equity method.

Investment in the associate is initially recorded at the acquisition cost and are adjusted to reflect the attributable share of profits or losses from the operations of the associate proportionately according to the investment holding percentage and reduced by the amount of dividends received.

If the Bank and its subsidiaries receive shares as a result of debt restructuring of a borrower, which cause them to hold more than 50% or 20% of the paid-up share capital of such company, they will not treat that investee company as a subsidiary or an associate, respectively, since they intend to hold such investment temporarily. Such investments are classified as general investments and stated at cost less allowance for impairment (if any).

The Bank and its subsidiaries do not treat investments in any mutual funds in which they hold more than 50% or 20% of the issued units of the fund as investments in a subsidiary or an associate, respectively, because the Bank do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund managers in accordance with the details stipulated in the mutual fund prospectus and under the supervision of the Office of Securities and Exchange Commission. Such investments are classified as general investments and stated at cost less allowance for impairment (if any).

Investments in debt and equity securities

Debt securities and marketable equity securities held for trading are classified as trading investments and are stated at fair value. Changes in the fair value of these securities are recognised as income or expense in profit or loss from operation.

Debt securities, including rights to receive non-negotiable promissory notes availed by the Financial Institution Development Fund ("FIDF") on the transfer of non-performing assets to Thai Asset Management Corporation ("TAMC"), that the Bank and its subsidiaries intend and are able to hold to maturity, are stated at amortised cost less allowance for impairment (if any). The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the remaining period to maturity, counting from acquisition date or investment date.

Debt securities and marketable equity securities, other than those held for trading or held to maturity, are classified as available-for-sale investments and are stated at fair value. Changes in the fair value are recorded as income or expense in other comprehensive income, and will be included in profit or loss from operation when those securities are sold.

Investments in (a) non-marketable equity securities, (b) investment units with conditions regarding the return on the investments similar to those of debt securities, (c) equity securities that were received as a result of debt restructuring, or (d) mutual funds, which are not classified as investments in subsidiaries or associate, are classified as general investments and stated at cost less allowance for impairment (if any).

Fair value of securities

The fair value of marketable equity securities held for trading and as available-for-sale is determined at the last bid price quoted on the last working day of the Stock Exchange of Thailand of the reporting period.

Fair value of an investment unit is determined using the net asset value announced on the reporting period-end date.

The fair value of investments in government-sector debt securities is determined, using yield rate or price quoted on the Thai Bond Market Association ("TBMA"). The fair value of investments in other debt securities issued locally is determined based on market value appraised by the reliable institutions, their respective yields, or the TBMA's yield rates adjusted by appropriate risk factors.

Disposal of investments

When disposal of an investment is made, the difference between the net disposal proceeds and the carrying amount, together with the associated cumulative gain or loss that has been recorded in shareholders' equity, is recognised as gain or loss in profit or loss from operations.

For equity securities, cost of both investments sold and those still held are determined using the weighted average method.

For debt securities, cost of both investments that are disposed of and are still held are determined using the first-in, first-out method.

5.6 Loans to customers

Loans to customers are presented exclusive of accrued interest receivables (except for overdrafts, which are presented inclusive of accrued interest receivables). Unearned discounts received in advance on loans to customers are presented as deductions from the loans.

5.7 Bill purchased, Trade Finance and Factoring

The Bank recognises bill purchased transactions, trade finance transactions by purchasing, discounting or rediscounting documents under letter of credit condition, and factoring transactions following the characteristic of credit analysis and risk management of each transaction, considering the counterparty with whom the Bank has its legal recourse. The Bank records such transactions that are accepted, availed or guaranteed by other financial institutions as assets under the caption of "Interbank and money market items-assets", while the transactions that have no other financial institutions accepted, availed or guaranteed are recorded as assets under the caption of "Loans to customers".

The Bank recognises the difference between purchase price and the face value of transaction as interest income over the lending periods.

5.8 Allowance for doubtful debts

Allowance for doubtful debts is determined based on relevant BOT's criteria and regulations. The Bank and its subsidiaries provide allowance for doubtful debts based specifically on the nature of loans and relevant factors such as debtor's payment ability, collateral, historical loss, estimated loss, debtor's credit risk, and experience of management. In addition, the Bank has a policy to set aside additional provisions following its business plan and management of non-performing loans.

For loans classified as 'pass' and 'special mention', the Bank and its subsidiary provide allowance for doubtful debts based on the nature of loans and relevant factors such as historical loss, the debtor's credit risk, and management's experience. The allowance for doubtful debts on performing loans includes an allowance determined at the minimum percentage as specified in the BOT notifications and an allowance in excess of such minimum regulatory requirement, which is set aside for losses incurred but not yet reported.

For loans classified as 'sub-standard', 'doubtful' and 'doubtful of loss', the Bank and its subsidiary provide allowance for doubtful debts on a specific basis, taking into account the nature of the loans and relevant factors such as the debtor's payment ability and collateral, at the rate of 100 percent of the excess of the book value of the outstanding debt and the present value of future cash flows expected to be collected from debtors or from the disposal of collateral in accordance with the BOT's notifications.

Any additional allowances for doubtful debts are charged to expense in each accounting period. The Bank and its subsidiaries write off bad debts against the allowance for doubtful debts for uncollectible amounts and bad debts recovered (principal portion) are credited to the allowance for doubtful debts.

5.9 Troubled debt restructuring

Foreclosed assets transferred as a result of troubled debt restructuring are recorded at the fair value of the assets net of estimated disposal expenses, to the extent that this does not exceed the book value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Where restructuring a loan involves modification of its terms, the present value of the future cash flows expected to be collected from the debtor is calculated by using a discount rate equivalent to the market rate at the time of restructuring. The difference between the then-determined present value and the outstanding balances of loans to customers and accrued interest receivables is recorded as a revaluation allowance on debt restructuring in the statements of financial position. Such revaluation allowance is reviewed using the present value of the projected expected cash to be received over the remaining terms.

5.10 Properties foreclosed

Properties foreclosed are stated at the lower of cost or net realisable value. Loss on impairment is recognised as an expense in profit or loss from operation. Gain or loss on disposal is recognised in profit or loss from operation when a disposal is made.

Cost of properties foreclosed as a result of settlement from a debtor is stated at the lower of the appraised value or carrying value of the related debt for properties acquired from debt settlement before 2002, and at fair value less estimated direct cost to sell for properties acquired from debt settlement after 2002, to the extent that this does not exceed the carrying value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Cost of properties foreclosed through a public auction process is the purchase price plus transfer costs and less estimated direct cost sell.

The Bank and its subsidiaries consider net realisable value for each unit of properties foreclosed. Net realisable value is the recoverable value from disposal of properties foreclosed less estimated selling expenses. The recoverable value from disposal of properties foreclosed is assessed with reference to the appraisal value of each unit of properties foreclosed and is adjusted down by varying discount rates, taking into consideration the quality of assets (location, infrastructure and property usage potential), holding period, historical disposal experience and market demand.

5.11 Premises and equipment

Land is stated at revalued amount less allowance for impairment (if any), buildings are stated at revalued amount less accumulated depreciation and allowance for impairment (if any), and equipment is stated at cost less accumulated depreciation and allowance for impairment (if any).

The Bank and its subsidiaries initially record land, buildings and equipment at their costs on the acquisition dates. The Bank, thereafter, arranges to have the independent valuers appraise the land and buildings on a regular basis and records them at the revalued amount (Revalued amounts are determined by the independent valuer using the market approach for land and the

depreciated replacement cost approach for buildings) such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

The Bank recognises surplus/deficit arising as a result of revaluation of their assets as follows:

- (a) When an asset's carrying amount is increased as a result of a revaluation of the assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in shareholders' equity under the heading of "Revaluation surplus on assets". However, if the asset is previously devalued and the Bank used to recognise such revaluation decrease as an expense in profit or loss from operation, a revaluation increase from this revaluation is then recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- (b) When an asset's carrying amount is decreased as a result of a revaluation of the asset, the decrease is recognised in profit or loss from operations. However, if the asset was previously revalued and an outstanding balance of revaluation surplus remains in shareholders' equity under the heading of "Revaluation surplus on assets", the revaluation decrease is then charged to other comprehensive income to the extent that it does not exceed the amount already held in "Revaluation surplus on assets" in respect of the same asset and the revaluation decrease in excess of the amount already held in "Revaluation surplus on assets" in respect of the same asset is recognised in profit or loss from operations.

Depreciation of buildings and equipment is calculated by reference to their cost or the revalued amounts, on a straight-line basis over the following estimated periods of useful lives. (Depreciation of fixed assets of overseas branches is computed at a rate specified by the applicable laws, which is at the rate of 20% of the cost or the estimated useful life of 5 years.)

Buildings	-	50 years
Equipment	-	3 - 10 years

Depreciation is included in profit or loss from operation. No depreciation is determined for land and assets under construction and installation.

The revaluation surplus on assets is amortised, using the straight-line method, over the estimated remaining periods of those assets' estimated useful lives and directly charged to retained earnings. The remaining of revaluation surplus on an item of land and buildings, that is derecognised of, is transferred directly to retained earnings when the asset is derecognised of.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognised in profit or loss from operation when the asset is derecognised.

5.12 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and are presented as a part of "other assets" in statements of financial position. Leasehold rights are amortised and recognised as the expenses, using a straight-line method, over the lease periods.

5.13 Intangible assets

Goodwill

Goodwill arising on the acquisition of an interest in a subsidiary represents the excess of the cost of the investment over the carrying amount of the net assets acquired at the date of acquisition. Goodwill is stated at cost less allowance for impairment (if any) in the statements of financial position.

Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and allowance for impairment (if any). Intangible assets with finite useful lives or with useful lives that can be estimated are amortised on a systematic basis over the periods of their economic benefit and are tested for impairment whenever there is an indication that the asset may be impaired. The amortisation periods and methods for such intangible assets are reviewed at least at each financial year-end. The amortisation amount and loss on impairment (if any) are recognised as expenses in profit or loss from operation.

The Bank's and its subsidiaries' other intangible assets are computer softwares, which are amortised over the estimated period of their economic benefits of 5 years. No amortisation is made for computer softwares under development.

5.14 Allowance for impairment

Impairment

The carrying amounts of the Bank's and its subsidiaries' assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any of such indication exists, the assets' recoverable amounts are estimated.

Goodwill and other intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually or when indicators of impairment are identified earlier.

An impairment loss is recognised whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss from operation unless it reverses a previous revaluation surplus on assets credited to equity, in which case an impairment loss on a revalued asset is recognised in equity to the extent that the impairment does not exceed the amount of the remaining balance of the revaluation surplus for the same asset.

When a decrease in the fair value of an available-for-sale investments, which has been recognised in shareholders' equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had already been recognised in shareholders' equity is then transferred to be recognised in profit or loss from operation. The amount of impairment loss that is recognised in profit or loss from operation is the difference between the acquisition cost and the fair value, less any impairment loss on that financial asset previously recognised in profit or loss from operation.

Calculation of recoverable amount

The recoverable amount of the Bank's and its subsidiaries' investments in held-to-maturity securities is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

The recoverable amount of available-for-sale investments is calculated by reference to their fair value.

The recoverable amount of loans to customers and accrued interest receivables is calculated as described in Notes 5.6 to 5.9 to the financial statements.

The recoverable amount of non-financial assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss recorded in respect of a financial asset is reversed if a subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost, available-for-sale investments, general investments and investments in subsidiaries and associate, the reversal is recognised in profit or loss from operations. However, any reversal is not to exceed the amount previously recognised as the impairment loss in profit or loss from operations. An impairment loss recorded in respect of goodwill is not reversed.

Impairment loss recognised in prior periods in respect of other non-financial assets is assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and will be reversed only to the extent that the asset's carrying value does not exceed the carrying value, net of accumulated depreciation or amortisation, that would have been determined if no impairment loss had been recognised.

5.15 Hybrid instruments

The Bank records financial liabilities that are created in the form of hybrid instruments with reference to the BOT's Notification, which requires the Bank to apply International Accounting Standard No.39 (IAS 39) in relation to financial liabilities whereby it has an option to classify financial liabilities as "Financial liabilities designated at fair value through profit or loss" when the following criteria are met:

1. Such classification is made to reduce a mismatch in profit or loss that would otherwise arise from different accounting recognition between financial assets and financial liabilities; or
2. The financial instrument is for management and evaluation of a group of financial assets or financial liabilities under a documented risk management or investment strategy policy as approved by the Board of Directors of the Bank; or
3. It is a financial instrument containing an embedded derivative.

When the Bank classifies its hybrid instrument liabilities as “Financial liabilities designated at fair value through profit or loss”, it will not be able to reclassify such liabilities over their remaining lives to recognise them under another accounting method.

The fair value of financial liabilities designated at fair value through profit or loss is calculated based on a valuation model, using market data obtained from reliable sources. Changes in the fair value are recorded as income or expense in profit or loss from operation.

If the Bank opts not to classify the hybrid instrument liabilities as “Financial liabilities designated at fair value through profit or loss” or the criteria for classifying them are not met, the Bank is to classify and account for hybrid instrument liabilities in accordance with International Accounting Standard No.39 (IAS 39) regarding hybrid instruments, taken into consideration all of the following criteria:

1. The hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss from operation.
2. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
3. The economic characteristics and risks of the embedded derivative and the host contract are not closely related.

If all 3 conditions are met, the Bank will account for the host contract at cost or amortised cost and measure the embedded derivative separately from the host contract at fair value with changes in the fair value of the embedded derivative recognised as income or expense in profit or loss from operation. If any of the 3 conditions is not met, the Bank will recognise the hybrid instrument at cost or amortised cost.

5.16 Provisions

Provisions for contingent liabilities as a result of obligation having credit risk exposures

The Bank provides provisions for those off-balance sheet contingencies having credit risk exposures, such as loan guarantees, avals or commitments irrevocable by financial institutions, or obligation according to letter of guarantee of which the Bank was claimed against, using the same criteria and methods applied to allowance for doubtful debts that are described in Note 5.8 to the financial statements.

Provisions for other liabilities

Provisions are recognised when the Bank and its subsidiaries have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash outflows by a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

5.17 Derivatives

Trading derivatives are initially and subsequently measured at fair value. Gain or loss on measurement of derivatives is recognised as revenue or expense in profit or loss from operation. In case where there is an active market, the Bank and its subsidiaries use the market value as the fair value of derivatives and if there is no active market, the fair value is derived from valuations incorporating market data obtained from reliable sources. The market price or market data obtained from reliable sources are mainly based on exchange-traded prices, broker/dealer quotations, or counterparties quotations.

Derivatives, entered for the banking book purpose, with interest components are recognised on an accrual basis, in the same manner as the hedged assets and liabilities. That is, the interest income or interest expense is recognised over the term of the contracts. Derivatives with foreign exchange components are recognised based on exchange rates ruling on the reporting period-end date. Unrealised gain or loss on exchange rate is recognised in profit or loss from operation and the difference between the forward rate and the spot rate at the contract date is recognised as revenue or expense using the straight-line basis over the contract periods.

5.18 Translation of foreign currencies

Transactions in foreign currencies are translated into Thai Baht at the buying or selling rates as specified by the Bank when the transactions occur.

Monetary assets and liabilities denominated in foreign currencies outstanding on the reporting period-end dates are translated into Thai Baht at the reference rates announced by the Bank of Thailand at those dates. Foreign exchange differences arising on translation are recognised in profit or loss from operation.

The financial statements of overseas branches are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting period-end dates. Foreign exchange differences arising on translation are recognised in other comprehensive income until dissolution of the branch's business, except for the Cayman Islands Branch, for which the foreign exchange differences arising on translation are recognised in profit or loss from operation.

5.19 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post employment benefits and other long-term employee benefits

Defined contribution plan

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

Defined benefit plans

The Bank and its subsidiaries treat the severance payments they must make to employees upon retirement under labour law and other benefit (if any) as a post-employment benefit plan and the obligation to provide memorable gifts to employees when the employees have worked for the Bank and its subsidiaries for the specified length of years in service as other long-term employee benefit plan.

Provisions for post-employment benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. These actuarial techniques involve assumptions with reference to various variables such as demographic assumptions (e.g. staff turnover rate, mortality rate, etc.) and financial assumptions (e.g. salary incremental rate, discount rate, etc.).

Actuarial gain or loss arising from a post-employment benefit plan is recognised in other comprehensive income and taken as a part of retained earnings.

Actuarial gain or loss arising from other long-term employee benefit plan is recognised in profit or loss from operation.

5.20 Share-based payments

The cost of the TMB Performance Share Bonus Project ("Share-based payment plan") is recognised when services are rendered by employees. The cost of the share-based payment plan is measured by reference to the fair value of the issued shares on the grant date (date of offering of new ordinary shares to the employees).

The cost of the share-based payment plan is recognised as expense in profit or loss from operation with a corresponding increase in "Other reserve - share-based payments" in shareholders' equity over the periods in which the performance and/or service conditions are fulfilled. The cumulative expense, which involves the Bank's management best estimate of number of ordinary shares that will ultimately vest, is recognised for the share-based payment plan at each reporting period-end until the vesting date. The expense or reversal of expense for a period represents the movement in cumulative expense recognised as at the beginning and at the end of the reporting period.

5.21 Long-term leases

Leases of motor vehicles which transfer substantially all the risks and rewards of ownership to the Bank and its subsidiaries, as lessees, are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the net present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term liabilities, while the interest element is recorded as expense in profit or loss from operation over the lease period. Assets acquired under finance leases are depreciated over the shorter of the useful lives of the assets and the lease periods.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss from operation on a straight-line basis over the lease term.

5.22 Income tax expenses

Income tax expenses consist of current income taxes and deferred taxes.

Current income taxes

The Bank and its subsidiaries recognise current taxes at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred income taxes

The Bank and its subsidiaries recognise deferred income taxes of temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting periods.

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

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

The Bank and its subsidiaries record deferred income taxes directly to shareholders' equity if the taxes relate to items that are recorded directly to shareholders' equity.

5.23 Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Bank and its subsidiaries that gives them significant influence over the Bank and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiaries' operations, together with close family members of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

6. Significant accounting judgments and estimates

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

6.1 Fair value of financial instruments

In determining the fair value of financial instruments that are not freely traded in an open market or for which quoted market prices are not readily available, the management exercises judgment in estimating the fair value of such financial instruments, using the generally accepted valuation method. The inputs used in such fair value calculation are comparable to those from the observable markets, taking into consideration of liquidity and correlation and long-term volatility of financial instruments.

6.2 Allowance for doubtful debts on loans to customers and accrued interest receivables

Allowances for doubtful debts on loans to customers and accrued interest receivables are intended to adjust the value of loans and receivables for probable credit losses. The management follows the BOT's guidelines regarding the provision of allowance for doubtful debts, including the use of judgment to estimate losses expected to be incurred on loans to customers and accrued interest receivables, taking into consideration an analysis of each debtor's status, payment history, collection experience from the debtor, probability of default rates, loss rates given default, the value of collateral and surrounding economic conditions.

6.3 Allowance for impairment on investments/Reversal of allowance for impairment on investments

The Bank and its subsidiaries consider that investments are impaired when there has been a significant and prolonged decline in the fair value below their cost or an indicator of impairment. The determination of what is "significant" or "prolonged" or "indicator of impairment" requires judgment of management. In addition, the Bank and its subsidiaries may consider the reversal of allowance for impairment on investments when the management considers that those impairment indicators no longer exist or there are other indicators, including the current fair value of investments that cause the management to believe that the investments previously provided for impairment loss are no longer impaired.

6.4 Allowance for impairment on properties foreclosed

The Bank and its subsidiaries consider allowance for impairment of properties foreclosed when their recoverable amounts are below their carrying value. The management uses judgment to estimate impairment loss, taking into consideration the latest appraisal values, holding periods, the types, the characteristics of the assets and historical loss experiences.

6.5 Premises and equipment/Depreciation

In determining depreciation of buildings and equipment, the management is required to estimate the useful lives and residual values of the Bank's buildings and equipment and to review estimated useful lives and residual values when there are any changes.

The Bank measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review premises and equipment for impairment on a periodic basis and record impairment losses in the period when it is determined that their recoverable amounts are lower than the carrying values. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

6.6 Intangible assets

In consideration of allowance for impairment loss on intangible assets, it requires the management to forecast cash flows that will be generated by the assets or the cash generating units, and to select a suitable discount rate in order to determine the present value of those cash flows. In addition, in amortising intangible assets, the management estimates the useful lives of those intangible assets that have finite useful lives and reviews these estimates whenever circumstances change.

6.7 Recognition and derecognition of assets and liabilities

In considering whether to recognise or derecognise assets and liabilities, the management is required to make judgment on whether significant risk and rewards have been transferred.

6.8 Provisions for employee benefits

The provisions for post-employment benefits and other long-term employee benefits are determined based on actuarial techniques, which involve various assumptions. The management has to exercise judgment to determine the appropriateness of these assumptions, such as discount rate, salary incremental rate, staff turnover rate and mortality rate, based on their best knowledge of current events and arrangements.

6.9 Claims, litigation and the transfer of non-performing assets

The Bank and its subsidiaries have contingent liabilities as a result of (a) claims, (b) litigation cases being made against them and (c) loss sharing from the transfer of non-performing assets. The determination of these provisions for liabilities to be recognised on the statement of financial position requires the use of various assumptions and judgments by the management.

6.10 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether or not significant risk and rewards of ownership of the leased asset has been transferred to the Bank and its subsidiary, taking into consideration terms and conditions of the arrangement.

7. The Bank's risk management

Risk management approach

The Bank has set up its risk management structure in order to efficiently manage its core risks, i.e. credit, market, operational, liquidity, reputational and strategic risks. Appropriate risk policies and risk management procedures have been established to provide common guidelines and standards to be consistently applied across the Bank and its subsidiaries.

The Bank manages its risks under the following key principles: core risks must be identified, measured, monitored, reported, analysed and controlled; business activities are managed under a risk-return framework to ensure that risks undertaken are commensurate with an appropriate return.

The Bank's risk governance structure consists of the Board of Directors (BOD), which holds the ultimate responsibility for the Bank's overall risk management, the Risk Management Committee (RMC) and senior management risk committees that oversee specific risk areas including the Asset and Liabilities Management Committee (ALCO), the Risk Policy Committee (RPC), the Operational Risk Management Committee (ORC) and the Portfolio Monitoring Committees (PoMoCo). The RMC has been delegated by the BOD the authority to review and oversee the management of all risks across the Bank and is authorised to approve certain risk management strategies, policies, frameworks and standards, as well as risk appetite and risk concentration levels.

While business units are primarily responsible for managing risks within their own responsible areas as per the defined operating framework, the following dedicated risk management related functions are under the stewardship of the Chief Risk Officer (CRO): Credit Risk Management, Credit Restructuring, Market Risk Management, Credit Risk Intelligence, Legal, Corporate Operational Risk Management and Compliance. These functions are responsible for establishing firm-wide risk management policies and guidelines, and take care of the following roles: developing tools for managing risks; proposing risk management strategy and recommending risk appetite to top management for approval in order to be used for monitoring, controlling and managing risk levels of the Bank.

7.1 Credit risk

Credit risk is the risk of loss to the Bank as a result of borrowers and/or counterparties failing to meet their financial or contractual obligations in accordance with agreed terms. It arises principally from granting loans and undertaking contingent liabilities, and also from certain off-balance sheet item products such as guarantees and derivatives.

The maximum credit risk exposure is the carrying values of the financial assets after deducting allowance for losses as presented in the statements of financial position, and the provision for liabilities of off-balance sheet item commitments arising as a result of loan guarantees and other guarantees.

Credit policies/framework

The Bank's credit risk appetite and strategy are approved by the Board of Directors. To properly manage credit risk, the Bank has put in place the Core Credit Risk Policies (CCRP) and frameworks to ensure that credit decisions are prudently made and make credit risk management an integral part of all credit-related business processes. All relevant Business Units and Support Units are required to formulate their own specific policies and supplementary policies under the CCRP. The Bank has also established policies to ensure diversification of its credit portfolio to address various concentration risks covering single exposure concentration risk on a group basis that is economically interdependent, industry / business sector concentration risk and country exposure concentration risk. Additionally, the Bank's Stress Testing Policy ensures a consistent framework to assess the Bank's ability to withstand extreme but plausible adverse changes to economic conditions.

Credit approval process

In managing credit risk, the Bank segregates the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balance. Individual credit risk is analysed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and risk levels of credit requested.

Where appropriate, the Bank demands the placement of adequate collateral by customers in various forms including, for example, land and building, bank deposits, securities, and personal/corporate guarantees.

The Bank has contingent liabilities by issuing loan payment and other forms of guarantees, as well as issuing letters of credit and endorsing aval on commercial bills and notes for its customers. Such contingent transaction activities require assessment on financial condition of customers in the same manner as done for direct lending. The Bank also makes a standard practice to set credit terms and conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

Credit quality review

An independent review of credit quality is carry out to identify any indications of changes in portfolio quality and to provide senior management with in-depth information about the quality of the credit portfolio, weaknesses in credit policies, processes and procedures, and corrective and prevention recommendations to be implemented in order to improve the relevant credit policies, procedures and processes.

The Audit team is responsible for performing the independent assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the risk management processes. Moreover, the Independent Credit Review (ICR) unit, under the Audit team, performs individual credit file reviews to ensure that the credit process and account administration are effectively conducted in accordance with policies and procedures, and in compliance with the regulatory requirements.

7.2 Market risk

Market risk refers to losses that may happen due to the fluctuations of foreign exchange rates, interest rates, and prices of equity securities and commodities, all of which may impact the Bank's assets, liabilities, and off-balance sheet items.

The ALCO holds the responsibility to assist the BOD and the RMC to ensure that bank-wide market risk management complies with the relevant risk policies and defined levels of risk appetite. The Bank classifies the overall market risk management into two parts: trading book and banking book. The Bank has developed a policy to set standards on the book definitions and transaction classification criteria as well as the treatment of each book.

Market risk in the trading book consists of market risk from exposures of financial instruments and derivatives that are held with trading intent or for hedging other positions in the trading book. The Bank has established Market Risk Management: Trading Book Policy to ensure the proper management of market risks in the trading book as well as impose limits to control the risks.

Market risk in the banking book consists of market risks incurred from the Bank's both on- and off-balance sheet items, and derivatives designated to hedge other banking book items. The Bank has established Market Risk Management: Banking Book Policy, which outlines the approach for managing market risks in the banking book and setting the relevant limits appropriate to the positions of the risks in the book and in line with the Bank's risk appetite. The Bank also analyses risks and regularly assesses the impact, the results of which are used as tools to manage the Bank's balance sheet structure to be in line with the changing market environment.

7.2.1 Interest rate risk

Interest rate risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in interest rates.

The Bank's and its subsidiaries' principal financial assets, namely loans to customers mostly earn interest at floating rates, based on MRR, MLR, MOR, interest rates of time deposits or other benchmark floating rates (such as BIBOR, LIBOR, etc.).

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

(Unit: Million Baht)

Consolidated financial statements				
31 December 2013				
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial Assets				
Cash	-	-	16,576	16,576
Interbank and money market items	9,790	75,965	10,641	96,396
Investments - net	5,056	95,228	2,993	103,277
Loans to customers net of deferred revenue	311,685	183,506	4,283	499,474
Other financial assets	7,821	103	12,986	20,910
Financial Liabilities				
Deposits	308,267	196,503	24,836	529,606
Interbank and money market items	8,493	56,011	1,534	66,038
Liability payable on demand	-	-	3,276	3,276
Financial liabilities designated at fair value through profit or loss	340	-	-	340
Debts issued and borrowings	6,098	32,048	27	38,173
Other financial liabilities	1,184	-	14,937	16,121

(Unit: Million Baht)

Consolidated financial statements				
31 December 2012				
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial Assets				
Cash	-	-	14,599	14,599
Interbank and money market items	743	88,793	6,627	96,163
Investments - net	12,340	94,645	2,162	109,147
Loans to customers net of deferred revenue	295,831	153,140	3,749	452,720
Other financial assets	4,933	1,692	25,767	32,392
Financial Liabilities				
Deposits	305,716	168,565	21,877	496,158
Interbank and money market items	5,150	59,349	1,554	66,053
Liability payable on demand	-	-	3,880	3,880
Financial liabilities designated at fair value through profit or loss	202	-	-	202
Debts issued and borrowings	4,979	38,252	17	43,248
Other financial liabilities	20	-	24,479	24,499

(Unit: Million Baht)

	Separate financial statements			
	31 December 2013			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial Assets				
Cash	-	-	16,556	16,556
Interbank and money market items	9,789	75,421	10,641	95,851
Investments - net	5,056	95,228	1,470	101,754
Investments in subsidiaries and associate - net	-	-	2,872	2,872
Loans to customers net of deferred revenue	310,016	183,470	4,282	497,768
Other financial assets	7,717	103	12,794	20,614
Financial Liabilities				
Deposits	308,315	196,503	24,845	529,663
Interbank and money market items	8,493	56,011	1,534	66,038
Liability payable on demand	-	-	3,276	3,276
Financial liabilities designated at fair value through profit or loss	340	-	-	340
Debts issued and borrowings	6,098	32,048	27	38,173
Other financial liabilities	1,184	-	14,844	16,028

(Unit: Million Baht)

	Separate financial statements			
	31 December 2012			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial Assets				
Cash	-	-	14,599	14,599
Interbank and money market items	742	88,331	6,627	95,700
Investments - net	12,322	94,645	1,023	107,990
Investments in subsidiaries and associate - net	-	-	2,683	2,683
Loans to customers net of deferred revenue	294,065	152,958	3,746	450,769
Other financial assets	4,828	1,692	25,595	32,115
Financial Liabilities				
Deposits	305,960	168,565	21,889	496,414
Interbank and money market items	5,150	59,349	1,554	66,053
Liability payable on demand	-	-	3,880	3,880
Financial liabilities designated at fair value through profit or loss	202	-	-	202
Debts issued and borrowings	4,979	38,252	17	43,248
Other financial liabilities	20	-	24,366	24,386

The significant financial assets and liabilities, classified by interest repricing periods, as at 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2013					
	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3-12 months	Over 1 year			
<u>Financial Assets</u>						
Cash	-	-	-	-	16,576	16,576
Interbank and money market items	85,313	442	-	-	10,641	96,396
Investments - net	19,068	21,778	59,438	-	2,993	103,277
Loans to customers net of deferred revenue	393,113	50,628	29,029	22,421	4,283	499,474
Other financial assets	7,549	359	16	-	12,986	20,910
<u>Financial Liabilities</u>						
Deposits	376,991	114,914	12,865	-	24,836	529,606
Interbank and money market items	58,959	972	4,573	-	1,534	66,038
Liability payable on demand	-	-	-	-	3,276	3,276
Financial liabilities designated at fair value through profit or loss	340	-	-	-	-	340
Debts issued and borrowings	1,071	18,002	19,073	-	27	38,173
Other financial liabilities	1,184	-	-	-	14,937	16,121

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2012					
	Repricing periods					
	Within 3 months	Over 3-12 months	Over 1 year	Non- performing assets	Non- interest bearing	Total
Financial Assets						
Cash	-	-	-	-	14,599	14,599
Interbank and money market items	82,810	6,726	-	-	6,627	96,163
Investments - net	31,140	33,547	42,298	-	2,162	109,147
Loans to customers net of deferred revenue	369,371	32,929	24,568	22,103	3,749	452,720
Other financial assets	6,526	-	99	-	25,767	32,392
Financial Liabilities						
Deposits	367,584	82,523	24,174	-	21,877	496,158
Interbank and money market items	57,811	2,048	4,640	-	1,554	66,053
Liability payable on demand	-	-	-	-	3,880	3,880
Financial liabilities designated at fair value through profit or loss	202	-	-	-	-	202
Debts issued and borrowings	3,050	8,149	32,032	-	17	43,248
Other financial liabilities	20	-	-	-	24,479	24,499

(Unit: Million Baht)

	Separate financial statements					
	31 December 2013					
	Repricing periods					
	Within 3 months	Over 3-12 months	Over 1 year	Non- performing assets	Non- interest bearing	Total
<u>Financial assets</u>						
Cash	-	-	-	-	16,556	16,556
Interbank and money market items	85,210	-	-	-	10,641	95,851
Investments – net	19,068	21,778	59,438	-	1,470	101,754
Investments in subsidiaries and associate – net	-	-	-	-	2,872	2,872
Loans to customers net of deferred revenue	393,113	50,628	29,029	20,716	4,282	497,768
Other financial assets	7,445	359	16	-	12,794	20,614
<u>Financial liabilities</u>						
Deposits	377,039	114,914	12,865	-	24,845	529,663
Interbank and money market items	58,959	972	4,573	-	1,534	66,038
Liability payable on demand	-	-	-	-	3,276	3,276
Financial liabilities designated at fair value through profit or loss	340	-	-	-	-	340
Debts issued and borrowings	1,071	18,002	19,073	-	27	38,173
Other financial liabilities	1,184	-	-	-	14,844	16,028

(Unit: Million Baht)

	Separate financial statements					
	31 December 2012					
	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3-12 months	Over 1 year			
Financial assets						
Cash	-	-	-	-	14,599	14,599
Interbank and money market items	82,473	6,600	-	-	6,627	95,700
Investments - net	31,122	33,547	42,298	-	1,023	107,990
Investments in subsidiaries and associate - net	-	-	-	-	2,683	2,683
Loans to customers net of deferred revenue	369,371	32,929	24,568	20,155	3,746	450,769
Other financial assets	6,421	-	99	-	25,595	32,115
Financial liabilities						
Deposits	367,828	82,523	24,174	-	21,889	496,414
Interbank and money market items	57,811	2,048	4,640	-	1,554	66,053
Liability payable on demand	-	-	-	-	3,880	3,880
Financial liabilities designated at fair value through profit or loss	202	-	-	-	-	202
Debts issued and borrowings	3,050	8,149	32,032	-	17	43,248
Other financial liabilities	20	-	-	-	24,366	24,386

The average balances of the financial assets and liabilities and the average rates of interest income and expenses for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Average balances	Interest income/ expenses ⁽¹⁾	Average rates (% per annum)	Average balances	Interest income/ expenses ⁽¹⁾	Average rates (% per annum)
Financial assets						
Interbank and money market items	89,073	2,000	2.25	97,482	2,488	2.55
Investments in debt securities	106,465	3,334	3.13	103,896	3,317	3.19
Loans to customers net from deferred revenue	462,365	29,173	6.31	416,649	24,495	5.88
Financial liabilities						
Deposits	475,037	10,907	2.30	443,106	10,043	2.27
Interbank and money market items	55,010	1,510	2.75	41,991	1,210	2.88
Debts issued and borrowings	40,898	1,577	3.86	61,109	2,354	3.85

⁽¹⁾ Excludes interest income and interest expenses on derivatives entered into by the Bank for banking book purpose for group of financial assets or financial liabilities

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Average balances	Interest income/ expenses ⁽¹⁾	Average rates (% per annum)	Average balances	Interest income/ expenses ⁽¹⁾	Average rates (% per annum)
Financial assets						
Interbank and money market items	88,528	1,983	2.24	97,071	2,475	2.55
Investments in debt securities	106,462	3,334	3.13	103,725	3,313	3.19
Loans to customers net from deferred revenue	460,531	29,019	6.30	414,515	24,292	5.86
Financial liabilities						
Deposits	475,206	10,908	2.30	443,304	10,043	2.27
Interbank and money market items	55,010	1,510	2.75	41,991	1,210	2.88
Debts issued and borrowings	40,898	1,577	3.86	61,130	2,354	3.85

⁽¹⁾ Excludes interest income and interest expenses entered into by the Bank for banking book purpose for group of financial assets or financial liabilities

7.2.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements, as at 31 December 2013 and 2012, the Bank had the following net foreign currency positions categorised by major foreign currencies:

(Unit: USD Million)

	Separate financial statements							
	31 December 2013				31 December 2012			
	USD	Euro ⁽¹⁾	Other currencies ⁽¹⁾	Total	USD	Euro ⁽¹⁾	Other currencies ⁽¹⁾	Total
Spot	651	17	27	695	635	17	1	653
Forward	(674)	(19)	(28)	(721)	(636)	(18)	-	(654)
Net position	(23)	(2)	(1)	(26)	(1)	(1)	1	(1)

⁽¹⁾ Balances denominated in Euro and other currencies are stated in USD equivalents.

7.2.3 Equity price risk

Equity price risk is the risk that the Bank's earnings or value of financial assets may fluctuate due to changes in the price of equities.

The equity portfolio of the Bank is managed by specific units depending on the strategy, the types of business of the issuers, and the objectives for holding such equities. The equity investment management is under the supervision of the ALCO and/or the Chief Executive Committee (CEC). All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The criteria for equity investments include consideration of risk factors such as credit, market, and liquidity risks. Various limits are set, including Gross Limit and Loss Limit. All of these measures are established to ensure that securities investments comply with policies and remain within the approved limits taking into consideration the capital adequacy.

7.3 Liquidity risk

Liquidity risk refers to the risk that the Bank fails to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds necessary for its operations causing damage to the Bank.

The ALCO is responsible for assisting the BOD and the RMC in supervising the liquidity risk management of the Bank in compliance with the BOT's regulations, and ensuring that the Bank has sufficient liquidity for its operations in both normal and crisis situations. In addition, the ALCO is responsible for ensuring that appropriate funding sources are secured in line with the changing market environment.

The Balance Sheet Management is the unit of the Bank responsible for overall liquidity management and the Capital Markets is responsible for day-to-day liquidity management. Additionally, the responsibilities of Balance Sheet Management include liquidity risk measurement and reporting the performance of the liquidity management to the ALCO. The Market Risk Management is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has a liquidity risk management policy, which is reviewed at least once a year, or when necessary, to ensure that it is appropriate with the prevailing environment. The Bank and each company in the Bank's financial business group manage their liquidity risk separately.

In order to manage liquidity, the Bank continuously monitors its funding sources and access to capital markets. The Bank recognises the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

Risk indicators are used as tools to measure and monitor liquidity risk. These comprise financial ratios such as Loans to Deposits and Bills of Exchange (BEs) Ratio, Liquid Assets to Deposits and BEs Ratio, Liquidity Coverage Ratio, and Net Stable Funding Ratio as well as cash flow models incorporating contractual and behavioural maturities. The Bank sets risk limits and indicators in order to maintain its liquidity risk within the Bank's approved risk appetite. The liquidity position is monitored daily for day-to-day management and reported to the ALCO on a monthly basis.

Stress tests are performed under various scenarios, in accordance with the BOT's guidelines, in order to assess the Bank's ability to withstand a crisis. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

Risk Ratios or Indicators

	31 December 2013	31 December 2012
Loans to Deposits & BEs Ratio	94.2%	91.7%
Liquid Assets to Deposits & BEs Ratio	27.4%	26.9%

The financial instruments classified by remaining periods to maturity, counted from the date of statements of financial position, as at 31 December 2013 and 2012 are summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2013						
	At call ⁽¹⁾	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	No maturity	Total
Financial assets							
Cash	16,576	-	-	-	-	-	16,576
Interbank and money market items	13,127	82,827	442	-	-	-	96,396
Investments - net							
Trading securities and general investments	-	42	3,688	5,071	-	803 ⁽²⁾	9,604
Available-for-sale securities	-	8,287	18,272	16,144	746	2,190 ⁽²⁾	45,639
Held-to-maturity debt securities	-	6	3,531	35,297	9,200	-	48,034
Loans to customers net of deferred revenue	122,814	120,534	76,973	98,056	58,676	22,421 ⁽³⁾	499,474
Other financial assets	2,331	6,915	1,156	2,498	879	7,131	20,910
Total financial assets	154,848	218,611	104,062	157,066	69,501	32,545	736,633
Financial liabilities							
Deposits	331,813	68,766	115,601	13,426	-	-	529,606
Interbank and money market items	7,894	52,599	972	4,573	-	-	66,038
Liability payable on demand	3,276	-	-	-	-	-	3,276
Financial liabilities designated at fair value through profit or loss	-	-	-	-	340	-	340
Debts issued and borrowings	94	567	16,371	21,037	104	-	38,173
Other financial liabilities	2,901	4,512	-	-	1,061	7,647	16,121
Total financial liabilities	345,978	126,444	132,944	39,036	1,505	7,647	653,554
Net cash flow on derivatives	-	371	673	22	24	-	1,090

⁽¹⁾ Including transactions with 1-day term

⁽²⁾ The full amount is investment in equity securities.

⁽³⁾ The full amount is non-performing loans.

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2012						
	At call ⁽¹⁾	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	No maturity	Total
Financial assets							
Cash	14,599	-	-	-	-	-	14,599
Interbank and money market items	7,372	82,065	6,726	-	-	-	96,163
Investments - net							
Trading securities and general investments	-	3,965	2,286	3,909	770	1,011 ⁽²⁾	11,941
Available-for-sale securities	-	13,927	22,348	7,812	1,986	1,151 ⁽²⁾	47,224
Held-to-maturity debt securities	-	5,204	8,968	29,436	6,374	-	49,982
Loans to customers net of deferred revenue	101,122	116,287	64,580	92,149	56,479	22,103 ⁽³⁾	452,720
Other financial assets	2,198	15,420	1,145	3,726	812	9,091	32,392
Total financial assets	125,291	236,868	106,053	137,032	66,421	33,356	705,021
Financial liabilities							
Deposits	324,880	61,892	84,340	25,046	-	-	496,158
Interbank and money market items	6,731	52,634	2,048	4,640	-	-	66,053
Liability payable on demand	3,880	-	-	-	-	-	3,880
Financial liabilities designated at fair value through profit or loss	-	-	-	-	202	-	202
Debts issued and borrowings	760	1,749	4,538	36,106	95	-	43,248
Other financial liabilities	1,991	15,934	-	-	1,039	5,535	24,499
Total financial liabilities	338,242	132,209	90,926	65,792	1,336	5,535	634,040
Net cash flow on derivatives	-	(523)	687	(69)	-	-	95

⁽¹⁾ Including transactions with 1-day term⁽²⁾ The full amount is investment in equity securities.⁽³⁾ The full amount is non-performing loans.

(Unit: Million Baht)

	Separate financial statements						
	31 December 2013						
	At call ⁽¹⁾	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	No maturity	Total
Financial assets							
Cash	16,556	-	-	-	-	-	16,556
Interbank and money market items	13,126	82,725	-	-	-	-	95,851
Investments - net							
Trading securities and general investments	-	42	3,688	5,071	-	803 ⁽²⁾	9,604
Available-for-sale securities	-	8,287	18,272	16,144	746	667 ⁽²⁾	44,116
Held-to-maturity debt securities	-	6	3,531	35,297	9,200	-	48,034
Investments in subsidiaries and associate - net	-	-	-	-	-	2,872 ⁽²⁾	2,872
Loans to customers net of deferred revenue	122,814	120,534	76,973	98,055	58,676	20,716 ⁽³⁾	497,768
Other financial assets	2,331	6,915	1,156	2,394	878	6,940	20,614
Total financial assets	154,827	218,509	103,620	156,961	69,500	31,998	735,415
Financial liabilities							
Deposits	331,870	68,766	115,601	13,426	-	-	529,663
Interbank and money market items	7,894	52,599	972	4,573	-	-	66,038
Liability payable on demand	3,276	-	-	-	-	-	3,276
Financial liabilities designated at fair value through profit or loss	-	-	-	-	340	-	340
Debts issued and borrowings	94	567	16,371	21,037	104	-	38,173
Other financial liabilities	2,901	4,496	-	-	1,061	7,570	16,028
Total financial liabilities	346,035	126,428	132,944	39,036	1,505	7,570	653,518
Net cash flow on derivatives	-	371	673	22	24	-	1,090

⁽¹⁾ Including transactions with 1-day term⁽²⁾ The full amount is investment in equity securities.⁽³⁾ The full amount is non-performing loans.

(Unit: Million Baht)

	Separate financial statements						
	31 December 2012						
	At call ⁽¹⁾	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	No maturity	Total
Financial assets							
Cash	14,599	-	-	-	-	-	14,599
Interbank and money market items	7,366	81,734	6,600	-	-	-	95,700
Investments - net							
Trading securities and general investments	-	3,965	2,286	3,909	770	1,011 ⁽²⁾	11,941
Available-for-sale securities	-	13,927	22,348	7,812	1,986	12 ⁽²⁾	46,085
Held-to-maturity debt securities	-	5,190	8,964	29,436	6,374	-	49,964
Investments in subsidiaries and associate - net	-	-	-	-	-	2,683 ⁽²⁾	2,683
Loans to customers net of deferred revenue	101,122	116,287	64,580	92,146	56,479	20,155 ⁽³⁾	450,769
Other financial assets	2,198	15,420	1,145	3,621	811	8,920	32,115
Total financial assets	125,285	236,523	105,923	136,924	66,420	32,781	703,856
Financial liabilities							
Deposits	325,136	61,892	84,340	25,046	-	-	496,414
Interbank and money market items	6,731	52,634	2,048	4,640	-	-	66,053
Liability payable on demand	3,880	-	-	-	-	-	3,880
Financial liabilities designated at fair value through profit or loss	-	-	-	-	202	-	202
Debts issued and borrowings	760	1,749	4,538	36,106	95	-	43,248
Other financial liabilities	1,991	15,916	-	-	1,039	5,440	24,386
Total financial liabilities	338,498	132,191	90,926	65,792	1,336	5,440	634,183
Net cash flow on derivatives	-	(523)	687	(69)	-	-	95

⁽¹⁾ Including transactions with 1-day term⁽²⁾ The full amount is investment in equity securities.⁽³⁾ The full amount is non-performing loans.

7.4 Fair value of financial instruments

Methods and assumptions in estimating market value or fair value of financial instruments are as follows:

- Cash, interbank and money market items (assets), investments in subsidiaries and associate and other financial assets.

The fair value is approximated based on its carrying value.

- Investments - net

The fair value of investments is based on the method disclosed in Note 5.5 to the financial statements.

- Loans to customers and accrued interest receivables

The fair value is based on the carrying value of loans to customers and accrued interest receivable net of deferred revenue and allowance for doubtful debts as most loans are floating rate loans or fixed rate loans with repricing periods of less than 1 year.

- Deposits and interbank and money market items (liabilities)

The fair value is approximated based on the carrying value of deposits or interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present

value of future cash flows of principal and interest, discounted at interest rates currently being offered on such deposits or interbank and money market items or similar deposits.

- Financial liabilities designated at fair value through profit or loss

Fair value is calculated based on a valuation model, using market data obtained from reliable sources.

- Debts issued and borrowings

The fair value is approximated based on their carrying value, except for the fair value of fixed rate borrowings with remaining maturities greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at the market rates of interest at the reporting dates, in cases where there is no active market, and the market value, in cases where there is an active market.

- Liability payable on demand and other financial liabilities

The fair value is approximated based on its carrying value.

- Derivatives

In cases where there is an active market, the Bank uses the market value as the fair value of derivatives and if there is no active market, the fair value is derived from valuations incorporating market data obtained from reliable sources. The market price or market data are mainly based on exchange-traded prices, broker/dealer quotations, or counterparties' quotations.

Fair values in comparison with carrying values of each line item of financial assets and financial liabilities as shown in the statements of financial position at 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	31 December 2013		31 December 2012	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash	16,576	16,576	14,599	14,599
Interbank and money market items - net	96,437	96,437	96,267	96,267
Derivatives assets	16,757	16,859	6,217	6,275
Investments - net	103,277	103,710	109,147	109,599
Loans to customers and accrued interest receivable - net	469,010	469,010	428,751	428,751
Other financial assets	20,910	20,910	32,392	32,392
Total financial assets	722,967	723,502	687,373	687,883
Financial liabilities				
Deposits	529,606	529,709	496,158	496,405
Interbank and money market items	66,038	66,038	66,053	66,053
Liability payable on demand	3,276	3,276	3,880	3,880
Financial liabilities designated at fair value through profit or loss	363	363	213	213
Derivatives liabilities	16,499	16,443	6,041	5,894
Debt issue and borrowings	38,173	38,462	43,248	43,862
Other financial liabilities	16,121	16,121	24,499	24,499
Total financial liabilities	670,076	670,412	640,092	640,806

(Unit: Million Baht)

	Separate financial statements			
	31 December 2013		31 December 2012	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash	16,556	16,556	14,599	14,599
Interbank and money market items - net	95,888	95,888	95,802	95,802
Derivatives assets	16,757	16,859	6,217	6,275
Investments - net	101,754	102,187	107,990	108,442
Investments in subsidiaries and associate - net	2,872	2,872	2,683	2,683
Loans to customers and accrued interest receivable - net	468,361	468,361	427,941	427,941
Other financial assets	20,614	20,614	32,115	32,115
Total financial assets	<u>722,802</u>	<u>723,337</u>	<u>687,347</u>	<u>687,857</u>
Financial liabilities				
Deposits	529,663	529,766	496,414	496,662
Interbank and money market items	66,038	66,038	66,053	66,053
Liability payable on demand	3,276	3,276	3,880	3,880
Financial liabilities designated at fair value through profit or loss	363	363	213	213
Derivatives liabilities	16,499	16,443	6,041	5,894
Debt issue and borrowings	38,173	38,462	43,248	43,862
Other financial liabilities	16,028	16,028	24,386	24,386
Total financial liabilities	<u>670,040</u>	<u>670,376</u>	<u>640,235</u>	<u>640,950</u>

8. Capital fund

The primary objectives of the Bank's capital management are: to maintain the Bank's ability to continue as a going concern; and to maintain a capital adequacy ratio in accordance with the Financial Institution Business Act B.E. 2551 and the BOT's regulations.

On 8 November 2012, the BOT issued Notification No. Sor Nor Sor. 13/2555 regarding "Elements of Capital Funds for Commercial Banks Incorporated in Thailand", which has been effective since 1 January 2013, in order to align capital fund elements of commercial banks with Basel III principles.

As at 31 December 2013, the Bank's capital funds under the Basel III framework, as declared in the BOT's Notifications which have been effective since 1 January 2013, consisted of the following:

	(Unit: Million Baht)
	Separate financial statements
	31 December 2013
<u>Common Equity Tier 1 capital</u>	
Issued and paid-up share capital	41,426
Share premium	81
Statutory reserve	480
Net profits after appropriation	4,728
Revaluation surplus on land	2,396
Revaluation surplus on buildings	1,452
Unrealised loss on revaluation of available-for-sale equity securities	-
Common Equity Tier 1 capital	50,563
<u>Additional Tier 1 capital</u>	
Hybrid Tier 1 debentures	3,600
Tier 1 capital	54,163
<u>Tier 2 capital</u>	
Provision for assets classified as "pass"	5,600
Subordinated debentures	21,285
Tier 2 capital	26,885
Total capital funds	81,048

	(Unit: percentage)	
	Separate financial statements	
	Minimum requirement	31 December 2013
Common Equity Tier 1 capital ratio	4.50	9.91
Tier 1 capital ratio	6.00	10.62
Total capital ratio	8.50	15.89

The Bank is to disclose capital adequacy and capital risk exposure information for the Bank and the full consolidation as at 31 December 2013 through the Bank's website at www.tmbbank.com in April 2014.

As at 31 December 2012, capital funds of the Bank under Basel II framework, as previously declared in the BOT's Notification, consisted of the following:

	(Unit: Million Baht)
	Separate financial statements
	31 December 2012
Tier 1 capital	
Issued and paid-up share capital	41,372
Share premium	27
Hybrid Tier 1 debentures	4,000
Statutory reserve	400
Net profits after appropriation	3,955
Tier 1 capital	49,754
Tier 2 capital	
Revaluation surplus on land	1,553
Revaluation surplus on buildings	847
Provision for assets classified as "pass"	5,500
Subordinated debentures	23,650
Tier 2 capital	31,550
Total capital before deduction items	81,304
Less : Unrealised loss on revaluation of available-for-sale equity securities	(2)
Total capital funds	81,302

	(Unit: percentage)	
	Separate financial statements	
	Minimum requirement	31 December 2012
Tier 1 capital ratio	4.25	11.11
Total capital ratio	8.50	18.16

The Bank disclosed capital adequacy and capital risk exposure information for the Bank and the full consolidation as at 31 December 2012 through the Bank's website at www.tmbbank.com on 22 February 2013 and also disclosed in the 2012 annual report of the Bank, and as an attachment to its 2012 56-1 Information Disclosure Form.

9. Sale of non-performing assets to Thai Asset Management Corporation ("TAMC")

9.1 Asset transfer agreements and profit or loss sharing

In accordance with the conditions of the Emergency Decree on the Thai Asset Management Corporation B.E. 2544, the Bank and a subsidiary entered into the Asset Transfer Agreements with TAMC in 2001 for sales of non-performing assets to TAMC, and the Bank and its subsidiary (as the transferors) received promissory notes from TAMC (as the transferee) for settlement of the transfer prices. Under the agreements, TAMC and the transferors were jointly responsible for sharing the profits or losses from TAMC's management of the non-performing assets, in accordance with the following conditions as specified in the agreements, at the end of the fifth year and the tenth year commencing 1 July 2001.

- In the case of losses, the transferor will be responsible for the first portion of losses, not exceeding 20% of the transfer price. The second portion of losses, not exceeding 20% of the transfer price, will be equally shared between TAMC and the transferor. The remaining losses will be absorbed by TAMC.
- In case of profits, the first portion of profits, not exceeding 20% of the transfer price, will be equally shared between TAMC and the transferor. Should there be any profits remaining, the transferor is entitled to the remaining profits up to an amount not exceeding the book value of the non-performing assets after deducting the transfer price and the transferors' share in the first portion of the profits.

In September 2013, the Bank and its subsidiary received letters from TAMC on the subject of “results of calculating profits or losses from the management of the non-performing assets as of 30 November 2012, official version, and lodging claims for settlement with TAMC”, informing them of their losses sharing of Baht 1,403 million (the Bank only: Baht 1,317 million) from the management of assets transferred (excluding the portion in dispute with respect to transfer price reduction requests) from the Bank and its subsidiary. The Bank and its subsidiary therefore adjusted provisions for liabilities to correspond to the information received from TAMC by reversing provisions for obligation arising on transfers of non-performing assets in the consolidated statements of comprehensive income for the year ended 31 December 2013 amounting to Baht 296 million, (the Bank only: Baht 382 million).

In October 2013, the subsidiary paid Baht 86 million to TAMC. Hence, as at 31 December 2013 and 2012, the Bank had provisions for liabilities of Baht 1,317 million and Baht 1,699 million, respectively, which are included under the caption of “Provisions for obligations on transfers of non-performing assets” in the statements of financial position. The management have assessed and believe that such provisions are adequate to cover losses that may be incurred as a result of loss sharing from TAMC’s non-performing asset management.

9.2 Promissory notes disputed over transfer price adjustment requests

Over the period of asset management by TAMC, TAMC issued letters to the Bank informing its requests of transfer price adjustments as summarised below.

- (a) In November 2006, TAMC informed the Bank that it requested a transfer price adjustment of Baht 4,341 million, being the collateral value of the pledged machinery transferred to TAMC. The Bank has refused the adjustment request since it breached the conditions of the Asset Transfer Agreements dated 12 October 2001, and therefore has no legal enforcement. The Bank took legal action against TAMC. Later, on 27 April 2010, the Court of First Instance judged in favor of the Bank and the case is being heard by the Appeals Court.
- (b) In June 2011, the Bank sued TAMC for an additional sum of Baht 242 million over TAMC’s refusals to make settlement of four items of non-performing assets transferred to TAMC of Baht 56 million and interest on promissory notes for the years 2006 and 2007. On 27 September 2012, the Court of First Instance already dismissed the case. Currently, the case is in the process of the Appeal Court.

As at 31 December 2013 and 2012, the Bank recorded liabilities provisions Baht 4,681 million and 4,681 million, respectively as a result of the transfer price adjustment requested for non-performing loans against which machinery is pledged as collateral, as mentioned in 9.2 (a) (including accrued interest receivable of Baht 276 million), and TAMC’s refusals to make settlement for non-performing assets transferred to TAMC, as mentioned in 9.2 (b). Such amounts are included under the caption of “Provisions for obligation on transfers of non-performing assets” in the statements of financial position.

9.3 Settlement of promissory notes

As at 31 December 2013, the Bank has outstanding promissory notes of Baht 4,444 million due from TAMC (Baht 46 million of which has yet been matured and presented as a part of “Investments” in the statements of financial position, as described in Note 12.1 to the financial statements, and Baht 4,398 million of which was matured and presented as a part of “Other receivables” in the statements of financial position). These promissory notes of Baht 4,444 million, which consist of Baht 4,398 million in dispute with TAMC regarding the transfer price adjustment as described in Note 9.2 to the financial statements. On 11 June 2012, the Bank and TAMC jointly signed the memorandum of promissory notes redemption whereby the criteria and guidelines in management of matured promissory notes are as follows:

1. Non-disputed promissory notes
TAMC will pay principal and interest when due.
2. Disputed promissory notes
 - 2.1 If no legal action has been taken over the disputed promissory notes, when the notes mature TAMC will
 - (a) pay the undisputed portion of the disputed promissory notes together with interest thereon.
 - (b) deposit with the Bank an amount equal to the disputed portion of the disputed promissory notes together with interest thereon. Such deposit is entitled to interest at the deposit rate announced by the Bank. TAMC will withdraw such deposit with interest and make a settlement with the Bank.

2.2 If legal action has been taken over the disputed promissory notes, when the notes mature TAMC will deposit the amounts due with the Bank. Such deposit is entitled to interest at the deposit rate announced by the Bank. The deposit will be divided into two accounts:

- (a) Account A - the undisputed portion of the notes and interest thereon; when TAMC and the Bank jointly declare to the court, TAMC will withdraw such deposit and interest thereon to settle the notes with the Bank.
- (b) Account B - the disputed portion of the notes and interest thereon; TAMC will continue to deposit such amounts with the Bank until the disputes are resolved or the court judgment is finalised. If the disputes are resolved or judgement is finalised in favour of the Bank, TAMC will withdraw such deposit and interest thereon to settle with the Bank. If the amount withdrew is not adequate to settle the Bank, TAMC is liable to settle to the Bank the remaining in full according to the resolution amount or the amount ordered by the court judgement.

However, the Bank is not to call for any penalties, default interest or remedies from TAMC and the Financial Institutions Development Fund in cases of late redemption of disputed promissory notes, for which the disputes have yet to be resolved or the court judgement has yet been finalised.

10. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2013			31 December 2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	8,567	34,400	42,967	4,537	36,800	41,337
Commercial banks	9	32,044	32,053	11	29,377	29,388
Specialised financial institutions	-	2,812	2,812	-	10,601	10,601
Other financial institutions	60	11,978	12,038	40	10,362	10,402
Total domestic items	8,636	81,234	89,870	4,588	87,140	91,728
Add: Accrued interest receivables	-	69	69	-	122	122
Less: Deferred revenues	-	(1)	(1)	-	-	-
Allowance for doubtful debts	-	(26)	(26)	-	(15)	(15)
Domestic items - net	8,636	81,276	89,912	4,588	87,247	91,835
Foreign						
US Dollars	3,118	2,019	5,137	1,351	1,656	3,007
Yen	281	-	281	459	-	459
Euro	258	-	258	133	-	133
Other currencies	834	16	850	836	-	836
Total foreign items	4,491	2,035	6,526	2,779	1,656	4,435
Less: Allowance for doubtful debts	-	(1)	(1)	-	(3)	(3)
Foreign items - net	4,491	2,034	6,525	2,779	1,653	4,432
Domestic and foreign items - net	13,127	83,310	96,437	7,367	88,900	96,267

(Unit: Million Baht)

	Separate financial statements					
	31 December 2013			31 December 2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	8,567	34,400	42,967	4,537	36,800	41,337
Commercial banks	8	31,500	31,508	10	28,915	28,925
Specialised financial institutions	-	2,812	2,812	-	10,601	10,601
Other financial institutions	60	11,978	12,038	40	10,362	10,402
Total domestic items	8,635	80,690	89,325	4,587	86,678	91,265
Add: Accrued interest receivables	-	65	65	-	119	119
Less: Deferred revenues	-	(1)	(1)	-	-	-
Allowance for doubtful debts	-	(26)	(26)	-	(15)	(15)
Domestic items - net	8,635	80,728	89,363	4,587	86,782	91,369
Foreign						
US Dollars	3,118	2,019	5,137	1,351	1,657	3,008
Yen	281	-	281	459	-	459
Euro	258	-	258	133	-	133
Other currencies	834	16	850	836	-	836
Total foreign items	4,491	2,035	6,526	2,779	1,657	4,436
Less: Allowance for doubtful debts	-	(1)	(1)	-	(3)	(3)
Foreign items - net	4,491	2,034	6,525	2,779	1,654	4,433
Domestic and foreign items - net	13,126	82,762	95,888	7,366	88,436	95,802

11. Derivatives assets/liabilities

As at 31 December 2013 and 2012, fair value of derivatives held for trading book, readjustment based on an accrual basis of derivatives held for banking book and notional amounts classified by type of risk are as follows:

(Unit: Million Baht)

Type of risk	Consolidated and separate financial statements					
	31 December 2013			31 December 2012		
	Fair value/ based on an accrual basis	Readjustment	Notional	Fair value/ based on an accrual basis	Readjustment	Notional
	Asset	Liabilities	amount	Asset	Liabilities	amount
Foreign exchange rates						
- Trading Book	13,964	13,110	626,452	4,580	4,473	610,947
- Banking Book	61	623	24,870	199	130	21,366
Interest rate						
- Trading Book	2,729	2,761	503,934	1,437	1,438	293,598
- Banking Book	82 ⁽¹⁾	176 ⁽¹⁾	23,650	76 ⁽¹⁾	177 ⁽¹⁾	23,650
Commodity						
- Trading Book	4	4	148	-	-	-
Total	16,840	16,674	1,179,054	6,292	6,218	949,561

⁽¹⁾ Readjustment made on an accrual basis for interest rate swap contracts held for banking book are adjustments of accrued interest receivables or payables or interest paid or received in advance based on the contracts at the year-ended. Accrued interest receivables and interest paid in advance are presented as a part of "Other assets" and accrued interest payable and interest received in advance are presented as a part of "Other liabilities" in the statements of financial position.

As at 31 December 2013 and 2012, the proportion, determined based on the notional amounts, of derivatives transactions divided by type of counterparty is as follows:

Counterparty	(Unit: Percentage)	
	Consolidated and separate financial statements	
	31 December 2013	31 December 2012
Financial institutions	82.91	75.09
Others	17.09	24.91
Total	100.00	100.00

12. Investments

12.1 Classified by investment type

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Trading securities – fair value				
Government and state enterprise securities	8,801	10,930	8,801	10,930
Total trading securities	8,801	10,930	8,801	10,930
Available-for-sale securities – fair value				
Government and state enterprise securities	43,449	46,073	43,449	46,073
Domestic marketable equity securities	2,190	1,151	667	12
Total available-for-sale securities	45,639	47,224	44,116	46,085
Held-to-maturity debt securities – cost/ amortised cost				
Government and state enterprise securities	48,034	49,982	48,034	49,964
Total held-to-maturity debt securities	48,034	49,982	48,034	49,964
General investments – cost				
Non-marketable equity securities				
– Domestic	1,587	1,902	1,587	1,902
Non-marketable equity securities				
– Foreign	35	34	35	34
Total general investments	1,622	1,936	1,622	1,936
Less: Allowance for impairment	(819)	(925)	(819)	(925)
General investments – net	803	1,011	803	1,011
Investments – net	103,277	109,147	101,754	107,990

As at 31 December 2013 and 2012, the Bank and its subsidiary have non-transferable promissory notes of Baht 46 million and Baht 614 million, respectively (the Bank only: Baht 46 million and Baht 597 million, respectively) availed by the Financial Institutions Development Fund, which were received by the Bank and its subsidiary from TAMC for transfer price settlement as described in Note 9 to the financial statements. The Bank and its subsidiary classified them as held-to-maturity debt securities. The notes are due during 2014 to 2015 and bear interest rates at the average rates of deposit rates announced by the 5 major Thai banks and the interest is payable on the last working day of each year.

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

As at 31 December 2013 and 2012, the Bank had investments in entities in which the Bank holds 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associate. Those investments were summarised below.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	31 December 2013	31 December 2012
Property development and construction	34	34
Public utilities and services	14	14
Mutual funds and financial services	568	729
Others	11	11
Total	627	788
Less: Allowance for impairment	(41)	(41)
Investments - net	586	747

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

As at 31 December 2013 and 2012, the Bank had the following investments in listed companies which meet criteria for delisting from the Stock Exchange of Thailand ("SET"), default debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET:

	(Unit: Million Baht)					
	Consolidated and separate financial statements					
	31 December 2013			31 December 2012		
	Cost value/ book value	Fair value	Allowance for impairment	Cost value/ book value	Fair value	Allowance for impairment
1. Listed companies under delisting conditions/ defaulted debt securities	62	-	(62)	62	-	(62)
2. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	986	180	(806)	1,158	245	(913)
Total	1,048	180	(868)	1,220	245	(975)

12.4 Revaluation surplus on investments

As at 31 December 2013 and 2012, revaluation surplus on investments can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
		(Restated)	(Restated)		(Restated)	(Restated)
Revaluation surplus on investments:						
Debt securities	66	64	79	66	64	78
Equity securities	19	20	32	-	-	29
Total	85	84	111	66	64	107
Revaluation deficit on investments:						
Debt securities	(13)	(7)	-	(13)	(7)	-
Equity securities	-	(2)	(2)	-	(2)	(2)
Total	(13)	(9)	(2)	(13)	(9)	(2)
Revaluation surplus on investments	72	75	109	53	55	105
Less : Relevant income taxes	(14)	(15)	(23)	(11)	(11)	(23)
Revaluation surplus on investment - net relevant income taxes	58	60	86	42	44	82

13. Investments in subsidiaries and associate

13.1 Additional investment in a subsidiary during the year 2012

On 24 December 2012, the Bank invested in additional 1,250,000 ordinary shares of TMB Asset Management Company Limited ("TMBAM") at a price of Baht 93 per share, for a total of Baht 116 million. As a result its shareholding in TMBAM increased from 75.00% to 87.50% of the issued and paid-up share capital of TMBAM. This is treated as a change in a parent's equity interest in a subsidiary whereby the Bank had to record the difference of Baht 51 million, being the difference between its acquisition cost and the respective carrying value of TMBAM, directly to retained earnings in the consolidated statements of changes in shareholders' equity for the year ended 31 December 2012 in accordance with accounting standards.

13.2 Detail of investments in subsidiaries and associate

Investments in subsidiaries and associate as at 31 December 2013 and 2012 were as follows:

(Unit: Million Baht)

		Separate financial statements									
Type of business		Percentage of shareholding as at		Paid-up share capital as at		Cost as at		Allowance for impairment as at		Investment value – cost method as at	
		31	31	31	31	31	31	31	31	31	31
		December	December	December	December	December	December	December	December	December	December
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(%)	(%)								
Subsidiaries											
Phayathai Asset Management Co., Ltd.	Asset management business	100.00	100.00	1,070	1,070	3,870	3,870	(1,302)	(1,491)	2,568	2,379
Designee for ETA Contract Ltd.	Financial support business	99.40	99.40	-	-	-	-	-	-	-	-
TMB Asset Management Co., Ltd.	Fund management business	87.50	87.50	100	100	304	304	-	-	304	304
Investments in subsidiaries – net						4,174	4,174	(1,302)	(1,491)	2,872	2,683
Associate											
Metro Designee Co., Ltd.	Financial support business	30.00	30.00	-	-	-	-	-	-	-	-
Investment in associate						-	-	-	-	-	-
Investments in subsidiaries and associate – net						4,174	4,174	(1,302)	(1,491)	2,872	2,683

13.3 The statements of cash flow of Phayathai Asset Management Company Limited.

The statements of cash flows for the years ended 31 December 2013 and 2012 of Phayathai Asset Management Company Limited, the subsidiary, which were extracted from the management accounts of the subsidiary, were disclosed herein in accordance with the BOT's requirement.

(Unit: Million Baht)		
For the years ended		
31 December		
	2013	2012
Cash flows from operating activities		
Profits from operation before income tax expenses	141	256
Adjustments to reconcile profits from operation before income tax expenses to net cash provided by (paid from) operating activities:		
Reversal of bad debts, doubtful accounts and impairment losses	(74)	(69)
Provisions for obligation on transfers of non-performing assets (reversal)	1	(1)
Provisions for other liabilities (reversal)	(12)	2
Net interest income	(154)	(212)
Cash received on interest income	153	217
Gains on disposals of investments in securities	(35)	-
Others	(1)	3
Profits from operating activities before changes in operating assets and liabilities	19	196
(Increase) decrease in operating assets		
Investments in receivables	15	10
Loans to customers	99	259
Properties foreclosed	-	55
Other receivables	41	138
Other assets	(1)	9
Increase (decrease) in operating liabilities		
Provisions for other liabilities	-	(27)
Other payables	(11)	9
Other liabilities	(1)	(3)
Net cash provided by operating activities	161	646
Cash flows from investing activities		
Cash paid for available-for-sale investments	(1,654)	(900)
Cash received from sales of available-for-sale investments	1,304	-
Proceeds from redemptions of matured held-to-maturity debt securities	17	385
Net cash used in investing activities	(333)	(515)
Net increase (decrease) in cash and cash equivalents	(172)	131
Cash and cash equivalents at beginning of the years	226	95
Cash and cash equivalents at end of the years	54	226

14. Loans to customers and accrued interest receivables

14.1 Classified by loan type

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Overdrafts	138,873	109,125	138,824	109,072
Loans	205,942	194,201	204,419	192,445
Bills	154,417	149,181	154,353	149,118
Others	319	261	249	182
Less: deferred revenue	(77)	(48)	(77)	(48)
Loans to customers net of deferred revenue	499,474	452,720	497,768	450,769
Add: Accrued interest receivables	1,004	955	1,004	955
Loans to customers and accrued interest receivables	500,478	453,675	498,772	451,724
Less: Allowance for doubtful debts				
- Provision at BOT's minimum rates required	(15,468)	(13,534)	(14,411)	(12,393)
- Provision in excess of BOT's minimum rates required	(15,932)	(11,271)	(15,932)	(11,271)
Less: Revaluation allowance for debt restructuring	(68)	(119)	(68)	(119)
Loans to customers and accrued interest receivables - net	469,010	428,751	468,361	427,941

14.2 Classified by currency and residency of debtors

	(Unit: Million Baht)					
	Consolidated financial statements					
	31 December 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	467,504	5,649	473,153	418,501	5,439	423,940
US Dollars	24,247	1,297	25,544	26,240	1,337	27,577
Other currencies	765	12	777	1,169	34	1,203
Total loans to customers net of deferred revenue	492,516	6,958	499,474	445,910	6,810	452,720

	(Unit: Million Baht)					
	Separate financial statements					
	31 December 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	465,798	5,649	471,447	416,550	5,439	421,989
US Dollars	24,247	1,297	25,544	26,240	1,337	27,577
Other currencies	765	12	777	1,169	34	1,203
Total loans to customers net of deferred revenue	490,810	6,958	497,768	443,959	6,810	450,769

14.3 Classified by type of business and by loan classification

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2013					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	7,243	176	25	18	595	8,057
Manufacturing and commerce	288,945	8,375	2,469	1,102	10,608	311,499
Property development and construction	9,668	270	97	15	1,404	11,454
Infrastructure and services	52,886	4,117	199	118	2,148	59,468
Housing loans	47,454	1,384	268	192	1,937	51,235
Others	55,334	1,201	558	207	461	57,761
Total loans to customers net of deferred revenue	461,530	15,523	3,616	1,652	17,153	499,474

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2012					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	5,959	181	11	23	762	6,936
Manufacturing and commerce	248,840	6,714	1,132	754	10,994	268,434
Property development and construction	14,610	855	179	35	1,865	17,544
Infrastructure and services	48,286	3,934	556	61	2,093	54,930
Housing loans	49,146	1,237	224	300	2,069	52,976
Others	50,081	774	341	104	600	51,900
Total loans to customers net of deferred revenue	416,922	13,695	2,443	1,277	18,383	452,720

(Unit: Million Baht)

Separate financial statements						
31 December 2013						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	7,243	176	25	18	510	7,972
Manufacturing and commerce	288,945	8,375	2,469	1,102	9,830	310,721
Property development and construction	9,668	270	97	15	1,031	11,081
Infrastructure and services	52,886	4,117	199	118	2,002	59,322
Housing loans	47,454	1,384	268	192	1,771	51,069
Others	55,333	1,201	558	207	304	57,603
Total loans to customers net of deferred revenue	461,529	15,523	3,616	1,652	15,448	497,768

(Unit: Million Baht)

Separate financial statements						
31 December 2012						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	5,959	181	11	23	676	6,850
Manufacturing and commerce	248,840	6,714	1,132	754	10,214	267,654
Property development and construction	14,610	855	179	35	1,417	17,096
Infrastructure and services	48,286	3,934	556	61	1,947	54,784
Housing loans	49,146	1,237	224	300	1,867	52,774
Others	50,078	774	341	104	314	51,611
Total loans to customers net of deferred revenue	416,919	13,695	2,443	1,277	16,435	450,769

14.4 Classified by loan classification

The Bank and its subsidiary have classified loans to customers and accrued interest receivables (excluding interbank and money market items) in accordance with the BOT's notifications, regarding the Classification and Provisions made by Financial Institutions, as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	31 December 2013				31 December 2012			
	Loans to customers and accrued interest receivables	Balance net of collateral ⁽¹⁾	Minimum rates required (%)	Allowance for doubtful debts ⁽²⁾	Loans to customers and accrued interest receivables	Balance net of collateral ⁽¹⁾	Minimum rates required (%)	Allowance for doubtful debts ⁽²⁾
Provision at BOT's minimum rates required								
Pass	462,474	347,704	1	4,218	417,818	324,238	1	3,808
Special mention	15,583	11,892	2	285	13,753	11,527	2	258
Sub-standard	3,616	1,896	100	1,979	2,443	724	100	758
Doubtful	1,652	385	100	468	1,277	308	100	332
Doubtful of loss ⁽³⁾	17,153	8,178	100	8,518	18,383	8,362	100	8,378
Provision in excess of BOT's minimum rates required				15,932 ⁽⁴⁾				11,271 ⁽⁴⁾
Total	500,478	370,055		31,400	453,674	345,159		24,805

⁽¹⁾ Balance of net of collateral: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery. In the case of loans that are classified as sub-standard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.

⁽²⁾ Allowance for doubtful debts on loans guaranteed by Small Business Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Small Business Credit Guarantee Corporation.

⁽³⁾ Loans classified as doubtful of loss in the consolidated financial statements included the balances of the Bank and Phayathai Asset Management Co., Ltd.

⁽⁴⁾ As at 31 December 2013 and 2012, this included provision of Baht 3,839 million and Baht 5,227 million, respectively, provided for non-performing loans.

(Unit: Million Baht)

	Separate financial statements							
	31 December 2013				31 December 2012			
	Loans to customers and accrued interest receivables	Balance net of collateral ⁽¹⁾	Minimum rates required (%)	Allowance for doubtful debts ⁽²⁾	Loans to customers and accrued interest receivables	Balance net of collateral ⁽¹⁾	Minimum rates required (%)	Allowance for doubtful debts ⁽²⁾
Provision at BOT's minimum rates required								
Pass	462,473	347,702	1	4,218	417,815	324,236	1	3,808
Special mention	15,583	11,892	2	285	13,753	11,527	2	258
Sub-standard	3,616	1,896	100	1,979	2,443	724	100	758
Doubtful	1,652	385	100	468	1,277	308	100	332
Doubtful of loss	15,448	7,121	100	7,461	16,435	7,222	100	7,237
Provision in excess of BOT's minimum rates required				15,932 ⁽³⁾				11,271 ⁽³⁾
Total	498,772	368,996		30,343	451,723	344,017		23,664

⁽¹⁾ Balance of net of collateral: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery. In the case of loans that are classified as sub-standard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.

⁽²⁾ Allowance for doubtful debts on loans guaranteed by Small Business Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Small Business Credit Guarantee Corporation.

⁽³⁾ As at 31 December 2013 and 2012, this included provision of Baht 3,839 million and Baht 5,227 million, respectively, provided for non-performing loans.

During the year 2013, the Bank set aside additional provision of Baht 3,914 million (presented as a part of "Provision in excess of BOT's minimum rates required") as a countercyclical buffer for its performing loan portfolio in accordance with the BOT's direction.

14.5 Non-performing loans (NPLs)

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

As at 31 December 2013 and 2012, the Bank and its subsidiary' NPLs (including interbank and money market items) were summarised as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements ⁽¹⁾		Separate	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Net NPLs (principal net of allowance for doubtful debts)				
NPLs after allowance for doubtful debt on NPLs	7,617	7,407	6,969	6,599
Total loans after allowance for doubtful debts on NPLs	564,785	524,989	564,136	524,179
Percentage of net NPLs	1.35	1.41	1.24	1.26
NPLs (principal)				
NPLs	22,421	22,103	20,716	20,155
Total loans	579,589	539,685	577,883	537,734
Percentage of NPLs	3.87	4.10	3.58	3.75

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

On 26 December 2012, the Bank (as the seller) signed the Sale and Purchase Agreement with Bangkok Commercial Asset Management Company Limited ("BAM") (as the buyer), on non-performing loans with principal totaling approximately Baht 5,700 million for a price, which approximated their net carrying value.

As at 31 December 2013 and 2012, the Bank had loans to customers, amounting to Baht 27,698 million and Baht 28,370 million, respectively, on which it ceased recognition of interest income on an accrual basis.

14.6 Troubled debt restructuring

For the years ended 31 December 2013 and 2012, the Bank and its subsidiary entered into contracts for troubled debt restructuring, (only the case where debtor has present value loss/losses on debt structuring is presented), which can be summarised as follows:

(Unit: Million Baht)

	For the year ended 31 December 2013					
	Consolidated financial statements			Separate financial statements		
	Number of debtors	Amount		Number of debtors	Amount	
		Before restructuring	After restructuring		Before restructuring	After restructuring
Type of restructuring						
Modification of terms of payments	10	259	259	10	259	259
Combination of methods	2	29	20	-	-	-
Total	12	288	279	10	259	259
Term of debt restructuring agreements						
Not over 5 years	12	288	279	10	259	259
Total	12	288	279	10	259	259

(Unit: Million Baht)

	For the year ended 31 December 2012					
	Consolidated financial statements			Separate financial statements		
	Number of debtors	Amount		Number of debtors	Amount	
		Before restructuring	After restructuring		Before restructuring	After restructuring
Type of restructuring						
Modification of terms of payments	21	1,720	1,459	20	1,696	1,444
Combination of methods	2	76	75	-	-	-
Total	23	1,796	1,534	20	1,696	1,444
Term of debt restructuring agreements						
Not over 5 years	21	1,228	966	18	1,128	876
5 - 10 years	2	568	568	2	568	568
Total	23	1,796	1,534	20	1,696	1,444

The Bank and its subsidiary recognised losses on debt restructuring by the excess of the net book value of loans to customers and interest receivables and the present value of cashflow expected to be recouped.

The Bank and its subsidiary measure the expected recoverable amounts of loans restructured in case of modification of repayment conditions, using the present value of future cash expected to be received, discounted by the market interest rate.

Supplemental information for the years ended 31 December 2013 and 2012 relating to the restructured debts is as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Interest income on restructured debts, which is recognised for the period	91	108	91	106
Cash settlement by debtors	1,362	1,191	1,345	1,083
Reversal of losses on debt restructuring	(51)	(29)	(51)	(38)

As at 31 December 2013 and 2012, the Bank and its subsidiary have the outstanding balances with troubled debt restructuring debtors, as follows:

	31 December 2013				31 December 2012			
	Consolidated financial statements		Separate financial statements		Consolidated financial statements		Separate financial statements	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
	(Number)	(Million Baht)	(Number)	(Million Baht)	(Number)	(Million Baht)	(Number)	(Million Baht)
Troubled debt restructuring debtors	107	1,171	90	1,102	151	2,606	134	2,539

14.7 Loans to customers having problems with financial position and operating results

As at 31 December 2013 and 2012, the Bank and its subsidiary had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowances for doubtful debts as follows:

	(Unit: Million Baht)							
	Consolidated and separate financial statements							
	31 December 2013				31 December 2012			
	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts
Listed companies under delisting conditions	1	5	4	3	2	8	4	4

15. Classified assets

Classified assets, as at 31 December 2013 and 2012, were classified in accordance with the BOT's regulation including the BOT's notification No. Phor Nor Sor.(23) Wor. 1564/2554 regarding clarification on measures on providing assistance to debtors affected by the flood disaster, consisted of investments (including investments in subsidiaries and associate), loans to customer and accrued interest receivables (including interbank and money market items), properties foreclosed, premises and equipment and other assets as follows:

(Unit: Million Baht)

Consolidated financial statements												
31 December 2013						31 December 2012						
Categories of assets						Categories of assets						
	Loans and accrued interest	Properties foreclosed	Premises and equipment	Other assets	Total		Loans and accrued interest	Properties foreclosed	Premises and equipment	Other assets	Total	
	Investments	receivables				Investments	receivables					
Pass	-	542,654	-	-	-	542,654	-	504,904	-	-	-	504,904
Special mention	-	15,583	-	-	-	15,583	-	13,753	-	-	-	13,753
Sub-standard	-	3,616	-	-	2	3,618	-	2,443	-	-	3	2,446
Doubtful	-	1,652	-	-	4	1,656	-	1,277	-	-	3	1,280
Doubtful of loss	884	17,153	687	445	261	19,430	989	18,383	786	477	194	20,829
Total	884	580,658	687	445	267	582,941	989	540,760	786	477	200	543,212

(Unit: Million Baht)

Separate financial statements												
31 December 2013						31 December 2012						
Categories of assets						Categories of assets						
	Loans and accrued interest	Properties foreclosed	Premises and equipment	Other assets	Total		Loans and accrued interest	Properties foreclosed	Premises and equipment	Other assets	Total	
	Investments	receivables				Investments	receivables					
Pass	-	542,653	-	-	-	542,653	-	504,901	-	-	-	504,901
Special mention	-	15,583	-	-	-	15,583	-	13,753	-	-	-	13,753
Sub-standard	-	3,616	-	-	2	3,618	-	2,443	-	-	3	2,446
Doubtful	-	1,652	-	-	4	1,656	-	1,277	-	-	3	1,280
Doubtful of loss	2,186	15,448	649	445	258	18,986	2,480	16,435	748	477	191	20,331
Total	2,186	578,952	649	445	264	582,496	2,480	538,809	748	477	197	542,711

16. Allowance for doubtful debts

Allowance for doubtful debts for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

Consolidated financial statements							
For the year ended 31 December 2013							
	Provision at BOT's minimum rates required					Provision in excess of BOT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
Balance - beginning of the year	3,808	258	758	332	8,378	11,271	24,805
Allowance for doubtful debts	410	27	1,221	136	1,199	4,661	7,654
Bad debt recovery	-	-	-	-	672	-	672
Bad debts written-off	-	-	-	-	(1,715)	-	(1,715)
Others	-	-	-	-	(16)	-	(16)
Balance - end of the year	4,218	285	1,979	468	8,518	15,932	31,400

(Unit: Million Baht)

Consolidated financial statements							
For the year ended 31 December 2012							
	Provision at BOT's minimum rates required					Provision in excess of BOT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
Balance - beginning of the year	1,906	87	2,271	662	10,073	6,599	21,598
Allowance for doubtful debts	1,902	171	(1,513)	(330)	3,983	4,672	8,885
Bad debt recovery	-	-	-	-	382	-	382
Bad debts written-off	-	-	-	-	(2,357)	-	(2,357)
Allowance for doubtful debts of the disposed debts	-	-	-	-	(3,716)	-	(3,716)
Others	-	-	-	-	13	-	13
Balance - end of the year	3,808	258	758	332	8,378	11,271	24,805

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2013							
	Provision at BOT's minimum rates required					Provision in excess of BOT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
Balance - beginning of the year	3,808	258	758	332	7,237	11,271	23,664
Allowance for doubtful debts	410	27	1,221	136	1,272	4,661	7,727
Bad debt recovery	-	-	-	-	672	-	672
Bad debts written-off	-	-	-	-	(1,704)	-	(1,704)
Others	-	-	-	-	(16)	-	(16)
Balance - end of the year	<u>4,218</u>	<u>285</u>	<u>1,979</u>	<u>468</u>	<u>7,461</u>	<u>15,932</u>	<u>30,343</u>

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2012							
	Provision at BOT's minimum rates required					Provision in excess of BOT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
Balance - beginning of the year	1,906	87	2,271	662	8,747	6,599	20,272
Allowance for doubtful debts	1,902	171	(1,513)	(330)	4,065	4,672	8,967
Bad debt recovery	-	-	-	-	382	-	382
Bad debts written-off	-	-	-	-	(2,244)	-	(2,244)
Allowance for doubtful debts of the disposed debts	-	-	-	-	(3,716)	-	(3,716)
Others	-	-	-	-	3	-	3
Balance - end of the year	<u>3,808</u>	<u>258</u>	<u>758</u>	<u>332</u>	<u>7,237</u>	<u>11,271</u>	<u>23,664</u>

17. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated and separate financial statements	
	For the year ended 31 December 2013	For the year ended 31 December 2012
Balance - beginning of the year	119	157
Decrease during the year	(51)	(38)
Balance - end of the year	<u>68</u>	<u>119</u>

18. Properties foreclosed

(Unit: Million Baht)

	Consolidated financial statements							
	For the year ended 31 December 2013				For the year ended 31 December 2012			
	Beginning balance	Increase	Disposal/ Decrease	Ending balance	Beginning balance	Increase	Disposal/ Decrease	Ending balance
Assets foreclosed in settlement of debts								
Immovable assets	2,436	4	(311)	2,129	4,749	20	(2,333)	2,436
Appraised by internal appraiser				617				926
Appraised by external appraiser				1,512				1,510
Movable assets	85	-	(61)	24	102	-	(17)	85
Assets for sales	415	298	(282)	431	258	325	(168)	415
Total	2,936	302	(654)	2,584	5,109	345	(2,518)	2,936
Add (less): Allowance for impairment	(786)	(42)	141	(687)	(1,469)	(416)	1,099	(786)
Properties foreclosed - net	2,150	260	(513)	1,897	3,640	(71)	(1,419)	2,150

(Unit: Million Baht)

	Separate financial statements							
	For the year ended 31 December 2013				For the year ended 31 December 2012			
	Beginning balance	Increase	Disposal/ Decrease	Ending balance	Beginning balance	Increase	Disposal/ Decrease	Ending balance
Assets foreclosed in settlement of debts								
Immovable assets	2,372	4	(311)	2,065	4,581	3	(2,212)	2,372
Appraised by internal appraiser				615				924
Appraised by external appraiser				1,450				1,448
Movable assets	61	-	(61)	-	74	-	(13)	61
Assets for sales	415	298	(282)	431	258	325	(168)	415
Total	2,848	302	(654)	2,496	4,913	328	(2,393)	2,848
Add (less): Allowance for impairment	(748)	(42)	141	(649)	(1,361)	(417)	1,030	(748)
Properties foreclosed - net	2,100	260	(513)	1,847	3,552	(89)	(1,363)	2,100

19. Premises and equipment

Premises and equipment (including the incremental revaluation which the latest reappraisal was made in 2012) for the years ended 31 December 2013 and 2012 are summarised as follow:

(Unit: Million Baht)

	Consolidated financial statements						
	For the year ended 31 December 2013						
	Land		Buildings				Total
	Cost	The incremental revaluation	Cost	The incremental revaluation	Leasehold improvements	Equipment	
Cost/Reappraised value							
1 January 2013	2,983	3,034	4,921	3,706	1,120	5,564	21,328
Purchases	-	-	398	-	143	579	1,120
Disposals/written-off	-	-	(132)	-	(95)	(396)	(623)
Transfer out	(204)	(40)	(115)	(78)	-	-	(437)
31 December 2013	2,779	2,994	5,072	3,628	1,168	5,747	21,388
Accumulated depreciation							
1 January 2013	-	-	(2,458)	(1,779)	(779)	(4,301)	(9,317)
Depreciation during the year	-	-	(176)	(72)	(106)	(435)	(789)
Accumulated depreciation on disposals/written-off/transfer out	-	-	67	38	88	382	575
31 December 2013	-	-	(2,567)	(1,813)	(797)	(4,354)	(9,531)
Allowance for impairment							
1 January 2013	(366)	-	(111)	-	(1)	-	(478)
Loss on impairment during the year	-	-	(2)	-	(5)	-	(7)
Allowance for impairment on disposals/written-off/transfer out	24	-	10	-	6	-	40
31 December 2013	(342)	-	(103)	-	-	-	(445)
Net book value							
1 January 2013	2,617	3,034	2,352	1,927	340	1,263	11,533
31 December 2013	2,437	2,994	2,402	1,815	371	1,393	11,412
Depreciation included in profit or loss from operation for the years ended							
31 December 2012							708
31 December 2013							789

(Unit: Million Baht)

Consolidated financial statements							
For the year ended 31 December 2012							
	Land		Buildings				
	Cost	The incremental revaluation	Cost	The incremental revaluation	Leasehold improvements	Equipment	Total
Cost/Reappraised value							
1 January 2012	4,279	2,767	5,000	3,292	930	5,394	21,662
Purchases	-	-	216	-	268	559	1,043
Reappraisal during the year	-	814	-	548	-	-	1,362
Disposals/written-off	-	-	(22)	-	(78)	(389)	(489)
Transferred to assets held for sale	(1,129)	(465)	(164)	(45)	-	-	(1,803)
Transfer out	(167)	(82)	(109)	(89)	-	-	(447)
31 December 2012	2,983	3,034	4,921	3,706	1,120	5,564	21,328
Accumulated depreciation							
1 January 2012	-	-	(2,529)	(1,458)	(710)	(4,269)	(8,966)
Depreciation during the year	-	-	(89)	(70)	(140)	(409)	(708)
Reappraisal during the year	-	-	-	(316)	-	-	(316)
Accumulated depreciation of those transferred to assets held for sale	-	-	52	22	-	-	74
Accumulated depreciation on disposals/written-off/transfer out	-	-	108	43	71	377	599
31 December 2012	-	-	(2,458)	(1,779)	(779)	(4,301)	(9,317)
Allowance for impairment							
1 January 2012	(522)	-	(106)	-	(6)	(10)	(644)
Reversal (loss) on impairment during the year	134	-	(38)	-	(2)	4	98
Allowance for impairment of those transferred to assets held for sale	5	-	43	-	-	-	48
Allowance for impairment on disposals/written-off/transfer out	17	-	(10)	-	7	6	20
31 December 2012	(366)	-	(111)	-	(1)	-	(478)
Net book value							
1 January 2012	3,757	2,767	2,365	1,834	214	1,115	12,052
31 December 2012	2,617	3,034	2,352	1,927	340	1,263	11,533

(Unit: Million Baht)

	Separate financial statements						
	For the year ended 31 December 2013						
	Land		Buildings			Equipment	Total
	Cost	The incremental revaluation	Cost	The incremental revaluation	Leasehold improvement		
Cost/Reappraised value							
1 January 2013	2,983	3,034	4,921	3,706	1,117	5,449	21,210
Purchases	-	-	398	-	143	571	1,112
Disposals/written-off	-	-	(132)	-	(95)	(385)	(612)
Transfer out	(204)	(40)	(115)	(78)	-	-	(437)
31 December 2013	<u>2,779</u>	<u>2,994</u>	<u>5,072</u>	<u>3,628</u>	<u>1,165</u>	<u>5,635</u>	<u>21,273</u>
Accumulated depreciation							
1 January 2013	-	-	(2,458)	(1,779)	(776)	(4,220)	(9,233)
Depreciation during the year	-	-	(176)	(72)	(106)	(424)	(778)
Accumulated depreciation on disposals/written-off/transfer out	-	-	67	38	88	373	566
31 December 2013	<u>-</u>	<u>-</u>	<u>(2,567)</u>	<u>(1,813)</u>	<u>(794)</u>	<u>(4,271)</u>	<u>(9,445)</u>
Allowance for impairment							
1 January 2013	(366)	-	(111)	-	(1)	-	(478)
Loss on impairment during the year	-	-	(2)	-	(5)	-	(7)
Allowance for impairment on disposals/written-off/transfer out	24	-	10	-	6	-	40
31 December 2013	<u>(342)</u>	<u>-</u>	<u>(103)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(445)</u>
Net book value							
1 January 2013	<u>2,617</u>	<u>3,034</u>	<u>2,352</u>	<u>1,927</u>	<u>340</u>	<u>1,229</u>	<u>11,499</u>
31 December 2013	<u>2,437</u>	<u>2,994</u>	<u>2,402</u>	<u>1,815</u>	<u>371</u>	<u>1,364</u>	<u>11,383</u>
Depreciation included in profit or loss from operation for the years ended							
31 December 2012							<u>696</u>
31 December 2013							<u>778</u>

(Unit: Million Baht)

	Separate financial statements						
	For the year ended 31 December 2012						
	Land		Buildings			Equipment	Total
	Cost	The incremental revaluation	Cost	The incremental revaluation	Leasehold improvement		
Cost/Reappraised value							
1 January 2012	4,279	2,767	5,000	3,292	927	5,287	21,552
Purchases	-	-	216	-	268	545	1,029
Reappraisal during the year	-	814	-	548	-	-	1,362
Disposals/written-off	-	-	(22)	-	(78)	(383)	(483)
Transferred to assets held for sale	(1,129)	(465)	(164)	(45)	-	-	(1,803)
Transfer out	(167)	(82)	(109)	(89)	-	-	(447)
31 December 2012	2,983	3,034	4,921	3,706	1,117	5,449	21,210
Accumulated depreciation							
1 January 2012	-	-	(2,529)	(1,458)	(707)	(4,195)	(8,889)
Depreciation during the year	-	-	(89)	(70)	(140)	(397)	(696)
Reappraisal during the year	-	-	-	(316)	-	-	(316)
Accumulated depreciation on those transferred to assets held for sale	-	-	52	22	-	-	74
Accumulated depreciation on disposals/written-off/transfer out	-	-	108	43	71	372	594
31 December 2012	-	-	(2,458)	(1,779)	(776)	(4,220)	(9,233)
Allowance for impairment							
1 January 2012	(522)	-	(106)	-	(6)	(10)	(644)
Reversal (loss) on impairment during the year	134	-	(38)	-	(2)	4	98
Allowance for impairment on those transferred to assets held for sale	5	-	43	-	-	-	48
Allowance for impairment on disposals/written-off/transfer out	17	-	(10)	-	7	6	20
31 December 2012	(366)	-	(111)	-	(1)	-	(478)
Net book value							
1 January 2012	3,757	2,767	2,365	1,834	214	1,082	12,019
31 December 2012	2,617	3,034	2,352	1,927	340	1,229	11,499

During the year 2012, the Bank transferred a group of land and buildings of a branch that were still in use but under the sale process to "Asset held for sale". The Bank already disposed of such land and buildings in November 2012 with a gain on disposal of such assets representing a part of "Other operating income" in the statements of comprehensive income for the year ended 31 December 2012.

As at 31 December 2013 and 2012, the Bank and its subsidiaries have certain equipment which has been fully depreciated but is still in use. The original costs (before deducting accumulated depreciation and allowance for impairment) of those assets amounted to approximately Baht 3,352 million and Baht 3,485 million, respectively (The Bank only: Baht 3,286 million and Baht 3,430 million, respectively).

20. Goodwill and other intangible assets

	Consolidated financial statements				(Unit: Million Baht)		
					Separate financial statements		
	Goodwill	Computer softwares	Computer softwares under development	Total	Computer softwares	Computer softwares under development	Total
Cost							
1 January 2012	60	3,348	96	3,504	3,255	96	3,351
Additions	-	6	281	287	4	281	285
Transfer in (out)	-	301	(303)	(2)	301	(303)	(2)
31 December 2012	60	3,655	74	3,789	3,560	74	3,634
Additions	-	35	367	402	33	365	398
Written-off	-	(284)	-	(284)	(284)	-	(284)
Transfer in (out)	-	306	(303)	3	305	(302)	3
31 December 2013	60	3,712	138	3,910	3,614	137	3,751
Accumulated amortisation							
1 January 2012	-	(2,754)	-	(2,754)	(2,664)	-	(2,664)
Amortisation during the year	-	(255)	-	(255)	(253)	-	(253)
Accumulated amortisation on transfer out	-	1	-	1	1	-	1
31 December 2012	-	(3,008)	-	(3,008)	(2,916)	-	(2,916)
Amortisation during the year	-	(271)	-	(271)	(270)	-	(270)
Accumulated amortisation on written-off/transfer out	-	284	-	284	284	-	284
31 December 2013	-	(2,995)	-	(2,995)	(2,902)	-	(2,902)
Net book value							
1 January 2012	60	594	96	750	591	96	687
31 December 2012	60	647	74	781	644	74	718
31 December 2013	60	717	138	915	712	137	849
Amortisation expenses included in profit or loss from operation for the years ended							
31 December 2012				255			253
31 December 2013				271			270

As at 31 December 2013 and 2012, computer softwares have amortisation periods of 0-5 years remained.

21. Deferred tax assets/liabilities and income tax expenses

21.1 Deferred tax assets/liabilities

Deferred tax assets and deferred tax liabilities consisted of tax effects of temporary differences as shown below:

(Unit: Million Baht)

	Consolidated financial statements				
	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	Change in deferred tax assets/liabilities reported in the statements of comprehensive income for the years ended 31 December	
				2013	2012
					(Restated)
Deferred tax assets					
Investments	174	176	184	2	8
Loans to customers and accrued interest receivables	617	2,270	1,197	1,653	(1,073)
Properties foreclosed	147	161	313	14	152
Premises and equipment	100	106	137	6	31
Provisions for liabilities	1,594	1,648	1,575	54	(73)
Other payables and other liabilities	281	269	245	(12)	(24)
Unused tax losses	456	66	1,614	(390)	1,548
Others	103	82	55	(21)	(27)
Total deferred tax assets	3,472	4,778	5,320	1,306	542
Deferred tax liabilities					
Investments	14	32	83	(18)	(51)
Premises and equipment	981	1,013	907	(32)	106
Others	28	14	32	14	(18)
Total deferred tax liabilities	1,023	1,059	1,022	(36)	37

(Unit: Million Baht)

	Separate financial statements			Change in deferred tax assets/liabilities reported in the statements of comprehensive income for the years ended 31 December	
	31 December 2013	31 December 2012	1 January 2012	2013	2012
		(Restated)	(Restated)		(Restated)
Deferred tax assets					
Investments	174	176	184	2	8
Loans to customers and accrued interest receivables	606	2,270	1,195	1,664	(1,075)
Properties foreclosed	139	153	290	14	137
Premises and equipment	100	106	137	6	31
Provisions for other liabilities	1,585	1,635	1,560	50	(75)
Other payables and other liabilities	281	269	245	(12)	(24)
Unused tax losses	414	-	1,512	(414)	1,512
Others	103	82	55	(21)	(27)
Total deferred tax assets	3,402	4,691	5,178	1,289	487
Deferred tax liabilities					
Investments	11	28	83	(17)	(55)
Premises and equipment	979	1,012	906	(33)	106
Others	28	14	32	14	(18)
Total deferred tax liabilities	1,018	1,054	1,021	(36)	33

As at 31 December 2013 and 2012, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totaling Baht 1,302 million and Baht 1,491 million, respectively, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met. In addition, the Bank has tax-deductible temporary differences in respect of loans to customers and accrued interest receivables, for which deferred tax assets have not been recognised since it is uncertain as to whether the Bank would be able to utilise such temporary differences.

As at 31 December 2013 and 2012, a subsidiary had unused brought-forward tax losses totaling Baht 332 million and Baht 332 million, respectively, for which the subsidiary has not yet recognised as deferred tax assets because the management assessed that the subsidiary's future taxable profits may not be sufficient to allow utilisation of the unused brought-forward tax losses before they gradually expire in 2014 and 2016.

21.2 Income tax expenses

Income tax expenses for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	For the years ended 31 December	For the years ended 31 December
	2013	2012
	(Restated)	(Restated)
Current income tax:		
Corporate income tax for the year	20	36
Deferred tax:		
Deferred tax relating to origination and reversal of temporary differences	1,277	340
Income tax expenses recognised in the profit or loss from operation	1,297	376

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2013 and 2012 and the applicable tax rates are as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	For the years ended 31 December	For the years ended 31 December
	2013	2012
	(Restated)	(Restated)
Accounting profits before income tax expenses	7,044	1,664
Applicable tax rates	20%	23%
Amount of income taxes at the applicable tax rates	1,409	383
Adjustment in respect of income tax expenses of previous year	(21)	12
Decrease in deferred tax expense since previously unrecognised deductible temporary difference had been met the recognition criteria during the year	(86)	-
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profit	(5)	(19)
Income tax expenses recognised in profit or loss from operation	1,297	376

21.3 Income taxes relating to the components of other comprehensive income

The amounts of income taxes relating to the components of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012 (Restated)	2013	2012 (Restated)
Changes in revaluation surplus on assets	12	(236)	12	(236)
Losses on revaluation of available-for-sale investments	-	8	-	12
(Gain) losses arising from translating the financial statements of foreign operations	(6)	3	(6)	3
Actuarial gains on post-employment benefit plan	-	(13)	-	(13)
Income taxes relating to the components of other comprehensive income	6	(238)	6	(234)

22. Other receivables

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Receivables on sales of investments	3,501	13,700	3,501	13,700
Promissory notes from transfer of NPLs to BAM	3,730	6,464	3,626	6,360
TAMC's promissory notes and interest receivable	4,398	6,213	4,398	6,213
Other receivables	810	805	709	712
Total	12,439	27,182	12,234	26,985
Less: Allowance for impairment	(110)	(79)	(108)	(78)
Other receivables - net	12,329	27,103	12,126	26,907

23. Other assets

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Accrued income	1,206	1,179	1,124	1,109
Collateral on derivative transactions	4,173	158	4,173	158
Suspense accounts - debtors	1,631	2,244	1,630	2,243
Suspense accounts between head office and branches	480	778	480	778
Others	1,662	1,338	1,644	1,321
Total	9,152	5,697	9,051	5,609
Less: Allowance for impairment	(149)	(110)	(148)	(109)
Other assets - net	9,003	5,587	8,903	5,500

24. Deposits

24.1 Classified by types of deposits

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Current accounts	37,112	56,144	37,120	56,155
Savings accounts	294,506	268,538	294,555	268,783
Time deposits	199,061	172,554	199,061	172,554
Total	530,679	497,236	530,736	497,492
Less: prepaid interest expenses	(1,073)	(1,078)	(1,073)	(1,078)
Deposits - net	529,606	496,158	529,663	496,414

24.2 Classified by currency and residency of depositors

	(Unit: Million Baht) Consolidated financial statements					
	31 December 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	523,237	5,391	528,628	488,761	5,074	493,835
US Dollars	659	179	838	642	156	798
Other currencies	120	20	140	1,495	30	1,525
Total	524,016	5,590	529,606	490,898	5,260	496,158

	(Unit: Million Baht) Separate financial statements					
	31 December 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	523,294	5,391	528,685	489,017	5,074	494,091
US Dollars	659	179	838	642	156	798
Other currencies	120	20	140	1,495	30	1,525
Total	524,073	5,590	529,663	491,154	5,260	496,414

25. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated and separate financial statements					
	31 December 2013			31 December 2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	-	5,815	5,815	-	5,731	5,731
Commercial banks	121	37,550	37,671	184	32,900	33,084
Specialised financial institutions	1,044	12,185	13,229	1,036	16,387	17,423
Other financial institutions	3,844	461	4,305	3,506	90	3,596
Total domestic items	5,009	56,011	61,020	4,726	55,108	59,834
Foreign						
US Dollars	1,599	2,133	3,732	645	3,982	4,627
Other currencies	1,286	-	1,286	1,360	232	1,592
Total foreign items	2,885	2,133	5,018	2,005	4,214	6,219
Total domestic and foreign items	7,894	58,144	66,038	6,731	59,322	66,053

26. Financial liabilities designated at fair value through profit or loss

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 December 2013	31 December 2012
Debts issued	363	213
Total	363	213

Proportion of transactions classified by type of counterparty as at 31 December 2013 and 2012 is as follow:

(Unit: Percentage)

Counterparty	Consolidated and separate financial statements	
	31 December 2013	31 December 2012
Financial institutions	100.00	100.00
Total	100.00	100.00

27. Debts issued and borrowings

(Unit: Million Baht)								
	Interest rates as at 31 December 2013 (%)	Maturities	Consolidated and separate financial statements					
			31 December 2013			31 December 2012		
			Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated debentures ⁽²⁾	4.50, 4.70 and 5.00	2014 ⁽³⁾ , 2015 ⁽³⁾ and 2017 ⁽³⁾	23,650	-	23,650	23,650	-	23,650
Perpetual non-cumulative Tier 1 hybrid securities ⁽¹⁾	7.00	2014 ⁽³⁾	4,000	-	4,000	4,000	-	4,000
Bills of exchange	2.00 - 4.50	2014 - 2015	4,165	-	4,165	10,269	-	10,269
Other borrowings	0.00 - 2.00	2014 - 2031	222	6,312	6,534	307	5,198	5,505
Total			32,037	6,312	38,349	38,226	5,198	43,424
Less : prepaid interest expenses			(176)	-	(176)	(176)	-	(176)
Debts issued and borrowings - net			31,861	6,312	38,173	38,050	5,198	43,248

⁽¹⁾ Counted as a part of Tier 1 capital, which is determined under the conditions as specified in the BOT's Notification (Note 8)

⁽²⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BOT's Notification (Note 8)

⁽³⁾ The years in which call option exercise periods start

27.1 Subordinated debentures

- 27.1.1 On 6 November 2009, the Bank issued the Subordinated Debenture No.1/2552, amounting to Baht 5,300 million, which has a 10-year maturity period and carries a fixed interest rate of 5.00% per annum for the first 3 years, 5.25% per annum for the fourth and the fifth years and 6.50% per annum for the sixth to the tenth years. Interest is payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2552 after 5 years from the issue date or according to certain specified conditions.
- 27.1.2 On 2 April 2010, the Bank issued the Subordinated Debenture No.1/2553, amounting to Baht 8,000 million, which has a 10-year maturity period and carries a fixed rate of 4.70% per annum for the first 5 years and 6.00% per annum for the sixth to the tenth years. Interest is payable quarterly in January, April, July and October of every year. The Bank can early redeem the Subordinated Debenture No.1/2553 after 5 years from the issue date or according to certain specified conditions.
- 27.1.3 On 18 May 2012, the Bank issued the Subordinated Debenture No.1/2555, amounting to Baht 9,400 million, which has a 10-year maturity period and carries a fixed interest rate of 4.50% per annum, payable annually in advance on 18 May of every year with the exception of the first interest payment, which was made on 25 May 2012. The Bank can early redeem the Subordinated Debenture No.1/2555 under each of the following circumstances:
1. On or after the fifth anniversary of the issue date.
 2. The Bank can show that the interest on the debenture could not be treated as tax-deductible expenses.
 3. The Bank of Thailand issues additional regulations which allow the Bank to early redeem the debenture.
- 27.1.4 On 25 May 2012, the Bank issued the Subordinated Debenture No.2/2555, amounting to Baht 950 million, which has a 10-year maturity period and carries a fixed interest rate of 4.50% per annum, payable annually in advance on 25 May of every year with the exception of the first interest payment, which was made on 1 June 2012. The Bank can early redeem the Subordinated Debenture No.2/2555 under each of the following circumstances:
1. On or after the fifth anniversary of the issue date.
 2. The Bank can show that the interest on the debenture could not be treated as tax-deductible expenses.
 3. The Bank of Thailand issues additional regulations which allow the Bank to early redeem the debenture.

27.2 Perpetual non-cumulative Tier 1 hybrid securities

On 30 April 2009, the Bank issued Baht 4,000 million in aggregate as a principal amount of the Perpetual Non-Cumulative Tier 1 Hybrid Securities ("Hybrid Tier 1"). The securities are perpetual. However, the Bank has an early redemption option subject to the prior written approval of the Bank of Thailand and the Bank being solvent at that time. Early redemption is permitted under each of the following circumstances:

1. At every interest payment date, after the fifth year of the issue date.
2. In the event that any change or amendment in the tax laws resulting in the more tax liabilities to the Bank or the Bank not being able to claim interest on such securities as tax-deductible expenses.
3. In the event that the Hybrid Tier 1 is no longer qualified as Tier 1 capital of the Bank.

The securities carries a fixed interest rate of 7.00% per annum for the first 10 years and a floating interest rate based on the 6-month Time Deposit rate of the Bank plus 7.00% per annum for the eleventh year onwards. Interest is semi-annually payable on 30 April and 30 October of every year.

In case that the Bank incurs loss in the latest financial period before the interest payment date or in case that the interest payment for the Hybrid Tier 1 on any interest payment date results in the Bank having a loss in the latest financial period before such interest payment date, the Bank will not be obliged to make any interest payment for that period and such interest will be non-cumulative and will not be carried forward to the next payment period unless allowed by the Bank of Thailand to pay such interest.

27.3 Other Borrowings

Borrowings with specific uses (other borrowings) as at 31 December 2013 and 2012 are as follows:

Borrowings from	Objectives of borrowings	Consolidated and separate financial statements			
		31 December 2013		31 December 2012	
		Outstanding balances	Baht equivalent (Million Baht)	Outstanding balances	Baht equivalent (Million Baht)
Ministry of Finance	For agro-industrial enterprises	-	-	THB 4 million	4
Energy Conservation Promotion Fund	For enterprises investing for energy conservation	THB 195 million	195	THB 286 million	286
National Science and Technology Development Agency	For enterprises involving in research and development activities	THB 27 million	27	THB 17 million	17
Nordic Investment Bank (NIB)	For joint ventures with the Nordic countries and businesses using Nordic machinery/equipment	USD 19 million	629	USD 29 million	895
Japan Bank for International Cooperation (JBIC)	For equity investment & on- lending to non-SET listed enterprises and non- environmental impact having a joint-venture with Japanese or Japanese connection, or Tsunami adversely affected entrepreneurs having Japanese connection	USD 67 million	2,188	USD 83 million	2,553
KfW Bankengruppe (KfW)	For small industry businesses	EUR 5 million	214	EUR 5 million	219
International Finance Corporation (IFC)	For SMEs affected in the flood areas	USD 100 million	3,281	USD 50 million	1,531
Total			6,534		5,505

On 29 May 2012, the Bank entered into a loan agreement with International Finance Corporation to obtain a loan facility of USD 100 million, carrying interest at LIBOR plus a spread. The loan is obtained for the purpose of financing small and medium enterprises affected by the floods during end of 2011. The loan agreement contains covenants that, among other things, require the Bank to maintain certain financial ratios.

28. Provisions for employee benefits

28.1 Defined contribution plan

The Bank, its subsidiaries and their employees have jointly established provident fund schemes under the Provident Fund Act B.E. 2530. The employees contribute to the funds at rates ranging from 2 - 10 percent of their basic salaries and the Bank and its subsidiaries contribute at rates ranging from 5 - 10 percent, depending on the number of years of service of each employee. The funds will be paid to the employees upon death, termination or dissolution of the business, in accordance with the rules of the funds. The fund assets are held separately from those of the Bank and its subsidiaries, under the management of the fund manager.

For the years ended 31 December 2013 and 2012, the Bank and its subsidiaries contributed Baht 360 million and Baht 354 million, respectively to the funds (the Bank only: Baht 352 million and Baht 346 million, respectively).

28.2 Defined benefits plans

Movements in provisions for employee benefits for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Retirement benefit plan	Other long- term employee benefit plan	Total provisions for employee benefits	Retirement benefit plan	Other long- term employee benefit plan	Total provisions for employee benefits
Provisions for employee benefits at beginning of the years	1,284	14	1,298	1,201	45	1,246
Current service cost	142	2	144	152	5	157
Interest cost	43	1	44	42	2	44
Benefits paid during the years	(55)	(2)	(57)	(54)	(2)	(56)
Actuarial gains	-	-	-	(57)	(7)	(64)
Past service costs	(5)	-	(5)	-	(29)	(29)
Provisions for employee benefits at end of the years	1,409	15	1,424	1,284	14	1,298

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Retirement benefit plan	Other long- term employee benefit plan	Total provisions for employee benefits	Retirement benefit plan	Other long- term employee benefit plan	Total provisions for employee benefits
Provisions for employee benefits at beginning of the years	1,265	14	1,279	1,186	45	1,231
Current service cost	139	2	141	149	5	154
Interest cost	42	1	43	42	2	44
Benefits paid during the years	(54)	(2)	(56)	(54)	(2)	(56)
Actuarial gains	-	-	-	(58)	(7)	(65)
Past service costs	(5)	-	(5)	-	(29)	(29)
Provisions for employee benefits at end of the years	1,387	15	1,402	1,265	14	1,279

The expenses relating to defined benefits plans, included in the profit or loss from operation, was recorded in “Employee’s expenses” as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Current service cost	144	157	141	154
Interest cost	44	44	43	44
Actuarial gains on other long-term employee benefit plan	-	(7)	-	(7)
Past service cost	(5)	(29)	(5)	(29)
Total employee benefit expenses	183	165	179	162

Accumulated amounts of actuarial gains, which have been recognised in the other comprehensive income of the Bank and its subsidiaries, up to 31 December 2013 and 2012 were Baht 143 million and Baht 143 million, respectively (the Bank only: Baht 143 million and Baht 143 million, respectively).

Amounts of defined benefit obligation at the end of the current year and previous years are as follows:

	(Unit: Million Baht)	
	Defined benefit obligation	
	Consolidated financial statements	Separate financial statements
As at 31 December 2013	1,378	1,355
As at 31 December 2012	1,247	1,228
As at 31 December 2011	1,246	1,231
As at 1 January 2011	1,179	1,160

The amounts of experience adjustments⁽¹⁾ for the current and previous years are as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
For the year ended 31 December 2013	-	
For the year ended 31 December 2012	(38)	
For the year ended 31 December 2011	(45)	

⁽¹⁾ Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred, which are presented as a part of “Actuarial gains”.

The principal assumptions used in determining provisions under retirement benefit plan on an actuarial basis are shown below:

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Discount rates	3.28%, 3.73%, 3.95%	3.28%, 3.73%, 3.95%	3.73%	3.73%
Future salary incremental rates	5.00%, 5.50%	5.00%, 5.50%	5.00%	5.00%
Staff turnover rates (depending on range of age)	0.00% - 18.00%	0.00% - 18.00%	0.00% - 18.00%	0.00% - 18.00%

29. Provisions for other liabilities

(Unit: Million Baht)

Consolidated financial statement				
For the year ended 31 December 2013				
	Commitment from letters of guarantee issued, avals and other guarantee	Obligation for litigation cases (Note 48.2)	Others	Total
Balances - beginning of the year (restated)	425	75	40	540
Increase in provisions	-	11	64	75
Decrease in provisions	(13)	(19)	-	(32)
Paid during the year	-	(4)	(40)	(44)
Balances - end of the year	412	63	64	539

(Unit: Million Baht)

Separate financial statement				
For the year ended 31 December 2013				
	Commitment from letters of guarantee issued, avals and other guarantee	Obligation for litigation cases (Note 48.2)	Others	Total
Balances - beginning of the year (restated)	425	54	35	514
Increase in provisions	-	4	64	68
Decrease in provisions	(13)	-	-	(13)
Paid during the year	-	(4)	(40)	(44)
Balances - end of the year	412	54	59	525

30. Other payables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Payables on purchases of investments	3,176	14,118	3,176	14,118
Others	2,076	739	2,060	724
Total other payables	5,252	14,857	5,236	14,842

31. Other liabilities

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
Accrued expenses	3,109	2,940	2,865	3,078	2,903	2,831
Accrued interest expenses	1,061	1,039	1,262	1,061	1,039	1,262
Deposits and guarantees received	1,490	909	1,386	1,476	895	1,367
Collateral on derivative transactions	1,159	19	139	1,159	19	139
Suspense accounts – creditors	3,536	4,294	3,401	3,525	4,272	3,399
Others	706	604	585	685	580	561
Total other liabilities	11,061	9,805	9,638	10,984	9,708	9,559

32. Share-based payments – TMB Performance Share Bonus Scheme

32.1 Information of TMB Performance Share Bonus Scheme

On 24 June 2010, the Extraordinary General Meeting of Shareholders No.1/2553 approved the TMB Performance Share Bonus 2010 Project (TMB PSBP 2010 scheme) which will offer newly issued ordinary shares of the Bank to its employees (including employees who hold a position of director of the Bank) who have qualifications under TMB PSBP 2010. The Employees under TMB PSBP 2010 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TMB PSBP 2010 with mandatory participation of top management but optional participation of staff at other levels.

Term of Continuing Scheme:	5 years starting from the first offering date.
Number of Ordinary Shares to be Offered:	Not exceeding the total of 400,000,000 newly issued ordinary shares with the par value of Baht 0.95 each, which will be offered pursuant to the continuing scheme.
Offering Price per Share:	<p>The offering price per share to be offered to the employees under TMB PSBP 2010 is equivalent to the average closing price of ordinary shares of the Bank on the Stock Exchange of Thailand (“SET”) on each trading day for the period of 90 calendar days prior to each offering date of the newly issued shares.</p> <p>The offering price may be lower than 90% of the market price as prescribed in the notification of the Securities and Exchange Commission relating to the calculation of the offering price and the determination of the offering price for issuance of the newly issued shares.</p> <p>In the case that the calculation of the offering price in any offering is lower than the par value of the ordinary shares of the Bank, the Bank is required to offer newly issued shares to the employees under TMB PSBP 2010 Project at the price equivalent to the par value of the ordinary shares of the Bank</p>
Condition of Subscription for the Newly Issued Shares:	The Employees under TMB PSBP 2010 who will subscribe for the newly issued shares shall be employees of the Bank as of the subscription date of such newly issued shares (the rights for employees who are retired pursuant to the Bank’s regulation or death are still retained).

During the years ended 31 December 2013 and 2012, the Bank recorded expenses of Baht 168 million and 127 million, respectively, in relation to share-based payments.

32.2 The first offer of newly-issued ordinary shares

On 20 April 2011, the Bank made a first offering of 68,393,400 ordinary shares with a par value of Baht 0.95 per share to its employees, at a price of Baht 2.25 per share. The shares will be gradually issued on an annual basis within three years.

	Shares
Ordinary share offering on 20 April 2011	68,393,400
Issue of the first lot to 362 employees in April 2012	(21,182,090)
Issue of the second lot to 327 employees in April 2013	(24,373,533)
Ordinary shares in respect of employees who resigned before vesting date	(6,793,717)
Unissued ordinary shares as at 31 December 2013	16,044,060

32.3 The second offer of newly-issued ordinary shares

On 20 April 2012, the Bank offered 101,795,300 ordinary shares to the employees at a par value of Baht 0.95 per share for the price of Baht 1.67 per share. The shares will be gradually issued on an annual basis within three years.

	Shares
Ordinary share offering on 20 April 2012	101,795,300
Issue of the first lot to 181 employees in April 2013	(32,028,164)
Ordinary shares in respect of employees who resigned before vesting date	(7,799,735)
Unissued ordinary shares as at 31 December 2013	61,967,401

32.4 The third offer of newly-issued ordinary shares

On 20 April 2013, the Bank offered 82,597,700 ordinary shares to the employees at a par value of Baht 0.95 per share for the price of Baht 2.28 per share. The shares will be gradually issued on an annual basis within three years.

	Shares
Ordinary share offering on 20 April 2013	82,597,700
Ordinary shares in respect of employees who resigned before vesting date	(1,759,900)
Unissued ordinary shares as at 31 December 2013	80,837,800

32.5 Reconciliation of issued and paid-up ordinary shares, share premium and other reserve – shared-based payments

Consolidated and separate financial statements				
For the year ended 31 December 2013				
	Issued and paid-up ordinary shares		Share premium	Other reserve – share-based payments
	No. of shares	Baht	Baht	Baht
Balance – beginning of the year	43,549,920,569	41,372,424,541	27,008,318	196,923,463
Issued ordinary shares to employees (Note 32.2 and 32.3)	56,401,697	53,581,612	54,745,871	(108,327,483)
Expenses in relation to issuance of ordinary shares to employee	-	-	(557,944)	-
Expenses in relation to share-based payments (Note 32.1)	-	-	-	167,998,978
Balance – end of the year	<u>43,606,322,266</u>	<u>41,426,006,153</u>	<u>81,196,245</u>	<u>256,594,958</u>

Consolidated and separate financial statements				
For the year ended 31 December 2012				
	Issued and paid-up ordinary shares		Share premium	Other reserve – share-based payments
	No. of shares	Baht	Baht	Baht
Balance – beginning of the year	43,528,738,479	41,352,301,555	-	117,783,652
Issued ordinary shares to employees (Note 32.2)	21,182,090	20,122,986	27,536,717	(47,659,703)
Expenses in relation to issuance of ordinary shares to employee	-	-	(528,399)	-
Expenses in relation to share-based payments (Note 32.1)	-	-	-	126,799,514
Balance – end of the year	<u>43,549,920,569</u>	<u>41,372,424,541</u>	<u>27,008,318</u>	<u>196,923,463</u>

33. Revaluation surplus on assets

This represents surplus arising from revaluation of land and buildings. The revaluation surplus can neither be offset against deficit nor used for dividend distribution.

			(Unit: Million Baht)
Consolidated and separate financial statements			
	For the year ended 31 December 2013	For the year ended 31 December 2012	
		(Restated)	
Balance – beginning of the years	5,061	4,601	
Reappraisal during the years	-	1,046	
Amortised during the years	(72)	(70)	
Derecognised during the years	(33)	(514)	
Transferred out during the years	(58)	(2)	
Balance – end of the years	4,898	5,061	
Less: Relevant income taxes	(980)	(1,012)	
Balance – end of the years, net of relevant income taxes	<u>3,918</u>	<u>4,049</u>	

34. Statutory reserve

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

35. Appropriation of the profit and dividend payment

35.1 The appropriation of the 2012 operating profits and dividend payment

On 12 April 2013, the 2013 Annual General Meeting of Shareholders passed the resolutions regarding the appropriation of the 2012 operating profit and dividend payment as follows:

1. Appropriation of net profit of Baht 80,000,000 to be statutory reserve.
2. Paying of a dividend from the 2012 operating profit to ordinary shareholders, totaling 43,606,322,266 shares at Baht 0.033 per share, totaling a dividend payment of Baht 1,439 million.

The Bank already paid such dividend to its shareholders on 9 May 2013.

35.2 The appropriation of the 2011 operating profits and dividend payment

On 11 April 2012, the 2012 Annual General Meeting of Shareholders passed the resolutions regarding the appropriation of the 2011 operating profit and dividend payment as follows:

1. Appropriation of net profit of Baht 200 million to be statutory reserve.
2. Paying a dividend from the 2011 operating profits to ordinary shareholders, totaling 43,549,920,569 shares at Baht 0.03 per share, totaling a dividend payment of Baht 1,306 million.

The Bank already paid such dividend to its shareholders on 9 May 2012.

36. Interest income

Interest income for the years ended 31 December 2013 and 2012 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Interbank and money market items	2,000	2,488	1,983	2,475
Investments and trading transactions	457	323	457	323
Investments in debt securities	2,877	2,994	2,877	2,990
Loans to customers	29,173	24,495	29,019	24,292
Others	319	378	319	378
Total interest income	34,826	30,678	34,655	30,458

37. Interest expenses

Interest expenses for the years ended 31 December 2013 and 2012 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Deposits	8,567	7,883	8,567	7,883
Interbank and money market items	1,510	1,210	1,510	1,210
Contributions to the Deposit Protection Agency and Bank of Thailand	2,348	2,214	2,348	2,214
Debts issued				
- Subordinated debentures	1,263	1,197	1,263	1,197
- Others	215	848	215	849
Borrowings	87	252	87	252
Borrowing fees	14	9	14	9
Total interest expenses	14,004	13,613	14,004	13,614

38. Net fees and service income

Fees and service income and expenses for the years ended 31 December 2013 and 2012 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
Fees and service income				
- Acceptances, aval and guarantees	335	340	335	340
- Credit card and ATM	2,367	2,239	2,367	2,239
- Funds and Bancassurance	2,879	2,151	2,082	1,516
- Others	2,030	1,853	2,367	2,015
Total fees and service income	7,611	6,583	7,151	6,110
Fees and service expenses				
- Credit card and ATM	1,348	1,368	1,348	1,369
- Others	684	525	609	467
Total fees and service expenses	2,032	1,893	1,957	1,836
Net fees and service income	5,579	4,690	5,194	4,274

39. Net gains on trading and foreign exchange transactions

Net gains on trading and foreign exchange transactions for the years ended 31 December 2013 and 2012 consisted of the following:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Gains (losses) on tradings and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	2,216	1,713	2,216	1,713
- Derivatives on interest rates	18	6	18	6
- Derivatives on commodity	1	-	1	-
- Debt securities	23	(16)	23	(16)
Net gains on tradings and foreign exchange transactions	2,258	1,703	2,258	1,703

40. Net loss on financial liabilities designated at fair value through profit or loss

Net loss on financial liabilities designated at fair value through profit or loss for the years ended 31 December 2013 and 2012 consisted of the following:

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	For the years ended 31 December	
	2013	2012
Net change in fair value	(9)	(13)
Net gain on financial liabilities transferred	-	11
Net loss on financial liabilities designated at fair value through profit or loss	(9)	(2)

41. Net gains on investments

Net gains on investments for the years ended 31 December 2013 and 2012 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Gains on sales of investments				
- Available-for-sale securities	79	146	45	146
- General investments	64	19	64	19
Total gains on sales of investments	143	165	109	165
Reversal of allowance for impairment (losses on impairment)				
- Available-for-sale securities	(2)	14	(2)	14
- General investments	-	(93)	-	(93)
- Investments in subsidiaries	-	-	189	269
Total reversal of allowance for impairment (losses on impairment)	(2)	(79)	187	190
Net gains on investments	141	86	296	355

At the end of the reporting period, the management of the Bank considered the status of Phayathai Asset Management Company Limited ("PAMC" or "the subsidiary") and noted that its financial position has improved and that it is expected to be able to increase its profitability. These are indicators for reversal of allowance for impairment and the Bank, therefore, reversed allowance for impairment on investment in the subsidiary so that the investment in PAMC would reflect the expected recoverable amount.

42. Other operating income

Other operating income for the years ended 31 December 2013 and 2012 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Net gains on disposals of assets (Note 19)	87	686	157	657
Dividend income	65	131	65	131
Bad debt recovery (interest portion)	121	106	121	106
Others	143	242	142	241
Total other operating income	416	1,165	485	1,135

43. Other operating expenses

Other operating expenses for the years ended 31 December 2013 and 2012 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Marketing and business promotion expenses	1,249	1,044	1,203	979
Communication expenses	374	323	372	321
Amortisation of intangible assets	271	255	270	253
Losses on impairment of properties foreclosed and other assets	130	548	130	549
Provisions for obligation on transfers of non- performing assets (reversal) (Note 9)	(296)	138	(382)	138
Others	1,269	1,323	1,255	1,304
Total other operating expenses	2,997	3,631	2,848	3,544

44. Bad debts, doubtful accounts and impairment losses

Bad debts, doubtful accounts and impairment losses for the years ended 31 December 2013 and 2012 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Bad debts and doubtful accounts (reversal)				
Interbank and money market items	10	(105)	10	(105)
Loans to customers	7,654	8,885	7,727	8,967
Reversal of allowance for debt restructuring on loans to customers	(51)	(29)	(51)	(38)
Total bad debts, doubtful accounts and impairment losses	7,613	8,751	7,686	8,824

45. Components of other comprehensive income

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Other comprehensive income				
(a) Changes in revaluation surplus on assets				
Gains on revaluation during the years	-	1,046	-	1,046
Other change in revaluation surplus on assets	(58)	(2)	(58)	(2)
Total	(58)	1,044	(58)	1,044
(b) Gains (losses) on revaluation of available-for-sale investments				
Unrealised gains during the years	73	69	54	52
Less: Reclassification of realised gains recognised in profit or loss from operation	(75)	(103)	(55)	(103)
Total	(2)	(34)	(1)	(51)
Other comprehensive income (continued)				
(c) Gains (losses) arising from translating the financial statements of foreign operation	29	(14)	29	(14)
(d) Actuarial gains on post employment benefit plan	-	57	-	58
(e) Income taxes relating to components of other comprehensive income	6	(238)	6	(234)
Total other comprehensive income for the years	(25)	815	(24)	803

46. Earnings per share

Basic earnings per share is calculated by dividing profits for the years (excluding other comprehensive income) attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue and held by outside shareholders during the years.

Diluted earnings per share is calculated by dividing profits for the years (excluding other comprehensive income) attributable to equity holders of the Bank by the sum of weighted average number of ordinary shares in issue and held by outside shareholders during the years and the weighted average number of ordinary shares which would need to be issued to convert all potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the years or on the date the potential ordinary shares were issued. In calculation of diluted earnings per share, the potential ordinary shares include number of ordinary shares as offered in according to the TMB PSBP 2010 scheme as described in Note 32.2, Note 32.3 and Note 32.4 to the financial statements.

Basic earnings per share and diluted earnings per share are presented below:

Consolidated financial statements					
For the years ended 31 December					
Profits for the years		Weighted average number of ordinary shares		Earnings per share	
		2013	2012	2013	2012
(Million Baht)	(Million Baht) (Restated)	(Million shares)	(Million shares)	(Baht)	(Baht) (Restated)
Basic earnings per share					
Profits for the years attributable to equity holders of the Bank		5,737	1,261	43,591	43,544
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme		-	-	151	116
Diluted earnings per share		5,737	1,261	43,742	43,660
				0.1316	0.0290
				0.1312	0.0289
Separate financial statements					
For the years ended 31 December					
Profits for the years		Weighted average number of ordinary shares		Earnings per share	
		2013	2012	2013	2012
(Million Baht)	(Million Baht) (Restated)	(Million shares)	(Million shares)	(Baht)	(Baht) (Restated)
Basic earnings per share					
Profits for the years attributable to equity holders of the Bank		5,799	1,253	43,591	43,544
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme		-	-	151	116
Diluted earnings per share		5,799	1,253	43,742	43,660
				0.1330	0.0288
				0.1326	0.0287

47. Assets under restriction

As at 31 December 2013 and 2012, the assets under restriction were as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	31 December 2013	31 December 2012
Investment in securities (face value)		
Pledged as collateral with the courts	27	28
Pledged as securities for daily liquidity	824	20,470
Pledged as collateral against repurchase transactions	21,352	28,938

48. Commitments and contingencies

48.1 Commitments

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	31 December 2013	31 December 2012
Avals to bills	1,447	208
Guarantees of loans	-	46
Liabilities under unmatured import bills	1,358	1,471
Letters of credit	23,735	24,671
Other commitments		
Other guarantees	37,024	32,868
Unused overdraft credit lines	74,475	74,188
Others	773	6,123
Total	138,812	139,575

In addition, the Bank and its subsidiaries have commitments from derivative contracts, as mentioned in Note 11 to the financial statements.

As at 31 December 2013 and 2012, the Bank had commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand, amounting to Baht 11 million and Baht 11 million, respectively.

48.2 Litigation

As of 31 December 2013 and 2012, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 142 cases and 148 cases, respectively in the approximate dispute amounts of Baht 16,010 million and Baht 19,376 million, respectively, (The Bank only: claims for 119 cases and 127 cases, respectively, in the approximate dispute amounts of Baht 13,451 million and Baht 14,705 million, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 811 million⁽¹⁾ and Baht 871 million⁽¹⁾, respectively (The Bank only: Baht 606 million⁽¹⁾ and Baht 749 million⁽¹⁾, respectively).

As of 31 December 2013 and 2012, the Bank and its subsidiaries have recognised provisions which may be incurred losses from the litigation cases totalling Baht 63 million and Baht 75 million, respectively (The Bank only: Baht 54 million and Baht 54 million, respectively). The management assesses and believes that the provision established for such potential losses due to the said litigation cases is adequate.

In addition, the Bank was claimed in another lawsuit with the sum of Baht 140,261 million due to its issuance of the letter of guarantee in the credit limit of Baht 200 million. The Court of First Instance and the Appeals Court dismissed the case. At present, this case is in the process of filing the petition with the Supreme Court. The management was advised that there is no sufficient supporting ground for filing the petition with the Supreme Court and it is unlikely that the plaintiff will win the case, the management believes that the Bank will not be liable in this case.

⁽¹⁾ Excluding the liabilities of the Bank as of 31 December 2013 and 2012 for Baht 3,827 million and Baht 3,885 million, respectively, which the Court of First Instance and the Appeals Court dismissed the cases or rendered the judgment to decrease the Bank's liabilities.

48.3 Non-cancellable operating lease commitments

Payable within	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Within one year	168	220	154	211
After one year but within five years	211	203	188	202
Total	379	423	342	413

48.4 Commitments with the Bank's subsidiary

In prior years, the Bank sold non-performing assets to Phayathai Asset Management Company Limited ("PAMC"). As at 31 December 2013 and 2012, the Bank still has obligations to transfer the mortgage rights in collateral for these non-performing assets to PAMC.

49. Related party disclosures

49.1 Definitions and characteristics of relationships

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital
2. Entities with joint control or significant influence over the entity are
 - 2.1 Related companies of major shareholders
 - 2.2 Entities in which related companies of major shareholders hold over 10% of paid-up share capital
 - 2.3 Entities in which the Bank holds over 10% of paid-up share capital (excluding subsidiaries and associate)
3. Subsidiaries
4. Associate
5. Key management personnel of the Bank are directors, management personnel at the level 'Head of' or executive vice president and above, and related management personnel of Accounting or Finance.
6. Other related parties are
 - 6.1 Close family members of key management personnel
 - 6.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
 - 6.3 Entities of which key management personnel and their close family members are directors exercising control or having significant influence

The additional information on investments in subsidiaries and associate is disclosed in Note 13 to the financial statements.

The followings are relationships with related parties that control or jointly control the Bank or are being controlled or jointly controlled by the Bank.

Name of entities	Country of incorporation	Nature of relationships
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
ING Life Plc. ⁽¹⁾	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
ING Funds (Thailand) Co., Ltd. ⁽²⁾	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
Phayathai Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
Designee for ETA Contract Ltd.	Thailand	Subsidiary, 99.40% shareholding, more than 50% of directors are representatives of the Bank
TMB Asset Management Co., Ltd.	Thailand	Subsidiary, 87.50% shareholding, more than 50% of directors are representatives of the Bank
Metro Designee Co., Ltd	Thailand	Associate, 30.00% shareholding, less than 50% of directors are representatives from the Bank

⁽¹⁾ This entity had been considered a related party until 28 February 2013 (The date on which ING Group completed the process to sell shares it held in such company). Currently, it is known as FWD Life Insurance Plc.

⁽²⁾ This entity had been considered a related party until 3 May 2013 (The date on which ING Group completed the process to sell shares it held in such company). Currently, it is known as UOB Asset Management (Thailand) Company Limited.

49.2 Pricing policy

Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The Bank's pricing and interest rate policy is as follows:

1. Interest rates of loans are in accordance with the market rate and the collateral consideration process is the same as the Bank's normal course of business except for the interest rate of staff welfare loans which are in accordance with the Bank's regulation.
2. Fee and service income as a result of the Bank's providing registrar and related services, money transfer services for unitholders, agent and support services for funds managed by its subsidiary and related company are charged at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into accounts the size of funds and the purchase and sale volumes of investment units.
3. Interest rates on deposits and borrowings are in accordance with the market rates.
4. Fee and service income for other types of services is in accordance with the market price.
5. The branches office rental and related services are based on market rates.
6. Sale of non-performing assets to a subsidiary is made at the fair value or market price.

49.3 Significant agreements with related parties

On 25 April 2008, the Annual General Meeting of Shareholders approved the connected transaction between the Bank and companies under the ING Group which are connected persons of the Bank as follows:

1. Distribution Agent Agreement between the Bank and ING Funds (Thailand) Co., Ltd. The agreement has a duration of 10 years. The agreement provides co-exclusive distribution rights to ING Funds (Thailand) Co., Ltd.⁽¹⁾ and TMB Asset Management Company Limited. Prior to the expiration of the agreement, negotiations can be conducted to review the appropriateness of the agreement and conditions, and should the Bank wish to continue the arrangement, this must be proposed at the shareholders' meeting for approval.

Fees to be received by the Bank vary according to the type of fund, and will be determined jointly by the parties.

On 24 June 2010, the Meeting of the Board of Directors approved the amendment to Distribution Agent Agreement. The Bank will offer service of provident fund and private fund to its clients and will refer them to ING Funds (Thailand) Co., Ltd., which will act as a fund manager, and receive fee in return. Additionally, ING Funds' right for exclusivity is relaxed such that the Bank can offer asset management products of other asset management companies to particular client segments of the Bank.

2. Bancassurance Product Distribution Agreement between the Bank and ING Life Ltd.⁽²⁾, the agreement, which is exclusively precluded the Bank from selling life insurance products for other companies except ING Life, has a duration of 10 years. Prior to the expiration of the agreement, negotiations can be conducted to review the appropriateness of the agreement and conditions, and should the Bank wish to continue the arrangement, this must be proposed at the shareholders' meeting for approval.

Fees and other commercial terms are to be mutually agreed by both parties.

⁽¹⁾ This entity had been considered a related party until 3 May 2013 (The date on which ING Group completed the process to sell shares it held in such company). Currently, it is known as UOB Asset Management (Thailand) Company Limited.

⁽²⁾ This entity had been considered a related party until 28 February 2013 (The date on which ING Group completed the process to sell shares it held in such company). Currently, it is known as FWD Life Insurance Plc.

3. On 23 December 2013, the Bank disposed written-off NPLs to PAMC at selling price of Baht 71 million (presented as a part of "other operating income" in the separate statement of comprehensive income for the year ended 31 December 2013.)

Significant agreements with Thai Asset Management Corporation (Entities whose shares are owned or controlled by the Ministry of Finance) are disclosed in Note 9 to the financial statements.

49.4 Senior management personnel compensation

For the years ended 31 December 2013 and 2012, senior management personnel compensation, included in profit or loss from operation, was classified as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Short-term employee benefits - directors	32	32	32	31
Short-term employee benefits - managements	577	503	534	459
Post-employment benefits	44	42	38	36
Share-based payments (performance share bonus)	133	111	133	111

Senior management personnel of the Bank are directors, management personnel at the level 'Head of' or executive vice president and above, and related management personnel of Accounting or Finance.

Senior management of the subsidiaries are those at the level of director and executive officer upwards.

49.5 Other benefits payable to the senior management personnel

The Bank's senior management personnel do not receive other benefits both in term of monetary and non-monetary items, except for the benefits that are normally received as mentioned in Note 32 and Note 49.4 to the financial statements such as monthly director remuneration, meeting allowance, salary and bonus. Directors who are the Bank's executives and the representative directors who are the executive of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V.. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank's business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowances, including utilities, telephone and home trip expenses in accordance with the established criteria.

49.6 Transactions with related parties which occurred during the years

For the years ended 31 December 2013 and 2012, significant transactions with related parties are as follows:

(Unit: Million Baht)

	Consolidated financial statements						Reversal of bad debt, doubtful accounts and impairment loss
	For the year ended 31 December 2013						
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses (reversal)	
1. Major shareholders	77	1	1	-	-	9	-
2. Entities with joint control or significant influence over the entity	378	787	324	160	60	(86)	(52)
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	-	2	-	-	-	2	-

(Unit: Million Baht)

	Consolidated financial statements						
	For the year ended 31 December 2012						
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	Bad debt, doubtful accounts and impairment loss
1. Major shareholders	86	1	-	-	-	4	-
2. Entities with joint control or significant influence over the entity	768	577	1,153	117	61	358	28
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	-	3	1	-	-	-	-

(Unit: Million Baht)

	Separate financial statements						
	For the year ended 31 December 2013						
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses (reversal)	Reversal of bad debt, doubtful accounts and impairment loss
1. Major shareholders	77	1	1	-	-	9	-
2. Entities with joint control or significant influence over the entity	378	787	324	160	60	(172)	(52)
3. Subsidiaries	-	-	516	-	73	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	-	2	-	-	-	2	-

(Unit: Million Baht)

	Separate financial statements						Bad debt, doubtful accounts and impairment loss
	For the year ended 31 December 2012						
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	
1. Major shareholders	86	1	-	-	-	4	-
2. Entities with joint control or significant influence over the entity	765	577	1,153	117	61	358	28
3. Subsidiaries	-	1	305	-	2	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	-	3	1	-	-	-	-

49.7 Outstanding balances with related parties

As at 31 December 2013 and 2012, outstanding balances with related persons or parties are as follows:

49.7.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)	
	Consolidated and Separate financial statements	
	31 December 2013	31 December 2012
Loans to customers and accrued interest receivables		
Ministry of Finance	3,031	3,035
Deposits (including interbank and money market items - liabilities)		
ING Bank N.V.	196	196
Debts issued and borrowings (including interbank and money market items - liabilities)		
Ministry of Finance	-	4
Contingencies - Derivatives		
ING Bank N.V.	12,080 ⁽¹⁾	11,480 ⁽¹⁾
Other contingencies		
ING Bank N.V.	16	15

⁽¹⁾ Presented in notional amount

49.7.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 31 December 2013 and 2012 are as follows:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Investment in debt securities				
Entities whose shares are owned or controlled by the Ministry of Finance	46	614	46	597
Loans to customers and accrued interest receivables (Including interbank and money market items - assets)				
Entities whose shares are owned or controlled by the Ministry of Finance	27,728	40,682	27,728	40,682
Thai Charoenpol Industry Co., Ltd.	3	3	3	3
Allowance for doubtful debts				
Entities whose shares are owned or controlled by the Ministry of Finance	59	111	59	111
Other receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	4,398	6,213	4,398	6,213
Other assets				
Entities whose shares are owned or controlled by the Ministry of Finance	276	272	276	272
ING Life Ltd. ⁽²⁾	– ⁽¹⁾	215	– ⁽¹⁾	215
ING Funds (Thailand) Co., Ltd. ⁽³⁾	– ⁽¹⁾	17	– ⁽¹⁾	17
Deposits (Including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	14,792	14,184	14,792	14,184
ING Life Ltd. ⁽²⁾	– ⁽¹⁾	300	– ⁽¹⁾	300
ING Funds (Thailand) Co., Ltd. ⁽³⁾	– ⁽¹⁾	226	– ⁽¹⁾	226
TMB Property Development Co., Ltd.	4	4	4	4

⁽¹⁾ As at 31 December 2013, there still were outstanding balances with these companies but were not disclosed in this note to financial statements because they were not considered as related parties during 2013 as disclosed in Note 49.1 to the financial statements.

⁽²⁾ Currently, it is known as FWD Life Insurance Plc.

⁽³⁾ Currently, it is known as UOB Asset Management (Thailand) Company Limited.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Debts issued and borrowings (Including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	18,111	23,656	18,111	23,656
Provisions for obligation on transfers of non-performing assets				
Entities whose shares are owned or controlled by the Ministry of Finance	5,998	6,380	5,998	6,380
Other liabilities				
Entities whose shares are owned or controlled by the Ministry of Finance	54	74	54	74
Contingencies - Derivatives				
Entities whose shares are owned or controlled by the Ministry of Finance	125,539 ⁽¹⁾	95,235 ⁽¹⁾	125,539 ⁽¹⁾	95,235 ⁽¹⁾
Other contingencies				
Entities whose shares are owned or controlled by the Ministry of Finance	1,072	5,829	1,072	5,829
KOOKMIN Bank	-	3	-	3
⁽¹⁾ Presented in notional amount				

49.7.3 Significant balances between the Bank and its subsidiaries and associate as at 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Other assets				
TMB Asset Management Co., Ltd.	-	-	39	39
Deposits				
Phayathai Asset Management Co., Ltd.	-	-	34	226
TMB Asset Management Co., Ltd.	-	-	23	31

- 49.7.4 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)	
	Consolidated and Separate	
	financial statements	
	31 December 2013	31 December 2012
Loans to customers and accrued interest receivables	33	35
Welfare loans	23	21
Deposits	158	141

- 49.7.5 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Loans to customers and accrued interest receivables	3	4	3	4
Deposits	111	126	111	126
Other commitments	-	79	-	79

50. Operating segments

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

1. Commercial Banking
 - 1.1 Wholesale and Medium Enterprise: This represents corporate customers with annual revenues in excess of Baht 50 million. The main products and services are corporate loans, letters of guarantee, deposits, trade finance, supply chain solution and financial management, syndicated loans, and investment banking.
 - 1.2 Small Enterprise : This represents corporate customers with annual revenues of not more than Baht 50 million and owner operator. The main products and services are corporate loans, letters of guarantee, deposits, trade finance, supply chain solution and financial management.
2. Retail Banking: This represents individual person. The main products and services are deposits, housing and personal loans, cards services, bancassurance and mutual funds, and foreign currency services.

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

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

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

(Unit: Million Baht)

	Consolidated financial statements				
	For the year ended 31 December 2013				
	Commercial Banking	Retail Banking	Other segments	Elimination	Total operating segment
Net interest income	12,755	6,129	1,865	-	20,749
Other operating income	3,910	3,794	696	(30)	8,370
Total operating income	16,665	9,923	2,561	(30)	29,119
Operating expenses	(7,049)	(7,341)	(362)	30	(14,722)
Profits from operation	9,616	2,582	2,199	-	14,397
Other income - net					276
Provision for doubtful debts on loans and loan-related transactions					(7,629)
Profits before income tax expenses					7,044
Income tax expenses					(1,296)
Profits for the year					5,748
Depreciation and amortisation	111	562	431	-	1,104
Source of operating income breakdown by operating segments					
Third party	24,248	2,134	2,767	(30)	29,119
Inter-segment	(7,583)	7,789	(206)	-	-
Total operating income	16,665	9,923	2,561	(30)	29,119

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2012					
	Commercial Banking	Retail Banking	Other segments	Elimination	Total operating segment
Net interest income	9,333	5,749	1,949	-	17,031
Other operating income	3,114	3,124	713	(31)	6,920
Total operating income	12,447	8,873	2,662	(31)	23,951
Operating expenses	(6,623)	(6,820)	(136)	31	(13,548)
Profits from operation	5,824	2,053	2,526	-	10,403
Other income - net					516
Provision for doubtful debts on loans and loan-related transactions					(9,255)
Profits before income tax expenses					1,664
Income tax expenses					(376)
Profits for the year					1,288
Depreciation and amortisation	99	416	471	-	986

**Source of operating income
breakdown by operating segments**

Third party	20,082	773	3,127	(31)	23,951
Inter-segment	(7,635)	8,100	(465)	-	-
Total operating income	12,447	8,873	2,662	(31)	23,951

Reconciliation between segment reporting and consolidated financial statements for the years ended 31 December 2013 and 2012. (Present only items those differ with consolidated financial statements)

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2013					
	Net interest income	Other operating income	Operating expenses	Other income (expenses)	Loan loss provision
Segment reporting	20,749	8,370	(14,722)	276	(7,629)
Bad debts, doubtful accounts and impairment losses of assets	-	30	(46)	-	16
Reversal of provisions for obligation on transfers of non-performing assets	-	-	296	(296)	-
Others	73	(15)	(78)	20	-
Consolidated financial statements	20,822	8,385	(14,550)	-	(7,613)

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2012					
	Net interest income	Other operating income	Operating expenses	Other income (expenses)	Loan loss provision
Segment reporting	17,031	6,920	(13,548)	516	(9,255)
Bad debts, doubtful accounts and impairment losses of assets	-	136	(640)	-	504
Reversal of provisions obligation on transfers of non-performing assets	-	-	(137)	137	-
Gains on disposals of assets	-	550	-	(550)	-
Others	34	35	34	(103)	-
Consolidated financial statements	17,065	7,641	(14,291)	-	(8,751)

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2013					
	Commercial Banking	Retail Banking	Other segments	Elimination	Total operating segment
Assets	518,984	82,266	167,448	(2,966)	765,732
Liabilities and Shareholders' equity	215,627	369,844	183,227	(2,966)	765,732

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2012					
	Commercial Banking	Retail Banking	Other segments	Elimination	Total operating segment
Assets	485,583	78,206	156,055	(2,919)	716,925
Liabilities and Shareholders' equity	226,398	343,980	149,466	(2,919)	716,925

51. Financial position and results of operations classified by domestic and overseas activities

51.1 Financial position categorised by type of business

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2013			31 December 2012		
	Domestic business	Overseas business	Total	Domestic business	Overseas business	Total
Total assets	764,949	783	765,732	716,285	640	716,925
Interbank and money market items - net (assets)	95,869	568	96,437	95,806	461	96,267
Investments - net	103,277	-	103,277	109,147	-	109,147
Loans to customers and accrued interest receivables - net	468,854	156	469,010	428,594	157	428,751
Deposits	529,409	197	529,606	495,989	169	496,158
Interbank and money market items (liabilities)	63,868	2,170	66,038	65,981	72	66,053
Debts issued and borrowings	35,985	2,188	38,173	40,695	2,553	43,248

51.2 Results of operations categorised by type of business

The results of operations categorised by type of business for the years ended 31 December 2013 and 2012 are summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	For the year ended 31 December 2013				For the year ended 31 December 2012			
	Domestic business	Overseas business	Eliminated transactions	Total	Domestic business	Overseas business	Eliminated transactions	Total
Interest income	34,813	56	(43)	34,826	30,674	42	(38)	30,678
Interest expenses	14,010	37	(43)	14,004	13,614	37	(38)	13,613
Net interest income	20,803	19	-	20,822	17,060	5	-	17,065
Net fees and service income	5,574	5	-	5,579	4,683	7	-	4,690
Other operating income	2,807	(1)	-	2,806	2,951	-	-	2,951
Other operating expenses	14,535	15	-	14,550	14,282	9	-	14,291
Bad debt, doubtful accounts and impairment loss	7,615	(2)	-	7,613	8,748	3	-	8,751
Profits from operation before income tax expenses	7,034	10	-	7,044	1,664	-	-	1,664

52. Event after the reporting period

On 20 February 2014, the Board of Directors of the Bank passed a resolution to propose for consideration and approval in the Annual General Meeting of Shareholders, including;

1. the payment of a dividend of Baht 0.04 per share to the Bank's ordinary shareholders from its 2013 operating results or a total of Baht 1,744 million (Such dividend amount is calculated based on the number of issued and paid-up share capital as at 31 December 2013, which has yet to include the number of ordinary shares that will be issued in April 2014 under the TMB Performance Share Bonus 2010 Project to employees, who were offered in 2011, 2012 and 2013 and are still the employees of the Bank as of the subscription date of such newly issued shares.). Such dividend will be paid and recorded after it is approved by the resolution of the Annual General Meeting of the Bank's shareholders.
2. the offering of newly issued shares of the Bank to its employees pursuant to TMB Performance Shares Bonus 2014 ("TMB PSBP 2014") Project including;
 - 2.1 the reduction of the Bank's registered share capital of 429,974,191 shares, at a par value of Baht 0.95 per share from the registered share capital of Baht 41,903,301,555.05 to Baht 41,494,826,073.60 by cancelling the shares which have not been issued, that is, (a) 180,000,000 newly issued ordinary shares to support the exercise of right under warrants, which had expired since 31 January 2011 and (b) the unissued ordinary shares of 249,974,191 shares to be offered to employees of the Bank under the TMB PSBP 2010 Project,
 - 2.2 the offering of up to 400,000,000 newly issued ordinary shares of the Bank to employees of the Bank under the TMB PSBP 2014 Project,
 - 2.3 the increase of the Bank's registered share capital from Baht 41,494,826,073.60 to Baht 42,112,301,555.05, by issuing up to 649,974,191 newly issued ordinary shares at a par value of Baht 0.95 per share, and
 - 2.4 the allotment of up to 649,974,191 newly issued ordinary shares of the Bank by allocating of up to 400,000,000 newly issued ordinary shares at a par value of Baht 0.95 per share for offering to employees under the TMB PSBP 2014 Project and allocating of up to 249,974,191 newly issued ordinary shares to employees under TMB PSBP 2010 Project to substitute the cancelation of unissued ordinary shares under the TMB PSBP 2010 Project as described in 2.1 above.

53. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 20 February 2014.

Company Information

General Information

Name of the company	TMB Bank Public Company Limited
Nature of Business	Commercial bank's businesses in accordance with Financial Institutions Businesses Act and the businesses concerning financial services under the permission of the Ministry of Finance, the Bank of Thailand, and other parties concerned.
Head Office	3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok 10900
Registration No.	0107537000017
Telephone	02-299-1111
TMB Phone Banking	1558
Website	http://www.tmbbank.com
Email	investor.rel@tmbbank.com
Registered capital	41,903,301,555.05 Baht (as of December 31, 2013)
Paid-up capital	41,426,006,152.70 Baht
Common Shares	43,606,322,266 shares at par value 0.95 Baht

Other Referral Parties

Share Registrar	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. 02-229-2888
Auditors	Ms Ratana Jala, CPA – Registered No. 3734 Mrs Nonglak Pumnoi, CPA – Registered No. 4172 Ms Rachada Yongsawadvanich, CPA – Registered No. 4951 Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex, 193/136-137 New Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. 02-264-0777

Investment of TMB in Other Companies

Investment in other companies as of December 31, 2013 holding more than 10% of the paid-up capital in each company were as follows:

Company	Head Office Location	Type of Business	Type of Capital (Share)
Strategic Investment in Financial Business Companies			
Phayathai Asset Management Co., Ltd. Tel: 02-354-5001, Fax: 02-354-5014	Bangkok	Finance	Common Stock
TMB Asset Management Co., Ltd. Tel: 02-636-1800 Ext. 1725 (Customer Service Center)	Bangkok	Finance	Common Stock
Business Supporting Companies			
TMB Property Development Co., Ltd. Tel: 02-299-1159, Fax: 02-242-3138-9	Bangkok	Real Estate	Common Stock
Designee For ETA Contract Co., Ltd. Tel: 02-299-1217, Fax: 02-299-1278	Bangkok	Support Financial Institution	Common Stock
Metro Designee Company Limited Tel: 02-230-6201, Fax: 02-230-6200	Bangkok	Support Financial Institution	Common Stock
Property Funds			
The Column Property Fund Tel: 02-649-2000, Fax: 02-649-2107-8	Bangkok	Property Fund	Unit Trust
Thai Business Fund 5 Tel: 02-670-4900 Ext. 1291-2, Fax: 02-679-1820	Bangkok	Property Fund	Unit Trust
Other Companies			
TRIS Corporation Limited Tel: 02-231-3011, Fax: 02-231-3681	Bangkok	Services	Common Stock
Rural Capital Partners Co., Ltd. Tel: 02-318-3958, Fax: 02-718-1851	Bangkok	Finance	Common Stock
ND Group Feedmill Co., Ltd.	Lumphun	Wholesale, Retail	Common Stock
Wing Group Co., Ltd. Tel: 053-331-315-6, Fax: 053-331-314, 053-331-336	Chiang Mai	Garment Manufacturer	Common Stock
Thai Chareonphol Industry Co., Ltd. Tel: 054-581-202, Fax: 054-581-876	Phrae	Production	Common Stock
Wholesale Town Co., Ltd. Tel: 02-531-6860, Fax: 02-532-3009	Bangkok	Transportation	Common Stock
M Thaiestate Co., Ltd. Tel: 02-261-1144, Fax: 02-261-1143	Bangkok	Real Estate	Common Stock

Paid-up Capital (Share)	TMB's Ownership		
	Amount (Share)	Percentage (%)	Amount (Baht)*
107,000,000	107,000,000	100.00	2,567,940,256.70
10,000,000	8,749,998	87.50	304,480,287.36
10,000	9,993	99.93	4,169,342.92
1,000	994	99.40	13,617.80
1,000	300	30.00	7,500.00
212,430,342	48,926,539	23.03	491,096,569.87
220,000,000	30,000,000	13.64	76,620,000.00
1,000,000	153,000	15.30	14,361,948.00
1,000,000	175,000	17.50	257,250.00
120,000	30,000	25.00	0.00
9,000	2,250	25.00	0.00
15,500	2,500	16.13	0.00
22,000	2,200	10.00	0.00
30,000,000	3,000,000	10.00	0.00

Note: *Net of allowance for diminution in value

TMB Network

Bangkok and Metropolitan Branches

Branch	Code	Telephone	Fax
Ministry of Defence	02	222-1215, 222-1218, 224-4197	224-7407
Krung Kasem	02	222-5158, 222-5159, 222-7801, 222-5724, 222-3504	222-5667
Kluay Nam Thai	02	712-4048, 712-4049, 712-4051	712-4050
Royal Thai Armed Forces Headquarters	02	575-6425, 575-6426	575-6427
Royal Thai Army Headquarters	02	280-1825, 280-1799	280-1537
Royal Thai Navy Headquarters	02	891-0052, 891-0053, 891-0054, 891-0055	All Numbers
Royal Thai Air Force Headquarters	02	531-8560, 531-8561, 531-8562	531-2427
Khlong Chun	02	377-1370, 377-9636, 377-9737, 375-7872, 375-7871	377-1360
Khlong Toey	02	249-1831, 249-6067, 249-1619, 249-1518	240-2237
Sena Fest Thanon Charoennakhon	02	108-9060, 108-9061	108-9062
Ngam Wong Wan	02	588-0021, 588-0023	588-3148
Charan Sanit Wong	02	424-5520, 424-5521, 882-4548, 882-4549	435-2393
Chamchuri Square	02	160-5212, 160-5213, 160-5214, 160-5215, 160-5216	160-5215-6
Chaeng Wattana	02	574-0203, 574-0204, 574-0205, 574-5655	All Numbers
Chong Nonsi	02	285-3939, 285-3940, 285-3941, 285-3942	285-3943
Chok Chai 4	02	538-3125, 538-3126, 539-2615, 933-2745, 933-2746, 538-8412	538-3125-6
Soi Lang Suan	02	652-2092, 652-2093, 652-2094, 652-2313	652-2095
Seacon Bangkae	02	458-2976, 458-2977	458-2978
Seacon Square	02	721-9560, 721-9561, 721-9562	721-9563
Central Bangna	02	745-7263, 745-7264, 745-7265	All Numbers
Central Pinklao	02	433-1386, 433-1387	433-1390
Central Rama 2	02	872-4564, 872-4565	872-4566
Central Rama 3	02	213-0803, 213-0804, 213-0805	All Numbers
Central Ratana Thibet	02	525-4570, 525-4571, 525-4572, 525-4573	525-4574
Central Plaza Chaeng Wattana	02	835-3589, 835-3590, 835-3591	835-3592

Branch	Code	Telephone	Fax
Central Plaza Rama 9	02	160-2947, 160-2948	160-2949
Central Plaza Ladprao	02	937-0356, 937-0357	937-0358
Central World	02	646-1284, 646-1285	646-1286
Central World 2	02	255-6453, 255-6454	–
Zeer Rangsit	02	992-6370, 992-6371	992-6372
The Paseo Ladkrabang	02	346-4457, 346-4458	346-4459
The Crystal	02	515-0992, 515-0993	515-0994
The Nine Rama 9 Road	02	716-7962, 716-7963	716-7964
The Platinum Fashion Mall	02	121-9241, 121-9242, 121-9243	All Numbers
The Mall 3 Ramkhamhaeng	02	319-1401, 319-1402, 319-1403	All Numbers
The Mall Ngamwongwan	02	550-0437, 550-0438	550-0439
The Mall Tha Phra	02	477-8076, 477-8077	477-8073
The Mall Bangkapi	02	704-7727, 704-7728, 704-7729	All Numbers
The Mall Bangkapi 2 (ME)	02	734-3575	–
The Mall Bangkae	02	454-9433, 454-9434	803-8325
The Mall Bangkae (ME)	02	454-9672	–
Tri Phet	02	221-6841, 224-1921, 224-4281, 221-1371, 224-3819, 221-2908, 224-9196	221-8706
Talad Thanommit Watcharaphon	02	347-0157, 347-0158	347-0159
Talad Thai	02	520-3305, 520-3306	520-3307
Talad Noi	02	235-1720, 235-1721, 235-3437, 236-1004, 236-0998	235-3436
Talad Pong Phet	02	589-3228, 953-3901, 953-3902, 953-3904, 953-3905	953-3906
Talad Phlu	02	465-2322, 465-9955, 465-9949, 465-9956	All Numbers
Talad Si Mum Muang Rangsit	02	536-6844, 536-6845	536-6846
Taling Chan	02	880-8070, 880-8071, 880-8072	880-8073
Tao Poon	02	587-8990, 587-8991	911-5386
Thanon Chom Thong	02	476-3886, 476-3951, 476-3631	468-8190

Branch	Code	Telephone	Fax
Thanon Chan	02	213-2540, 213-2541, 213-2542, 213-2543, 213-1308, 213-1309	213-2541
Thanon Tiwanon	02	950-0252, 950-0253, 950-0254	591-0390
Thanon Theparak	02	383-5618, 383-5619, 383-5968	383-5969
Thanon Theparak Km. 12	02	312-2123, 312-2124, 312-2125	312-2126
Thanon Theparak Km. 22	02	706-0995, 706-0996, 706-0997	706-0998
Thanon Theparak Km. 3	02	753-2860, 753-2861, 753-2862, 753-2863	753-2864
Thanon Borommarat – Chonni	02	434-9791, 434-9792, 434-9793	434-2411
Thanon Bangna-Trat Km. 4	02	744-1214, 744-1215, 744-1216, 744-1217	744-1213
Thanon Pracha Rat – Nonthaburi	02	967-5501, 967-5502, 967-5503, 967-5504, 525-3074	526-3526
Thanon Prachauthit	02	870-9124, 870-9125, 870-9126	870-9127
Thanon Phatthanakan	02	722-6846, 722-6847, 722-6848	722-6849
Thanon Phetcha Kasem – Bang Khae	02	413-0922, 413-0923, 413-3179, 413-3180, 807-5894, 804-6428, 804-6429	804-6001
Thanon Phetcha Kasem – Nong Khaem	02	431-0308, 431-0309, 431-0310, 431-0311, 431-0312	431-0313
Thanon New Phetchaburi	02	319-1520, 319-1521, 319-1523, 319-1524	319-1522
Thanon Ratchadaphisek – Nanglinchi	02	678-0164, 678-0165, 678-0166, 678-0167, 678-0168	678-0169
Thanon Wat King Kao	02	750-1920, 750-1921, 750-1922, 750-1875	750-1923
Thanon Srinakarin Tara – La Salle	02	748-7484, 748-7485, 748-7486	748-7483
Thanon Song Prapha	02	929-7100, 929-7101, 929-7102, 929-7103	929-7104
Thanon Samakkhi	02	574-6221, 980-0400, 980-0401	980-1368
Thanon Sai Luat – Samut Prakan	02	389-5021, 389-5022, 389-5063, 389-5064	389-3302
Thanon Suk Sawat – Ratburana	02	428-4507, 428-4508, 428-4509, 428-4510, 428-4511	428-4387
Thanon Sukhaphiban 2	02	704-8156, 704-8157, 704-8158, 704-8160	704-8159
Thanon Sukhaphiban 3	02	735-2581, 735-2582, 735-2583, 735-2584, 735-2586	735-2585
Thanon Sukhumvit – Samrong	02	394-5858, 394-5859	384-2856

Branch	Code	Telephone	Fax
Thanon Luang – Worachak	02	226-4781, 226-4782, 226-4783, 226-4784, 226-4785	226-4788
Thonglor	02	390-0437, 390-0438, 390-0439, 390-0440	392-3496
Town In Town	02	530-9560, 530-9561	530-9562
Suvarnabhumi Airport	02	134-1818, 134-1819, 134-1820, 134-1821	134-1878
T-Square	02	434-8167, 434-8168	434-8169
Dheves	02	280-1360, 280-1361	280-1362
Tesco Lotus Navanakorn	02	909-0829, 909-0830	909-0831
Tesco Lotus Bangkokpi	02	116-5111, 116-5112	116-5113
Tesco Lotus Prachachuen	02	910-2611, 910-2612	910-2613
Tesco Lotus Rama 4	02	672-4515, 672-4516	672-4517
Tesco Lotus Rangsit	02	567-0720, 567-0722	567-0696
Tesco Lotus Srinakarin	02	175-7575, 175-7824, 175-7825	175-7826
Tesco Lotus Sukhaphiban 1	02	509-3472, 509-3473	509-3474
Terminal 21 Sukhumvit	02	254-0244, 254-0245	254-0246
Thammasat - Rangsit	02	516-9970, 516-9971, 516-9972	516-9973
Thatthong	02	392-9235, 395-9582, 381-6281, 381-6282, 391-3146	392-3495
Bang Khun Non	02	424-2826, 424-2322, 424-5740	424-2829
Bang Khen	02	513-2805, 513-2807, 513-8201	513-3132
Bang Chak	02	332-9290, 332-9291, 332-9292, 332-9293	332-9294
Bangna	02	398-4859, 398-4860, 398-4862, 398-4863	All Numbers
Bang Bon	02	451-0630, 451-0631, 451-0632, 451-0633	451-0634
Bang Bua	02	972-9699, 972-9694, 972-9695	972-9693
Bang Bua Thong	02	920-2510, 920-2511, 920-2512, 920-2513	920-2514
Bang Phlad	02	435-4910, 424-5221, 424-6499	435-4864
Bangrak	02	237-1844, 237-2620, 237-2621	266-4115
Bang Lamphu	02	629-1011, 629-1012, 629-1013	282-5395

Branch	Code	Telephone	Fax
Bangyai City	02	595-0311, 595-0312	595-0316
Big C Chaeng Wattana	02	575-1161, 575-1162	575-1163
Big C Thanonrama 2	02	416-7806, 416-7881	416-7950
Big C Rama 4	02	259-4720, 259-4721	259-4722
Big C Lamlukka 2	02	563-3236, 563-3237	563-3238
Big C Suan Luang	02	328-0745, 328-0746	328-0747
Pathum Thani	02	581-1740, 581-1741, 581-1742	581-2155
Pracha Niwet 1	02	953-8161, 953-8162, 953-8164, 953-8165	953-8163
Pom Phrachula Chomklao	02	425-9879, 425-8205, 425-8499, 425-9667	819-8188
Pak Kret	02	583-8220, 583-8685, 583-4434, 583-4435	583-7153
Pak Khlong Talad	02	222-5828, 222-5809, 222-5826	623-8708
Poo Chao Saming Prai	02	384-1387, 384-1388, 394-4412, 394-6317	384-1673
Phaya Thai	02	354-5052, 354-5053, 354-5076, 354-5228	354-5163
Phra Khanong	02	381-1117, 381-1118, 381-1126	390-0022
Phra Pradaeng	02	463-3872, 463-3873, 463-3874	463-3909
Phra Pinklao	02	883-2884, 883-2885, 883-2886, 883-2887	433-5406
Phran Nok	02	412-2764, 412-3040, 412-2223, 412-3778, 412-2435	412-3527
Phahonyothin	02	299-2349, 299-2350, 299-1282, 299-1283, 299-1295	273-7806
Patpong	02	236-9395, 236-9396, 236-9397, 236-9398, 236-9399	634-3246
Paradise Park	02	325-9127, 325-9128	325-9129
Phutthamonthon	02	441-0120, 441-0121, 441-9392, 441-9393	889-3432
Petchkasem Power Center	02	809-4724, 809-4725	809-4726
Peninsula Plaza	02	253-0067, 253-0068, 253-9756, 253-9757, 253-4837	253-9755
Pure Place Rajchapruek	02	924-4324, 924-4325	924-4326
Pure Place Ramkhamhaeng 110	02	372-3540, 372-3541	372-3542

Branch	Code	Telephone	Fax
Future Park Rangsit	02	958-0930, 958-0931, 958-0932	All Numbers
Fashion Island	02	947-5129, 947-5130	947-5131
Mahaprutharam	02	238-5029, 238-5030, 238-0867, 238-0868	237-6302
Kasetsart University	02	940-5728, 940-5729	561-4289
Thammasat – Thaphrachan	02	225-8186, 225-8187	225-8188
Chandrakasem Rajabhat University	02	513-7264, 513-7265	513-1700
Phranakhon Rajabhat University	02	522-6187, 522-6188, 522-6189	All Numbers
Ramkhamhaeng – Huamak	02	369-1820, 369-1821	369-1822
Sripatum University	02	579-2268, 579-6094	579-8473
Mah Boonkrong Center	02	215-2136, 215-2137, 620-9233, 620-9234, 686-3690	686-3689
Minburi	02	517-3778, 517-3779, 517-1222, 918-5714	918-5712
Mega Bangna	02	105-1471, 105-1472	105-1473
Muang Thong Thani	02	980-5578, 980-5579	980-5580
Muang Mai Bang Phli	02	315-1426, 315-1427	315-1428
Muang Ake Rangsit	02	536-4173, 536-4174, 536-4175, 536-4176	All Numbers
Makro Charansanitwongse	02	864-6066, 864-6067	864-6068
Yannawa	02	289-1132, 291-3464, 688-1508, 688-1509	291-3465
Yawaraj	02	225-9453, 225-9454, 224-7829, 224-7263	225-8254
Bangkok Hospital Soi Soonvijai	02	369-2657, 369-2658	369-2659
Bangkok Hospital Dental Center Building	02	319-0674, 319-0675, 319-0676, 319-0677, 319-0678, 319-0679	319-0680
St. Louis Hospital	02	212-6300, 212-6301, 212-6302, 675-7905, 675-7906	212-6303
Phayathai 2 Hospital	02	619-5303, 619-5304	619-5305
Phramongkutklao Hospital	02	354-7880, 354-7881, 354-7882, 354-7883, 354-7884	354-7879
Bhumibol Adulyadej Hospital	02	532-2854, 532-2855, 532-2856, 531-6278	All Numbers
Somdej Phrapinklao Hospital	02	460-0269, 460-0270, 498-9844, 476-3062	476-3061

Branch	Code	Telephone	Fax
Rangsit – Khlong 3	02	990-9131, 990-9132, 990-9133	990-3134
Rangsit – Pathum Thani	02	958-1007, 958-1008, 958-1009, 958-1477, 958-1478, 958-1479, 557-8071	516-8551
Ratchadaphisek – Huai Khwang	02	692-3105, 692-3106, 692-3107, 692-3108	692-3109
Rajdamnern	02	280-0101, 280-0102, 280-0103	280-0107
Ratchaprasong	02	252-6689, 252-6690, 252-6691, 255-1472	252-6967
Rarm Intra Km. 4	02	973-0741, 973-0742, 973-0743	973-0745
Rarm Intra Km. 8	02	943-1450, 943-1451, 943-1452, 519-3579, 519-3580	519-3581
Phayathai 3 Hospital	02	869-0910, 869-0911, 869-0912	869-0915
Lat Krabang	02	739-1820, 739-1821, 739-1822, 739-1823	739-1820
Lat Phrao 103	02	370-3167, 370-3168, 370-3169, 370-3165, 370-3166	370-3170
Lat Phrao 124	02	514-0802, 514-0562, 514-2916, 934-0974, 934-0975	530-1891
Lat Phrao 6	02	511-1819, 511-3983, 513-4052, 513-5186, 938-6618, 938-6619	513-8112
Lat Ya	02	439-7134, 437-3882, 437-1078	439-1064
Wongsawang Town Center	02	585-2650, 585-2651	585-2652
Wang Burapa	02	221-5121, 221-5122, 623-8833	221-5124-5
Sriyan	02	243-1446, 243-1447, 241-3865, 243-3867	243-0664
Siriraj	02	866-2674, 866-2675, 866-2676, 411-3606, 411-3548	411-3552
Wararat Shopping Center	02	287-3683, 287-3684, 287-3685	All Numbers
The Government Complex (Building B)	02	143-8310, 143-8311, 143-8312, 143-8313	143-8314
Sanam Pao	02	278-5240, 278-5241, 278-2555, 278-2556	270-0252
Sanam Suapa	02	280-0260, 282-3451, 282-3452, 281-6180	282-6099
Samut Prakan	02	389-5917, 389-5918, 389-5895, 389-5896, 389-5919, 387-0307	389-5897
Siam Paragon	02	129-4585, 129-4586, 129-4587, 129-4588	129-4587
Siam Square	02	658-1752, 658-1753, 251-2232, 252-6049	252-5856

Branch	Code	Telephone	Fax
Suan Chatuchak	02	272-4415, 272-4416, 272-4233	271-4499
Saphan Khwai	02	278-2090, 278-2091, 278-2092, 278-2122, 279-2268, 618-4756	279-0413
Saphan Nonthaburi	02	976-5500, 976-5501, 976-5502, 976-5503, 976-5504, 976-5505	All Numbers
Saphan Luang	02	216-9650, 216-9651, 216-9652, 216-2527	216-2527
Sapanmai-Donmuang	02	521-3007, 521-3008, 971-1107	971-1106
Sathu Pradit	02	294-3487, 294-5510, 295-4217, 295-4218	294-4021
Siyak Soi On Nut – Thanon Srinakarin	02	321-6924, 321-6925, 321-6926, 321-6927	322-6093
Siyak Thanon Bang Khunthian – Rama 2	02	415-0151, 415-0152, 415-0153	415-0154
Silom	02	236-4452, 236-4453, 236-4432, 236-4824, 236-9500, 236-0213	236-4410
Sukhumvit 11	02	254-1330, 254-1331, 254-1332, 253-0334, 651-0243	651-0242
Sukhumvit 31	02	662-3546, 662-3547	662-1933
Sukhumvit 71	02	711-3080, 711-3081, 711-3082, 711-3083	392-0312
Thanon Sukhumvit Km. 28 – Samut Prakan	02	702-3418, 702-3419, 702-3420	702-3426
Surawong	02	266-5230, 266-5231, 266-5232, 266-5233, 634-0208	236-3651
Suvarnabhumi AOB	02	134-1845, 134-1846, 134-1847	134-1875
Senanikom	02	570-1386, 570-1387, 570-1710	570-0874
Nong Chok	02	543-1344, 543-1345, 988-2852	543-1344-6
Huai Khwang	02	274-3200, 274-3201, 274-3202, 274-3203, 274-3204, 274-3205	274-3206
Hua Mak	02	318-0503, 318-0504, 318-0505	718-8057-8
Asoke	02	259-3312, 259-3313, 259-3314, 261-6653, 261-6655	261-6654
On Nut	02	333-0395, 333-0396, 742-1724	333-0399
All Seasons Place	02	654-0135, 654-0136	654-0137
Yada Building Silom	02	652-5165, 652-5166, 652-5175, 652-5176, 236-3915	652-5167

Branch	Code	Telephone	Fax
Phahonyothin Place Building	02	278-1906, 278-1907	278-1908
Fortune Town Building	02	642-0051, 642-0052	642-0053
United Center Building Silom	02	631-0072, 631-0073	631-0074
Liberty Square Building Silom	02	631-0117, 631-0118	631-0119
Watergate Pavillion Pratunam Building	02	649-4550, 649-4551	649-4552
Sathorn City Tower	02	648-3290, 648-3291, 648-3292	648-3295
Southeast Insurance Building (ME)	02	231-3251	–
Empire Tower	02	670-2200, 670-2201	670-2202
Indra Pratunam	02	208-0981, 208-0982, 208-0978	208-0906
Intharak	02	374-0291, 374-0292	374-0293
Imperial World Samrong	02	384-4661, 384-0352, 384-0353	384-0353
Udom Suk	02	383-9224, 383-9225, 383-9226	383-9227
Ekkamai	02	381-7088, 381-7089, 381-7090	381-7092
Energy Complex	02	936-0314, 936-0315	936-0316
Esplanade Ratchada (ME)	02	660-9176, 660-9344	–
I Residence Naradhiwasrajanagarindra	02	636-6094, 636-6095	636-6096

Upcountry Branches

Branch	Code	Telephone	Fax
Kanchanaburi			
Kanchanaburi	034	512-441, 512-442, 511-677, 521-101, 521-102	All Numbers
Tha Rua	034	561-745, 561-822, 562-046	All Numbers
Krabi			
Krabi	075	612-718, 612-719, 612-720	630-086
Plai Phraya	075	687-018, 687-019	687-019
Lum Thap	075	643-595, 643-596, 643-598	643-599
Kamphaeng Phet			
Kamphaeng Phet	055	713-801, 713-802	713-803
Kalasin			
Kalasin	043	812-133, 812-135, 821-848	812-134
Khon Kaen			
Khon Kaen	043	241-497, 241-498, 241-499, 243-681, 243-682, 244-115, 243-767, 243-458	334-419
Chum Phae	043	311-170, 311-270, 386-387	312-470
Central Plaza Khon Kaen	043	288-034, 288-035	288-036
Ban Phai	043	272-750, 272-790	272-733
Muang Phon	043	414-060, 414-061	414-762
Fairyplaza Khon Kaen	043	226-203, 226-204	226-205
Chanthaburi			
Chanthaburi	039	311-799, 321-215, 350-440, 350-441	311-777
Thanon Benjamachutit – Chanthaburi	039	322-150, 322-151, 322-152	322-053
Nong Khla	039	395-471, 395-472, 395-473	395-474
Robinson Chanthaburi	039	322-823, 322-824, 322-825	322-886
Chachoengsao			
Thanon Mahajakkapad – Chachoengsao	038	512-390, 511-912, 514-322	512-549
Bangkhla	038	541-123, 827-231	541-689
Bang Wua	038	538-255, 538-277, 539-003, 539-004	840-909

Branch	Code	Telephone	Fax
Plang Yao	038	589-132, 589-133, 575-230, 851-215	851-214
Phanom Sarakham	038	836-516, 836-517, 836-518	836-519
Thanon Sukprayun – Chachoengsao	038	823-795, 823-796, 823-797	823-794
Chai Nat			
Chai Nat	056	411-118, 412-394, 412-382, 411-564, 412-356	412-372
Chon Buri			
Chon Buri	038	272-984, 272-985, 274-088	274-089
Jomtien	038	232-079, 232-080, 232-973, 232-086, 076-845, 076-846	All Numbers
Central Plaza Chon Buri	038	003-240, 003-241, 003-242, 003-244	003-243
Central Festival Pattaya Beach	038	003-644, 003-645, 003-646	003-647
Thanon Thap Phraya Pattaya	038	303-778, 303-779, 303-780, 303-877 (Booth)	All Numbers
Nong Mon	038	392-066, 392-067	392-065
Bang Lamung	038	367-749, 367-750, 367-751	367-752
Ban Suan – Chon Buri	038	799-301, 799-302, 799-303	799-304
Big C Banbung – Chon Buri	038	486-539, 486-540	486-541
Pakruam Borwin	038	337-949, 337-950	337-951
Pattaya Klang	038	411-935, 411-936, 424-641, 424-552	411-937
Phanat Nikhom	038	787-699, 787-700, 473-168	473-169
Pattaya	038	429-501, 429-502, 422-966, 421-002	421-005
H.M. Queen Sirikit Hospital Sattahip	038	244-022, 244-555	244-114
Robinson Sriracha	038	314-356, 314-357, 314-358, 314-359	314-360
Tesco Lotus Laemchabang	038	768-442, 768-923, 768-924	768-280
Sriracha	038	313-239, 313-240, 311-824	All Numbers
Tesco Lotus Chonburi	038	282-091, 282-093	282-096
Sattahip	038	437-123, 437-339, 437-678, 438-561	All Numbers
Huaghunjae – Ban Bung	038	201-211, 201-026	201-212
Aou Udom	038	351-642, 351-644	351-643

Branch	Code	Telephone	Fax
Chumphon			
Chumphon	077	502-545, 504-960, 504-961	502-544
Thung Tako	077	536-902, 585-209, 585-210, 536-007	585-209
Lang Suan	077	541-233, 541-894	541-333
Chiang Mai			
Chiang Mai	053	251-058, 251-059, 251-060, 251-061	233-159
Thanon Chang Khlan	053	903-630, 903-631, 903-632	903-535
Central Plaza Chiang Mai Airport	053	201-843, 201-844, 201-845	All Numbers
Thanon Changpuak	053	211-061, 211-062, 222-966, 218-901	221-545
Talad Nong Hoi – Chiang Mai	053	140-123, 140-124, 140-125	801-456
Fang	053	451-154, 451-002	453-507
Central Festival Chiang Mai	053	288-816, 288-817	288-818
Si Yak Kuang Sing – Chiang Mai	053	410-980, 410-981, 410-982	410-983
Front of Maharaj Hospital Chiang Mai	053	808-307, 808-308	808-309
Sanpakhoy – Chiang Mai	053	249-858, 249-859, 249-595	249-861
Huaikaeo Road – Chiang Mai	053	404-042, 404-043, 404-044	404-128
Hot	053	461-055, 461-056, 831-333	831-334
Chaiyaphum			
Chaiyaphum	044	811-659, 811-666, 822-123	811-666
Chiang Rai			
Chiang Rai	053	711-100, 711-101, 714-822	713-590
Doi Maesalong	053	765-159, 765-160	All Numbers
Thoeng	053	795-001, 795-003, 795-040	795-002
Thanon Phahon Yothin – Chiang Rai	053	714-886, 714-887, 600-716, 600-717	714-890
Maesai	053	733-146, 640-351, 640-352	733-145
Huai Khrai	053	667-350, 667-351, 667-352	763-001
Central Plaza Chiang Rai	053	179-792, 179-793	179-794

Branch	Code	Telephone	Fax
Tak			
Tak	055	512-093, 512-094	515-451
Mae Sot	055	533-038, 533-039, 533-040	533-383
Trang			
Trang	075	210-811, 210-812, 214-026	218-344
Khlung Pang	075	286-066	286-055
Huai Yot	075	271-147, 271-425, 235-562	271-148
Trat			
Trat	039	520-636, 520-638	520-637
Bo Rai	039	591-042	591-041
Nong Khai			
Nong Khai	042	420-562, 420-563	420-564
Phon Phisai	042	471-266, 471-267, 405-552, 472-087	All Numbers
Nakhon Pathom			
Nakhon Pathom	034	219-731, 219-732, 219-733, 219-734	219-736
Kamphaeng Saen	034	351-020, 351-021, 351-022	281-103
Nakhon Chai Si	034	228-338, 228-339, 228-340, 228-341	228-342
Phra Pathomchedi	034	250-750, 256-116, 256-137	250-751
Silpakorn University – Sanam Chandra Palace	034	250-823, 250-824, 250-825	250-826
Sampran Nakornpathom	034	322-885, 322-886, 322-887, 225-155, 225-498, 225-499, 225-564, 225-565	321-990
Aom Yai	02	810-3325, 810-3326, 810-3327	810-3329
Big C Nakhon Pathom	034	211-130, 211-131	211-132
Narathiwat			
Narathiwat	073	512-273, 512-274, 512-275	All Numbers
Sungai Kolok	073	611-555, 611-556, 615-234	611-587

Branch	Code	Telephone	Fax
Nan			
Nan	054	710-455, 771-971, 772-818	710-477
Tha Wang Pha	054	799-679, 799-138, 799-634	All Numbers
Nakhon Phanom			
Nakhon Phanom	042	511-023, 511-322, 512-234	512-614
Nong Bua Lamphu			
Nong Bua Lamphu	042	360-547, 360-548, 360-549	360-551
Nakhon Ratchasima			
Nakhon Ratchasima	044	252-505, 252-545, 257-680	257-681
Suranaree Camp – Nakhonratchasima	044	341-872, 341-873, 341-875	341-874
Dan Khun Thot	044	389-101, 389-102	389-279
The Mall Nakhon Ratchasima	044	393-750, 393-751	393-752
Pak Thong Chai	044	441-019, 441-641	441-100
Prathai	044	479-511, 479-128	489-537
Thanon Prajak – Yak Sanlakhmueang	044	255-567, 255-568, 267-471, 255-191	256-202
Pak Chong	044	315-996, 315-997, 315-998	All Numbers
Phimai	044	471-334, 287-407, 287-408	471-335
Thanon Phibunla-lat – Nakhon Ratchasima	044	275-200, 275-201, 275-202, 275-204	275-203
Muang Khong	044	459-234, 459-266	459-235
Sung Noen	044	419-241, 419-865, 419-588	All Numbers
Tesco Lotus Korat 2	044	264-118, 264-119	264-120
Nakhon Nayok			
Nakhon Nayok	037	312-348, 312-349, 312-350, 312-346	312-588
Nakhon Sawan			
Chumsaeng	056	282-498, 282-499	282-699
Takhli	056	261-537, 261-538	262-155
Phayuha Khiri	056	341-498, 316-699	341-497

Branch	Code	Telephone	Fax
Farry Land Nakhon Sawan	056	222-913, 222-672, 221-782, 313-056	227-414
Thanon Asia Nakhon Sawan	056	228-223, 228-225	228-224
Nakhon Si Thammarat			
Nakhon Si Thammarat	075	356-801, 345-616, 342-893	356-979
Chandi	075	486-185, 486-304, 486-305	486-184
Talad Hua It – Nakhon Si Thammarat	075	316-164, 316-165, 316-166, 316-167	316-168
Thung Song	075	412-446, 412-447, 412-448	All Numbers
Nakhon Si Thammarat Rajabhat University	075	392-116, 392-117	392-118
Buri Ram			
Buri Ram	044	613-441, 613-442	613-443
Nong Ki	044	641-111	641-112
Nang Rong	044	631-457, 622-722	631-456
Prachuap Khiri Khan			
Prachuap Khiri Khan	032	601-547, 601-548, 611-919	611-918
Pran Buri	032	621-989, 621-990, 621-829, 544-557	621-991
Hua Hin – Prachuap Khiri Khan	032	512-205, 512-500, 532-151, 515-735, 532-372, 512-425	512-347
Hua Hin Market Village	032	526-314, 526-315	526-316
Prachin Buri			
Prachin Buri	037	211-655, 211-355, 211-356	All Numbers
Prachantakham	037	291-252, 291-509	291-251
Pattani			
Pattani	073	332-677, 332-678, 332-679	331-038
Ayutthaya			
Ayutthaya	035	241-417, 241-418	242-417
Bang Ban	035	307-942, 307-943	307-944
Tesco Lotus Bangpa In	035	742-030	742-092
Wang Noi	035	215-649, 215-650	215-652

Branch	Code	Telephone	Fax
Ayutthaya Park	035	213-061, 213-062	213-008
Uthai – Ayutthaya	035	335-417, 335-418, 213-623, 213-624	All Numbers
Phang-Nga			
Phang-Nga	076	411-626, 411-627	411-555
Khao Lak Phang-Nga	076	443-445, 443-446, 443-447	443-448
Pichit			
Pichit	056	651-331, 613-558, 612-219	612-216
Khao Sai	056	649-111	649-060
Taphan Hin	056	621-194, 621-325	621-477
Sam Ngam	056	691-210, 691-211	665-511
Sak Lek	056	699-266, 699-367	699-267
Phetchabun			
Phetchabun	056	711-386, 721-250	721-290
Lom Sak	056	701-044, 746-270, 701-579, 701-708	746-269
Phatthalung			
Phatthalung	074	613-305, 613-313, 626-801	611-965
Phetchaburi			
Phetchaburi	032	426-005, 426-115	427-165
Big C Phetchaburi	032	454-074, 454-075	454-076
Phayao			
Phayao	054	481-720, 481-721, 482-329	482-330
Phrae			
Phrae	054	511-655, 621-327	511-646
Sung Men	054	541-231, 542-001	541-360
Phitsanulok			
Phitsanulok	055	245-770, 245-771, 245-772	245-544
Central Plaza Phitsanulok	055	215-460, 215-461	215-462

Branch	Code	Telephone	Fax
Khok Matum – Phitsanulok	055	212-432, 212-434, 212-435	212-436
Sapphraiwan	055	293-076	293-077
Phuket			
Phuket	076	212-123, 212-978, 213-488	213-487
Central Festival Phuket	076	248-509, 248-510	248-511
Thalang	076	311-366, 311-367, 311-484, 311-500, 311-777	311-501
Thanon Phra Barami Patong Beach	076	343-455, 343-456, 343-457	343-458
Montri Road – Phuket	076	225-486, 230-104, 225-178	230-102
Bangkok Phuket Hospital	076	210-059, 210-065, 210-140	210-140
Vajira Hospital – Phuket	076	237-238, 237-239, 237-240	237-241
Maha Sarakham			
Sermthai Complex Maha Sarakham	043	970-841, 970-842	970-843
Maha Sarakham University	043	754-141, 754-142	754-143
Mukdahan			
Mukdahan	042	611-520, 611-855, 631-451, 631-452	611-892
Yala			
Yala	073	214-029, 214-384, 211-587, 214-231	215-380
Yasothon			
Yasothon	045	712-301, 712-302, 720-602, 720-603	712-303
Ranong			
Ranong	077	823-028, 823-029	823-030
Kra Buri	077	891-027, 891-028	891-294
Ratchaburi			
Ratchaburi	032	321-808, 322-048, 310-410	322-047
Damnoen Saduak	032	253-348, 253-349	253-701
Thanon Khathathorn Ratchaburi	032	315-645, 315-646, 315-647, 315-651	315-817
Ban Pong	032	200-383, 344-767, 344-768	200-382

Branch	Code	Telephone	Fax
Photharam	032	354-047, 354-048, 231-637, 231-062	All Numbers
Rayong			
Rayong	038	617-470, 617-471, 617-472, 617-473, 617-474	617-475
Klaeng	038	884-595, 884-596, 884-597	884-463
Noen Khao Din	038	669-498, 669-500	669-499
Ban Khai	038	641-002, 641-003	641-001
Ban Chang	038	880-585, 880-586, 880-587, 603-955	880-588
Laemthong Shopping Plaza Rayong	038	610-229, 610-230, 610-231, 610-232, 610-238	All Numbers
Roi Et			
Roi Et	043	511-369, 511-612	512-449
Lop Buri			
Lop Buri	036	411-945, 422-931, 421-570	412-093
Big C Lopburi 2	036	612-480, 612-481	612-482
Wong Wien Sra Kaew – Lop Buri	036	412-729, 413-369	422-915
Lampang			
Lampang	054	224-154, 226-223, 226-522, 322-455	226-155
Ngao	054	261-193, 261-194	261-007
Central Plaza Lampang	054	811-933, 811-934	811-935
Hang Chat	054	269-206, 269-207	269-208
Lamphun			
Lamphun	053	561-460, 561-461, 510-461, 510-462, 510-463	510-460
Big C Lamphun	053	552-088, 552-089	552-090
Loei			
Loei	042	812-122, 812-133, 845-118, 833-567	833-568
Si Sa Ket			
Si Sa Ket	045	612-518, 612-519	612-520

Branch	Code	Telephone	Fax
Sa Kaeo			
Sa Kaeo	037	242-688, 242-689, 242-690	242-692
Aranyaprathet	037	231-280, 231-290	232-601
Songkhla			
Songkhla	074	311-333, 312-001, 324-373	314-803
Khuan Niang	074	386-572, 386-573	386-574
Thanon Juti Anusorn Hat Yai	074	230-883, 230-884	231-289
Thanon Phet Kasem – Hat Yai	074	236-403, 236-404, 239-830	236-405
Ranot	074	391-030, 391-031	392-555
Thanon Rathakhan – Hat Yai	074	238-800, 238-801, 238-802	238-501
Central Festival Hat Yai	074	230-576, 351-611, 351-612, 351-613	230-575
Hat Yai	074	231-141, 231-142, 231-143, 355-311, 355-313, 220-914	355-312
Big C Hat Yai	074	427-660, 427-661	427-662
Samut Sakhon			
Samut Sakhon	034	412-333, 422-245, 425-992	425-993
Kra Thum Baen	034	848-977, 848-978, 848-979	848-977-9
Thanon Setthakit 1 – Samut Sakhon	034	815-609, 815-610, 815-611	815-608
Om Noi	02	431-0975, 431-0976, 431-0977	420-2347
Porto Chino Rama 2 Road	034	110-841, 110-842	110-843
Surat Thani			
Surat Thani	077	272-753, 272-754, 281-009, 210-283, 210-284	281-010
Na San	077	341-037, 341-038	341-538
Front of Surat Thani Hospital	077	283-459, 283-460	283-461
Suratthani Rajabhat University	077	355-162, 355-234	355-483
Ko Samui	077	421-137, 420-360, 420-361	421-143
Central Plaza Surat Thani	077	489-866, 489-867	489-868
Big C Surat Thani	077	224-201, 224-324, 224-809	All Numbers

Branch	Code	Telephone	Fax
Ban Song Surat Thani	077	257-093, 257-127	All Numbers
Bo Phut Ko Samui	077	246-225, 246-226	246-227
Satun			
Satun	074	721-219, 721-220	721-221
Sukhothai			
Sukhothai	055	614-358, 614-359, 611-590, 611-147	611-995
Ban Dan Lan Hoi	055	689-110	689-070
Sawankhalok	055	642-317, 642-381	641-124
Sakon Nakhon			
Sakon Nakhon	042	711-393, 711-993, 712-195, 714-691, 714-692	713-403
Saraburi			
Saraburi	036	222-430, 222-431, 221-429, 211-039	221-229
Phraphutthabat	036	266-744, 266-745, 267-799	267-800
Thanon Phahonyothin Saraburi	036	318-271, 318-272, 318-273, 212-023, 212-024	318-270
Muak Lek	036	341-990, 341-017	341-024
Wihan Daeng	036	377-258, 377-259	377-725
Wang Muang	036	359-211, 359-212	359-213
Robinson Saraburi	036	351-509, 351-510	351-511
Suphan Buri			
Suphan Buri	035	522-356, 522-358	522-360
U Thong	035	552-007, 552-009	552-020
Robinson Suphan Buri	035	454-391, 454-392	454-393
Surin			
Robinson Surin	044	514-250, 514-251	514-252
Samut Songkhram			
Samut Songkhram	034	715-454, 715-455, 714-018, 714-019, 711-682, 740-123	715-456

Branch	Code	Telephone	Fax
Sing Buri			
Sing Buri	036	511-326, 512-803, 522-640, 522-641, 522-642, 522-643, 512-804	512-276
Amnat Charoen			
Amnat Charoen	045	511-590, 511-591, 511-594	511-592
Udon Thani			
Udon Thani	042	241-130, 241-594, 244-776, 244-777, 244-778	244-391
Central Plaza Udonthani	042	921-281, 921-282	921-283
Ban Phu	042	281-264	281-265
Thanon Phosi – Udon Thani	042	249-551, 249-552, 249-553	249-554
Uttaradit			
Uttaradit	055	411-655, 411-800	412-380
Ang Thong			
Ang Thong	035	611-262, 612-418, 625-130	625-131
Uthai Thani			
Uthai Thani	056	511-187, 511-122, 524-942	511-613
Ban Rai	056	539-002, 539-003	539-004
Ubon Ratchathani			
Ubon Ratchathani	045	241-313, 254-308, 254-890	254-307
Trakan Phutphon	045	481-111	481-015
Thanon Phrommarat – Ubon Ratchathani	045	240-215, 240-216, 240-217	240-214
Central Plaza Ubon Ratchathani	045	422-458, 422-459	422-460

Overseas Branches

Location	Contact
Vientiane	
Postal Address TMB Bank Public Company Limited 034/2 Samsenthai Road, Chanthabouly, Vientiane Laos P.D.R	Branch Manager Mr Louchai Louchaisa
	Telephone 856-21-216486
Registered Address TMB Bank Public Company Limited 034/2 Samsenthai Road, Chanthabouly, Vientiane Laos P.D.R	Fax 856-21-214726
	Email louchai.lou@tmbbank.com
Cayman Islands	
Postal Address TMB Bank Pcl., Cayman Islands Branch 3000 Phahon Yothin Road, Chatuchak, Bangkok 10900 Thailand	Branch Manager Ms Soontaree Cheevaphat
	Telephone 662-299-1180
Registered Address Intertrust Bank (Cayman) Limited P.O. Box 1034, 103 South Church Street, Harbour Place 4th Floor, George Town, Grand Cayman Cayman Islands KY1-1102	Fax 662-242-3139
	Email soontaree.che@tmbbank.com

Currency Exchange Service Offices

Booth	Address	Telephone
Bangkok		
Don Muang Arrival Hall (AH)	222 Viphavadee Rangsit Road, Sanambin, Don Muang, Bangkok	02-535-3172
Bangkok Hospital Soi Soonwijai	Inside Inter Nation Building at Bangkok Hospital, Soi Soonvijai, Bangkapi, Huaykwang, Bangkok	02-318-9770
Central World	Inside Central World 2nd Floor, Unit No. K-B 205, Room K2-10/2 Rama 1 Road, Pratumwan, Bangkok	02-646-1326
Chatuchak Gate 2	FX Booth Gate 2, Chatuchak Administration Office Bangkok, Kamphaeng Phet 2 Road, Ladyao, Chatuchak, Bangkok	02-272-4715-6
Chatuchak Gate 3	FX Booth Gate 3, Chatuchak Administration Office Bangkok, Kamphaeng Phet 2 Road, Ladyao, Chatuchak, Bangkok	02-272-4105-6
Don Muang Departure Hall (DH)	222 Viphavadee Rangsit Road, Sanambin, Don Muang, Bangkok	02-535-3171
Indra Pratunam	120/67 Soi Indra, Rajprarob Road, Phayathai, Rajthevi, Bangkok	02-208-0978
Indra Square	120/126 Rajprarob Road, Phayathai, Rajthevi, Bangkok	02-631-9457-9
Khaosan (Pimanwit School)	212 Pimanwit School, Khaosan Road, Pranakorn, Bangkok	02-629-0579
Mah Boonkrong Center	444 Mah Boonkrong Department Store (MBK), Phayathai Road, Wangmai, Pathumwan, Bangkok	02-686-3690
National Stadium BTS Station	National Stadium BTS Station W1-29, Rama I Road, Wangmai, Pathumwan, Bangkok	02-612-3132
Pantip Plaza Pratunam	604/3 Petchaburi Road, Thanon Phayathai, Ratchathewi, Bangkok	02-256-0412
Phromphong BTS Station	Promphong BTS Station, E5-10/1A Sukhumvit 24 Road, Klongtoey, Bangkok	02-663-7485
Platinum Pratunam	The Platinum Fashion Mall, 222 Petchaburi Road, Petchaburi, Rajthevi, Bangkok	02-121-9404
Platinum Pratunam 2	In Front of The Platinum Fashion Mall, 222/226 Petchaburi-Tadmai Road, Petchaburi, Rajthevi, Bangkok	02-121-9493
Sathorn Pier	Sathorn Pier, Bangrak, Bangrak, Bangkok	02-212-1885-6
Shibuya Phatunum	919 Shibuya Bulding, Petchaburi Road, Ratchathewi, Bangkok	02-169-7617
Yada Building Silom Branch	56 Yada Building, Silom Road, Suriyawong, Bangrak, Bangkok	02-267-0969
Foodland Sukhumvit Soi 5	87 Nai Lert Building, Sukhumvit Soi 5, Sukhumvit Road, Klongtoey Neua, Wattana, Bangkok	02-255-1660
Chon Buri		
Caesar Palace Hotel	382/34 Moo. 9, Nongprue, Banglamung, Chon Buri	038-429-215-6

Booth	Address	Telephone
Cherry Hotel Pattaya	270/3 Moo. 10, Nongprue, Banglamung, Chon Buri	038-710-994, 038-710-974
Had Dongtan, Pattaya	69 Nongprue, Nongprue, Banglamung, Chon Buri	038-233-734-5
Had Jomtien	334/1-2 Moo. 12, Jomtien Beach Road, Nongprue, Banglamung, Chon Buri	038-232-079
LK The Empress Hotel	66/33 Moo. 9, Nongprue, Banglamung, Chon Buri	038-422-267
Mark Land Hotel	436/541 Moo. 9, North Pattaya Beach Road, Nongprue, Banglamung, Chon Buri	038-415-294
Mountain Beach Hotel Pattaya	378/24 Moo. 12, Nongprue, Banglamung, Chon Buri	038-252-993-4
Nautical Inn	262/1 Moo. 10, Nongprue, Banglamung, Chon Buri	038-425-088
Pattaya	325/67-70 Pattaya Klang Road, Nongprue, Banglamung, Chon Buri	038-426-107
Pattaya Beach	111310 North Pattaya Beach Road, Nongprue, Banglamung, Chon Buri	038-410-747
Pattaya Road 2nd (Alcaza)	Thai Palace Hotel, 212 Moo. 9, Pattaya 2nd Road, Nongprue, Banglamung, Chon Buri	038-415-302
Sunshine Pattaya	240/12 Moo. 5 Pattaya-Naklur Road, Naklur, Banglamung, Chon Buri	038-371-440-2
Tappaya	Tappaya Road, Nongprue, Banglamung, Chon Buri	038-251-449
Thanon Tappaya (Pattaya)	315/297 Moo. 12, Nongprue, Banglamung, Chon Buri	038-303-778
Winmill Resort Hotel Pattaya	Inside Windmill Resort Pattaya, 665 Moo. 5, Pattaya-Naklur Road, Banglamung, Chon Buri	038-371-590, 038-371-593

Pang-Nga

Khao-Lak Branch	19/4-5 Moo. 6, Khukkhak, Takuapa, Pang-Nga	076-443-445-7
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Phuket

Andaman Promanard	Andaman Club, Room No. 120/10-11 Raj-U-Thit 200 years Road, Patong, Kathu, Phuket	076-341-357, 076-341-387
Amata Resort	189/29 Raj-U-Thit 200 years Road, Patong, Kathu, Phuket	076-340-532
Arrival Hall, Phuket Airport	222 Moo. 6, Mai Khao, Talang, Phuket	076-326-737
Banthai	94 Thaweewong Road, Patong, Kathu, Phuket	076-340-618
Central Festival Phuket	74-75 Central Festival Shopping Center, 2nd Floor, Moo. 5, Wichit, Muang, Phuket	076-248-514

Booth	Address	Telephone
Devana	49/145 Raj-U-Thit 200 years Road, Nongprue, Bang Phli, Phuket	076-340-035
Had Karon	643 Patak Road, Karon, Muang, Phuket	076-396-978
Had Kata	Corner Plaza Shopping Complex, 112/3 Taina Road, Karon, Muang, Phuket	076-330-088
Holiday Inn Resort Hotel	52 Thaweewong Road, Patong, Kathu, Phuket	076-349-698
Novotel Phuket Vintage Park Phuket Hotel	89 Raj-U-Thi 200 years Road, Patong, Kathu, Phuket	076-340-698
Patong Merlin Hotel (Phuket)	Front of Patong Merlin Hotel, Thaweewong Road, Patong, Kathu, Phuket	076-341-048
Phuket International Airport	222 Moo. 6, Mai Khao, Talang, Phuket	076-328-383-5
Sabana Resort Hotel	14/53 Moo. 1, Rawai, Muang, Phuket	076-388-445
Thanon Phra Barami Patong Beach	256, 256/3 Phra Barami Road, Patong, Kathu, Phuket	076-343-454-61
Wong Wien Karon	240 Karon Road, Karon, Muang, Phuket	076-396-088
Freedom Street Bangla	13-13/13, 15-15/14 Bangla Road, Patong, Kathu, Phuket	076-340-291

Samut Prakarn

Suvarnabhumi Arrival Hall 1 (AH1)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Arrival Hall 2 (AH2)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Arrival Hall 3 (AH3)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Arrival Hall 4 (AH4)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Arrival Lounge 1 (AL1)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Arrival Lounge 2 (AL2)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Arrival Lounge 3 (AL3)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Arrival Lounge 4 (AL4)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Departure Hall 1 (DH1)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Departure Hall 2 (DH2)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Departure Hall 3 (DH3)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Departure Hall 4 (DH4)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Departure Hall 5 (DH5)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Departure Lounge 2 (DL2)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4

Booth	Address	Telephone
Suvarnabhumi Domestic Baggage Claim (DB)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Gallery (GL1)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi International Baggage Claim (IB)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi International Baggage Claim (IB2)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi International Baggage Claim (IB3)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4
Suvarnabhumi Visa on Arrival (VA1)	999 Moo. 1, Nongprue, Bang Phli, Samut Prakarn	02-134-1813-4

Surat Thani

Bo Phut Branch	25/21-22 Moo. 6, Bo Phut, Koh Samui, Surat Thani	077-246-225-7
Koh Samui Branch	67/12-13 Moo. 3, Angthong, Koh Samui, Surat Thani	077-420-360-2

Supply Chain and Business Centers

Business Center	Address	Telephone	Fax
Chong Nonsi	360/16-19 Rama 3 Road, Chong Nonsi, Yannawa, Bangkok 10120	02-285-3874	02-285-3875
BC Asoke	189/1 Grand Park View Building, 2nd Floor, Sukhumvit 21 Road, Wattana, Bangkok 10110	02-204-2723-5	02-204-2726
Krung Kasem	1514 Krungkasem Road, Thepsirin, Pomprab, Bangkok 10100	02-221-1085, 02-226-1598	02-221-1275
Rangsit – Pathumthani	42 Rangsit Pathumthani Road, Prachathipat, Thanyaburi, Pathumthani 12130	02-567-5646	02-567-5662
Baromratchonnee	906, 908, 910 Baromratchonnee Road, Bangbumru, Bangplad, Bangkok 10700	02-886-5435-6	02-434-1756
Samut Prakarn	88 Moo 3, Theparak Road, Tumbon Theparak, Ampur Muang, Samut Prakarn 10270	02-753-3600-1	02-753-3602
Samut Sakhon	824/48-52 Norrasing Road, Tumbon Mahachai, Ampur Muang, Samut Sakhon 74000	034-811-419-20	034-811-418
Silom	149/9-11 Surawong Road, Suriyawong, Bangrak, Bangkok 10500	02-235-8009-10	02-235-80011
Phahonyothin	3000 3rd Floor, Phahonyothin Road, Chomphon, Chatuchak, Bangkok 10900	02-299-1429, 02-299-3231, 02-299-1422, 02-299-1449, 02-299-1111 ext. 5210, 02-242-3708	02-242-3505
Chiang Mai	275/5 Chang Phueak Road, Chang Phueak, Muang Chiang Mai, Chiang Mai 50300	053-410-102	053-410-909
Chiang Rai	143/2 Thanalai Road, Tumbon Wiang, Ampur Muang, Chiang Rai 57000	053-719-373	053-745-108
Lampang	173-175 Boonwat Road, Suandok, Muang Lampang, Lampang 52100	054-322-723	054-323-661
Phitsanulok	90-93 Boromtrailokanat Road, Nai Muang, Muang Phitsanulok, Phitsanulok 65000	055-249-145	055-248-800
Nakhon Ratchasima	319 Mtiiraphap Road, Nai Muang, Muang Nakhon Ratchasima, Nakhon Ratchasima 30000	044-263-620-1	044-258-767
Ubon Ratchathani	130 Chayangkul Road, Nai Muang, Muang Ubon Ratchathani, Ubon Ratchathani 34000	045-284-473-5	045-254-307
Khon Kaen	127/12 Prachasamosorn, Nai Muang, Muang Khon Kaen, Khon Kaen 40000	043-332-663-4	043-332-664

Booth	Address	Telephone	Fax
Udon Thani	81/1 Udon Dusadee Road, Mak Khaeng, Muang Udon Thani, Udon Thani 41000	042-344-266 ext. 31	042-243-288
Saraburi	591/14 Phahon Yothin Road, Pak Preaw, Muang Saraburi, Saraburi 18000	036-213-237	036-318-541
Nakhon Sawan	1319/4 Moo 10, Nakhonsawantok, Muang Nakhon Sawan, Nakhon Sawan 60000	056-312-393	056-312-766
Chon Buri	61/9 Sukhumvit Road, Bang Plasoi, Muang Chon Buri, Chon Buri 20000	038-270-794, 038-283-526	038-283-652
Pattaya	579 Moo 5, Pattaya-Naklua Road, Naklua, Bang Lamuan, Chon Buri 20150	038-368-126	038-367-536
Rayong	139/1 Sukhumvit Road, Choengneon, Muang Rayong, Rayong 21000	038-800-401, 038-800-404	038-800-402
Nakhon Pathom	124/10 Ratchawithee Road, Phra Pathom Chedee, Muang Nakhon Pathom, Nakhon Pathom 73000	034-256-682	034-256-697
Ratchaburi	319/1 Srisuriyawong Road, Na Muang, Ratchaburi 70000	032-311-096	032-311-218
Surat Thani	57/68 Moo 2, Makham Tia, Muang Surat Thani, Surat Thani 84000	077-221-823	077-264-228
Pattani	72 Phiphit Road, Anoa Ru, Muang Pattani, Pattani 94000	073-311-204	073-318-205, 073-310-896
Trang	78/1 Wisetkul Road, Thubthiang, Muang Trang, Trang 92000	075-223-686	075-223-687
Phuket	37/53 Montri Road, Talad Yai, Muang Phuket, Phuket 83000	076-230-083	076-230-084
Hat Yai	160 Nipat U Tit 2 Road, Hat Yai, Songkhla 90110	074-355-750, 074-354-749	074-354-491

Main Correspondent Bank(s)

Country	Correspondent Bank(s)
Australia	Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Westpac Banking Corp., Sydney
Canada	Bank of Nova Scotia, Toronto
China	Bank of China, China Construction Bank, Bank of Communications, Industrial and Commercial Bank of China, Agricultural Bank of China, Qingdao
Denmark	Danske Bank AS
England	Lloyds TSB Bank
Finland	Nordea Bank Finland
France	BNP Paribas, Credit Agricole CIB, NATIXIS, Societe Generale
Germany	Commerz Bank AG, Deutsche Bank AG, Unicredit Bank AG
Hong Kong	Hong Kong and Shanghai Banking Corporation
India	State Bank of India, India
Israel	Bank Hapoalim B.M., Bank Leumi Le Israel
Japan	Bank of Tokyo-Mitsubishi UFJ Ltd., Mizuho Bank, Sumitomo Mitsui Banking Corporation, Japan, The Towa Bank Ltd., Japan (Head Office)
Korea	Korea Exchange Bank
Malaysia	CIMB
Netherlands	ING Bank N.V.
Philippines	Asian Development Bank, Philippines
Singapore	DBS Bank Ltd., Oversea-Chinese Bank Corporation Ltd., United Overseas Bank Ltd.
Sweden	Skandaviska Enskida Banken
Switzerland	Credit Suisse AG, UBS AG, Zurich (Head Office)
Thailand	Bangkok Bank PLC, Bank for Agriculture and Agricultural Cooperative, Bank of Ayudhya PLC, Bank of Thailand, Export-Import Bank of Thailand, Government Savings Bank, Industrial and Commercial Bank of China (Thai) Ltd., Kasikornbank PLC, Kiatnakin Bank PLC, Krung Thai Bank PLC, Land & House Retail Bank PCL, Siam Commercial Bank PLC, Standard Chartered Bank (Thai) PLC, Thanachart Bank PLC, The Government Housing Bank, TISCO Bank PLC.
UK	Barclays Bank Ltd., Royal Bank of Scotland PLC, Standard Chartered Bank
USA	Bank of America N.A. San Francisco, CA US, Bank of New York Mellon N.A., Bank of the West, CITIBANK N.A., JP Morgan Chase Bank N.A, Wells Fargo Bank N.A.
Vietnam	Joint Stock Commercial Bank For Foreign Trade of Vietnam, Asia Commercial Bank – ACB

Attachment 1

Details of TMB's Company Secretary, Head of Audit and Head of Compliance

Company Secretary

As of December 31, 2013

Name

Dr Agapol Na Songkhla

Age

43 years old

Position(s) at TMB

Company Secretary

Executive Vice President, Head of Strategy and Transformation and Head of Corporate Governance

Education and Training

Ph.D. (System Science), Tokyo Institute of Technology, Japan

M.S. (System Science), Tokyo Institute of Technology, Japan

B.Eng (Electrical Engineering), Chulalongkorn University

Company Secretary Program, Anti-Corruption for Executive Program, Company Secretary Forum 2013, Working Models for Governance, Board Leadership Evolution, Thai Institute of Directors Association

Foundamentals of Law for Corporate Secretaries, Thai Listed Companies Association

Strategic Risk Management, Financial Risk Management and Operational Risk Management, TMB Bank Plc.

Work Experience

October 2012 – Present

Company Secretary, TMB Bank Plc.

2012 – Present

Executive Vice President, Head of Strategy Transformation and Head of Corporate Governance, TMB Bank Plc.

2011 – 2012

Executive Vice President, Head of Strategy Transformation and Head of Human Resource, TMB Bank Plc.

2006 – 2011

Executive Vice President, Head of Corporate Strategy Group, TMB Bank Plc.

Head of Audit

As of December 31, 2013

Name

Miss Thanawan Teekautamakorn

Age

49 years old

Position(s) at TMB

Executive Vice President, Head of Audit

Education and Training

Bachelor degree, Accounting, The University of Thai Chamber of Commerce

Master degree, General Management, Mahidol University

Banking course of Thai Banker Association

Internal Audit certificate class of the Federation of Accounting Professions (FAP)

Profession seminars and training on General accounting principles in Thai GAAP, IFRS and US GAAP

Bank Accounting and Products knowledge

Banking Financial & Management Accounting

Treasury Finance

Risk Management framework

Basel II & III

Taxation SBT, CIT, VAT, WHT

Work Experience

January 2013 – Present

Head of Audit, TMB Bank Plc.

July 2012 – January 2013

Consultant Director, Deloitte Touche Tohmatsu Jaiyos Advisory

April 2008 – July 2012

Country Operational Risk, Head of Audit, Standard Chartered Bank, Thailand

March 2007 – February 2008

Regional Finance Executive, HSBC, Hong Kong

November 2005 – February 2007

Financial Transformation project Executive, HSBC Bank Plc., London

Head of Compliance

As of December 31, 2013

Name

M.L. Ayuth Jayant

Age

56 years old

Position(s) at TMB

Executive Vice President, Head of Compliance

Scopes of Responsibility:

To supervise business activities of the Bank to ensure compliance with the regulatory requirements and the Bank's policies.

To develop Compliance, risk management system, advise all business units within the bank on regulatory issues as well as to monitor the compliance practices. In addition, the relevant reports including the corrective measures are regularly submitted to the Executives and The Board of Director.

Education and Training

MBA (Accounting and Finance) University of Bridgeport, Connecticut, USA

Bachelor of Science in Accounting (Second class Honors), Bangkok University

Director Certification Program (DCP), Thai Institute of Directors (IOD) (class 150)

Compliance Officer program, Chulalongkorn University

Knowledge of Security Business Operation for Head of Compliance program, Securities and Exchange Commission: SEC (class 1)

Professional Banker's program, The Wharton School of University of Pennsylvania, USA

Pacific Rim Banker's Program, University of Washington, Seattle, USA

Work Experience

2012 – Present

Executive Vice President, Head of Compliance, TMB Bank Plc.

2009 – 2012

Executive Vice President, Head of Corporate Governance., TMB Bank Plc.

2007 – 2008

Executive Vice President, Head of Corporate Governance and Compliance, TMB Bank Plc.

Attachment 2

Details of the Subsidiaries Directors

Details of the Subsidiaries Directors

As of 31 December 2013

1. Phayathai Asset Management Co., Ltd.

There are five directors as follows:

Mr Henri Van Wellen

Mr Martin Alan Searle

Mr Anuphun Tungsnga

Mr Somsak Woravijak

Ms Supreeya Pipatmanomai

2. Designee for ETA Contracts Co., Ltd.

There are two directors as follows:

Ms Sawitree Chaichoavalit

Ms Warintorn Kanjanapalakun

3. TMB Asset Management Co., Ltd.

There are nine directors as follows:

Mr Bernard Coucke

Mr Pradit Leosirikul

Mrs Kanchana Rojvatunyu

Ms Arwiwan Tangtrongchit

Mr Prompong Pattanateeradej

Mrs Tamara van den Ban

Mrs Marie Ramlie

Mrs Sirichan Pipitwitayakul

Mr Somjin Sornpaisarn

