



EMPOWERING CUSTOMERS

TABLE OF CONTENTS

Vision and Mission	2	Report of the Nomination, Remuneration, and Corporate Governance Committee	114
Historical Financial Performance	4	Report of the Board of Directors' Responsibility for Financial Reports	115
Message from the Chairman	6	Statement of the Audit Committee	116
Message from the Chief Executive Officer	8	Management Discussion and Analysis	117
Empowering Customers	12	Credit Rating	125
Board of Directors	20	Independent Auditor's Report	129
Chief Officers	34	Financial Statements and Notes to Financial Statements	132
Management Team	36	Company Information	237
Organization Chart	38	Investment of TMB in Other Companies	238
Thai Economy and Banking Industry	41	Bangkok and Metropolitan Branches	242
Strategy and Business	45	Upcountry Branches	249
Risk Management and Key Risk Factors	52	Overseas Branches	258
Management Structure	63	Currency Exchange Service Offices	259
Corporate Governance	78	Supply Chain and Business Centers	260
Bank's Securities and Shareholders	102	Main Correspondent Banks	262
Other Related Information and Effecting Factors	104	Attachment 1: Details of Company Secretary, Head of Audit and Head of Compliance	264
Corporate Social Responsibility (CSR)	107	Attachment 2: Details of the Subsidiaries Directors	265
Internal Control	113	Attachment 3: Detail of Change in TMB Shares held by Directors and Chiefs	266

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

OUR VISION

TMB inspires people to Make THE Difference

OUR MISSION

- Empower **CUSTOMERS** to make the most of their lives
 - Deliver consistent performance to create sustainable values for **SHAREHOLDERS**
 - Transform organization into the best place to work for **EMPLOYEES** and provide opportunities and development that allow them to unlock their full potentials to challenge status quo
 - Engage to create more value to the **SOCIETY** while ensuring sustainability
-

HISTORICAL FINANCIAL PERFORMANCE

Consolidated Financial Statements

(Unit: THB Million)

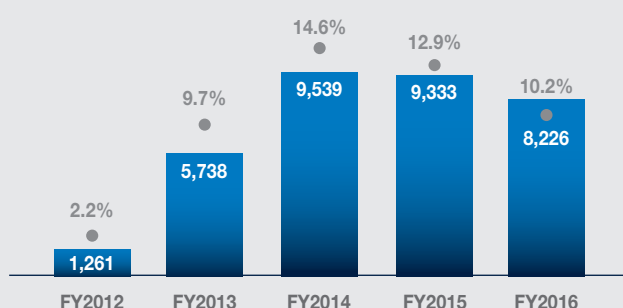
	FY2016	FY2015	FY2014	FY2013	FY2012
Selected Statement of Profit or Loss and Comprehensive Income Items					
Interest income	35,631	36,430	35,848	34,826	30,678
Interest expenses	10,870	13,210	14,253	14,004	13,613
Net interest income	24,761	23,220	21,595	20,822	17,065
Net fees and service income and other operating income	10,462	10,230	8,358	8,385	7,641
Total operating income	35,223	33,450	29,953	29,207	24,706
Other operating expenses	16,589	16,467	15,774	14,550	14,291
Impairment loss on loans and debt securities	8,649	5,479	3,437	7,613	8,751
Income tax expense	1,740	2,153	1,190	1,296	376
Profit for the year	8,244	9,351	9,552	5,748	1,288
Equity holders of the Bank	8,226	9,333	9,539	5,738	1,261
Non-controlling interest	18	18	13	10	27
Other comprehensive income	1,596	37	1	(25)	815
Total comprehensive income for the year	9,841	9,389	9,552	5,723	2,103
Basic earning per share (THB/Share)	0.1879	0.2134	0.2185	0.1316	0.0290

Selected Statement of Financial Position Items

Loans to customers and accrued interest receivables	594,356	581,844	531,429	500,478	453,674
Total assets	821,000	838,937	809,182	765,732	716,925
Deposits	598,948	644,694	571,625	529,606	496,158
Total liabilities	737,152	762,339	739,389	703,899	659,543
Total equity	83,848	76,598	69,793	61,833	57,382
Equity attributable to equity holders of the Bank	83,723	76,491	69,704	61,757	57,316
Non-controlling interests	125	107	89	76	66

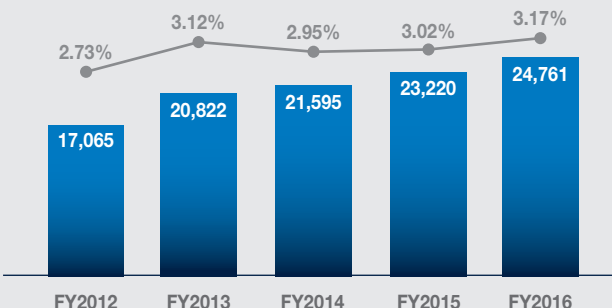
Net Profit and Return on Equity (ROE)

■ Net profit to equity holders of the Bank (Unit: THB Million)
● ROE



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

■ NII (Unit: THB Million)
● NIM



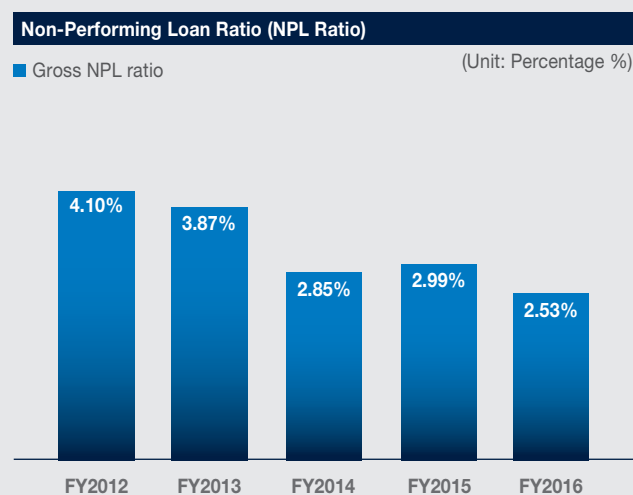
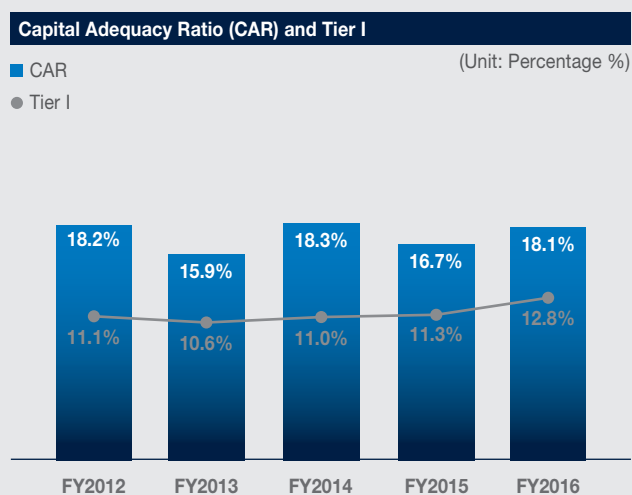
	FY2016	FY2015	FY2014	FY2013	FY2012
Key Financial Ratios					
Profitability					
Return on equity (ROE)	10.2%	12.9%	14.6%	9.7%	2.2%
Return on assets (ROA)	1.0%	1.1%	1.2%	0.8%	0.2%
Cost to income ratio ⁽¹⁾	46.9%	49.2%	52.6%	50.5%	56.6%
Net interest margin (NIM)	3.17%	3.02%	2.95%	3.12%	2.73%
Liquidity					
Loan to deposit (LDR) ⁽²⁾	99.1%	90.1%	92.8%	94.3%	91.3%
Current and saving accounts to total deposits (CASA) ⁽³⁾	80.4%	73.2%	69.3%	62.5%	65.1%
Capital adequacy (Bank-only)					
Tier I ⁽⁴⁾	12.8%	11.3%	11.0%	10.6%	11.1%
Capital adequacy ratio (CAR) ⁽⁴⁾	18.1%	16.7%	18.3%	15.9%	18.2%
Asset quality					
NPL ratio	2.53%	2.99%	2.85%	3.87%	4.10%
NPL coverage	143%	142%	157%	140%	113%
Others					
Book value per share (BVPS)	1.91	1.75	1.60	1.42	1.32
Number of employees	8,980	9,270	8,854	9,015	9,106
Number of branches	452	450	460	458	466
Number of ATMs (2015-16 included ADMs)	2,783	2,796	2,365	2,379	2,357

Note: ¹ Excluded extra ordinary items

² Excluded B/E (Bill of Exchange)

³ Included No-Fixed and ME, Excluded NCD and FCD

⁴ Since 2013, the calculation based on Basel III





MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

In 2016, the Thai economy has continued on its recovery path, despite being affected by disturbances in the global economy such as China's economic slowdown, volatility in oil and commodities prices, and political uncertainty in major economies including the UK referendum on its membership with the European Union and the US presidential election. Nonetheless, domestic economic recovery has been possible due to the growth of tourism industry together with rapid disbursement of public investment as well as government's stimulus packages, which resulted in economic growth of 3.2% for the year.

The aforementioned situations prompted the Bank to be extra prudent in its approach to the business. Therefore, we have maintained high coverage ratio at 143%, and reduced NPL ratio down to 2.53%. As a result of our prudence approach, our ROE was at 10.2%. The Bank focused on building a sustainable business that will yield sustainable returns for equity holders as well. Our prudence approach to business will ensure that the Bank is ready against any unexpected uncertainties.

In addition to building a sustainable business, TMB is also committed to giving back to the community and society. The Bank has not only actively engaged, but also created social activities for positive changes, by empowering people to enhance their quality of life and their own communities through TMB's "FAI-FAH" projects. We conducted "FAI-FAH" projects around the country, which have given opportunities for our staff to work together with the local community towards delivering projects that can change the community in a sustainable way.

Through these efforts, the Bank was recognized, for the second year, by Thaipat Institute as a part of ESG100, representing the top 100 listed companies with commitment for excellence in environmental, social, and governance. This marks another evidence to the Bank's pledge in promoting corporate governance across all levels in addition to attaining the highest score of "Excellence" in corporate governance for eight consecutive years in 2016, ranked by the Thai Institute of Directors Association (Thai IOD), supported by the Securities and Exchange Commission and the Stock Exchange of Thailand.

TMB has laid strong foundations through our transformation journey over the past several years. Year 2016 is another year where we embark on "digital transformation". We expect the transformation will allow TMB to "Empower" our customers to make the most of their lives, and further empower our staff to challenge status quo and continue to "Make **THE** Difference" to all stakeholders.

The Board of Directors would like to express our gratitude to our stakeholders, including our shareholders, customers, employees and society at both the local and international levels for supporting the Bank, helping to drive TMB towards our sustainable goals. TMB is confident that the dedication of employees and management who work hard to "Make **THE** Difference" will continue to create excellent financial products and services that genuinely benefit our customers, as well as improve our society and deliver sustainable returns to shareholders.



MR RUNGSON SRIWORASAT
Chairman of the Board



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

In our pursuit to “Make **THE** Difference”, TMB has been constantly improving our products and services by challenging the status quo and seeking better ways to meet our customers’ needs. We are proud of the progress and accomplishments the Bank has made in the past year. Throughout 2016, TMB created true value for customers by further improving the customer experience across all touchpoints with our “Make **THE** Difference” philosophy. The organization continued to focus its efforts on understanding our customers’ financial needs in different customers segments.

Moving into the digital banking age, TMB will Make **THE** Difference to the Thai banking system by using digital banking technology as a means for empowering customers to make the most of their lives through simple and personalized banking.

Established foundation

2016 remained another challenging year for Thai banking given that the Thai economy was gradually recovering with uncertainties lying ahead. TMB’s strong foundations, built over the past years had enabled the Bank to sustain its earning capabilities. TMB’s pre-provision operating profit (PPOP) was reported to have increased by 10%, from THB16,937 million in 2015 to THB18,667 million in 2016.

TMB has maintained its focus on deposits and deposit customers. In light of slow loan growth and declined overall yields across 2016, TMB supported our customers in seeking better yields from mutual fund products, which resulted in a 7% decline in the Bank’s deposit balance, without any compromise in our customer base. On the other hand, the ratio of transactional deposits to total deposits increased from 37% to 40%, reflected in established transactional deposit franchises.

Loan growth was moderate at 2% with mortgage loans being the main driver. NIM improved from 3.02% to 3.17% mainly from optimization of deposit volume and structure. As a result net interest income expanded by 7%. Non-interest income, although weighted down by 32% reduction of loan-related fees, grew by 2%, which was driven by the growth of strategic products. Bancassurance, which was modified to meet the demands of middle-income customers, grew by 23%. Fee income growth was also supported by the Bank’s focus on trade finance and letters of guarantee, of which the fees grew by 14% and 9%, respectively. From the growth in interest incomes and non-interest incomes, total revenue subsequently rose by 5% from the previous year. Expenses were flat as a result of a continued focus on cost efficiency. Pre-provision operating profit (PPOP) increased by 10%, from THB16,937 million in 2015 to THB18,667 million in 2016.

TMB has operated with prudence. The Bank deliberately reduced future downside risks by setting aside 100% of provisions for additional NPL write-offs. The write-offs together with an uncertain economic outlook, enabled TMB to therefore set a relatively high provision of THB8,649 million in 2016, 58% higher than previous year.

TMB’s consolidated NPL ratio declined from 2.99% in 2015 to 2.53% in 2016. With higher provisions set during the year along with NPL write-offs, coverage ratio was maintained as one of the highest among Thai banks at 143%, compared with 142% in 2015. Net profit after provisions, as a result, declined by 12% to THB8,226 million. ROE was reported at 10.2%.

TMB continued to further establish strong foundation with an increase of Core Tier 1 from 11.3% to 12.8%. CAR also increased from 16.7% to 18.1% in 2016.

Empowering customers

Following our Make **THE** Difference philosophy, TMB continued to make significant progress in offering banking services to our customers for their betterment, through accessibility and reliability. “TMB Touch”, the mobile application for the Bank’s individual customers, was further upgraded so that our customers could gain faster access and a seamless experience. Being at the cornerstone of the digital age, we have gone even further in designing TMB Touch to be a part of our customers’ lives. TMB provides extended benefits beyond just self-served purposes, such as opening a deposit account, viewing details of transactions and investment portfolios, redeeming credit card rewards as well as applying for “TMB So GooOD”, a 3-month installment plan with 0% interest rates with our notable claim of being the first in Thailand to ever have this functionality available in mobile applications.

These series of innovations have afforded us widespread compliments and responses, and afforded us significant growth in the TMB Touch customer base by approximately 165% in just over a 12-month period. 2016 became the first year that the transactions completed through digital channels surpassed traditional ones.

We continued to remain focused on deposit through our Deposit-led Strategy. Through many years of proven success in matching our customer’s needs with a good variety of “For Use and For Save” selections along with our continuing effort in customer understanding, we upgraded the existing “TMB All Free” and reintroduced it as the country’s best transactional deposit product. The new TMB All Free gives “Ultimate Freeness” as the one and only transactional account in Thailand offering free unlimited withdrawals at all ATM machines available throughout the country, unlimited bill payments, unlimited interbank transfers and unlimited card reissues.

To safeguard our commitment in valuing the voice of the customer and delivering promised benefits throughout, we extended additional privileges to our 1.2 million existing customers who already had TMB All Free accounts, empowering them to live life to the fullest in this digital era. Furthermore, when PromptPay is going to make its official debut in 2017, a new level of convenience in using mobile phone digits or citizen ID numbers as bank account identification for money transfers materialized. The introduction of PromptPay will automatically help elevate TMB All Free's value proposition beyond being just the country's Best-in-Class transactional deposit product.

The ability to know and understand more about our customers is instrumental to our success. We continue to identify customers' needs through our advanced data analytics which helped us better understand customer behaviors more completely, making us become more aware of which particular product or service to offer. In 2016, we moved forward and successfully sustained our market leadership in being the first and only Thai bank to offer the Open Architecture platform, allowing customers to easily purchase mutual funds with confidence from 7 leading asset management companies – namely Aberdeen, CIMB Principal, Manulife, ONEAM, TISCO, TMBAM and UOBAM, all in one place.

In the coming year, TMB's focus will remain on delivering products and services on a need-based basis while delivering the best experience possible to our customers. Meanwhile, we are creating an optimized digital platform that is easy and simple for customers with added value to enable them to maximize their lives.

Empowered employees

At TMB, we are empowered from the inside out. The Bank encourages employees to learn and better understand themselves in order to best improve their skills and grow their career path. The program "CAREER by ME" and our Job Search system allow employees to explore job opportunities available internally so that they are empowered to plan and develop their career path efficiently.

To further increase efficiency in the constant evolution of digital banking, TMB is moving forward with a "Flat organization" structure, for more flexibility and rapid adaptability in doing business. In 2016, the Bank objectively reduced organization layers from seven to six. Such action was achieved through process improvement along with staff empowerment for faster business decisions. Moving in this direction will enable TMB to effectively deliver better products and services to the market.

Engaged with our society

TMB believes inspiration and empowerment can positively change an individual and society. FAI-FAH center, under the management of TMB Foundation, was first created in 2010 as an art-inspired learning center and later expanded to four areas in Bangkok. Through this platform, FAI-FAH kids are encouraged to set up the theme of community-related projects and use the skills learned from FAI-FAH to give back to their community, with key support from the Bank's volunteers. This is to promote the mindset of "giving back" among the FAI-FAH kids and also the Bank's employees under the philosophy of Make **THE** Difference.

TMB continues to encourage our employees to become volunteers in the FAI-FAH programs and 2016 was considered as another great year with stronger engagement. Over 4,000 employees participated. This was double the amount of participants from 2015, who volunteered to lead and support 37 FAI-FAH IN A BOX activities with over THB3,000,000 raised in internal fund-raising. These successful projects have improved various communities through sustainable changes across the nation in 2016.

FAI-FAH, the core CSR program of the TMB Foundation, is a reflection of tangible results on how TMB's Make **THE** Difference philosophy has created a ripple effect that helps our society become better in a sustainable manner. TMB Foundation will continue to deliver and support not only FAI-FAH but also other sustainable community programs that will further bring positive changes to society.

In closing, I would like to extend my sincere thanks to our shareholders, customers and all employees for your support and for being an important part of the Bank's achievements. Looking ahead to 2017, TMB will continue to be the Bank that answers all of customers' needs, to make our customers' lives better, particularly through the implementation and acceleration of digitally-enhanced products and services. We also aim to enhance TMB Digital Banking to create financial services that gives customers the power to live meaningful lives.



MR BOONTUCK WUNGCHAROEN
Chief Executive Officer



EMPOWERING CUSTOMERS

Driven by its philosophy to **Make THE Difference**, TMB has, in the past eight years, endeavoured to be a bank that answers customers' needs and makes their lives better. The Bank continues to develop new products and services, along with its digital banking capabilities to meet customers' ever-changing lifestyles in the digital era. Our aim is to '**Make THE Difference**' the driving force behind all our work at TMB, so that our customers can live life to the fullest anywhere, at anytime, just the way they would like to, thanks to the ease of access and convenience our services afford them.



MAXIMIZE YOUR LIFE WITH TMB DIGITAL BANKING

TMB Digital Banking's development is based on our in-depth research to create a deep understanding of the banking needs of all our customer segments. Our digital banking service enables customers to enhance their lifestyles by giving them secure access and the freedom to manage their banking transaction effectively at any time of day, anywhere, with the touch of a button – helping them to better manage their daily lives.

TMB Digital Banking is the result of continuous development from existing products or services such as ME by TMB, an innovative digital banking product that is a first in its category in Thailand. Other TMB Digital Banking innovations include TMB Touch Mobile Application, TMB Business Click, Digital Drop Leads & Call Me Now, with many other upcoming products and services being launched consistently.

TMB Digital Banking

Through the “Maximize your Life with TMB Digital Banking” campaign, TMB's vision has enabled banking transactions, allowing customers the ability to manage their finances anywhere, anytime while living their meaningful lives for themselves and others. We showcased the daily lives of TMB ambassador, Mr. Doo Sanya Kunakorn and his son, who benefit from TMB Digital Banking, freeing their time to enjoy doing what they love, living life to the fullest in a meaningful manner.

TMB has endeavoured to be the bank that gives our customers what they want, resulting in TMB Digital Banking, which is a key tool that gives customers the power to better manage their financial transactions easily and conveniently. This gives our customers valuable time and energy to live more meaningful lives everyday. This goes back to our philosophy to Make **THE** Difference to their lives and society, enabling our philosophy to go full circle as it ripples through all aspects of life, of society, and of the world at large.

Aside from “Maximize your Life with TMB Digital Banking” campaign, TMB also organized a seminar on “Time & Financial Management in the Digital Era”, to help people better manage their time. With three guest speakers, namely Mr. Boy Wisoot Sangarunlert, Mr. Mong Mongkol Lusamrit, and Mr. Sanya Kunakorn, the seminar highlighted techniques on how to better utilize time and money with the help of technology more efficiently, which would enable customers to live life to the fullest everyday, creating happiness and life fulfillment. The seminar also featured the www.makeTHEdifference.org website, where participants can set their goals and actualize them with help and support from the website community.



MAKE THE DIFFERENCE TO GIVE BACK TO SOCIETY

TMB I ING ParkRun 2016

The TMB I ING ParkRun in 2016 was different to every other run, as proceeds raised from this run were used to give a new lease on life to children suffering from heart disease. Runners could share their running goals and call for support from friends to donate money online. To meet the digitally-evolved lifestyles of today's runners, ticket purchases and registration for TMB I ING ParkRun 2016 were made available online, on www.makeTHEdifference.org/parkrun. Runners could also garner the support of friends to donate online via www.makeTHEdifference.org/parkrun, through digital banking channels, at bank branches, and via LINE PAY.

TMB I ING ParkRun 2016 raised 3,841,089.23 Baht in total, thanks to the runners and their supporters. The Cardiac Children Foundation under the Patronage of HRH Princess Galyani Vadhana received the donation on November 7, 2016. The donated funds are being used for the operations of 192 children who suffer from cardiovascular disease and have been waiting for these operations due to the lack of funding. This effort was part of the Cardiac Children Foundation's "Operations for 1,800 Cardiac Children Project as a Tribute to His Majesty King Bhumibol". The number of children who will be helped through TMB I ING ParkRun 2016 has increased by an additional 32 children this year, when compared to the children who were helped in 2015.

Make THE Difference Trips

We believe that real life experience matters, and often happens outside of the classroom. Travel opens up our world and perspectives, offering a life experience that cannot be learnt from the books.

This was the motivation behind our push to the public to help children in need such as kids from Tub Tim Siam School from the border province of Sra Kaew to have the opportunity to travel. They had only ever seen the sea from photographs, and from stories relayed to them by others who had been to the sea.

The public were invited to set a goal through www.makeTHEdifference.org. TMB then took the children to Rayong to see the sea for the first time, on the 8th of December 2016. The children also had the opportunity to visit the marine museum, have a seaside meal, play in the water, and draw about their experience on the beach.



คลิกแชร์
เพื่อระดมเงินที่นี่

แค่คุณแชร์
“เพื่อระดมเงินบริจาค”
ของคุณ
ก็ช่วยต่อชีวิตเด็ก
ผู้ป่วยโรคหัวใจ

FAI-FAH BY TMB

YOUTH & COMMUNITY EMPOWERMENT

The shining light in the community (literally translated from Thai to English as 'FAI-FAH') has been a long-standing project by TMB. We believe that giving back to the community is paramount, which is why we have opened the first youth learning center called 'FAI-FAH' on Pradipat road since 2010. Our aim is to encourage youth aged between 12 and 17 years to use their time productively and discover interests, passions, and talents they may have, by offering them free art & life skill-enhancing activities such as arts, music, sports, and more. We also help community kids to develop organizational, teamwork and leadership skills, along with the ability to work methodologically while gaining life skills and values. Our hope is that FAI-FAH kids will use the skills learnt here to help their community and society develop for the better. Through this FAI-FAH platform, TMB Volunteers will have a chance to work together with FAI-FAH kids and community residents in order to deliver sustainable changes to the communities under our philosophy of Make **THE** Difference.

Currently, FAI-FAH have four centers across Bangkok, including FAI-FAH Pradipat (open since 2010), FAI-FAH Pracha-Uthit (open since 2012), FAI-FAH Chan (open since 2012), and FAI-FAH Bangkok Noi (open since 2015). In 2016, FAI-FAH has inspired more than 200,000 kids through various FAI-FAH programs.

In terms of giving back to the communities, 2016 is considered as another great year with more achieved than in 2015. TMB volunteers from branches nationwide participated in Community Improvement Projects or FAI-FAH IN A BOX program, in which volunteers from branches would visit communities around their branch, explore the communities' needs, and come up with sustainable community improvement projects that served those needs. This resulted in double the achievements when compared to 2015; more than 4,000 TMB volunteers led and supported 37 projects, together with internal fund-raising. The TMB volunteers program inspired various communities to build better & sustainable change across the nation in 2016.

Examples of Community Improvement Projects included:

- **"The Reactivation of Rai-Karn Market, Ban-Bhu Community"** Project in Bangkok in which TMB Volunteers led and worked together with community residents to bring back the historical market (Rai-Karn market) and promote nearby cultural attractions as another sustainable community tourism destination
- **"The Green & Fresh Community Area, San-Tang-Laung Community"** Project in Chiangrai aimed to promote green habits among community residents and preserve the green environment for the younger generations
- **"FAI-FAH Club Year 2 at Bhuddha Bhucha School"** Project in Bangkok, which further expanded the opportunities to enhance Art & Life skills learning among community kids at the school

These are some of the inspirational projects that TMB Volunteers dedicated their efforts to, to try to give back and create a ripple that would Make **THE** Difference to the communities.

FAI-FAH, the core CSR program by TMB, is the reflection of tangible results on how the Make **THE** Difference philosophy has created a ripple effect that makes our society become better in a sustainable way. We will continue to deliver the sustainable kid & community programs that will continue to help develop sustainable change to society.



MAXIMIZE YOUR LIFE THROUGH PRODUCTS AND SERVICES THAT MAKE THE DIFFERENCE

Maximize your life with TMB Digital Banking

One of TMB's main focuses has been on developing its digital channels to meet the needs of customers and their aspirations to live life to its full potential. Our primary focus in enhancing our digital capabilities is to create an optimal experience for customers, via the TMB Touch Mobile Application, TMB Internet Banking, and TMB ATM machines, all interconnected with telephone banking and branch banking services. Interested customers can conveniently and digitally contact the Bank, making the numbers of customers with approved credit cards and home loans via digital channels increase by 184% in the past year.

TMB Touch Mobile Application

Easily manage your money... just "Touch".

The continuous development of the TMB Touch Mobile Application ensures that our consistently updated product makes financial services and transactions easier and safer for customers to utilize everyday.

Customers can have convenience and confidence in all transactions anywhere anytime such as logging in with 3D technology on their smartphones to easily access various services;

- Online transactions such as transfers, bill payments, topping up, or opening online saving accounts
- Notifications and updates of the status of online transactions
- Savings accounts services such as account balances and any movements in the account
- Fixed deposit account services such as interest amount updates and account due dates
- Credit card services such as activating new cards, viewing past bills, and checking balances, along with checking credit limits, points balances, and creating installment plans with TMB So GooOD 0% for upto three months, and being able to redeem points with TMB Rewards Plus
- Loan services such as looking at repayment balances and past payments, and checking account balances and interest rates
- Search options for bank branches, ATM machines, and exchange booths
- News updates and promotions from the Bank

These services resulted in having an increase by over 100% of TMB customers utilizing the application in the past year.

TMB All Free

The only transactional account in the country with unlimited withdrawals, transfers, and free bill payments.

New TMB All Free, the best and the only transactional account in Thailand that meets all the needs for transactions that customers can withdraw, transfer, pay bills, all for free, for unlimited period of time. In the event of losing their cards, damaged cards or expired cards, customers will be issued new cards for free, for an unlimited amount of times. This has helped the Bank to be a leader in the industry, by creating value beyond the typical offering, and allowing customers to live their lives with freedom in the digital era.

TMB Open Architecture

Choose from the best fund managers, found all in one place, to create opportunity and freedom to choose for all, with the TMB Open Architecture platform.

Customers can conveniently choose from and invest in top-performing mutual funds at more than 450 TMB branches nationwide, with the ability to choose to invest in various funds from expert fund houses such as Aberdeen, CIMB Principal, Manulife, ONEAM, TISCO, TMBAM, and UOBAM.



TMB Top-up Credit for the Business Security Act

Use new collaterals to increase working capital for your business.

- The first bank to acknowledge the Business Security Act
- New collaterals added which include receivables, inventory and machinery
- Up to a 20% increase from the original credit limit for more sufficient working capital
- Supporting future growth at full capacity

TMB SME 3 Times Prompt Perm

Customers are able to use new forms of collateral to help raise funds for their business. Continued business growth leads to an opportunity for additional capital.

- Credit limits are set to a maximum of three times the value of the collateral
- When receivables, inventory and machinery are registered with TMB under the Business Security Act, an additional 10% is added to the credit limit
- The additional credit limits from registering new collaterals under the Business Security Act will not exceed 3 million baht
- Continuous business growth could lead to an opportunity to receive additional funds for investment, provided customers have a good record with TMB

TMB SME FX & International Trade Hotline

SME Hotline for foreign currency transfer and import and export.

- The Hotline gives advice on monetary transfer services for international trade to different countries, along with currency information, such as:
 - Currency exchange rates
 - The currency market, directions in which they are going, and forecasting currency exchange rates
 - Thai banking laws and regulations for overseas monetary transfers
 - Tools and services that manage currency and transfer risks
 - Services and information for international transfers
- Advice on international bank services such as:
 - Payment gateways that reduce risk and loss
 - Laws and regulations for conducting international trade
 - Conducting business to international standards and to receive goods on time, with the least amount of cost incurred
- Advice on credit limits and loans for trade conducted internationally

SME Trade Expert Program by TMB

A project initiated by TMB to educate consumers about financial services and transactions in import/exports specific to SME needs.

This course is conducted by experts with more than 30 years of experience, and covers all aspects of trading, from the initial stages to answering queries for those that have been operating SMEs over a longer period and have specific needs.



TMB No Deductible Insurance

This insurance scheme covers business assets without having to pay any initial cost upon claiming, with every Baht reimbursed to the client upon losses claimed

- This is the first business insurance scheme where customers do not have to pay for the first part of the cost in any way
- Protection covers aspects that have been covered with and outside of the bank, including factories, offices, furniture, machinery, stock, and other aspects owned by the business
- Coverage has expanded from having a limit of 100 million Baht to 400 million Baht
- Just one premium covers arson, thefts and more, including natural disasters, profit losses, cash and cheques, and the responsibility incurred by external persons, accidental death compensation, and other factors
- An increase in flood protection to 2 million Baht per year, whereas other insurance companies do not protect from flooding
- Premiums can be bought for up to five years, with a one time reduction on costs for the first year

TMB Business CLICK

Online banking for business customers via the internet, accessible via Notebook, Tablet, Smart Phones – a complete transactional banking service all under one platform

- Financial transaction services within Thailand: money transfer, tax and salary payments can be done from a digital screen by copying a specific menu or by uploading information. Pre-advice statement sent via SMS or email to your business partner is also available.
- Inter-country transactions : convenience found, by using the Trade Application and transferring money between countries online, along with attaching documentation without having to bring original copies into the bank, with access to the information for one year
- Currency exchange services (FX): easy to use services where customers choose the currency to transact with; along with instant FX confirmation of the transaction in the chosen currency
- Online access to personal loan information and services: the ability to follow personal loan information in real time, along with due dates and loan repayments and withdrawals online
- Information and news updates: follow business news and movements worldwide, along with information on personal loan limits and usage, international transfers and many other services

In 2016, the Bank increased products and usage capabilities to meet the wants of business customers, such as:

- Increased services in the Payroll for Management section, which allowed customers to create customized payroll information
- Increased the types of authorization allowed such as singular authorization, group authorization, or different levels of authorization
- Increased screens for authorizers, for convenience in being able to have an eagles' eye view of all pending authorizations and having the ability to pick and choose
- A specialized program that analyzes the exchange rates for currencies with the FX Portfolio Analysis on TMB Business Click

To truly meet their needs, the Bank continues to develop its digital platform for business clients with their convenience and safety in mind.

บริการสายด่วน SME เพื่อการโอนเงินตราต่างประเทศและนำเข้า-ส่งออก

ที่ TMB ... แม้แต่ SME รายเล็ก เราก็พร้อมที่จะฟังคุณ

- ให้คำปรึกษาเรื่องการโอนเงินเพื่อการนำเข้า-ส่งออก พร้อมให้ข้อมูลด้านอัตราแลกเปลี่ยน
- ให้คำปรึกษาด้านธุรกรรมการค้าระหว่างประเทศ



SME TRADE Expert Program by TMB

โครงการอบรมด้านธุรกรรมนำเข้า-ส่งออก เพื่อ SME

รู้จริง ทำเป็น ตั้งแต่พื้นฐาน จนชำนาญ ปฏิบัติจริงทุกขั้นตอน โดยผู้เชี่ยวชาญประสบการณ์กว่า 30 ปี



หลากหลายคอร์ส ตอบโจทย์ครบด้านการค้าระหว่างประเทศ ให้คุณเลือกตามระดับความเชี่ยวชาญ

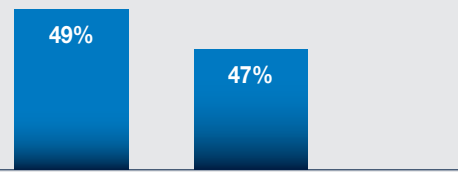
- คอร์สพื้นฐาน สำหรับ SME เริ่มต้น
- คอร์สระดับสูง สำหรับ SME ขั้นสูง
- คอร์สปฏิบัติการ เน้นปฏิบัติจริงทุกขั้นตอน
- คอร์สพิเศษสำหรับผู้ประกอบการ SME ไทย

SOUND BUSINESS PRACTICES FOR SUSTAINABLE GROWTH IN THE LONG TERM

TMB conducts business with prudence while continually developing its operations in every aspect. Amid economic challenges in 2016, the Bank has focused on transparency of asset quality management and ensured financial stability. The Bank also increased its capability in generating revenue, while developing the efficiency of its operations, to be able to build and maintain the sustainable long-term growth of the Bank.

Prudent management of asset quality
resulted in the reduction of the NPL ratio to **2.53%** from 2.99%
in the previous year

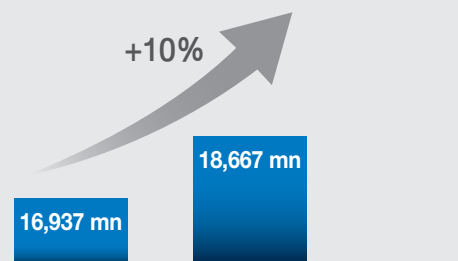
Our goal to improve operational efficiency
resulted in cost to income ratio
IMPROVEMENT FROM 49% TO 47%



A strong financial position reflected
in steadily strong risk cushion
THE COVERAGE RATIO IS HIGH AT

143%

Our goal to develop ability to generate revenue
resulted in growth of pre-provision operating profit,
which has continually IMPROVED
BY 10% FROM LAST YEAR



BOARD OF DIRECTORS



1. MR RUNGSON SRIWORASAT
– Chairman of the Board

2. GENERAL CHALERMCHAI
SITTHISAD
– 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 NIKORNPUK
– Independent Director
– Chairman of the Audit Committee

5. MR SIRIPONG SOMBUTSIRI
– Independent Director
– Chairman of the Nomination,
Remuneration and Corporate
Governance Committee
– Member of the Risk Management
Committee

6. MR JOHANNES FRANCISCUS
GRISEL
– Director
– Chairman 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 YOKPORN TANTISAWETRAT
- Director
 - Member of the Board of Executive Directors
 - Member of the Credit Committee
 - Member of the Risk Management Committee

9. MR VAUGHN NIGEL RICHTOR
- Director
 - Member of the Board of Executive Directors

10. MR CHRISTOPHER JOHN KING
- Independent Director
 - Member of the Audit Committee
 - Member of the Nomination, Remuneration and Corporate Governance Committee

11. MR PRAISUN WONGSMITH
- 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



MR RUNGSON SRIWORASAT

61 years old

CHAIRMAN OF THE BOARD

Date of first appointment: June 5, 2013

Education and Training Course

- 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
- Anti-Corruption for Executive Program, Role of the Chairman Program, Audit Committee Program, Successful Formulation & Execution the Strategy, Finance for Non-Finance Director, Refresher Course DCP, and Director Certification Program, Thai Institute of Directors Association

Positions in Other Listed Companies

Feb 2016 - Present

- Independent Director, Member of the Audit Committee, and Member of the Corporate Governance Committee, Charoen Pokphand Foods Plc.

Nov 2015 - Present

- Independent Director, Berli Jucker Plc.

Positions in Non Listed Companies

Oct 2015 - Present

- Advisor to the Prime Minister, The Prime Minister's Office
- Member of the National Reform Steering Assembly

Work Experience

May 2015 - Sep 2015

- Third Vice Chairman, Thai Airways International Plc.

Jul 2014 - Sep 2015

- Director and Chairman of Remuneration Committee, PTT Plc.

Apr 2014 - Sep 2015

- Director and Chairman of Nomination and Remuneration Committee, Thai Airways International Plc.

Oct 2013 - Sep 2015

- Permanent Secretary, Ministry of Finance
- Chairman, Government Pension Fund
- Chairman, Student Loan Fund
- Chairman, Office of Insurance Commission (OIC)
- Chairman of State Enterprises Directors List Preparation Committee, The Secretariat of the Cabinet
- Member of the Committee on Public and Private Sectors Economic Problems
- Member of the Board, Office of Securities and Exchange Commission (SEC)
- Member of the Committee on the National Strategy for the Prevention and Suppression of Corruption in the State

Feb 2013 - Sep 2015

- Director, Judicial Officer Commission

Apr 2014 - Jul 2014

- Director, National Credit Bureau Co., Ltd.

Aug 2013 - Apr 2014

- Director, State Railway of Thailand (SRT)

Oct 2012 - Mar 2014

- Director, The Government Pharmaceutical Organization

Oct 2012 - Oct 2013

- Deputy Permanent Secretary, Ministry of Finance

Apr 2013 - May 2013

- Director, General Hospital Products Public Co., Ltd.

Jan 2013 - May 2013

- Director, Deposit Protection Agency

Feb 2011 - May 2013

- Director, Tourism Authority of Thailand

2005 - Feb 2013

- Director, Bank for Agriculture and Agricultural Co-Operatives

2011 - 2012

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

2010 - 2012

- Director-General, The Comptroller General Department, Ministry of Finance
- Director, Judicial Administration Commission
- Director, Government Pension Fund
- Director, Malaysia - Thailand Joint Authority (MTJA)
- Director and Secretary, Student Loans Fund



GENERAL CHALERMCHAI SITTHISAD
59 years old

DIRECTOR

Date of first appointment: November 24, 2016

Education and Training Course

- Bachelor of Science, Chulachomklao Royal Military Academy
- RTA Command and General Staff College
- National Defence College

Positions in Other Listed Companies

None

Positions in Non Listed Companies

Oct 2016 - Present

- Commander in Chief, Royal Thai Army
- Secretary, National Council for Peace and Order (NCPO)

Jul 2014 - Present

- Member of the National Legislative Assembly, (NLA)
- Director, The Marketing Organization of Farmers

Work Experience

Oct 2015 - Sep 2016

- Assistant Commander in Chief, Royal Thai Army

Oct 2013 - Sep 2015

- Commanding General, Special Warfare Command

Oct 2011 - Sep 2013

- Deputy Commanding General, Special Warfare Command

Oct 2009 - Sep 2011

- Commanding General, the First Army Corp

Apr 2009 - Sep 2009

- Chief of Staff, Special Warfare Command

2008 - Mar 2009

- Deputy Chief of Staff, Special Warfare Command



MR PHILIPPE G.J.E.O. DAMAS

66 years old

DIRECTOR

CHAIRMAN OF THE BOARD OF EXECUTIVE DIRECTORS

MEMBER OF THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

Date of first appointment: December 28, 2007

Education and Training Course

- 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 Ltd., India

Positions in Other Listed Companies

None

Positions in Non Listed Companies

2014 - Present

- Board member, Armstrong Asset Management (Singapore)
- Board member, The Blue Circle (Singapore)
- Board member, Sport Sevens (Singapore)

Apr 2013 - Present

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

Dec 2011 - Present

- Board member, Eurofin Asia (Singapore)

May 2011 - Present

- International Advisory Board member, Pacific Star (Singapore)

Work Experience

Dec 2013 - May 2016

- Board member, Capstone Partners (Asia)

2006 - May 2012

- Director, ING Mauritius

2006 - Sep 2011

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

2006 - 2009

- CEO Global Private Banking & Trust, Retail Banking Asia – Singapore, ING Group N.V.

2004 - 2006

- CEO Global Private Banking & Trust, Amsterdam, ING Group N.V.

2003 - 2004

- CEO and Vice Chairman, ING Barings London, ING Group N.V.

1999 - 2003

- Vice Chairman, ING Investment Management Amsterdam, ING Group N.V.



MR SINGHA NIKORNPUN

62 years old

INDEPENDENT DIRECTOR

CHAIRMAN OF THE AUDIT COMMITTEE

Date of first appointment: January 10, 2014

Education and Training Course

- 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
- Successful Formulation & Execution the Strategy, Ethical Leadership Program, Risk Management Committee Program, Director Certification Program Update, Role of the Chairman Program, Advanced Audit Committee Program, Anti-Corruption for Executive Program, 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, Member of the Audit Committee, and Member of the Risk Management Committee IFS Capital (Thailand) Plc.

Nov 2012 - Present

- Independent Director and Member of the Audit Committee, Tirathai Plc.

Positions in Non Listed Companies

Apr 2016 - Present

- Director, Thanakorn Vegetable Oil Products Co., Ltd.

May 2015 - Present

- Independent Director and Chairman of the Audit Committee, Floyd Co., Ltd.

Apr 2014 - Present

- Independent Director, Chairman of the Audit Committee, and Vice Chairman, The Thai Bond Market Association (ThaiBMA)

Feb 2013 - Present

- Member of Advisory Committee, Member of Audit Sub-Committee, and Chairman of Risk Sub-Committee, Thailand Professional Qualification Institute (Public Organization)

2006 - Present

- Senior Advisor, Association of Provident Fund

Work Experience

2008 - 2012

- President, Deposit Protection Agency

2005 - 2011

- Independent Director 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 Services Co., Ltd.



MR SIRIPONG SOMBUTSIRI

62 years old

INDEPENDENT DIRECTOR

CHAIRMAN OF THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

MEMBER OF THE RISK MANAGEMENT COMMITTEE

Date of first appointment: April 10, 2015

Education and Training Course

- MBA, Sul Ross University, USA
- BA in Accountancy, Chulalongkorn University
- Ethical Leadership Program and Director Accreditation Program, Thai Institute of Directors Association

Positions in Other Listed Companies

2014 - Present

- Chairman of the Board, Independent Director, and Chairman of the Audit Committee, ComSeven Pcl.

2013 - Present

- Independent Director and Chairman of the Audit Committee, Pan Asia Footwear Pcl.

2009 - Present

- Executive Director, AP (Thailand) Pcl.

2004 - Present

- Independent Director and Member of the Audit Committee, Bangkok Chain Hospital Pcl.

2002 - Present

- Director, AP (Thailand) Pcl.

Positions in Non Listed Companies

Aug 2016 - Present

- Director, SEAsia Leadavation Center Co., Ltd.

May 2016 - Present

- Director, AP ME 5 Co., Ltd.

- Director, AP ME 4 Co., Ltd.

Mar 2016 - Present

- Director, Bangkok CitiSmart Co., Ltd.

Jul 2015 - Present

- Director, AP ME 3 Co., Ltd.

2014 - Present

- Director, Asian Property (2014) Co., Ltd.

2013 - Present

- Director, Thai Big Belly Co., Ltd.

- Director, Asian Property (2013) Co., Ltd.

2012 - Present

- Director, Asian Property (2012) Co., Ltd.

2011 - Present

- Director, Asian Property (2011) Co., Ltd.

- Director, Infinite Technology Corporation Co., Ltd.

2010 - Present

- Director, SQE Construction Co., Ltd.

2009 - Present

- Director, The Value Property Development Co., Ltd.

- Director, Asian Property (Krungthep) Co., Ltd.

- Director, Thonglor Residence Co., Ltd.

- Director, Signature Advisory Partners Co., Ltd.

Work Experience

2014 - Jun 2016

- Director, AP (Ratchayothin) Co., Ltd.

Apr 2015 - Apr 2016

- Director, AP ME 2 Co., Ltd.

2014 - Sep 2015

- Director, AP (Ekkamai) Co., Ltd.

Mar 2015 - Jun 2015

- Director, AP ME 1 Co., Ltd.

2015 - May 2015

- Director, Asian Property (2015) Co., Ltd.

2014 - May 2015

- Director, AP (Phetchaburi) Co., Ltd.



MR JOHANNES FRANCISCUS GRISEL
58 years old

DIRECTOR

CHAIRMAN OF THE RISK MANAGEMENT COMMITTEE

MEMBER OF THE CREDIT COMMITTEE

Date of first appointment: September 1, 2015

Education and Training Course

- Master in Business Administration, Nyenrode Business University
- Bachelor in Business Administration, Nyenrode, The Netherlands School of Business
- Senior Banker's Course, ING
- Mobilizing People, IMD

Positions in Other Listed Companies

None

Positions in Non Listed Companies

Dec 2011 - Present

- Global Head Non Financial Risk, ING Bank N.V.

Work Experience

Nov 2010 - Dec 2011

- Country Manager, ING Bank Russia

Aug 2007 - Nov 2010

- Country manager, ING Bank Ukraine

Apr 2005 - Jul 2007

- Head of General Lending, Asia & Country Manager, ING Bank N.V. (Singapore Branch)



MR PONGPANU SVETARUNDRA

58 years old

DIRECTOR

CHAIRMAN OF THE CREDIT COMMITTEE

MEMBER OF THE BOARD OF EXECUTIVE DIRECTORS

MEMBER OF THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

Date of first appointment: February 23, 2012

Education and Training Course

- 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, Director Certification Program, Financial Statement for Directors, and Role of Chairman Program, Thai Institute of Directors Association

Positions in Other Listed Companies

2011 - Present

- Director, Crown Seal Plc.

Positions in Non Listed Companies

Oct 2015 - Present

- Permanent Secretary, Ministry of Tourism and Sport
- Board Member of Tourism Authority of Thailand

Nov 2015 - Present

- Board Member of Sport Authority of Thailand

Apr 2015 - Present

- Chairman, Megachem (Thailand) Co., Ltd

Work Experience

2009 - Jul 2016

- Director, Thaisri Insurance Plc.

Apr 2015 - Sep 2015

- Chairman, Erawan Hotel Plc.

2011 - Sep 2015

- Deputy Permanent Secretary, Ministry of Finance

2008 - Sep 2015

- Director, Mass Rapid Transit Authority of Thailand

Dec 2013 - Apr 2015

- Director, Thai Airways International Plc.

2004 - Feb 2014

- Director, Cathay Leaseplan Plc.

2011 - Dec 2013

- Director, PEA ENCOM International Co., Ltd.

2009 - Apr 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



MR YOKPORN TANTISAWETRAT
61 years old

DIRECTOR

MEMBER OF THE BOARD OF EXECUTIVE DIRECTORS

MEMBER OF THE CREDIT COMMITTEE

MEMBER OF THE RISK MANAGEMENT COMMITTEE

Date of first appointment: June 1, 2015

Apr 2011 - Feb 2015

– Director, SCB Securities Co., Ltd.

2011 - 2014

– Director, Vina Siam Bank, Vietnam

2008 - 2011

– Chairman of the Board, SCB Securities Co., Ltd.

– Director, TRIS Corporation Co., Ltd.

2005 - 2011

– Director, TRIS Rating Co., Ltd.

Education and Training Course

- Master's Degree in Economics, Thammasat University
- Bachelor's Degree in Economics, Chulalongkorn University
- National Defence College
- Advanced Management Program (AMP), Harvard Business School
- Advanced Bank Management Program, Wharton University
- Advanced Bank Management Program, Asian Institute of Management
- Director Certification Program, Risk Management Program for Corporate Leaders, and Director Accreditation Program, Thai Institute of Directors Association

Positions in Other Listed Companies

Sep 2016 - Present

- Advisor, The Corporate Governance and Risk Management Committee, AP (Thailand) Pcl.

Aug 2015 - Present

- Independent Director and Chairman of the Audit Committee, Banpu Power Pcl.

Positions in Non Listed Companies

Jan 2016 - Present

- Experts, Office of the Securities Exchange Commission (SEC)

Work Experience

2008 - May 2015

- Senior Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank Pcl.

2011 - May 2015

- Member of the Executive Committees, Siam Commercial Bank Pcl.

2014 - Feb 2015

- Vice Chairman, Vina Siam Bank, Vietnam



MR VAUGHN NIGEL RICHTOR

61 years old

DIRECTOR

MEMBER OF THE BOARD OF EXECUTIVE DIRECTORS

Date of first appointment: December 28, 2007

Education and Training Course

- BA (Business Studies, First Class Honors), London Southbank, UK
- Corporate Finance Program, London Business School, UK
- General Management Program Cedep 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 Bank 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 & writing 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

Dec 2016 - Present

- Non Executive Director, Ratesetter Australia Pty Ltd.

Nov 2016 - Present

- Advisory Council Member, Australian Digital Currency and Commerce Association

Jul 2016 - Present

- Advisory Council Member, Humanity in Business
- Advisor, ING Group N.V.

Work Experience

Sep 2014 - Jun 2016

- Member of Challengers & Growth Countries Management Team, ING Bank N.V.
- Member of Leadership Council, ING Bank N.V.

Aug 2012 - Jun 2016

- CEO and Member of the Board, ING Bank (Australia) Limited
- Member Council Australian Bankers' Association
- CEO Retail Banking Asia, ING Bank N.V.

Feb 2010 - Jun 2016

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

2014 - Mar 2015

- Member of Board IT Steering Committee, ING Vysya Bank Ltd., India

Jun 2009 - Mar 2015

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

Mar 2012 - Sep 2014

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

2000 - Jul 2014

- Member of Management Council, ING Group N.V.

Feb 2011 - Mar 2013

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

Jan 2010 - Jul 2012

- CEO, ING Banking Asia



MR CHRISTOPHER JOHN KING

72 years old

INDEPENDENT DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

MEMBER OF THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

Date of first appointment: September 1, 2004

1997 - 2004

– Partner, Linklaters LLP., London

1997 - 2003

– Managing Partner, Linklaters (Thailand) Ltd.

Education and Training Course

- Bachelor of Laws (LL.B) (Honors), University of Bristol, UK
- Postgraduate Practical Certificate in Law, University of Singapore
- Solicitor of the Supreme Court, Hong Kong
- Attorney and Counselor at Law of the Supreme Court, The United States District Court for Northern California
- Attorney and Counselor at Law of the Supreme Court, California
- Solicitor of the Supreme Court, England and Wales
- Director Certification Program, Thai Institute of Directors Association

Positions in Other Listed Companies

None

Positions in Non Listed Companies

2013 - Present

- Chairman of the Audit Committee, Kingfisher Holdings Ltd.

Jun 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

Nov 2012 - Jun 2016

- Director, Singer Leasing (Thailand) Limited

2005 - Jun 2016

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

Apr 2013 - Apr 2014

- Director, Big C Supercenter Plc.



MR PRAISUN WONGSMITH

57 years old

INDEPENDENT DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

Date of first appointment: February 12, 2016

Education and Training Course

- MS (Economics), Oklahoma State University, USA
- BS (Economics/Finance), Oklahoma State University, USA
- Advanced Security Management Program, National Defence College
- Senior Executive Program Certificate, Capital Market Academy (CMA)
- The Leadership Grid Appreciation Workshop, Grid Teamwork Limited
- Advanced Audit Committee Program, Board that Make a Difference, Role of Chairman Program, Director Certification Program, and Director Accreditation Program, Thai Institute of Directors Association

Positions in Other Listed Companies

Jul 2015 - Present

- Chairman of the Board and Independent Director, Thantawan Industry Plc.

Positions in Non Listed Companies

Dec 2016 - Present

- Advisor to the Minister, Ministry of Industry

Jan 2016 - Present

- Director, CAT Telecom Plc.

Jun 2012 - Present

- Director, P.W. Consultants Co., Ltd.

Work Experience

Jan 2014 - Dec 2016

- Managing Director, SCMB Co., Ltd.

Apr 2012 - Dec 2016

- Chairman of the Executive Committee, SCMB Co., Ltd.

Aug 2015 - Jul 2016

- Advisor to the Minister, Ministry of Information and Communication Technology

May 2014 - Jun 2015

- Independent Director and Member of the Audit Committee, Thantawan Industry Plc.

Sep 2014 - Jan 2015

- Chairman of Sub-Committee on Monitoring and Administration on NPL, SME Bank

Nov 2014 - Dec 2014

- Member of Selection Committee for Service Providers on Non Collateral NPL, SME Bank

Jul 2011 - May 2014

- Honorary Advisor, Finance Committee to the Senate

Jun 2011 - Sep 2011

- Member of Liquidation Committee, Thai Asset Management Corporation (TAMC)

1994 - June 2011

- Managing Director, SCMB Co., Ltd.



MR BOONTUCK WUNGCHAROEN
60 years old

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 first appointment: July 14, 2008

May 2014 - May 2016

- Chairman of the Thai Bankers' Association
- Member of the Joint Standing Committee on Commerce, Industry and Banking
- Member of the Payment Systems Committee (PSC), The Bank of Thailand

1999 - 2007

- Executive Vice President, KASIKORNBANK PCL.

Education and Training Course

- 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

None

Work Experience

Sep 2015 - May 2016

- Member of the International Trade Development Committee

Feb 2015 - May 2016

- Member of the Innovative System Development of the Country Committee

Jan 2015 - May 2016

- Member of the Committee for Implementation of Government Key and Urgent Policies

Aug 2014 - May 2016

- Member of the Small and Medium Enterprises Promotion Board (Ad hoc)
- Member of the National Committee on Competitive Advantage

Jul 2014 - May 2016

- Member of the National Legislative Assembly
- Board Member of the Board of Investment of Thailand (BOI)

Jun 2014 - May 2016

- Member of the Committee on Public and Private Sectors Economic Problems
- Member of Policy Committee on Special Economic Development Zone

CHIEF OFFICERS



**MR BOONTUCK
WUNGCHAROEN**

60 years old

CHIEF EXECUTIVE OFFICER

- DIRECTOR OF THE BOARD
- 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.



**MR PITI
TANTAKASEM**

46 years old

**CHIEF WHOLESALE BANKING
OFFICER**

Education

- Ph.D. in Strategic Management, a collaboration program between the University of Nebraska-Lincoln and Bangkok University
- MBA, Kenan-Flagler Business School, The University of North Carolina at Chapel Hill, USA

Work Experience

- 2008 - Present
- Chief Wholesale Banking Officer, TMB Bank Plc.
- 2007 - 2008
- First Senior Vice President, KASIKORNBANK PCL.



**MR TRIRONG
BUTRAGAHT**

46 years old

**CHIEF SME BANKING
OFFICER**

Education

- MBA in Finance and International Management, International University of Japan, Niigata, Japan
- BA in Marketing (with honors), Thammasat University

Work Experience

- 2015 - Present
- Chief SME Banking Officer, TMB Bank Plc.
- 2013 - 2014
- Senior Executive Vice President, Head of Business Banking Segment, TMB Bank Plc.
- 2012 - 2013
- Head of Global Transactional Service Division and Marketing Division, Siam Commercial Bank PLC
- 2009 - 2012
- Head of Strategy and Product, Business Banking Group (SME), Siam Commercial Bank PLC.



**MR RONALD
BART HUISMAN**

43 years old

**CHIEF RETAIL BANKING
OFFICER**

Education

- Master degree in Law, Business Law and Civil Law, University of Leiden, The Netherlands
- Bachelor of Law, Business Law and Civil Law, University of Leiden, The Netherlands

Work Experience

- 2015 - Present
- Chief Retail Banking Officer, TMB Bank Plc.
- 2010 - 2015
- CEO, ING Austria
- 2013 - 2014
- Programme Executive Cybercrime Resilience, ING Bank N.V., Amsterdam, The Netherlands
- 2006 - 2010
- Director of Payments, ING Retail Netherlands



**MR LORENZO
TASSAN-BASSUT**

50 years old

CHIEF OPERATING OFFICER

Education

- Master Degree, Computer Engineer, Saxion Hogeschool Enschede, The Netherlands
- Bachelor Degree, H.A.V.O Diploma, Gritland 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



**MR THANOMSAK
CHOTIKAPRAKAI**

54 years old

CHIEF FINANCIAL OFFICER

Education

- MBA, 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)



**MR FRANCISCUS
GERARDUS ROKERS**

47 years old

CHIEF RISK OFFICER

- MEMBER OF THE CREDIT COMMITTEE
- MEMBER OF THE RISK MANAGEMENT COMMITTEE

Education

- Master degree in Business Economics (Financial Management & Organizational Sciences), University of Maastricht, The Netherlands

Work Experience

2015 - Present

- Chief Risk Officer, TMB Bank Plc.

2012 - 2015

- Head of Risk Management & Corporate Improvement, ING Group: Bank of Beijing, China

2011 - 2012

- Senior Executive Vice President, Head of Credit Risk Management, TMB Bank Plc.

2008 - 2011

- Senior Vice President, Deputy Head of Retail & SME Credit, Head of SME Credit, TMB Bank Plc.

MANAGEMENT TEAM

As of December 31, 2016

Direct Report to Chief Executive Officer

Miss Thanawan Teekautamakorn	Head of Audit
M.L. Ayuth Jayant	Head of Corporate Governance
Mrs Patraporn Sirodom	Head of Human Resources
Dr Benjarong Suwankiri	Head of Strategy and Transformation

Direct Report to Chief Wholesale Banking Officer

Mr Saranya Phuphatana	Head of Capital Markets
Mrs Varanitch Ujjin	Head of Client Service and Commercial Channel
Mr Vikran Paovarojkit	Head of Commercial Lending and Investment Banking
Mrs Chantachuen Khaomali	Head of Corporate Banking Customer Relationship Management
Mr Suttichai Tiranuchit	Head of Corporate Banking Customer Relationship Management
Mr Rachakorn Chayapirad	Head of Domestic Transaction Banking
Mr Yongyoot Luangrattanamart	Head of Investment Banking
Mr Weerachai Amornrat-Tana	Head of Military and Public Sector Relationship Management
Mr Alexander Langfeldt	Head of Multi-Corporate Banking Customer Relationship Management
Mr Ekanat Kieatinapasin	Head of Multi-Corporate Banking Customer Relationship Management
Mr Pirapong Nithikraiut	Head of Wholesales Banking Segment

Direct Report to Chief SME Banking Officer

Mr Nathapol Sukhum	Head of Business Banking Customer Relationship Management
Mr Jakrpant Jarutirasarn	Head of Business Banking Customer Relationship Management
Miss Sukanya Treesanaejit	Head of Small SME Customer Relationship Management
Mr Thanawat Veerachayapornkul	Head of Small SME Customer Relationship Management
Mr Samuel Cheung	Head of SME Product and Portfolio Management
Mr Numchoke Siamhan	Head of SME Segment

Direct Report to Chief Retail Banking Officer

Miss Waranee Wanrat	Head of Bank Channel Development
Miss Chompoonoot Pathomporn	Head of Branch Banking
Mr Yuenyong Songsirdej	Head of Branch Operations Excellence
Mr Prompong Pattanateeradej	Head of Customer Segment Middle Income
Miss Sansanee Pangmanee	Head of Customer Segment Wealth and Mass Affluent
Mr Martijn Keulen	Head of Digital Channels and User Experience Design
Mr Jaray Jianthanakanon	Head of Retail Lending Products
Miss Mingkwan Pattanawong	Head of Retail Marketing
Mrs Marie Ramlie	Head of Retail Products
Mr Maximilian Hempel	Head of TMB Contact Center

Direct Report to Chief Operating Officer

Mr Montree Thirasakthana	Head of Application Solution
Mr Chalit Rojanavitsakul	Head of Operational Excellence
Mrs Rattana Arkachaisri	Head of Operations and Services
Mr John McLeary	Head of Operations Control

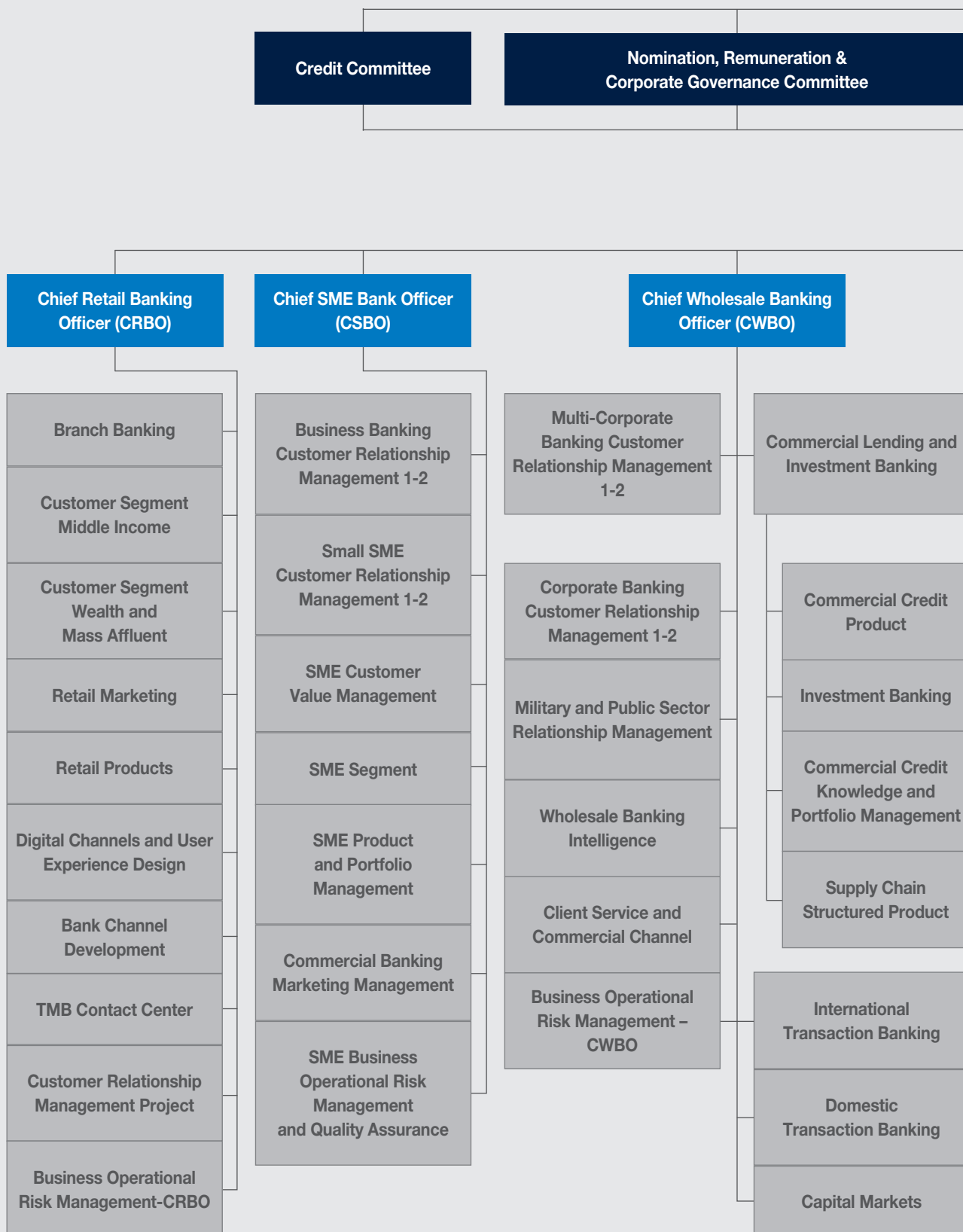
Direct Report to Chief Financial Officer

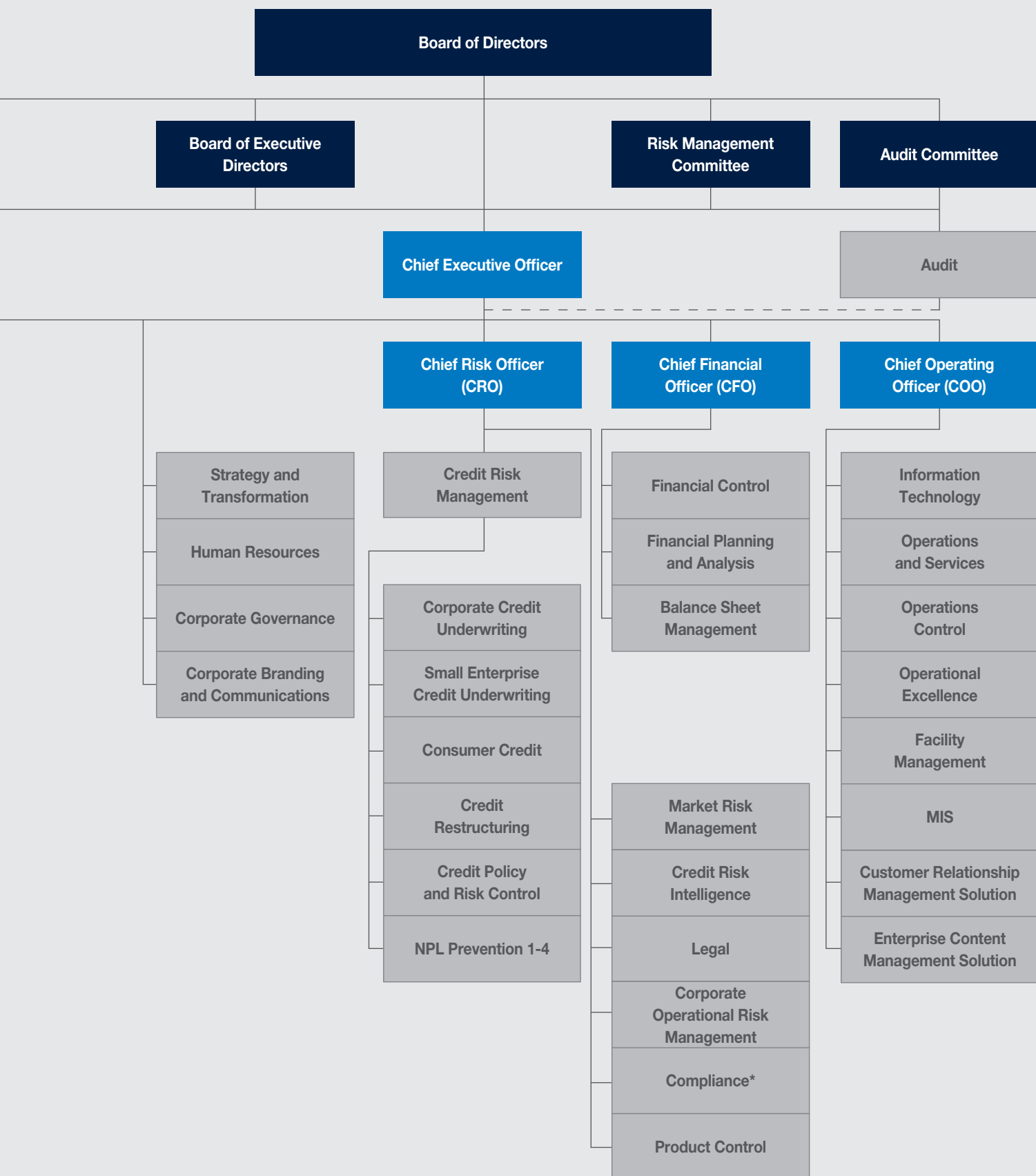
Miss Waewalai Wattana	Financial Controller
Miss Arwiwan Tangtrongchit	Head of Financial Planning and Analysis

Direct Report to Chief Risk Officer

Mr Varoon Kanjanapoo	Head of Compliance
Mr Sunthorn Ruckpanich	Head of Corporate Credit Underwriting
Miss Anca Constantin	Head of Corporate Operational Risk Management
Mr Rabil Pornpatkul	Head of Credit Policy & Risk Control
Mrs Chirdprapa Chaladsoontornvatee	Head of Credit Restructuring
Mr Jan Dodion	Head of Credit Risk Intelligence
Miss Supreeya Pipatmanomai	Head of Credit Risk Management
Mrs Suvannee Kam	Head of Legal
Mr Woraboon Chinwatanakit	Head of Market Risk Management
Mr Wirawit Harnchariyakul	Head of Small Enterprise Credit Underwriting

ORGANIZATION CHART





As of December 31, 2016

*Also directly report to Audit Committee

THAI ECONOMY AND BANKING INDUSTRY

Thai Economy in 2016

Thai economy faced various internal and external challenges in 2016, with key growth engines remained muted. During the first half of the year, domestic economic activities gradually recovered. Private consumption remained fragile especially on durable spending as acceleration in domestic car purchases prior to the excise tax hike had reduced pent-up demands, while farm income was adversely affected by low agricultural prices and drought. In addition, export contraction prompted subdued manufacturing and private investment. On the other hand, growth in tourism industry led by incoming Chinese tourists was strong, while government expenditures robustly increased particularly investment expenditures in telecommunication and small projects. These were the two main engines driving Thai economy.

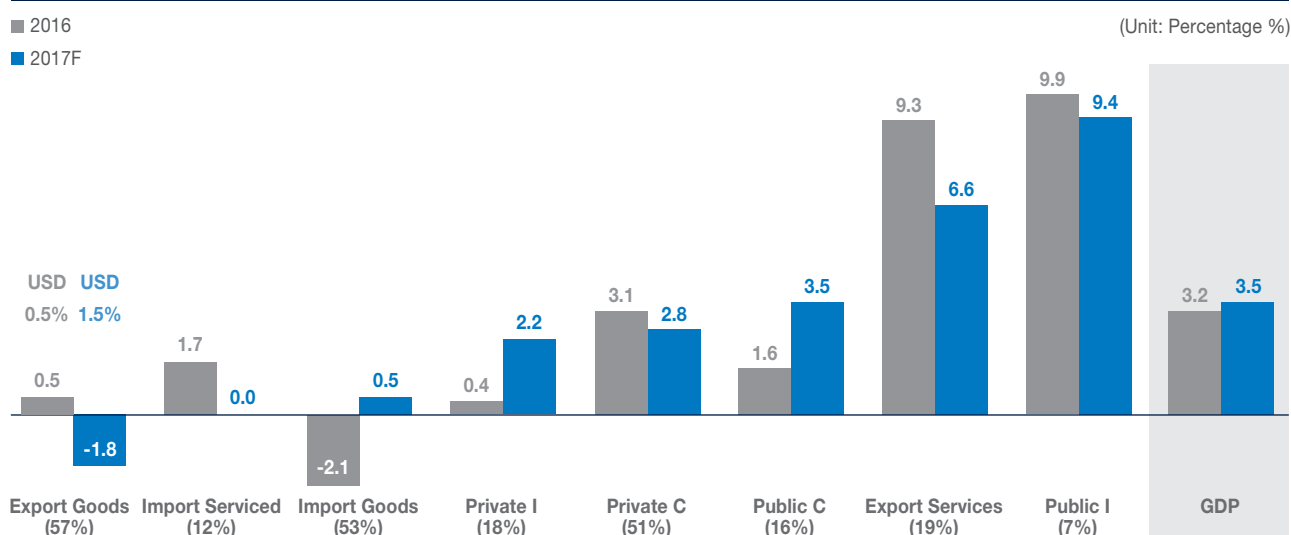
In the second half, continual economic recovery was still driven by expansion in government expenditures especially disbursement acceleration of small investment projects, while tourism sector slowed down from the terrorism incidences in the southern area during August and decline in Chinese tourist arrivals from the clamp-down of Chinese 'zero-dollar' tour operations. However, exports began to positively drive the economy due to energy-related export value boost caused by the recovery in global oil prices in the fourth quarter, along with improved external demands for several products such as electrical appliances and electronics. The average annual export growth turned positive for the first time in 4 years. This also led to improvement in industrial sector. Private consumption, though supported by government transfers of aid money to low-income earners, year-end shopping tax break scheme, and improvement in farmers' income, still expanded sluggishly. Private investment also remained tepid and concentrated in some businesses such as alternative energy and service sector. In conclusion, continual recovery of economic activities from last year resulted in 3.2% expansion in 2016 compared to 2.9% in 2015.

Economic Outlook for 2017

Thai economy is expected to maintain the moderate growth momentum. The main growth drivers remained government expenditures and infrastructure investment. Moreover, improved outlook of other components are also anticipated in 2017. Gradual improvement of private consumption is expected due to an increase in farm income and lower level of debt as the black-out period of the compulsory five-year ownership of the first-time car buyer scheme had come to an end. Improvement in private investment is expected to be contributed by export recovery and government investment with expected THB160 billion to be injected into the system, along with THB190 billion mid-year supplementary budget for provincial cluster development and industrial competitiveness enhancement. Tourism also has been on an upward trend reinforced by continually growth of European and US tourist arrivals, while contraction of Chinese tourist arrivals is expected to improve. In sum, as growth engines begin to operate more complementarily, in 2017 economy is projected to continually recover and expand at 3.5%.

Higher volatility in financial market is expected due to various monetary policy schemes implemented by large economies together with higher political risk in many important regions. However, the risk can be cushioned by Thailand's robust external financial stability. Policy rate is expected to maintain at 1.5% throughout 2017 to accommodate economic recovery, while Thai baht, as well as other currencies in the region, will likely be on a depreciating path, on an annual average of THB35.85 per dollar.

Continual, Albeit Concentrated, Recovery in 2017



Source: NESDB and TMB Analytics
(.) indicates percentage share to GDP in 2016

Thai Commercial Banks in 2016

The performance of Thai commercial banking industry in 2016 grew at a slower pace due to decelerating loan growth. As credit expanded at a slower pace than deposits, loan to deposit ratio or L/D ratio decreased from 97.6% in 2015 to 96.9%. The liquidity in the Thai banking system at the year-end stood at THB3.2 trillion, increasing from THB3 trillion at the previous year-end. Total assets of domestically registered commercial banks rose 3% to THB16 trillion.

Commercial banks' total loans in 2016, stood at THB12 trillion, expanding by 2%, slower than last year. Main factor was the contraction of large corporate loans by 0.4%, especially from 1) loan repayment, 2) substitution of corporate funding sources to debt capital markets as a result of flat yield curves. Small and Medium Enterprises' (SME) loan grew at a slower pace at 1.4% from the slowdown of manufacturing industry as a result of subdued private investment and fall of export. Retail loans grew 4.9% decelerated from last year due to the slowdown of mortgage, personal loan, and credit card. In particular, mortgage significantly slowed down from the decline of demand for housing estates after the end of the government stimulus packages in the real estate in April. Additionally, the high level of household debt reduces debt serviceability, so mortgage growth slipped from 9% to 7%.

MLR of the four largest commercial banks declined by 25 basis points from 6.51% on average at the end of 2015 to 6.26% on average at the end of 2016. Banks cut lending rates to help relieve interest burden of their customers from the economic slowdown, even though BOT kept policy rate unchanged at 1.50%. As a result, spread between MLR and 12-month time deposit rate narrowed down to 486 basis points.

In 2016, commercial banks' deposits grew 2.7% from last year to THB12.3 trillion. Deposits growth was slightly higher than loan growth, which was aligned in the context of accommodating monetary policy. The share of time deposits also reduced to 40% from 42% of total deposit. Four largest banks' average time deposit interest rates stood still consistently with the policy rate, except 12-month fixed rate dropping only 3 basis points to 1.40%. This reflects that banks manage cost of deposit efficiently under the low interest rate environment.

Total NPLs (gross NPLs) of commercial banks as of December 2016 increased THB48 billion from the same period last year to be reported at THB386 billion. NPL ratio increased by 28 basis points to 2.8%, mainly driven by NPLs from SME segment. In particular, their NPL ratio continuously soared up to 4.4% from 3.5% in 2015, especially in commerce business as a result of the slack consumer's purchasing power. Retail's NPL ratio increased to 2.7%, propelled by credit card lending, impaired by the slowdown of private consumption and high household debt level.

Net profit of commercial banks registered in Thailand stood at THB188 billion in 2016; increased by THB7 billion or only 4% from last year owing to 1) the absence of large gains on investment in 2015, 2) the reduction of gains on trading and forex from the international trade slowdown, and 3) the increased reserves for loan impairment. Net non-interest income also rose up, driven by Bancassurance, and fees from ATM, internet banking and credit card.

Even though interest income decreased due to the MLR cut by 25 basis points, commercial banks could manage cost of deposit and interest expenses fell by 15%. As a result, net interest income increased by 7%.

Trend of Commercial Banks in 2017

The commercial banking industry is expected to exhibit a moderate but resilient performance in alignment with recovery in the public and private sector. It will likely gain momentum from the public infrastructure projects, i.e., dual tracks, high-speed train, motor ways, in which its disbursement will be revved up this year. This will also be beneficial for certain industries, such as contractor, construction material industry, and their corresponding supply chains. Additionally, upward trend of increasing tourist arrivals will be soon beneficial to services and commerce businesses. Regardless, loan quality should be closely monitored, especially in SME's manufacturing-based industries. However, agricultural-based industries are likely to recover, consistent with the expected hike of agricultural prices.

Personal loan and credit card's loan growth are likely to be on an upward trend due to the slight improvement of private consumption and recovered farm income as a result of recovery in agricultural prices. Mortgage loan will be back on track this year after the tepid growth from the recovered demand after the expansion of the urban area along with the mega projects, mass transit, and rail system connected regions together. However tailwind for the retail lending inevitably are high household debt level, which could potentially decrease the household's debt serviceability and hence causes the rise of delinquency rate.

Deposits are likely to continue its growing trend to support loan growth. Therefore, the rising deposit competition will soon start by increasing special time deposit rate. However, the trend of low inflation due to the low oil price could maintain the accommodating policy rate. As a result, the faster growth of loan over deposit will lead to the tightening liquidity.

Regarding the trend of commercial banks in 2017, the outlook for the disruptive themes will be described as follows:

1. Digital Banking

Banks will invest significantly in digital infrastructure, particularly in technology and people since it does not only enhance simplicity to the customer's accessibility, but also increases speed and decreases the cost of operation relatively to other channels. Digital banking will evolve financial services by building up customer experiences. Big data analytics will play a major role in analyzing and extracting the insightful customer behaviors along the customer journey. This could be considerably favorable for laying down the strategy and innovating financial products which can satisfy customer's demand. Additionally, banks could utilize such data to have a better risk management to prevent against the uncertainty and volatility in the economy. Moreover, banks also need strong IT securities. It is essential to protect against cyber risk, which is potentially harmful to the digital systems and lower user's confidence if the system are under siege. Additionally, organization structure will be changed to be consistent with the digital environment by focusing on swift and nimble movement. This agility structure will make a cumbersome traditional culture become more strategically customer-centric and faster deliverables to satisfy customers in this digital era.

2. National e-Payment

National e-payment is a national agenda to promote electronic payment across the board with a view to creating a cashless society. By working jointly with Government, Private sector and financial service, national e-payment is aimed to increase overall payment efficiency, creating a foundation of Thai banking system for local financial institutions to compete with others. This digital transformation will mark a major step of Thai's financial history. The government's Any ID scheme or PromptPay has been started officially in February, which help in reducing transfer fees. Moreover, the expansion of EDC project expectedly starting at the third quarter will help customers do business transaction easily. E-Payment will be driven by e-Commerce, which has been increasingly becoming a part of day-by-day spending in Thailand. The rise of e-Commerce aligns with the change of customer's lifestyle on seeking for convenience. Beyond the advantage of convenience and time, national e-payment will also spur financial access to unbanked people.

3. Fintech

Fintechs have become a recent trend, especially for payment and transfer, investment, and insurance. The main reason why Fintechs become popular because they solves the customer's right financial pain points by applying current technology with an economical operating cost via Venture Capital.

Consequently, the Bank of Thailand and the Securities and Exchange Commission established Regulatory Sandbox to innovate financial products and services by trial on the real customers before launching to the public. This trial will limit the unexpected risk from such innovation and possibly leads to the good governance for the regulators. For this year, some other services would be launch out from Fintechs, for instance, Peer-to-Peer Lending, Robo-Advisor.

4. Trade Finance

Since the trend of export and import will soon expand this year, competition in trade finance will likely intensify as it is a growing source of banks' fee income. Focus will be on SME who are expanding in ASEAN countries. In addition, the ASEAN central banks' have adopted of the Principles for Product Transparency and Disclosure on Cross-Border Trade Settlement to improve the level of transparency on charges and service level offered by financial institutions in the ASEAN region on cross-border trade settlement. The allows trade customers to transparently compare charges and services, leveling playing field for access to both domestic and ASEAN clients base.

5. Regional Partnership

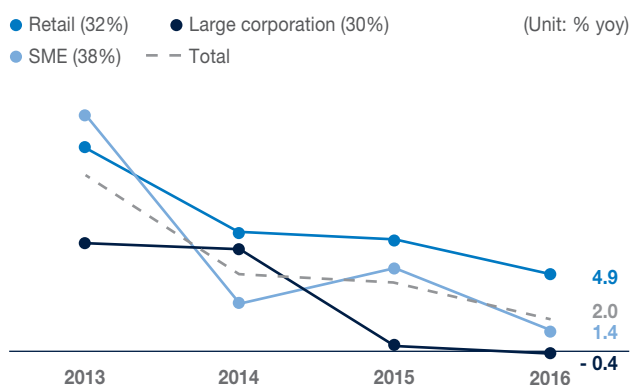
Alliance and partnership among ASEAN banks plus Chinese and Japanese counterparts will increase. The establishment of Qualified ASEAN Banks (QABs) will increase the opportunities for Thai commercial banks to do business around the region. On the other hands, regional commercial banks also gain opportunities to establish in Thailand. Such mutual benefit will facilitate transaction in either trading or investment for private demand.

6. Regulatory Landscape

Significant law and regulatory changes both internationally and domestically that may have affected banking business during 2016. Especially Business Security Act or Floating charge has become effective on July 2, 2016, is aimed at improving financial access to SME by utilizing inventory, receivable, machinery etc. as collateral without giving debtor's assets to creditor, unlike pledge agreement or mortgage. This law is now widespread in reformed-regulatory countries.

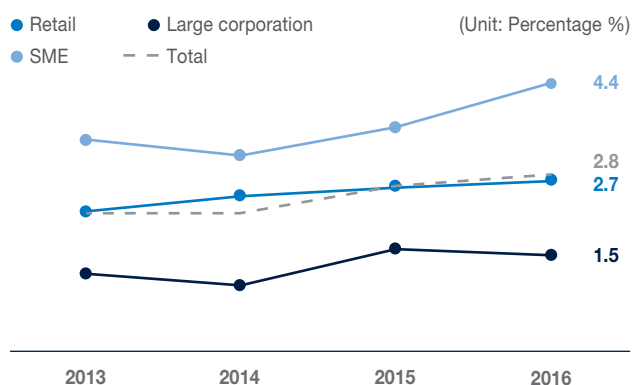
In 2017, some laws might have consequences to commercial banks. For instance, Small Industry Credit Guarantee Corporation Act will be amended to expand the coverage to leasing and hire-purchase. Therefore, it will benefit consumers and businesses to have more access to credit and also reduce credit risk to banks as well. Additionally, Credit Information Business Act will restrain uses of borrower's information in training credit risk model without borrower's specific consents. This act will be beneficial to the consumer in case of misuse of credit information.

Banking Industry: Loan Growth



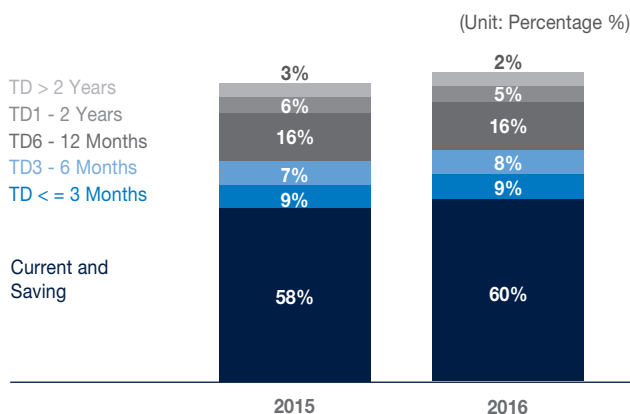
Source: Bank of Thailand

Banking Industry: NPL Ratio



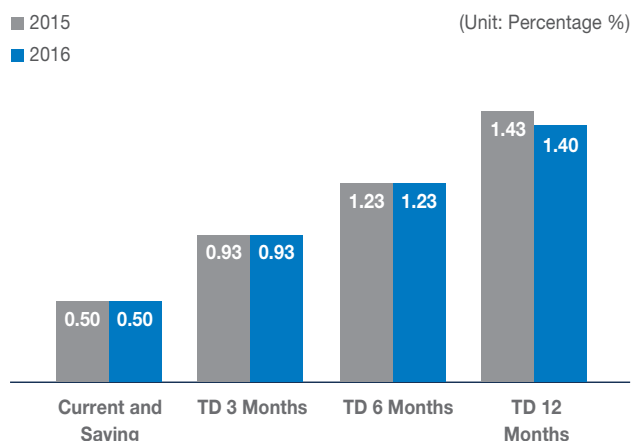
Source: Bank of Thailand

Banking Industry: Composition of Deposits by Maturity



Source: Bank of Thailand

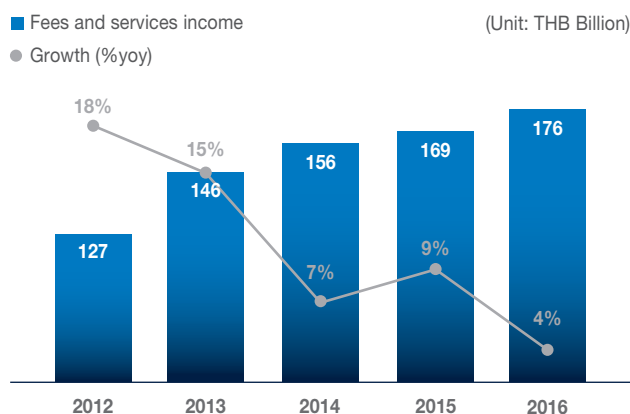
Banking Industry: Deposit Rates by Maturity



*Average from 4 largest commercial banks' rates

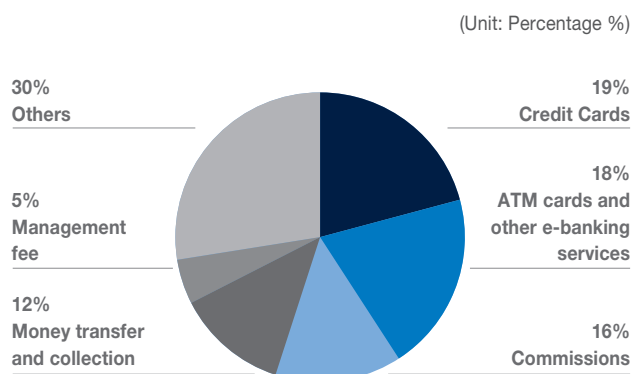
Source: CEIC

Banking Industry: Fee and Service Income



Source: Bank of Thailand

Banking Industry: Fee and Service Income Structure



Source: Bank of Thailand

STRATEGY AND BUSINESS

Brand Aspiration

TMB empowers customers to make the most of their lives

Our Brand

Make **THE** Difference

Rooted in core brand DNAs:

- **Genuine** – Offer financial 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 and services that cater to 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 7 Strategic Intent

Have Strong Customer Understanding

TMB emphasizes on the importance to understand customers at both individual and industry levels (including cross-segment) so that the Bank can develop products and services that suit customer needs.

Grow Quality Deposits

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

Recurring Non-Interest Income

TMB intends to build non-interest income capability with a healthy balance of non-credit related income and credit fee income. This will ensure sustainable bottom-line through business cycles.

Optimize Capital and Liquidity Utilization

TMB is strongly committed to deliver the level of profits expected by investors.

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.

High Performance and Empowered Organization

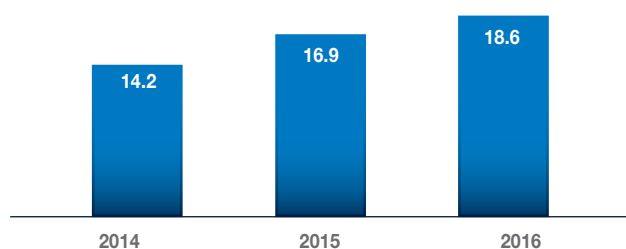
TMB aims to build highly competent and productive staff who has the mind-set and skillset to collaborate cross-functionally and to make decisions that align with the Bank's Strategies.

Key Performance Indicators

Leading Thai Bank with World-class Financial Solutions

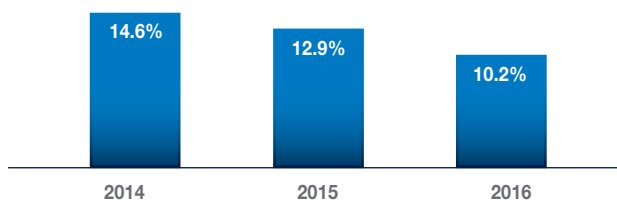
Pre-Provision Operating Profit (PPOP)

(Unit: THB Billion)



Return on Equity (ROE)

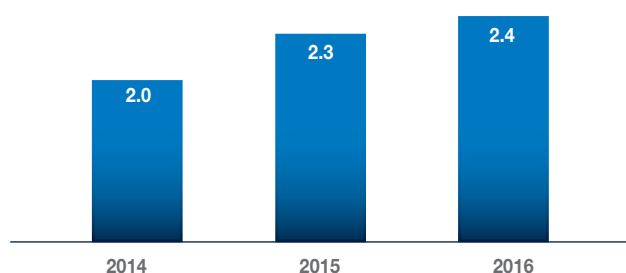
(Unit: Percentage %)



Have Strong Customer Understanding

Quality Active Retail Customers ^{(1) (2)}

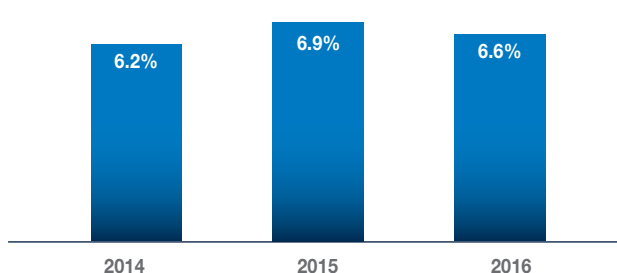
(Unit: Million)



Grow Quality Deposit

TMB CASA Market Share ⁽³⁾

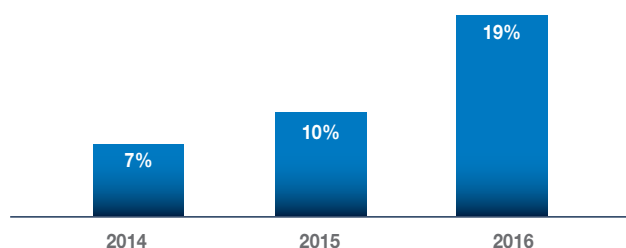
(Unit: Percentage %)



Transactional Banking Excellence

% Retail Transaction through Digital Channels ⁽⁴⁾

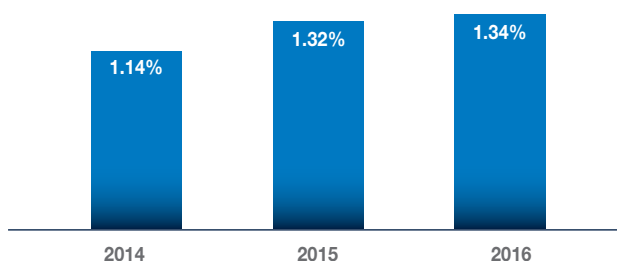
(Unit: Percentage %)



Recurring Non-Interest Income

Non-Interest Income / Average Earning Asset (%)

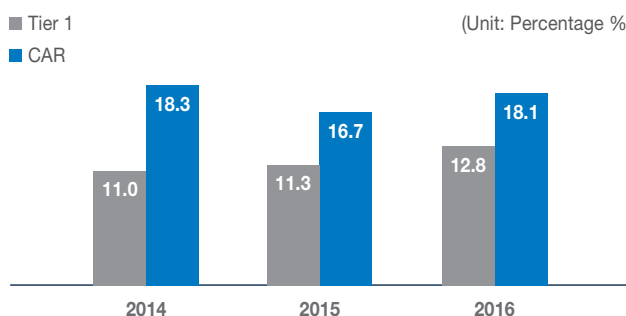
(Unit: Percentage %)



Optimize Capital Utilization

Capital Adequacy Ratios

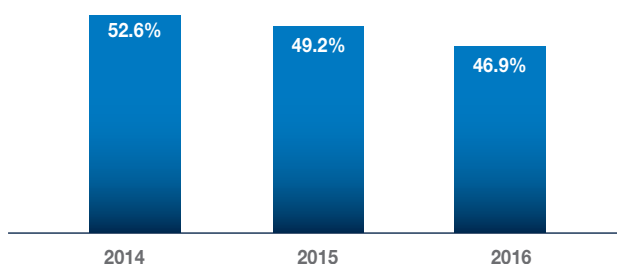
(Unit: Percentage %)



Ensure Cost Efficiency

Cost to Income Ratio

(Unit: Percentage %)



(1) Definition was changed since 2014

(2) Based on monthly transactional activity and average deposit balance

(3) TMB CASA includes Current, Savings, Saving Care, No Fixed and ME

(4) Digital Channels are internet and mobile banking

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 • 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 customer needs • Branch renovation and relocation • Launch of Make THE Difference
3. Differentiate and deepen share of wallet 2012 – 2014	<ul style="list-style-type: none"> • Transactional banking excellence and branded customer experience • Leveraged transactional relationship with customers to offer the right products that answer customers' needs • Better quality of assets (larger proportion of SME lending) • Introduced integrated channel with focus on digital transformation 	Complete <ul style="list-style-type: none"> • Successful release of flagship transactional products • Cross-selling based on customer understanding at industry and segment level • Optimization of loan portfolio • Offer best-in-class e-Channels
4. Induce a game change and enter into new business 2015 onwards	<ul style="list-style-type: none"> • Focus on building the right digital platform that address customer needs and lifestyles to empower them to make the most of their lives • Develop employee capability and restructure organization to allow the employees to work at their full potential • Potentially enter into new businesses 	On track <ul style="list-style-type: none"> • Prepared infrastructure for digital platform and to serve National E-Payment • Reduced employee corporate layer down from 6 to 5 to improve agility

Wholesale Banking

Our Intent

Become the preferred bank in transactional banking & supply chain to empower customers to maximize their business potential.

How We Plan to Deliver:

- Be a need-based bank that truly gains in-depth insights on customers' business needs in order to develop and offer products that address their requirements and adds value for the customers.
- Offer best-in-class transactional excellence experience through **simple & easy** end-to-end process.
- Develop and deliver solutions through **value chain operating model** and adopt **agility approach** by which all parties across departmental units are empowered to collaborate & commit to deliver superb customer experience.

2016 Summary

TMB has committed in becoming the trusted banking partner and the transactional bank of choice for wholesale customers by providing best-in-class customer experience, value-added product & services as well as a user friendly digital platform. This ultimately yielded result in higher portion of recurring income from intermediating customers' transactions. In addition, TMB focused on proactive risk management and portfolio optimization, resulting in the significant improvement in the risk-adjusted return.

- **Trade Finance:** TMB continued to focus on uplifting timely service delivery and developing error-free trade finance transactions. In 2016, TMB introduced FX simulation through electronic channels to allow customers to better manage foreign exchange risk. As such, TMB successfully grew our share of wallet from existing customers. Our international Trade and FX fee showed double-digit growth of 15% and 14%, respectively, despite another sluggish year of Thailand's imports and exports.
- **Supply Chain:** TMB strengthened the proposition of leader in Supply Chain Solutions by offering innovative transactional solutions that make the connection across supply chains more efficient. On top of that, knowledge management on lean management for supply chain is still the key value we offer to customers based on the strong belief that efficiency throughout the supply chain is extremely more powerful. In consequence, TMB not only sustainably grew customer bases in the business sector, but also succeeded in penetrating to the military sector.
- **Digitalization:** TMB has tremendously raised the electronic user interface experience by consolidating platforms of internet banking. In addition, TMB ensured the customers' accessibility by maximizing the stability of system uptime with the highest security standard. The usage of TMB internet banking has expanded by 20% from the previous year with a growth of active users from 73% to 78%.
- **Asset quality:** TMB focused on sustainable growth by emphasizing on proactive monitoring of the asset quality, especially during economic turbulence. Evolving risk management models from reactive monitoring of financial performance to include proactive evaluation of qualitative factors will help

prepare portfolio to be more immune from the potential downside risk or thrive during the economic turnaround.

Apart from the above mentioned area of focus, TMB continues to gain in-depth insights on wholesale customers' business needs to constantly develop and offer products that address their requirements. Furthermore, the investment in human capital, which is one of the key success factors of this business, is also developed to be more understanding towards customers' business to better provide the right solutions and services to customer.

Plan for 2017

In order to become the preferred bank of commercial customers, we continue to strengthen our core focus on transactional excellence and further lift the bar on customer experience to ensure we outgrow the competitors, especially in the digital world. To achieve the commitment, the Bank identify the six strategic intents as follows:

- 1. Build eco-system through digital platform and e-supply chain for mass acquisition:** Riding on the established footprint of supply chain solutions, TMB continues to create impact in a larger scale through rolling out the platform to lower-sized sponsors with higher number of value chain parties. Digital platform is adopted to enable the operating efficiency improvement, information enhancement and financing accessibility.
- 2. Go into new era of transactional banking and e-payment solution:** The upcoming of National e-payment will create a level playing field and significantly eliminate the cross bank transfer limitation. TMB takes this opportunity to offer our holistic solution that will help our customers to improve efficiency, reduce operating cost, financial visibility through real-time reports and information for timely business decisions.
- 3. Make trade finance simple:** After the success story in 2016, the continuation of improvement in trade finance services to achieve 'simple and easy' transaction experience, together with the holistic trade service solution and a low-cost and fast way of money transfer, would be the key achievement TMB aims to deliver to customers in 2017.
- 4. Challenge status quo of traditional products and close gap of unmet needs:** TMB will continue to challenge status quo of traditional products (i.e. LG, Bancassurance) to find better ways in delivering products/services that serve their needs. In part, the technology will enable new customer experience and build scalable platform to serve customers better.
- 5. Enhance people capability & productivity and strengthen sales-risk balance culture:** TMB focuses on enhancing competency of human resource to be well-rounded in rendering professional advice and expertise to wholesale customers in maximizing their business potential.
- 6. Maximize profit from cost saving and efficiency improvement:** TMB strives to improve efficiency by adopting lean concept, automation and straight-through processing. This will lead us to the cost competitive operating platform.

SME Banking

Our Intent

Become the preferred bank for SMEs

How We Plan to Deliver

- Strengthen customer understanding of SME transactional and financial needs across different business profiles by intensive research and data analytics
- Offer need-based and personalized solutions and services that Make THE Difference through customer centricity
- Facilitate hassle-free and fast end-to-end process. Enhance simple and easy experiences across multi service channels, especially digital channels
- Develop our people to provide advisory to SMEs based on understanding of their business needs to enable them to grow with their full potential

2016 Summary

Due to the continued slowdown of global economy and the domestic issues such as the drought crisis, the contraction of domestic consumption, in the year 2016 Thailand's economy is stagnant. The slow recovery greatly impacts to most SMEs.

With the challenging economy, focusing on extending business with our existing customers becomes more important. Additionally, we continue to strengthen credit underwriting capabilities, enhance monitoring and follow-up process efficiency to ensure sustainable growth of high-quality credit portfolio. Moreover, TMB aspires to develop our people to have an ability to manage profitability, optimize risk, and provide well-rounded advisory to customers.

Also, we still look for opportunities to minimize negative impacts while optimize customer's profitability. Since the new "Business Security Act" (expanding the types of assets that Thai entities can use as security for financing) becomes effective from July 2016, we are the first Thai bank responding to the Act by launching **TMB SME 3X Prompt Perm** to provide additional 10% of credit limit for customers who register floating charge with TMB. With the program, we believe it enables SMEs to better accessible to funding, which is important to their business growth as well as increase collateral to further lower risk.

As we realize that time to money is also critical to SME's success, we continue improving **End-to-End Credit Process**, starting from further developing efficient process, simplifying document and adopting new technology to make the process become straight-through.

Since transactional banking is the heart of day-to-day operation for SMEs, we always strive to develop the right transactional solution to our customers. Building up on the prior success of TMB One Bank, we further developed and launched the new version of **TMB SME One Bank**, in the late of 2016, to provide the benefits and features that fit to the needs of SMEs through digital channels, which, from our insights, increasingly embraced by SMEs. With additional features tailored to SMEs such as free TMB Payroll through

TMB Business Click, SMS alert for insufficient fund in cheque payment, we aim at helping customers manage their business smoothly.

Furthermore, to help SMEs capture the rise of Thailand's import and export market, especially with its neighboring countries, TMB strongly believes that the program equips SMEs to have more confidence in expanding their exposure to the international market. We started **Trade Expert Program** in June 2016 with 10 courses conducted and 363 participants to enhance SME's capabilities in trading with their international counterparts. Moreover, we launched **TMB SME FX & International Trade Hotline** in January 2016 to provide FX and international trade trends, regulations and advisory to SME exporters and importers.

Besides financial services, we also provide non-financial service to support SMEs grow sustainably. With the declining economy, cost efficiency is in a focus of SMEs, we continue our successful **LEAN Supply Chain by TMB** program in its third year, partnering with leading institutions of Thailand such as Sirindhorn International Institute of Technology, King Mongkut's University of Technology Thonburi, and large business conglomerate such as Betagro, Siam Cement Group (SCG), Central Group, Berli Jucker (BJC). So far, we have already started 9 courses with 52 projects that help our customers save cost approximately THB580 million.

TMB continues to strengthen relationship with SMEs through **dual-relationship** model. Relationship managers are closely in touch with customers via face-to-face visit while Relationship Management Center takes care customer via phone call. Currently, TMB serves SMEs through nationwide business network of 103 zone offices.

Despite the economic slowdown, TMB has achieved in maintaining our loan market share in the same level with that in 2015 through our existing customers, whom we know their business well, with the slight growth of income on loan from continuous solution development and service improvement. Transactional deposit balance, which is TMB's strategic product, grows significantly at 7.4%. As a consequence of our strategy to build sustainable source of income, recurring fee grows 16% from the previous year, mainly contributed by trade finance, foreign exchange, letter of guarantee and bancassurance product.

Plans for 2017

- Becomes SME's main transactional bank through need-based and simple & easy solutions
- Enhances customer acquisition capabilities through supply chain and existing transactional customers
- Builds capability to serve SMEs in international trade
- Transforms credit product and process to better serve customers
- Improves end-to-end customer experience with simplified product conditions and processes throughout customer's journey
- Strengthens portfolio management and data analytics capability
- Continuously develops well risk-balanced frontline people through SME Academy that provides systematic knowledge management, comprehensive training, and certification

Retail Banking

Our mission

- Become the preferred transactional bank of choice
- Build customer values by offering relevant need-based products and services

How we plan to deliver

- Understand and fulfill the needs of our target customers
- Grow customer base and quality deposits by delivering branded service excellence in transactional banking
- Provide meaningful products and services at the right time to match the needs of our customers
- Provide customers greater accessibility to our products and services via seamless omni-channel experience at a time when they need

2016 Summary

Customer centricity remains core discipline in TMB's retail banking strategy in becoming the country's leading transactional bank that provides need-based products and services at a time when our customers need through our nationwide network.

2016 was a pivotal year for us as we managed in a sustained effort to develop and deliver meaningful products and services committed to our customers. We made more progress in improving branded customer experience and emphasizing on tangible benefits for their betterment particularly in channels such as branch, automatic machines, Call Center 1558 including our anywhere anytime digital channels following our **Make THE Difference** brand philosophy.

We continued to improve TMB Touch Mobile Application so our customers could gain a faster access to our products and services anywhere anytime when they needed. We introduced many winning state-of-the-art technologies and solutions ranging from 3D access to account balance shortcut menu without having to login for easier and simpler steps when transferring money, paying bills and topping up, all to ensure that our customers had the simplest and seamless experience when using TMB Touch. At the cornerstone of Digital Age, we have gone even further in designing and humanizing TMB Touch to be existed and lived within a part of our customer's life by providing extended benefits, beyond just the self-served purpose, such as abilities to open a second deposit account, have a view of bancassurance/mutual fund portfolio, redeem credit card rewards as well as turn select credit card transactions into TMB So GooOD Payment Plan – our notable claim of being First in Thailand to ever have this functionality available in mobile application. In a good sense, these series of innovations afforded us widespread compliments and responses, and proved a significant growth in TMB Touch customer base by approximately 165% in 2016. Furthermore, because we wanted to assure our customers that they had radically easiest and fastest access to our products and services anywhere anytime when not using mobile application, we worked tirelessly on bringing this convenience possible and available on other platforms, connecting customer experience

across the full range of our services. That being said, our customers could have access and gain the same experience when walking into one of our branches, calling into our Call Center 1558, or even initiating sale request on www.tmbbank.com (we called it "Digital Drop Lead"). By the end of 2016, numbers of customer that were approved for credit cards and mortgages from our digital drop lead channel went up as high as 184% more than year before, and this is just one of a number of examples how we succeeded in bringing a uniform omni-channel experience to live and be a part of our customer's everyday life.

We continued to remain focused on retail deposit through **deposit-led-strategy**, our key instrument in funding our other businesses and at the same time helping to improve our cost of fund. Through many years of proven success in matching our customer's needs with a good variety of For Use and For Save selections along with our continued efforts in customer understanding, we were privileged to have upgraded the existing **TMB All Free** and reintroduced, for the first time, the country's best transactional product. The new **TMB All Free** claimed **Ultimate Freeness**, one and only transactional account in Thailand offering unlimited withdrawals at all ATM machine available throughout the country, unlimited bill payments, unlimited interbank transfers and unlimited card reissues in a case of lost, damaged, stolen, or expired, all at free of charge. To safeguard our commitment in valuing voice of the customer (VOC) and delivering promised benefits throughout, we extended the new privileges to our 1.2 million existing customers who already had TMB All Free accounts, empowering them more to live their life to the fullest in this Digital Era. Furthermore when PromptPay made its official debut in January, a new level of convenience in using mobile phone digits or citizen ID as bank account identification for money transfer materialized. The introduction of PromptPay automatically helped sharpen TMB All Free's value proposition to the next level of height and this went beyond being just the country's Best-in-Class transactional product. Behind our good belief, not only customers could now make unlimited money transfers at free of charge to any bank accounts, they could also do them at free of charge over PromptPay's, indisputably creating a sustainable differentiation and bringing maximum benefits to our transactional customers.

Our challenge-the-status-quo endeavors continued through promised delivery of high interest rates in **ME by TMB** through lower cost to serve benefits from its being a pure digital banking service. **ME by TMB** facilitates customer's ability to self-serve and fulfill their needs independently through strong sense of ownership and freedom. Having already known for its signature experience, **ME by TMB Mobile Application** was also introduced last year, allowing customers to have faster and easier access to all the possible savings needs and services. To give you an indication of how we succeeded, **ME by TMB** has already attracted more than 250,000 customers since its official debut in 2012.

At last, the ability to know and understand more about our customers is instrumental to our success. We continued to identify customer's needs through our advanced data analytics which helped us ladder to a better understanding on customer behaviors more completely, making us become better aware on which particular product or service to offer over a series of moments. In 2016, we moved forward and successfully sustained our market leadership in being the first and only Thai Bank to offer **Open Architecture** platform, allowing customers to easily purchase mutual funds with confidence from 7 leading asset management companies – namely Aberdeen, CIMB Principal, Manulife, ONEAM, TISCO, TMBAM and UOBAM, **all at one place**. Furthermore, we continued to place a good focus and attempted to reach out for more customers in more parts of the country through **Life Saver 15/9**, our bancassurance product, under a winning idea of “Simple and Affordable” as well as both secured and unsecured loans.

Plans for 2017

Going into 2017, we set 4 goals for ourselves.

- Continue to expand customer base through our branded service excellence in transactional banking
- Improve customer experience by focusing on service excellence
- Deepen customer's share of wallet by offering right products at the right time
- Market digital channels to be customer's primary channel of choice in transactional banking

RISK MANAGEMENT AND KEY RISK FACTORS

Risk Management

Overview of TMB's Risk Management

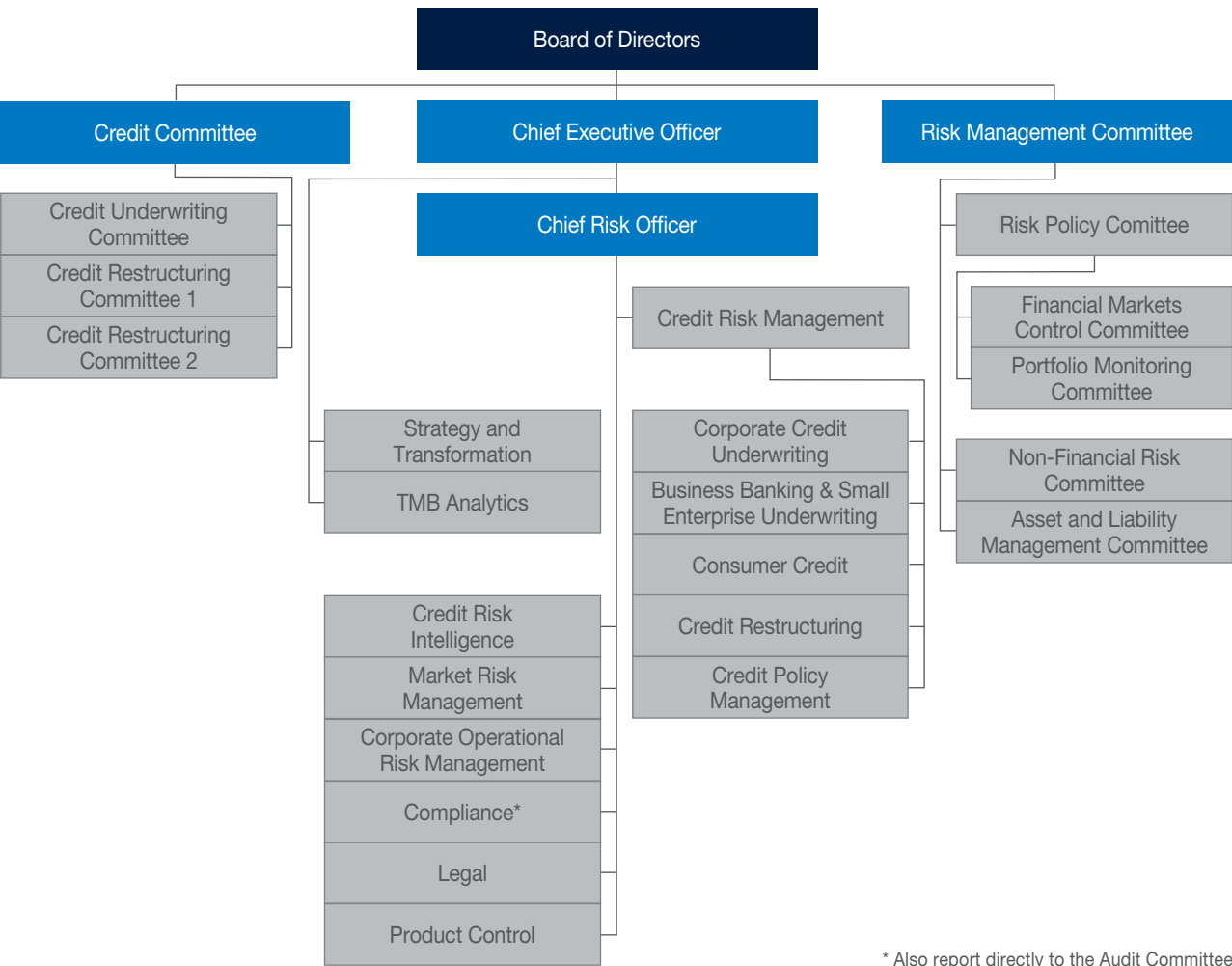
In TMB, risk management is of primary importance in order to create shareholder value by ensuring a sustainable balance between risk and return and compliancy to regulatory requirements. The general Risk Management Framework consists of a clear Governance Structure, a consistent Risk Management Process and embedding a Risk Culture in the first Line of Defense. Moreover, Risk measurement is fully integrated in the strategic planning. All of this translates into a straightforward Risk Management strategy in which:

- Products & portfolios are structured, underwritten, priced, approved and managed appropriately;
- Compliance with internal and external regulations and guidelines is monitored continuously;
- Our risk profile and risk appetite are transparent and consistent;
- Delegated authorities are consistent with the Bank's overall strategy and risk appetite;
- Communication to internal and external stakeholders on risk management and value creation is transparent.

1. 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. Moreover, to maintain the independence of the compliance function, Compliance has a dual reporting line to the Audit Committee and Chief Risk Officer.

TMB Risk Governance Structure



* Also report directly to the 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. However, Business Units as the 1st Line of Defense are primarily responsible for managing risks within their responsible portfolio, several risk committees provide forums to discuss and decide about specific risk areas:

1. **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 Financial Markets Control Committee:** serves as a cross-functional forum for business, operations, information technology and risk management functions with a primary focus on business practices and the risk and control environment and end-to-end value chain of the Bank's Financial Markets undertakings and its product approval and review.
 - **The Portfolio Monitoring Committees** 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.
2. **The Bank Non-Financial Risk Management Committee:** to manage the operational risks of the Bank and its subsidiaries by establishing the Operational Risk strategy and policies and oversee to ensure that they are implemented effectively at all levels of granularity. To emphasize the effectiveness of the "Three Lines of Defense" risk governance model, the bank set up 3 Business Units Non-Financial Risk Committees reporting to Bank Non-Financial Risk Committee for Retail, SME and Wholesale Banking.
3. **The Asset and Liability Management Committee:** assists the RMC in all matters related to the asset and liability management and balance sheet management.

All the risk management related functions are under the leadership of the Chief Risk Officer (CRO). The CRO, as 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.

2. 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: Credit Risk, Market Risk (which includes Foreign Exchange Risk and Interest Rate Risk), Liquidity Risk, Operational Risk and Strategic Risk.
- 2) Risk Assessment & 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 stress event scenarios.
- 3) Risk Monitoring and Control: TMB controls, mitigates and monitors risks by setting 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.
- 4) Risk Reporting & communication: 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.

3 lines of Defense

Over the last years, TMB has invested significantly in further strengthening a risk management culture where all employees in the Business units (1st line) identify risks, consider the impact, report if necessary and apply appropriate risk mitigation strategies. Investments include training, tooling, processes and policies. Risk Management units under the Chief Risk Officer perform 2nd line of defense duties of formulating risk strategy, policies and appropriate risk structures, provide oversight & monitors 1st line of defense and actively challenges the risk – return trade-off in the Business units. Internal audit as the 3rd line of defense provides independent and objective assurance on the effectiveness of controls and recommends improvements to the governance-, risk- & control framework.

Key Risk Factors

Key risk factors that could arise from the Bank's business operation are as follows.

1. 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 risk management framework. The 3 lines of defense principle helps us to mitigate credit risk within TMB and consists of 3 principles:

- Management and staffs 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.

1.1 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 and analytics is supporting 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, EAD (exposure at default) based on loan types or debtor types, and LGD (loss given default) based on collateral types.

The Bank's Risk Appetite Statement (RAS) expresses the type and level of Credit Risk that the Bank is willing to tolerate in pursuit of its strategic objectives. RAS aims to ensure that the Bank's actual risk exposure is consistent with its strategic objectives and that exposure moving beyond tolerance risk levels is timely identified and acted upon. The RAS is determined based on consideration of TMB Bank's financial plan. The RAS contains a set of quantitative statements which are measured and reported on a monthly basis towards RMC and Executive Committee. This RAS also forms the basis of the quarterly Portfolio Monitoring Committees in order to timely address possible boundary breaches.

• 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.

1.2 Credit-Related Policy

1) Classification and provisioning policies

The Bank has conducted the loan classification and provisioning, including qualitative classification, in line with the BoT's notification regarding worthless or irrecoverable assets and doubtful assets which may be worthless or irrecoverable by commercial banks. Commercial loans are classified by debtors, whereas consumer or retail loans by accounts based on delinquent period. If customers use both types of credits, the loans are classified by debtors based on their main income source so as to truly exhibit the asset quality and make sufficient provisioning.

Moreover, in addition to provision made according to the above mentioned BOT's notification, the Bank sets aside additional provisions by a collective approach for debtors classified as special mention and normal for each credit rating according to the Bank's policy.

2) Policy on provisioning for off-balance sheet items

TMB estimates the liabilities arising from off-balance sheet items on a quarterly basis to make appropriate provision in line with the BoT's notification regarding Classification and Provision of the Financial Institutions as follows:

1. Provisions for off-balance sheet items with high credit risk are made by using a BoT-specified credit conversion factor of 1.0 for capital adequacy calculation.
 - 1.1 In case the off-balance sheet obligations of a debtor are classified, according to the BoT's guidelines, as sub-standard, doubtful, doubtful of loss, and loss assets, the Bank must set aside provisions at the same rate as the provisioning rate of the same debtor in the balance sheet.
 - 1.2 In case the off-balance sheet obligations of a debtor are classified as special mention and normal assets, the Bank sets aside provisions based on the amount of estimated potential loss by using the collective approach.
2. For off-balance sheet items with a credit conversion factor less than 1.0 and classified as special mention and normal assets, the Bank also sets provisions by the collective approach.
3. For liabilities other than those in 1 and 2 above, the provision is made only for the contingent liabilities that are very likely to become a loss.

3) Non-Performing Loan (NPL) and Potential Non-Performing Loan Management

The Bank is aware that to manage the Non-Performing Loan (NPL) and Potential Non-Performing Loan Management will impact to the overall bank performance. So that the Bank set the "Non-Performing Loan and Potential Non-Performing Loan Management" with the objective to reduce the NPL based on the principle of Proactive correction and fast track measures to convert NPL to normal loan.

The Bank set NPL Prevention (in 2nd line of defense) to perform proactively on Potential NPL who will take care of debtors who start to be delinquent on the term loans and fall in "Early Warning Sign (EWS)" or having significant deterioration in risk profile. Especially, the debtors who are classified as Special Mention (SM) requiring close monitoring. To be more efficient, Relationship Manager (RM) will co-ordinate with NPL Prevention Team to negotiate with debtors to identify debtors' problems and to set appropriate solutions based on nature of the problem. For example, in case of short term liquidity problem, the bank may consider term extension, restructuring loan facility, and etc. In case of long term problem such as higher competition or lower sale, the bank may consider long-term restructuring based on debt service ability.

To comply with the policy, Documentation Team and Legal & Strategy Team will co-ordinate with NPL Prevention Team to prepare any document or agreements to be guideline of such measurement.

To monitor the implementation, the Monitoring Team will closely follow up all actions relating to contracts by working along with NPL Preventive Team to ensure that the risk is controlled until the accounts are converted back to normal.

For NPL, to set the Debt Restructuring Plans which comply with the Bank's Policies and Regulations, all Credit Restructuring Teams will work with Legal Strategy Team to set appropriate plan before negotiating with Debtors. However, in order to have effective reduction of NPL, the Bank may consider selling NPLs that are not able to finalize Debt Restructuring Plans by groups or by cases.

2. 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 units designated with the responsibility for market risk management accomplish 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 exposures by setting limits within the maximum exposure and maximum loss approved by the Board of Directors. The significant market risks are as follows:

2.1 Foreign Exchange Rate 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 Books. 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 unfavourable 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 optimising the return on the funds invested. Adherence to the limits is monitored by Market Risk Management.

2.2 Interest Rate Risk

Interest rate movements directly affect the Bank's earnings 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.

3. 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 the 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 management plan and strategy for a normal and critical situation at least once a year, 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. Balance Sheet Management is also 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. Most of the Bank's funding was mainly from deposits. The Bank's ongoing quality deposit 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 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.

4. 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. TMB adopts the Basic Indicator Approach (BIA) by using gross income as a proxy in the calculation of value equivalent to operational risk-weighted asset (RWA).

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 Bank Non-Financial Risk Committee: BNFRFC, chaired by the CEO, whose responsibilities are to manage the operational risks of the Bank and its subsidiaries by establishing the Operational Risk strategy and policies and oversee to ensure that they are implemented effectively at all levels of granularity.

The Bank has applied the “Three Lines of Defense” risk governance model aligning with COSO (the Committee of Sponsoring Organizations of the Treadway Commission). The bank set up 3 BU (Retail Banking, SME Banking and Wholesale Banking) Non-Financial Risk Committees: BU NFRC, chaired by CRBO, CSBO and CWBO, respectively, reporting to BNFRFC, to emphasize the effectiveness of the “Three Lines of Defense” Model at lower level in the organization and enable the management from lower levels to steer the operational & compliance risk management in their Business Units.

Under “the Three Lines of Defense” principle, Business and Support Units (BU/SUs) as the 1st Line of Defense, are primarily responsible and accountable for their own operational risk management and control. Business Operational Risk Management (BORM) is the function under BU/SUs with joint reporting line to CORM, responsible for the advisory service and support of the respective business areas in developing, formulating, and implementing the ORM policies, monitoring and measuring the operational risk profile of the respective business areas.

The Bank has established a dedicated Corporate Operational Risk Management (CORM), the 2nd Line of Defense, 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 & physical security risk, and workplace safety risk. CORM developed Operational Risk Management Policies to ensure that the operational risks are properly identified, assessed, monitored, reported, analyzed, and controlled in a systematic and consistent manner. The policies provide the foundation and common infrastructure for delivering, maintaining, and governing operational risk management.

Audit operates as the “3rd Line of Defense”. Their mission is to provide an independent assurance of the design and effectiveness of internal controls established by the first (BU/SUs) and second (CORM) line of defense. In carrying out this work, Audit will provide specific recommendations for improving the governance and the risk & control framework.

The Bank has applied the Basel New Capital Accord (Basel II) guidelines. Risk Appetite Statement (RAS) and various policies have been established to manage the operational risk, including coverage of all key processes and tools, such as Risk & Control Self-Assessment (R&CSA), Key Risk Indicators (KRI), Incident Management, Action Tracking, Product and Service Approval Process (PSAP), Outsourcing/ Insourcing Risk Management, Business Continuity Plan and Disaster Recovery Plan (BCP / DRP), and Key Control Testing (KCT).

The Bank’s Risk Appetite Statement (RAS) expresses the type and level of non-financial risk (Operational, Compliance and Legal risk) that the bank is willing to tolerate in pursuit of its strategic objectives. RAS aims to ensure that the Bank’s actual risk exposure is consistent with its strategic objectives and that exposure moving beyond tolerance risk levels is timely identified and acted upon.

The RAS is determined based on consideration of TMB Bank’s vision, the TMB Way, strategy, objectives and historical data. The RAS contains a set of quantitative and qualitative statements. The Quantitative statements are measurable and are informed by the strategic priorities of the organization. The Qualitative expressions of non-financial Risk Appetite describe the acceptable and unacceptable attitudes and behaviors of the organization as a whole.

The process of measuring, monitoring and reporting of RAS are made through non-financial risk dashboard (NFRD) on an ongoing basis which aims to promote pro-active risk management response. In case the Bank moves towards or beyond the tolerance level, the responsible units will highlight the issue during NFRD reporting on the Bank Non- Financial Risk Committee (BNFRFC), management and staff are expected to take actions to bring down to its tolerance level.

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 process 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. The bank implement the GRC system as the tool for incident management and response and keeping track of the status of the actions which come from audit and non-audit findings to ensure that they are monitored and managed efficiently by all relevant parties.

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.

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.

The Bank has established the Key Control Testing (KCT) governance to provide guidance and standards for all Business and Support Units for implementation. KCT is the set of methods and processes used for the key control identification, maintenance and testing in order to keep non-financial risks related to business activities actively within TMB Bank's risk appetite, ensure the effectiveness of controls and building proactive Risk Culture.

In terms of operational risk management at the subsidiaries, the subsidiaries have aligned with and adopted TMB's Operational Risk Management Policies and Framework 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.

5. 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, "TMB inspires people to Make THE Difference". 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.

Other Risk Factors

Apart from key risk factors from daily business activities as mentioned above, unexpected changes in business environment or regulations could also affect the Bank's operating performance as well as shareholders' returns. However, the Bank ensures that such risk factors have been consistently monitored and managed.

1. Risk from Economic condition

TMB Analytics expected Thai economy to maintain the moderate growth momentum and expand at 3.5% in 2017. The main growth drivers are still government expenditures and infrastructure investment projects. Nonetheless, in 2017 Thai economy faces higher uncertainty, particularly from external factors, which may impede economic expansion. Firstly, trade protectionism policies by the US may dampen global trade and investment environment resulting in fragile export recovery. Secondly, European political uncertainties including the beginning of law drafting process in the UK to trigger Article 50 for Brexit and election in France and Germany that can lead to withdrawal from the EU causing fluctuation in global financial markets. Lastly, global oil price acceleration can bring about faster-than-expected interest rate hikes which could dampen recovery in private investment.

The Bank is fully aware of economic uncertainties and put in place a framework to manage the risks. TMB Analytics, the Bank's in-house economic research unit, has played an important role in closely monitoring and assessing the economic conditions as well as cooperating with business units on regular basis. This is to ensure that the Bank's operation is resilient and ready against any unexpected uncertainties.

2. Risk from Material Changes in Regulations

It is the Bank's obligation to comply with statutory rules and regulations issued by relevant authorities, e.g., 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. In addition, foreign act which substantial impact to the banking industry has also in place.

Compliance has been established in which responsible for providing advice, recommendations and opinions on various issues, cooperative with the relevant functions within the Bank, and set up the control and monitoring program, in order to ensure that the Bank and its subsidiaries are in compliance with applicable statutory laws, rules and regulations as well as the Bank's internal policies and procedures. Substantial issues shall be escalated to the Bank's management and committees to effectively manage compliance risk.

The Bank of Thailand reviews its Notifications such as revision on Comprehensive impact assessment - Counterparty Credit Risk (OTC derivative reforms) which requires full compliance with international standard on OTC Derivative (trade via Electronic Trading Platforms (ETP) and clearing via Central Counterparties (CCPs) and report the transaction via Trade Repositories (TR) but for current situation in Thailand BoT assessed that ETP and CCPs are considered unnecessary. However for TR, BoT is under revision database for supporting such standard. BoT also considered that Capital charge of OTC Derivatives shall be required in 2 categories such as Counterparty credit risk and Market risk.

Besides that, BoT also issued the guideline regarding Emergency Lending Assistance (ELA) which is a part of the liquidity assistant for Banks. BoT could grant the lending to the bank for assisting the liquidity problem if the bank has the lending debtors as collateral. TMB sent ELA report to BoT according to ELA guideline with effective from April 2016.

As for the regulation regarding policy and exchange control, BoT permits the bank in issuance Structured product in foreign currency with reference the foreign currency. Such product could be issued in foreign currency account, however the bank shall informed the customer that it isn't deposit product.

In addition, BoT also request the bank to provide the information of the trader officer who responsible for the treasury / global markets or asset liability management, to BoT every half-year. The bank shall monitor the qualification of such officers according to BoT guideline.

The Securities and Exchange Commission (SEC) has a plan to enhance the quality of mutual fund sales by the Limited Brokerage, Dealing, and Underwriting (LBDU) businesses through the Self-Assessment Questionnaire (SAQ) in April 2016 which covers 8 aspects, including (1) Governance structure for fair dealing culture, (2) Product selection, (3) Remuneration structure, (4) Sales process, (5) Communication and training, (6) Operation and business continuity, (7) Compliant handling, and (8) Internal control and in-house inspection.

The Office of Insurance Commission (OIC) conducted the on-site insurance sale audit by using the mystery shopping approach in early 2016, which was the measure to control the quality of insurance product sale through commercial banks to strictly adhere to the Act. The OIC hold discussion with the Thai Banker's Association and developed the 12 point guidance for the people to know their rights and duties in buying insurance product through commercial banks. The 12 point guidance are, for example, the buyer should understand that buying of life insurance is not a bank deposit, the buyer is entitled to voluntarily choose to buy and to decline to buy insurance if it is not response to one's needs. In such case, the bank may not use the purchase of insurance protection as a bargaining condition to approve the credit or other transactions, etc.

In year 2016, Anti-Money Laundering Office (AMLO) issued Ministerial Regulations regarding Anti-Money Laundering Act, AMLB (Anti-Money Laundering Board) Ordinances, AMLO Notifications and Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act B.E.2559 (2016) which repealed Counter-Terrorism Financing Act B.E.2556 (2013) and Counter-Terrorism Financing Act (No.2) B.E.2558 (2015). Conclusions for FIs related issued are as follows:

1. Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act B.E.2559 (2016) (called CTPF Act) defined "terrorist act" means any act which constitutes an offense related to terrorism under the Penal Code, or any act which constitutes an offense within the scope of international conventions and treaties related to terrorism, to which Thailand is a party or acceded, whether such act is committed inside or outside the Kingdom, and "weapon of mass destruction" means nuclear, biological, chemical or other weapons which cause serious harm to lives of human, animal, plant or environment similar to such weapons, including means of delivery, component or equipment of such weapons.

AMLO shall make notification of the list of designated persons and shall inform FIs and persons in possession of the assets of the designated persons to take the actions (freeze assets, inform the frozen assets and a customer or former customer who is listed as a designated person or who has or had conducted transactions with such a person to AMLO) without delay.

In additional, the offense under this Act shall be a predicate offense under the law on anti-money laundering. Furthermore, a person who commits an offense of terrorism financing the proliferation of weapons of mass destruction, although the offense is committed outside the Kingdom, shall receive penalty in the Kingdom in accordance with this Act.

2. Ordinance of the AMLB prescribing rules, procedures and conditions for organizing training related to AML/CFT specified a training period throughout the courses for FIs shall be trained for a period of not less than 18 hours (with attendance not less than 80%). FIs shall keep evidence of the training including evidence showing that the officials have been retrained (every 2 years) in the place of business for examination by AMLO.

In case of FIs is punished in accordance with the law, for an offense related to report filing or overseeing report filing, customer identification or customer due diligence, which is violation or failure to comply with the law, such punished FIs shall arrange for officials associated with the offense to be retained within 2 months as from the date has been punished, and shall report to AMLO when such officials have passed the training.

3. Ordinance of the AMLB concerning supervision, examination, and assessment of compliance with the law on Anti-Money Laundering stated that there shall be a committee for consideration of the results of supervision, examination, and assessment to consider the results of supervision, examination, and assessment of compliance with the law on anti-money laundering or other related law. AMLO shall notify the supervision results to FIs and shall monitor the result until FIs complied with the law or the guideline.
4. AMLO adjust PEP's definition to include a high ranking official and having an important role, the control or the management in a central government and local government, state enterprises or other government bodies.
5. Ordinance of the AMLB prescribing rules and procedures for safekeeping of information from CDD defined that FIs shall keep information from customer due diligence (CDD) for 10 years (former 5 years) from the date of account closure or relationship termination. Type of information and document levy has been specified including electronic documents shall be in compliance with the electronic transaction law.
6. Changing of cash reporting (Por.Por.Ngor.1-01) threshold for foreign exchange service form 2 million baht or above to be 0.5 million baht or above.

7. Changing of reporting signatory (cash and asset transaction reporting) from the customers shall affix signatures to FIs' representatives shall affix signatures and record full legal names including recorded date as evidence.
8. Changing threshold of identification of customer making occasional transaction from 700,000 baht or above to 100,000 baht or above (transaction which is electronic transfer/electronic payment service remain 50,000 baht or above).
9. Enhancement of Ministerial Regulation prescribing rules and procedures for customer due diligence (No.2) by strengthen of "customer making occasional transaction" due diligence to be similar to "customer" due diligence as follows:
 - 9.1 FIs have to perform due diligence for "customer making occasional transaction" who do transaction not only 1 time but also continuously total 100,000 baht or above (or 50,000 baht or above for electronic transfer/payment services).
 - 9.2 FIs have to identify and verify both transacting person, beneficiary and attorney.
 - 9.3 FIs have to verify objective of such transaction, if suspicion found, suspicious transaction report (Por.Por.Ngor.1-03) is required.
 - 9.4 FIs have to perform risk management for high risk "customer making occasional transaction" and rich enhance due diligence. In case of supreme risk found, transaction is prohibited and suspicious transaction report is required.

3. Shareholder Risk

Shareholder risk may arise if the return from investment is not as initially expected. Returns from the investment in shares can be in the form of capital gains and/or dividend income.

The Bank aims to consistently maintain its operating performance and prudent risk management in order to generate sustainable returns for shareholders in the long run. Nevertheless, there are other external factors, which are beyond the Bank's control, that have the potential to affect the volatility of TMB share prices e.g. domestic and international political situations, foreign fund flows including the unpredictable circumstances. Hence, shareholders must be aware of all risk factors in which out of the Bank's control and decide on investment to suit their acceptable risk levels.

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MANAGEMENT STRUCTURE

1. Board of Directors

The Board of Directors as of December 31, 2016 consisted of 12 members, 7 holding non-executive directors positions, 4 independent directors, and 1 holding executive director position.

Name	Position	Date of Appointment	Year of Services (Year - Month)
1. Mr Rungson Sriworasat	Chairman of the Board	June 5, 2013	3 years - 7 months
2. General Chalermchai Sitthisad ⁽¹⁾	Director	November 24, 2016	1 month
3. Mr Philippe G.J.E.O. Damas	<ul style="list-style-type: none"> • Director • Chairman of the Board of Executive Directors • Member of the Nomination, Remuneration and Corporate Governance Committee 	December 28, 2007	9 years
4. Mr Singha Nikornpun	<ul style="list-style-type: none"> • Independent Director • Chairman of the Audit Committee 	January 10, 2014	2 years - 11 months
5. Mr Siripong Sombutsiri	<ul style="list-style-type: none"> • Independent director • Chairman of the Nomination, Remuneration and Corporate Governance Committee • Member of the Risk Management Committee 	April 10, 2015	1 year - 9 months
6. Mr Johannes Franciscus Grisel	<ul style="list-style-type: none"> • Director • Chairman of the Risk Management Committee • Member of the Credit Committee 	September 1, 2015	1 year - 4 months
7. Mr Pongpanu Svetarundra	<ul style="list-style-type: none"> • Director • Chairman of the Credit Committee • Member of the Board of Executive Directors • Member of the Nomination, Remuneration and Corporate Governance Committee 	February 23, 2012	4 years - 10 months
8. Mr Vaughn Nigel Richtor	<ul style="list-style-type: none"> • Director • Member of the Board of Executive Directors 	December 28, 2007	9 years
9. Mr Yokporn Tantisawetrat	<ul style="list-style-type: none"> • Director • Member of the Board of Executive Directors • Member of the Risk Management Committee • Member of Credit Committee 	June 1, 2015	1 year - 7 months
10. Mr Christopher John King	<ul style="list-style-type: none"> • Independent director • Member of the Audit Committee • Member of the Nomination, Remuneration and Corporate Governance Committee 	September 1, 2004	12 years - 4 months

Name	Position	Date of Appointment	Year of Services (Year - Month)
11. Mr Praisun Wongsmith ⁽²⁾	<ul style="list-style-type: none"> Independent director Member of the Audit Committee 	February 12, 2016	11 months
12. Mr Boontuck Wungcharoen	<ul style="list-style-type: none"> Director Member of the Board of Executive Directors Member of the Risk Management Committee Member of Credit Committee Chief Executive Officer 	July 14, 2008	8 years - 6 months

⁽¹⁾ General Chalermchai Sitthisad was appointed as a director to replace General Teerachai Nakwanich from the Board of Directors' meeting no. 11/2559 on November 23, 2016 and effective from November 24, 2016

⁽²⁾ Mr Praisun Wongsmith was appointed as a director to replace Mr. Nakorn Thongprayoon from The Board of Directors' meeting no. 1/2559 on January 20, 2016 and effective from February 12, 2016

M.L. Ayuth Jayant is Secretary to the Board.

The Board meeting shall be held at least once a month. In case of an urgent case, the Board can arrange a special meeting as deemed necessary.

Amendment of Directors Authorized to Sign to Bind the Bank

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 except executive director.
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.
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. Function of the Board

The Board has delegated the management and day to day running of the Bank to the Chief Executive Officer including implementation of the strategy approved by the Board. The Board plays an important role in determining policies and overseeing the Bank to ensure appropriate and adequacy process and resources to enable operations in accordance with those policies, and to ensure monitoring, control, and audit of the implementation. In addition, The Board approves vision, mission, and strategy and ensure that vision, mission, and strategy are implemented by management. The Board shall review vision, mission, and strategy annually according to the change of economy and business competition. The other authorities and duties of the Board are as follows:

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 the Bank of Thailand 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, Chief Executive Officer performance evaluation and operational oversight 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 Securities and Exchange Commission and related party credit limits as prescribed by the Bank of Thailand.

Organization

1. Establish certain specialized committees to assist the Board in its oversight function and to advise the Board on issues requiring specific technical expertise.
2. Organize the Board and its committees in a way that promotes efficiency and strategic discussion.
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 Bank'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.

2. Executives

As of December 31, 2016, the Bank's executives as defined by the Bank and align with definition of SEC are comprised of 27 persons as follows:

Name	Position
1. Mr Boontuck Wungcharoen	Chief Executive Officer
2. Mr Piti Tantasem	Chief Wholesale Banking Officer
3. Mr Trirong Butragat	Chief SME Banking Officer
4. Mr Ronald Bart Huisman	Chief Retail Banking Officer
5. Mr Franciscus Gerardus Rokers	Chief Risk Officer
6. Mr Thanomsak Chotikaprakai	Chief Financial Officer
7. Mr Lorenzo Tassan-Bassut	Chief Operating Officer
8. Ms Waewalai Wattana	Head of Financial Controller
9. Ms Arwiwan Tangtrongchit	Head of Financial Planning and Analysis
10. Mr Mate Kanokpibool	Team Head of Financial Reporting and Tax
11. Ms. Pawinee Chayavuttikul	Team Head of General Accounting
12. Ms Chinorose Kreethadumrongdat	Team Head of Regulatory Data Center
13. Ms Pimolwan Puarattana-Aroonkorn	Team Head of Commercial Banking Business Finance
14. Mr Pornchai Prakobvanichakul	Team Head of Retail Banking Business Finance
15. Ms Rochana Ratana-Ubol	Team Head of Management Accounting Application System Support
16. Ms Supaporn Taechachokewiwat*	Team Head of Asset and Liability Management
17. Mr Chalermchai Paisithmongkol	Team Head of Investment Management and Fund Transfer Pricing
18. Mrs Soontaree Cheevaphat	Team Head of Liability Management and Balance Sheet Management Support
19. Ms Doungjan Saenim	Senior Program Executive
20. Mr Thawatchai Trongnamsukij	Senior Financial Analysis Executive
21. Mrs Voraluck Chokchaitam**	Senior Management Specialist
22. Ms Waree Thanmongkolswad	Team Lead of Financial Statement
23. Mrs Jarinee Yimudom	Team Lead of Accounts Compiling
24. Mrs Suphavadee Wuthithien	Team Lead of Regulatory Report Management
25. Mrs Kamolmarn Staworn	Senior Accounting Specialist
26. Ms Chanatta Paisanpayak	Financial Analysis Specialist
27. Ms Taksina Charoenrat	Financial Analysis Specialist

* To be resigned from January 1, 2017

** To be appointed as Team Head of Asset and Liability Management, effective from January 1, 2017

3. Company Secretary

The Board of Directors has appointed M.L. Ayuth Jayant to hold position of Company Secretary. (see more detail about education, work experience, and training course related to company secretary's function 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 the Bank. 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

- 1.1 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 annual general meeting of shareholders.
- 1.2 To file and keep the Bank's important documentation such as certificate, memorandum & articles of association, shareholder register, licenses and power of attorney, etc.
- 1.3 To push for guidelines so that the Bank shall formulate policies, comply with good corporate governance and conduct regular review.
- 1.4 To act as contact person of the Bank

2. For the Board

- 2.1 To advise the Board of Directors and management on laws and regulations relevant to their duties
- 2.2 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
- 2.3 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
- 2.4 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
- 2.5 To review director's qualifications during the directorship period to ensure that the qualifications are always in line with regulatory requirements
- 2.6 To oversee insider information practices of directors
- 2.7 To facilitate directors' training and development
- 2.8 To provide Board's performance assessment
- 2.9 To arrange Directors and Officers Liability Insurance (D&O Insurance) for the directors and management.

3. For the Shareholders

- 3.1 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.
- 3.2 To oversee the right of shareholders and create good relationship with shareholders.

4. Board of Directors' Meeting

In 2016, 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	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Risk Management Committee	Credit Committee
Total no. of meetings in 2016	13	13	12	12	12	21
1. Mr Rungson Sriworasat	11/13					
2. General Teerachai Nakwanich ⁽¹⁾	2/9					
3. General Chalermchai Sitthisad ⁽²⁾	2/2					
4. Mr Philippe G.J.E.O. Damas	12/13	13/13		11/12		
5. Mr Singha Nikornpun	13/13		12/12			
6. Mr Siripong Sombutsiri	9/13			10/12	9/12	
7. Mr Johannes Franciscus Grisel	11/13				11/12	18/21
8. Mr Pongpanu Svetarundra	12/13	7/13		10/12		21/21
9. Mr Vaughn Nigel Richtor	7/13	8/13				
10. Mr Yokporn Tantisawetrat	13/13	13/13			12/12	20/21
11. Mr Christopher John King	13/13		12/12	11/12		
12. Mr Praisun Wongsomsmith ⁽³⁾	11/12		11/11			
13. Mr Boontuck Wungcharoen	13/13	13/13			11/12	17/21

⁽¹⁾ Not currently board member

⁽²⁾ General Chalermchai Sitthisad was appointed as a director to replace General Teerachai Nakwanich from the Board of Directors' meeting no. 11/2559 on November 23, 2016 and effective from November 24, 2016

⁽³⁾ Mr Praisun Wongsomsmith was appointed as a director to replace Mr. Nakorn Thongprayoon from the Board of Directors' meeting no. 1/2559 on January 20, 2016 and effective from February 12, 2016

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. 6/2559, Mr. Philippe G.J.E.O. Damas joined the meetings through Skype system.
- (2) Mr. Pongpanu Svetarundra.
 - The Credit Committee meetings no. 16/2559, 17/2559, 19/2559, 21/2559, Mr. Pongpanu Svetarundra joined the meetings through Skype system.
- (3) Mr Vaughn Nigel Richtor is a director who does not have residence in Thailand.
 - The Board of Directors meetings no. 2/2559 until no.6/2559 and The Board of Executive Directors meetings no. 1/2559 until 4/2559, Mr. Vaughn Nigel Richtor had sick leave.
 - The Board of Executive Directors meetings no. 6/2559, 10/2559, Mr. Vaughn Nigel Richtor joined the meetings through Skype system.
- (4) Mr Yokporn Tantisawetrat
 - The Credit Committee meetings no. 18/2559, Mr. Yokporn Tantisawetrat joined the meetings through Skype
- (5) Mr Johannes Franciscus Grisel is a director who does not have residence in Thailand.
 - The Risk Management Committee meetings no.10/2559, Mr. Johannes Franciscus Grisel joined the meetings through Skype system.
 - The Credit Committee meetings no. 1/2559, 3/2559, 4/2559, 6/2559, 9/2559, 13/2559, 14/2559, 17/2559, 18/2559, 20/2559, Mr. Johannes Franciscus Grisel joined the meetings through Skype system.

5. Remuneration for directors and executives

5.1 Remuneration for directors

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 accountability and responsibility of the directors compared with the companies in the same industry and similar size.

In addition, directors' remuneration must be sufficient and attractive to nominate qualified directors and retain directors who has knowledge and capability 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 to the Board for endorsement and also put it in agenda of the Annual General Meeting of Shareholders for approval annually.

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 by committee is as follows;

		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 the Bank'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.

In 2016, the Annual General Meeting of Shareholders has approved the distribution of directors' bonus at the rate 0.5 percent of dividend among the directors for 2015 operational performance and the Board be granted the authority to set up detail of the allocation. In this regard, the director who is the Bank's executive and the representative directors who are the executives of ING Bank N.V. will not receive the directors' bonus.

In 2016, the directors received remuneration for serving on the Board of Directors and other committees in a total amount of THB27,944,000.00 and directors' bonus amount of THB13,141,523.67. The details are as follows:

Name of director	Details
1. Mr Rungson Sriworasat	Receiving THB4,040,000 for serving as Chairman of the Board of Directors. Receiving THB2,093,340.05 for directors' bonus.
2. Gen Veerun Chantasatkosol (Until September 30, 2015)	Receiving THB1,046,670.03 for directors' bonus.
3. Gen Teerachai Nakwanich ⁽¹⁾ (Since November 2, 2015 Until September 30, 2016)	Receiving THB 636,000 for serving on the Board of Directors. Receiving THB232,593.34 for directors' bonus.
4. Gen Chalermchai Sitthisad ⁽²⁾ (Since November 24, 2016)	Receiving THB156,000 for serving on the Board of Directors.
5. Mr Philippe G.J.E.O. Damas	Receiving THB4,789,000 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. Receiving THB1,395,560.04 for directors' bonus.
6. Mr Singha Nikompun	Receiving THB2,554,800 for serving on the Board of Directors and as Chairman of the Audit Committee. Receiving THB1,395,560.04 for directors' bonus.
7. Mr Rachane Potjanasuntorn ⁽¹⁾ (Until April 10, 2015)	Receiving THB348,890 for directors' bonus.
8. Mr Siripong Sombatsiri (Since April 10, 2015)	Receiving THB 2,965,800 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. Receiving THB1,046,670.03 for directors' bonus.
9. Mr Pongpanu Svetarundra	Receiving THB4,077,600 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. Receiving THB1,395,560.04 for directors' bonus
10. Gen Kamon Saenissara ⁽¹⁾ (Until April 10, 2015)	Receiving THB348,890 for directors' bonus.
11. Mr Nakorn Thongprayoon ⁽¹⁾ (Since April 10, 2015 until September 30, 2015)	Receiving THB697,780.02 for directors' bonus.
12. Mr Praisun Wongsmith ⁽³⁾	Receiving THB1,647,800 for serving on the Board of Directors and as Chairman of the Audit Committee.
13. Mr Yokporn Tantisawetrat (Since June 1, 2015)	Receiving THB3,560,400 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. Receiving THB814,076.69 for directors' bonus.
14. Mr Christopher John King	Receiving THB2,472,600 for serving on the Board of Directors and as Member of the Audit Committee and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB1,395,560.04 for directors' bonus.

Name of director	Details
15. Ms Swee-Im Ung ⁽¹⁾ (Until August 30, 2015)	Receiving THB930,373.35 for directors' bonus.
16. Mr Vaughn Nigel Richtor ⁽⁴⁾ (Since July 1, 2016)	Receiving THB1,044,000 for serving on the Board of Directors and as Member of the Board of Executive Directors.
17. Mr Johannes Franciscus Grisel	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of ING Bank N.V.
18. Mr Boontuck Wungcharoen	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of the Bank.

⁽¹⁾ Not currently board member

⁽²⁾ General Chalermchai Sitthisad was appointed as a director to replace General Theerachai Nakwanich effective from November 24, 2016.

⁽³⁾ Mr Praisun Wongsmit was appointed as a director to replace Mr Nakorn Thongprayoon effective from February 12, 2016.

⁽⁴⁾ Mr Vaughn Nigel Richtor was not the executives of ING Bank N.V., effective from June 30, 2016. However, he has still been the Bank Director and received the remuneration from the Bank since July 1, 2016 onwards.

Other remuneration and benefits

No other benefits

5.2 Remuneration for Executive Officers

During the fiscal year ended December 31, 2016, the Bank's 27 executives as defined by the Bank and align with definition of SEC received remuneration in a total amount of THB256 million, consisting of salary, bonus, provident fund and other benefits. ("executives as defined by the Bank and align with definition of SEC" refer to manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance department and staff who may know the financial information before public.)

The Bank provides TMB Performance Share Bonus 2010 (TMB PSBP 2010). The objective 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. Regarding to TMB PSBP 2010 ended in 2014, some executives will remain entitled to receive shares in 2016, from their previous performance year (2012-2014). The remaining of unvested shares will be vested until 2018.

6. Personnel

6.1 Number of Employees

As of December 31, 2016, the Bank has a total number of 8,980 employees which can be classified by gender, age, nationality, and working location as follows:

1. No. of employees classified by gender:
 - 1.1 Male 2,657 persons
 - 1.2 Female 6,323 persons
2. No. of employees classified by age:
 - 2.1 Age < 30 2,598 persons
 - 2.2 Age 30-39 3,095 persons
 - 2.4 Age 40-49 2,115 persons
 - 2.3 Age > 50 1,172 persons
3. No. of employees classified by nationality:
 - 3.1 Thai 8,950 persons
 - 3.2 Foreigner 30 persons

4. No. of employees classified by working location:
 - 4.1 Head Office 3,924 persons
 - 4.2 Branch:
 - Bangkok and Greater Area 2,257 persons
 - Provincial Area 2,792 persons
 - Overseas Branch 7 persons

6.2 New Employees

In 2016, the Bank has a total number of 1,719 new employees

1. No. of new employees classified by gender:
 - 1.1 Male 393 persons
 - 1.2 Female 1,326 persons
2. No. of new employees classified by age:
 - 2.1 Age < 30 1,072 persons
 - 2.2 Age 30-39 547 persons
 - 2.3 Age 40-49 89 persons
 - 2.4 Age > 50 11 persons

6.3 Terminated Employees in 2016

1. No. of retired employees (including early retirement)
 - 1.1 Male 47 persons
 - 1.2 Female 56 persons
2. No. of resigned employees and others: 2,592 persons

6.4 The Bank's employees broken down by group as follows:

Group	No. of employees (persons)
Chief Executive Officer	1
Direct Report to Chief Executive Officer	1
Audit	68
Corporate Branding and Communications	30
Corporate Governance	17
Human Resources	73
Strategy and Transformation	22
Chief Wholesale Banking Officer	1
Direct Report to Chief Wholesale Banking Officer	8
Capital Markets	55
Client Service and Commercial Channel	63
Commercial Credit Product	11
Commercial Lending and Investment Banking	11
Corporate Banking Customer Relationship Management 1	44
Corporate Banking Customer Relationship Management 2	45
Domestic Transaction Banking	39

Group	No. of employees (persons)
International Transaction Banking	33
Investment Banking	8
Military and Public Sector Relationship Management	15
Multi-Corporate Banking Customer Relationship Management 1	36
Multi-Corporate Banking Customer Relationship Management 2	35
Wholesale Banking Segment	22
Chief SME Banking Officer	1
Direct Report to Chief SME Banking Officer	14
Business Banking Customer Relationship Management 1	133
Business Banking Customer Relationship Management 2	150
Commercial Banking Marketing Management	23
Small SME Customer Relationship Management 1	216
Small SME Customer Relationship Management 2	209
SME Customer Value Management	121

Group	No. of employees (persons)	Group	No. of employees (persons)
SME Product and Portfolio Management	18	Corporate Credit Underwriting	27
SME Segment	6	Corporate Operational Risk Management	30
Chief Retail Banking Officer	1	Credit Policy and Risk Control	140
Direct Report to Chief Retail Banking Officer	18	Credit Restructuring	112
Bancassurance Products	10	Credit Risk Intelligence	57
Bank Channel Development	15	Credit Risk Management	84
Branch Banking	4,396	Legal	28
Branch Operations Excellence	83	Market Risk Management	17
Customer Segment Middle Income	4	Small Enterprise Credit Underwriting	20
Customer Segment Wealth and Mass Affluent	5	Chief Financial Officer	1
Digital Channels and User Experience Design	69	Direct Report to Chief Financial Officer	3
Mutual Fund Products	5	Balance Sheet Management	17
Primary Bank Products	7	Financial Control	97
Retail Lending Products	25	Financial Planning and Analysis	39
Retail Marketing	73	Chief Operating Officer	1
Retail Products	25	Direct Report to Chief Operating Officer	128
TMB Contact Center	626	Information Technology	274
Chief Risk Officer	1	Operational Excellence	34
Direct Report to Chief Risk Officer	7	Operations and Services	747
Compliance	38	Operations Control	72
Consumer Credit	115	Grand Total	8,980

6.5 Staff's total number during the past three years

From 2014-2016, the total number of the Bank's employees was displayed as following:

As of December 31, 2014, the total number was 8,856 persons

As of December 31, 2015, the total number was 9,270 persons

As of December 31, 2016, the total number was 8,980 persons

6.6 Key labor disputes during the past three years

Type of case	No. of cases	Status
1. Lawsuit brought by the Bank against employees		
1.1 Internal fraud	18	Cases are under the Court's proceedings.
– Case not yet finalized	6	
– Case finalized	12	
1.2 Performed duty with negligence	-	
–Case not yet finalized	-	
–Case finalized	-	

Type of case	No. of cases	Status
2. Lawsuit brought by employees against the Bank		
2.1 Staff welfare (Car Park)	1	
– Case not yet finalized	-	
– Case finalized	1	
2.2 Unfair termination of employment	25	
– Case not yet finalized	11	Cases are under the Court's proceedings.
– Case finalized	14	
2.3 Bonus payment	4	
– Case not yet finalized	2	Cases are under the Court's proceedings.
– Case finalized	2	
2.4 Demotion	2	Cases are under the Court's proceedings.
– Case not yet finalized	2	
– Case finalized	-	
2.5 Request for adjustment of 2006 performance evaluation	4	
– Case not yet finalized	2	Cases are under the Court's proceedings.
– Case finalized	2	
2.6 Request for payment of unused vacation leave	4	
– Case not yet finalized	-	
– Case finalized	4	

6.7 Staff's compensation

The Bank is well aware that employees are its valued resources and key contributors towards its success and achievement. 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 ensures the benchmarking of employee's Compensation with the finance industry, and the alignment with internal equity. To increase efficiency for handling circumstances towards "Flat Organization", with more flexibility and rapid adaptability on doing business resulted by the process improvement and faster decision making to support such direction, the Bank has reviewed its working tools and compensation to align with "Pay for Performance" principle. The Bank has reviewed the allowances appropriateness on regular basis to ensure that they are properly consistent with the finance industry practice.

In 2016, total compensation for the employees given in the forms of salary, cost of living allowance, other allowance that related to work, variable pay by performance and others accounted for THB7,348 million.

• Other subsidies

The Bank provides other forms of subsidies to employees on several occasions, e.g. grants for staff's wedding, child's birth, 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 employers, which come from the appointment and 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% - 15% of their salary.

- **Other welfares and fringe benefits**

- **Medical care** - The Bank provides medical services to staff through health insurance company with efficient and convenient service standards, and cover dental treatment. The Bank also provides annual health checkup for all levels of staffs in term of health preventive care. In 2016, the medical check-up program was properly provided by considering the range of ages and risk opportunity that might occur from work environment in some functions. The Bank also provides in-house medical clinic at the Head Office and its office at AIA Capital Center Building with specialized physicians to give medical treatment and health consultancy, with a few beds for sick staffs and initial medical care during the work hours.
- **Group life insurance, severe diseases insurance, personal accident insurance, and medical financial support for accident from work** -The Bank provides options for staffs to choose the health insurance program to suit with their needs. These insurance programs are aimed at strengthening the employees' security while working with the Bank. The insurance is also covered 24 hours for both working hours and over time. Including the preparation of life insurance to staffs who work in areas including four most risky southern provinces namely Yala, Pattani, Narathiwat and Songkhla, as well as the medical financial support in case of accident that might be occurred from work.
- **Welfare loans** – The Bank has been providing staff welfare loans that are referred to processes and product which are provided to customers, as well as encourage employees to adhere to the financial discipline. Besides, emergency loan is provided to ease staff's difficulty.
- **Employee 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 provided the canteen at its Head Office where employees can enjoy quality food and drinks in a low price and nice environment.

6.8 Human Resource Development

- **The Bank Policy on Human Resources Development**

The Bank focuses on human resource development and employee learning. From the first day with Orientation Program provided to all staff levels, to build the understanding corporate values and culture, organizational structure and core banking systems, employees can quickly adapt to the organization.

The Bank places emphasize in embedding TMB Way's core value, including Core and Leadership Competency, into our employees' development. Talent Development is also the critical project that we continuously execute as plan, starting from criteria setting, selection and development to follow up. In this regards, Human Resources Group has co-worked with an individual direct supervisor of each talent in order to build and enhance people development with strongly support and involvement from the Bank management thru mentoring program. The bank realizes that succession planning especially for the critical positions is the most important to ensure that our customers will receive the best quality of services as always.

We have realized that human resources development is a long term investment. To increase people potential, the Bank has provided quality training programs which have been delivered by external experts and also by 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.

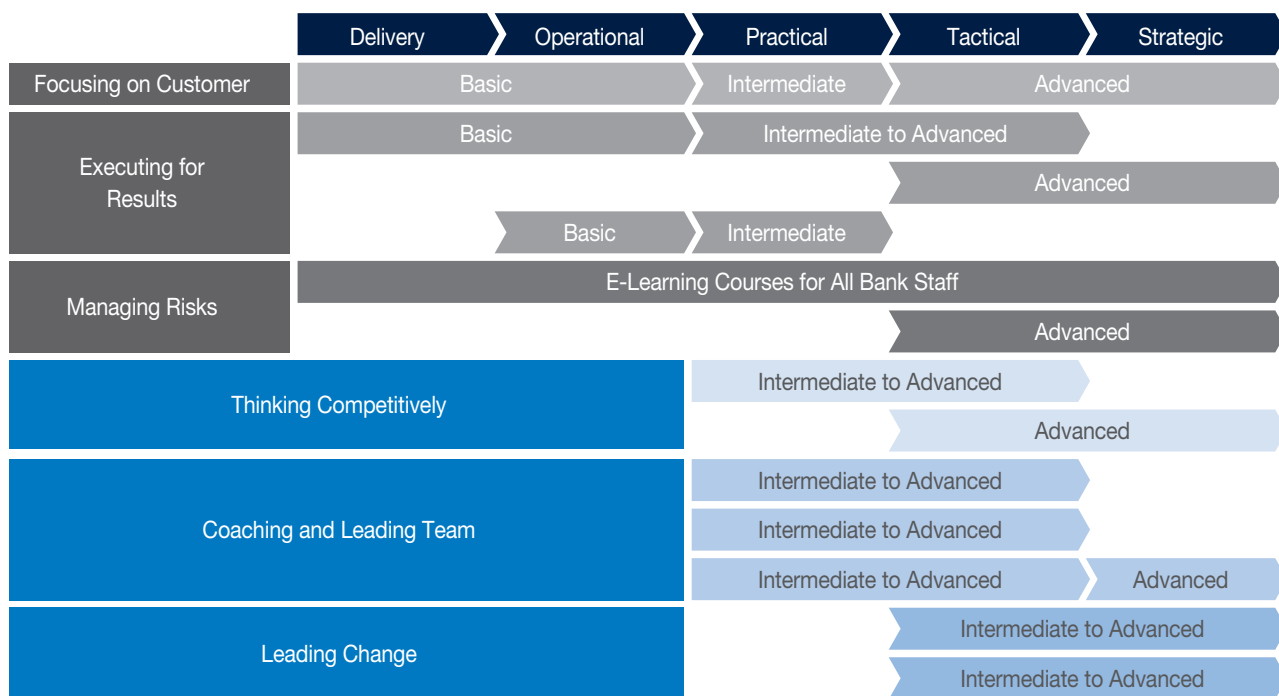
The Bank aims to develop the employees at headquarters and all branches based on TMB Way which is our core values to ensure that our people live with integrity and work professionally to deliver the great experiences for customers and stakeholders and fulfill their needs in order to drive the sustainable growth of the Bank.

- **Human Resources Development with the Business Plan Alignment**

- **Core and Leadership Competency Training Roadmap**

Based on the Bank Core, Leadership and Functional Competency, training roadmap for the Bank's staff has been designed to strengthen Core and Leadership Competency for our people. We customized training contents and topics to fit staff and executive at all levels through analyzing key behaviors and skills required for the Bank's employees at different proficiency levels. (Illustration as shown)

Learning Roadmap for Core and Leadership Competencies



In order to develop our executive to have a deeply understanding on “Focusing on Customer” which is one of Core Competency, we have initiated the First Hand Day project which all people managers will have the experience in task other function and deliver good experience to customers for understanding the customer needs. With this project, internal working process will be improved and benefit to our customers.

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 & Leadership Competency based training programs, the Bank has also provided the essential functional training programs to our employees through classroom training and e-learning i.e. Credit Analysis, the Bank product knowledge, crucial rules and regulations and banking & financial system to maximize their performance outcome and accuracy.

• Process Improvement to operational excellence

In order to align with the bank strategy on maximizing the Bank’s resources for cost and quality control efficiently, the Bank 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.

• Operational Risk Management

With the concern on the impact of operational risks on customers, the Bank’s reputation and related parties, risk management is one of the aspects that the Bank has seriously focused. We have then provided various risk related training programs i.e. Corporate Operational Risk Management, IT Risk Awareness and Anti Money-Laundering etc. to our people through the Bank E-Learning system which our employees in all over the country can easily get access to study at any their convenience time.

In 2016, the Bank provides training to increase knowledge and skill which divided by courses, class, and employees attending courses as follows:

2016 Courses	No. of Courses	No. of Classes	Total No. of Attended Staff
Internal training courses	132	489	16,061
External training courses	183	190	551
E-Learning study courses	12	13	8,944

Average employee's training are 30 hours/person

To align with the Bank business direction, the Bank will continue developing its employees to enhance their capability as the key resources for the Bank's business achievement.

6.9 Measures for employee security

- **Workplace Safety & Physical Security Policy**

The Bank regards importance of its staff's welfare and security by strictly complying with security measures as required by law. Bank adheres to these measures to ensure safety at workplace, environment, and occupational health. The measures are to set up a board committee of workplace environment safety and occupational health, organize fire drill at least once a year, organize fire prevention procedures training, provide building structure safety inspection by outsourced personnel as stated by law annually.

- **The Bank's guidelines for workplace safety & physical security**

1. Renovate services for staffs such as Bank's canteen, Library, Rest and Recreational spaces to be clean according to occupational health standard with annual inspection from local officers for good health of staffs and Bank's customers.
2. Employ effective security guards with use of modern security equipment (Integrated security) for highest level of security.
3. Maintain security system for inside and perimeter of buildings, for example, CCTV system, fire detector system, and Fire alarm & Automatic extinguisher, Access control system, and Building automation system, to be fully operational 24 hours.
4. Organize and revise emergency plans regularly. These are emergency staff evacuation plan, and first aid & emergency transportation which is recognized with decoration of honor as building with standardized safety in 2016 from District office of Bangkok metropolitan. All drills are coordinated with state offices.
5. 24 hours inspection of explosives and telecommunication monitor device during both regular time and emergency situations with vehicle access inspection and suspicious articles observation.
6. Provide personal protection of new communicable disease (PPEs) for good health safety control and revision with contracted hospital.

In addition, Bank coordinated with state office, state enterprise, and private companies such as the Army, Royal Thai Police, Metropolitan Electricity Authority, Metropolitan Water Supply Authority, telecommunication providers, fire stations, hospital, and district office to be ready for any emergency situation.

The Bank has followed and summarized staffs' sick leave from occupational sickness and accident and found that in 2016, there is no sick leave from occupational hazard reasons.

6.10 Human Capital Management (HCM)

The Bank has implemented the Human Resource information system or Human Capital Management (HCM) for managing Human Resource information in order to meet the main objectives below.

- To improve productivity from workforce management and time reduction on operational work.
- To improve HR service delivery from more user-friendly interface and Self-Service functionalities with accurate and real-time information for higher employee satisfaction
- To empowering People Managers to better manage their employees from self-service functions and have access to information without asking supports from HR
- To enhance HR capabilities from leveraging more effective end-to-end processes to free up time for more strategic partnership tasks
- To increase efficiency in system security

There are standard modules which are implemented as following

- Organization Management
- Position Management
- Profile Management
- Benefit & Compensation
- Payroll
- Discipline
- Recruitment
- Performance Management
- Training
- Career Management and Succession
- Time and Absence Management

CORPORATE GOVERNANCE

1. Corporate Governance Policy

The Board of Directors is well aware of the importance and benefits of good Corporate Governance and thereby set out the Corporate Governance Policy as written guideline since 2006. The Corporate Governance Policy has also been posted on the Bank's website for information of the Bank's employees and for public. The Board of Directors has ensured strict and on-going compliance by the employees.

In 2014, the Bank's Corporate Governance Policy has been revised to comply with the good corporate governance principles of SET-listed companies and international organizations, aiming at better management efficiency, integrity, absence of fraud and corruption, transparency and accountability so as to enhance confidence of shareholders, investors, stakeholders, society and all related parties. In addition, the policy is reviewed annually to ensure that the policy still comply with international standard.

The Board of Directors has put its best efforts in ensuring that the Bank's operation is in accordance with the Corporate Governance Policy. It is considered an important duty of the directors and employees to drive the Bank's business efficiency and effectiveness, create security, build public confidence in investment, and increase the business value for continuous and sustainable growth.

Principles of Corporate Governance of the Bank

1. The Bank shall operate business with care, efficiency, and effectiveness for stability and sustainable growth in accordance with its organization culture, TMB Way comprising 5 core values namely Customer Centricity, Open Communication, High Performance, Risk Management and Integrity.
2. The Bank shall operate business in compliance with good corporate governance principles without fraud and corruption, and based on key fundamentals of accountability, responsibility, equitable treatment and transparency.
3. The directors and employees shall protect the Bank's benefits, whilst taking into account the benefits, rights and equality of stakeholders. This will enhance the confidence of both domestic and foreign investors and contribute to an increase of the Bank's share value.
4. The Bank shall operate business in compliance with laws, rules and regulations, and relevant regulatory requirements.
5. The Bank shall determine guideline to treat the stakeholders with fairness and transparency.
6. The Bank shall prevent any conflict of interest among the Bank, directors, employees and stakeholders, and to determine scope of responsibilities of the Board and executives to stakeholders.
7. The Bank shall determine comprehensive operational procedures, efficient internal control, as well as risk management system at international standard.
8. The Bank shall accurate, complete and timely disclosure of the Bank's financial report and information affecting the decision-making.

2. Board Committees

To achieve effective and efficient performance, the Board has appointed board committees to relieve its burden in monitoring or consideration of important businesses of the Bank. The board committees have the authority to make decision on behalf of the Board subject to the Board's delegation of authority.

The Board has determined the scope of duties and responsibilities of the board committees 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. In addition, the board committees' meetings must be held on a regular basis to report their performance for the Board' acknowledgement.

The board committees comprise:

1. The Board of Executive Directors
2. Audit Committee
3. Nomination, Remuneration and Corporate Governance Committee
4. Risk Management Committee
5. Credit Committee

2.1 Board of Executive Directors

As of December 31, 2016, the Board of Executive Directors was comprised of 5 members as follows:

Name	Position	Note	No of the meeting in attendance (as of Dec 31, 2016)
1. Mr Philippe G.J.E.O. Damas	Chairman	Non-Executive Director	13/13
2. Mr Pongpanu Svetarundra	Committee Member	Non-Executive Director	7/13
3. Mr Vaughn Nigel Richtor	Committee Member	Non-Executive Director	8/13
4. Mr Yokporn Tantisawetrat	Committee Member	Non-Executive Director	13/13
5. Mr Boontuck Wungcharoen	Committee Member	Executive Director (Chief Executive Officer)	13/13

Notes:

The Board of Executive Directors meetings no. 6/2559, Mr Philippe G.J.E.O. Damas joined the meetings through Skype system.

The Board of Executive Directors meetings no.1/2559 until 4/2559, Mr Vaughn Nigel Richtor had sick leave. The Board of Executive Directors meetings no. 6/2559, 10/2559, Mr Vaughn Nigel Richtor joined the meetings through Skype system.

M.L. Ayuth Jayant 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 the Bank including capital planning.
 - Conduct tracking of financial result and performance by business segment of the Bank.
 - 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.

2.2 Audit Committee

As of December 31, 2016, the Audit Committee was comprised of 3 members whose qualifications must conform to the Securities and Exchange Commission's requirements as follows:

Name	Position	Note	No of the meeting in attendance (as of Dec 31, 2016)
1. Mr Singha Nikornpun	Chairman	Independent Director	12/12
2. Mr Christopher John King	Committee Member	Independent Director	12/12
3. Mr Praisun Wongsomth ⁽¹⁾	Committee Member	Independent Director	11/11

⁽¹⁾ The Board of Directors' meeting no. 1/2559 on January 20, 2016 was appointed Mr Praisun Wongsomth as a director to replace Mr Nakorn Thongprayoon, effective from February 12, 2016.

Member of the Audit Committee with well experienced and reviewing financial statement

1. Mr Singha Nikornpun
2. Mr Praisun Wongsmith

Ms 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:

1. To review the Bank's financial statements to ensure accuracy and adequacy.
2. 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.
3. 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.
4. To select, nominate and recommend remuneration of the Bank's external auditor by taking into account the credibility, adequacy of resources, experience and independence including recommend dismissal of the External Auditor. 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.
12. To perform other duties as required by law.

2.3 Nomination, Remuneration and Corporate Governance Committee

As of December 31, 2016, the Nomination, Remuneration and Corporate Governance Committee was comprised of 4 directors not holding executive position, namely:

Name	Position	Note	No of the meeting in attendance (as of Dec 31, 2016)
1. Mr Siripong Sombutsiri	Chairman	Independent Director	10/12
2. Mr Philippe G.J.E.O. Damas	Committee Member	Non-Executive Director	11/12
3. Mr Pongpanu Svetarundra	Committee Member	Non-Executive Director	10/12
4. Mr Christopher John King	Committee Member	Independent Director	11/12

M.L. Ayuth Jayant 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 responsibilities is as follows:

Nomination

- Review and recommend to the Board policies, criteria and methods for the recruitment, selection and nomination of
 - Members of the Board
 - Members and chairpersons of each Board Committee of the Board
 - 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
 - Senior Management
- Screen, shortlist and propose to the Board for nomination or appointment qualified candidates for the positions mentioned in 1 above.
- Recommend to the Board appropriate succession plans for executive.
- 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

1. 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.
2. 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.

2.4 Risk Management Committee

As of December 31, 2016, the Risk Management Committee was comprised of 5 members as follows:

Name	Position	Note	No of the meeting in attendance (as of Dec 31, 2016)
1. Mr Johannes Franciscus Grisel	Chairman	Non-Executive Director	11/12
2. Mr Siripong Sombutsiri	Committee Member	Independent Director	9/12
3. Mr Yokporn Tantisawetrat	Committee Member	Non-Executive Director	12/12
4. Mr Boontuck Wungcharoen	Committee Member	Executive Director (Chief Executive Officer)	11/12
5. Mr Franciscus Gerardus Rokers	Committee Member	Management (Chief Risk Officer)	12/12

Note:

The Risk Management Committee meetings no.10/2559, Mr Johannes Franciscus Grisel joined the meetings through Skype system

Mr Woraboon Chinwatanakit and Ms Adchara Sarnsuwan perform the duty of 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 Chairman of the Risk Management Committee.

The scope of responsibilities is as follows:

1. 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.
 - 1.1 To advise the Board on its risk appetite, tolerance and strategy for the Bank and its business units.
 - 1.2 To recommend the risk and concentration levels for approval by the Board, in alignment with the Board's risk appetite.
 - 1.3 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.
2. 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.
 - 2.1 To approve the supplemental risk limits as defined in the relevant policies and frameworks.
 - 2.2 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.
 - 2.3 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.

2.5 Credit Committee

As of December 31, 2016, the Credit Committee was comprised of 5 members as follows:

Name	Position	Note	No of the meeting in attendance (as of Dec 31, 2016)
1. Mr Pongpanu Svetarundra	Chairman	Non-Executive Director	21/21
2. Mr Johannes Franciscus Grisel	Committee Member	Non-Executive Director	18/21
3. Mr Yokporn Tantisawetrat	Committee Member	Non-Executive Director	20/21
4. Mr Boontuck Wungcharoen	Committee Member	Executive Director (Chief Executive Officer)	17/21
5. Mr Franciscus Gerardus Rokers	Committee Member	Management (Chief Risk Officer)	20/21

Notes:

The Credit Committee meetings no. 16/2559, 17/2559, 19/2559, 21/2559, Mr Pongpanu Svetarundra joined the meetings through Skype system.

The Credit Committee meetings no. 1/2559, 3/2559, 4/2559, 6/2559, 9/2559, 13/2559, 14/2559, 17/2559, 18/2559, 20/2559, Mr Johannes Franciscus Grisel joined the meetings through Skype system.

The Credit Committee meetings no. 18/2559, Mr Yokporn Tantisawetrat joined the meetings through Skype

The Credit Committee meetings no. 12/2559, Mr Franciscus Gerardus Rokers joined the meetings through Skype

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:

- To approve followings:
 - Credits
 - Credit restructuring
 - NPL write-off
 - NPA acquisition, NPA sales and NPA write-off which exceed the management's approval authority, and are NOT related parties or group limits NOT exceeding the Single Lending Limit (SLL)
- To review specific credit proposals for related parties or in which group limits exceed the SLL prior to submission to the Board for approval.
- To review the credit decisions of the most senior executive credit committees.
- To approve credit and related risks for transactional investments or underwriting commitments which exceed the management's approval authority.

2.6 Other committees of Management Level

The Board or the Board Committees will appoint committees in management level for supporting the Board or Board Committee to perform duty under scope and responsibility approved by the Board or Board Committee.

Committees in executive level which there are Chief Executive Officer and Chiefs as chairman are as follows:

1. Chief Executive Committee (CEC)

The CEC is 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 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, the CEC is to consider strategic plan of subsidiaries and review their performance.

2. Risk Policy Committee (RPC)

The RPC is 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, guidelines, credit underwriting guidelines and standards, and credit criteria of products within the delegated authority.

3. Non – Financial Risk Committee (NFRC)

Non-Financial Risk Committee (NFRC) is to identify, measure and monitor the Operational, Compliance and Legal risks of the Business Units/ Support Units with appropriate quality of coverage (granularity) and to ensure that appropriate management action is taken by the responsible (business) managers at the appropriate level of granularity.

4. Credit Underwriting Committee (CUC)

The CUC is to consider, recommend, and approve for all matters relating to credit risk and issuer risk and approve credit within delegated authority, to endorse credit that exceed approval authority to the Credit Committee for consideration. In addition, the CUC is able to sub-delegation and power to sign to related person.

5. Credit Restructuring Committee 1 (CRC 1)

The CRC is to approve credit restructuring in management level, to consider and approve for all matters relating to credit risk, investment risk, The CRC is to review status and plan for all matters relating to credit restructuring, nursing period and write off.

6. Asset and Liability Management Committee (ALCO)

The ALCO is 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. In addition, The ALCO is to define the policies regarding liquidity risk management, market risk management, balance sheet management, and market risk economic capital management.

7. IT Steering Committee

The IT Steering Committee is 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.

8. Human Resource Committee (HRC)

The HRC is to consider and approve the framework governing the Bank's human resources management policy, compensation standards, rules and regulations, succession plan, performance review, salary adjustment, bonus and incentive award of employees at below Group Head. The HRC is to approve the governance structure of job grading and function title or any issues under HR transformation and also to approve the Bank's human resource development structure and corporate culture.

9. The Disciplinary Action Committee (DAC)

The DAC and Senior DAC is entitled to decide the disciplinary penalty for guilty employees and the indemnification for the Bank.

10. Complaint Management Committee (CMC)

The CMC is to oversee, supervise and ensure that customers' complaints are properly managed.

11. Corporate Social Responsibility Committee (CSR)

The CSR is 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.

12. 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.

3. Recruitment of directors and top executive officers

For recruitment of directors, the Bank considers Board diversity including professional skills, expertise, experiences, and gender. The Bank required qualification of directors align with the Bank's strategy. In some case, the Bank recruits directors from Director Pool data base.

The Bank's guideline on director nomination are as follow:

3.1 Independent director and non-executive director nomination Criteria

1. Recruitment of 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

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 other director, executive, major shareholder, a person having controlling power, or a person to be nominated as the director, 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.

2. Recruitment of Non-Executive Directors

The Board of Directors has put in place a definite and transparent director nomination policy and 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 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, unless remaining duration of director's term of office is less than two months.

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.

3. Recruitment of member of the Board Committees

For recruitment of board committees' members, the Nomination, Remuneration and Corporate Governance Committee shall consider and endorse the nominees before submission for approval and appointment by the Board of Directors. The selection is based on the expertise specifically required for each particular board committee. Members of the board committees shall have professional skills, specific experience, and free from conflict of interest. In addition, each committee shall have the composition and qualifications as prescribed by the regulatory criteria.

3.2 Recruitment of Executive

In the appointment process of the executive at "Head of" level and above, the Nomination, Remuneration and Corporate Governance Committee is responsible for consideration to acquire and screen the qualified persons from both internal and external sources as defined by the Bank's rules and regulations. Then, the nominated persons will be proposed to the Board of Directors for approval as well as other required functions to comply with laws and regulations of government authorities related to financial service business.

Regarding the appointment process of the executive at "Team Head" level and below, the executive shall consider, select and appoint qualified persons as deemed appropriate.

The succession plan for key positions has been established and reviewed annually. In this regard, the recruitment process to fill the position of the executive who will soon complete a specific term shall be made by the Nomination, Remuneration and Corporate Governance Committee duly in advance.

4. Subsidiaries Supervision

The Bank has determine 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.

4.1 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 and impacting the stability of the Group Companies including market risk management, liquidity risk management, operational risk management and credit risk management.

3. Corporate Governance Policy and Anti-Corruption Policy

Corporate Governance Policy 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 while Anti-Corruption Policy determine the policy for the subsidiaries to conduct in the same manner of the Bank.

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, Anti-Money Laundering Act, and Counter Terrorism Financing Act.

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 Internal Audit (AUD) and Independent Credit Review (ICR) 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 Group Companies. The ultimate objective is to ensure sound control culture and good governance throughout the Financial Business Group.

4.2 Representative Director Appointment

The objective is to manage and control the subsidiaries carefully under consolidated supervision policy, the Bank sets guideline of representative director appointment as follows:

1. The Bank nominates directors by proportion of the Bank's shareholding.
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 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 up 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.

4.3 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 Group Companies' Board meetings to determine the Group Companies' Policies and Strategies to align with the Bank, which a lead director will work with Strategy and Transformation and related BU 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.

4.4 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 the Bank 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 the Bank's business and the liability for representative directors.

5. Control on use of inside information

5.1 Policy and procedure on insider information

The Bank has issued Regulations and guidelines in written in Code of Conduct, TMB Policy on confidential & Inside information and Conflicts of Interest including operating manual re: Trading & Investment of TMB's Financial Instrument as operating guideline of director, executive, and employee.

Directors and executives are required to sign for acknowledgement and compliance with the practice on reporting the change in the directors and executives securities holding to the Office of Securities and Exchange Commission within 3 days from the date of securities holding change in response to Section 59, Securities and Exchange Act, B.E. 2535. In addition, they are responsible for reporting such change to the Corporate Secretariat to record the matter and summarize the shareholding portion of the directors and executives and their spouses and children before submission to the Board of Directors for acknowledgement on a monthly basis. The Bank also informs them of the penalties given the failure to comply with such requirement.

The Bank is aware of the importance of monitoring the use of inside information, especially non-public information that may impact its share price. As such, the Bank has assigned Financial Reporting and Tax Department to be the only unit responsible for submitting the financial statements and all financial reports to the SET and the SEC after undergoing a correctness and completeness review by the Audit Committee and the Board of Directors respectively to make sure the Bank's inside information is not prematurely disclosed to the public.

Guidelines to prevent inside information the Bank prohibited the executives and staffs who have permanent or occasionally potential access to the Bank's inside information to trading securities until 24 hours after disclosure information to public. The executives and staffs shall not disclose the Bank's inside information to any of their family members and/or other persons even though the staffs and/or their family members do not sell/buy the securities and/or do not gain any benefit in any form and to prevent for personal benefit and whatsoever or the others' benefits. Moreover, if there is any event that may have an effect to the Bank's securities price. Bank will set the additional period to prohibit relevant covered person regarding to trading the Bank securities.

Compliance Group is responsible for supporting Management with the implementation, enforcement and updating of the aforementioned policy and regulations and also provides for appropriate monitoring mechanism to ensure compliance with the policy as well as relevant laws and regulations.

The Bank imposed punishment for employees' disciplinary misconduct regarding business code of conduct and ethics to ensure the management and the staff perform duties with transparency and based on professional code of conduct and treat all stakeholders fairly, which is in line with the Securities and Exchange Commission Act regarding the use of inside information.

5.2 Penalty measures

The Bank's punishment for the violating of Financial Institution Business Act, B.E.2551, using of inside information accords with the provisions of the Securities and Exchange Act B.E. 2535, violating of Non-Violation Against Intellectual Property Rights or Copyrights, Anti-Corruption, Anti-bribery for the Bank's benefit or Anti-bribery in business dealing with government and private organization and all other relevant rules and regulations of the authorities. It has also imposed punishment for employees' disciplinary misconduct regarding business code of conduct and ethics to ensure the management and the staff perform duties with transparency and based on professional code of conduct and treat all stakeholders fairly.

6. Auditor's remuneration

6.1 Audit fees

The Bank and its subsidiaries paid audit fees to:

- The Bank and its subsidiaries' auditor in the previous accounting year amounting to THB11,265,675.
- No payment to the respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year.

6.2 Non-audit fees

The Bank and its subsidiaries paid fees for non-audit services i.e. special purpose audit and engagements to perform agreed-upon procedures to:

- The Bank and its subsidiaries' auditor in the previous accounting year totaling THB5,350,000, together with future payment due to incomplete work in the previous accounting year totaling THB561,000.
- No payment to the respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year.

7. Other Corporate Governance Practices

The Bank continuously adheres to the Corporate Governance Policy to ensure that the Bank's management system is efficient, free from corruption, transparent and accountable so as to build trust and confidence among its shareholders, investors, stakeholders, society and all related parties.

In 2016, the Bank implemented Corporate Governance guidelines in accordance with the good corporate governance principles of listed companies prescribed by the Principles of Good Corporate Governance for Listed Companies by SET, Criteria of Corporate Governance Report of Thai Listed Companies - CGR by IOD, and international standard such as ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard).

The summary is as follows:

7.1 Rights of shareholders

The Bank places importance on protection of the rights of the shareholders and encourages the shareholders to fully exercise their rights. This covers the shareholders' basic rights, i.e. sale/purchase or transfer of shares, business profit sharing, receipt of relevant and adequate information of the Bank. The shareholders are also encouraged to exercise their rights to attend the shareholders' meeting and vote on appointment or discharge of directors, appointment of auditor and on other issues affecting the Bank such as dividend allocation, capital increase/decrease, approval of connected transactions, and determination or adjustment of Articles of Association and Memorandum of Association, etc. In this regard, the Bank shall not commit any conduct infringing or undermining shareholders' rights.

Annual General Meeting of Shareholders

The Bank has policy to encourage all groups of shareholders including minority shareholders, institutional shareholders, and foreign shareholders to attend the annual general meeting of shareholders. In 2016, the Annual General Meeting of Shareholders was held on Friday, April 8, 2016, at the Auditorium, 7th Floor, TMB Head Office, 3000 Phahon Yothin Road, Chom Phon, Chatuchak, Bangkok. The date, time and venue of the Annual General Meeting of Shareholders were set taking into account mainly the convenience of the shareholders. The meeting procedures conformed to the good corporate governance principles as summarized below:

Before the Meeting Date

For the 2016 Annual General Meeting of Shareholders, the shareholders were informed of the date and agenda of the meeting via SET's communication system on February 17, 2016 or 51 days prior to the meeting date. The Bank also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Bank's website (www.tmbbank.com) in the section "Investor Relations" under the title of "Annual General Meeting of Shareholders" on March 4, 2016 or 35 days prior to the meeting date to enable the shareholders to have sufficient time to study the information. The Bank also assigned its registrar, Thailand Securities Depository Co., Ltd. (TSD), to deliver the said documents in printed copies to the shareholders 21 days before the meeting date, which was align with policy and longer than the legal requirement.

The invitation letter contained objectives and rationale as well as the opinions of the Board of Directors on each agenda item, accompanied by complete and sufficient details of each item for consideration. The shareholders were clearly informed which item would be for consideration and which one for acknowledgement. Moreover, in the invitation letter, the shareholders were informed of the details regarding necessary evidence documents to be brought to the meeting as well as meeting procedure, voting rules with a CD-Rom of the Bank's annual report (the shareholders can request for the annual report in printed form) and other relevant information attached thereto. In addition, the invitation letter was also published in the newspaper for 3 consecutive days in accordance with the law.

A proxy form was also enclosed to allow the shareholders to appoint any independent directors or other persons as their proxies in case they could not attend the meeting. A foreign shareholder who has appointed a custodian in Thailand to be share depository and trustee has to use the Proxy Form C. which can be printed from the Bank's website.

For convenience of registration, the Bank coordinated with institutional investors on preparation of proxy prior to the meeting date.

On the Meeting Date

The meeting was carried out 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. The barcode system was used to ensure rapid and accurate registration procedure. Voting card was available for each attendee to vote on each item of the agenda. Moreover, the Bank also provided shuttle bus service at various spots and sufficient parking space to serve the shareholders.

In 2016, the Annual General Meeting of Shareholders was attended by a total of 4,016 shareholders and proxies holding an aggregate number of 29,258,695,521 shares which accounted for 66.88% of the total issued and paid-up shares, and by 8 directors. The Chairman of the Board of Directors served as Chairman of the meeting, and Chairman of each board committee including the Executive Board of Directors, the Audit Committee, the Nomination, Remuneration and Corporate Governance Committee, and the Credit Committee were present to clarify and answer questions of relevant issues. The Chief Executive Officer and Chiefs were also present at the meeting.

Before starting the meeting, the Chairman assigned the Company Secretary to clearly inform the meeting of the voting and counting methods. For more convenience of foreign shareholders, a simultaneous English translation was provided by the Bank's staff. In this regard, the shareholders' rights to study 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.

During the meeting, the Chairman proceeded with the meeting in order of the items on the agenda. The Chairman 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 vote counting were undertaken openly and transparently. Weerawong, Chinnavat and Peangpanor Ltd., external legal consultant represented by Miss Thitawan Thanasombatpaisarn, and volunteers for shareholders, namely Mr Somchai Chomsuansawan and Mr Peerapol Kiawpong, were invited to be inspectors of the voting method, collection of ballots, counting and the voting results on all agenda items. The Company Secretary announced the voting result of all agenda items.

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.

After the Meeting

After the meeting, resolutions of the meeting were disclosed via the SET system on Friday, April 8, 2016, at 22.05 hrs. with voting details, i.e. approved, disapproved and abstain, of each agenda item. Minutes of the meeting which contained complete details including attendance record of the directors, clarification on key items, summary of questions, answers and comments during the meeting were submitted to the SET and related agencies within 14 days after the meeting date, and posted on the Bank's website (www.tmbbank.com), both Thai and English version, for verification by the shareholders. The Bank also arranged systematic filing for the minutes of the shareholders' meeting.

Furthermore, the Bank provided a video recording of the meeting in DVD format for the shareholders who could not attend the meeting. Interested shareholders can contact the Bank for details.

7.2 Equitable Treatment of Shareholders

The Bank places importance on and assures all shareholders of their rights to fair and equitable treatment, i.e. major shareholders, minority shareholders, institutional investors, and foreign shareholders. All shareholders are treated with fairness and equality as summarized below:

- **Rights to purchase, sale, or transfer the Bank's shares**

Thailand Securities Depository Co., Ltd. (TSD) has been appointed as the Bank's registrar to facilitate all services for all transactions related to registration of the Bank's shares, namely sale/purchase or transfer of shares.

- **Rights to profit sharing**

The Bank allocates profit to its shareholders in form of dividend payment, taking into account sustainable long-term growth built upon the Bank's full potential and capability. The dividend payment is also in line with the capital adequacy, reserve allocation and conditions of relevant laws.

- **Rights to regularly and timely obtain adequate information on business performance**

The Bank ensures that the shareholders are provided with complete news and information apart from those disclosed via the SET's communication system. All significant and updated information are posted on the Bank's website (www.tmbbank.com).

- **Rights to attend the shareholders' meeting**

All shareholders 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 at the meeting on their behalf. The Bank has arranged to have available for appointment as proxies its directors/independent directors who do not have interests in the business on the agenda.

- **Right 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 vote counting will be carried out openly and accurately. 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 card. The Bank collects the voting cards from the shareholders on every agenda item that needs to be voted for resolution. The barcode system is used for vote counting to facilitate fast and accurate process. The Bank will notify the shareholders of 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 resolutions 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.

- **Right to propose agenda item and nominate persons to be elected as directors**

The Bank allows the shareholders to propose agenda items and nominate persons to be elected as directors in advance. The shareholders must comply with criteria specified by the Bank. At the 2016 Annual General Meeting of Shareholders, the Bank allowed the minority shareholders to propose agenda items and nominate persons to be elected as directors 3 months in advance prior to the ending date of the fiscal year or from October 1 onwards. Details, procedures and methods of the proposal and nomination were provided on the Bank's website (www.tmbbank.com) in "Investor Relations" section under the title of "Proposal of Meeting Agenda and Nomination of Directors in Advance" and to notify via the SET system.

- **Right to appoint directors individually and determine directors' remuneration**

At every Annual General Meeting of Shareholders, one-third of the total number of the directors of the Bank shall retire. The Bank has set an agenda item concerning election of the Bank's directors. The shareholders are allowed to vote for election of individual directors. The 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.

In addition, the shareholders have the rights to consider and approve the directors' remuneration. Adequate information on directors' remuneration is also provided to support the shareholders' consideration.

- **Right to appoint Auditors and determine audit fees**

At every Annual General Meeting of Shareholders, the Bank has set an agenda on appointment of the Bank's auditors and consideration of the audit fees. The Bank also provides sufficient details of the proposed auditors and audit fees for consideration of the shareholders.

- **Protection against abuse of inside information**

The Bank has written policy and guidelines for keeping and preventing abuse of inside information, and information that the Bank not yet disclose to public which significant to change of price or value of share. The Bank has regulation on the use of inside information and also 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 or related persons which defined by government agencies from exploiting such information for his/her own benefits or for others' benefits such as trading share before insider information are disclosed to public, using details or confidential information of the Bank/customers to operate business competing with the Bank's/customers' businesses or exploit any benefit from his/her authority and responsibility.

The Bank require that the directors, Chief Executive Officer, Chiefs or Heads (or equivalent), and Team Heads (or equivalent), in Finance Control, Financial Planning and Analysis, Balance Sheet Management, and other persons defined by Chief Financial Officer shall disclose and report to the Securities and Exchange Commission (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.

In addition, the management is required to report on a monthly basis the Bank-issued securities held by directors, management, their spouses, and minor children to the Board for acknowledgement, and to prepare a summary report on any changes of the Bank-issued securities held by directors, management, their spouses, and minor children and disclose such information in the annual report.

7.3 Role of Stakeholders

The Bank gives priority to equal treatment to all stakeholders to ensure they fully enjoy their rights with fairness and appropriate treatment. The Bank puts in place the system to handle customers' complaints and resolve their problems with prudence and fairness. Customer information shall be kept confidential and conditions under the agreements made with business partners shall be strictly complied. The Bank's business operations shall be based on fair, free from corruption and ethical competition. All employees shall be treated fairly and equally. Training shall be provided to enhance staff's knowledge, capacity, potential and efficiency and job rotation opportunity shall be offered to increase their performance efficiency. The Bank shall determine fair compensation scheme which is comparable to that of similar industry. The Bank shall also promote corporate governance culture within the organization.

In addition, the Bank has the measures to compensate for the damage of stakeholders concerning legal injury of stakeholders by the Bank.

In 2016, the Bank laid down relevant policies for all stakeholders as follows:

- **Policy for Shareholders**

The Bank has policy to protect interest of shareholders and equitable treatment of all shareholders including major shareholders, minority shareholders, institutional investors and foreign shareholders, e.g. right to attend and vote at the shareholders' meeting, right to express their opinion independently at the shareholders' meeting, right to propose agenda items and nominate persons to be elected as directors in advance, right to profit sharing, and right to completely, transparently, regularly and timely obtain adequate information on business performance.

The Bank's guidelines for shareholders

The Bank ensure that business operation is transparent and free from corruption, taking into account sustainable and long-term growth 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.

See more details in "Rights of Shareholders" and "Equitable Treatment of Shareholders".

- **Policy for Employees**

The Bank supports and develops capability of employees for highest performance capacity. The employment shall be fair and appropriate for employees with career advancement opportunities and returns that reflect their ability. The Bank shall welcome employees' opinions and promote team work spirit. Employees shall be treated with politeness and their individuality shall be respected. The Bank shall provide good welfare and good work environment with occupational safety standard and shall concern for all employees' well-being. Consideration of employment, promotion, rotation, and punishment of employees shall be based on fair treatment. In addition, the Bank provides plan to use human resources for the Bank's optimum benefits.

The Bank's guidelines for employees

The Bank shall provide good benefits and favorable work environment by determining occupational health and safety standard and assure comprehensive well-being of all employees. For instance, nurse(s) are stationed at the infirmary every day at the Bank's office building and its office at AIA Capital Center Building, and doctor is available for treatment of ill employees. The Bank also provides medical treatment welfare for employees (in case of out-patient) who are treated at government and private hospitals. The employees are entitled to the annual medical treatment fee according to their level. Annual health check-up and provident fund (employee's choice) to secure their career as well as group life insurance, group health insurance (in case of accident), personal accident insurance, and health and accident insurance while traveling for the Bank's business are also provided. The Bank offers loans to help alleviate employees' difficulties, i.e. staff welfare loans, etc.

In addition, the Bank continuously develops employees' capability by offering development programs for all levels of employees. Training program are classified many parts such as bank's business, professional area, and leadership & co-working through classroom training, digital training (E-Learning) and external training. In addition, the Bank places importance on Anti- Corruption, the Bank provides training programs on policy and guideline of Anti-Corruption for employees by setting of classroom training for new employees and providing of digital training (E-Learning) for employees.

Details about the Bank's guidelines for employees are provided under "Human Resources Development" and "Measures for Employee Security".

- **Policy for Customers**

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

The Bank's guidelines for customers

The Bank has cultivated organizational culture "TMB WAY" comprising 5 core values namely Customer Centricity, Open Communication, High Performance, Risk Management and Integrity to all employees for encouraging employees emphasizes on Customer Centricity, working of the same direction, and clearly understanding of customer behavior.

The Bank is committed to deliver transactional banking efficiency and convenience that relieves bank pains and allows customers to connect to their communities such as TMB Touch, a mobile banking application designed to help make daily banking easier, more convenient and is highly secured, which would address customers' life style of today and the future. Moreover, the Bank further enhanced the commercial internet banking platform or TMB Business Click with the additions of the SMART and BAHTNET fund transfer to provide greater convenience for commercial customers to manage their accounts. Additionally, the Bank introduced TMB e-Guarantee, which is a tool for business owners who would like to participate in the governmental auction. TMB e-Guarantee enabled customers to issue or cancel letter of guarantee immediately as the system is readily linked with government agencies through Government's e-Bidding platform. Business owners can easily and conveniently request the letter of guarantee without the need to contact the branch.

In addition, the Bank has in place the work unit in charge of providing consultation on products, services, solutions to problems, and receiving customer complaints. This assures the customers of the Bank's confidentiality policy and that their information is treated as strictly confidential without disclosure or misuse for personal benefits.

- **Policy for Business Partners**

The Bank operates business operation with partners sustainably and in long term and as good business alliances. The Bank has regulations and criteria for partner treatment, for example, in term of procurement, employment, leasing and high purchase. Qualified business partners are included in the Vendor List and price comparison is carried out before any procurement, employment, leasing and hire purchase. In addition, The Bank carefully and strictly complies with the criteria for fairness to all parties and transparent, free from corruption, auditable practice so as to maximize mutual benefits.

The Bank's guidelines for business partners:

The Bank has set out guidelines for employees responsible for procurement, employment, leasing and hire purchase 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 on "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.

The Bank's guidelines for selection partners:

For selection partners, the Bank will not select partners who be broker but the Bank will select partner who be manufacturer, distributors, or distributing agent that there are goods itself as well as consider other important factors including type of goods or services, expertise and experience of business, financial status, history of business, faithfulness and experience of executive management, and information of goods' safety especially the Bank give important on a partners who has anti-corruption policy and partner who certified by Collective Action Coalition (CAC) on anti-corruption. In addition, the Bank has checked conflict of interest between partners themselves and employees of the Bank.

- **Policy for Creditors**

The Bank has policy to honor and strictly conform to contact and commitment with creditor includes condition, guarantee, cash management, not default of debt, and other matter that has made agreement with creditors. Loan and interest repayment are completely and timely made to all creditors. Loan condition are rigorously complied with and no misuse of the loans is allowed.

The Bank's guidelines for creditors:

The Bank shall operate business based on its full potential and capability to build creditors' confidence in the Bank's good financial status and debt service capacity. Complete and accurate financial status and financial information shall also be reported to the creditors with loyalty all along. In addition, the Bank operates efficient cash management to ensure that financial status of the Bank is stable and strong as well as good liquidity management to be in order payment debts to creditors timely.

- **Policy for Competitors**

The Bank has policy to conduct business based on fair and free competition with honesty and integrity and rejection of corruption in all its forms, and not to damage, sabotage, destroy or restrict the business of the competitors.

The Bank's guidelines for competitors:

The Bank shall not engage in any dishonest or inappropriate action in order to obtain the competitors' confidential information and shall refrain from attacking the competitors' reputation with false allegations.

- **Policy for Investors**

The Bank shall disclose correct, complete and sufficient information for investors' decision in a timely and appropriate manner.

The Bank's guidelines for investors:

See more details in "Disclosure and Transparency".

- **Policy for Government Agencies**

The Bank has policy to conduct its business to ensure strict compliance with the laws, rules and regulations and relevant regulatory requirements, as well as to provide good cooperation to the regulators such as to comply with the national anti-corruption law, etc.

- **Policy on Social and Environmental Responsibility**

The Bank operates its business based on Corporate Social Responsibility (CSR) principles, supporting various activities to promote sustainable quality development of the society and environment. The Bank also builds good relationships with the communities in which the Bank operates, and allocates budget from its income to implement CSR activities according to the policy.

The Bank's guidelines for Corporate Social Responsibility:

See more details in "Corporate Social Responsibility".

- **Policy on Compliance with International Human Rights Principle**

The Bank places importance on equality of all stakeholders and shall not commit any conduct that violates human rights, including discrimination on grounds of the difference in origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, economic or social standing. These practical policies have been specified in the Code of Conduct of the Bank.

The Bank's guidelines for violation of human rights

All employees must treat all stakeholders with politeness, respect and honor, not behave inappropriately or violation of human rights regarding discriminate via verbal, ground of the difference in origin, race, religion, language, age, education, gender, disability, physical or health condition, personal status, and economic or social standing.

- **Policy on Non-Violation Against Intellectual Property Rights or Copyrights**

The Bank operates its business without violating or exploiting copyrighted works or intellectual property, unless legal permission is granted by the copyright owners. The Bank has specified the policy on usage of information technology system and software program of the employee shall be inspected to prevent any usage of piracy software and software which is unrelated to work.

The Bank's guidelines on non-violation against intellectual property rights or copyrights:

In aspect of information technology, system development, procurement of IT program and equipment, the Bank complies with the Copyright Act and supports the legal protection of the Department of Intellectual Property. The Bank also welcomes inspection by the copyright owner. In addition, the Bank ensures that the employees do not, either in part or whole, copy, modify or publicize the copy or original material. Programs which are not licensed to the Bank/ .exe file/ songs/ games/ and other links to automatic installation are prohibited.

- **Anti-Fraud, and Anti-Bribery Policy**

The Bank emphasizes on prevention and suppression of fraud, bribery, and corruption within the Bank. The Bank sets out policies, standards and procedures with strict measures for fraud and corruption detection in order to reduce fraud and corruption-related losses and to enhance efficiency and effectiveness in fraud prevention and suppression within the Bank.

The Bank provides preventive measures prohibiting an outsider to use the Bank to commit illegal actions as well as measures protecting persons who deny corruption or make complaints on fraud, corruption, and bribe from harassment, harm, penalty, demotion or threats, such as Anti- Fraud Policy, Anti-Corruption Policy and TMB Anti-Money Laundering/Combating of Financing Terrorism (AML/ FTC) Policy, etc.

The Bank places importance on anti-bribery for the Bank's business benefits or anti-bribery in any business agreement with government and private organizations. The Bank also determines Gift, Entertainment & Anti Bribery Policy for use as guideline by the employees.

- **Anti-Corruption Policy**

The Bank give important to operate the Bank with fairness and adhere responsibility for all stakeholders. The Bank operate align with principle of good corporate governance and code of conduct to ensure that the operation' of the Bank is transparency and absent all aspect of corruption. The Bank attained certified membership status in the Private Sector Collective Action Coalition Against Corruption (CAC).

The Bank provides anti-corruption policy in order that directors and employees use to be guideline for operation to ensure that the Bank acts as organization with full transparency. The Bank oversees directors and employees to abide by this policy strictly and also provide penalty to employees in case of violation of the policy as well as provide awareness of the participation and responsibility of the Bank to prevent corruption and also make organization's culture to be a zero-tolerance on anti-corruption. In addition, the Bank has measure to protect and give fairness to employees who deny or inform clue action on corruption from harassment, harm, penalty, demotion or threats.

In addition, the Bank provides risk management process on corruption, guideline to protect and monitor risk from corruption, monitoring result of assessment from policy's implementation as well as provide training to employees to ensure that they have knowledge on anti-corruption policy and guideline.

See more details in "Anti-Corruption".

- **Policy on Whistle Blowing or Complaints**

The Bank has whistle blowing policy and guideline for employees and all stakeholders' complaints to ensure that all stakeholders are able to communicate, report, or complain about improper actions such as violations of laws and regulations, misconduct and unethical behaviors, embezzlement, frauds, corruption, violation of rights, and any matter that lead to the Bank's damage.

The Bank provides channels to enable the stakeholders to report or make complaints either in writing or through the Bank's website. Policies and procedures are in place to ensure that the complaints will be forwarded to the concerned work units for quick investigation and correction as well as reporting to the Audit Committee for acknowledgement. The whistleblowers will be notified of the Bank's action.

In addition, the Bank has measures to protect whistleblowers from harassment, harm, penalty, demotion or threats from the whistle blowing.

- **Policy on Management of Conflict of Interest**

The Bank imposes strict measures on management of conflict of interest or related transaction or connected transaction. The important transactions that may pose a conflict of interest are considered and approved by the Board of Directors and in accordance with the rules and regulations of the related agencies. 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 Bank has policy on transactions with persons having conflict of interest for employees in order to treat such transactions with fairness, transparency and in accordance with the relevant regulatory requirement. The Bank also discloses accurate and complete information on such transactions in Form 56-1 and annual report.

Furthermore, at the Board of Directors' meeting, directors shall inform the Board of their conflict of interest before consideration of such particular agenda item. Such conflicts of interest shall be minuted by Secretary to the Board. The director with conflict of interest shall also abstain from participating in the discussion of such particular agenda item.

- **Policy on Internal Control**

The Bank sets out internal control policy for both managing and operational levels and puts in place the efficient, appropriate and adequate internal control systems with regular assessment. The Audit Committee of which all members are the Independent Directors is assigned to oversee the internal control system. The Audit Department, which directly reports to the Audit Committee, has duty to audit performance of all units such as accounting, finance, management to ensure that the operations are in accordance with the related rules, regulations and laws as well as the annual audit plan, and that the benefits of the Bank and the stakeholders are best protected.

- **Business Ethics and Code of Conduct**

The Board of Directors realizes that good practice enables the Bank to conserve and uplift its honor and reputation. The Business Ethics and Code of Conduct are thus prepared as guidelines for the directors, executives and employees. The strict compliance which is reflected in their daily work will enhance reliability and trust among the stakeholders.

7.4 Disclosure and Transparency

- **Disclosure**

The Bank's financial and non-financial information relevant to the business and operating results are disclosed correctly, completely, sufficiently, transparency, and timely, which reflects its actual business operation and financial status. All stakeholders have equal access to the information. The significant information is disclosed to the public in accordance with the criteria and regulations concerning the disclosure of information of the SET and SEC, and the good corporate governance principles such as to submit the financial report to the SET and SEC within the specified timeframe. The Bank's financial statements did not contain any transactions to which the auditor had qualified opinion. The financial statements have never been revised under the order of the SET and SEC. In addition, the Bank performs Management Discussion and Analysis (MD&A) on a quarterly basis and discloses such information on the Bank's website to inform the investors and enable them to better understand changes in the Bank's financial position and operating results in each quarter. The Bank also discloses remuneration for the directors and executives in Form 56-1 as well as annual report, and the shareholding of the Bank's securities by the directors and executives in Form 56-1 as well as annual report.

- **Investor Relations**

The Bank places importance on management of investor relations, both institutional and individual investors, domestic and overseas, taking into account the quality, correctness, completeness, transparency, adequacy and timeliness of information disclosed to investors, securities analysts, etc. The Bank's management team arranges meetings with investors and securities analysts on a regular basis to present the quarter and annual operating results of the Bank. The management team also attends seminars with the investors and securities analysts, 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. as well as to provide them with accurate and complete information of the Bank, both financial and general information, in a timely manner and in accordance with the relevant laws or regulations. This is to support the decision-making, create confidence and enhance good image of the Bank. The Bank's Investor Relations could be contacted at Floor 28, TMB Head Office Tel. 02-299-1178 Fax. 02-299-1211 or Website: <http://www.tmbbank.com>. Shareholder Services can be contacted at Floor 28, TMB Head Office Tel. 02-299-2729 Fax. 02-299-2758.

In 2016, the Bank provided information to analysts and investors regularly as summarized in the table below:

Types of meeting	Number of times	Number of companies	Number of persons
One-on-one meeting	40	61	78
Analyst and Group Meeting	7	150	166
Investor Conference and Non-Deal Roadshow	4	34	39
Total	51	245	283

- **The Bank's website**

At present, disclosure of information on the website is a fast and convenient way that allows easy and equitable access to information by shareholders and the public. The Bank therefore provides information about the Bank on the its website (www.tmbbank.com) in both languages, Thai and English, in addition to those disclosed in the annual report and Form 56-1. The information is also downloadable.

- **The Board of Directors' Responsibility for Financial Report**

The board has presented responsibilities concerning the company's financial reports alongside the auditor's report in the company's annual report.

7.5 Responsibilities of the Board of Directors

- **Board of Directors' structure**

The Bank requires that the Board of Directors' structure has diversity of necessary experiences, professional skills, expertise and gender. The Board shall contain proper composition of members according to the resolution of annual general meeting. The Board shall also establish a clear scope of responsibilities with balance of management power without allowing any person or group of persons to have unlimited power. For recruitment of directors, The qualification of directors that the Bank required must align with the Bank's strategy. In some case, the Bank recruits new directors form Director Pool data base.

- **Composition of the Board of Directors**

The Board shall comprise non-executive directors, executive directors and independent directors. The independent directors shall have at least the number set by the Capital Market Supervisory Board. Each independent director must have qualifications as prescribed by the Bank which are more stringent than the criteria set by the Capital Market Supervisory Board.

The Board of Directors consists of 12 directors who have experience, professional skill, and expertise in diversified fields as follows:

4 Independent Directors (one-third of the total number of directors)

7 Non-Executive Directors

1 Executive Director

The shareholders can be assured that the directors as representatives of the shareholders could perform their duty independently and there is appropriate balance of power.

- **Board Meeting**

The Board meeting shall be held at least once a month. In an urgent case, the Board may arrange a special meeting as deemed necessary. The meeting date shall be scheduled in advance so that the Board members are able to plan the attendance of every meeting. The meeting agenda shall be endorsed by the Chief Executive Officer and approved by the Board Chairman.

The Bank sends the meeting documents and invitation letter to directors at least 5 business days in advance so that the directors will have sufficient time to study and consider in advance the information to support their decision making on each agenda. The directors can additionally request necessary information regarding the meeting agenda from the management. The average length of the meeting is approximately 3 hours. The Chairman shall declare the meeting open and proceed with the business on the agenda. The time shall be adequately allocated for the management to present the information and for the Board members to make careful consideration before decision making. The voting of each agenda, the Board almost pass unanimously. The Chairman shall summarize issues as the meeting resolution. Directors who have conflict of interest on that agenda shall leave the meeting and shall have no right to vote.

The Board Secretary is responsible for preparation of written minutes of the meeting, arrangement of systematic filing for inspection and submission of the minutes to the government agencies within the specified period. See more detail of the meeting attendance of the Board of Directors and board committee members in "Board of Directors' meeting".

- **Non-Executive Directors and Independent Directors' Meeting**

Non-executive directors and independent directors shall arrange meeting without presence of the executive directors to consider and discuss important issues.

- **Independent Directors' Meeting**

During year, the Independent Directors with opportunities to call meeting among themselves as deemed necessary to discuss issues of common interest without attendance of the executive. The result of the meeting will be informed to the Board of Directors for acknowledgement.

- **Segregation of Duties and Balance of Power of Non-Executive Directors**

Chairman of the Board of Directors, and Chief Executive Officer shall not be the same person to prevent any person or group of persons to have unlimited power and to ensure balance of power. The Chairman of the Board of Directors shall not serve in any position of the committees.

- **Segregation of Duties, Roles, and Responsibilities between the Board of Directors and Executive**

Member of the Board (except the executive directors) shall not be the Bank's staff and shall not involve in normal daily executive activities of the Bank.

- **Terms of Directorship**

The terms of directorship shall be in accordance with Clause 17 of the Bank's Article of Association which states that at each annual general shareholders' meeting, at least one third 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. Retiring directors may be re-elected.

- **Role Assumption of Directorship in Other Companies**

To ensure that the directors have adequate time to perform their duties for the Bank, the Board limits directors from assuming a position in other companies as per regulations of the SET, the SEC and the Bank of Thailand, taking into account the effectiveness of the directors assuming position in companies. Details are as follows:

1. A director of the Bank may assume directorship in not more than 5 listed companies.
2. Directors of the Bank are able to assume a position or several positions, including chairman of the board, executive director, or an authorized signatory director in other companies in not more than 3 business groups. A company that is not a part of a business group shall be treated as one business group.
3. Directors shall disclose the information regarding assumption of directorship in other companies to the Bank as per regulatory requirements and the Bank's regulation.

- **Assumption of Position in Other Companies by Chief Executive Officer**

The Chief Executive Officer of the Bank shall perform full-time duties for the Bank. An assumption by the Chief Executive Officer of any position in other companies or organization shall require approval by the Board.

- **Roles and Responsibilities of Chairman of the Board of Directors**

The Chairman of the Board of Directors is responsible as the leader of the Board of Directors, to act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting to ensure that the meeting is effectively and efficiently achieved. and to have a casting vote in case the Board of Directors' meeting has a tie vote.

- **Roles and Responsibilities of Chief Executive Officer**

The Chief Executive Officer's principal duties are to implement the Bank's strategies and ensure the smooth functioning of the Bank according to the policies set by the Board. The Chief Executive Officer has ultimate responsibility for the performance of the Bank.

- **Board of Directors**

The Board of Directors approves the Bank's vision & mission, and both short-term and long-term strategies in line with the economic condition and competition in the financial market. In annually, the Board of Directors reviewed the Bank's vision & mission and strategies regularly so that the Bank's vision & mission and strategies are practicable, flexible and adjustable to match the complicated and fast changing financial business. Additionally, the Board of Directors regularly monitors the management's implementation to ensure that the Bank's vision & mission and strategies is effectively, efficiently and transparently achieved. (See more details in "Board of Directors".)

- **Board Committees**

To achieve effective and efficient performance, the Board has appointed board committees to relieve its burden in monitoring or consideration of important businesses of the Bank. (See more details in "Board Committees".)

- **Company Secretary**

The Board of Directors has appointed M.L. Ayuth Jayant to hold position of Company Secretary. The Company Secretary's roles and responsibilities are to perform duty in compliance with laws and best practice. See more details in "Company Secretary".

- **Directors' Remuneration**

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 accountability and responsibility of the directors compared with the companies in the same industry and similar size. See more details in "Directors' Remuneration".

- **Directors' Bonus**

The Board has important role in policy's setting, oversee the Bank's performance, and there are strong and sustain performance. The Board fairly set the directors' bonus in proper rate and consistent with the Bank's performance as well as comparable to that of the industry in which the Bank operates. The Nomination, Remuneration and Corporate Governance shall consider the directors' bonus, and then propose it to the Board for endorsement, and also include it in the agenda of the annual general meeting of shareholders for approval. The Board shall ensure that the Bank discloses the bonus of each individual director in the reports such as Form 56-1 and annual report in compliance with the regulatory requirements. See more details in "Directors' remuneration".

- **Directors' Performance Assessment**

The NRCC has arranged assessment of directors' performance to reflect their performance efficiency and problems and obstacles during the year, and will send the assessment form that is approved by the NRCC to all directors.

Assessment's Criteria

The criteria for assessment covers various areas including Structure of the Board, Board meeting, the Board's performance of duties, Relationship with management, Self-development of directors, and Board's practice of Roles and responsibilities of the Board.

Assessment's Process

The self-assessment is undertaken in three tiers as follows:

1. Assessment of the whole Board of Directors' performance
2. Assessment of the performance of each board committee (i.e. Board of Executive Directors, Audit Committee, NRCC, Risk Management Committee and Credit Committee)
3. Self-assessment of individual Board member

Assessment's Method

1. The self-assessment of the Board of Directors shall be made by all Board members.
2. The self-assessment of the board committees shall be made by all members of the board committees, member of the Board (by volunteer) and the Bank's executives who take position in the board committees on an individual committee basis.
3. The self-assessment of individual board members shall be made by all board members.
4. The Board Secretary and secretary of each committee shall also join in the assessment.
5. Senior management at the chief level will participate in the assessment representing views of the management.

- **Enhancement of Directors' Performance**

The Bank encourages the directors to participate in training courses to expand their knowledge at least one course related to their directorship, which are provided by Thai Institute of Directors (IOD) such as Director Accreditation Program (DAP), Director Certification Program (DCP) or other programs which are relevant to good corporate governance, director's roles and responsibilities under the laws and relevant government regulations or the bank's business operations. This aims at enhancing directors' skills and competency, and the Bank shall be responsible for all expenses.

The Bank oversees management provides internal training courses which are relevant to the Bank's business and director's responsibilities to the directors to enhance their knowledge.

The Bank encourages foreign directors who do not reside in Thailand to participate in professional director training courses from abroad which is equivalent to the programs provided by Thai Institute of Directors (IOD) as well as support them to take Thai Institute of Directors training course.

Whenever there is an appointment of new director, the Bank provides the director's handbook and information that are useful for new director's performance of duties. In addition, the Board shall ensure the Bank arranges an orientation and gives information on the Bank's nature of business, operational procedure and relevant regulatory requirements. Besides, the Bank shall arrange meetings between the Bank's executives and the new directors to allow enquiries and discussion on the Bank's business operations in detail.

- **New Director Orientation**

The Bank provides an orientation for new directors whenever there is a change of director. Director's manual, documents and useful information are provided in order to prepare the new directors in performing his/her duty through electronic media. In this regard, the Company Secretary shall have the following responsibilities:

- To provide the Bank's Information such as the Bank's history, important official documents, major shareholders, vision and mission, financial statements, business structure, management structure, term of directorship, directors' remuneration, etc.
- To provide information on the regulations and best practices for directors, e.g. rules and regulations for directors of related regulatory agencies, the Bank's policies and practices for directors, do's and don'ts for Bank directors, director fiduciary duty checklist, directors & officers liability & corporate reimbursement insurance.
- To arrange meeting with the Bank's executives to enquire in-depth information about business operation of the Bank.

- **Director Training**

The Bank encourages the directors to participate in training courses to expand their knowledge especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) arranged by the Thai Institute of Directors (IOD) 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. Currently, 6 of the existing directors had joined DCP program and 2 directors joined DAP program. Furthermore, the Bank also provides internal training for directors to enhance knowledge about to the Bank's business and director's responsibilities.

Foreign directors who do not reside in Thailand have joined overseas training course which is equivalent to the program of IOD. The Bank also encourages them to attend training courses of IOD.

In 2016, the directors have attended the additional training courses as follows:

Directors	Training Courses
Mr Singha Nikornpun	<ul style="list-style-type: none"> • Successful Formulation & Execution of Strategy (SFE 26/2016) • Ethical Leadership Program (ELP 4/2016)
Mr Yokporn Tantisawetrat	<ul style="list-style-type: none"> • Directors Certification Program (DCP 229/2016)
Mr Praisun Wongsomith	<ul style="list-style-type: none"> • Board that Make a Difference (BMD 1/2016) • Advance Audit Committee Program (AACP 24/2016)

- **Executive Succession Plan**

The Bank requires the executive succession plan is prepared as it is a key composition of the personnel strategic planning. The Bank has policy, work plans, and procedures in connection with its vision, mission and business goal as well as organizational culture so as to ensure that the executive succession is carried out smoothly and the succession personnel shall be prepared to ensure continuous operations of the Bank.

BANK'S SECURITIES AND SHAREHOLDERS

Bank's securities

Bank's capital

As of December 31, 2016, the Bank's registered capital was THB41,903,301,555.05 of which THB41,617,001,791.65 was paid up, comprising 43,807,370,307 ordinary shares at par value of THB0.95 per share.

Thai Trust Fund

As of December 31, 2016, Thai Trust Fund was no longer issued by the Bank.

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 22, 2016, the latest share register closing date for the right to receive the dividend payment from the 2015 operating profit, Thai NVDR Co., Ltd. issued NVDRs with the Bank shares as reference asset amounting to 4,194,229,060 shares or 9.57% of the Bank'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 the SET's website 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 the Bank only financial statements. 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 Bank's policy and regulations as well as, BOT's Notification, SorNorSor 5/2559, Re: Classification and Provision of the Financial Institutions, dated June 10, 2016 which states that as long as financial institutions have not yet written off impaired assets or have not yet made full provision for 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 20/2558, Re: Regulation for Accounting Treatment of the Financial Institutions, Section 8: Dividend Policy dated December 4, 2015, 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 reclassification 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.

Moreover, under the BOT's Notification SorNorSor 12/2555, 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. However, the Bank aims to maintain capital levels above these ranges as part of its capital planning and dividend policy considerations.

Subsidiaries companies' policy

Subsidiary companies' dividend payments are subject to the approval of their respective boards of directors and to be proposed at their shareholder meetings 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 complied with each company's regulations and relevant laws governing the company's dividend payment.

Major Shareholders

Below is the list of the 10 largest shareholders at the latest share register closing date on April 22, 2016, in order to determine the rights to receive dividend from 2015 operating profit.

Major shareholders	Number of ordinary shares	%
1. Ministry of Finance	11,364,282,005	25.94
2. ING Bank N.V.	10,970,893,359	25.04
3. Thai NVDR Co., Ltd.	4,194,229,060	9.57
4. STATE STREET BANK EUROPE LIMITED	1,070,052,006	2.44
5. DBS BANK LTD	780,000,000	1.78
6. Mrs Somporn Jungrungrueangkit	774,000,000	1.77
7. CHASE NOMINEES LIMITED	633,089,614	1.45
8. Royal Thai Army	546,499,860	1.25
9. HSBC (SINGAPORE) NOMINEES PTE LTD	432,747,427	0.99
10. HSBC (SINGAPORE) NOMINEES PTE LTD	353,847,600	0.81

Source: Information on the latest share register closing date on April 22, 2016 was prepared by Thailand Securities Depository Co., Ltd.
Investors may look for the list of major shareholders from www.set.or.th

OTHER RELATED INFORMATION AND EFFECTING FACTORS

Related Transaction

Transaction with related parties which occurred during the year

Related party disclosures, which comprised of definitions and characteristics of relationship, pricing policy, related parties transactions with key management and other related parties, outstanding balances with related parties, senior management personnel compensation, other benefits payable to the senior management personnel, were disclosed in notes to financial statements for the year ended December 31, 2016.

Measures or procedures to approve the making of related transactions

In conducting its business, the Bank shall adhere to its principles, integrity and transparency and maximize its interest by emphasizing the prevention of conflicts of interest and also to related party transactions and connected transactions according to the regulatory requirements. To that effect, the Bank requires that its Directors and Senior Management at Executive Vice President level and higher to disclose their relations or connections in any business with any conflicts of interest on a quarterly basis. Moreover, the TMB Policy on Confidential & Insider Information and Conflicts of Interest and a Procedure Manual have been issued and enforced in order to eradicate conflicts of interest. Transactions with related parties or connected persons are carried out by the Bank on an arm's length basis. In addition, the Bank's Directors and Executives who may have conflicts of interest in such transactions are neither allowed to participate in the approval thereof, nor to vote in a meeting.

The Bank has no policy to grant any direct loan to Directors or Senior Management. Loans provided to or investments in any entity in which the Bank, its Directors or Senior Management have conflict of interests are subject to the consideration of the project's viability, operational performance or feasibility analysis with terms, conditions and prices to be the same as those approved for other clients in general. The loan or investment amount must be controlled so that it will not exceed an appropriate limit and is subject to unanimous approval of TMB's Board of Directors. The concerned Directors or Executives shall not participate in the approval of such transaction and the approval must be consistent with the regulations of related authorities.

The Bank has assigned the Audit Committee to prevent and mitigate the conflicts of interest. Those transactions that have potential conflicts of interest that exceed the set threshold values or limits must be submitted to the Audit Committee for validation and/or approval prior to execution. Related and/or connected transactions will be disclosed on a complete and transparent basis according to the criteria of the relevant regulators.

Related and/or connected transactions in the future will be executed as per such policy and procedures specified. The Policy and procedures will be updated regularly and also whenever there are changes in related laws and regulations. For those transactions that fall below the set threshold values or limits, a report will be prepared and submitted periodically to the Audit Committee. Information on all of these transactions will be completely and transparently disclosed in accordance with the criteria set by the regulator.

For future related party transactions, the Bank shall continue to adhere to its principles to maximize the interest of the Bank and our shareholders, whereby at a minimum, pricing and terms and conditions will be on arm's length basis in accordance with the above mentioned Policy and Operational Guidelines. Also, the Policy and the Operational Manual will be updated to be in line with the changes of the regulatory requirements and internal criteria.

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 not allowed any person who may have a conflicts of interest to hold more than a 5% of stake in subsidiary company or associated company on its behalf.

Legal disputes

Legal disputes in which the Bank is defendant

TMB Bank Plc. (the Bank) was involved in one case of legal dispute that 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, 2016. This case was hereby terminated as per the final ruling of the Supreme Court on September 27, 2016 that rendered the judgment in favor of the Bank. The Bank won the case without any compensation to be awarded to the Plaintiff. Details of the case are summarized as follows:

Legal dispute between Luang Bumrung Limited Partnership and the Bank

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 THB 5 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 the Bank, hence all of the rights and obligations has been transferred to the Bank) as the 1st defendant together with 16 directors with regards to the violation of guarantee agreement, and claimed for compensation of about THB 140.261 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 THB 200 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, the Bank 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 motion requesting to sue in forma pauperis (court fees waived). The Bank defended the case and its motion on October 20, 2010. On September 27, 2016 the Civil Court of Southern Bangkok announced the Supreme Court’s judgment dated May 30, 2016. The Supreme Court upheld the earlier judgment to dismiss the case and rendered the judgement in favor of the Bank. The Bank was not held liable for any compensation to LBP and the case was hereby terminated.

Legal disputes in which the Bank is plaintiff

Apart from the above case, the Bank 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 the Bank and Thai Asset Management Corporation (TAMC)

On April 2, 2007, the Bank 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 THB 7.196 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. The Bank did not consent to this request and sent a letter contradicting such downward adjustment. On July 20, 2006, TAMC informed the Bank 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 the Bank. 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 the Bank.

Moreover, on November 14, 2006, TAMC did not make debt repayment of about THB 520 million to the Bank, 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, therefore, the Bank 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 THB 4.432 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 the Bank 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 THB 2.027 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 the Bank 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 THB 12 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 the Bank 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 THB 520 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 THB 535 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 THB 2,027,134,274.65 with a maturity date on October 31, 2011 and, the third one amount THB 12,002,000 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 the Bank entitling as payee. FIDF and TAMC shall be mutual responsibly for the judicial fees incurred and the lawyer fee amount THB 200,000. 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 the Bank has not right to filing this claim since, on the filing date (April 2, 2007), the Promissory Note of THB 520 million being hold by the Bank is not honored yet due to its maturity date on February 14, 2013.

The Bank appealed case on August 23, 2010. Both FIDF and TAMC made their appeal file on September 21, 2010 as well. On February 4, 2014, the Appellate Court reversed the earlier judgment and made decision to dismiss the case.

On 30 April, 2014, the Bank filed an appeal against the judgment to the Supreme Court. On February 25, 2016, the First Instance Court announced the Supreme Court's final decision dated October 14, 2015. The Supreme Court affirmed the Appeal Court's judgment to dismiss the case with the reason that the machinery and its accessories was not regarded as the secured property according to the Non-Performing Asset Transfer Agreement. However, the Supreme Court's judgment led to TAMC's right to downward adjustment of the transfer price to reflect the real value of the property. Now the case has come to an end.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank places importance on good corporate governance, code of conduct for directors, code of conduct for employees, and business operations with responsibility to all stakeholders including shareholders, employees, customers, business partners, creditors, competitors, investors, government agencies, as well as society and environment. This is to ensure that they are treated well, leading in turn to sustainable development of the Bank, society, and the country's economy.

1. Policy and Direction towards Social Responsibility

The Bank has policy to operate business for a sustainable growth by enhancing operating efficiency, developing product and service and empowering employees. By adhering to corporate social and environmental responsibility, the Bank aims to create value for all stakeholders. This policy is aligned with the 8 principles of Corporate Social Responsibility's Guideline of the Stock Exchange of Thailand. Details are as follows:

1. Fair Trade Practice

The Bank is fully aware that it is important to operate its business fairly as stated in the corporate governance policy regarding Role of Stakeholders. The Bank gives priority to equal treatment to all stakeholders to ensure they fully have their rights with fairness and appropriate treatment. The Bank puts in place the system to handle customers' complaints and resolve their problems with prudence and fairness. Customer information shall be kept confidential and strictly complied with the condition on the counterparty's agreement. The Bank's business operations are based on fair, corruption-free and ethical competition. All employees are treated fairly and equally. Training are provided to enhance staff's knowledge, skills and competency. The Bank increases employees' job opportunity by offering internal rotation which also help improve working efficiency. The Bank determines fair compensation scheme which is in line with industry standard. The Bank also promotes corporate governance culture within the organization.

2. Anti-Corruption

The Bank realizes that corruption compromises the stakeholders' confidence in the Bank's operation and that corruption could cause legal penalties, by both civil and criminal law. The Bank provides anti-corruption policy for directors and employees to comply with and monitors them consistently. There are disciplinary measures and penalties for those who fail to comply with the policy. The Bank shall also provide protection and fairness to employees who deny an act constitutes corruption or report an incident of corruption. All of these will help increase the employees' awareness of the anti-corruption culture and ensure that the Bank operates with full transparency.

3. Human Rights

Respecting human rights is part of the Bank's operation. The Bank places importance on the equality of all employees and does not commit any conduct that violates human rights, including discrimination against individual on grounds of the difference in origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, and economic or social standing.

4. Fair Labor Treatment

The Bank is fully aware that employees play an important role in driving the Bank's business and bringing positive changes to society. The Bank, therefore, selects, develops, promotes, and retains high caliber staff so that the Bank can achieve its target efficiently and effectively. The Bank ensures appropriate and fair compensation as well as a transparent appointing, transferring, bonus and penalties. The Bank also encourages and supports employees to improve their knowledge and skills. Lastly, the safety of working environment is also provided.

5. Responsibility to Customers

The Bank places importance on maximum customers' satisfaction and confidence in the Bank. It thus aims to genuinely offer quality products and excellent services to customers by focusing on their needs and benefits. Furthermore, the Bank shall not make unfair terms and conditions, and must follow the business agreement strictly, honestly, carefully and consistently.

6. Community and Social Development

The Bank supports community and social development programs and encourages and embed the mindset of "Give Back" to communities and societies by Community Improvement Projects including FAI-FAH Projects by TMB Foundation. These social initiatives aim to create positive change and sustainable development, inspired by the Bank's philosophy, "Make THE Difference".

7. Environmental Management

The Bank places importance on environment preservation through its credit underwriting policy, by not supporting the businesses that could cause both direct or indirect environmental impacts. The Bank also comply with the United Nation Global Compact (UNGC) by providing an environment-friendly work place.

8. Innovations and Distribution of Innovations

The Bank encourages employees to creatively develop and improve working process for efficient and effective operations. This results in cost-efficiency improvement, an efficient use of resources, a faster service which leads to an increase in customers' satisfaction.

From the 8 principles mentioned above can be summarized with the Bank's stakeholders in table as follows:

8 Core Principles / Stakeholders	Fair Trade Practice	Anti-Corruption	Human Rights	Fair Labor Treatment	Responsibility to customer	Community and social development	Environmental management	Innovation and Distribution of Innovation
Shareholders	•	•			•	•		
Employees		•	•	•		•	•	•
Customers	•	•			•		•	•
Business partners	•	•		•				
Creditors	•							
Competitors	•							
Investors	•	•						
Government Agencies		•				•		

2. Sustainability Report

This Sustainability Report is a part of the Bank's Annual Report of year 2016 that contains the disclosure of the Bank's operations related to Corporate Social Responsibility and Environmental Management (CSR) during the period of 1 January – 31 December 2016. The report is based on the 8 principles of the Stock Exchange of Thailand's Guideline for Corporate Social Responsibility including:

1. Fair Trade Practice
2. Anti-Corruption
3. Human Rights
4. Fair Labor Treatment
5. Responsibility to Customers
6. Community and Social Development
7. Environmental Management
8. Innovations and Distribution of Innovations

3. Policy Implementation

In 2016, the Bank adhered to 8 principles of CSR which can be described as follows:

1. Fair Trade Practice

- 1.1 The Bank operates business with prudence, efficiency, and effectiveness for stable and sustainable growth in accordance with "TMB Way", the organization culture. TMB Way comprises of 5 core values namely Customer Centricity, Open Communication, High Performance, Risk Management and Integrity.
- 1.2 The Bank operates business in compliance with good corporate governance principles without fraud and corruption as well as adherence to code of conduct.
- 1.3 The directors and employees protect the Bank's benefits, whilst taking into account all stakeholders with fairness and transparency. This enhances the confidence of both domestic and foreign investors.
- 1.4 The Bank strictly operates business in compliance with laws, rules and regulations, and relevant regulatory requirements.
- 1.5 The Bank prevents any conflict of interest among the Bank, directors, employees and stakeholders, and determines comprehensive operational procedures, efficient internal control, as well as risk management system at international standard.
- 1.6 The Bank ensures that its information, both financial and non-financial, is disclosed correctly, completely, timely and transparently through channels that can be easily accessed by the public.

2. Anti-Corruption

The Bank shall operate with fairness and responsibility to all stakeholders. The Bank operates aligning with principle of good corporate governance and code of conduct to ensure that its operation is transparent and corruption-free. The Bank also attained certified membership status in the Private Sector Collective Action Coalition Against Corruption (CAC).

The Bank defines anti-corruption policies, providing guidelines for directors, executives, and all employees to operate and conduct business in a transparent manner, prohibiting its directors, executives, and employees to bribe or offer gifts or money to individuals, government officials, or companies to gain undue business benefits or influence over business dealings. It also prohibits any engagement of corruption-including expression of interest or acceptance of such acts for the benefit of oneself or other persons.

The Bank defines employees' code of conduct on offering or accepting gift and giving or accepting entertainments from other individuals. Offering or accepting gifts or other benefits and giving or accepting entertainments are allowed only in proper manners without having any form of influence over decision making, offering or accepting bribery is also prohibited. In this regard, offering or accepting gift and giving or accepting entertainments from others in certain occasions are allowed based on tradition, custom or culture. This includes gift given to each other as per social manner which employees must be done carefully and in compliance with the Bank's policy on Gift, Entertainment & Anti Bribery.

The Bank provides overall anti-corruption risk assessment on, along with anti-corruption risk assessment in transaction that may lead to attempts in corruption within departments and operations such as procurement unit, NPL management, NPA management, TMB Foundation management, and charity foundation. Risk & Control Self-Assessment (R&CSA) is adopted to assess the risk, R&CSA provides clear scope of risk identify, mitigation, efficiently keeps track of risk factors, maintains them at an acceptable level, and prepares for any additional risks in the future.

The Bank provides whistle blowing policy against corruption and improper actions such as fraud, violations of laws, misconduct, unethical behaviors, embezzlement, violation of rights, and any matter that leads to the Bank's damage.

The Bank educates new employees on anti-corruption. New staffs are trained about the anti-corruption policy during the orientation. In addition, these courses are prepared as e-learning courses for all employees, including tests to assess knowledge and understanding about anti-corruption for all employees. The Bank communicates its anti-corruption policies via its website to various stakeholders and general public to broadcast its intention and commitment about anti-corruption.

3. Human Rights

The Bank places importance on equality of all employees and ensure that it does not commit any conduct that violates human rights, including discrimination against individuals on grounds of differences of origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, and economic or social standing.

The Bank collaborates with Thai Bankers' Association to provide career opportunity for persons with disabilities across the country to earn the living for their families and communities by hiring as service contractor. More than 90 persons have been hired for administration job in deferent locations, including the Thai Red Cross Society, sub Thai Red Cross nationwide, and Health Promoting Hospital nationwide. This is to ensure they have opportunities to equality, as well as development of sustainable community and society.

4. Fair Labor Practice

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

- 4.1 "Staff Guidebook" has been developed not only to provide employees with useful information, but it also consist of the Bank's core culture, employee's rights and code of conduct. In addition to the guidebook, which is fundamentally given to new joiners, these information are also accessible for all employees via other channels, such as Intranet at HR Minisite.
- 4.2 The Bank fully complies with the Labor Protection Act B.E.2541, Labour Relation Act B.E.2518, Social Security Act by setting up rules and regulations to enforce internally, for instance, regulations in working days/normal working hours/holidays, wage payment/overtime pay/holiday pay and holiday overtime pay, holiday, leave, discipline, disciplinary action and procedure, grievance, discharge of employment and severance payment. Moreover, the Bank fully complies with other relevant Laws namely 'Persons with Disabilities Empowerment Act, B.E. 2550'.
- 4.3 Code of Conduct has been disseminated to current staffs and new joiners of the Bank to ensure their understanding and strict adherence to it. It is also to enhance good relationship and workplace environment, and maintain the governance with customers and staff.
- 4.4 The Bank's "Total Compensation" policy is aligned 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 Thai banking industry rate on regular basis to ensure the fair remuneration.

- 4.5 Other welfare and benefits are provided to support employees' working and living standard such as Provident Fund, Medical Welfare, Medical Checkup, Social Security Fund and etc.
- 4.6 The Bank places high importance in the career path of current employees, thus encourages employees to learn and understand themselves in order to best improve their skills and grow their career path, regardless of whether it is 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 knowledge management systems for research and study, e-learning for self-development and First Hand Day Program for employees in management level to increase knowledge of tasks in other functions other than the task of their own responsibility. "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.
- 4.7 The Bank has the policy of employee's skill development. The Bank provides training for all staff on a regular basis to enhance employee's competency. The contents and training methods are always revised and updated. As such, staff could develop the skills they need for their job and future roles. In addition, the Bank continues to promote its culture of self-improvement by cultivating awareness and positive attitudes as well as encouraging employees to be innovative.
- 4.8 The Bank understands the importance of communication with employees. Therefore, HR Communication, HR Mini-site, HR on Call and Yammer have been initiated as additional channels for the Bank to communicate with employees as well as a channel to share useful information among employees. Moreover, 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

The Bank strictly complies with the Consumer Protection Act B.E. 2522. In consumer protection regarding advertising, the Bank avoids the use of information that may be unfair to consumers and the use of information that may have adverse effects on society. In addition, the Bank does not advertise in a way which could cause psychological harm or irritation. As for consumer protection regarding contracts, each and every contract shall be provided with clear and adequate terms and conditions, agreements, expenses, period of contract, and termination of contract and is in clear, easy-to-understand language and fonts. Consumers have a right to study the contracts before making their decisions. In addition, the Bank will not stipulate unfair terms and conditions and will not take any actions to mislead consumers.

The Bank provides business continuity management policies and standards as a guidance for all units to develop a business continuity plan as well as to assess and test the readiness to ensure that the Bank has readiness on business continuity plan, continuous customer service, and IT disaster recovery plan under crisis circumstances.

The Bank placed importance on keeping and protecting customers' personal information. The Bank provides written policy and guidelines for keeping and preventing the use of inside information, as well as regulation on the use of inside information and also ensure strict compliance to prevent any director, executive or employee in the position or status with 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 Bank/customers to operate business competing with the Bank's/customers' businesses, or exploiting to gain any benefit from his/her authority and responsibility.

6. Community and social development

The Bank supports and participate in community and social development in several ways. The Bank always encourages employee to participate in community improvement projects including FAI-FAH programs by TMB Foundation in order to drive the social responsibility mindset to communities without aiming for any benefit.

The Bank also joins with other organizations i.e., the Thai Bankers Association (TBA) in "Savings for Change" Project. It is an educational project with an objective to promote a financial planning, financial discipline, and anti-corruption spirits among youths.

TMB ING ParkRun is one of the Bank's CSR project, a mini-marathon project to raise fund for Cardiac Children Foundation of Thailand.

7. Environmental management

The Bank operates not only for the best performance, but is also fully aware of the importance of environmental impact from its daily energy and natural resource consumption. As a result, the Bank is fully committed to environment conservation and efficient usage in order to ensure the sustainable growth of society and economic development with policies as follow

- 7.1 Fully comply with environment protection law and strongly coordinate with outside environmental safety organizations.
- 7.2 Continuous improvement on pollution control process with use of material or product that avoid or reduce environmental pollution, as well as recycling of reusable materials.
- 7.3 Encourage good mindset for all staffs and customers to help protect and conserve the environment.

With determination to achieve practical results, in the past years, the Bank has been rebuilding and renovating Sanam Suer Par branch to be a model branch for other future branches as a building with LEED certification (Leadership in Energy and Environmental Design) from U.S. Green Building Council (USGBC) which has 7 criteria of consideration as follow

1. Sustainable location: the location must not be in national park, must be equipped with public transport facility and bicycle parking with full public utility system.
2. Efficient use of water with rain storage and no use of tap water for plant watering.
3. Minimize the use of energy and encourage use of alternative source of energy.
4. Use of environmental friendly construction material with effective waste and garbage disposal process.
5. High proportion use of outside natural light source with good air ventilation.
6. Design innovation: environment-friendly and pollution reduction design.
7. Construction process which preserve local environment and atmosphere.

The evaluation revealed that Sanam Suer Par branch has passed all of the criteria with 82 points at platinum level which is the highest level.

In addition, the Bank is determined to continue environmental conservation effort such as paper recycling project by donating used office paper to private company for recycling and to join forest plantation project with the locals.

8. The innovation development under social responsibility principles

Currently, organizations around the world develop their new roles to operate their businesses with the 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. The Bank is no exception, it has also put utmost importance to contribution to society and act as a good corporate citizen. With the philosophy “Make THE Difference”, the Bank introduces differentiation to the Thai banking industry by offering innovative financial products and services to every customer segments continuously.

- **TMB All Free**
From deepening customer understanding, the Bank upgraded the existing “TMB All Free” and reintroduced it as the country’s best transactional deposit product. The new TMB All Free gives Ultimate Freeness as the one and only transactional account in Thailand offering free unlimited withdrawals at all ATM machines available throughout the country, unlimited bill payments, unlimited interbank transfers and unlimited card reissues.
- **Other Financial Products and Services**
The Bank continued to strengthen market position of being the first and only domestic bank offering Open Architecture platform. The Bank is currently the selling agent of a broad range of mutual fund products managed by 7 leading asset management companies namely Aberdeen, CIMB Principal, Manulife, ONEAM, TISCO, TMBAM and UOBAM, all at one place.

4. In-process business that impacts to social and environment

The Bank operates business with responsibility in social and environment. In 2016, The Bank has not been investigated in case of violation of any social and environment law by government agencies, and also has not been publicized of any case that would impact the Bank’s operation, reputation or trust.

5. After Process CSR

Besides in-process CSR, where the Bank integrates the principles of social responsibility into its business operation, the Bank, with the “Make THE Difference” philosophy, has also established sustainable after-process CSR projects that support social development and environment conservation as follows:

FAI-FAH by TMB Foundation

With an aim to create “Catalyst of Changes” and “Sustainable Development” for the society, FAI-FAH under the management by TMB Foundation has been established. FAI-FAH center is an art-inspired learning center that offer skill enhancing activities such as arts, sport, music, etc., to kids from the communities whose age are between 12 – 17 years old. FAI-FAH kids are allowed to select up to two of the classes offered at center, and could participate in the classes up to three years free of charge. In addition, each year FAI-FAH would initiate so called “Community Improvement Project” which aims to improve community in the sustainable way by focusing on the actual needs of people in the community. Through this platform, FAI-FAH kids are encouraged to set up the theme of the project for each year and use the skills learned from FAI-FAH to give back to their community with the key supports from the Bank’s volunteers. This is to promote the mindset of “giving back” among the FAI-FAH kids and also the Bank’s employees under the philosophy of Make THE Difference.

Currently, FAI-FAH have four centers across the area of Bangkok in order to expand more opportunities for the community kids which are Pradiphat (opened since 2010), Prachautis (opened since 2012), Chan (opened since 2012), and Bangkok Noi (opened since 2015).

In 2016, FAI-FAH has inspired more than 200,000 kids throughout various FAI-FAH programs. FAI-FAH aims to extend its reach to help further in other area with collaboration from various partners. For instance, the collaboration with Buddha Bhucha school to set up FAI-FAH Club in order to increase opportunities to enhance Art & Life skills learning among community kids at school. In addition, FAI-FAH has also partnered with Yuvabadhana Foundation who helps providing operational supports on managing scholarship for FAI-FAH kids. With these collaboration from vision-sharing partners in helping kids from community, FAI-FAH will be a society’s platform that empowers kids to fulfill their dreams and become catalyst of changes that drive the society better.

Year 2016 is considered as another great year with the stronger achievement compared to 2015. The Bank’s volunteers from nation-wide branches have participated in Community Improvement Project or FAI-FAH IN A BOX program, in which volunteers from branches would visit community around the branch, explore their needs, and come up with sustainable community improvement projects that serve those needs. With the double achievement compared to 2015; more than 4,000 of the Bank’s volunteers had lead and support 37 projects together with internal fund-raising the Bank’s volunteers program have inspired various communities for better & sustainable changes across the nation in 2016.

- Examples of Community Improvement Projects are “The Reactivation of Rai-Karn Market, Ban-Bhu Community” Project in Bangkok in which the Bank’s volunteers have led and worked with community residents to bring back the historical market (Rai-Karn market) and promote nearby cultural heritages as another sustainable community tourism destination
- The Green & Fresh Community Area, San-Tang-Laung Community” Project at Chiangrai which aims to promote Green habits among community residents and preserve the Green environment to their young generations.
- FAI-FAH Club Year 2 at Bhuddha Bhucha School” Project in Bangkok to further expand the opportunities to enhance Art & Life skills learning among community kids at school. These are some of the inspirable deliveries that the Bank’s volunteers have dedicated their extra efforts to give back and ripple out Make THE Difference to the communities.
- In 2016, TMB Foundation also continued to support Cardiac Children Foundation of Thailand, which aims to provide cardiac operations to children across the nation who are in need but lack financial supports. Through the sales tickets for TMB ING Parkrun 2016 together with online & offline donations from the Bank and public consumers, TMB Foundation is able to raise a donation of over THB 3.8 million to support Cardiac Children Foundation of Thailand this year, with an expected beneficiary of 192 cases or with additional of 31 cases compared to 2015.
- Saving for Change (2nd year) : TMB Bank Public Company Limited, as one of the fifteen members of the CSR Club under the Thai Bankers’ Association has been continuing to support the Saving for Change Project. This is to build the foundation for financial planning, financial discipline, and anti-corruption spirits among the youths as part of the solid foundation for economic and social sustainability for the future. The key successful deliveries for this year are as follows:
 1. Provide training for the trainers from Thai Bankers’ Association members in giving financial literacy for the youths.
 2. Provide knowledge for personal financial management, financial discipline, and anti-corruption to undergraduate students.
 3. Develop student leadership as the disseminators in their own community as well as surrounding community.
 4. Develop student handbook for the disseminators guide to be eligible for student leaders to share knowledge and virtue.
 5. Tighten relationship between banking institutions and education institutions and their communities in Nakorn Pathom province.

FAI-FAH, the core CSR program of TMB Foundation, is the reflection of tangible results on how Make THE Difference philosophy has created a ripple out effect that could make our society become better in a sustainable way. TMB Foundation will continue deliver and support not only FAI-FAH but also the other sustainable community programs that will further bring the sustainable changes to the society.

INTERNAL CONTROL

Opinion of the Board of directors on Internal Controls and Risk Management

Internal control is an important cornerstone of the bank's operating model and strategic direction, both at management and operational levels, emphasizing sound organizational structure, segregation of duties, and delegation of authority of decision-making. This is to ensure that the interests of all the bank's stakeholders and the bank own benefits are appropriately taken into account. The Board of Directors (through the Audit Committee, Risk Management Committee, and Nomination, Remuneration and Corporate Governance Committee) has been tasked with oversight of internal controls, risk management policies & processes and good governance. Audit carries out reviews over the Bank's overall operations, related and connected transactions and reports findings to the Audit Committee and the Audit Committee reports to the Board of Directors accordingly. This is in order to provide assurance to Directors and support Directors and Management with reporting in order to take initiatives, if deemed appropriate.

The Board of Directors meeting no. 1/2560 held on 25 January 2017, attended by members represented in the Audit Committee, has reviewed the report on the Bank's internal control assessment proposed by Head of Audit. Internal auditors conducted the assessment based on the Internal Control Core Components; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

The Bank's internal control and risk management are generally good, and there has been continual fine-tuning in order to meet changes and emerging risk in business environment. The Board of Directors is aware of the current status of the Bank's internal controls, risk management, and exercises supervision over management's efforts on ongoing internal control improvement. Moreover, Audit Committee has recommended management taking remedial actions to address identified deficiencies and reporting progress to the committee and the Board of Directors on a regular basis.

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 details of Head of Internal Audit in attachment 1)

Head of Compliance

The Board of Directors has appointed Mr Varoon Kanjanapoo to hold position of Head of Compliance.

(see more details of Head of Compliance in attachment 1)

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 this regard, Chairman of the NRCC is an independent director.

In 2016, the NRCC carried out its responsibilities duties within the scope of authority given by the Board of Directors, holding 12 meetings. Each member attended meetings and performed their duties on important matters as follows:

1. Screening and nominating the candidates who has proper qualification so as to appoint as the Bank’s directors to replace director who resigned before completion of tenure and directors who retired by rotation before submission to the Board of Directors or shareholder meeting for approval (if any). The NRCC shall consider and nominate persons who are professionals in diversified fields with proper qualifications as prescribed in the law, the Bank’s Articles of Association, and notification of government agencies as well as knowledge, capability, expertise, and experiences in order to be in line with the Bank’s business strategy. In addition, the nominate persons must be able to dedicate time for the optimum benefits of the Bank.
2. Consideration and endorsement the appointment of members of Board committees, namely, the Board of Executive Directors, the Audit Committee, the Nomination, Remuneration and Corporate Governance Committee, the Risk Management Committee, and the Credit Committee to ensure that the Board Committee comprise directors who have qualification and there are sufficient number of committees’ members effective performance of duties, and in compliance with the Charter of each Board committee prior submission to the Board of Director for approval.
3. Consideration the remuneration of directors and the Board Committees before submission to the Board of Director for consideration and further submission to the shareholder’s meeting for approval. In doing so, the NRCC will consider directors’ remuneration based on fiduciary duty and shall be consistent with accountability and responsibility of the directors.
4. Consideration directors’ bonus before submission to the Board of Director for consideration and further submission to the shareholder’s meeting for approval. In doing so, directors’ bonus shall be consistent with performance of duty based on the scope of their assigned and shall be consistent with performance of the Bank.
5. Arranging the performance assessment of the Board of Directors, the Board Committees, and individual Board member as well as propose result and recommendation to the Board of Directors for acknowledgement. In this regard, the recommendation of the NRCC will be implemented to increase overall efficiency of the Board of Directors’ performance.
6. Screening and recruitment person who has proper qualification to appoint as the senior executives before submission to the Board of Directors for appointment. The NRCC shall consider and recruit persons who has knowledge, capability, and proper experience in diversified fields so as to contribute, support, and push forward the Bank’s business for achieving goals.
7. Arranging for the performance assessment of the chief executive officer. Each assessment was conducted against predetermined short-term and long-term targets and performance criteria. The NRCC also consider the compensation and proper benefit scheme for senior executives, prior to submission thereof to the Board of Directors for approval. In doing so, consideration of compensation is proper with scope of the assigned duties and responsibilities as well as general economic situation and the relevant industry benchmarks.
8. Proposal the succession plan to the Board for the positions of the chief executive officer to ensure that the Bank has an appropriate process for planning, identifying persons as successors to key positions of the Bank.
9. Consideration, reviewing, and revision of Corporate Governance Policy to be consistent with principle of good corporate governance standard to ensure that the policy is updated and cover protection against abuse of inside information, authority and duties of the Board, and directors’ bonus as well as oversee the implementation of the policy completely.
10. Consideration and reviewing Anti-Corruption Policy and ensure that the policies are disseminated to employees and public as well as oversee the implementation of the policy completely.
11. Oversee the Bank’s business operation with principle of good corporate governance, efficiency, absence of corruption, transparency, auditability, and ensure that information are complete disclosed so as to enhance confidence of all stakeholders

The NRCC fully perform duties assigned by the Board of Directors with carefully and transparency for appropriate benefit of the all stakeholders.



MR SIRIPONG SOMBUTSIRI
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 consolidated financial statements of the Bank and its subsidiaries, and all financial information appearing in the Annual Report. The financial statements for the year ended December 31, 2016 have been prepared in accordance with Thai Financial Reporting 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 of Directors has also adopted and maintained the 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 the Audit Committee entirely comprising independent directors responsible for the quality of the 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 of Directors 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 reliability of the Bank's financial statements and the consolidated financial statements of the Bank and its subsidiaries as of December 31, 2016.



MR BOONTUCK WUNGCHAROEN
Chief Executive Officer



MR RUNGSON SRIWORASAT
Chairman of the Board

STATEMENT OF THE AUDIT COMMITTEE

In 2016, 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 including propose dismissal of Bank's external 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 12 meetings in 2016, 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 KPMG to be the Bank's independent auditors for the year 2017.

The Bank's internal control systems and regulatory related compliance are generally 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. Moreover, Audit Committee has emphasized the management to take remedy actions to address deficiencies identified and report progress to the Audit Committee regularly.



MR SINGHA NIKORNPUN
Chairman of Audit Committee

MANAGEMENT DISCUSSION AND ANALYSIS

Executive summary

2016 was another challenging year given Thai economic recovery was gradual and a number of uncertainties remained. TMB, nonetheless, maintained strength in its core operating performance together with a success in transactional deposit expansion. Apart from core business operation, the Bank also put priorities on asset quality and capital adequacy monitoring in order to ensure quality growth and sustainable returns to shareholders.

PPOP continued to grow by 10%, reflected a positive momentum of earning capability

Despite downward interest rate trend in 2016, TMB managed to grow net interest income by 6.6%, supported by further NIM improvement. Net fees and service income growth was 2.2%, despite heavily weighted down by 32.1% reduction of loan-related fees. Total operating income, as a result, grew by 5.3%. Non-interest expenses rose only 0.7% on the back of efficiency improvement. As a result, PPOP increased by 10.2% to THB18,667 million. Cost to income improved to 46.9% from 49.2% in 2015. All these reflected the improvement of income generation and operating efficiency.

Optimized deposit growth and structure to be in line with loan growth

The Bank rebalanced deposit volume and structure in 2016 to align with loan growth. During the year, TMB successfully expanded transactional deposits (All Free & One Bank) and replaced Time deposit with No-Fixed and ME, the Bank's flagship products. TMB All Free significantly expanded by 129% whereas No-Fixed and ME also increased by 3.5% and 7.5% respectively. At the same time, Time Deposit dropped by 32.4%. As a result, total deposit declined by 7.1% in line with the Bank's strategy to optimize deposit and loan volume. In 2016, loans grew moderately by 2.2%. Key driver was mortgage loan expansion while commercial loans declined.

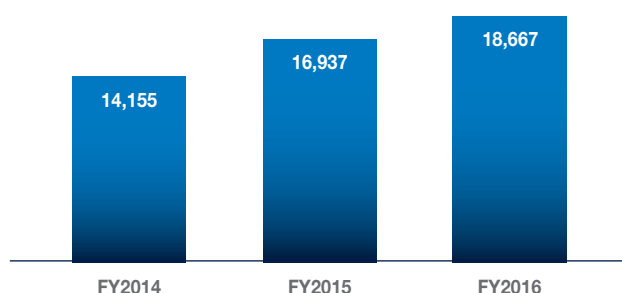
Asset quality was closely monitored and coverage ratio was kept at high level

TMB closely monitored asset quality and ensured sufficient level of potential loss buffer. At the end of 2016, the Bank recorded THB17,605 million of NPLs, declined from THB20,473 million in 2015. NPL ratio dropped to 2.53% from 2.99% in prior year. The Bank prudently set aside higher provision in order to accommodate extra NPL write-offs that helped mitigate future downside risk. Coverage ratio, subsequently, remained high at 143%.

Due to higher provision, TMB reported net profit of THB8,226 million which represented an ROE of 10.2%.

Figure 1: Pre-provision operating profit (PPOP)

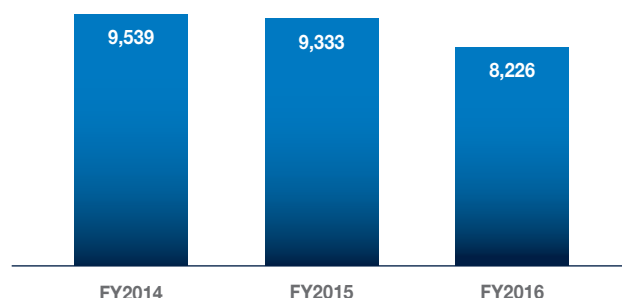
(Unit: THB Million)



Note: Consolidated financial statement

Figure 2: Net profit to equity holders of the Bank

(Unit: THB Million)



Note: Consolidated financial statement

Discussion of Operating Performance

The 12-month core operating performance continued to improve from 2015. Details of operating performance including income structure are as follows.

Figure 3: Selective comprehensive income statement

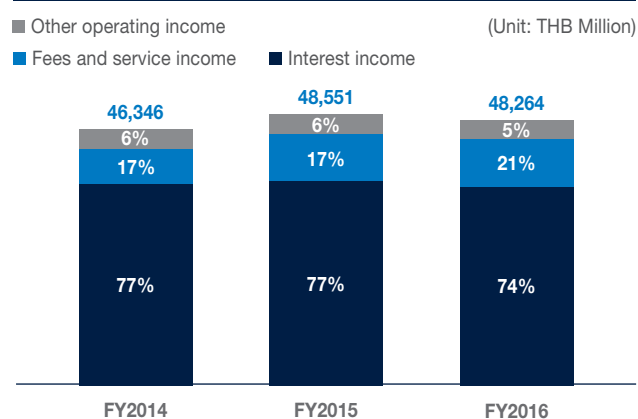
(Unit: THB Million)	FY2016	FY2015	Change	%YoY
Interest income	35,631	36,430	-799	-2.2%
Interest expenses	10,870	13,210	-2,340	-17.7%
Net interest income	24,761	23,220	1,541	6.6%
Fees and service income	10,168	9,712	456	4.7%
Fees and service expense	2,171	1,891	280	14.8%
Net fees and service income	7,997	7,821	176	2.2%
Total other operating income	2,465	2,409	56	2.3%
Non-interest income	10,462	10,230	232	2.3%
Total operating income	35,223	33,450	1,773	5.3%
Non-interest expenses	16,589	16,467	122	0.7%
Impairment loss on loans and debt securities	8,649	5,479	3,170	57.9%
Profit before income tax expense	9,984	11,504	-1,520	-13.2%
Income tax expense	1,740	2,153	-413	-19.2%
Profit for the period	8,244	9,351	-1,107	-11.8%
Profit to non-controlling interest of subsidiaries	18	18	0	-0.7%
Profit to equity holders of the Bank	8,226	9,333	-1,107	-11.9%
Other comprehensive income	1,596	37	1,559	4,182.5%
Total comprehensive income	9,841	9,389	452	4.8%
Basic earnings per share (Baht per share)	0.188	0.213	-0.025	-11.9%

Note: Consolidated financial statement

1. Income Structure

The Bank's income structure consists of interest income, fees and service income and other operating income. In 2016, TMB generated THB48,264 million of total income compared with THB48,551 million in 2015. Interest income was the largest income source and accounted for 74% of total income. This followed by fees and service income of 21% and other operating income of 5%.

Figure 4: Revenue structure



2. Net interest income (NII) and Net interest margin (NIM)

Interest income dropped by 2.2% YoY to THB35,631 million from THB36,430 million in 2015, driven mainly by lower interest income on investment. Interest income on loan rose by 1.6 YoY from growth in performing loan.

Interest expenses declined by 17.7% YoY to THB10,870 million from THB13,210 million due to lower funding cost, together with a decrease in deposit volume.

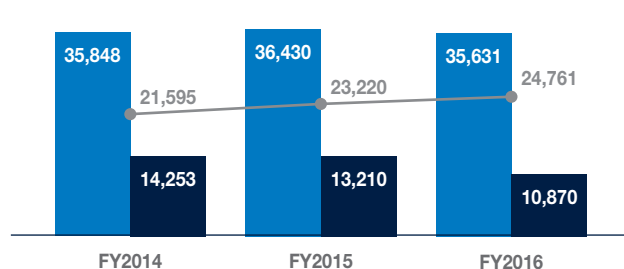
Net interest income (NII) as a result grew by 6.6% YoY to THB24,761 million from THB23,220 million in 2015. Key driver were performing loan growth and well-managed funding cost.

Net interest margin (NIM) improved to 3.17% from 3.02% in 2015. The figure was in line with the Bank's target.

Figure 5: Net interest income (NII)

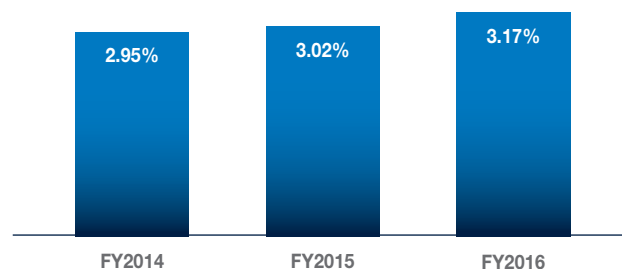
■ Interest income
■ Interest expenses
● Net interest incomes

(Unit: THB Million)



Note: Consolidated financial statement

Figure 6: Net interest margin (NIM)



Note: Consolidated financial statement

Figure 7: Net interest income (NII)

(Unit: THB Million)	FY2016	FY2015	Change	%YoY
Interest income	35,631	36,430	-799	-2.2%
Interest on interbank and money market items	1,746	2,037	-291	-14.3%
Investments and trading transactions	267	274	-7	-2.8%
Investments in debt securities	1,370	2,148	-778	-36.3%
Interest on loans	32,086	31,588	498	1.6%
Others	164	383	-219	-57.3%
Interest expenses	10,870	13,210	-2,340	-17.7%
Interest on deposits	6,134	8,163	-2,029	-24.9%
Interest on interbank and money market items	336	882	-546	-61.9%
Contributions to the Deposit Protection Agency	2,954	2,829	125	4.4%
Interest on debt issued and borrowings	1,427	1,326	101	7.6%
Borrowing fee	17	7	10	137.9%
Others	3	3	0	-5.0%
Net interest income (NII)	24,761	23,220	1,541	6.6%

Note: Consolidated financial statement

3. Non-interest income and Non-interest expenses

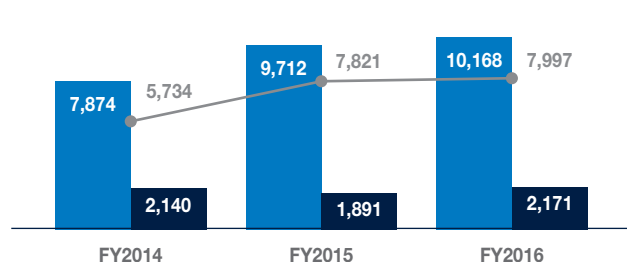
Non-interest income rose by 2.3% YoY to THB10,462 million from THB10,230 million in 2015. Net fees and service income grew by 2.2% YoY from THB7,821 million to THB7,997 million. Fee growth in key strategic products was well on track. However, loan-related fee decreased by 32.1%, in line with commercial loan volume. In the meantime, gain on foreign exchange transactions dropped slightly by 0.6% YoY to THB1,691 million as capital market income was affected by interest rate volatility during the second quarter.

Non-interest expenses grew only 0.7% to THB16,589 million from THB16,467 million in 2015. This was mainly driven by the Bank's continued focus on efficiency improvement. Personnel expenses were flat while other expenses rose by 4.2%, mainly from computer software rental and outsource expenses.

Cost to income ratio improved from 49.2% in 2015 to 46.9%. Going forward, TMB will continue to enhance operational efficiency to reduce cost to income ratio further.

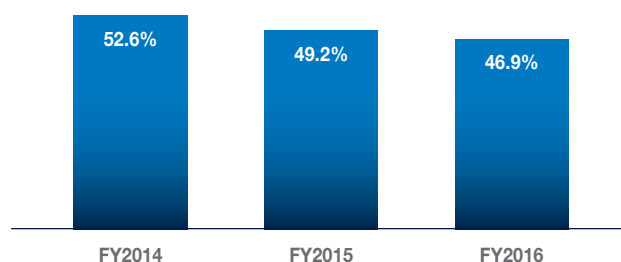
Figure 8: Net fees and service income

■ Fees and service income
■ Fees and service expenses
● Net fees and service income
(Unit: THB Million)



Note: Consolidated financial statement

Figure 9: Cost to income ratio



Note: Consolidated financial statement

Figure 10: Non-interest income

(Unit: THB Million)	FY2016	FY2015	Change	%YoY
Fees and service income	10,168	9,712	456	4.7%
Acceptances, aval and guarantees	575	543	32	5.8%
Others	9,593	9,169	424	4.6%
Fees and service expenses	2,171	1,891	280	14.8%
Net fees and service income	7,997	7,821	176	2.2%
Gains (losses) on tradings and foreign exchange transactions	1,691	1,701	-10	-0.6%
Gains (losses) on financial instrument designated at fair value	-13	-16	3	N/A
Gains (losses) on investments	201	181	20	11.2%
Gains on sale of assets	115	152	-37	-24.5%
Dividend income	62	40	22	55.8%
Others	408	351	57	16.3%
Non-interest income	10,462	10,230	232	2.3%

Note: Consolidated financial statement

Figure 11: Non-interest expenses

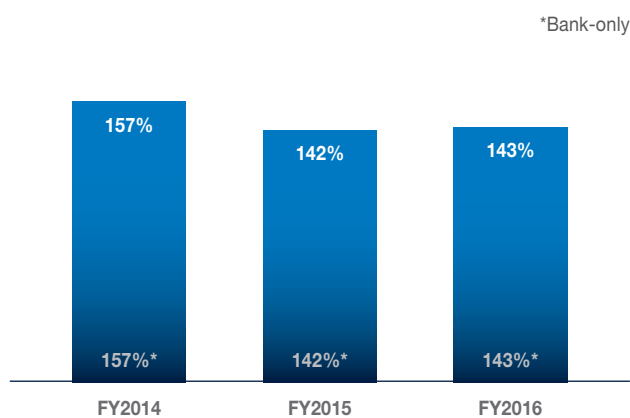
(Unit: THB Million)	FY2016	FY2015	Change	%YoY
Personnel expenses	8,118	8,169	-51	-0.6%
Directors' remuneration	41	42	-1	-2.4%
Premises and equipment expenses	3,150	3,130	20	0.6%
Taxes and duties	1,273	1,282	-9	-0.7%
Other expenses	4,007	3,845	162	4.2%
Non-interest expenses	16,589	16,467	122	0.7%

4. Impairment loss on loans and debt securities

TMB operated with prudence. This reflected by higher provision of THB8,649 million in 2016, compared to THB5,479 million in 2015. Such increase was mainly to accommodate the proactive NPL write-off, reflected the Bank's objective to reduce future downside risks.

At the end of December 2016, the coverage ratio was at 143% on both consolidated and bank-only basis. Such a level was one of the highest among Thai top-tier banks.

Figure 12: Coverage ratio



Note: Consolidated and Bank-only financial statements

Discussion of Financial Position

TMB has consistently maintained high liquidity and capital adequacy. Amid economic uncertainties, TMB also monitored asset quality closely and kept coverage ratio at high level. Key areas of financial position discussion are as follows.

5. Assets and asset quality

As of 31 December 2016, total assets of the Bank and its subsidiaries were THB821,000 million, a decrease of 2.1% from 31 December 2015. The reduction was mainly from interbank & money market and net investments.

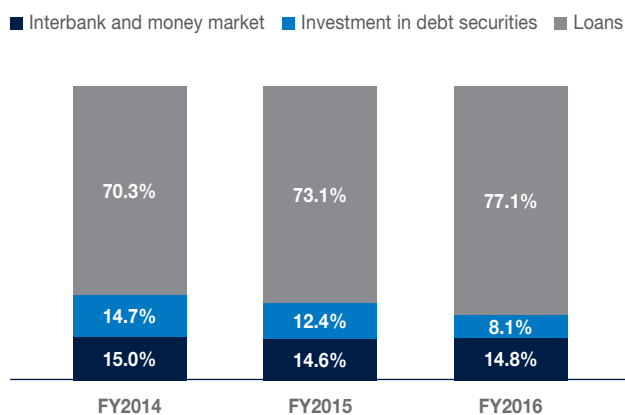
In terms of earning assets, the largest portion was loan, which represented 77.1% of total earning assets. This followed by interbank and money market items of 14.8% and investment in debt securities of 8.1%.

Loan: As of 31 December 2016, total loans on consolidated basis were THB593,441 million, an increase of 2.2% from 31 December 2015.

In terms of loan product composition, term loans/promissory notes, OD and trade finance represented 59.6%, 20.9% and 13.0% of total loans respectively. At the end of December 2016, retail lending continued to grow by 34.6%, supported by strong growth of mortgage loans.

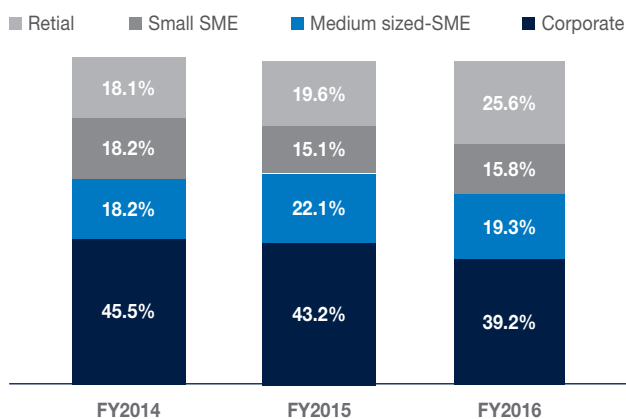
The Bank's performing loans grew by 2.8% from 2015 to THB575,836 million, mainly driven by 34.6% YoY growth in retail lending. Corporate and SME loan, on the other hand, slowed down. Under the fragile economy, loan expansion was under tightened underwriting criteria and prudent risk management.

Figure 13: Composition of earning assets



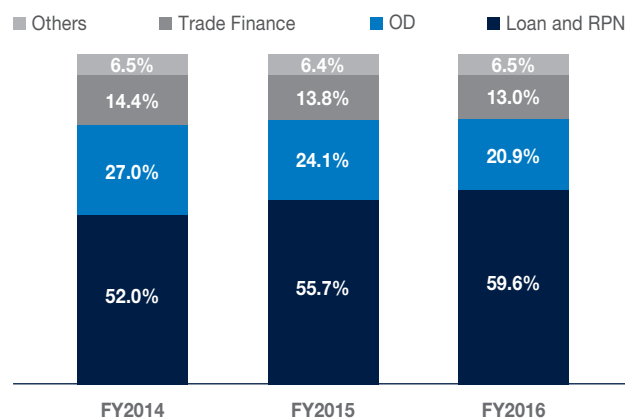
Note: Consolidated financial statement

Figure 14: Performing loan breakdown by segment



Source: Bank-only financial statement

Figure 15: Loan breakdown by product



Source: Bank-only financial statement

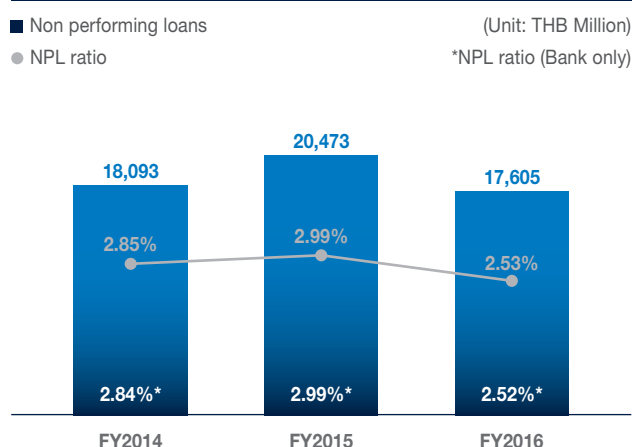
Definitions of customer segments are as follows:

- 1) Corporate: Commercial customers with total annual revenue over THB1 billion
- 2) SMEs: Medium sized SME & Small SME
 Medium sized SME: Commercial customers with total annual revenue of THB100 million-1 billion
 Small SME: Commercial customers with total annual revenue less than THB100 million, including owner operators
- 3) Retails: Individuals

NPLs and NPL ratio: As of 31 December 2016, consolidated non performing loans (NPLs) declined by 14.0% to THB17,605 million. The reduction was mainly a result of proactive NPL management write-off, which required 100% provision regardless of collaterals value. Consequently, NPL ratio (include interbank loans) also dropped to 2.53% from 2.99% as of 31 December 2015.

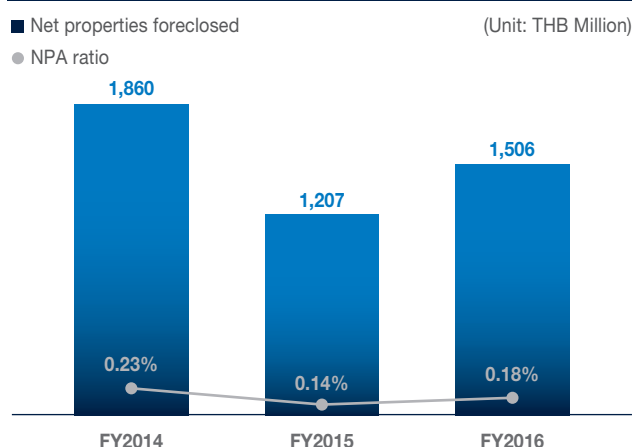
Properties for sale and NPA ratio: Net properties for sale grew by 24.8% from 2015 was THB1,506 million. The ratio of properties for sale to total assets remained low at 0.18%, compared to 0.14% as of December 2015. The change was in line with the Bank's business plan.

Figure 16: NPLs and NPL ratio



Note: Consolidated and Bank-only financial statements

Figure 17: NPA and NPA ratio



Source: Consolidated financial statement

6. Liability and liquidity management

As of 31 December 2016, total liabilities on consolidated basis were THB737,152 million, a decrease of 3.3% from 31 December 2015. The decrease was due to the decline in deposit volume.

Deposit: As of 31 December 2016, total deposits were THB598,948 million, a 7.1% decrease from December 2015. Such reduction was a result of the Bank's strategy to optimize deposit volume and structure to align with loan growth.

TMB continued to focus on growing transactional deposits and successfully expanded transactional retail deposit franchise. "All Free", a transactional deposit for retail customer showed a robust growth of 129%. No-Fixed and ME also grew by 3.5% and 7.5% YTD respectively whereas Time Deposit dropped by 32.4%.

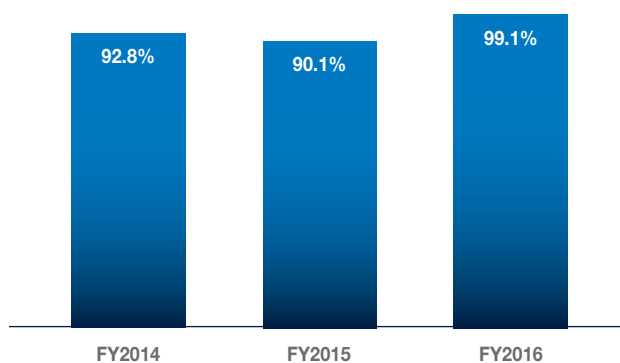
Interbank and money market: The figure was THB45,417 million; increased by 25.4% from 2015 in accordance with liquidity management.

Borrowings: Borrowings amounted to THB39,874 million, rose by 32.1% from 2015. The increase was because the Bank issued USD300 million of unsecured senior debenture under EMTN program in April 2016.

Liquidity: TMB ensured sufficient liquidity position by maintaining high allocation of liquid and low-risk assets. As of 31 December 2016, total liquid assets represented 18.6% of the total assets. The liquid assets consisted of cash 2.0%, interbank & money market 13.9% and the short-term investment 2.7%.

Loan to deposit ratio (LDR) of the Bank and subsidiaries was 99.1% which increased from 90.1% as of December 2015. Such level aligned with business plan and stayed in the Bank's comfortable range.

Figure 18: Loan to deposit ratio (LDR)



Source: Consolidated financial statement

7. Shareholder equity and Capital adequacy

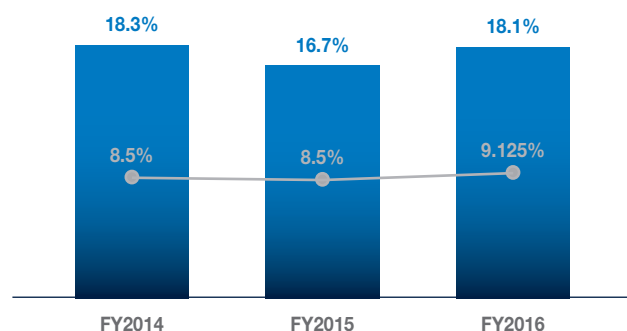
Shareholder equity: As of December 2016, total shareholder equity on consolidated basis was THB83,848 million, rose by 9.5% from December 2015. The increase was from profit generation during the period.

Capital adequacy: Capital Adequacy Ratio (CAR) of the Bank under Basel III calculation was 18.1% which increased from 16.7% as of December 2015. CET I and Tier I subsequently improved to 12.8% from 11.3% in the prior year. Overall, the Bank maintained its capital base at sufficient level and well above the Bank of Thailand's minimum requirement of 9.125%, 5.125% and 6.625% of CAR, CET 1 and Tier 1, respectively.

TMB will continue to further increase ability to generate fee income while growing loan based on risk-adjusted return. Asset quality monitoring will remain one of the Bank's priorities as well as ensuring coverage ratio and capital base at high levels.

Figure19: CAR and BOT's requirement

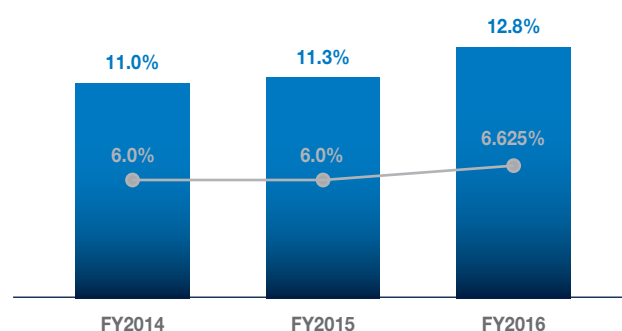
■ Capital adequacy ratio (CAR)
● BOT's minimum requirement



Source: Bank-only financial statement

Figure 20: Tier I and BOT's requirement

■ Tier I capital ratio
● BOT's minimum requirement



Source: Bank-only financial statement

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

CREDIT RATING

The table below shows credit ratings of TMB assigned by Standard & Poor's, Moody's Investor Services and Fitch Rating as of December 2015 and 2016.

Credit Rating	December 31, 2016	December 31, 2015
Standard & Poor's (S&P)		
FOREIGN CURRENCY		
Long-term : Debt instrument	BBB-	BBB-
Short-term : Deposits / Debt instrument	A-3	A-3
Stand-Alone Credit Profile (SACP)	bb+	bb+
Outlook	Stable	Stable
Moody's Investors Service		
FOREIGN CURRENCY		
Long-term : Deposits	Baa2	Baa2
Short-term : Deposits / Debt instrument	Prime-2	Prime-2
Outlook	Stable	Stable
BFSR	D	D
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(thu)	F1(thu)
Subordinated	A(thu)	A(thu)
Viability Rating	bbb-	bbb-
Support Rating	3	3
Supporting Rating Floor	BB+	BB+
Outlook	Stable	Stable

**AUDITOR'S REPORT
AND FINANCIAL STATEMENT**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TMB Bank Public Company Limited

Opinion

I have audited the accompanying consolidated and the Bank only financial statements of TMB Bank Public Company Limited and its subsidiaries (the "Group") and of TMB Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 31 December 2016, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the consolidated and the Bank only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and the Bank only financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and the Bank only financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for doubtful accounts on loans to customers

For disclosures related to credit risk of loans to customers and allowance for doubtful accounts, refer to notes 12 and 14.

The key audit matter

As at 31 December 2016, loans to customers recorded in the consolidated and the Bank only financial statements amounted to Baht 593.51 billion and Baht 593.46 billion (approximately 72.29% and 72.36% of total assets), against which allowances for doubtful accounts of Baht 24.91 billion and Baht 24.88 billion, respectively, were provided.

The estimation of the allowance involves judgements over both the timing of recognition and the estimation of the amount of the allowance of certain loans and portfolios of loans to customers. The allowance is determined based on the key factors such as historical loss data, expected loss data, credit risk, collateral, economic conditions and management experience. Accordingly it is considered a Key Audit Matter.

Management has established a control framework over the impairment process which includes governance procedures, management review and approval, and controls to ensure the integrity of data used in the process and compliance with relevant regulations. Within this framework:

- Individual assessments are made by management of credit scoring and classification. Collateral valuation estimates are also used in determining allowances.
- The allowances are assessed on a portfolio basis for certain portfolios with similar risk characteristics. Model methodologies and assumptions such as customer behavior are selected, approved, and applied to the underlying data.

How the matter was addressed in the audit

In planning my audit procedures, I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or which could influence the judgments and estimates.

My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.

Credit review procedures were performed for a sample of loans, including a detailed review of the individual credit file and other relevant information, from which I formed my own independent assessment. My sample included individually large exposures, loans subject to restructuring and reschedule as well as a selection of loans identified in our risk assessment.

Model assumptions and methodologies were tested, where appropriate, including involvement of my own credit risk specialists, reconciliation of data to underlying systems and back-testing results.

Valuation of financial instruments in the statements of financial position

For disclosures related to financial instruments and fair values, refer to note 5.

The key audit matter

As at 31 December 2016, financial assets measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 47.17 billion and Baht 44.15 billion respectively. Financial liabilities measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 10.51 billion and Baht 10.51 billion respectively. The entire amount is classified as “level 2” in the fair value hierarchy. Therefore, judgment is applied in the estimation of the fair value. The use of different valuation techniques and assumptions could produce different estimates of fair value.

How the matter was addressed in the audit

For financial instruments, I checked for a selection that pricing inputs used were externally sourced and were correctly input into pricing models. I used my own valuation specialists to assess that the models were appropriate and they valued a selection of the Group and the Bank’s debt securities and derivative positions independently and compared their valuation to the Group and the Bank’s valuation.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank only financial statements and my auditor’s report thereon. The annual report is expected to be made available to me after the date of this auditor’s report.

My opinion on the consolidated and the Bank only financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and the Bank only financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank only Financial Statements

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

In preparing the consolidated and the Bank only financial statements, management is responsible for assessing the Group’s and the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s and the Bank’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank only financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and the Bank only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank only financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank only financial statements, including the disclosures, and whether the consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Bank to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and the Bank only financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



MR CHANCHAI SAKULKOEDSIN
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
15 February 2017

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

		Consolidated		Bank only	
		31 December		31 December	
Assets	Note	2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Cash		16,530,908	17,290,402	16,530,044	17,289,833
Interbank and money market items, net	8, 35.2	113,857,825	115,758,178	112,924,852	114,957,730
Claims on securities		13,114,600	11,944,900	13,114,600	11,944,900
Derivative assets	9	10,460,367	12,250,311	10,460,367	12,250,311
Investments, net	10, 35.2	62,116,024	98,260,036	59,090,761	95,470,360
Investments in subsidiaries and associate, net	11	-	8	3,429,421	3,331,428
Loans to customers and accrued interest receivables, net	12, 35.2				
Loans to customers		593,509,981	580,867,827	593,461,910	580,836,479
Accrued interest receivables		914,973	1,068,312	914,973	1,068,312
Total loans to customers and accrued interest receivables		594,424,954	581,936,139	594,376,883	581,904,791
Less deferred revenue		(68,642)	(91,694)	(68,642)	(91,694)
Less allowance for doubtful accounts	12.4, 14, 35.2	(24,910,906)	(28,844,706)	(24,880,555)	(28,821,032)
Less revaluation allowance for debt restructuring	12.7	(177,350)	(180,558)	(177,350)	(180,558)
Total loans to customers and accrued interest receivables, net		569,268,056	552,819,181	569,250,336	552,811,507
Customers' liabilities under acceptances		4,910	10,913	4,910	10,913
Properties for sale, net	15	1,506,050	1,207,101	1,506,050	1,207,101
Premises and equipment, net	16	12,383,373	10,291,853	12,354,385	10,266,657
Goodwill and other intangible assets, net	17	1,704,048	1,238,552	1,640,913	1,173,917
Deferred tax assets	18	774,854	2,044,523	760,716	2,032,134
Other receivables, net	19, 35.2	13,695,255	11,325,343	13,585,479	11,066,170
Other assets, net	20, 35.2	5,583,812	4,495,980	5,518,852	4,420,344
Total assets		821,000,082	838,937,281	820,171,686	838,233,305

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

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

	Note	Consolidated		Bank only	
		31 December		31 December	
Liabilities and equity		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Liabilities					
Deposits	21, 35.2	598,948,198	644,693,924	599,021,383	644,729,505
Interbank and money market items	22, 35.2	45,417,479	36,216,663	45,417,479	36,216,663
Liabilities payable on demand		4,032,188	3,008,198	4,032,188	3,008,198
Liabilities to deliver security		13,114,600	11,944,900	13,114,600	11,944,900
Financial liabilities designated at fair value through profit or loss	23	361,634	298,869	361,634	298,869
Derivative liabilities	9	10,728,155	12,141,438	10,728,155	12,141,438
Debts issued and borrowings, net	24, 35.2	39,874,305	30,183,564	39,874,305	30,183,564
Bank's liabilities under acceptances		4,910	10,913	4,910	10,913
Provisions for obligations on transfers of non-performing assets	7, 35.2	1,656,709	5,998,333	1,656,553	5,998,333
Provisions for employee benefits	25	1,453,099	1,492,439	1,424,722	1,471,505
Provisions for other liabilities	26	701,088	542,453	701,058	542,423
Other payables	27	11,323,689	6,988,253	11,319,299	6,983,792
Other liabilities	28, 35.2	9,536,222	8,818,971	9,444,964	8,705,973
Total liabilities		737,152,276	762,338,918	737,101,250	762,236,076
Equity					
Share capital					
Authorised share capital					
44,108,738,479 ordinary shares of Baht 0.95 each		41,903,302	41,903,302	41,903,302	41,903,302
Issued and paid-up share capital					
43,807,370,307 ordinary shares of Baht 0.95 each					
(31 December 2015: 43,749,499,615 ordinary shares of Baht 0.95 each)	29	41,617,002	41,562,025	41,617,002	41,562,025
Premium on share capital	29	325,406	236,181	325,406	236,181
Other reserves		5,277,866	3,959,690	5,277,590	3,927,758
Retained earnings					
Appropriated					
Legal reserve	31, 32	2,120,000	1,710,000	2,120,000	1,710,000
Unappropriated		34,382,496	29,023,338	33,730,438	28,561,265
Equity attributable to equity holders of the Bank		83,722,770	76,491,234	83,070,436	75,997,229
Non-controlling interest		125,036	107,129	-	-
Total equity		83,847,806	76,598,363	83,070,436	75,997,229
Total liabilities and equity		821,000,082	838,937,281	820,171,686	838,233,305

The accompanying notes are an integral part of these 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 profit or loss and other comprehensive income

	Note	Consolidated		Bank only	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Interest income	35.1, 38	35,631,309	36,429,927	35,597,766	36,393,131
Interest expenses	35.1, 39	10,870,433	13,209,941	10,870,554	13,210,053
Net interest income		24,760,876	23,219,986	24,727,212	23,183,078
Fees and service income	35.1, 40	10,167,918	9,712,001	9,407,355	9,089,281
Fees and service expenses	35.1, 40	2,171,031	1,890,925	2,037,889	1,780,648
Net fees and service income		7,996,887	7,821,076	7,369,466	7,308,633
Gains on trading and foreign exchange transactions, net	41	1,691,409	1,701,220	1,691,409	1,701,220
Losses on financial liabilities designated at fair value through profit or loss, net	42	(12,515)	(15,533)	(12,515)	(15,533)
Gains on investments, net	43	200,888	180,638	191,976	199,781
Other operating income	35.1	585,101	542,954	558,839	483,311
Total operating income		35,222,646	33,450,341	34,526,387	32,860,490
Other operating expenses					
Employee expenses	35.3	8,117,590	8,169,475	7,890,739	7,958,599
Directors' remuneration	35.3	41,445	41,542	41,086	41,183
Premises and equipment expenses		3,149,905	3,129,663	3,087,818	3,073,052
Taxes and duties		1,272,562	1,282,041	1,271,726	1,280,148
Others	35.1, 44	4,007,377	3,844,572	3,843,542	3,719,884
Total other operating expenses		16,588,879	16,467,293	16,134,911	16,072,866
Impairment loss on loans and debt securities	35.1, 45	8,649,499	5,478,950	8,665,349	5,516,680
Profit from operations before income tax expense		9,984,268	11,504,098	9,726,127	11,270,944
Income tax expense	18	1,739,863	2,152,755	1,691,529	2,087,126
Profit for the year		8,244,405	9,351,343	8,034,598	9,183,818
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Losses on remeasuring available-for-sale investments		(172,872)	(30,198)	(133,303)	(10,206)
Gains (losses) arising from translating the financial statements of foreign operations		(16)	30,535	(16)	30,535
Income tax relating to items that will be reclassified subsequently to profit or loss	18	34,577	(67)	26,664	(4,066)
		(138,311)	270	(106,655)	16,263
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Change in revaluation surplus on assets		2,079,338	(48,889)	2,079,338	(48,889)
Actuarial gains on post-employment benefit plan	25	89,069	95,162	91,464	95,253
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	(433,681)	(9,255)	(434,161)	(9,273)
		1,734,726	37,018	1,736,641	37,091
Total other comprehensive income for the year, net of income tax		1,596,415	37,288	1,629,986	53,354
Total comprehensive income for the year		9,840,820	9,388,631	9,664,584	9,237,172

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

TMB Bank Public Company Limited and its subsidiaries
Statements of profit or loss and other comprehensive income

		Consolidated		Bank only	
		For the year ended		For the year ended	
		31 December		31 December	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Profit attributable to:					
Equity holders of the Bank		8,226,258	9,333,069	8,034,598	9,183,818
Non-controlling interest		18,147	18,274	-	-
Profit for the year		8,244,405	9,351,343	8,034,598	9,183,818
Total comprehensive income attributable to:					
Equity holders of the Bank		9,822,913	9,370,366	9,664,584	9,237,172
Non-controlling interest		17,907	18,265	-	-
Total comprehensive income for the year		9,840,820	9,388,631	9,664,584	9,237,172
Earnings per share	<i>46</i>				
Basic earnings per share <i>(in Baht)</i>		0.1879	0.2134	0.1835	0.2100
Diluted earnings per share <i>(in Baht)</i>		0.1876	0.2128	0.1832	0.2094

The accompanying notes are an integral part of these 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 changes in equity

	Consolidated										
	Other reserves					Retained earnings					
	Note	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments (Note 29)	Revaluation surplus on assets, net (Note 30)	Revaluation surplus on available-for-sale investments, net (Note 10.4)	Translation adjustment arising from translating the financial statements				
Total other reserve							Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank	Non-controlling interest	Total equity
(in thousand Baht)											
Year ended 31 December 2015											
Balance at 1 January 2015											
Comprehensive income for the year											
Profit for the year											
Other comprehensive income											
Total comprehensive income for the year											
Contributions by and distribution to owners of the bank											
29.3	-	-	-	93,067	-	-	93,067	-	-	93,067	-
29.3	67,199	79,053	(146,252)	-	-	-	(146,252)	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees											
29.3	-	(562)	-	-	-	-	-	-	-	(562)	-
32	-	-	-	-	-	-	-	-	(2,624,884)	-	(2,624,884)
Total contributions by and distribution to owners of the bank											
-	67,199	78,491	(53,185)	-	-	-	(53,185)	-	(2,624,884)	(2,532,379)	-
Transfer to legal reserve											
-	-	-	-	-	-	-	-	460,000	(460,000)	-	-
Transfer to retained earnings											
-	-	-	-	(112,850)	-	-	(112,850)	-	112,850	-	-
Balance at 31 December 2015											
41,562,025	236,181	212,651	3,596,433	82,615	67,991	3,959,690	1,710,000	29,023,338	76,491,234	107,129	76,598,363
Year ended 31 December 2016											
Balance at 1 January 2016											
Comprehensive income for the year											
Profit for the year											
Other comprehensive income											
Total comprehensive income for the year											
Contributions by and distribution to owners of the bank											
29.3	-	-	37,469	-	-	-	37,469	-	37,469	-	37,469
29.3	54,977	89,766	(144,743)	-	-	-	(144,743)	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees											
29.3	-	(541)	-	-	-	-	-	-	(541)	-	(541)
32	-	-	-	-	-	-	-	-	(2,628,305)	-	(2,628,305)
Total contributions by and distribution to owners of the bank											
-	54,977	89,225	(107,274)	-	-	-	(107,274)	-	(2,628,305)	(2,591,377)	-
Transfer to legal reserve											
-	-	-	-	-	-	-	-	410,000	(410,000)	-	-
Transfer to retained earnings											
-	-	-	-	(99,709)	-	-	(99,709)	-	99,709	-	-
Balance at 31 December 2016											
41,617,002	325,406	105,377	5,160,194	(65,663)	67,978	5,277,866	2,120,000	34,382,496	83,722,770	125,036	83,847,806

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

Financial Statements and Notes to Financial Statements

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

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

		Consolidated		Bank only	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Cash flows from operating activities					
Profit from operations before income tax expense		9,984,268	11,504,098	9,726,127	11,270,944
Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities					
Depreciation and amortisation		1,253,689	1,177,528	1,239,508	1,163,274
Impairment loss on loans and debt securities		8,649,499	5,478,950	8,665,349	5,516,680
Impairment loss on premises and equipment (reversal of)		(55,230)	24,310	(55,230)	24,310
Impairment loss on properties for sale and other assets (reversal of)		(12,244)	117,787	(10,964)	113,533
Provisions for employee benefits and other liabilities		364,021	174,724	358,974	178,199
Impairment losses on investment (reversal of)		5,147	2,400	(92,853)	(99,600)
Gains on revaluation of trading investments		(4,791)	(5,501)	(4,791)	(5,501)
Losses on disposal of other assets		-	2,425	-	2,425
Gains on disposal of premises and equipment		(37,230)	(89,943)	(35,002)	(62,191)
Gains on disposal of investments		(206,035)	(183,038)	(99,123)	(100,181)
Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss		12,765	15,532	12,765	15,532
Unrealised losses on exchange on borrowings and derivatives		310,467	843,321	310,467	843,321
Expenses in relation to share-based payments		37,469	93,067	37,469	93,067
Net interest income		(24,760,876)	(23,219,986)	(24,727,212)	(23,183,078)
Dividend income		(61,959)	(39,778)	(61,959)	(39,778)
Interest received		34,470,469	34,073,070	34,439,024	34,035,833
Interest paid		(9,675,341)	(11,598,627)	(9,675,462)	(11,598,829)
Income tax paid		(1,466,037)	(1,706,352)	(1,418,734)	(1,562,855)
Profit from operations before changes in operating assets and liabilities		18,808,051	16,663,987	18,608,353	16,605,105
Decrease (increase) operating assets					
Interbank and money market items		2,010,937	(2,853,374)	2,143,914	(2,723,182)
Trading investments		4,647,992	5,936,034	4,647,992	5,936,034
Loans to customers		(26,289,950)	(55,719,972)	(26,295,754)	(55,765,273)
Properties for sale		324,608	908,568	324,608	865,671
Other receivables		(171,645)	2,042,812	(321,042)	1,516,986
Other accrued income		(113,927)	(42,588)	(135,547)	(94,821)
Other assets		(1,001,514)	(216,666)	(991,415)	(227,208)
Increase (decrease) in operating liabilities					
Deposits		(46,067,357)	72,890,780	(46,029,753)	72,831,304
Interbank and money market items		9,200,816	(36,499,999)	9,200,816	(36,499,999)
Liabilities payable on demand		1,023,990	(136,978)	1,023,990	(136,978)
Financial liabilities designated at fair value through profit or loss		50,000	100,000	50,000	100,000
Short-term debt issued and borrowings		(33,216)	(73,581)	(33,216)	(73,581)
Provision for employee benefits		(159,805)	(160,327)	(159,805)	(158,572)
Provisions for other liabilities		(19,922)	(13,868)	(19,922)	(13,868)
Account payables		(224,296)	127,101	(224,226)	129,825
Other accrued expenses		(255,614)	273,233	(265,733)	288,478
Other liabilities		2,067,187	(1,733,025)	2,093,038	(1,717,229)
Net cash provided by (used in) operating activities		(36,203,665)	1,492,137	(36,383,702)	862,692

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

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

		Consolidated		Bank only	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Cash flows from investing activities					
Interest received		1,504,327	2,322,597	1,502,854	2,313,869
Dividend received		61,959	39,778	61,959	39,778
Purchase of available-for-sale investments		(42,935,441)	(52,514,239)	(36,782,235)	(49,055,969)
Proceeds from sales of available-for-sale investments		59,229,689	53,330,938	53,243,451	50,525,697
Purchase of held to maturity debt securities		(8,058,245)	(11,828,098)	(8,058,245)	(11,828,098)
Proceeds from redemption of matured held to maturity debt securities		21,630,315	19,377,732	21,630,315	19,377,732
Proceeds from sales of general investments		124,750	123,165	124,750	123,165
Purchase of premises and equipment		(1,344,188)	(801,939)	(1,328,070)	(791,608)
Purchase of leasehold rights		(2,052)	(1,661)	(2,052)	(1,661)
Purchase of intangible assets		(976,048)	(559,222)	(974,757)	(556,803)
Proceeds from disposals of premises and equipment		415,086	172,121	411,924	143,980
Net cash provided by investing activities		29,650,152	9,661,172	29,829,894	10,290,082
Cash flows from financing activities					
Repayments of long-term debts issued and borrowings		(773,588)	(1,442,792)	(773,588)	(1,442,792)
Interest paid on long-term debts issued and borrowings		(1,345,830)	(1,396,945)	(1,345,830)	(1,396,900)
Cash receipts on senior debenture issued		10,542,300	3,143,788	10,542,300	3,143,788
Cash paid for redemption of subordinated debenture		-	(8,000,000)	-	(8,000,000)
Expenses in relation to issuance of ordinary shares to employees		(542)	(562)	(542)	(562)
Dividends paid		(2,628,305)	(2,624,884)	(2,628,305)	(2,624,884)
Net cash provided by (used in) financing activities		5,794,035	(10,321,395)	5,794,035	(10,321,350)
Change in translation adjustments of foreign operations		(16)	30,535	(16)	30,535
Net increase (decrease) in cash		(759,494)	862,449	(759,789)	861,959
Cash at 1 January		17,290,402	16,427,953	17,289,833	16,427,874
Cash at 31 December		16,530,908	17,290,402	16,530,044	17,289,833
Supplementary disclosures of cash flow information					
Non-cash transactions:					
Issuance of ordinary shares to employees		144,743	146,252	144,743	146,252
Change in remeasuring available-for-sale investments		(172,872)	(30,198)	(133,303)	(10,206)
Change in revaluation surplus on assets and transferred revaluation surplus					
on assets directly to retained earnings		1,954,701	(189,951)	1,954,701	(189,951)
Actuarial gains on post-employment benefit plan		89,069	95,162	91,464	95,253
Change in translation adjustments of foreign operations		(16)	30,535	(16)	30,535
Increase in properties for sale due to debts settlement		335,098	58,707	335,098	58,707
Transfer of premises and equipment to properties for sale		317,412	238,793	317,412	238,793
Reversal of provisions for obligation on transfers of non-performing					
assets net off written-off the promissory note	7	4,341,000	-	4,341,000	-

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

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 15 February 2017.

1 General information

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

The Bank was listed on the Stock Exchange of Thailand on 23 December 1983.

The principal business of the Bank is operating commercial banking businesses. All subsidiaries are incorporated as limited companies under Thai laws and have been operating in Thailand, with their core businesses being provisions of asset management and fund management services. Details of the Bank’s subsidiaries and associate as at 31 December 2016 and 2015 are given in note 11.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor. 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, method of computation, financial performance or position of the Bank and its subsidiaries.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 47.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured at fair value in the statements of financial position.

- Derivative financial instruments (trading book)
- Trading and available-for-sale investments
- Financial liabilities designated at fair value through profit or loss
- Land and buildings

(c) Functional and presentation currency

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

(d) Use of judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation is included in the following notes:

Note 9 Derivatives

Note 14 Allowance for doubtful accounts

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as "the Group") and the Bank and its subsidiaries' interests in associate.

Business combinations

The Bank applies the acquisition method for all business combinations when control is transferred to the Bank and its subsidiaries other than those with entities under common control.

The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Bank to the previous owners of the acquiree, and equity interests issued by the Bank. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Bank incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiaries' financial statement are prepared using the same significant accounting policies as the Bank.

Non-controlling interests

At the acquisition date, the Bank measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Significant intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Bank and its subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates announced by the Bank of Thailand at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognised in other comprehensive income:

Foreign operations

The assets and liabilities of foreign operations, are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

The financial statements of overseas branches are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting dates. Foreign exchange differences arising on translation is 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.

(c) Cash

Cash includes cash in hand and cash on collection.

(d) Securities purchased under resale agreements/Securities sold under repurchase agreements

The Bank enters into agreements to purchase securities or to sell 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, net (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, net", 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.

(e) Investments

Investments in subsidiaries and associate

Investments in subsidiaries and associate as stated in the Bank only financial statements are accounted for using the cost method less allowance for impairment losses (if any). Impairment losses are recorded as expenses in profit or loss.

Investment in associate in the consolidated financial statements are accounted for using the equity method.

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 losses (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 and its subsidiaries 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 losses (if any).

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as trading securities and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

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 have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less allowance for impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss.

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 losses (if any).

Recognition

Purchases and sales of investments are recorded on trade dates.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

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.

(f) *Loans to customers*

Loans to customers are presented exclusive of accrued interest receivable (except for overdrafts, which are presented inclusive of accrued interest receivable). Unearned discounts received in advance on loans to customers are presented as deductions from the loans.

(g) *Bill purchased, trade finance and factoring*

The Bank classifies bill purchased transactions, trade finance transactions by purchasing, discounting or rediscounting bills under letters of credit, and factoring transactions as assets based on the business type of the counterparty whom the Bank has its legal recourses. In case that there is acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of "Interbank and money market items, net (assets)". In case that there is no acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of "Loans to customers" or "Interbank and money market items, net (assets)" depending upon the business type of its counterparty.

The Bank recognises the difference between purchase price and the face value of bill as unearned discounts which are presented as deductions against "Loans to customers" or "Interbank and money market items, net (assets)" as the case may be and gradually amortises such unearned discounts as interest income using the effective interest rate over the term of discounting or rediscounting periods.

(h) *Allowance for doubtful accounts*

Allowance for doubtful accounts is determined based on relevant BoT's criteria and regulations. The allowance for doubtful accounts includes (a) an allowance determined at the minimum percentage as specified in the BoT's notifications, (b) an allowance in excess of such minimum percentage as specified in the BoT's notifications to cover losses incurred but not yet reported and (c) an additional provision following its business plan and management of non-performing loans. The allowance for doubtful accounts is calculated based on the shortfall between the carrying value of the outstanding debts and the present value of future cash flows expected to be collected from debtors or from the disposal of the underlying collateral, which is determined in accordance with the BoT's notifications.

The allowance in excess of such minimum percentage as specified in the BoT's notifications to cover losses incurred but not yet reported is determined, taking into accounts the relevant factors such as the types of lendings, historical loss, the debtor's credit risk, management's experience and so on. The additional provision is determined, taking into accounts the debtor's payment ability, the expected amount to be collected from the underlying collateral and debt management plan etc.

Any additional allowances for doubtful accounts are charged to expense in each accounting period. The Bank and its subsidiaries write off bad debts against the allowance for doubtful accounts for uncollectible amounts and bad debts recovered (principal portion) are credited to the allowance for doubtful accounts.

(j) *Troubled debt restructuring*

Foreclosed assets transferred as a result of troubled debt restructuring are recorded at the net realisable value of the assets, 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. 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.

For debt restructuring agreements made before 1 January 2014, the present value of the future cash flows expected to be collected from the debtor is determined using the market rates at the restructuring dates as the discount rates. For debt restructuring agreements made since 1 January 2014 onwards, the Bank used the effective interest rates under the original loan agreements, except for SME debtors used the market rates at the restructuring dates as the discount rates.

(j) *Properties for sale*

Properties for sale are stated at the lower of cost or net realisable value. Impairment losses is recognised as an expense in profit or loss. Gains or losses on disposal is recognised in profit or loss when a disposal is made.

Cost of properties for sale as a result of settlement from a debtor is stated at fair value less estimated direct cost to sell 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 for sale through a public auction process is the purchase price plus transfer costs and less estimated direct cost to sell.

The Bank and its subsidiaries consider net realisable value for each unit of properties for sale. Net realisable value is the recoverable value from disposal of properties for sale less estimated selling expenses. The recoverable value from disposal of properties for sale is assessed with reference to the appraisal value of each unit of properties for sale 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.

(k) *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 premises and equipment at their costs on the acquisition dates. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of assets are recognised in profit or loss as incurred.

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:

- (1) 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 other reserve 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, 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.
- (2) 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. However, if the asset was previously revalued and an outstanding balance of revaluation surplus remains in other reserve 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.

Leases in terms of which the Bank and its subsidiaries substantially assumes all the risks and rewards of ownership are classified as finance leases. Premises and equipment recognised by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss.

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	Appraised by independent professional appraisers (average at 50 years)
Leasehold improvement	6 years
Equipment	3 - 10 years

Depreciation is charged to profit or loss. No depreciation is determined for land and assets under construction and installation. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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 when the asset is derecognised.

(l) Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and allowance for impairment losses and are presented as a part of "other assets, net" in the statements of financial position. Leasehold rights are amortised and recognised as the expenses, using a straight-line method, over the lease periods.

(m) Operating lease

Lease not transferring a significant portion of the risks and rewards of ownership to lessee are classified as operating lease.

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(n) Goodwill and other intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less allowance for impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and allowance for impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software	average at 5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(o) Impairment

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any allowance for impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of loans to customers and accrued interest receivables is calculated as described in note 3 from item (f) to (i).

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. 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 in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale investments that are debt securities, general investments and investments in subsidiaries and associate, the reversal is recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior years in respect of other non-financial assets are assessed at each reporting date 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) *Claims on security and liabilities to deliver security*

The Bank records claims on security and liabilities to deliver security in the statement of financial position as assets and liabilities, respectively, according to the BoT's guidance.

These represent the Bank and its subsidiaries right to claim and liability to return collateral, respectively, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions.

(q) *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 one of the following criteria are met:

1. To reduce a mismatch in profit or loss that would otherwise arise from different accounting recognition between financial assets and financial liabilities; or
2. 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.

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.

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 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.
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. If any of the 3 conditions is not met, the Bank will recognise the hybrid instrument at cost or amortised cost.

(r) Derivatives

Trading derivatives are initially and subsequently measured at fair value. Gains or losses on measurement of derivatives is recognised as income or expenses in profit or loss.

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 and the difference between the forward rate and the spot rate at the contract date is recognised by amortise as income or expense using the straight-line basis over the contract periods.

(s) 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.

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 with a corresponding increase in “Other reserve – share-based payments” in equity over the periods in which the performance and service conditions are fulfilled. The cumulative expense, which involves the Bank’s management best estimate of number or 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 represented the movement in cumulative expense recognised as at the beginning and at the end of the reporting period.

(t) Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for contingent liabilities as a result of obligation having credit risk exposures

The Bank provides provisions for those off-balance sheet items 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 accounts that are described in Note 3 (h).

(u) Income

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 BoT 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 is no interest receivable and present value loss on debt restructuring outstanding.

Interest income on investment in debt securities is recognised as revenue based on the effective interest rates over the holding periods.

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 when the customers redeem the award points.

Dividend income

Dividend income is recognised in profit or losses on the date the Bank and its subsidiaries' right to receive payments is established.

(v) Expenses

Interest expenses

The Bank and its subsidiaries recognise interest expenses on an accrual basis.

Fees and service expenses

The Bank and its subsidiaries recognise fees and service expenses on an accrual basis.

(w) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries' expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their accruals for tax liabilities are adequate for all open tax years based on their assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiaries to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) *Earnings per share*

The Bank and its subsidiaries present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of potential ordinary shares from TMB Performance Share Bonus Scheme.

(y) *Segment reporting*

Segment results that are reported to the Bank Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items are not included in reporting segment operating results.

(z) *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Bank and its subsidiaries has a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

4 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; and 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), which has been delegated by the BOD with 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. Other senior management risk committees that oversee specific risk areas include the Risk Policy Committee (RPC), the Non-Financial Risk Committee (NFRC), the Asset and Liability Management Committee (ALCO) and the Portfolio Monitoring Committee (PoMoCo).

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 Risk Intelligence, Market Risk Management, Corporate Operational Risk Management, Compliance and Legal. Under the Credit Risk Management unit, sub-functions including Corporate Credit Underwriting, Business Banking and Small Enterprise Underwriting, Consumer Credit, Credit Restructuring, NPL Prevention Team and Credit Policy Management are set in order to manage credit risk of each portfolio. 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 strategies and recommending risk appetite to top management for approval in order to be used for monitoring, controlling and managing risk levels of the Bank.

4.1 Credit risk

Credit risk is the risk 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 items products such as guarantees and derivatives, etc.

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 contingent liabilities 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 (BOD). 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, etc.

The Bank has contingent liabilities by issuing loan guarantees 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 conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

Credit review

The Audit unit, independent unit, is responsible for performing the 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) team, under the Audit unit, performs individual credit 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.

4.2 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

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 the 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

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 the 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 assets and liabilities structure to be in line with the changing market environment.

(a) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Bank and its subsidiaries' operations and their cash flows.

The Bank 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 2016 and 2015, financial assets and liabilities classified by types of interest rates were as follows:

	Consolidated 2016			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	<i>(in million Baht)</i>			
Financial assets				
Cash	-	-	16,531	16,531
Interbank and money market items net of deferred revenue	23,630	82,253	7,966	113,849
Investments, net	4,496	57,182	438	62,116
Loans to customers net of deferred revenue	313,883	272,060	7,498	593,441
Other financial assets	2,619	473	15,661	18,753
Total financial assets	344,628	411,968	48,094	804,690
Financial liabilities				
Deposits	461,279	114,835	22,834	598,948
Interbank and money market items	8,760	34,222	2,435	45,417
Liabilities payable on demand	-	-	4,032	4,032
Financial liabilities designated at fair value through profit or loss	293	-	-	293
Debt issued and borrowings	726	39,131	17	39,874
Other financial liabilities	629	-	20,013	20,642
Total financial liabilities	471,687	188,188	49,331	709,206
	Consolidated 2015			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	<i>(in million Baht)</i>			
Financial assets				
Cash	-	-	17,290	17,290
Interbank and money market items net of deferred revenue	40,113	67,859	7,888	115,860
Investments, net	3,437	91,464	3,359	98,260
Loans to customers net of deferred revenue	335,520	239,216	6,040	580,776
Other financial assets	2,172	131	13,142	15,445
Total financial assets	381,242	398,670	47,719	827,631
Financial liabilities				
Deposits	450,302	169,842	24,550	644,694
Interbank and money market items	8,544	26,061	1,611	36,216
Liabilities payable on demand	-	-	3,008	3,008
Financial liabilities designated at fair value through profit or loss	239	-	-	239
Debt issued and borrowings	1,462	28,701	20	30,183
Other financial liabilities	185	-	15,381	15,566
Total financial liabilities	460,732	224,604	44,570	729,906

	Bank only			Total
	2016			
	Floating	Fixed	Non-interest	
	interest rate	interest rate	bearing	
	(in million Baht)			
Financial assets				
Cash	-	-	16,530	16,530
Interbank and money market items net of				
deferred revenue	23,619	81,336	7,966	112,921
Investments, net	4,496	54,157	438	59,091
Investment in subsidiaries and associate, net	-	-	3,429	3,429
Loans to customers net of				
deferred revenue	313,835	272,060	7,498	593,393
Other financial assets	2,598	473	15,514	18,585
Total financial assets	344,548	408,026	51,375	803,949

Financial liabilities				
Deposits	461,340	114,835	22,846	599,021
Interbank and money market items	8,760	34,222	2,435	45,417
Liabilities payable on demand	-	-	4,032	4,032
Financial liabilities designated at fair value through profit or loss	293	-	-	293
Debt issued and borrowings	726	39,131	17	39,874
Other financial liabilities	629	-	19,917	20,546
Total financial liabilities	471,748	188,188	49,247	709,183

	Bank only			
	2015			
	Floating	Fixed	Non-interest	
	interest rate	interest rate	bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	17,290	17,290
Interbank and money market items net of deferred revenue	40,111	67,066	7,888	115,065
Investments, net	3,437	91,464	569	95,470
Investment in subsidiaries and associate, net	-	-	3,331	3,331
Loans to customers net of deferred revenue	335,489	239,216	6,040	580,745
Other financial assets	2,068	131	12,918	15,117
Total financial assets	381,105	397,877	48,036	827,018
Financial liabilities				
Deposits	450,328	169,842	24,560	644,730
Interbank and money market items	8,544	26,061	1,611	36,216
Liabilities payable on demand	-	-	3,008	3,008
Financial liabilities designated at fair value through profit or loss	239	-	-	239
Debt issued and borrowings	1,462	28,701	20	30,183
Other financial liabilities	185	-	15,308	15,493
Total financial liabilities	460,758	224,604	44,507	729,869

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated 2016					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year	Non- performing assets	Non- interest bearing	Total
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	16,531	16,531
Interbank and money market items net of deferred revenue	104,283	1,600	-	-	7,966	113,849
Investments, net	17,577	8,997	35,104	-	438	62,116
Loans to customers net of deferred revenue	391,869	74,188	102,281	17,605	7,498	593,441
Other financial assets	3,015	77	-	-	15,661	18,753
Total financial assets	516,744	84,862	137,385	17,605	48,094	804,690
Financial liabilities						
Deposits	510,128	59,889	6,097	-	22,834	598,948
Interbank and money market items	38,125	3,700	1,157	-	2,435	45,417
Liabilities payable on demand	-	-	-	-	4,032	4,032
Financial liabilities designated at fair value through profit or loss	293	-	-	-	-	293
Debt issued and borrowings	141	10,794	28,922	-	17	39,874
Other financial liabilities	629	-	-	-	20,013	20,642
Total financial liabilities	549,316	74,383	36,176	-	49,331	709,206
	Consolidated 2015					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year	Non- performing assets	Non- interest bearing	Total
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	17,290	17,290
Interbank and money market items net of deferred revenue	106,458	1,514	-	-	7,888	115,860
Investments, net	37,570	26,873	30,458	-	3,359	98,260
Loans to customers net of deferred revenue	421,095	56,150	77,018	20,473	6,040	580,776
Other financial assets	2,303	-	-	-	13,142	15,445
Total financial assets	567,426	84,537	107,476	20,473	47,719	827,631
Financial liabilities						
Deposits	524,133	88,752	7,259	-	24,550	644,694
Interbank and money market items	29,456	2,031	3,118	-	1,611	36,216
Liabilities payable on demand	-	-	-	-	3,008	3,008
Financial liabilities designated at fair value through profit or loss	239	-	-	-	-	239
Debt issued and borrowings	286	1,255	28,622	-	20	30,183
Other financial liabilities	185	-	-	-	15,381	15,566
Total financial liabilities	554,299	92,038	38,999	-	44,570	729,906

Bank only						
2016						
	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3 months to 1 year	Over 1 year			
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	16,530	16,530
Interbank and money market items net of deferred revenue	104,104	851	-	-	7,966	112,921
Investments, net	16,064	7,485	35,104	-	438	59,091
Investments in subsidiaries and associate, net	-	-	-	-	3,429	3,429
Loans to customers net of deferred revenue	391,869	74,188	102,281	17,557	7,498	593,393
Other financial assets	2,994	77	-	-	15,514	18,585
Total financial assets	515,031	82,601	137,385	17,557	51,375	803,949
Financial liabilities						
Deposits	510,189	59,889	6,097	-	22,846	599,021
Interbank and money market items	38,125	3,700	1,157	-	2,435	45,417
Liabilities payable on demand	-	-	-	-	4,032	4,032
Financial liabilities designated at fair value through profit or loss	293	-	-	-	-	293
Debt issued and borrowings	141	10,794	28,922	-	17	39,874
Other financial liabilities	629	-	-	-	19,917	20,546
Total financial liabilities	549,377	74,383	36,176	-	49,247	709,183
Bank only						
2015						
	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3 months to 1 year	Over 1 year			
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	17,290	17,290
Interbank and money market items net of deferred revenue	106,455	722	-	-	7,888	115,065
Investments, net	37,570	26,873	30,458	-	569	95,470
Investments in subsidiaries and associate, net	-	-	-	-	3,331	3,331
Loans to customers net of deferred revenue	421,095	56,150	77,018	20,442	6,040	580,745
Other financial assets	2,199	-	-	-	12,918	15,117
Total financial assets	567,319	83,745	107,476	20,442	48,036	827,018
Financial liabilities						
Deposits	524,159	88,752	7,259	-	24,560	644,730
Interbank and money market items	29,456	2,031	3,118	-	1,611	36,216
Liabilities payable on demand	-	-	-	-	3,008	3,008
Financial liabilities designated at fair value through profit or loss	239	-	-	-	-	239
Debt issued and borrowings	286	1,255	28,622	-	20	30,183
Other financial liabilities	185	-	-	-	15,308	15,493
Total financial liabilities	554,325	92,038	38,999	-	44,507	729,869

The Bank and its subsidiaries' average interest-bearing financial assets and financial liabilities, together with the average interest rates were as follows:

	Consolidated					
	2016			2015		
	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)
<i>Interest-bearing financial assets</i>						
Interbank and money market items	109,135	1,746	1.60	116,719	2,037	1.75
Investments in debt securities	79,133	1,636	2.07	101,699	2,422	2.38
Loans to customers net from deferred revenue	587,280	32,086	5.46	550,193	31,588	5.74
Total	775,548	35,468		768,611	36,047	
<i>Interest-bearing financial liabilities</i>						
Deposits	600,702	9,088	1.51	575,872	10,992	1.91
Interbank and money market items	31,953	336	1.05	64,357	882	1.37
Debt issued and borrowings	37,764	1,444	3.82	32,348	1,336	4.13
Total	670,419	10,868		672,577	13,210	

⁽¹⁾ Excludes interest income and interest expenses on derivatives entered into by the Bank for banking book purpose for group of financial assets and liabilities

	Bank only					
	2016			2015		
	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)
<i>Interest-bearing financial assets</i>						
Interbank and money market items	108,227	1,731	1.60	115,937	2,020	1.74
Investments in debt securities	78,880	1,635	2.07	101,699	2,422	2.38
Loans to customers net from deferred revenue	587,234	32,069	5.46	550,156	31,567	5.74
Total	774,341	35,435		767,792	36,009	
<i>Interest-bearing financial liabilities</i>						
Deposits	600,730	9,088	1.51	575,960	10,992	1.91
Interbank and money market items	31,953	336	1.05	64,357	882	1.37
Debt issued and borrowings	37,764	1,444	3.82	32,348	1,336	4.13
Total	670,447	10,868		672,665	13,210	

⁽¹⁾ Excludes interest income and interest expenses on derivatives entered into by the Bank for banking book purpose for group of financial assets and liabilities

(b) Foreign exchange risk

Foreign exchange risk is the risk that the value of the financial instruments will be affected by 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 2016 and 2015, the Bank's net foreign currency positions categorised by major foreign currencies were as follows:

	Bank only					
	2016			2015		
	USD	Euro ^(*)	Other currencies ^(*)	USD	Euro ^(*)	Other currencies ^(*)
	<i>(in USD million)</i>					
Spot	451	15	(74)	868	13	(71)
Forward	(465)	(16)	76	(880)	(15)	71
Net position	(14)	(1)	2	(12)	(2)	-

^(*) Balance denominated in Euro and other currencies are stated in USD equivalents.

(c) **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.

4.3 **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 Unit is responsible for overall liquidity management and the Capital Markets unit is responsible for day-to-day liquidity management. Additionally, the responsibilities of the Balance Sheet Management Unit include liquidity risk measurement and reporting the performance of the liquidity management to the ALCO. The Market Risk Management Unit is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has the 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 continually 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 Ratio (LDR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), as well as cash flow models incorporating Contractual Liquidity Gap and Behavioral Liquidity Gap. Aside from this, the Bank has its own internal ratio to monitor liquid assets for net cash flow in normal situation called Marketable Liquid Asset Ratio (MLAR). 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 and reported on daily and monthly basis to the ALCO.

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.

As at 31 December 2016, the loans to deposits ratio of the Bank was 99.5% (2015: 91.6%).

The significant financial assets and liabilities classified by remaining periods to maturity, counted from the date of statements of financial position, as at 31 December 2016 and 2015 were summarised as follows:

	Consolidated					Total
	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity
Financial assets						
Cash	16,531	-	-	-	-	16,531
Interbank and money market items net of deferred revenue	9,102	103,147	1,122	478	-	113,849
Investments, net						
Trading securities and general investments	-	10	2,804	2,790	3,741	9,780
Available-for-sale securities	-	3,737	3,752	19,568	320	27,380
Held-to-maturity debt securities	-	-	5,245	15,715	3,996	24,956
Loans to customers net of deferred revenue	115,955	124,421	105,157	116,453	113,850	593,441
Other financial assets	1,493	13,280	417	366	630	18,753
Total financial assets	143,081	244,595	118,497	155,370	122,537	804,690
Financial liabilities						
Deposits	483,984	48,726	60,122	6,116	-	598,948
Interbank and money market items	9,762	30,798	3,700	1,148	9	45,417
Liabilities payable on demand	4,032	-	-	-	-	4,032
Financial liabilities designated at fair value through profit or loss	-	-	-	-	293	293
Debt issued and borrowings	6	72	10,862	28,871	63	39,874
Other financial liabilities	1,450	11,339	-	-	627	20,642
Total financial liabilities	499,234	90,935	74,684	36,135	992	709,206
Net liquidity gap	(356,153)	153,660	43,813	119,235	121,545	95,484
Net cash flow on derivatives	-	346	(62)	(603)	165	(154)

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

Financial assets

	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Cash	17,290	-	-	-	-	-	17,290
Interbank and money market items net of deferred revenue	8,777	99,720	6,808	555	-	-	115,860
Investments, net							
Trading securities and general investments	-	20	8,705	6,697	-	565 ⁽²⁾	15,987
Available-for-sale securities	-	13,423	17,471	9,916	-	2,794 ⁽²⁾	43,604
Held-to-maturity debt securities	-	8,225	9,402	18,391	2,651	-	38,669
Loans to customers net of deferred revenue	123,791	128,098	100,553	123,897	83,964	20,473 ⁽³⁾	580,776
Other financial assets	1,166	6,887	199	309	661	6,223	15,445
Total financial assets	151,024	256,373	143,138	159,765	87,276	30,055	827,631

Financial liabilities

Deposits	475,236	73,076	88,843	7,539	-	-	644,694
Interbank and money market items	10,160	20,908	2,031	3,117	-	-	36,216
Liabilities payable on demand	3,008	-	-	-	-	-	3,008
Financial liabilities designated at fair value through profit or loss	-	-	-	-	239	-	239
Debt issued and borrowings	15	77	722	29,296	73	-	30,183
Other financial liabilities	1,165	6,632	-	-	1,084	6,685	15,566
Total financial liabilities	489,584	100,693	91,596	39,952	1,396	6,685	729,906
Net liquidity gap	(338,560)	155,680	51,542	119,813	85,880	23,370	97,725
Net cash flow on derivatives	-	(1)	777	(42)	160	-	894

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

	Bank only 2016 (in million Baht)				
	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
					No maturity
					Total
Financial assets					
Cash	16,530	-	-	-	16,530
Interbank and money market items net of deferred revenue	9,091	102,979	373	478	112,921
Investments, net					
Trading securities and general investments	-	10	2,804	2,790	3,741
Available-for-sale securities	-	2,224	2,240	19,568	320
Held-to-maturity debt securities	-	-	5,245	15,715	3,996
Investments in subsidiaries and associate, net	-	-	-	-	-
Loans to customers net of deferred revenue	115,955	124,421	105,157	116,453	113,850
Other financial assets	1,493	13,280	396	366	630
Total financial assets	143,069	242,914	116,215	155,370	122,537
Financial liabilities					
Deposits	484,057	48,726	60,122	6,116	-
Interbank and money market items	9,762	30,798	3,700	1,148	9
Liabilities payable on demand	4,032	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	293
Debt issued and borrowings	6	72	10,862	28,871	63
Other financial liabilities	1,450	11,317	-	-	627
Total financial liabilities	499,307	90,913	74,684	36,135	992
Net liquidity gap	(356,238)	152,001	41,531	119,235	121,545
Net cash flow on derivatives	-	346	(62)	(603)	165
					(154)

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

	Bank only 2015				
	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years No maturity Total
Financial assets					
Cash	17,290	-	-	-	17,290
Interbank and money market items net of deferred revenue	8,775	99,568	6,167	555	115,065
Investments, net					
Trading securities and general investments	-	20	8,705	6,697	15,987 ⁽²⁾
Available-for-sale securities	-	13,423	17,471	9,916	40,814 ⁽²⁾
Held-to-maturity debt securities	-	8,225	9,402	18,391	38,669
Investments in subsidiaries and associate, net	-	-	-	-	3,331 ⁽²⁾
Loans to customers net of deferred revenue	123,791	128,098	100,553	123,897	580,745 ⁽³⁾
Other financial assets	1,166	6,887	115	289	15,117
Total financial assets	151,022	256,221	142,413	159,745	827,018
Financial liabilities					
Deposits	475,272	73,076	88,843	7,539	644,730
Interbank and money market items	10,160	20,908	2,031	3,117	36,216
Liabilities payable on demand	3,008	-	-	-	3,008
Financial liabilities designated at fair value through profit or loss	-	-	-	-	239
Debt issued and borrowings	15	77	722	29,296	30,183
Other financial liabilities	1,165	6,615	-	-	15,493
Total financial liabilities	489,620	100,676	91,596	39,952	729,869
Net liquidity gap	(338,598)	155,545	50,817	119,793	97,149
Net cash flow on derivatives	-	(1)	777	(42)	894

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

5 Fair value of assets and liabilities

5.1 Financial assets and liabilities

The significant differences of fair values in comparison with the carrying values of each line item of financial assets and financial liabilities as shown in the statements of financial position at 31 December 2016 and 2015 were as follows:

	Consolidated			
	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
	(in million Baht)			
Financial assets				
Derivatives assets	10,460	10,567	12,250	12,474
Investments, net	62,116	62,739	98,260	99,415
Total financial assets	72,576	73,306	110,510	111,889
Financial liabilities				
Deposits	598,948	598,987	644,694	644,666
Derivatives liabilities	10,728	10,995	12,141	12,050
Debts issued and borrowings	39,874	40,982	30,183	32,028
Total financial liabilities	649,550	650,964	687,018	688,744
	Bank only			
	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
	(in million Baht)			
Financial assets				
Derivatives assets	10,460	10,567	12,250	12,474
Investments, net	59,091	59,714	95,470	96,625
Total financial assets	69,551	70,281	107,720	109,099
Financial liabilities				
Deposits	599,021	599,060	644,730	644,701
Derivatives liabilities	10,728	10,995	12,141	12,050
Debts issued and borrowings	39,874	40,982	30,183	32,028
Total financial liabilities	649,623	651,037	687,054	688,779

The following methods and assumptions were used by the Bank in estimating fair value of financial instruments as disclosed herein.

- Cash:

The fair value is approximated based on its carrying value.

- Interbank and money market items (assets):

The fair value is approximated based on the carrying value of 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 market interest rates.

- Claims on securities:

The fair value is approximated based on its carrying value.

- Investments, net:

The fair value of investments in government-sector debt securities is determined, using yield rates or prices quoted on the Thai Bond Market Association ("ThaiBMA"). The fair value of investments in other debt securities issued locally is determined based on market value appraised by the reliable institutions, their respective yields, or the ThaiBMA's yield rates adjusted by appropriate risk factors.

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. The fair value of an investment unit is determined using the net asset value announced on the reporting period-end date. The fair value of non-marketable equity securities is determined mainly based on the net asset value of the investee company.

- Loans to customers and accrued interest receivable:

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 accounts as most loans are floating rate loans or fixed rate loans with repricing periods of less than 1 year.

- Other financial assets

The fair value is approximated based on its carrying value.

- 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.

- Liability payable on demand and Liabilities to deliver security:

The fair value is approximated based on its carrying value.

- 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.

- 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. For simple over-the-counter derivative are based on inputs which are observable from independent and reliable market data sources, mainly based on exchange-traded prices, broker/dealer quotations, or counterparties' quotations. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counter party and own entity credit risk when appropriate.

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use market observable data as far as possible. Fair value measurements for assets and liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the years ended 31 December 2016 and 2015.

5.1.1 Financial assets and liabilities measured fair value

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This is to ensure that prudent revaluation principles and proper internal control procedures are in place.

The following table analyses financial assets and liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Consolidated			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
31 December 2016				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	6,682	-	6,682
- Interest rate related	-	3,763	-	3,763
Investments				
- Trading investments	-	9,345	-	9,345
- Available-for-sale investments	-	27,380	-	27,380

Consolidated				
Fair value				
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
Financial liabilities				
Financial liabilities designated at fair value				
through profit or loss	-	362	-	362
Derivatives (trading book)				
- Foreign currency related	-	6,224	-	6,224
- Interest rate related	-	3,927	-	3,927
31 December 2015				
Financial assets				
Derivatives (trading book)				
- Foreign currency related	-	7,781	-	7,781
- Interest rate related	-	4,428	-	4,428
Investments				
- Trading investments	-	15,422	-	15,422
- Available-for-sale investments	-	43,604	-	43,604
Financial liabilities				
Financial liabilities designated at fair value				
through profit or loss	-	299	-	299
Derivatives (trading book)				
- Foreign currency related	-	7,242	-	7,242
- Interest rate related	-	4,575	-	4,575
Bank only				
Fair value				
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
31 December 2016				
Financial assets				
Derivatives (trading book)				
- Foreign currency related	-	6,682	-	6,682
- Interest rate related	-	3,763	-	3,763
Investments				
- Trading investments	-	9,345	-	9,345
- Available-for-sale investments	-	24,355	-	24,355
Financial liabilities				
Financial liabilities designated at fair value				
through profit or loss	-	362	-	362
Derivatives (trading book)				
- Foreign currency related	-	6,224	-	6,224
- Interest rate related	-	3,927	-	3,927

	Bank only			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
31 December 2015				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	7,781	-	7,781
- Interest rate related	-	4,428	-	4,428
Investments				
- Trading investments	-	15,422	-	15,422
- Available-for-sale investments	-	40,814	-	40,814
<i>Financial liabilities</i>				
Financial liabilities designated at fair value				
through profit or loss	-	299	-	299
Derivatives (trading book)				
- Foreign currency related	-	7,242	-	7,242
- Interest rate related	-	4,575	-	4,575

5.1.2 Financial assets and liabilities not measured at fair value

The following table shows financial assets and liabilities not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated			
		Fair value			
		Level 1	Level 2	Level 3	Total
		<i>(in million Baht)</i>			
31 December 2016					
<i>Financial assets</i>					
Derivatives (banking book)	15	-	122	-	122
Investments					
- Held-to-maturity investments	24,956	-	25,309	-	25,309
- General investments	435	-	-	705	705
<i>Financial liabilities</i>					
Deposits	598,948	-	598,987	-	598,987
Derivatives (banking book)	577	-	844	-	844
Debt issued and borrowings	39,874	-	40,982	-	40,982
31 December 2015					
<i>Financial assets</i>					
Derivatives (banking book)	41	-	265	-	265
Investments					
- Held-to-maturity investments	38,669	-	39,557	-	39,557
- General investments	565	-	-	832	832
<i>Financial liabilities</i>					
Deposits	644,694	-	644,666	-	644,666
Derivatives (banking book)	324	-	233	-	233
Debt issued and borrowings	30,183	-	32,028	-	32,028

		Bank only			
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
		(in million Baht)			
31 December 2016					
Financial assets					
Derivatives (banking book)	15	-	122	-	122
Investments					
- Held-to-maturity investments	24,956	-	25,309	-	25,309
- General investments	435	-	-	705	705
Financial liabilities					
Deposits	599,021	-	599,060	-	599,060
Derivatives (banking book)	577	-	844	-	844
Debt issued and borrowings	39,874	-	40,982	-	40,982
31 December 2015					
Financial assets					
Derivatives (banking book)	41	-	265	-	265
Investments					
- Held-to-maturity investments	38,669	-	39,557	-	39,557
- General investments	565	-	-	832	832
Financial liabilities					
Deposits	644,730	-	644,701	-	644,701
Derivatives (banking book)	324	-	233	-	233
Debt issued and borrowings	30,183	-	32,028	-	32,028

5.2 Non-financial assets carried at fair value

The following table analyses non-financial assets carried at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

		Consolidated and Bank only			
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
31 December 2016		(in million Baht)			
Non-financial assets					
Premises, net	10,292	-	-	10,292	10,292
31 December 2015					
Non-financial assets					
Premises, net	8,663	-	-	8,663	8,663

The fair value of premises were determined by external, independent property appraisers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value of premises were determined by the independent valuers using the market approach for land and the depreciated replacement cost approach for buildings.

The independent appraisers provided the fair value of the Bank's premises on a regular basis such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Balance at 1 January	8,663	8,980
Acquisitions	271	248
Incremental revaluation	2,112	-
Adjustments from revaluation	(19)	-
Transferred to property for sale	(524)	(282)
Depreciation	(301)	(276)
Reversal (loss) on impairment during the year	90	(7)
Balance at 31 December	10,292	8,663

6 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2016 and 2015, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2016	2015
	<i>(in million Baht)</i>	
Tier 1 Capital		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	41,617	41,562
Share premium	325	236
Legal reserve	2,120	1,710
Net profits after appropriation	29,315	22,421
Other comprehensive income	5,046	3,549
Capital adjustment items on CET1	(68)	(87)
Capital deduction items on CET1	(3,114)	(3,512)
Total Common Equity Tier 1 Capital	75,241	65,879

	Consolidated supervision	
	2016	2015
	(in million Baht)	
Additional Tier 1 Capital		
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that countable as Tier 1 of financial instruments of consolidated financial institutions	50	38
Total Tier 1 Capital	75,291	65,917
Tier 2 Capital		
Allowance for classified assets of “pass” category	5,878	5,702
Subordinated debentures	25,350	25,350
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 2 of consolidated financial institutions	12	9
Total Tier 2 Capital	31,240	31,061
Total Capital funds	106,531	96,978
Total Risk-Weighted Assets	583,755	581,336

		The BoT's regulation minimum requirement*	2016	2015
			(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	9.125		18.25	16.68
Tier 1 Capital Ratio/Total Risk-Weighted Asset	6.625		12.90	11.34
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	5.125		12.89	11.33

	Bank only	
	2016	2015
	(in million Baht)	
<i>Tier 1 Capital</i>		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	41,617	41,562
Share premium	325	236
Legal reserve	2,120	1,710
Net profits after appropriation	28,853	22,108
Other comprehensive income	5,046	3,517
Capital adjustment items on CET1	(68)	(87)
Capital deduction items on CET1	(3,038)	(3,430)
Total Common Equity Tier 1 Capital	74,855	65,616

	Bank only	
	2016	2015
	<i>(in million Baht)</i>	
<i>Tier 2 Capital</i>		
Allowance for classified assets of “pass” category	5,878	5,702
Subordinated debentures	25,350	25,350
Total Tier 2 Capital	31,228	31,052
Total Capital funds	106,083	96,668
Total Risk-Weighted Assets	584,722	579,513

	The BoT's regulation minimum requirement*	2016 (%)	2015
Capital Adequacy Ratio/Total Risk-Weighted Asset	9.125	18.14	16.68
Tier 1 Capital Ratio/Total Risk-Weighted Asset	6.625	12.80	11.32
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	5.125	12.80	11.32

* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

According to BoT's notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose CET1 after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 31 December 2016 and 2015, the Bank has no add-on arising from Single Lending Limit.

The Bank will disclose capital adequacy and capital risk exposure information for the Bank and the full consolidated financial institutions as at 31 December 2016 through the Bank's website at www.tmbbank.com within April 2017.

Capital management

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

7 Sale of non-performing assets to Thai Asset Management Corporation (“TAMC”) ⁽¹⁾

7.1 Asset transfer agreements and profit or loss sharing

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 at the end of the fifth year and the tenth year commencing 1 July 2001.

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 loss 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. As at 31 December 2016 and 2015, the Bank has outstanding provisions for loss sharing of Baht 1,317 million, which are included under the caption of “Provisions for obligations on transfers of non-performing assets” in the statements of financial position.

⁽¹⁾ TAMC was liquidated on 8 June 2013 and has already delivered the remaining assets and liabilities to the Ministry of Finance for further arrangement.

7.2 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. On 27 April 2010, the Court of First Instance judged in favour of the Bank. On 4 February 2014, however, the Appeal Court reversed the earlier Court’s verdict by making decision to dismiss the case.

On 25 February 2016, the Supreme Court confirmed the Appeal Court’s verdict to dismiss the case. Therefore, TAMC is eligible to adjust the transfer price of non-performing loans down by Baht 4,341 million. Accordingly, the Bank has written-off the promissory note, presented as a part of “Other receivables” and reversed the related provision, amounting of Baht 4,341 million, as the case was finalised.

- (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, presented as a part of “Other receivables”, and interest on promissory notes for the years 2006 and 2007. On 27 September 2012, the Court of First Instance already dismissed the case. On 22 January 2014, the Appeal Court decided to uphold the earlier Court’s verdict. Currently, the case is in the proceeding session of the Supreme Court.

As at 31 December 2016, the Bank had outstanding other receivables and accrued interest receivables amounting to Baht 56 million and Baht 282 million, respectively, totaling Baht 338 million, of which provisions were fully provided (*2015: Baht 4,681 million*). Such amounts are included under the caption of “Provisions for obligation on transfers of non-performing assets” in the statement of financial position.

The Bank is not to call for any penalties, default interest or remedies from TAMC and the Financial Institutions Development Fund in case of late redemption of disputed promissory notes, for which the disputes have yet to be resolved or the court judgement has yet been finalised.

8 Interbank and money market items, net (assets)

	Consolidated					
	2016		2015			
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	6,083	64,855	70,938	5,732	68,200	73,932
Commercial banks	11	12,297	12,308	3	15,112	15,115
Specialised financial institutions	20	4,001	4,021	17	6,900	6,917
Other financial institutions	1	20,419	20,420	6	13,536	13,542
Total	6,115	101,572	107,687	5,758	103,748	109,506
Add accrued interest receivable	-	46	46	-	100	100
Less deferred revenues	-	-	-	-	(1)	(1)
allowance for doubtful accounts	-	(38)	(38)	-	(204)	(204)
Total domestic, net	6,115	101,580	107,695	5,758	103,643	109,401
Foreign						
US Dollar	1,789	3,176	4,965	1,759	3,311	5,070
Japanese Yen	226	-	226	319	-	319
Euro	237	-	237	129	-	129
Other currencies	735	-	735	813	24	837
Total	2,987	3,176	6,163	3,020	3,335	6,355
Add accrued interest receivable	-	9	9	-	5	5
Less deferred revenues	-	(1)	(1)	-	-	-
allowance for doubtful accounts	-	(8)	(8)	-	(3)	(3)
Total foreign, net	2,987	3,176	6,163	3,020	3,337	6,357
Total domestic and foreign, net	9,102	104,756	113,858	8,778	106,980	115,758
Bank only						
	2016		2015			
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	6,083	64,855	70,938	5,732	68,200	73,932
Commercial banks	-	11,380	11,380	-	14,320	14,320
Specialised financial institutions	20	4,001	4,021	17	6,900	6,917
Other financial institutions	1	20,419	20,420	6	13,536	13,542
Total	6,104	100,655	106,759	5,755	102,956	108,711
Add accrued interest receivable	-	41	41	-	95	95
Less deferred revenues	-	-	-	-	(1)	(1)
allowance for doubtful accounts	-	(38)	(38)	-	(204)	(204)
Total domestic, net	6,104	100,658	106,762	5,755	102,846	108,601

	Bank only					
	At call	2016 Term	Total	At call	2015 Term	Total
	<i>(in million Baht)</i>					
Foreign						
US Dollar	1,789	3,176	4,965	1,759	3,311	5,070
Japanese Yen	226	-	226	319	-	319
Euro	237	-	237	129	-	129
Other currencies	735	-	735	813	24	837
Total	2,987	3,176	6,163	3,020	3,335	6,355
Add accrued interest receivable	-	9	9	-	5	5
Less deferred revenues	-	(1)	(1)	-	-	-
allowance for doubtful accounts	-	(8)	(8)	-	(3)	(3)
Total foreign, net	2,987	3,176	6,163	3,020	3,337	6,357
Total domestic and foreign, net	9,091	103,834	112,925	8,775	106,183	114,958

9 Derivatives

As at 31 December 2016 and 2015, fair value of derivatives held for trading book, readjustment based on accrual basis of derivatives held for banking book and notional amount classified by type of risks were as follows:

Type of risks	Consolidated and Bank only					
	2016		2015			
	Fair value/Readjustment based on an accrual basis		Notional amount	Fair value/Readjustment based on an accrual basis		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Foreign currency related						
- Trading Book	6,682	6,224	552,616	7,781	7,242	529,622
- Banking Book ⁽¹⁾	42	578	21,767	80	324	34,216
Interest rate related						
- Trading Book	3,763	3,927	754,277	4,428	4,575	682,342
- Banking Book ⁽¹⁾	96	134	20,749	72	165	15,000
Total	10,583	10,863	1,349,409	12,361	12,306	1,261,180

⁽¹⁾ Readjustment made on an accrual basis at the end of year for interest rate swap contracts held for banking book are adjustments of accrued interest receivable or payable or interest paid or received in advance based on the contracts. As at 31 December 2016, accrued interest receivable and interest paid in advance amounting to Baht 123 million (2015: Baht 111 million) are presented as a part of "Other assets" and accrued interest payable and interest received in advance amounting to Baht 135 million (2015: Baht 165 million) are presented as a part of "Other liabilities" in the consolidated and Bank only financial statements.

As at 31 December 2016 and 2015, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	Consolidated and Bank only	
	2016	2015
	<i>(%)</i>	
Financial institutions	81.26	82.49
Other parties	18.74	17.51
Total	100.00	100.00

10 Investments, net

10.1 Classified by type of investments

	Consolidated		Bank only	
	2016	2015	2016	2015
	(in million Baht)			
Trading securities - Fair value				
Government and state enterprise securities	9,345	15,422	9,345	15,422
Total	9,345	15,422	9,345	15,422
Available-for-sale securities - Fair value				
Government and state enterprise securities	27,377	40,810	24,352	40,810
Domestic marketable equity securities	3	2,794	3	4
Total	27,380	43,604	24,355	40,814
Held-to-maturity debt securities - Cost/Amortised cost				
Government and state enterprise securities	24,956	38,669	24,956	38,669
Total	24,956	38,669	24,956	38,669
General investments - Cost				
Domestic non-marketable equity securities	1,219	1,344	1,219	1,344
Foreign non-marketable equity securities	35	36	35	36
Total	1,254	1,380	1,254	1,380
Less allowance for impairment	(819)	(815)	(819)	(815)
Net	435	565	435	565
Total investments, net	62,116	98,260	59,091	95,470

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

As at 31 December 2016 and 2015, the Bank had investments in entities in which the Bank holds 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associate. Those investments were summarised below.

	Consolidated and Bank only	
	2016	2015
	(in million Baht)	
Property development and construction	34	34
Public utilities and services	14	14
Mutual funds and financial services	23	337
Others	11	11
Total	82	396
Less allowance for impairment	(41)	(41)
Investments, net	41	355

The Bank and its subsidiaries may enter into transactions with structured entities in the forms of investment in unit trusts, lending and derivative transactions and providing fund management services. Investment in unit trusts is recognised as equity securities. Lending and derivative transactions are provided under normal business terms and are managed the same way as others counterparties. Fund management is provided to mutual funds and private funds from which the Bank and its subsidiaries earn management fees.

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

	Consolidated and Bank only							
	2016				2015			
	No. of Com- panies	Cost value/ book value	Fair value	Allowance for impairment	No. of Com- panies	Cost value/ book value	Fair value	Allowance for impairment
			(in million Baht)				(in million Baht)	
- Listed companies under delisting conditions / defaulted debt securities	2	62	-	(62)	2	62	-	(62)
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	12	740	-	(740)	11	733	-	(733)
Total	14	802	-	(802)	13	795	-	(795)

10.4 Revaluation surplus (deficit) on available-for-sale investments

As at 31 December 2016 and 2015, revaluation surplus (deficit) on investments could be summarised as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Revaluation surplus on investments				
Debt securities	-	67	-	67
Equity securities	-	40	-	-
Total	-	107	-	67
Revaluation deficit on investments				
Debt securities	(69)	(2)	(69)	(2)
Equity securities	(1)	(1)	(1)	(1)
Total	(70)	(3)	(70)	(3)
Total revaluation surplus (deficit) on investments	(70)	104	(70)	64
Add (less) deferred income taxes	14	(21)	14	(13)
Net	(56)	83	(56)	51

11 Investments in subsidiaries and associate, net

11.1 Detail of investments in subsidiaries and associate

Companies	Type of business	Bank only									
		Percentage of ownership interest		Paid-up capital		Cost		Allowance for impairment		At cost, net	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		(%)		(in million Baht)							
Subsidiaries											
Phayathai Asset Management Co., Ltd.	Asset management business	100.00	100.00	1,070	1,070	3,870	3,870	(745)	(843)	3,125	3,027
Designee for ETA Contract Ltd.	Financial support business	99.50	99.50	-	-	-	-	-	-	-	-
TMB Asset Management Co., Ltd.	Fund management business	87.50	87.50	100	100	304	304	-	-	304	304
Total investment in subsidiaries, net						4,174	4,174	(745)	(843)	3,429	3,331
Associate											
Metro Designee Co., Ltd.*	Financial support business	-	30.00	-	-	-	-	-	-	-	-
Total investment in associate						-	-	-	-	-	-
Total						4,174	4,174	(745)	(843)	3,429	3,331

* The Company completed its liquidation and registered with the Ministry of Commerce on 29 December 2016.

11.2 Disclosure of the statements of cash flows of the asset management company

In accordance with the BoT's notification number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the regulations of the Asset Management Company ("AMC"), the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Phayathai Assets Management Co., Ltd., the subsidiary were as follows:

Phayathai Assets Management Co., Ltd. Statements of cash flows

	For the years ended 31 December	
	2016	2015
	<i>(in million Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax expense	137	145
<i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i>		
Impairment loss on loans and debt securities (reversal of)	4	(9)
Impairment loss on properties for sale and other assets (reversal of)	(1)	4
Reversal of provisions for employee benefits and other liabilities	-	(4)
Gains on disposal of investments	(107)	(83)
Net interest income	(50)	(43)
Interest received	49	46
Income tax paid	(10)	(114)
Profit (loss) from operations before changes in operating assets and liabilities	22	(58)
<i>Decrease (increase) in operating assets</i>		
Intercompany and money market items	(4)	55
Investments in receivables	2	6
Loans to customers	(16)	34
Properties for sale	-	43
Receivables from BAM's promissory notes	84	556
Receivables from legal Execution Department	73	35
Other assets	-	4
<i>Increase (decrease) in operating liabilities</i>		
Provisions for employee benefits	-	(2)
Other payables	9	(2)
Accrued expenses	(1)	(3)
Other liabilities	(1)	(15)
Net cash provided by operating activities	168	653
<i>Cash flows from investing activities</i>		
Purchase of available-for-sale investments	(6,153)	(3,458)
Proceeds from sales of available-for-sale investments	5,986	2,805
Net cash used in investing activities	(167)	(653)
Net increase in cash	1	-
Cash at 1 January	-	-
Cash at 31 December	1	-
Supplementary disclosures of cash flow information		
Non-cash transactions:		
Change in remeasuring available-for-sale investments	(40)	(20)

12 Loans to customers and accrued interest receivables, net

12.1 Classified by loan type

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Overdrafts	125,848	141,957	125,848	141,957
Loans	334,952	300,716	334,904	300,685
Bills	132,587	138,080	132,587	138,080
Others	123	115	123	115
Less deferred revenue	(69)	(92)	(69)	(92)
Loans to customers net of deferred revenue	593,441	580,776	593,393	580,745
Add accrued interest receivables	915	1,068	915	1,068
Total loans to customers net of deferred revenue and accrued interest receivables	594,356	581,844	594,308	581,813
Less allowance for doubtful accounts				
- Provision at BoT's minimum rates required	(14,659)	(16,078)	(14,629)	(16,054)
- Provision in excess of BoT's minimum rates required	(10,252)	(12,767)	(10,252)	(12,767)
Less revaluation allowance for debt restructuring	(177)	(180)	(177)	(180)
Loans to customers and accrued interest receivables, net	569,268	552,819	569,250	552,812

12.2 Classified by currency and residency of debtors

	Consolidated					
	2016		2015			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	561,568	3,617	565,185	542,802	5,605	548,407
US Dollars	24,460	2,674	27,134	27,510	4,011	31,521
Other currencies	1,050	72	1,122	758	90	848
Total*	587,078	6,363	593,441	571,070	9,706	580,776

	Bank only					
	2016		2015			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	561,520	3,617	565,137	542,771	5,605	548,376
US Dollars	24,460	2,674	27,134	27,510	4,011	31,521
Other currencies	1,050	72	1,122	758	90	848
Total*	587,030	6,363	593,393	571,039	9,706	580,745

12.3 Classified by business type and quality of loan classification

	Consolidated					
	2016					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	9,863	192	-	-	511	10,566
Manufacturing and commerce	303,616	13,218	683	886	11,807	330,210
Property development and construction	21,692	316	4	-	264	22,276
Infrastructure and services	58,402	1,023	12	8	644	60,089
Housing loans	97,765	2,191	280	307	791	101,334
Others	65,694	1,864	818	393	197	68,966
Total*	557,032	18,804	1,797	1,594	14,214	593,441
	Consolidated					
	2015					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	11,652	179	43	-	644	12,518
Manufacturing and commerce	317,238	11,354	1,065	156	14,319	344,132
Property development and construction	23,232	200	23	-	291	23,746
Infrastructure and services	66,858	855	55	-	953	68,721
Housing loans	62,922	2,096	246	207	817	66,288
Others	61,836	1,881	821	478	355	65,371
Total*	543,738	16,565	2,253	841	17,379	580,776
	Bank only					
	2016					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	9,863	192	-	-	503	10,558
Manufacturing and commerce	303,616	13,218	683	886	11,807	330,210
Property development and construction	21,692	316	4	-	242	22,254
Infrastructure and services	58,402	1,023	12	8	626	60,071
Housing loans	97,765	2,191	280	307	791	101,334
Others	65,694	1,864	818	393	197	68,966
Total*	557,032	18,804	1,797	1,594	14,166	593,393
	Bank only					
	2015					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	11,652	179	43	-	635	12,509
Manufacturing and commerce	317,238	11,354	1,065	156	14,319	344,132
Property development and construction	23,232	200	23	-	269	23,724
Infrastructure and services	66,858	855	55	-	953	68,721
Housing loans	62,922	2,096	246	207	817	66,288
Others	61,836	1,881	821	478	355	65,371
Total*	543,738	16,565	2,253	841	17,348	580,745

* Loans to customers net of deferred revenue.

12.4 Classified by loan classification

The Bank and its subsidiaries 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:

Consolidated				
2016				
	Loans to customers and accrued interest receivables <i>(in million Baht)</i>	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ <i>(in million Baht)</i>	Minimum rates required <i>(%)</i>	Allowance for doubtful accounts ⁽²⁾ <i>(in million Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	557,886	472,869	1	5,288
Special mention	18,865	10,220	2	340
Sub-standard	1,797	1,117	100	1,251
Doubtful	1,594	927	100	1,049
Doubtful of loss	14,214	4,408	100	6,731
Total*	<u>594,356</u>	<u>489,541</u>		<u>14,659</u>
Provision in excess of BoT's minimum rates required				<u>10,252 ⁽³⁾</u>
Total				<u>24,911</u>

Consolidated				
2015				
	Loans to customers and accrued interest receivables <i>(in million Baht)</i>	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ <i>(in million Baht)</i>	Minimum rates required <i>(%)</i>	Allowance for doubtful accounts ⁽²⁾ <i>(in million Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	544,746	441,075	1	5,027
Special mention	16,625	9,314	2	306
Sub-standard	2,253	1,114	100	1,412
Doubtful	841	525	100	564
Doubtful of loss	17,379	5,181	100	8,769
Total*	<u>581,844</u>	<u>457,209</u>		<u>16,078</u>
Provision in excess of BoT's minimum rates required				<u>12,767 ⁽³⁾</u>
Total				<u>28,845</u>

Bank only 2016				
	Loans to customers and accrued interest receivables <i>(in million Baht)</i>	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Minimum rates required <i>(%)</i>	Allowance for doubtful accounts ⁽²⁾ <i>(in million Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	557,886	472,869	1	5,288
Special mention	18,865	10,220	2	340
Sub-standard	1,797	1,117	100	1,251
Doubtful	1,594	927	100	1,049
Doubtful of loss	14,166	4,378	100	6,701
Total*	<u>594,308</u>	<u>489,511</u>		<u>14,629</u>
Provision in excess of BoT's minimum rates required				<u>10,252 ⁽³⁾</u>
Total				<u>24,881</u>

Bank only 2015				
	Loans to customers and accrued interest receivables <i>(in million Baht)</i>	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Minimum rates required <i>(%)</i>	Allowance for doubtful accounts ⁽²⁾ <i>(in million Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	544,746	441,075	1	5,027
Special mention	16,625	9,314	2	306
Sub-standard	2,253	1,114	100	1,412
Doubtful	841	525	100	564
Doubtful of loss	17,348	5,157	100	8,745
Total*	<u>581,813</u>	<u>457,185</u>		<u>16,054</u>
Provision in excess of BoT's minimum rates required				<u>12,767 ⁽³⁾</u>
Total				<u>28,821</u>

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

⁽¹⁾ Balance net of collateral: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery. In the case of loans that are classified as substandard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.

⁽²⁾ Allowance for doubtful accounts on loans guaranteed by Small Business Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the BoT's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Small Business Credit Guarantee Corporation.

⁽³⁾ As at 31 December 2016, this included provision of Baht 1,262 million (31 December 2015: Baht 1,545 million) provided for non-performing loans.

12.5 Non-performing loans

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

As at 31 December 2016 and 2015, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	2016			
	TMB Bank Public Company Limited	Phayathai Asset Management Co., Ltd.	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)				
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	7,292	18	-	7,310
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	685,471	18	-	685,489
Percentage of net NPLs (%)	1.06	100.00		1.07
NPLs (principal)				
NPLs (<i>in million Baht</i>)	17,557	48	-	17,605
Total loans (<i>in million Baht</i>)	695,736	48	-	695,784
Percentage of NPLs (%)	2.52	100.00		2.53
	2015			
	TMB Bank Public Company Limited	Phayathai Asset Management Co., Ltd.	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)				
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	8,176	7	-	8,183
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	672,428	7	-	672,435
Percentage of net NPLs (%)	1.22	100.00		1.22
NPLs (principal)				
NPLs (<i>in million Baht</i>)	20,442	31	-	20,473
Total loans (<i>in million Baht</i>)	684,694	31	-	684,725
Percentage of NPLs (%)	2.99	100.00		2.99

For the year ended 31 December 2016, the Bank sold non-performing loans, with principal totaling approximately Baht 1,300 million (2015: Baht 1,400 million), to Bangkok Commercial Asset Management Company Limited ("BAM"). The selling price in excess of the carrying value of those non-performing loans was presented as a deduction from "Impairment loss on loans and debt securities" in the statement of profit or loss and other comprehensive income.

As at 31 December 2016, the Bank had loans to customers, amounting to Baht 41,635 million (2015: Baht 39,876 million) on which it ceased recognition of interest income on an accrual basis.

12.6 Troubled debt restructuring

For the years ended 31 December 2016 and 2015, the Bank and its subsidiaries entered into contracts for troubled debt restructuring, (only the account where debtor has present value loss/losses on debt structuring is presented)*, which could be summarised as follows:

Consolidated and Bank only					
2016					
				Asset acquired	
Type of restructuring	Number of debtors	Before restructuring (in million Baht)	After restructuring	Type	Fair value (in million Baht)
Modification of terms of payments	5,800	2,718	2,718	-	-
Combination of methods	1	1,540	1,540	-	-
Total	5,801	4,258	4,258		-
Term of debt restructuring agreements					
Not over 5 years	1,114	1,787	1,787		
5 - 10 years	4,646	2,346	2,346		
Over 10 years	41	125	125		
Total	5,801	4,258	4,258		

Consolidated 2015					
Asset acquired					
Type of restructuring	Number of debtors	Before restructuring <i>(in million Baht)</i>	After restructuring	Type	Fair value <i>(in million Baht)</i>
Transfer of asset	1	8	7	Cash	7
Modification of terms of payments	4,297	5,507	5,507	-	-
Combination of methods	1	57	57	Land and building	41
Total	4,299	5,572	5,571		48

**Term of debt restructuring
agreements**

Not over 5 years	1,108	4,226	4,225
5 - 10 years	3,136	876	876
Over 10 years	55	470	470
Total	4,299	5,572	5,571

Bank only

2015

					Asset acquired	
Type of restructuring	Number of debtors	Before restructuring <i>(in million Baht)</i>	After restructuring	Type	Fair value <i>(in million Baht)</i>	
Modification of terms of payments	4,297	5,507	5,507	-	-	
Combination of methods	1	57	57	Land and building	41	
Total	4,298	5,564	5,564		41	

**Term of debt restructuring
agreements**

Not over 5 years	1,107	4,218	4,218
5 - 10 years	3,136	876	876
Over 10 years	55	470	470
Total	4,298	5,564	5,564

* In July 2015, the Bank has changed the discount rates used in respect of SME debtors restructured from 1 January 2014, from the effective interest rates under the original loan agreements to the market rates at the restructuring dates. The impact as a result of such change is immaterial.

Supplemental information relating to restructuring debtors for the years ended 31 December 2016 and 2015 was as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Interest income on restructured debts, which is recognised during the year	278	191	278	191
Cash settlement by debtors	1,437	722	1,437	715
Debt asset swap by debtors	282 *	41	282 *	41
Losses on (reversal of) debt restructuring, net	(3)	70	(3)	70

* The debtor has rights to buy back when met conditions in the agreement.

As at 31 December 2016 and 2015, the Bank and its subsidiaries have the outstanding balances with troubled debt restructuring debtors which had been performing in accordance with debt restructuring agreements, as follows:

	Consolidated				Bank only			
	2016		2015		2016		2015	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
		<i>(in million Baht)</i>		<i>(in million Baht)</i>		<i>(in million Baht)</i>		<i>(in million Baht)</i>
Troubled debt restructuring debtors	5,358	8,062	3,018	6,287	5,357	8,051	3,017	6,276

12.7 Revaluation allowance for debt restructuring

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Beginning balance	180	110
Increase (decrease) during the year	(3)	70
Ending balance	177	180

12.8 Loans to customers having problems with financial position and operating results

As at 31 December 2016 and 2015, the Bank and its subsidiaries 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 accounts as follows:

	Consolidated and Bank only							
	2016				2015			
	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts
		<i>(in million Baht)</i>				<i>(in million Baht)</i>		
Listed companies under delisting conditions in SET	5	43	10	1	4	103	-	1

13 Classified assets

As at 31 December 2016 and 2015, classified assets were classified in accordance with the BoT's regulation, consisting of investments (including investments in subsidiaries and associate), loans to customers and accrued interest receivables (including interbank and money market items), properties for sale, premises and equipment and other assets as follows:

Consolidated						
2016						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
	<i>(in million Baht)</i>					
Pass	-	660,279	-	-	-	660,279
Special mention	-	18,865	-	-	-	18,865
Sub-standard	-	1,797	-	-	3	1,800
Doubtful	-	1,594	-	-	4	1,598
Doubtful of loss	952	14,214	66	307	388	15,927
Total	952	696,749	66	307	395	698,469

Consolidated						
2015						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
	<i>(in million Baht)</i>					
Pass	-	648,796	-	-	-	648,796
Special mention	-	16,625	-	-	-	16,625
Sub-standard	-	2,253	-	-	4	2,257
Doubtful	-	841	-	-	1	842
Doubtful of loss	874	17,379	98	440	433	19,224
Total	874	685,894	98	440	438	687,744

Bank only						
2016						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
	<i>(in million Baht)</i>					
Pass	-	660,279	-	-	-	660,279
Special mention	-	18,865	-	-	-	18,865
Sub-standard	-	1,797	-	-	3	1,800
Doubtful	-	1,594	-	-	4	1,598
Doubtful of loss	1,697	14,166	66	307	386	16,622
Total	1,697	696,701	66	307	393	699,164

Bank only						
2015						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
	(in million Baht)					
Pass	-	648,796	-	-	-	648,796
Special mention	-	16,625	-	-	-	16,625
Sub-standard	-	2,253	-	-	4	2,257
Doubtful	-	841	-	-	1	842
Doubtful of loss	1,717	17,348	98	440	429	20,032
Total	1,717	685,863	98	440	434	688,552

14 Allowance for doubtful accounts

The movements in the allowance for doubtful accounts during the year were as follow:

Consolidated							
2016							
	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		
	(in million Baht)						
At 1 January	5,027	306	1,412	564	8,769	12,767	28,845
Allowance for doubtful accounts	261	34	(161)	485	11,019	(2,515)	9,123
Bad debt recovery	-	-	-	-	705	-	705
Bad debt written-off	-	-	-	-	(12,923)	-	(12,923)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(839)	-	(839)
At 31 December	5,288	340	1,251	1,049	6,731	10,252	24,911

Consolidated							
2015							
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
	(in million Baht)						
At 1 January	4,491	297	1,058	368	6,148	15,890	28,252
Allowance for doubtful accounts	536	9	354	196	7,726	(3,123)	5,698
Bad debt recovery	-	-	-	-	549	-	549
Bad debt written-off	-	-	-	-	(4,711)	-	(4,711)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(943)	-	(943)
At 31 December	5,027	306	1,412	564	8,769	12,767	28,845

Bank only
2016

	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss		
	<i>(in million Baht)</i>						
At 1 January	5,027	306	1,412	564	8,745	12,767	28,821
Allowance for doubtful accounts	261	34	(161)	485	11,035	(2,515)	9,139
Bad debt recovery	-	-	-	-	683	-	683
Bad debt written-off	-	-	-	-	(12,923)	-	(12,923)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(839)	-	(839)
At 31 December	5,288	340	1,251	1,049	6,701	10,252	24,881

Bank only
2015

	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss		
	<i>(in million Baht)</i>						
At 1 January	4,491	297	1,058	368	6,120	15,890	28,224
Allowance for doubtful accounts	536	9	354	196	7,764	(3,123)	5,736
Bad debt recovery	-	-	-	-	515	-	515
Bad debt written-off	-	-	-	-	(4,711)	-	(4,711)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(943)	-	(943)
At 31 December	5,027	306	1,412	564	8,745	12,767	28,821

15 Properties for sale, net

As at 31 December 2016 and 2015, changes to the properties for sale, net were as follows:

	Consolidated and Bank only			
		2016		
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
	(in million Baht)			
Assets foreclosed in settlement of debts				
– Immovable assets	766	540	(136)	1,170
Assets for sales	539	318	(455)	402
Total	1,305	858	(591)	1,572
Add (less) allowance for impairment losses	(98)	12	20	(66)
Net	1,207	870	(571)	1,506

	Consolidated			
		2015		
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
		(in million Baht)		
Assets foreclosed in settlement of debts				
- Immovable assets	1,767	186	(1,187)	766
Assets for sales	494	238	(193)	539
Total	2,261	424	(1,380)	1,305
Add (less) allowance for impairment losses	(401)	12	291	(98)
Net	1,860	436	(1,089)	1,207

	Bank only			
	2015			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
	<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts				
- Immovable assets	1,722	186	(1,142)	766
Assets for sales	494	238	(193)	539
Total	2,216	424	(1,335)	1,305
Add (less) allowance for impairment losses	(399)	12	289	(98)
Net	1,817	436	(1,046)	1,207

The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 31 December 2016 and 2015 were as follows:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Assets foreclosed in settlement of debts		
Immovable assets		
- Appraised by external appraisers	743	390
- Appraised by internal appraisers	427	376
Total	1,170	766

[illegible]

* The Bank's revaluation has been performed in 2016

Consolidated

2015

	Net book value as at 1 January 2015	Cost		Accumulated depreciation			Allowance for impairment losses			Net book value as at 31 December 2015			
		Beginning balance	Increase / transfers in	Disposals/ written off/ transfers out	Ending balance	Beginning balance	Depreciation transfers out	Disposals/ written off/ transfers out	Loss on impairment during the year		Disposals/ written-off/ transfers out	Ending balance	
(in million Baht)													
Land													
- Cost	2,240	2,579	-	(103)	2,476	-	-	-	(339)	(2)	2	(339)	2,137
- Incremental revaluation*	2,872	2,872	-	(83)	2,789	-	-	-	-	-	-	-	2,789
Building													
- Cost	2,193	4,993	248	(124)	5,117	(2,697)	(208)	75	(103)	(5)	7	(101)	2,186
- Incremental revaluation*	1,675	3,479	-	(146)	3,333	(1,804)	(68)	90	-	-	-	-	1,551
Leasehold improvements	375	1,200	86	(80)	1,206	(825)	(102)	64	-	(11)	11	-	343
Equipment	1,317	5,827	468	(378)	5,917	(4,510)	(476)	355	-	-	-	-	1,286
Total	10,672	20,950	802	(914)	20,838	(9,836)	(854)	584	(442)	(18)	20	(440)	10,292

* The Bank's revaluation has been performed in 2012.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2016 amounted to Baht 3,511 million (2015: Baht 3,518 million).

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2016 and 2015 amounted to Baht 886 million and Baht 854 million, respectively.

In March 2016, the Bank had the land and buildings re-appraised by independent valuers, in accordance with the BoT regulations. The surplus from revaluation was credited to other reserves under the heading "Revaluation surplus on assets" totalling Baht 2,112 million, and reversing allowance for impairment of assets in the statement of profit or loss and other comprehensive income amounting to Baht 68 million. The Bank of Thailand approved the incremental revaluation amount to be included as part of Common Equity Tier 1 Capital, with effect from 11 May 2016.

17 Goodwill and other intangible assets, net

As at 31 December 2016 and 2015, changes in goodwill and other intangible assets were as follows:

Consolidated 2016											
		Cost			Accumulated amortisation						
	Net book value as at 1 January 2016	Beginning Balance	Additions	Written-off	Transfers in/ (out)	Ending balance	Beginning Balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	Net book value as at 31 December 2016
<i>(in million Baht)</i>											
Goodwill	60	60	-	-	-	60	-	-	-	-	60
Computer software	874	4,410	165	-	510	5,085	(3,536)	(349)	-	(3,885)	1,200
Computer software under development	305	305	811	-	(672)	444	-	-	-	-	444
Total	1,239	4,775	976	-	(162)	5,589	(3,536)	(349)	-	(3,885)	1,704

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2016 amounted to Baht 3,055 million (2015: Baht 2,823 million). Amortisation presented in the consolidated profit or loss for the years ended 31 December 2016 and 2015 amounted to Baht 349 million and Baht 304 million, respectively.

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2016 and 2015 amounted to Baht 349 million and Baht 304 million, respectively.

	Net book value as at 1 January 2015	Cost			Bank only 2015			Accumulated amortisation			Net book value as at 31 December 2015
		Beginning Balance	Additions	Written-off	Transfers in/ (out)	Ending balance (in million Baht)	Beginning Balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	
Computer software	794	3,975	38	(8)	341	4,346	(3,181)	(302)	5	(3,478)	868
Computer software under development	144	144	519	-	(357)	306	-	-	-	-	306
Total	938	4,119	557	(8)	(16)	4,652	(3,181)	(302)	5	(3,478)	1,174

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 31 December 2016 amounted to Baht 2,999 million (2015: Baht 2,771 million).

Amortisation presented in the Bank only's profit or loss for the years ended 31 December 2016 and 2015 amounted to Baht 345 million and Baht 302 million, respectively.

18 Deferred tax and income tax expense

18.1 Deferred tax

Movements in deferred tax assets and liabilities during the years ended 31 December 2016 and 2015 were as follows:

		Consolidated		
	At	(Charged) / Credited to:		At
	1 January	Profit	Other compre-	31 December
	2016	or loss	Hensive	2016
			income	
			(note18.2)	
			(in million Baht)	
<i>Deferred tax assets</i>				
Investments	174	1	14	189
Loans to customers and accrued interest receivables	629	51	-	680
Properties for sale	26	(3)	-	23
Premises and equipment	100	(34)	-	66
Provisions for obligations on transfers of non-performing assets	1,200	(868)	-	332
Provisions for employee benefits	298	10	(18)	290
Provisions for other liabilities	110	32	-	142
Other payables and other liabilities	294	(38)	-	256
Others	158	(46)	-	112
Total	2,989	(895)	(4)	2,090
<i>Deferred tax liabilities</i>				
Investments	21	-	(21)	-
Premises and equipment	900	(25)	416	1,291
Others	23	1	-	24
Total	944	(24)	395	1,315
Net	2,045	(871)	(399)	775

		Consolidated (Charged) / Credited to:			
	At 1 January 2015	Profit or loss	Other compre- hensive income <i>(note18.2)</i> <i>(in million Baht)</i>	Retained earnings	At 31 December 2015
<i>Deferred tax assets</i>					
Investments	176	(2)	-	-	174
Loans to customers and accrued interest receivables	690	(61)	-	-	629
Properties for sale	85	(59)	-	-	26
Premises and equipment	100	-	-	-	100
Provisions for obligations on transfers of non-performing assets	1,200	-	-	-	1,200

	Consolidated			
	(Charged) / Credited to:			
	At 1 January 2015	Profit or loss	Other compre- hensive income (note 18.2) (in million Baht)	At 31 December 2015
Provisions for employee benefits	306	11	(19)	298
Provisions for other liabilities	109	1	-	110
Other payables and other liabilities	260	34	-	294
Others	124	22	-	158
Total	3,050	(54)	(19)	2,989
Deferred tax liabilities				
Investments	27	-	(6)	21
Premises and equipment	939	(29)	(10)	900
Others	19	(2)	6	23
Total	985	(31)	(10)	944
Net	2,065	(23)	(9)	2,045
	Bank only			
	(Charged) / Credited to:			
	At 1 January 2016	Profit or loss	Other compre- hensive income (note 18.2) (in million Baht)	At 31 December 2016
Deferred tax assets				
Investments	174	1	14	189
Loans to customers and accrued interest receivables	616	51	-	667
Properties for sale	26	(3)	-	23
Premises and equipment	100	(34)	-	66
Provisions for obligations on transfers of non-performing assets	1,200	(868)	-	332
Provisions for employee benefits	294	9	(18)	285
Provisions for other liabilities	108	32	-	140
Other payables and other liabilities	294	(38)	-	256
Others	155	(38)	-	117
Total	2,967	(888)	(4)	2,075
Deferred tax liabilities				
Investments	13	-	(13)	-
Premises and equipment	899	(25)	416	1,290
Others	23	1	-	24
Total	935	(24)	403	1,314
Net	2,032	(864)	(407)	761

	At 1 January 2015	Bank only (Charged) / Credited to:			At 31 December 2015
		Profit or loss <i>(note 18.2)</i> <i>(in million Baht)</i>	Other compre- hensive income	Retained earnings	
Deferred tax assets					
Investments	176	(2)	-	-	174
Loans to customers and accrued interest receivables	677	(61)	-	-	616
Properties for sale	84	(58)	-	-	26
Premises and equipment	100	-	-	-	100
Provisions for obligations on transfers of non-performing assets	1,200	-	-	-	1,200
Provisions for employee benefits	303	10	(19)	-	294
Provisions for other liabilities	105	3	-	-	108
Other payables and other liabilities	260	34	-	-	294
Others	124	19	-	12	155
Total	3,029	(55)	(19)	12	2,967
Deferred tax liabilities					
Investments	15	-	(2)	-	13
Premises and equipment	937	(28)	(10)	-	899
Others	19	(2)	6	-	23
Total	971	(30)	(6)	-	935
Net	2,058	(25)	(13)	12	2,032

As at 31 December 2016 and 2015, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 745 million and Baht 843 million, respectively, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

As at 31 December 2016 and 2015, the Bank and its subsidiaries have tax-deductible temporary differences in respect of loans to customers and accrued interest receivables, for which deferred tax assets have not been recognised since it is uncertain as to whether the Bank and its subsidiaries would be able to utilise such temporary differences.

18.2 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated		Bank only	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
Current tax expense					
Current year		884	2,141	842	2,073
Over provided in prior years		(15)	(11)	(15)	(11)
		869	2,130	827	2,062
Deferred tax expense					
Movements in temporary differences	18.1	871	23	864	25
		871	23	864	25
Total		1,740	2,153	1,691	2,087

Income tax recognised in other comprehensive income

	Consolidated					
	Before tax	2016 Tax (expense) benefit	Net of tax	Before tax	2015 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(173)	35	(138)	(30)	6	(24)
Premises and equipment	2,079	(416)	1,663	(49)	10	(39)
Provisions for employee benefits	89	(18)	71	95	(19)	76
Others	-	-	-	30	(6)	24
Total	1,995	(399)	1,596	46	(9)	37

	Bank only					
	Before tax	2016 Tax (expense) benefit	Net of tax	Before tax	2015 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(133)	27	(106)	(10)	2	(8)
Premises and equipment	2,079	(416)	1,663	(49)	10	(39)
Provisions for employee benefits	91	(18)	73	95	(19)	76
Others	-	-	-	30	(6)	24
Total	2,037	(407)	1,630	66	(13)	53

Reconciliation of effective tax rate

	Consolidated			
	2016 Rate (%)	2016 (in million Baht)	2015 Rate (%)	2015 (in million Baht)
Profit before income tax expense		9,984		11,504
Income tax using the Thai corporation tax rate	20	1,997	20	2,301
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	(2)	(164)	(1)	(156)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(78)	-	(7)
Unutilised deferred tax	-	-	-	26
Over provided in prior years	-	(15)	-	(11)
Total	17	1,740	19	2,153

	Bank only			
	2016 Rate (%)	2016 (in million Baht)	2015 Rate (%)	2015 (in million Baht)
Profit before income tax expense		9,726		11,271
Income tax using the Thai corporation tax rate	20	1,945	20	2,254
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	(2)	(164)	(1)	(156)
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the year	-	(20)	-	(20)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(55)	-	(6)
Unutilised deferred tax	-	-	-	26
Over provided in prior years	-	(15)	-	(11)
Total	17	1,691	19	2,087

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for the accounting periods which begin on or after 1 January 2016.

19 Other receivables, net

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Receivables on sales of investments	11,434	5,425	11,434	5,425
Promissory notes from transfer of non-performing assets	783	639	762	535
TAMC's promissory notes and accrued interest receivables	56	4,398	56	4,398
Other receivables	1,595	1,038	1,504	878
Total	13,868	11,500	13,756	11,236
Less allowance for impairment losses	(172)	(175)	(170)	(170)
Net	13,696	11,325	13,586	11,066

20 Other assets, net

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Accrued income	1,253	1,170	1,225	1,120
Collateral on derivative transactions	2,308	1,664	2,308	1,664
Suspense account - debtors	1,156	923	1,156	922
Suspense account between head office and branches	6	43	6	43
Prepaid expenses	242	214	235	208
Others	842	747	812	728
Total	5,807	4,761	5,742	4,685
Less allowance for impairment losses	(223)	(265)	(223)	(265)
Net	5,584	4,496	5,519	4,420

21 Deposits

21.1 Classified by type of deposits

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Current	50,794	65,347	50,806	65,358
Savings	433,023	409,120	433,084	409,145
Term	115,296	170,713	115,296	170,713
Total	599,113	645,180	599,186	645,216
Less prepaid interest expense	(165)	(486)	(165)	(486)
Total	598,948	644,694	599,021	644,730

21.2 Classified by currency and residency of depositors

	Consolidated					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	591,046	5,399	596,445	636,273	5,709	641,982
US Dollar	1,765	388	2,153	2,195	297	2,492
Other currencies	321	29	350	199	21	220
Total	593,132	5,816	598,948	638,667	6,027	644,694

	Bank only					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	591,119	5,399	596,518	636,309	5,709	642,018
US Dollar	1,765	388	2,153	2,195	297	2,492
Other currencies	321	29	350	199	21	220
Total	593,205	5,816	599,021	638,703	6,027	644,730

22 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	2016			2015		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	-	3,145	3,145	-	3,837	3,837
Commercial banks	287	23,250	23,537	109	16,570	16,679
Specialised financial institutions	16	7,760	7,776	17	5,575	5,592
Other financial institutions	7,246	67	7,313	6,578	74	6,652
Total domestic	7,549	34,222	41,771	6,704	26,056	32,760

	Consolidated and Bank only					
	2016			2015		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Foreign						
US Dollar	593	1,433	2,026	1,249	-	1,249
Other currencies	1,620	-	1,620	2,207	-	2,207
Total foreign	2,213	1,433	3,646	3,456	-	3,456
Total domestic and foreign, net	9,762	35,655	45,417	10,160	26,056	36,216

23 Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss as at 31 December 2016 and 2015 were as follows:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Debt issued	362	299
Total	362	299

Proportion of transactions classified by the contract parties based on the amount of the contract as at 31 December 2016 and 2015 were as follows:

Contract parties	Consolidated and Bank only	
	2016	2015
	<i>(%)</i>	
Financial institutions	100.00	100.00
Total	100.00	100.00

24 Debts issued and borrowings, net

	Consolidated and Bank only							
	Interest rates		2016			2015		
	as at	Maturities	Domestic	Foreign	Total	Domestic	Foreign	Total
	31 December 2016		<i>(in million Baht)</i>					
	<i>(%)</i>							
Subordinated debentures ⁽¹⁾	4.50 and 5.50	2017 ⁽²⁾ and 2019 ⁽²⁾	25,350	-	25,350	25,350	-	25,350
Senior debentures	3.108 and 5.50	2018 and 2021	-	13,834	13,834	-	3,327	3,327
Bills of exchange ⁽³⁾	2.15 - 2.50	2012 - 2013	6	-	6	15	-	15
Other borrowings	0.00 - 2.00	2017 - 2031	30	830	860	71	1,597	1,668
Total			25,386	14,664	40,050	25,436	4,924	30,360
<i>Less prepaid interest expenses</i>			<i>(176)</i>	<i>-</i>	<i>(176)</i>	<i>(177)</i>	<i>-</i>	<i>(177)</i>
Net			25,210	14,664	39,874	25,259	4,924	30,183

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (*Note 6*)

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

⁽³⁾ The outstanding balance of bills of exchange maturing during the year 2012 - 2013 were waiting for redeem by the holders.

24.1 Subordinated debentures

24.1.1 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.

24.1.2 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.

24.1.3 On 29 August 2014, the Bank issued the Subordinated Debenture No. 1/2557 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 15,000 million, which has a 10-year maturity period and carries a fixed interest rate of 5.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No. 1/2557 after 5 years from the issue date or according to certain specified conditions. The Bank has to get The Bank of Thailand's approval before early redemption of the Subordinated Notes.

24.2 Senior debentures

On 9 March 2015, the Bank issued the unsecured senior debentures of CNY 600 million, with a 3-year maturity carrying a fixed interest rate of 5.50% per annum, payable semi-annually in March and September of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

On 1 April 2016, the Bank issued unsecured senior debentures of USD 300 million, with a 5.5-year maturity and carrying a fixed interest rate of 3.108% per annum, payable semi-annually in April and October of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

24.3 Other Borrowings

Borrowings with specific uses (other borrowings) as at 31 December 2016 and 2015 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		2016		2015	
		Outstanding balances	Baht equivalent (in million Baht)	Outstanding balances	Baht equivalent (in million Baht)
Energy Conservation Promotion Fund	For enterprises investing for energy conservation	Baht 13 million	13	Baht 51 million	51
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 17 million	17	Baht 20 million	20
Nordic Investment Bank (NIB)	For joint ventures with the Nordic countries and businesses using Nordic machinery/equipment	USD 4 million	128	USD 7 million	259
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 17 million	597	USD 33 million	1,203
KfW Bankengruppe (KfW)	For small industry businesses	EUR 3 million	105	EUR 3 million	135
Total			860		1,668

25 Provision for employee benefits

25.1 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% of their basic salaries and the Bank and its subsidiaries contribute at rates ranging from 5 - 10%, 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 2016 and 2015, the Bank and its subsidiaries contributed Baht 393 million and Baht 386 million, respectively to the funds (Bank only: Baht 384 million and Baht 378 million, respectively).

25.2 Defined benefit plans

(a) Detail of defined benefit plans

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Post-employment benefit plans	1,442	1,479	1,414	1,458
Other long-term employee benefit plans	11	14	11	14
Total	1,453	1,493	1,425	1,472

(b) Movement in post-employment benefit obligations

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	1,479	1,520	1,458	1,498
Included in profit or loss:				
Current service cost	187	169	182	166
Past service cost	-	(44)	-	(42)
Interest on obligation	24	37	24	37
	211	162	206	161
Included in other comprehensive income				
- Actuarial gain	(89)	(95)	(91)	(95)
Others				
Benefits paid	(159)	(108)	(159)	(106)
	(248)	(203)	(250)	(201)
At 31 December	1,442	1,479	1,414	1,458

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Demographic assumptions	(119)	(58)	(120)	(60)
Financial assumptions	105	149	104	149
Experience adjustment	(75)	(186)	(75)	(184)
Total	(89)	(95)	(91)	(95)

(c) Actuarial assumptions of post-employment benefit obligations

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(%)</i>			
Discount rate	1.86, 2.51	2.86, 3.15	1.86	2.86
Future salary growth	5.00	5.00, 5.30	5.00	5.30
Staff turnover rates	0.00 - 30.00	0.00 - 30.00	0.00 - 30.00	0.00 - 30.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

(d) Sensitivity analysis of post-employment benefit obligations

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Consolidated				
2016				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+ 1%	(131)	- 1%	151
Future salary growth	+ 1%	137	- 1%	(122)
Turnover Rate	+ 1%	(139)	- 1%	40
Future mortality	+ 1 year	11	- 1 year	(11)
Consolidated				
2015				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+ 1%	(138)	- 1%	159
Future salary growth	+ 1%	146	- 1%	(129)
Future mortality	+ 1 year	12	- 1 year	(12)
Bank only				
2016				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+ 1%	(129)	- 1%	147
Future salary growth	+ 1%	133	- 1%	(119)
Turnover Rate	+ 1%	(136)	- 1%	38
Future mortality	+ 1 year	11	- 1 year	(11)
Bank only				
2015				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+ 1%	(136)	- 1%	157
Future salary growth	+ 1%	143	- 1%	(127)
Future mortality	+ 1 year	12	- 1 year	(12)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

26 Provision for other liabilities

The movement in provision for other liabilities during the year were as follows:

	Consolidated and Bank only			
	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (Note 34.2)	Others	Total
	(in million Baht)			
At 1 January 2015	439	48	48	535
Provisions increase (decrease)	18	(27)	30	21
Paid during the year	-	(2)	(12)	(14)
At 31 December 2015 and 1 January 2016	457	19	66	542
Provisions increase (decrease)	(24)	145	58	179
Paid during the year	-	(2)	(18)	(20)
At 31 December 2016	433	162	106	701

27 Other payables

	Consolidated		Bank only	
	2016	2015	2016	2015
	(in million Baht)			
Payables on purchases of investments	10,565	6,005	10,565	6,005
Others	759	983	755	979
Total	11,324	6,988	11,320	6,984

28 Other liabilities

	Consolidated		Bank only	
	2016	2015	2016	2015
	(in million Baht)			
Accrued expenses	3,814	4,683	3,759	4,633
Accrued interest expenses	627	1,084	627	1,084
Deposits and guarantees received	1,491	283	1,491	282
Collateral on derivative transactions	473	185	473	185
Suspense accounts - creditors	2,397	1,916	2,382	1,910
Others	734	668	713	612
Total	9,536	8,819	9,445	8,706

29 Share-based payments – TMB Performance Share Bonus Scheme

29.1 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: 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.

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.

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.

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).

For the years ended 31 December 2016 and 2015, the Bank recorded expenses in relation to share-based payments of Baht 37 million and Baht 93 million, respectively.

29.2 The offering of new ordinary shares

The offering of new ordinary shares	Par value	Offering Price	The offering of new ordinary shares	Ordinary shares issued to employees ⁽¹⁾	Ordinary shares not to be issued	Balance of new ordinary shares unissued as at 31 December 2016
	(Baht/share)			(shares)		
The first offering, 2011	0.95	2.25	68,393,400	(61,556,286)	(6,837,114)	-
The second offering, 2012	0.95	1.67	101,795,300	(88,262,936)	(13,532,364)	-
The third offering, 2013	0.95	2.28	78,634,700	(66,598,950)	(12,035,750)	-
The fourth offering, 2014	0.95	2.30	85,191,700	(45,951,289)	(20,442,618)	18,797,793
The fifth offering, 2015	0.95	3.04	53,599,400	(16,262,367)	(9,748,793)	27,588,240
Total			387,614,500	(278,631,828)	(62,596,639)	46,386,033

⁽¹⁾ The shares will be gradually issued on an annual basis over three years since the offering of such ordinary shares.

29.3 Reconciliation of issued and paid-up ordinary share capital, share premium and other reserve - share-based payments

Consolidated and Bank only 2016				
	Issued and paid-up ordinary share capital (No. of shares)	(in Baht)	Share premium (in Baht)	Other reserve - share-based payments
At 1 January	43,749,499,615	41,562,024,635	236,181,407	212,650,444
Issued ordinary shares to employees	57,870,692	54,977,157	89,766,087	(144,743,244)
Expenses in relation to issuance of ordinary shares to employees	-	-	(541,855)	-
Expenses in relation to share-based payments	-	-	-	37,469,645
At 31 December	43,807,370,307	41,617,001,792	325,405,639	105,376,845

Consolidated and Bank only 2015				
	Issued and paid-up ordinary share capital (No. of shares)	(in Baht)	Share premium (in Baht)	Other reserve - share-based payments
At 1 January	43,678,764,288	41,494,826,074	157,689,646	265,835,782
Issued ordinary shares to employees	70,735,327	67,198,561	79,053,115	(146,251,676)
Expenses in relation to issuance of ordinary shares to employees	-	-	(561,354)	-
Expenses in relation to share-based payments	-	-	-	93,066,338
At 31 December	43,749,499,615	41,562,024,635	236,181,407	212,650,444

30 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.

The movements in revaluation surplus on assets during the years were as follows:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
At 1 January	4,496	4,686
Reappraisal during the year	2,112	-
Amortised during the year	(89)	(68)
Derecognised during the year	(36)	(73)
Transferred out during the year	(33)	(49)
Balance - end of the year	6,450	4,496
Less deferred income tax	(1,290)	(899)
At 31 December, net of deferred income tax	5,160	3,597

31 Legal 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.

32 Appropriation of profit and dividend payment

(a) On 8 April 2016, the 2016 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2015 operating profit and dividend payment as follows:

- (1) Appropriation of net profit of Baht 460 million to the legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2015 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 4 May 2016.

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

- (1) Appropriation of net profit of Baht 480 million to the legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2014 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 7 May 2015.

33 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2016 and 2015 were as follow:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Investments in securities		
- Pledged as collateral against repurchase transactions	14,586	3,987
Total	14,586	3,987

34 Commitments and contingent liabilities

34.1 Commitments

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Avals to bills	1,578	1,880
Guarantees of loans	-	3
Liability under unmatured import bills	2,502	2,568
Letters of credit	22,948	33,656
Other contingencies		
- Other guarantees	65,488	60,775
- Amount of unused bank overdrafts	90,845	94,036
- Committed line	17,369	29,954
- Others	500	568
Total	201,230	223,440

As at 31 December 2016 and 2015, the Bank had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

34.2 Litigation

- (a) As at 31 December 2016 and 2015, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 79 cases and 92 cases, respectively (Bank only: claims for 75 cases and 85 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 2,634 million ⁽¹⁾ and Baht 663 million ⁽¹⁾, respectively (Bank only: Baht 2,619 million ⁽¹⁾ and Baht 635 million ⁽¹⁾, respectively).
- (b) As at 31 December 2016 and 2015, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 162 million and Baht 19 million, respectively (Bank only: Baht 162 million and Baht 19 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.
- (c) In addition, the Bank was claimed in another lawsuit with the sum of Baht 140,261 million due to the purported issuance of a letter of guarantee with a credit limit of Baht 200 million. The Court of First Instance and the Appeals Court dismissed the case. On 27 September 2016, the Supreme Court rendered the final judgment to dismiss the case.

⁽¹⁾ Excluding the liabilities of the Bank and its subsidiaries as of 31 December 2016 and 2015 of Baht 1,187 million and Baht 2,647 million, respectively (Bank only: Baht 664 million and Baht 2,124 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

34.3 Non-cancellable operating lease commitments

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<i>Future minimum lease payments</i>				
Within one year	556	434	541	424
After one year but within five years	777	561	752	559
Total	1,333	995	1,293	983
<i>Amount recognised in profit or loss</i>				
Lease expense	475	411	460	398

35 Related parties

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

Definitions and characteristics of relationships

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital.
2. Entities with joint control or significant influence over the entity are
 - 2.1 Related companies of major shareholders
 - 2.2 Entities in which related companies of major shareholders hold over 10% of paid-up share capital
 - 2.3 Entities in which the Bank holds over 10% of paid-up share capital (excluding subsidiaries and associate)
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 11.

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

Name of entity/ Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thailand and other counties	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
Phayathai Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
Designee for ETA Contract Ltd.	Thailand	Subsidiary, 99.5% shareholding, more than 50% of directors are representatives of the Bank
TMB Asset Management Co., Ltd.	Thailand	Subsidiary, 87.5% shareholding, more than 50% of directors are representatives of the Bank
Metro Designee Co., Ltd.	Thailand	Not a related party as the Company completed its liquidation on 29 December 2016. (2015: Associate, 30% shareholding, less than 50% of directors are representatives from the Bank)

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

Transactions	Pricing policies
Interest rates of loans	Based on market rate and the collateral consideration process, the same as the Bank's normal course of business, except for the interest rates of staff welfare loans which are in accordance with the Bank's regulation.
Fee and service income	Registrar and related services, money transfer services for unit holders, agents and support services for funds managed by its subsidiary is charged by the Bank at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into account the size of funds and the purchase and sale volumes of investment units
Interest rate on deposits and borrowings	Based on market rate
Fee and services income for other types of services	Based on market price
Branch office rental and related service	Based on market rate
Sale of non-performing assets to a subsidiary	Based on market price
Sale of government and state enterprise securities to a subsidiary	Based on market price

35.1 Related parties transactions with key management and other related parties

Significant related parties transactions for the years ended 31 December 2016 and 2015 with key management and other related parties were as follows:

	Consolidated 2016						Impairment loss on loans and debt securities (reversal of)
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	
	<i>(in million Baht)</i>						
1. Major shareholders	58	5	-	-	-	12	-
2. Entities with joint control or significant influence over the entity	306	233	22	-	58	227	2
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	2	-	-	-	-	-
6. Other related parties	2	3	-	-	-	28	-

	Consolidated 2015						Impairment loss on loans and debt securities (reversal of)
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	
	<i>(in million Baht)</i>						
1. Major shareholders	155	2	-	-	-	10	-
2. Entities with joint control or significant influence over the entity	390	614	31	-	35	255	(9)
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	1	5	-	-	-	39	-

Bank only							
2016							
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
<i>(in million Baht)</i>							
1. Major shareholders	58	5	-	-	-	12	-
2. Entities with joint control or significant influence over the entity	299	233	22	-	58	227	2
3. Subsidiaries	-	-	1,411	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	2	-	-	-	-	-
6. Other related parties	2	3	-	-	-	28	-

Bank only							
2015							
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
<i>(in million Baht)</i>							
1. Major shareholders	155	2	-	-	-	10	-
2. Entities with joint control or significant influence over the entity	382	614	31	-	35	255	(9)
3. Subsidiaries	-	-	1,158	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	1	5	-	-	-	39	-

35.2 Outstanding balances with related parties

As at 31 December 2016 and 2015, significant outstanding balances with related persons or parties were as follows:

35.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2016 and 2015 were as follows:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Loans to customers and accrued interest receivables, net		
Ministry of Finance	1,003	6,548
Deposits (including interbank and money market items – liabilities)		
ING Bank N.V.	345	286
Contingencies – Derivatives ⁽¹⁾		
ING Bank N.V.	6,547	1,773
⁽¹⁾ Presented in notional amount		
Other contingencies		
ING Bank N.V.	18	18

35.2.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 31 December 2016 and 2015 were as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Interbank and money market items – assets and loans to customers and accrued interest receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	20,208	19,605	19,779	19,198
Thai Charoenpol Industry Co., Ltd.	3	3	3	3
Total	20,211	19,608	19,782	19,201
Allowance for doubtful accounts				
Entities whose shares are owned or controlled by the Ministry of Finance	65	62	65	62
Thai Charoenpol Industry Co., Ltd.	2	2	2	2
Total	67	64	67	64
Other receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	56	4,398	56	4,398
Other assets				
Entities whose shares are owned or controlled by the Ministry of Finance	282	286	282	286

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Deposits (including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	14,838	11,886	14,838	11,886
TMB Property Development Co., Ltd.	4	4	4	4
Total	14,842	11,890	14,842	11,890
Debts issued and borrowings (including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	7,765	5,575	7,765	5,575
Provisions for obligation on transfers of non-performing assets				
Entities whose shares are owned or controlled by the Ministry of Finance	1,657	5,998	1,657	5,998
Other liabilities				
Entities whose shares are owned or controlled by the Ministry of Finance	9	9	9	9
Contingencies - derivatives ⁽¹⁾				
Entities whose shares are owned or controlled by the Ministry of Finance	128,754	130,302	128,754	130,302
⁽¹⁾ Presented in notional amount				
Other contingencies				
Entities whose shares are owned or controlled by the Ministry of Finance	1,204	1,261	1,204	1,261

35.2.3 Significant balances between the Bank and its subsidiaries and associate as at 31 December 2016 and 2015 were as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Other assets				
Phayathai Asset Management Co., Ltd.	-	-	1	1
TMB Asset Management Co., Ltd.	-	-	147	69
Total	-	-	148	70
Deposits				
Phayathai Asset Management Co., Ltd.	-	-	10	6
TMB Asset Management Co., Ltd.	-	-	63	30
Total	-	-	73	36

35.2.4 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 December 2016 and 2015 were as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	20	22	19	21
Welfare loans	43	52	43	52
Deposits	160	177	154	171
Allowance for doubtful accounts	1	1	1	1

35.2.5 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 December 2016 and 2015 were as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	32	31	32	31
Deposits	192	220	191	220
Other liabilities	1	2	1	2

35.3 Senior management personnel compensation

For the years ended 31 December 2016 and 2015, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	41	42	41	41
Short-term employee benefits - management	728	780	698	751
Post-employment benefits	48	48	43	44
Termination benefit	-	3	-	-
Share-based payments (performance share bonus)	38	92	38	92
Total	855	965	820	928

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

35.4 Other benefits payable to the senior management personnel

The Bank's senior management personnel do not receive other benefits both in terms of monetary and non-monetary items, except for the benefits that are normally received as mentioned in Note 35.3 such as monthly director remuneration, meeting allowance, salary and bonus. Directors who are the Bank's executives and the representative directors who are the executives of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank's business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowances, including utilities, telephone and home trip expenses in accordance with the established criteria.

36 Segment information

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

1. Commercial Banking

1.1 Wholesale Banking: These are corporate customers and owner operators with annual revenues of Baht 1,000 million and over which was changed in 2016 from Baht 500 million and over. The main products and services are corporate loans, letters of guarantee, deposits, trade finance, supply chain solution and financial management, syndicated loans, and investment banking.

1.2 Small and Medium Enterprise: These are corporate customers and owner operators with annual revenues of less than Baht 1,000 million which was changed in 2016 from less than Baht 500 million. The main products and services are corporate loans, letters of guarantee, deposits, trade finance, supply chain solution and financial management.

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

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

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

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

Information about reportable segments:

For the year ended

31 December 2016

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	15,032	7,742	2,098	-	24,872
Other operating income	3,711	5,270	1,261	(49)	10,193
Total operating income	18,743	13,012	3,359	(49)	35,065
Operating expenses	(7,278)	(8,429)	(839)	49	(16,497)
Profits from operation	11,465	4,583	2,520	-	18,568
Other income (expenses), net					-
Provision for doubtful accounts on loans and loan - related transactions					(8,584)
Profit before income tax expense					9,984
Income tax expense					(1,740)
Profit for the year					8,244
Depreciation and amortisation	124	671	459	-	1,254
Source of operating income breakdown by operating segments					
Third party	26,459	6,022	2,584	-	35,065
Inter - segment	(7,716)	6,990	775	(49)	-
Total operating income	18,743	13,012	3,359	(49)	35,065

For the year ended

31 December 2015

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	14,888	6,479	1,862	-	23,229
Other operating income	4,402	4,736	989	(45)	10,082
Total operating income	19,290	11,215	2,851	(45)	33,311
Operating expenses	(7,523)	(8,151)	(746)	45	(16,375)
Profits from operation	11,767	3,064	2,105	-	16,936
Other income (expenses), net					(6)
Provision for doubtful accounts on loans and loan - related transactions					(5,426)
Profit before income tax expense					11,504
Income tax expense					(2,153)
Profit for the year					9,351
Depreciation and amortisation	130	674	374	-	1,178
Source of operating income breakdown by operating segments					
Third party	27,206	3,281	2,824	-	33,311
Inter - segment	(7,916)	7,934	27	(45)	-
Total operating income	19,290	11,215	2,851	(45)	33,311

Reconciliation of reportable segment profit or loss

For the year ended

31 December 2016

	Consolidated				
	Net interest income	Non-interest income	Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	24,872	10,193	(16,497)	-	(8,584)
Bad debts, doubtful accounts and impairment losses	-	128	(63)	-	(65)
Others	(112)	141	(29)	-	-
Consolidated financial statements	24,760	10,462	(16,589)	-	(8,649)

For the year ended

31 December 2015

	Consolidated				
	Net interest income	Non-interest income	Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	23,229	10,082	(16,375)	(6)	(5,426)
Bad debts, doubtful accounts and impairment losses	-	100	(47)	-	(53)
Others	(9)	48	(45)	6	-
Consolidated financial statements	23,220	10,230	(16,467)	-	(5,479)

	Consolidated 2016				
	Commercial banking	Retail banking	Other segments (in million Baht)	Elimination	Total
Assets	564,458	144,608	115,530	(3,596)	821,000
Liabilities and equity	227,217	404,996	192,383	(3,596)	821,000

	Consolidated 2015				
	Commercial banking	Retail banking	Other segments (in million Baht)	Elimination	Total
Assets	610,984	106,068	125,293	(3,408)	838,937
Liabilities and equity	236,224	433,889	172,232	(3,408)	838,937

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

37.1 As at 31 December 2016 and 2015, the financial position classified by domestic and foreign business was as follows:

	Consolidated					
	Domestic business	2016 Foreign business	Total	Domestic business	2015 Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	820,277	723	821,000	838,248	689	838,937
Interbank and money market items, net (assets)	113,287	571	113,858	115,219	539	115,758
Investments, net	62,116	-	62,116	98,260	-	98,260
Loans to customers and accrued interest receivables, net	569,195	73	569,268	552,727	92	552,819
Deposits	598,783	165	598,948	644,561	133	644,694
Interbank and money market items (liabilities)	43,870	1,547	45,417	36,118	98	36,216
Debts issued and borrowings, net	25,443	14,431	39,874	25,653	4,530	30,183

37.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2016 and 2015 were as follows:

	Consolidated							
	2016				2015			
<i>For the years ended 31 December</i>	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	35,626	466	(461)	35,631	36,425	181	(176)	36,430
Interest expense	10,876	456	(461)	10,871	13,212	174	(176)	13,210
Net interest income	24,750	10	-	24,760	23,213	7	-	23,220
Net fees and service income	7,996	1	-	7,997	7,821	-	-	7,821
Other operating income	2,465	-	-	2,465	2,408	1	-	2,409
Other operating expenses	16,576	13	-	16,589	16,458	9	-	16,467
Impairment loss on loans and debt securities	8,649	-	-	8,649	5,479	-	-	5,479
Profit from operations before income tax expenses	9,986	(2)	-	9,984	11,505	(1)	-	11,504

38 Interest income

	Consolidated		Bank only	
	2016	2015	2016	2015
<i>For the years ended 31 December</i>	<i>(in million Baht)</i>			
Interbank and money market items	1,746	2,037	1,731	2,020
Investments and trading transactions	267	274	267	274
Investments in debt securities	1,369	2,148	1,368	2,148
Loans to customers	32,086	31,588	32,069	31,567
Others	163	383	163	384
Total	35,631	36,430	35,598	36,393

39 Interest expenses

<i>For the years ended 31 December</i>	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Deposits	6,134	8,163
Interbank and money market items	336	882
Contribution to Deposits Protection Agency and BoT	2,954	2,829
Debt issued		
- Subordinated debentures	1,091	1,260
- Others	318	47
Borrowings	35	26
Others	3	3
Total	10,871	13,210

40 Net fees and service income

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	575	544	575	544
- Credit card and ATM	2,499	2,340	2,499	2,340
- Funds and Bancassurance	4,955	4,355	4,145	3,688
- Others	2,139	2,473	2,188	2,517
Total	10,168	9,712	9,407	9,089
Fees and service expenses				
- Credit card and ATM	(1,441)	(1,348)	(1,441)	(1,348)
- Others	(730)	(543)	(597)	(432)
Total	(2,171)	(1,891)	(2,038)	(1,780)
Net	7,997	7,821	7,369	7,309

41 Gains on trading and foreign exchange transactions, net

<i>For the years ended 31 December</i>	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Gains on trading and foreign exchange transactions, net		
- Foreign currencies and derivatives on foreign exchange	1,446	1,573
- Derivatives on interest rates	212	15
- Debt securities	33	113
Total	1,691	1,701

42 Losses on financial liabilities designated at fair value through profit or loss, net

Losses on financial liabilities designated at fair value through profit or loss, net for the years ended 31 December 2016 and 2015 were as follows:

<i>For the years ended 31 December</i>	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Net change in fair value	(13)	(16)
Losses on financial liabilities designated at fair value through profit or loss, net	(13)	(16)

43 Gains on investments, net

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Gains on sales				
- Available-for-sale investments	206	178	99	95
- General investments	-	5	-	5
Total	206	183	99	100
Reversal of (losses on) impairment				
- Available-for-sale investments	(1)	-	(1)	-
- General investments	(4)	(2)	(4)	(2)
- Investments in subsidiaries	-	-	98	102
Total	(5)	(2)	93	100
Net	201	181	192	200

44 Other operating expenses

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Marketing and business promotion expenses	1,281	1,296	1,147	1,206
Communication expenses	396	401	396	400
Amortisation of intangible assets	348	304	346	302
Losses on impairment of properties foreclosed and other assets (reversal of)	(12)	118	(11)	114
Outsourcing expenses	496	445	496	445
Credit collection expenses	277	337	267	324
Software rental expenses	237	156	237	156
Others	984	788	966	773
Total	4,007	3,845	3,844	3,720

45 Impairment loss of loans and debt securities

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Bad debts and doubtful accounts				
- Interbank and money market items	(161)	175	(161)	175
- Loans to customers	8,813	5,233 ⁽¹⁾	8,829	5,271 ⁽¹⁾
Allowance for debt restructuring on loan to customers	(3)	71	(3)	71
Total	8,649	5,479	8,665	5,517

⁽¹⁾ The selling price in excess of the carrying value of NPLs sale (see in Note 12.5) of Baht 465 million was presented as a deduction from this item.

46 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to equity holders of the Bank and the number of ordinary shares outstanding during the years as follows:

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2016	2015	2016	2015
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	8,226	9,333	8,035	9,184
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	43,792	43,730	43,792	43,730
Basic earnings per share <i>(in Baht)</i>	0.1879	0.2134	0.1835	0.2100

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to equity holders of the Bank and the number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2016	2015	2016	2015
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	8,226	9,333	8,035	9,184
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	43,792	43,730	43,792	43,730
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i>	67	127	67	127
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	43,859	43,857	43,859	43,857
Diluted earnings per share <i>(in Baht)</i>	0.1876	0.2128	0.1832	0.2094

47 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Bank and its subsidiaries' operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2016)	Related Party Disclosures
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 104 (revised 2016)	Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

The Bank and its subsidiaries have made a preliminary assessment of the potential initial impact on the consolidated and the Bank only financial statements of these new and revised TFRS and expect that there will be no material impact on the financial statements in the period of initial application.

48 Events after the reporting period

On 15 February 2017, the Board of Directors Meeting of the Bank passed a resolution to propose for consideration and approval in the Annual General Meeting of Shareholders, including, the payment of a dividend of Baht 0.06 per share to the Bank's ordinary shareholders from its 2016 operating results for a total of Baht 2,628 million (Such dividend amount is calculated on the number of issued and paid-up share capital as at 31 December 2016, which has yet to include the number of ordinary shares that will be issued in April 2017 under the TMB Performance Shares Bonus 2010 Project to employees, who were offered in 2014 and 2015 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.

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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.
Registration No.	0107537000017
Head Office Address	3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok 10900
Telephone	02-299-1111
Fax	02-299-1211
TMB Phone Banking	1558
Website	http://www.tmbbank.com

Other referral parties

Share Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng Bangkok 10400 Tel 02-009-9999	
Auditors	Mr Chanchai Sakulkoedsin Or Miss Panthip Gulsantithomrong Or Mrs Wilai Buranakittsophon	CPA Registered No. 6827 CPA Registered No. 4208 CPA Registered No. 3920
	KPMG Phoomchai Audit Ltd. 50th-51st Floors, Empire Tower 1 South Sathorn Road Yannawa, Sathorn Bangkok 10120 Tel 02-677-2000	

INVESTMENT OF TMB IN OTHER COMPANIES

Investment of TMB in other companies as of December 31, 2016 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
PROPERTY FUNDS			
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
N D 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_THAI ESTATE CO.,LTD. Tel 02-261-1144, Fax 02-261-1143	Bangkok	Real Estate	Common Stock

	TMB's ownership			
	Paid-up Capital (Share)	Amount (Share)	Percentage (%)	Amount (Baht) (net of allowance for diminution in value)
	107,000,000	107,000,000	100.00	3,124,940,256.70
	10,000,000	8,749,998	87.50	304,480,287.36
	10,000	9,993	99.93	4,169,342.92
	1,000	995	99.50	0.00
	220,000,000	30,000,000	13.64	22,620,000.00
	1,000,000	153,000	15.30	14,361,948.00
	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

TMB NETWORK

BANGKOK AND METROPOLITAN BRANCHES

As of December 31, 2016

Branch	Code	Telephone	Fax
BANGKOK			
PHAHONYOTHIN	02	299-1304, 299-1283, 299-1727, 299-1279	273-7332/ 299-1302
SIYAK THANON BANG KHUNTHIAN- THANONRAMA 2	02	415-0151, 415-0152, 415-0153	415-0154
FASHION ISLAND	02	947-5129, 947-5130	947-5131
CENTRAL RAMA II	02	872-4564, 872-4565	872-4566
CENTRAL PLAZA RAMA III	02	213-0803, 213-0804, 213-0805	All Numbers
CENTRAL PINKLAO	02	433-1386, 433-1387	433-1390
CENTRAL BANGNA	02	745-7263, 745-7264, 745-7265	All Numbers
BANG BON	02	451-0630, 451-0631, 451-0632, 451-0633	451-0634
PHUTTHAMONTHON	02	441-0120, 441-0121, 441-9392, 441-9393	889-3432
SIYAK SOI ON NUJ-THANON SRINAKARIND	02	321-6924, 321-6925, 321-6926, 321-6927	322-6093
THE MALL BANGKAE	02	454-9433, 454-9434	803-8325
THANON PHETCHA KASEM - NONG KHAEM	02	431-0308, 431-0309, 431-0310, 431-0311, 431-0312	431-0313
CENTRAL PLAZA RAMA IX	02	160-2947, 160-2948	160-2949
CENTRAL PLAZA LADPRAO	02	937-0356, 937-0357	937-0358
PRACHA NIWET 1	02	953-8161, 953-8162, 953-8164, 953-8165	953-8163
MINBURI	02	517-3778, 517-3779, 517-1222, 918-5714	918-5712
YAWARAJ	02	225-9453, 225-9454, 224-7829, 224-7263	225-8254
PHRAMONGKUTKLAO HOSPITAL	02	354-7880, 354-7881, 354-7882, 354-7883, 354-7884	354-7879
PETCHKASEM POWER CENTER	02	809-4724, 809-4725	809-4726
CENTRAL WORLD	02	646-1284, 646-1285	646-1286
THANON SUK SAWAT-RATBURANA	02	428-4507, 428-4508, 428-4509, 428-4510, 428-4511	428-4387
MAH BOONKRONG CENTER	02	215-2136, 215-2137, 620-9233, 620-9234, 686-3690	686-3689
PHAYA THAI	02	354-5052, 354-5053, 354-5076, 354-5228	354-5163
THANON SUKHAPHIBAN 3	02	735-2581, 735-2582, 735-2583, 735-2584, 735-2586	735-2585
RARM INTRA KM.8	02	519-3579, 519-3580	519-3581
THE MALL BANGKAPI	02	704-7727, 704-7728	704-7729
SURAWONG	02	266-5230, 266-5231, 266-5232, 266-5233, 634-0208	236-3651
UDOM SUK	02	383-9224, 383-9225, 383-9226	383-9227
SEACON SQUARE	02	721-9560, 721-9561, 721-9562	721-9563
BHUMIBOL ADULYADEJ HOSPITAL	02	532-2854, 532-2855, 532-2856, 531-6278	All Numbers
SEACON BANGKAE	02	458-2976, 458-2977	458-2978
RARM INTRA KM.4	02	973-0741, 973-0742, 973-0743	973-0745
THANON CHAN	02	213-2540, 213-2541, 213-2542, 213-2543, 213-1308	213-2541

Branch	Code	Telephone	Fax
THANON BOROMMARAT-CHONNI	02	434-9791, 434-9792, 434-9793	434-2411
RATCHADAPHISEK- HUAI KHWANG	02	692-3105, 692-3106, 692-3107, 692-3108	692-3109
SOMDEJ PHRAPINKLAO HOSPITAL	02	460-0269, 460-0270, 498-9844, 476-3062	476-3061
TALING CHAN	02	880-8070, 880-8071, 880-8072	880-8073
PARADISE PARK	02	325-9127, 325-9128	325-9129
ROYAL THAI AIR FORCE HEADQUARTERS	02	531-8560, 531-8561, 531-8562	531-2427
WONGSAWANG TOWN CENTER	02	585-2650, 585-2651	585-2652
HUAI KHWANG	02	274-3200, 274-3201, 274-3202, 274-3203, 274-3204	274-3206
THE NINE RAMA IX ROAD	02	716-7962, 716-7963	716-7964
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
THANON RATCHADAPHISEK-NANGLINCHI	02	678-0164, 678-0165, 678-0166, 678-0167, 678-0168	678-0169
ROYAL THAI ARMED FORCES HEADQUARTERS	02	575-6425, 575-6426	575-6427
WANG BURAPA	02	221-5121, 221-5122, 623-8833	221-5124-5
ROYAL THAI ARMY HEADQUARTERS	02	280-1825, 280-1799	280-1537
KHLONG TOEI	02	249-1831, 249-6067, 249-1619, 249-1518	240-2237
SRIYAN	02	243-1446, 243-1447, 241-3865, 243-3867	243-0664
BIG C-THANONRAMA 2	02	416-7806, 416-7881	416-7950
SATHU PRADIT	02	294-3487, 294-5510, 295-4217, 295-4218	294-4021
PHRAN NOK	02	412-2764, 412-3040, 412-2223, 412-3778, 412-2435	412-3527
CHANDRAKASEM RAJABHAT UNIVERSITY	02	513-7264, 513-7265	513-1700
CHONG NONSI	02	285-3939, 285-3940, 285-3941, 285-3942	285-3943
SATHORN CITY TOWER	02	648-3290, 648-3291, 648-3292	648-3295
TALAD THANOMMIT WATCHARAPHON	02	347-0157, 347-0158	347-0159
CHAMCHURI SQUARE	02	160-5212, 160-5213, 160-5214, 160-5215, 160-5216	160-5215-6
THANON PHETCHA KASEM - BANG KHAE	02	413-0922, 413-0923, 413-3179, 413-3180, 807-5894	804-6001
BANGNA	02	398-4859, 398-4860, 398-4862, 398-4863	All Numbers
KHLONG CHUN	02	377-1370, 377-9636, 377-9737, 375-7872, 375-7871	377-1360
TRI PHET	02	221-1731, 221-2908, 224-3819	221-8706
SOI LANG SUAN	02	010-5392, 010-5393, 010-5394	010-5395
THE CRYSTAL	02	515-0992, 515-0993	515-0994
TALAD NOI	02	235-1720, 235-1721, 235-3437, 236-1004, 236-0998	235-3436
THANON PRACHAUTHIT	02	870-9124, 870-9126	870-9127
SANAM PAO	02	278-5240, 278-5241, 278-2555, 278-2556	270-0252
NONG CHOK	02	543-1344, 543-1345, 988-2852	543-1344-6

Branch	Code	Telephone	Fax
BANG KHEN	02	513-2805, 513-2807, 513-8201	513-3132
THE MALL THA PHRA	02	477-8076, 477-8077	477-8073
THANON CHOM THONG	02	476-3886, 476-3951, 476-3631	468-8190
INTHRARAK	02	374-0291, 374-0292	374-0293
SIAM SQUARE	02	658-1752, 658-1753, 251-2232, 252-6049	252-5856
SAPANMAI DONMUANG	02	521-3007, 521-3008, 971-1107	971-1106
BANG RAK	02	237-1844, 237-2620, 237-2621	266-4115
THAMMASAT - THAPHRACHAN	02	225-8186, 225-8187	225-8188
PURE PLACE RAMKHAMHAENG 110	02	372-3540, 372-3541	372-3542
THONGLO	02	390-0437, 390-0438, 390-0439, 390-0440	392-3496
SIAM PARAGON	02	129-4585, 129-4586, 129-4587, 129-4588	129-4587
KASETSART UNIVERSITY	02	940-5728, 940-5729	561-4289
KRUNG KASEM	02	222-5158, 222-5159, 222-7801, 222-5724, 222-3504	222-5667
ASOK	02	259-3312, 259-3313, 259-3314, 261-6653, 261-6655	261-6654
LAT YA	02	439-7134, 437-3882, 437-1078	439-1064
THE MALL 3 RAMKHAMHAENG	02	319-1401, 319-1402, 319-1403	All Numbers
SANAM SUAPA	02	280-0260, 282-3451, 282-3452, 281-6180	282-6099
THANON SONG PRAPHA	02	929-7100, 929-7101, 929-7102, 929-7103	929-7104
LAT PHRAO 6	02	511-1819, 511-3983, 513-4052, 513-5186, 938-6618	513-8112
RAJPRASONG	02	252-6689, 252-6690, 252-6691, 255-1472	252-6967
SILOM	02	236-4452, 236-4453, 236-4432, 236-4824, 236-9500	236-4410
MINISTRY OF DEFENCE	02	222-1215, 222-1218, 224-4197	224-7407
TERMINAL 21 SUKHUMVIT	02	254-0244, 254-0245	254-0246
BANGKOK HOSPITAL SOI SOONVIJAI	02	369-2657, 369-2658	369-2659
SAPHAN KHWAI	02	278-2090, 278-2091, 278-2092, 278-2122, 279-2268	279-0413
THANON PHATTHANAKAN	02	722-6846, 722-6847, 722-6848	722-6849
RAMKHAMHAENG - HUAMAK	02	369-1820, 369-1821	369-1822
SUAN CHATUCHAK	02	272-4415, 272-4416, 272-4233	271-4499
SENANIKOM	02	570-1386, 570-1387, 570-1710	570-0874
BANG LAMPHU	02	629-1011, 629-1012, 629-1013	282-5395
THANON SUKHAPHIBAN 2	02	704-8156, 704-8157, 704-8158, 704-8160	704-8159
FORTUNE TOWN BUILDING	02	642-0051, 642-0052	642-0053
CHARAN SANIT WONG	02	424-5520, 424-5521, 882-4548, 882-4549	435-2393
ST. LOUIS HOSPITAL	02	212-6300, 212-6301, 212-6302, 675-7905, 675-7906	212-6303
EKKAMAI	02	381-7088, 381-7089, 381-7090	381-7092

Branch	Code	Telephone	Fax
MANOONPOL BUILDING NEW PHETCHABURI ROAD	02	314-3762, 314-3763	314-3764
THE PLATINUM FASHION MALL	02	121-9241, 121-9242	121-9243
MAKRO CHARANSANITWONGSE	02	864-6066, 864-6067	864-6068
TESCO LOTUS SUKHAPHIBAN 1	02	509-3472, 509-3473	509-3474
PATPONG	02	236-9395, 236-9396, 236-9397, 236-9398, 236-9399	634-3246
SUKHUMVIT 31	02	662-3546, 662-3547	662-1933
THE PASEO LADKRABANG	02	346-4457, 346-4458	346-4459
SUKHUMWIT 11	02	254-1330, 254-1331, 254-1332, 253-0334, 651-0243	651-0242
WARARAT SHOPPING CENTER	02	287-3683, 287-3684, 287-3685	All Numbers
TESCO LOTUS RAMA-4	02	672-4515, 672-4516	672-4517
PHRA KHANONG	02	381-1117, 381-1118, 381-1126	390-0022
TOWN IN TOWN	02	530-9560, 530-9561	530-9562
SUKHUMVIT 71	02	711-3080, 711-3081, 711-3082, 711-3083	392-0312
SENA FEST THANON CHAROENNAKHON	02	108-9060, 108-9061	108-9062
BANG BUA	02	972-9699, 972-9694, 972-9695	972-9693
ROYAL THAI NAVY HEADQUARTERS	02	891-0052, 891-0053, 891-0054, 891-0055	All Numbers
CHOK CHAI 4	02	538-3125, 538-3126, 539-2615, 933-2745, 933-2746	538-3125-6
INDRA-PRATUNAM	02	208-0981, 208-0982, 208-0978	208-0906
SIRIRAJ	02	866-2674, 866-2675, 866-2676, 411-3606, 411-3548	411-3552
LAT PHRAO 124	02	514-0802, 514-0562, 514-2916, 934-0974, 934-0975	530-1891
TESCO LOTUS PRACHACHUEN	02	910-2611, 910-2612	910-2613
SAPHAN LUANG	02	216-9650, 216-9651, 216-9652, 216-2527	216-2527
BIG C - CHAENG WATTHANA	02	575-1161, 575-1162	575-1163
BANG CHAK	02	332-9290, 332-9291, 332-9292, 332-9293	332-9294
KLUAY NAM THAI	02	712-4048, 712-4049, 712-4051	712-4050
LIBERTY SQUARE BUILDING SILOM	02	631-0117, 631-0118	631-0119
PHAYATHAI 2 HOSPITAL	02	619-5303, 619-5304	619-5305
PHAHOLYOTHIN PLACE BUILDING	02	278-1906, 278-1907	278-1908
BIG C EXTRA ONNUCH	02	333-0395, 333-0396	333-0399
UNITED CENTER BUILDING SILOM	02	631-0072, 631-0073	631-0074
HUA MAK	02	318-0503, 318-0504, 318-0505	718-8057-8
THANON LUANG - WORACHAK	02	226-4781, 226-4782, 226-4783, 226-4784, 226-4785	226-4788
THATTHONG	02	392-9235, 395-9582, 381-6281, 381-6282, 391-3146	392-3495
BIG C RAMA 4	02	259-4720, 259-4721	259-4722

Branch	Code	Telephone	Fax
ENERGY COMPLEX BRANCH	02	936-0314, 936-0315	936-0316
PHAYATHAI 3 HOSPITAL	02	869-0910, 869-0911, 869-0912	869-0915
EMPIRE TOWER	02	670-2200, 670-2201	670-2202
RAJDAMNERN	02	280-0101, 280-0102, 280-0103	280-0107
THE GOVERNMENT COMPLEX (BUILDING B)	02	143-8310, 143-8311, 143-8312, 143-8313	143-8314
TESCO LOTUS BANGKAPI	02	116-5111, 116-5112	116-5113
THANON NEW PHETCHA-BURI	02	319-1520, 319-1521, 319-1523, 319-1524	319-1522
DHEVES	02	280-1360, 280-1361	280-1362
THANON SRINAKARIN TARA-LA SALLE	02	748-7484, 748-7485, 748-7486	748-7483
LAT PHRAO 71	02	538-1628, 538-1629	538-1630
PHRANAKHON RAJABHAT UNIVERSITY	02	522-6187, 522-6188, 522-6189	All Numbers
BANG PHLAD	02	435-4910, 424-5221, 424-6499	435-4864
YANNAWA	02	289-1132, 291-3464, 688-1508, 688-1509	291-3465
THANON KALAPAPRUK	02	040-8191, 040-8192	040-8193
VIPHADEE HOSPITAL	02	579-3595, 579-3596	579-3597
BIG C - SUAN LUANG	02	328-0745, 328-0746	328-0747
ALL SEASONS PLACE	02	654-0135, 654-0136	654-0137
SRIPATUM UNIVERSITY	02	579-2268, 579-6094	579-8473
MAHAPRUTHARAM	02	238-5029, 238-5030, 238-0867, 238-0868	237-6302
TAO POON	02	587-8990, 587-8991	911-5386
BIG C KEHA ROMKLAO	02	329-9240, 329-9241	329-9242
CENTRAL FESTIVAL EAST VILLE	02	553-6151, 553-6152	553-6153
NONHABURI			
CENTRAL RATANA THIBET	02	525-4570, 525-4571, 525-4572, 525-4573	525-4574
CENTRALPLAZA CHAENGWATTANA	02	835-3589, 835-3590, 835-3591	835-3592
THE MALL NGAMWONGWAN	02	550-0437, 550-0438	550-0439
BANGYAI CITY	02	595-0311, 595-0312	595-0316
CHAENG WATTHANA	02	574-0203, 574-0204, 574-0205, 574-5655	All Numbers
THANON SAMAKKHI	02	574-6221, 980-0400, 980-0401	980-1368
PURE PLACE RAJCHAPRUEK	02	924-4324, 924-4325	924-4326
NGAM WONG WAN	02	588-0021, 588-0023	588-3148
THANON TIWANON	02	950-0252, 950-0253, 950-0254	591-0390
BANG BUA THONG	02	920-2510, 920-2511, 920-2512, 920-2513	920-2514
MUANG THONG THANI	02	980-5578, 980-5579	980-5580
PAK KRET	02	583-8220, 583-8685, 583-4434, 583-4435	583-7153

Branch	Code	Telephone	Fax
THANON PRACHA RAT- NONTABURI	02	967-5501, 967-5502, 967-5503, 967-5504, 525-3074	526-3526
TESCO LOTUS PLUS MALL BANGYAI	02	459-2247, 459-2248	459-2249
CENTRAL PLAZA WESTGATE	02	194-2840, 194-2841	194-2842
ROBINSON SRISAMAN	02	501-5811, 501-5812	501-5813
PATHUM THANI			
FUTURE PARK RANGSIT	02	958-0930, 958-0931, 958-0932	All Numbers
RANG SIT- PATHUM THANI	02	958-1007, 958-1008, 958-1009, 958-1477, 958-1478	516-8551
TALAD THAI	02	520-3305, 520-3306	520-3307
BIG C - LAMLUKKA 2	02	563-3236, 563-3237	563-3238
ZEAR RANGSIT	02	992-6370, 992-6371	992-6372
PATHUM THANI	02	581-1740, 581-1741, 581-1742	581-2155
NAVA NAKORN	02	520-3167, 520-3168	520-3169
RANGSIT-KHLONG 3	02	990-9131, 990-9132, 990-9133	990-3134
TESCO LOTUS RANGSIT	02	567-0720, 567-0722	567-0696
TESCO LOTUS NAVANAKORN	02	909-0829, 909-0830	909-0831
THAMMASAT-RANGSIT	02	516-9970, 516-9971, 516-9972	516-9973
MUANG AKE RANGSIT	02	536-4173, 536-4174, 536-4175, 536-4176	All Numbers
SAPHAN NONTABURI	02	976-5500, 976-5501, 976-5502, 976-5503, 976-5504	All Numbers
TALAD SI MUM MUANG RANGSIT	02	536-6844, 536-6845	536-6846
SAMUT SAKHON			
PORTO CHINO RAMA 2 ROAD	034	110-841, 110-842	110-843
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
KRA THUM BAEN	034	848-977, 848-978, 848-979	848-977-9
SAMUT SAKHON	034	412-333, 422-245, 425-992	425-993
THANON EKACHAI PO CHAE	034	494-261, 494-262	494-563
PANTAINORASINGH	034	458-151, 458-152	458-153
SAMUTPRAKAN			
TESCO LOTUS SRINAKARIN	02	175-7575, 175-7824, 175-7825	175-7826
THANON THEPHARAK KM.12	02	312-2123, 312-2124, 312-2125	312-2126
IMPERIAL WORLD SAMRONG	02	384-4661, 384-0352, 384-0353	384-0353
THANON THEPARAK	02	383-5618, 383-5619, 383-5968	383-5969
THANON WAT KING KAE0	02	750-1920, 750-1921, 750-1922, 750-1875	750-1923
POM PHRACHULA CHOMKLAO	02	425-8205, 425-8499, 425-9667	819-8188
SUARNABHUMI AIRPORT RAIL LINK	02	134-9610, 134-9611	134-9612

Branch	Code	Telephone	Fax
THANON THEPHARAK KM.22	02	706-0995, 706-0996, 706-0997	706-0998
MEGABANGNA	02	105-1471, 105-1472	105-1473
THANON THEPARAK KM.3	02	753-2860, 753-2861, 753-2862, 753-2863	753-2864
THANON SAI LUAT-SAMUTPRAKAN	02	389-5021, 389-5022, 389-5063, 389-5064	389-3302
POO CHAO SAMING PRAI	02	384-1387, 384-1388, 394-4412, 394-6317	384-1673
SAMUT PRAKAN	02	389-5917, 389-5918, 389-5895, 389-5896, 389-5919	389-5897
ROBINSON SAMUT PRAKAN	02	174-2708, 174-2709	174-2710
PHRA PRADAENG	02	463-3872, 463-3873, 463-3874	463-3909
BANG BO SAMUT PRAKAN	02	708-5700, 708-5701, 708-5702, 708-5703	708-5704
MUANG MAI BANG PHLI	02	315-1426, 315-1427	315-1428
SUARNABHUMI AOT	02	134-1845, 134-1846, 134-1847	134-1875
MARKET VILLAGE SUARNABHUMI	02	316-6693, 316-6694	316-6695

UPCOUNTRY BRANCHES

As of December 31, 2016

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
ROBINSON KANCHANABURI	034	603-307, 603-308	603-309
KRABI			
KRABI	075	612-718, 612-719, 612-720	630-086
PLAI PHRAYA	075	687-018	687-019
KAMPHAENG PHET			
KAMPHAENG PHET	055	713-801, 713-802	713-803
KALASIN			
KALASIN	043	812-133, 812-135, 821-848	812-134
KHON KAEN			
FAIRYPLAZA KHONKAEN	043	226-203, 226-204	226-205
MUANG PHON	043	414-060, 414-061	414-762
BAN PHAI	043	272-750, 272-790	272-733
CHUM PHAE	043	311-170, 311-270, 386-387	312-470
BAAN & BEYOND KHONKAEN	043	220-191, 220-219	220-315
CHANTHABURI			
THANON BENJAMARACHUTIT-CHANTHABURI	039	322-150, 322-151, 322-152	322-053
NONG KHLA	039	395-471, 395-472, 395-473	395-474
ROBINSON CHANTABURI	039	322-823, 322-824, 322-825	322-886
CHACHOENGSAO			
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 MAHAJAKKAPAD - CHACHOENGSAO	038	512-390, 511-912, 514-322	512-549
THANON SUKPRAYUN-CHACHOENGSAO	038	823-795, 823-796, 823-797	823-794
BANG WUA	038	538-255, 538-277, 539-003, 539-004	840-909
ROBINSON CHACHOENGSAO	038	564-236, 564-237	564-238
CHAI NAT			
CHAI NAT	056	411-118, 412-394, 412-382, 411-564, 412-356	412-372
CHON BURI			
SATTAHIP	038	437-123, 437-339, 437-678, 438-561	All Numbers
PAKRUAM BORWIN	038	337-949, 337-950	337-951
CHON BURI	038	272-984, 272-985, 274-088	274-089
TESCO LOTUS CHONBURI	038	282-091, 282-093	282-096

Branch	Code	Telephone	Fax
BAN SUAN-CHON BURI	038	799-301, 799-302, 799-303	799-304
PACIFIC PARK SRIRACHA	038	313-071, 313-072	313-073
BANG LAMUNG	038	367-749, 367-750, 367-751	367-752
CENTRAL PLAZA CHONBURI	033	003-240, 003-241, 003-242, 003-244	003-243
BIG C-BANBUNG-CHON BURI	038	486-539, 486-540	486-541
CENTRAL FESTIVAL PATTAYA BEACH	033	003-644, 003-645, 003-646	003-647
TESCO LOTUS LAEMCHABANG	038	768-442, 768-923, 768-924	768-280
PHANAT NIKHOM	038	787-699, 787-700, 473-168	473-169
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
H.M.QUEEN SIRIKIT HOSPITAL SATTAHIP	038	244-022, 244-555	244-114
HARBOR PATTAYA	038	196-596, 196-597	196-598
AOU-UDOM	038	351-642, 351-644	351-643
JOMTIEN	038	232-079, 232-080, 232-973, 232-086	All Numbers
SI RACHA	038	313-239, 313-240, 311-824	All Numbers
PATTAYA	038	429-501, 429-502, 422-966, 421-002	421-005
HUAGHUNJAE-BAN BUNG	038	201-211, 201-026	201-212
THANON SUKHUMWIT PATTAYA	038	421-808, 421-809	421-811
DON HUA LO (AMATA NAKORN CHONBURI)	038	149-585, 149-586	149-587
CHUMPHON			
CHUMPHON	077	502-545, 504-960, 504-961	502-544
LANG SUAN	077	541-233, 541-894	541-333
CHIANG MAI			
THANON CHANGPUAK CHIANGMAI	053	211-061, 211-062, 222-966, 218-901	221-545
CENTRAL FESTIVAL CHIANGMAI	053	288-845, 288-846	288-847
CENTRAL PLAZA CHIANG MAI AIRPORT	053	201-843, 201-844, 201-845	All Numbers
SI YAK KUANG SING - CHIANGMAI	053	410-980, 410-981, 410-982	410-983
TALAD NONG HOI-CHIANGMAI	053	140-123, 140-124, 140-125	801-456
CHIANG MAI	053	251-058, 251-059, 251-060, 251-061	233-159
SANPAKHOY-CHIANG MAI	053	249-858, 249-859, 249-595	249-861
FANG	053	451-154, 451-002	453-507
MAYA SHOPPING CENTER CHIANGMAI	052	081-536, 081-537	081-538
THANON CHANG KHLAN CHIANGMAI	053	903-630, 903-631, 903-632	903-535
HOT	053	461-055, 461-056, 831-333	831-334
FRONT OF MAHARAJ HOSPITAL CHIANGMAI	053	808-307, 808-308	808-309

Branch	Code	Telephone	Fax
CHAIYAPHUM			
CHAIYAPHUM	044	811-659, 811-666, 822-123	811-666
CHIANG RAI			
THANON PHAHON YOTHIN-CHIANG RAI	053	714-886, 714-887, 600-716, 600-717	714-890
CHIANG RAI	053	711-100, 711-101, 714-822	713-590
CENTRAL PLAZA CHIANG RAI	053	179-792, 179-793	179-794
DOI MAE SALONG	053	765-159, 765-160	All Numbers
THOENG	053	795-001, 795-003, 795-040	795-002
MAESAI	053	733-146, 640-351, 640-352	733-145
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
KHLONG 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	219-736
BIG C - NAKHON PATHOM	034	211-130, 211-131	211-132
AOM YAI	02	810-3325, 810-3326, 810-3327	810-3329
SAMPRAN NAKORNPATHOM	034	322-885, 322-886, 322-887, 225-155, 225-498, 225-499, 225-564, 225-565	321-990
PHRA PATHOMCHEDI	034	250-750, 256-116, 256-137	250-751
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
SILPAKORN UNIVERSITY- SANAM CHANDRA PALACE	034	250-823, 250-824, 250-825	250-826
CENTRAL PLAZA SALAYA	02	429-6805, 429-6806	429-6807
PHUTTHAMONTHON SAI 4	02	489-3982, 489-3983	489-3984

Branch	Code	Telephone	Fax
NARATHIWAT			
NARATHIWAT	073	512-273, 512-274, 512-275	All Numbers
SUNGAI KOLOK	073	611-555, 611-556, 615-234	611-587
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
TESCO LOTUS KORAT 2	044	264-118, 264-119	264-120
THE MALL NAKHON RATCHASIMA	044	393-750, 393-751	393-752
THANON PRAJAK-YAK SANLAKMUEANG	044	255-567, 255-568, 267-471, 255-191	256-202
PAK THONG CHAI	044	441-019, 441-641	441-100
SUNG NOEN	044	419-241, 419-865, 419-588	All Numbers
THANON PHIBUNLA-IAT -NAKHON RATCHASIMA	044	275-200, 275-201, 275-202, 275-204	275-203
MUANG KHONG	044	459-234, 459-266	459-235
DAN KHUN THOT	044	389-101, 389-102	389-279
PHIMAI	044	471-334, 287-407, 287-408	471-335
PRATHAI	044	479-511, 479-128	489-537
SURANAREE CAMP- NAKHONRATCHASIMA	044	341-872, 341-873, 341-875	341-874
PAK CHONG	044	315-996, 315-997, 315-998	All Numbers
NAKHON NAYOK			
NAKHON NAYOK	037	312-348, 312-349, 312-350, 312-346	312-588
NAKHONSAWAN			
FARRY LAND NAKHONSAWAN	056	222-913, 222-672, 221-782, 313-056	227-414
THANON ASIA NAKHONSAWAN	056	228-223, 228-225	228-224
TAKHLI	056	261-537, 261-538	262-155
CHUMSAENG	056	282-498, 282-499	282-699
BIG C-NAKHONSAWAN (V-SQUARE)	056	233-066, 233-067	233-068
NAKHON SI THAMMARAT			
NAKHON SI THAMMARAT	075	356-801, 345-616, 342-893	356-979
TALAD HUA IT - NAKHON SI THAMMARAT	075	316-164, 316-165, 316-166, 316-167	316-168

Branch	Code	Telephone	Fax
ROBINSON NAKHON SI THAMMARAT	075	334-130, 334-131	334-132
CENTRAL PLAZA NAKHON SI THAMMARAT	075	392-790, 392-791	390-792
THUNG SONG	075	412-446, 412-447, 412-448	412-446
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
BUENG KAN			
TESCO LOTUS BUENG KAN	042	492-243, 492-244	492-245
PRACHUAP KHIRI KHAN			
PRACHUAP KHIRI KHAN	032	601-547, 601-548, 611-919	611-918
BLÚPORT HUA HIN RESORT MALL	032	523-208, 523-209	523-210
HUA HIN-PRACHUAP KHIRI KHAN	032	512-205, 512-500, 532-151, 515-735, 532-372, 512-425	512-347
PRAN BURI	032	621-989, 621-990, 621-829, 544-557	621-991
PRACHINBURI			
PRACHINBURI	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
PHANGNGA			
PHANGNGA	076	411-626, 411-627	411-555
KHAO LAK PHANGNGA	076	443-445, 443-446, 443-447	443-448
PHICHIT			
PHICHIT	056	612-219	612-216
SAM NGAM	056	691-210, 691-211	665-511
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

Branch	Code	Telephone	Fax
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
KHOK MATUM-PHITSANULOK	055	212-432, 212-434, 212-435	212-436
CENTRAL PLAZA PHITSANULOK	055	215-460, 215-461	215-462
SAPPHRAIWAN	055	293-076	293-077
PHUKET			
CENTRAL FESTIVAL PHUKET	076	248-509, 248-510	248-511
MONTRI ROAD-PHUKET	076	225-486, 203-104, 225-178	230-102
PHUKET	076	212-123, 212-978, 213-488	213-487
BANGKOK PHUKET HOSPITAL	076	210-059, 210-065, 210-140	210-140
THANON PHRA BARAMI PATONG BEACH	076	343-455, 343-456, 343-457	343-458
VAJIRA HOSPITAL-PHUKET	076	237-238, 237-239, 237-240	237-241
THALANG	076	311-366, 311-367, 311-484, 311-500, 311-777	311-501
MAHASARAKHAM			
MAHA SAKKHAM UNIVERSITY	043	754-141, 754-142	754-143
SERMTHAI COMPLEX MAHASARAKHAM	043	970-841, 970-842	970-843
MUKDAHAN			
ROBINSON MUKDAHAN	042	672-412, 672-413	672-414
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
RATCHABURI			
RATCHABURI	032	321-808, 322-048, 310-410	322-047
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
PHOTHARAM	032	354-047, 354-048, 231-637, 231-062	All Numbers
DAMNOEN SADUAK	032	253-348, 253-349	253-701
RAYONG			
PASSIONE RAYONG	038	610-229, 610-230, 610-231, 610-232, 610-238	All Numbers
RAYONG	038	617-470, 617-471, 617-472, 617-473, 617-474	617-475

Branch	Code	Telephone	Fax
MAPTAPHUT	038	018-171, 018-172	018-173
BAN KHAI	038	641-002, 641-003	641-001
BAN CHANG	038	880-585, 880-586, 880-587, 603-955	880-588
KLAENG	038	884-595, 884-596, 884-597	884-463
CENTRAL PLAZA RAYONG	038	942-626, 942-627	942-628
ROI ET			
ROI ET	043	511-369, 511-612	512-449
ROBINSON ROI ET	043	540-753, 540-754	540-755
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
LAMPHUN			
LAMPHUN	053	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
SA KAE0			
SA KAE0	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
HAT YAI	074	231-141, 231-142, 231-143, 355-311, 355-313, 220-914	355-312
THANON JUTI ANUSORN HATYAI	074	230-883, 230-883-4	231-289
CENTRAL FESTIVAL HAT YAI	074	339-709, 339-710	339-711
BiG C-HAT YAI	074	427-660, 427-661	427-662
BIG C-EXTRA HAT YAI	074	555-576, 555-577	555-578
THANON RATHAKHAN-HAT YAI	074	238-800, 238-801, 238-802	238-501
KHUAN NIANG	074	386-572, 386-573	386-574
RANOT	074	391-030, 391-031	392-555

Branch	Code	Telephone	Fax
SURAT THANI			
SURAT THANI	077	272-753, 272-754, 281-009, 210-283, 210-284	281-010
BIG C SURATTHANI	077	224-201, 224-324, 224-809	All Numbers
CENTRAL PLAZA SURATTHANI	077	489-866, 489-867	489-868
BAN SONG SURATTHANI	077	257-093, 257-127	All Numbers
FRONT OF SURAT THANI HOSPITAL	077	283-459, 283-460	283-461
KO SAMUI	077	421-137, 420-360, 420-361	421-143
NA SAN	077	341-037, 341-038	341-538
BO PHUT KO SAMUI	077	246-225, 246-226	246-227
TESCO LOTUS SURATTHANI	077	205-196, 205-197	205-198
SATUN			
SATUN	074	721-219, 721-220	721-221
SUKHOTHAI			
SUKHOTHAI	055	611-147, 611-590	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
THANON PHAHON YOTHIN SARABURI	036	318-271, 318-272, 318-273, 212-023, 212-024	318-270
ROBINSON SARABURI	036	351-509, 351-510	351-511
WANG MUANG	036	359-211, 359-212	359-213
MUAK LEK	036	341-990, 341-017	341-024
WIHAN DAENG	036	377-258, 377-259	377-725
PHRAPHUTTHABAT	036	266-744, 266-745, 267-799	267-800
SUPHAN BURI			
SUPHAN BURI	035	522-356, 522-358	522-360
ROBINSON SUPHANBURI	035	454-391, 454-392	454-393
U THONG	035	552-007, 552-009	552-020
SURIN			
ROBINSON SURIN	044	042-775, 042-776	042-777
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
THANON PHOSI-UDON THANI	042	249-551, 249-552, 249-553	249-554
BAN PHU	042	281-264	281-265
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			
TRAKAN PHUTPHON	045	481-111	481-015
CENTRAL PLAZA UBONRAJTHANI	045	422-458, 422-459	422-460
UBON RATCHATHANI	045	241-313, 254-308, 254-890	254-307
THANON PHROMMARAT - UBON RATCHATHANI	045	240-215, 240-216, 240-217	240-214
AYUTTHAYA			
UTHAI-AYUTTHAYA	035	335-417, 335-418, 213-623, 213-624	All Numbers
AYUTTHAYA PARK	035	213-061, 213-062	213-008
WANG NOI	035	215-649, 215-650	215-652
AYUTTHAYA	035	241-417, 241-418	242-417
ROJANA INDUSTRIAL PARK AYUTTHAYA	035	330-471, 330-472	330-473
PHETCHABUN			
LOM SAK	056	701-044, 746-270, 701-579, 701-708	746-269
PHETCHABUN	056	711-386, 721-250	721-290

OVERSEAS BRANCHES

As of December 31, 2016

Vientiane

Postal Address	TMB Bank Public Company Limited 034/2 Samsenthai Road, Chanthabouly, Vientiane, Laos P.D.R
Registered Address	TMB Bank Public Company Limited 034/2 Samsenthai Road, Chanthabouly, Vientiane, Laos P.D.R
Branch Manager	Mr Chatree Banlengrom
Telephone	856-21-216486, 856-21-217174
Fax	856-21-214726
E-mail address	chatree.ban@tmbbank.com

Cayman Islands

Postal Address	TMB Bank Pcl.,Cayman Islands Branch 3000 Phahon Yothin Road, Chatuchak, Bangkok 10900 THAILAND
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
Branch Manager	Ms Soontaree Cheevaphat
Telephone	662-299-1180
Fax	662-242-3139
E-mail address	Soontaree.che@tmbbank.com

CURRENCY EXCHANGE SERVICE OFFICES

As of December 31, 2016

Booth	Telephone
BANGKOK	
ARRIVAL HALL (AH), DONMUANG	02-535-3172
DEPARTURE HALL (DH), DONMUANG	02-535-3171
DEPARTURE LOUNGE (DL1), DONMUANG	02-504-3753
DEPARTURE HALL 2 (DH2), DONMUANG	02-504-3754
VISA ON ARRIVAL, DONMUANG	02-504-3655
INTERNATIONAL BAGGAGE CLAIM, DONMUANG	02-504-3656
AIRPORT RAIL LINK PHAYA THAI	02-134-9656
BANGKOK HOSPITAL SOI SOONWIJAI	02-318-9770
CENTRAL WORLD	02-646-1326
CHATUCHAK GATE1	02-272-5530
CHATUCHAK GATE2	02-272-4715-6
CHATUCHAK GATE3	02-272-4105-6
FOODLAND SUKHUMVIT SOI 5	02-255-1660
MAH BOONKONG CENTER	02-686-3690
NATIONAL STADIUM BTS STATION	02-612-3132
PANTIP PLAZA PHATUNUM	02-256-0412
INDRA PRATUNAM	02-208-0978
PLATINUM PRATUNAM	02-121-9404
PLATINUM PRATUNAM 2	02-121-9493
SATHORN PIER	02-212-1185-6
CHONBURI	
SUNSHINE PATTAYA	038-371-440-2
PANG-NGA	
KHAO-LAK BRANCH	076-443-445-7
PHUKET	
ARRIVAL HALL, PHUKET AIRPORT	076-326-737
BANGLA MALL	076-344-511
BANTHAI	076-340-618
CENTRAL FESTIVAL PHUKET	076-248-514
DEVANA	076-340-035
NOVOTEL PHUKET VINTAGE PARK PHUKET HOTEL	076-340-698
PATONG MERLIN HOTEL (PHUKET)	076-341-048
SABANA RESORT HOTEL	076-388-445
THANON PHRA BARAMI PATONG BEACH	076-343-454, 076-343-461

SUPPLY CHAIN AND BUSINESS CENTERS

BC Name	Address	Telephone No	Fax. No
Phaholyothin	3000 3rd Floor, Phaholyothin Road, Jomphol, Jatuchak, 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
Silom	149/9-11 Surawong Road, Suriyawong, Bang Rak, Bangkok 10500	02-235-8009-10	02-235-8011
Asoke	189/1 Grand Park View Building, 2nd Floor Sukhumvit 21 Road, Wattana, Bangkok 10110	02-204-2723-5	02-204-2726
Chongnonsee	360/16-19 Rama III Road, Chongnonsee, Yannawa, Bangkok 10120	02-285-3874	02-285-3875
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
Baromratchonsee	906,908,910 Baromratchonsee Road, Bangbunru, Bangplad, Bangkok 10700	02-886-5435-6	02-434-1756
Samutprakarn	88 Moo 3, Theparak Road, Tumbon Theparak, Ampur Muang, Samutprakarn 10270	02-753-3600-1	02-753-3602
Samutsakorn	824/48-52 Norrasing Road, Tumbon Mahachai, Ampur Muang, Samutsakorn 74000	034-811-419-20	034-811-418
Phra Pradaeng	127/27 Moo 14 Suk Sawat Road, Bang Phueng Sub-district, Phra Pradaeng District, Samut Prakan 10130	02-463-3881-2	02-463-3890
Nong Khaem	774 Phetcha Kasem Road, Nong Khangphlu Sub-district, Nong Khaem District, Bangkok 10160	02-431-0424-5	02-431-0426
Thanon Wat King Kaeo	9/101-104 Moo 12 Wat King Kaew Road, Racha Thewa Sub-district, Bang Phli District, Samut Prakan 10540	02-750-3329-30	02-750-3331
Thanon Thepharak km.22	85/1 Moo 1 Theparak Road, Bang Sao Thong Sub-district, Bang Sao Thong District, Samut Prakan 10540	02-313-1401-2	02-313-1403
Bang Wua	176/4 Moo 1 Bangna-Trat Road, Bang Wua Sub-district, Bang Pakong District, Chachoengsao 24180	038-540-185-6	038-540-187
Hua Mak	493 Ramkhamhaeng Road, Hua Mak Sub-district, Bangkok District, Bangkok 10240	02-318-2835-6	02-318-2837
Chiangmai	275/5 Chang Phueak Road, Tumbon Chang Phueak, Ampur Muang, Chiang Mai 50300	053-410-102	053-410-909

BC Name	Address	Telephone No	Fax. No
Nakhon Ratchasima	319 Mittraphap Road, Tambon Nai Muang, Ampur Muang, Nakhon Rarchasima 30000	044-263-620-1	044-258-767
Chonburi	690 Sukhumvit Road, Tambon Bang Plasoi, Ampur Muang, Chon Buri 20000	038-270-794	038-283-652
Rayong	139/1 Sukhumvit Road, Tambon Choengneon, Ampur Muang, Rayong 21000	038-800-401, 038-800-404	038-800-402
Surat Thani	57/68 Moo 2, Tambon Makham Tia, Ampur Muang, Surat Thani 84000	077-221-823	077-264-228
Phuket	37/53 Montri Road, Tambon Talad Yai, Ampur Muang, Phuket 83000	076-230-083	076-230-084
Hat Yai	160 Nipat U Tit 2 Road, Tambon Hat Yai, Ampur Hat Yai, Songkhla 90110	074-355-750, 074-354-749	074-354-491

MAIN CORRESPONDENT BANKS

As of December 31, 2016

ประเทศ	ธนาคารตัวแทน	
AUSTRALIA	<ul style="list-style-type: none"> Australia And New Zealand Banking Group Limited Westpac Banking Corp., Sydney 	
CANADA	<ul style="list-style-type: none"> Bank of Nova Scotia, Toronto 	
CHINA	<ul style="list-style-type: none"> Agricultural Bank of China, Qingdao Bank of China China Construction Bank Bank of Communications Industrial and Commercial Bank of China Limited 	
DENMARK	<ul style="list-style-type: none"> Danske Bank AS 	
FINLAND	<ul style="list-style-type: none"> Nordea Bank Finland 	
FRANCE	<ul style="list-style-type: none"> BNP Paribas Credit Agricole CIB Credit Industriel et Commercial Natixis Societe Generale 	
GERMANY	<ul style="list-style-type: none"> Commerz Bank AG Deutsche Bank AG 	
HONG KONG	<ul style="list-style-type: none"> The Hongkong and Shanghai Banking Corporation Ltd. 	
INDONESIA	<ul style="list-style-type: none"> PT Bank Danamon Indonesia TBK 	
ISRAEL	<ul style="list-style-type: none"> Bank Leumi Le Israel B.M 	
JAPAN	<ul style="list-style-type: none"> Bank of Tokyo-Mitsubishi UFJ Ltd. Mizuho Bank Okazaki Shinkin Bank Yamaguchi Financial Group Momiji Bank Kitakyushu Bank Sumitomo Mitsui Banking Corporation, Japan The Towa Bank Ltd. 	
LAO P.D.R	<ul style="list-style-type: none"> BCEL - Banque pour Le Commerce Exterieur Lao 	
KOREA	<ul style="list-style-type: none"> Korea Exchange Bank 	
MALAYSIA	<ul style="list-style-type: none"> CIMB Bank 	
NETHERLANDS	<ul style="list-style-type: none"> ING Bank N.V. 	
SINGAPORE	<ul style="list-style-type: none"> DBS Bank Ltd Oversea-Chinese Bank Corporation Ltd. DBS Bank Ltd 	
SWEDEN	<ul style="list-style-type: none"> Skandinaviska Enskilda Banken AB 	
SWITZERLAND	<ul style="list-style-type: none"> Credit Suisse AG UBS AG 	
THAILAND	<ul style="list-style-type: none"> Bangkok Bank Pcl Bank for Agriculture and Agricultural Cooperative Bank of Ayudhya Pcl Bank of Thailand Export-Import Bank of Thailand Government Savings Bank Industrial and Commercial Bank of China (Thai) Ltd Kasikorn Bank Pcl Kiatnakin Bank Pcl Krung Thai Bank Pcl Siam Commercial Bank Pcl Standard Chartered Bank (Thai) Pcl Thanachart Bank Pcl Government Housing Bank TISCO Bank Pcl United Overseas Bank (Thai) Pcl. 	
UK	<ul style="list-style-type: none"> Barclays Bank Ltd. HSBC Bank PLC Royal Bank of Scotland PLC. Standard Chartered Bank 	
USA	<ul style="list-style-type: none"> Bank of America N.A. Bank of New York Mellon N.A. Bank of The West Citibank N.A. International Finance Corporation JP Morgan Chase Bank N.A. Wells Fargo Bank N.A. 	

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ATTACHMENT 1

Details of Company Secretary, Head of Audit and Head of Compliance (As of December 31, 2016)

M.L. AYUTH JAYANT

58 years old

Position(s) at TMB

- Head of Corporate Governance
- Company Secretary

Education

- MBA (Accounting and Finance), University of Bridgeport, Connecticut, USA
- Bachelor of Science in Accounting (Second Class Honors), Bangkok University

Training

- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- Company Secretary Program (CSP), Developing Corporate Governance Policy, and Anti-Corruption for Executive Program (ACEP), Thai Institute of Directors (IOD)
- Knowledge of Security Business Operation for Head of Compliance program, Securities and Exchange Commission (SEC)
- Compliance Officer program, Chulalongkorn University
- Professional Banker's program, The Wharton School of University of Pennsylvania, USA
- Pacific Rim Banker's Program, University of Washington, Seattle, USA

Work Experience in the Past 5 Years

2016 - Present

- Head of Corporate Governance and Company Secretary, TMB Bank, Plc.

2012 - 2016

- Executive Vice President, Head of Compliance, TMB Bank Plc.

2009 - 2012

- Executive Vice President, Head of Corporate Governance and Company Secretary, TMB Bank, Plc.

MISS THANAWAN TEEKAUTAMAKORN

52 years old

Position(s) at TMB

- Head of Audit

Education

- Master degree, General Management, Mahidol University
- Bachelor degree, Accounting, The University of Thai Chamber of Commerce

Training

- 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 and IFRS
- Banking Financial & Management Accounting
- Treasury Finance
- Risk Management framework
- Basel II & III
- Taxation SBT, CIT, VAT, WHT
- Integrated Risk Management & Strategy
- Treasury & Risk Management
- International Standard of Financial Disclosure
- IT Best Practice (Mobile Banking, E-Banking)
- Risk Management for Committee Program
- COSO 2013 & Anti-Corruption Masterclass
- Internal Audit Best Practices 2016
- Cyber Banking

Work Experience in the Past 5 Years

Jan 2013 - Present

- Head of Audit, TMB Bank Plc.

Jul 2012 - Jan 2013

- Consultant Director, Deloitte Touche Tohmatsu Jaiyos Advisory

Apr 2008 - Jul 2012

- Country Operational Risk, Head of Audit, Standard Chartered Bank (Thai) Public Company Limited

MR VAROON KANJANAPOO

50 years old

Position(s) at TMB

- Head of Compliance

Education

- MBA, Eastern Michigan University, USA
- Bachelor of Science, Chulalongkorn University

Training

- Compliance Training on Securities Business for Head Compliance
- Global and Regional Legal & Compliance Conferences
- Rethinking Leadership
- Leadership Program for Manager
- Compliance Office Training Program

Work Experience in the Past 5 Years

2016 - Present

- Head of Compliance, TMB Bank Plc.

2013 - 2016

- Executive Vice President, Head of Compliance, ANZ Bank (Thai) Public Company Limited

2007 - 2013

- Senior Executive Vice President, Head of Compliance, Head of Compliance & Audit, and Head of Legal & Compliance and Company Secretariat, Standard Chartered Bank (Thai) Public Company Limited

ATTACHMENT 2

Details of the Subsidiaries Directors
(As of December 31, 2016)

1. Phayathai Asset Management Co., Ltd.

There are 4 directors as follows:

- Mr Franciscus Gerardus Rokers
- Mrs Suvannee Kam
- Ms Supreeya Pipatmanomai
- Mr Rabil Pornpatkul

2. Designee for ETA Contracts Co., Ltd.

There is 1 director as follows:

- Ms Savitri Chaichavalit

3. TMB Asset Management Co., Ltd.

There are 7 directors as follows:

- Mr Ronald Bart Huisman
- Mr Franciscus Gerardus Rokers
- Mrs Chompoonoot Pathomporn
- Mr Mate Kanokpibool
- Mrs Marie Ramlie
- Mrs Sirichan Pipitwitayakul
- Mr Somjin Sornpaisarn

ATTACHMENT 3

Change in TMB Shares held by Directors and Chiefs in 2016

Name	Position	TMB shares held as of 31 Dec 2015	TMB shares held as of 31 Dec 2016	Change (Net) Increase/ (Decrease) in TMB shares
1. Mr Rungson Sriworasat Spouse and minor children	Chairman	- -	- -	- -
2. General Chalermchai Sitthisad Spouse and minor children	Director	- -	- -	- -
3. Mr Philippe G.J.E.O. Damas Spouse and minor children	Director	2,556,580 -	2,556,580 -	- -
4. Mr Singha Nikompun Spouse and minor children	Independent Director	- -	- -	- -
5. Mr Siripong Sombutsiri Spouse and minor children	Independent Director	- -	- -	- -
6. Mr Johannes Franciscus Grisel Spouse and minor children	Director	- -	- -	- -
7. Mr Pongpanu Svetarundra Spouse and minor children	Director	105 -	105 -	- -
8. Mr Vaughn Nigel Richtor Spouse and minor children	Director	- -	- -	- -
9. Mr Yokporn Tantisawetrat Spouse and minor children	Director	- -	- -	- -
10. Mr Christopher John King Spouse and minor children	Independent Director	- -	- -	- -
11. Mr Praisun Wongsmitth Spouse and minor children	Independent Director	- 9,100	- 9,100	- -
12. Mr Boontuck Wungcharoen Spouse and minor children	Director and Chief Executive Officer	45,294,334 -	53,573,367 -	8,279,033 -
13. Mr Piti Tantakasem Spouse and minor children	Chief Wholesale Banking Officer	2,768,234 -	4,901,201 -	2,132,966 -
14. Mr Thanomsak Chotikaprakai Spouse and minor children	Chief Financial Officer	7,603,735 -	9,518,967 -	1,915,232 -
15. Mr Trirong Butragaht Spouse and minor children	Chief SME Banking Officer	29,067 -	744,801 -	715,734 -
16. Mr Franciscus Gerardus Rokers Spouse and minor children	Chief Risk Officer	- -	- -	- -
17. Mr Ronald Bart Huisman Spouse and minor children	Chief Retail Banking Officer	- -	- -	- -
18. Mr Lorenzo Tassan Bassut Spouse and minor children	Chief Operating Officer	- -	- -	- -

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TMB Bank Public Company Limited

3000 Phahon Yothin Road, Chom Phon
Chatuchak, Bangkok 10900
Tel. 0-2299-1111
tmbbank.com