

There's Always ?   
A BETTER ANSWER

Table of Contents

Section	Page	Section	Page
Vision and Mission	4	Internal Control	122
Historical Financial Performance	6	Statement of the Audit Committee	123
Message from the Chairman of the Board of Directors	8	Report of the Nomination, Remuneration, and Corporate Governance Committee	124
Message from the Chief Executive Officer	10	Report of the Board of Directors' Responsibility for Financial Reports	125
There's Always A BETTER ANSWER	13	Management Discussion and Analysis	126
Board of Directors	24	Credit Rating	136
Chief Officers	38	Independent Auditor's Report	139
Management Team	40	Financial Statements and Notes to Financial Statements	142
Organization Chart	42	Company Information	249
Thai Economy and Banking Industry	45	Investment of TMB in Other Companies	250
Strategy and Business	49	Domestic Network	252
Risk Management and Key Risk Factors	56	Overseas Branches	253
Management Structure	66	Main Correspondent Banks	254
Corporate Governance	84	Attachment 1-3	255
Bank's Securities and Shareholders	110	Appendix: General Standard Disclosure	258
Other Related Information and Affecting Factors	112		
Corporate Social Responsibility (CSR)	113		

Vision

**TMB inspires people to
Make THE Difference**

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



TMBBank.com

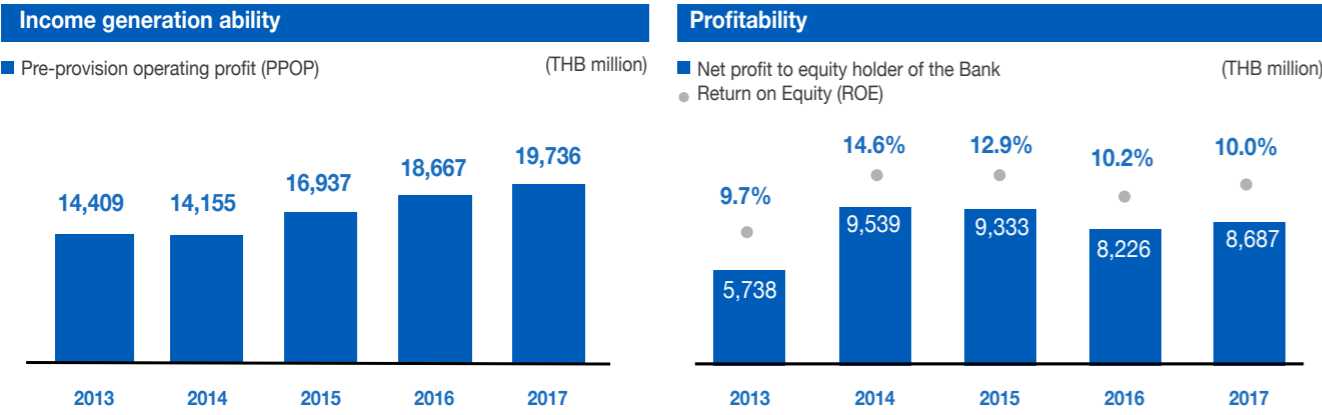


Historical Financial Performance

Consolidated financial statements (Unit: THB million)

Selected statements of profit or loss and other comprehensive income items	FY2017	FY2016	FY2015	FY2014	FY2013
Interest income	34,713	35,631	36,430	35,848	34,826
Interest expenses	9,979	10,870	13,210	14,253	14,004
Net interest income	24,734	24,761	23,220	21,595	20,822
Net fees and service income and other operating income	12,705	10,462	10,230	8,358	8,385
Total operating income	37,439	35,223	33,450	29,953	29,207
Other operating expenses	17,792	16,589	16,467	15,774	14,550
Impairment loss on loans and debt securities	8,915	8,649	5,479	3,437	7,613
Income tax	2,004	1,740	2,153	1,190	1,296
Profit for the year	8,728	8,244	9,351	9,552	5,748
Equity holders of the Bank	8,687	8,226	9,333	9,539	5,738
Non-controlling interest	41	18	18	13	10
Total other comprehensive income (loss) for the year, net of income tax	164	1,596	37	1	(25)
Total comprehensive income for the year	8,892	9,841	9,389	9,552	5,723
Basic earnings per share (THB/Share)	0.1982	0.1879	0.2134	0.2185	0.1316

Selected statements of financial position items	FY2017	FY2016*	FY2015	FY2014	FY2013
Loans to customers and accrued interest receivables	644,342	594,356	581,844	531,429	500,478
Total assets	843,872	797,316	838,937	809,182	765,732
Deposits	611,430	598,948	644,694	571,625	529,606
Total liabilities	754,016	713,468	762,339	739,389	703,899
Total equity	89,856	83,848	76,598	69,793	61,833
Equity attributable to equity holders of the Bank	89,856	83,723	76,491	69,704	61,757
Non-controlling interest	0	125	107	89	76



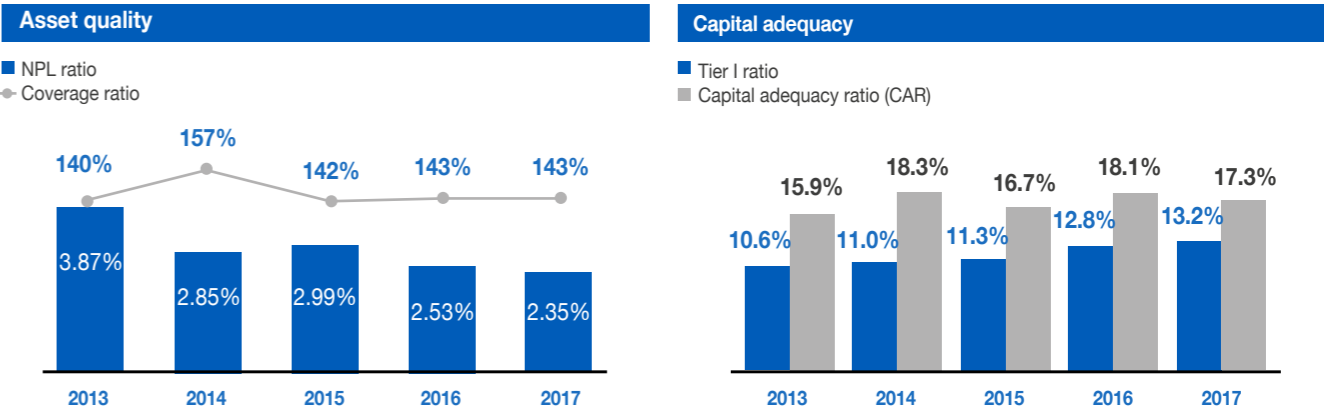
Note: Consolidated financial statements

Note: Consolidated financial statements

Financial ratios

Key Financial Ratios	FY2017	FY2016	FY2015	FY2014	FY2013
Profitability					
Return on equity (ROE)	10.0%	10.2%	12.9%	14.6%	9.7%
Return on assets (ROA)	1.1%	1.0%	1.1%	1.2%	0.8%
Cost to income ratio ^{1/}	47.3%	46.9%	49.2%	52.6%	50.5%
Net interest margin (NIM)	3.13%	3.17%	3.02%	2.95%	3.12%
Liquidity					
Loan to deposit (LDR) ^{2/}	105.2%	99.1%	90.1%	92.8%	94.3%
Current and saving accounts to total deposits (CASA) ^{3/}	85.9%	80.4%	73.2%	69.3%	62.5%
Capital adequacy (Bank-only)					
Tier I	13.2%	12.8%	11.3%	11.0%	10.6%
Capital adequacy ratio (CAR)	17.3%	18.1%	16.7%	18.3%	15.9%
Asset quality					
NPL ratio	2.35%	2.53%	2.99%	2.85%	3.87%
NPL coverage	143%	143%	142%	157%	140%
Others					
Book value per share (BVPS)	2.05	1.91	1.75	1.60	1.42
Number of employees	8,547	8,980	9,270	8,854	9,015
Number of branches	431	452	450	460	458
Number of ATMs (2015-17 included ADMs)	2,841	2,783	2,796	2,365	2,379

Note: * Restated
1/ Excluded extra ordinary items and credit related items
2/ Excluded interbank and money market items
3/ Included No-Fixed and ME , Excluded NCD and FCD



Note: Consolidated financial statements

Note: Bank-only financial statement



Message from the Chairman of the Board of Directors

In 2017, Thai economic recovery gathered pace, led by growth in exports as a result of world trade and trade partners' economic revival, in addition to tourism growth. Consequently, the Thai economy expanded 4% in 2017, in line with stronger sentiment from consumers and businesses.

With this backdrop of stronger economic recovery, the Bank grew performing loans by 9%, while deposits expanded 2%. Even with the upturn in economic indicators in 2017, the recovery was not equal across sectors and regions in the economy, prompting the Bank to be extra prudent in its approach to the business. Hence, we maintained high coverage ratio at 143%, and reduced NPL ratio down to 2.35%.

As a result of our prudent approach, our ROE was at 10%. This careful approach to business ensures that the Bank is ready for any future uncertainties that may arise even within the environment of stronger recovery. The Bank focus is on growing a sustainable business which will yield sustainable returns for equity holders.

In addition to the Bank's focus on building sustainable business, TMB is also committed to giving back to the community and society in which it operates. In the past year, our "FAI-FAH" projects around the country provided opportunities for more than 4,000 employees, both at local level and from headquarters, to work with the local community in delivering 37 projects nation-wide that will change communities in a sustainable way.

Through these efforts, the Bank was recognized for the third year by Thaipat Institute as a part of ESG100, reflecting our commitment for excellence in environmental and social issues, and in governance. This is ongoing evidence of the Bank's pledge in promoting corporate governance across all levels in addition to attaining the highest score of "Excellence" in corporate governance for nine consecutive years in 2016, as ranked by the Thai Institute of Directors Association (Thai IOD), supported by the Securities and Exchange Commission and the Stock Exchange of Thailand. Moreover, the Bank remained a constituent of FTSE4Good Index following its year-end review, under the oversight of FTSE ESG Advisory independent committee, emphasizing the Bank's commitment to achieving sustainability with global standards.

The Bank continues to focus on strengthening foundations throughout the organization with our "digital transformation" program delivering "Need-Based" and "Simple & Easy" financial products and services to our customers. This transformation helps TMB customers to make the most of their lives, while also further empowering staff to challenge the status quo for customers and make a difference for other stakeholders. The Board of Directors would like to express its gratitude to our stakeholders, including 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 on our relentless "Make **THE** Difference" journey will continue to answer customer needs by challenging the status quo with continuous and innovative financial products and services, while creating sustainable values for society, shareholders, and all stakeholders.

Mr. Rungson Sriworasat
Chairman of the Board



Message from the Chief Executive Officer

Following a major transformation in 2009, when our [Make THE Difference](#) journey began, we remain on that same path today in providing better solutions for our customers. During this period, we introduced completely new products and services to the market. Not only has the customer experience subsequently been transformed, but in effect TMB has also significantly raised overall Thai banking standards.

At TMB, challenging ourselves is key and continuous. Questions are constantly asked: what else can we do? Can we make anything better? This is particularly important in today's rapidly changing digital era where technology plays such an integral role. We are aware that customers' lifestyles and needs can change in a moment. Today's answer may not be good enough tomorrow.

This is why all of us at TMB continue to challenge ourselves in every aspect of our working lives and in the delivery of customer service and satisfaction. We are ready and committed to change, whether it is the working process, staff capability or the organization itself. All these efforts have one single aim – to find a better answer for our valued customers – with the goal of winning their trust and to becoming **the most advocated bank in Thailand**.

[Our financial success](#)

TMB's continuous growth and positive performance reflect the success of initiatives to change the way we work and through offering products and services which meet customers' needs while being simple and easy.

In 2017, TMB grew performing loans by 9%, primarily from the retail lending sector with robust growth from the mortgage business. This is the result of an improved process for a more efficient turnaround time. On the deposit side, we have focused on growing our retail deposits base by offering superior deposit products to customers. A fine example of such a product which extends the transactional benefit and gained instant acceptance is TMB All Free. As a result of this initiative, the Bank registered 50,000 new customers per month with the All Free deposit volume achieving 51% growth or THB18 billion. Additionally, our flagship non-transactional product, TMB No-Fixed also continued to expand at a rate of 16% or THB33 billion. Overall, total deposits recorded a 2% growth from the previous year, aligned with the Bank's liquidity management strategy.

As part of our ongoing commitment to deliver Need-Based products to customers along with seamless service across all channels, our Mutual Fund service has received a boost. In addition to TMB Open Architecture, a mutual fund platform which assists in the selection of top-performing mutual funds from 8 leading asset management firms, the Bank has added a TMB Advisory service. By collaborating with Amundi, a global leading investment management, TMB now provides a supplementary advisory service via VDO conferencing. Additionally, through user friendly technology, our customers can instantly purchase and redeem mutual funds on TMB TOUCH. Through these initiatives, mutual fund fees recorded an exceptional growth of 76% while Bancassurance fees performed well with an expansion of 71% over the previous year.

With positive momentum from income generation and continuous efficiency enhancement, TMB generated pre-provision operating profit (PPOP) of THB19,736 million or 6% improvement on the previous year. The Bank has consequently raised its loan loss buffer by a 3% higher provision from the year before. Coverage ratio, as a result, stayed at a high level of 143% whereas NPL ratio dropped from 2.53% down to 2.35% in a year. After provision and taxes, TMB has recorded a net profit of THB8,687 million, a 6% rise on the previous year. The Bank continues to maintain a strong capital base. As of December 2017, capital adequacy ratio (CAR) and Tier 1 ratio under Basel III framework stayed at 17.3% and 13.2% respectively.

[Never stop challenging ourselves as there's always a better answer](#)

Although transitioning into a digital era is undoubtedly challenging, at TMB we are willing and able to embrace change. Staying true to our Make **THE** Difference philosophy is the key driving principle for staff to never stop challenging themselves and to welcome changes which give our customers better answers.

[A flat organization for more rapid response](#)

To drive the organization and keep pace with the rapid changes in today's business environment, technology, competition, and the increasing number of new competitors, staying adaptive is crucial. This is especially true in a digital world where the traditional working method is a hindrance to rapid response in a large organization. TMB has taken an initiative in developing a flatter organizational structure with employees empowered and encouraged to work agilely. An outstanding example of this in 2017 was a feature update for TMB TOUCH which took only 5 weeks to complete instead of the usual 10 months through dividing one large project into a number of smaller project sprints.

A key component of our “Make **THE** Difference” journey remains Customer Centricity. Although the business environment may change constantly and rapidly, Customer Centricity is the core working principle for all TMB staff. It underlines our ability to understand and gain deeper insight into customer needs and drives the entire TMB team in finding better answers for our customers.

For superior customer experience

TMB’s vision in transitioning into the digital age is to provide a digital service beyond the basic applications widely available on smartphones or tablets. We view technology as a tool to help us better understand and relate more relevantly to our customers and to what they want from their bank. Technology links transactional channels together from branches, call center or an application, giving TMB customers the benefits and convenience of a seamless omni-channel experience. Just one example is our mutual funds service with the facility for purchases and sales on any channel anywhere, offering choices and ease of access to customers.

In reinforcing our commitment to a superior customer experience we differ from traditional banking, by connecting the financial transaction with the customers’ lifestyle. This is so evident in the innovative TMB WOW, a pioneering initiative which adds some fun to the digital transaction. Not only is this financial service free, but customers can also collect points by using TMB TOUCH and redeeming gifts from our leading partners. By having a wide range of partners, varied products are available to suit all customers’ lifestyles, from gift cards from top cafes or major department stores to international air tickets.

For sustainable quality of life for the community

Our Make **THE** Difference philosophy does not limit itself solely to TMB. It’s a universal notion which can easily be applied to society at large. Important to TMB, however, is that the difference we make must be sustainable in the long term.

TMB continues its FAI-FAH program. In 2017, more than 4,000 employees were involved in helping 37 communities across Thailand. The aim of FAI-FAH includes knowledge development and job creation in a sustainable way. Furthermore, the TMB Foundation organized TMB | ING ParkRun to raise funds for cardiac surgery for 412 children, an increase of 216 children over the year before.

On a final note, our accomplishments would not have been possible without the cooperation of our employees, support from our customers, and, of course, our shareholders. I would like to take this opportunity to express my gratitude to all our stakeholders for their part in our success.

For the coming year, we shall remain dedicated to our valued customers and shareholders. I believe that our clearly established strategy will guide us in delivering excellent Need-Based and Simple and Easy products and services. Being well-equipped digitally, along with our commitment to provide customers with better answers, TMB is well positioned to overcome any challenges in 2018 and generate quality growth for shareholders, while at the same time creating sustainable improvements for the entire Thai nation and community.

P. Tantakam .

Mr. Piti Tantakasem
Chief Executive Officer





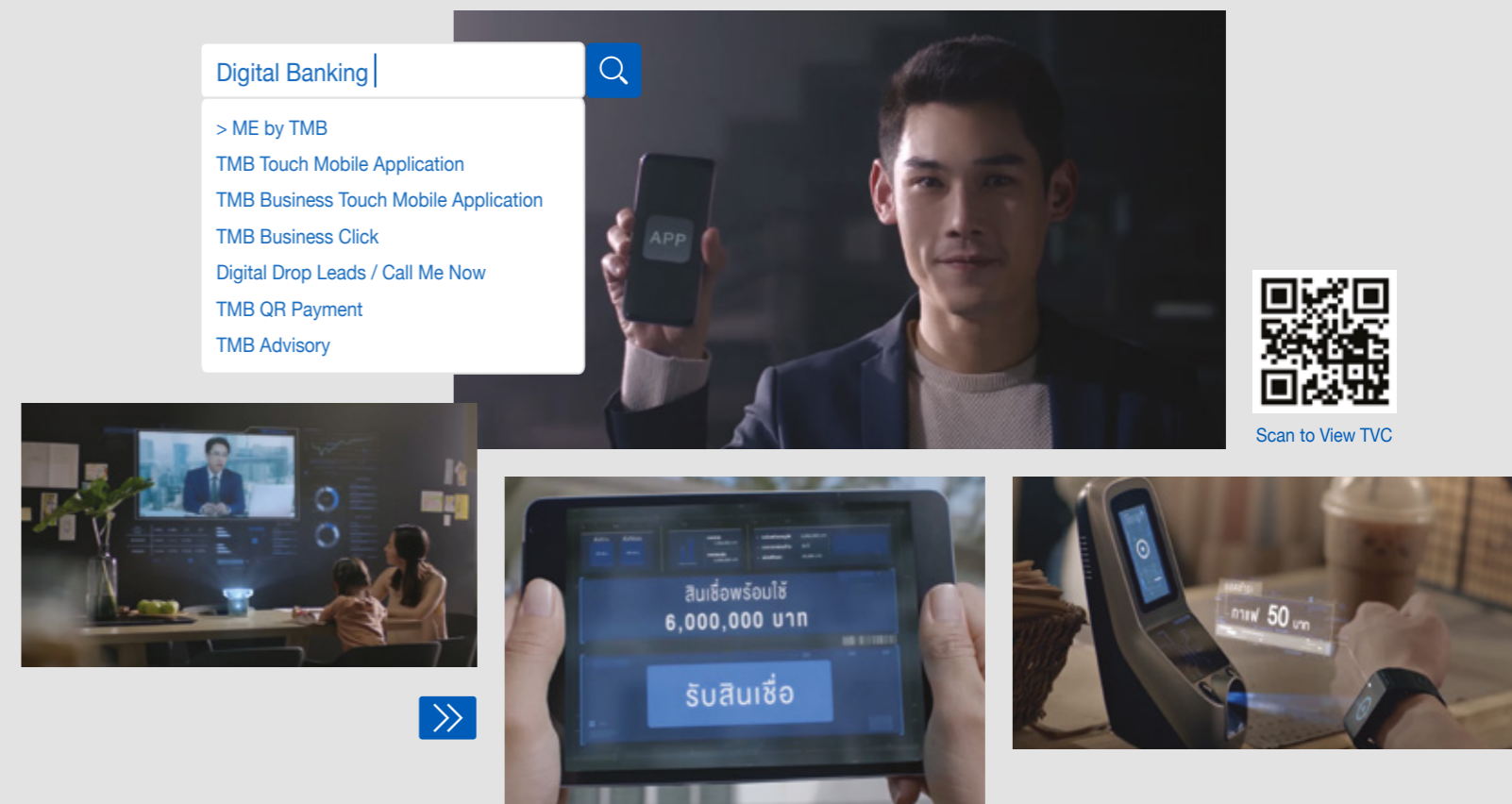
Never Stop Asking Questions ... In Search for a Better Answer

- > Over the past nine years, TMB has never stopped challenging itself. The Bank has been at the forefront in finding even better answers to satisfy our customers, employees, shareholders and the community, from new products, services, and working processes to social initiatives. These factors have contributed to TMB's growth and continuous development. Essentially, this is all rooted in our commitment to "Make **THE** Difference" philosophy, our guiding principle, which we take to heart as we strive to make changes that ensure better lives for our customers.

With a firm belief to Make **THE** Difference, customer-centricity is key in everything we do. Banking norms are being challenged and questioned as we seek new approaches, solutions and new initiatives to create even better products and services. This also includes the development of a digital banking system, as well as digital transformation within the organization, to deliver financial solutions in response to customers' ever-changing lifestyles in today's digital era. We aim to answer to our customers' needs and provide them with TMB's unique experiences that are easier and more convenient than ever with more benefits. All so that our customers can better manage their personal finance effortlessly, anytime anywhere, to enhance their lives.



Digital Banking... More than Just an Application



With our devotion to understanding our customers, TMB uses the customers' Need-Based knowledge as input into the development of our digital banking system. This ensures that our digital products and services truly match their needs and lifestyles. In addition, we want our digital service to enable customers to self-manage their financial transactions efficiently, anytime anywhere, with secured access simply through finger touch so that they can better manage their daily lives.

For a long time now TMB has continued to seek new developments or improvement for our digital products and services. Subsequently, many great products have been launched, namely ME by TMB, a new digital banking format - the first of its kind in Thailand, and other digital products such as TMB TOUCH Mobile Application, TMB Business TOUCH Mobile Application, TMB Business CLICK, Digital Drop Leads / Call Me Now. In our ongoing search for better answers there are many more in the pipeline to be offered to our customers.

Furthermore, TMB has launched other new digitalized products and services that go beyond just applications such as the bank branches in new formats and services, QR payments, and TMB Advisory that offers a consultation by an expert on mutual funds through VDO conference, as well as other digital services.

In 2017, we introduced our vision for digital banking in that digital banking is more than just what a mobile application would offer. We strive for digital banking that will enhance customers' daily lives with more convenience, as well as allow them to effectively plan and manage their finances to achieve their goals in life faster.

This particular digital banking vision was communicated through an advertising campaign called "TMB Digital Banking ... More Than Just an App". Our campaign ambassador, Mr. Kan Kantathavorn - a well-recognized MC, showed the many benefits of using digital technology in improving customers' lives in many aspects. As customers' financial needs exceed what current mobile application can offer, our ambassador displays why digital banking should go beyond a mobile application. At TMB, we believe in the tremendous potential of digital banking and the many benefits it can offer customers - from day-to-day flexibility, to helping them achieve their goals or make financial plans for the future. This can all be achieved via innovative digital products and services, which go beyond mobile applications.

Make THE Difference... to the Society in Even Better Ways Than Before

TMB ING ParkRun 2017

TMB ING ParkRun 2017, under “You Can...Make **THE** Difference” concept, is the only run in which participants could help raise funds to give new lives for cardiac children through the Cardiac Children Foundation of Thailand under the Royal Patronage of H.R.H. Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra. Those who wished to support this Foundation could enter as runners, share their running goals and go further by asking for support from friends for additional donations.

This year, all ticket purchasing and payment processes for TMB ING ParkRun 2017 were digitalized through website www.makeTHEdifference.org/parkrun, while fund-raising was carried out via social networks to better serve the changing habits of runners and participants.

The runners in TMB ING ParkRun 2017 could raise donations even further by creating their own fundraising page in their name and inviting friends and family to sponsor them. Again, donations could be transacted on www.makeTHEdifference.org/parkrun and completed instantly using digital banking.



> As a result, TMB ING ParkRun 2017 raised a total of 8,240,000 baht, from runners’ tickets and donations from their supporters, as well as the contribution from TMB, who contributed by 100% matching the donation amount. All proceeds, without any expense deduction, were donated to the Cardiac Children Foundation of Thailand by TMB Foundation on 24th December 2017. This amount covered the operation expenses of 412 cardiac children, an increase of 216 children from last year. (In 2016, donations covered the operation expenses of 196 children.)



FAI-FAH by TMB Let’s Make THE Difference to Communities



FAI-FAH has been a long-standing project by TMB with the strategic intention to embrace Make **THE** Difference philosophy through many varied projects, including:

FAI-FAH, The Youth Learning Center

Today, FAI-FAH have four centers across Bangkok: FAI-FAH Pradipat, FAI-FAH Pracha-Uthit, FAI-FAH Chan, and FAI-FAH Bangkok Noi. From day one, our intention has been to encourage youth aged between 12 and 17 years to use their time productively and explore interests, passions, and talents within. The centers’ goals are achieved by offering participants free art & life skill-enhancing activities such as arts, music, sports, and many more. We also help community kids develop organizational, teamwork and leadership skills, along with the ability to work methodologically while embedding life skills, moral values and ethics. Our ultimate aim is to see these FAI-FAH youth make use of this knowledge to develop personally, help their families and raise the quality of our society in a sustainable way.

Sustainable Community Improvement Projects

Apart from establishing FAI-FAH Learning Centers, TMB encourages our employees across the nation to engage in our Sustainable Community Improvement projects. This program empowers employees from all branches and headquarters to do their part in the development of communities nearby. In 2017, many volunteers enrolled in this Community Improvement Projects. Below are examples from a total of 37 which were carried out in 2017:



> “Volunteer matching program for Blind kids”

Project in Bangkok in which TMB volunteers have led and worked with the Bangkok School for the Blind to develop online Volunteer Matching program to facilitate Volunteers as well as answer the real needs from the Blind together with a PR program to recruit more volunteers. Additionally, an online volunteer manual was also set up to educate volunteers on how to better support the Blind.



> “Tuam-Yuu-Dai”

Project in Southern Part of Thailand initiated from the root cause of the flood problems that affected the lives of communities in Southern provinces. The concept of “Tuam-Yuu-Dai” has been co-created by TMB Volunteers from 3 key provinces (Surat Thani, Phatthalung & Trang), for example, “Tuam-Yuu-Dai” floating vegetable pot garden project in Surat Thani province to improve and support the villagers’ cultivation of a floating vegetable pot garden. The floating vegetable pot garden was a creative solution to fight the floods. TMB also collaborated with the villagers to build a learning center at Bann-Nong-Chok school to educate villagers and support them as another tool to generate extra income.

> “School Bank for Children with Special Needs”

Project at Anusarnsunthorn School for the Deaf in Chiang Mai. This project was initiated to promote and cultivate knowledge about savings among special-needs children. In addition, a sign language handbook was developed to communicate with hearing-impaired people to improve the quality of their lives under the “TMB Make **THE** Difference” concept.

FAI-FAH, the core CSR program inspired by TMB together with TMB Volunteers is committed to continue creating the ripple effect that will make our society better in a sustainable way in line with our TMB Make **THE** Difference philosophy.

Committed to Providing a Better Answer for Our Customers

- > TMB has persistently been developing and improving its digital channels to better answer the needs of customers. It is our primary goal to ensure that our customers receive maximum benefits of digital banking whether it is through TMB TOUCH Mobile Application, TMB Business TOUCH Mobile Application, TMB Internet Banking or ATM. These digitized banking products and services are seamlessly integrated with all TMB branch banking services as well as our contact center. The Bank also provides an alternative product purchasing method through digital channel by which any customers who are interested can easily and conveniently contact the Bank.

Because TMB digital banking is not just an application, our time and efforts are spent in seeking and testing potential digital banking-related products and services, such as a new, innovative branch format, new ways to make financial transactions and an advisory service through the digital system.



Retail Customers

TMB Advisory Investment Advice Service for “Everyone”

Through TMB Advisory, the Bank has raised the bar yet again to the benefit of customers. We are the first bank in Thailand who created an “Open Architecture” approach for investment in Thai banking industry. The Open Architecture benefits investors by offering wider accessibility to top mutual funds selected from 8 leading asset management firms, all available in one place. Our 8 partners, experts in various types of assets covering both domestic and international products, are TMB Asset Management Co., Ltd., UOB Asset Management (Thailand) Co., Ltd., CIMB-Principal Asset Management Co., Ltd., Aberdeen Asset Management Co., Ltd., Manulife Asset Management (Thailand) Co., Ltd., One Asset Management Co., Ltd., Tisco Asset Management Co., Ltd., and the latest to come on board, Kasikorn Asset Management Co., Ltd.

This year, TMB also partnered with Amundi, Europe’s leading Asset Management Company, in designing 5 different investment portfolio options based on asset allocation with top funds depending upon customers’ risk level. The services also include advices and recommendations to customers to adjust their portfolio according to the market situation, as well as risk control of the portfolio within the set level, all with no additional cost or terms.

In addition, our customers can access the consultation service via several TMB Advisory Channels namely TMB Advisory Room at TMB branches for a personal consultation with an investment expert via VDO conference, buy and sell mutual funds via TMB Contact Center 1558, receive investment news for free through LINE @TMBadvisory, or go to TMB Advisory website for real-time fund information. Customers also have another choice to monitor or buy and sell their funds instantly and conveniently from anywhere through TMB TOUCH mobile app.

TMB Primary Banking

Best deal on “For Use” and “For Save” products with TMB

TMB has dedicated efforts to develop savings products that best match with our customers’ needs, especially those who have many banking transactions and want to enjoy a good interest rate for their savings at the same time. Our various products enable customers to effectively achieve what they seek from banking transactions as well as their savings target. Benefits of ‘TMB All Free’

- > Free of charge for unlimited withdrawals, transfers, and free bill payments, with no conditions and no hidden terms (no*). When a sender transfers money from TMB All Free account to a receiver, the receiver will instantly receive the money (no more 1-day waiting period)
- > With transactions at least 5 times a month with TMB All Free account, customers can receive the following benefits:
 - Receive a higher interest rate on their ‘TMB No Fixed’ account, from 1.3% to 1.6%
 - Receive a reduced interest rate of 3% on personal loan ‘Cash 2 Go’

Products and services for retail customers |



> TMB Advisory

TMB All Free and TMB No Fixed

TMB Advisory

ทเอ็มบี แอดไวซอรี บริการที่ปรึกษาด้านการลงทุน

อยากลงทุนยาวๆ ให้เงินออกเงย
แต่กลุ่มซื้อแค่กองเดียว จะเสี่ยงไปไหม
ใครจะแนะนำได้



TMB All Free

กด โอน จ่าย ทั้งชีวิตฟรี
ไม่มีดอกเบี้ย



Scan to Website





TMB TOUCH Mobile Application Complete all financial transactions within one TOUCH

TMB TOUCH mobile banking application has continuously been developed to serve ongoing customers' needs, with enhancement for more convenience and easier use while guaranteeing secured access with all banking transactions.

Highlights of TMB TOUCH Mobile Banking Application

- > Quick Balance (check account balance without having to log-in)
- > Self-Card Management that allows each individual Credit Card/Debit Card/Ready Cash customer to manage their own card/account preferences, from card activating/deactivating, card reissuing to changing password.
- > Bill payments and money transfer through QR code
- > TMB WOW, a point collection program from doing required transactions for reward redemption
- > So GooOD, a 3 months installation from credit card amount with 0% interest



Scan to Website

TMB WOW Use More...WOW More

Reinforcing the concept of digital banking being more than just an app, TMB WOW is another show case that represents an important step forward in enhancing the digital experience for customers' lifestyle and to serve their evolving financial needs.

TMB WOW is a unique program, specially designed for TMB TOUCH users, who receive "WOW" as collected points from their electronic transactions. The point collection utilizes gamification platform with different types for point collections scheme and a special trophy to make financial transactions exciting like never before. These points can be redeemed through various reward categories from food & beverages to airline tickets.



SME Customers

Products and services for SME |



- > TMB SME One Bank
- TMB Business Touch
- SME Call Me Now



Scan to Website

TMB SME One Bank The only account for SMEs with unlimited transactions

The award-winning, best business banking account for all SMEs that reduces business costs like never before. When using TMB SME One Bank together with TMB Business TOUCH mobile application, SMEs can enjoy free transfer, payment and collection transactions. The benefits and innovative aspects of 'TMB SME One Bank' was recognized by The Asian Banker, a leading financial publisher, as the SME Product of The Year 2017.

- > Free transfer across banks.
- > Free to receive cross-border checks into TMB accounts.
- > Free payment for goods and services
- > Banking can now be done anytime, anywhere with TMB Business TOUCH



Scan to Website

TMB Business TOUCH Mobile application for SMEs, for a complete transactional experience on mobile

Facilitating SME banking transactions with free transfer fees when used with TMB SME One Bank account. Access your account anytime, anywhere 24-7 and monitor your transactions in real-time.

- > Check available balance and make instant transfer from OD account
- > Payroll Staff or transfer to multiple accounts at once. A memo recording feature that keeps track of all payments
- > Stop cheque instantly
- > International money transfers without original document submission required



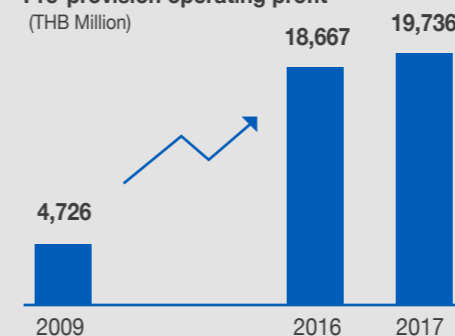
SME Call Me Now

A special service to support SMEs. Customers can simply submit their name and contact number online with a guarantee that TMB will make contact within 5 minutes.

Always seeking improvement and operating with prudence for quality and sustainable growth

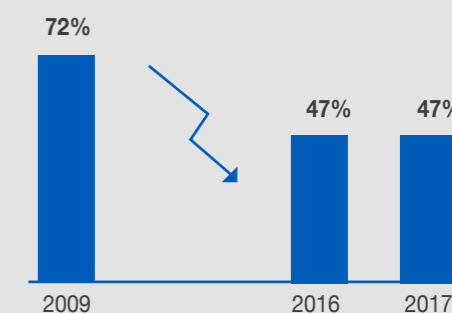
- > **Always seeking improvement and operating with prudence for quality and sustainable growth**
TMB is always striving for improvement as we believe there is always a better answer for us to serve our customers as well as to operate the Bank for quality and sustainable growth. Throughout the year, TMB focused on offering “Need-Based” and “Simple & Easy” products and services with our ultimate goal to empower customers to live the most of their lives. The Bank also maintained prudence in its business operation amid slow economic recovery. The results of such an approach are well reflected by the improving financial results.

Pre-provision operating profit
(THB Million)



In 2017, **TMB's core operating performance continued to improve.** Pre-Provision Operating Profit (PPOP) rose to THB19,736 million, a 6% growth from the previous year.

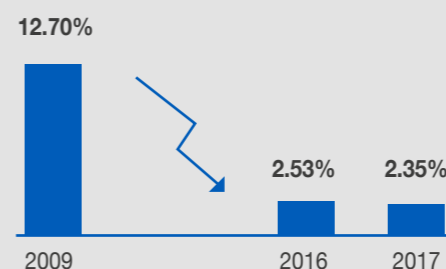
Cost-to-income ratio



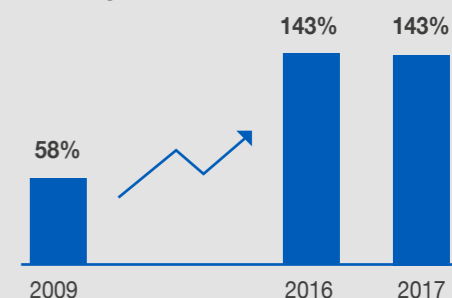
Efficiency improvement is also a key focus. In 2017, operating expenses grew in line with business expansion. Cost-to-income ratio therefore was stable at 47%.

More importantly, TMB continued to operate with prudence. The Bank **monitored and managed asset quality closely** and was able to keep NPL ratio at a low level at 2.35%. The Bank also **maintained high loss absorption ability**, reflected by coverage ratio at 143%.

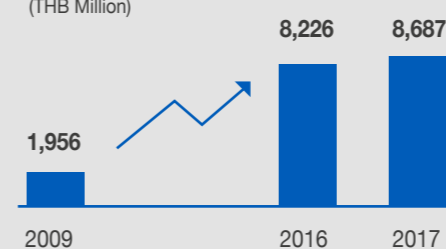
NPL ratio



Coverage ratio



Net profit
(THB Million)



Profitability remained on positive momentum. TMB recorded net profit of THB 8,687 million, an increase of 6% from the previous year. This represented an ROE of 10%.



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 Nikornpun
• 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. Chumpol Rimsakorn
• Director
• Chairman of the Credit Committee
• Member of the Board of Executive Directors
• Member of the Nomination, Remuneration and Corporate Governance Committee

10. Mr. Christopher John King
• Independent Director
• Member of the Audit Committee
• 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

11. Mr. Praisun Wongsmith
• Independent Director
• Member of the Audit Committee

9. Mr. Vaughn Nigel Richtor
• Director
• Member of the Board of Executive Directors

12. Mr. Piti Tantakasem
• 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
62 years old

Chairman of the Board

Date of 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 Program, Thailand National Defense 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

- Dec 2017 - Present
- Independent Director, Chairman of the Audit Committee, and Member of Nomination and Remuneration Committee, U City Plc.
- Jun 2017 - Present
- Independent Director, WP Energy Plc.
- 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

Work Experience

- Oct 2015 - Jul 2017
- Member of the National Reform Steering Assembly
- 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
- Oct 2013 - Sep 2015
- Chairman, Government Pension Fund

- Oct 2013 - Sep 2015
- Chairman, Student Loan Fund
- Oct 2013 - Sep 2015
- Chairman, Office of Insurance Commission (OIC)
- Oct 2013 - Sep 2015
- Chairman of State Enterprises Directors List Preparation Committee, The Secretariat of the Cabinet
- Oct 2013 - Sep 2015
- Member of the Committee on Public and Private Sectors Economic Problems
- Oct 2013 - Sep 2015
- Member of the Board, Office of Securities and Exchange Commission (SEC)
- Oct 2013 - Sep 2015
- 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
- 2010 - 2012
- Director, Judicial Administration Commission
- 2010 - 2012
- Director, Government Pension Fund
- 2010 - 2012
- Director, Malaysia – Thailand Joint Authority (MTJA)
- 2010 - 2012
- Director and Secretary, Student Loans Fund

General Chalermchai Sitthisad
60 years old

Director

Date of Appointment : November 24, 2016

Education and Training Course

- Bachelor of Science, Chulachomklao Royal Military Academy
- Diploma, RTA Command and General Staff College
- National Defence College Program, Thailand National Defense College
- Director Accreditation Program, Thai Institute of Directors Association

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

- Oct 2016 - Present
- Commander in Chief, Royal Thai Army
- Oct 2016 - Present
- Secretary, National Council for Peace and Order (NCPO)
- Jul 2014 - Present
- Member of the National Legislative Assembly (NLA)
- Jul 2014 - Present
- 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

Mr. Philippe G.J.E.O. Damas
67 years old

Director

- Chairman of the Board of Executive Directors
- Member of the Nomination, Remuneration and Corporate Governance Committee

Date of Appointment : December 28, 2007

Education and Training Course

- MBA (Accounting & International Finance), Columbia University, New York, 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)
- 2014 - Present
- Board member, The Blue Circle (Singapore)
- 2014 - Present
- Board member, Sport Sevens (Singapore)
- Apr 2013 - Present
- Board member, CM Houlder (SEA) Pte. Ltd.
- Apr 2013 - Present
- 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
63 years old

Independent Director

- Chairman of the Audit Committee

Date of 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 Banker, Wharton School of the University of Pennsylvania, USA
- Strategic Board Master Cass Retreat, 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 - resent
- 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
63 years old



Independent Director

- Chairman of the Nomination, Remuneration and Corporate Governance Committee
- Member of the Risk Management Committee

Date of Appointment : April 10, 2015

Education and Training Course

- MBA, Sul Ross State 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 Plc.
- 2013 - Present
 - Independent Director and Chairman of the Audit Committee, Pan Asia Footwear Plc.
- 2009 - Present
 - Executive Director, AP (Thailand) Plc.
- 2004 - Present
 - Independent Director and Member of the Audit Committee, Bangkok Chain Hospital Plc.
- 2002 - Present
 - Director, AP (Thailand) Plc.

Positions in Non-Listed Companies

- Oct 2017 - Present
 - Director, Asian Property (2017) Co., Ltd.
- Oct 2017 - Present
 - Director, AP ME 9 Co., Ltd.
- Oct 2017 - Present
 - Director, AP ME 8 Co., Ltd.
- Jul 2017 - Present
 - Director, AP ME 7 Co., Ltd.
- Jul 2017 - Present
 - Director, AP ME 6 Co., Ltd.
- Aug 2016 - Present
 - Director, SEASIA LEADAVATION CENTER Co., Ltd.
- Mar 2016 - Present
 - Director, Bangkok CitiSmart Co., Ltd.
- 2014 - Present
 - Director, Asian Property (2014) Co., Ltd.
- 2013 - Present
 - Director, Thai Big Belly Co., Ltd.
- 2013 - Present
 - Director, Asian Property (2013) Co., Ltd.
- 2012 - Present
 - Director, Asian Property (2012) Co., Ltd.
- 2011 - Present
 - Director, Asian Property (2011) Co., Ltd.
- 2011 - Present
 - Director, Infinite Technology Corporation Co., Ltd.

- 2009 - Present
 - Director, SQE Construction Co., Ltd.
- 2009 - Present
 - Director, The Value Property Development Co., Ltd.
- 2009 - Present
 - Director, Asian Property (Krungthep) Co., Ltd.
- 2009 - Present
 - Director, Thonglor Residence Co., Ltd.
- 2009-Present
 - Director, Signature Advisory Partners Co., Ltd.

Work Experience

- May 2016 - Sep 2017
 - Director, AP ME 5 Co., Ltd.
- May 2016 - Sep 2017
 - Director, AP ME 4 Co., Ltd.
- Jul 2015 - May 2017
 - Director, AP ME 3 Co., Ltd.
- 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
59 years old



Director

- Chairman of the Risk Management Committee
- Member of the Credit Committee

Date of 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

- Mar 2017 - Present
 - COO Risk, ING Bank N.V., Amsterdam

Work Experience

- Jan 2016 - Feb 2017
 - Global Head of ORM, ING Bank N.V., Amsterdam
- Dec 2011 - Dec 2015
 - Global Head Non Financial Risk, ING Bank N.V., Amsterdam
- 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. Chumpol Rimsakorn
57 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 Appointment : April 7, 2017

Education and Training Course

- Master of Public and Private Management Program, National Institute of Development Administration (NIDA)
- Bachelor of Law, Ramkhamhaeng University
- National Defence College Program, Thailand National Defense College
- Senior Executive Program Certificate, Capital Market Academe (CMA)
- Energy Literacy for a Sustainable Future Program, Thailand Energy Academy
- Inspector General Program, The Prime Minister's Office
- Senior Executive Program, Office of the Civil Service Commission
- Good Governance for Directors and Executives of State Enterprises and Public Organization, King Prajadhipok's Institute
- Director Certification Program, Financial Statement for Directors, Role of Chairman Program, and Advanced Audit Committee Program, Thai Institute of Directors Association

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

- Jun 2017 - Present
 - Chairman, Public Debt Restructuring and Domestic Bond Market Development Fund
- Jun 2017 - Present
 - Board Member, National Health Security Committee
- Jun 2017 - Present
 - Board Member, Emergency Medicine Committee
- Jun 2017 - Present
 - Board Member, National Metrology Committee
- Feb 2016 - Present
 - Director, Electricity Generating Authority of Thailand
- 2015 - Present
 - Deputy Permanent Secretary, Ministry of Finance
- Jul 2014 - Present
 - Director, Thailand Tobacco Monopoly

Work Experience

- 2015 - Jun 2016
 - Chairman, Vayupak 1 Mutual Fund Investment Committee
- 2015 - Jun 2016
 - Chairman, the Queen Sirikit National Convention Center Supervisory Committee
- 2015 - Jun 2016
 - Board Member, Vayupak Mutual Fund Supervisory Committee
- 2015 - Jun 2016
 - Board Member, Thailand Future Fund Steering Committee
- 2015 - Jun 2016
 - Chairman, Performance Assessment Committee
- 2015 - Jun 2016
 - Chairman, Public Service Obligation Committee
- 2015 - Mar 2017
 - Director, Thailand Post Co., Ltd
- 2015 - 2015
 - Director, Thailand Privilege Card Co., Ltd.
- 2014 - 2015
 - Chief Information Officer (CIO), Ministry of Finance
- 2014 - 2015
 - Inspector General, Ministry of Finance
- 2013 - 2014
 - Chief Information Office (CIO), the Excise Department
- 2013 - 2014
 - Principal Advisor on Tax Development Administration, the Excise Department
- 2011 - 2014
 - Vice Chairman of the Board, The Liquor Distillery Organization
- 2011 - 2014
 - Director, TOT Plc.
- 2011 - 2014
 - Chairman of the Board, Playing Card Factory
- 2011 - 2013
 - Deputy Director-General, the Excise Department

Mr. Yokporn Tantisawetrat
62 years old



- Director
- Member of the Board of Executive Directors
 - Member of the Credit Committee
 - Member of the Risk Management Committee

Date of Appointment : June 1, 2015

Education and Training Course

- Master's Degree in Economics, Thammasat University
- Bachelor's Degree in Economics, Chulalongkorn University
- National Defence College Program, Thailand National Defense College
- Advanced Management Program (AMP), Harvard Business School
- Advanced Bank Management Program, Wharton School of the University of Pennsylvania, USA
- Advanced Bank Management Program, Asian Institute of Management
- Advanced Audit Committee Program, 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
 - Independent Director, AP (Thailand) Plc.
- Aug 2015 - Present
 - Independent Director and Chairman of the Audit Committee, Banpu Power Plc.

Positions in Non-Listed Companies

- Jan 2016 - Present
 - Director, Kirloskar Brothers (Thailand) Limited
- Jan 2016 - Present
 - Experts and Chairman of the Audit Committee, Office of the Securities Exchange Commission (SEC)

Work Experience

- Sep 2016 - Apr 2017
 - Advisor, The Corporate Governance and Risk Management Committee, AP (Thailand) Plc.
- 2008 - May 2015
 - Senior Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank Plc.
- 2014 - Feb 2015
 - Vice Chairman, Vina Siam Bank, Vietnam
- Apr 2011 - Feb 2015
 - Director, SCB Securities Co., Ltd.
- 2011 - 2014
 - Director, VinaSiam Bank, Vietnam
- 2008 - 2011
 - Chairman of the Board, SCB Securities Co., Ltd.
- 2008 - 2011
 - Director, TRIS Corporation Co., Ltd.
- 2005 - 2011
 - Director, TRIS Rating Co., Ltd.

Mr. Vaughn Nigel Richtor
62 years old

Director
• Member of the Board of Executive Directors

Date of 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, Fountainebleu, 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

- Nov 2017 - Present
- Director, Velldan Pty Ltd.
- Nov 2017 - Present
- Chairman, Ratesetter Australia Pty Ltd.
- Nov 2017 - Present
- Advisory, Spriggy, Australia
- Oct 2017 - Present
- Director, Gordon District Cricket Club, Sydney, Australia
- Oct 2017 - Present
- Advisory, Ernst & Young Australia
- Nov 2016 - Present
- Advisory Council Member, Australian Digital Currency and Commerce Association
- Jul 2016 - Present
- Advisory Council Member, Humanity in Business

Work Experience

- Dec 2016 - Nov 2017
- Non Executive Director, Ratesetter Australia Pty Ltd.
- Jul 2016 - Jul 2017
- Advisor, ING Group N.V.
- Sep 2014 - Jun 2016
- Member of Challengers & Growth Countries Management Team, ING Bank N.V.
- Sep 2014 - Jun 2016
- Member of Leadership Council, ING Bank N.V.
- Aug 2012 - Jun 2016
- CEO and Member of the Board, ING Bank (Australia) Limited
- Aug 2012 - Jun 2016
- Member Council Australian Bankers' Association
- Aug 2012 - Jun 2016
- 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
73 years old

Independent Director
• Member of the Audit Committee
• Member of the Nomination, Remuneration and Corporate Governance Committee

Date of Appointment : September 1, 2004

Education and Training 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.
- 1997 - 2004
- Partner, Linklaters LLP., London
- 1997 - 2003
- Managing Partner, Linklaters (Thailand) Ltd.

Mr. Praisun Wongsmith
58 years old

Independent Director
• Member of the Audit Committee

Date of 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, Thailand National Defence College
- Senior Executive Program Certificate, Capital Market Academy (CMA)
- The Leadership Grid Appreciation Workshop, Grid Teamwork Limited
- Ethical Leadership Program, Advanced Audit Committee Program, Boards that Make a Difference, Role of Chairman Program, Director Certification Program, and Director Associate 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

- Jul 2017 - Present
- Director, Islamic Bank Asset Management Ltd. (IAM)
- Jul 2017 - Present
- Director, Industrial Estate Authority of Thailand (IEAT)
- Jan 2016 - Present
- Director, CAT Telecom Plc.
- Jun 2012 - Present
- Director, P.W. Consultants Co., Ltd.

Work Experience

- Dec 2016 - Jun 2017
- Advisor to the Minister, Ministry of Industry
- 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

Mr. Piti Tantakasem
47 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 Appointment : January 1, 2018

Education and Training Course

- Ph.D. in Strategic Management, Joint Program: University of Nebraska, USA and Bangkok University, Thailand
- Master of Business Administration, Kenan - Flagler Business School, University of North Carolina at Chapel Hill, USA
- Bachelor of Engineering (Industrial Engineering), Chulalongkorn University
- Senior Executive Program Certificate, Capital Market Academy (CMA)
- Energy Literacy for a Sustainable Future Program, Thailand Energy Academy
- Chartered Financial Analyst, CFA Institute
- Financial Derivatives, EuroMoney Training
- Executive Education: Building Leading Customer-Centric Organization
- Director Certification Program, Boards that Make a Difference, and Anti-Corruption for Executive Program, Thai Institute of Directors Association

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

- Sep 2015 - Present
- Member of the Working Group on Supporting Digital Economy Drive, Joint Standing Committee on Commerce, Industry, and Banking
- Apr 2009 - Present
- Director, National ITMX Company Limited
- Aug 1996 - Present
- Director, Tiwana Company Limited

Work Experience

- Apr 2017 - Dec 2017
- Member of the Nomination Committee, PTT Exploration and Production Plc.
- Apr 2015 - Dec 2017
- Member of the Risk Management Committee, PTT Exploration and Production Plc.
- Oct 2014 - Dec 2017
- Independent Director, PTT Exploration and Production Plc.
- Sep 2016 - Apr 2017
- Chairman of the Nomination Committee, PTT Exploration and Production Plc.
- Oct 2014 - Apr 2017
- Member of the Corporate Governance Committee, PTT Exploration and Production Plc.
- May 2017 - Dec 2017
- Chief Financial Officer, TMB Bank Plc.
- Nov 2008 - Apr 2017
- Chief Wholesale Banking Officer, TMB Bank Plc.

- Oct 2016 - Jun 2017
- Sub-committee Member, Public Sector Development Commission Sub-committee on Public Finance and Budgeting Development, Office of the Public Sector Development Commission (OPDC)
- Jun 2016 - Jun 2017
- Senior Expert Committee, Senior Expert Committee in Organizational Psychology on the Committee of the Public Sector Development Commission, Office of the Public Sector Development Commission (OPDC)
- Apr 2017 - May 2017
- Chairman of Sub-committee, Financial and Accounting Sub-committee, State Railway of Thailand (SRT)
- Feb 2017 - May 2017
- Director, State Railway of Thailand (SRT)
- Dec 2016 - Apr 2017
- Honorary Member, Office of the Energy Conservation Promotion Fund Management Sub-committee
- Jun 2014 - May 2016
- Sub-Committee Member, Project Sub-Committee, Thailand Board of Investment (BOI)
- Apr 2011 - Apr 2015
- Director, TRIS Corporation Limited and TRIS Rating Company Limited

*Mr. Piti Tantakasem is appointed to be Director and Chief Executive Officer replacement Mr. Boontuck Wungcharoen (was Director and Chief Executive Officer until December 31, 2017) starting from January 1, 2018 onward



**Mr. Piti
Tantakasem**

47 years old
Chief Executive Officer

Education

- Ph.D. in Strategic Management, Joint Program: University of Nebraska, USA and Bangkok University, Thailand
- Master of Business Administration, Kenan - Flagler Business School, University of North Carolina at Chapel Hill, USA
- Bachelor of Engineering (Industrial Engineering), Chulalongkorn University

Work Experience

- Jan 2018 – Present
 - Chief Executive Officer, TMB Bank Plc.
- May 2017 – Dec 2017
 - Chief Financial officer, TMB Bank Plc.
- 2008 – Apr 2017
 - Chief Wholesale Banking Officer, TMB Bank Plc.
- 2007 – 2008
 - First Senior Vice President, Head of Large Corporate Client, KASIKORNBANK PCL.

**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, Griffland College, The Netherlands

Work Experience

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

**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.

**Mr. Senathip
Sripaipan**

46 years old
Chief Wholesale Banking Officer

Education

- Master of Business Administration (MBA), University of North Carolina at Chapel Hill, USA
- Master of Science, Computer Information Systems, Assumption University
- Bachelor of Engineering, Engineering, Chulalongkorn University

Work Experience

- 2017 – Present
 - Chief Wholesale Banking Officer, TMB Bank Plc.
- 2012 – 2017
 - Managing Director, S Ventures Co.,Ltd.
- 2007 – 2017
 - Managing Director, Business Navigator Consulting
- 2005 – 2006
 - Senior Consultant, Bain & Company (Southeast Asia)

**Miss Tientip
Narach**

41 years old
Chief SME Banking Officer

Education

- Master of Business Administration (MBA), Business Administration, University of Michigan, USA
- Bachelor of Arts, Economics, Thammasat University

Work Experience

- 2017 – Present
 - Chief SME Banking Officer, TMB Bank Plc.
- 2014 – 2017
 - SVP (Deputy CFO-Treasury), Thai Beverage Public Plc.
- 2008 – 2014
 - Head of Corporate Banking Segment, TMB Bank Plc.
- 2001 – 2008
 - Vice President, Global Business Acquisition and Sales Management, KASIKORNBANK PCL.

**Mr. Ronald Bart
Huisman**

44 years old
Chief Retail Banking Officer

Education

- Master Degree in 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, Netherlands
- 2006 – 2010
 - Director of Payments, ING Retail Netherlands

Note:
• Mr. Piti Tantakasem is appointed to be Chief Executive Officer, starting from January 1, 2018 onward
• Mr. Andrew Kent Jan, Head of Balance Sheet Management, is appointed as Acting Chief Financial Officer, starting from January 1, 2018 onward

*Mr. Piti Tantakasem is appointed to be Director and Chief Executive Officer replacement Mr. Boontuck Wungcharoen (was Director and Chief Executive Officer until December 31, 2017) starting from January 1, 2018 onward

Management Team

as of 31 December 2017

Chief Executive Officer	
Dr. Benjarong Suwankiri	Head of Strategy and Transformation
Mrs. Patraporn Sirodom	Head of Human Resources
M.L. Ayuth Jayant	Head of Corporate Governance
Mrs. Kanchana Rojvatuny	Head of Corporate Branding and Communications
Ms. Doungjan Saenim*	Acting as Head of Audit
Chief Wholesale Banking Officer	
Mr. Alexander Nondh Langfeldt	Head of International Transaction Banking
Mr. Rachakorn Chayapirad	Head of Domestic Transaction Banking
Mrs. Varanitch Ujijn	Head of Client Service and Commercial Channel
Mr. Nathapol Sukhum	Head of Wholesales Banking Segment
Mrs. Pachana Rujirek	Head of Corporate Banking Customer Relationship Management
Mr. Suttichai Tiranuchit	Head of Corporate Banking Customer Relationship Management
Mr. Ekanat Kieatinapasin	Head of Multi-Corporate Banking Customer Relationship Management
Mr. Weerachai Amornrat-Tana	Head of Military and Public Sector Relationship Management
Mr. Vikran Paovarojkit	Head of Commercial Lending and Investment Banking
Mr. Yongyoot Luangrattanamart	Head of Investment Banking
Mr. Saranya Phuphatana	Head of Capital Markets
Miss Busarat Bencharongkul	Head of Capital Markets Product Sales
Mr. Pirapong Nithikraiwt	Head of Business Banking Customer Relationship Management
Mrs. Chantachuen Khaomali	Head of Business Banking Customer Relationship Management
Mr. Thanawat Veerachayapornkul	Head of Business Banking Customer Relationship Management
Chief SME Banking Officer	
Miss Sukanya Treesanaejit	Head of Small SME Customer Relationship Management
Mr Jakrpant Jarutirasarn	Head of Small SME Customer Relationship Management
Mr. Chaiyuth Chunnahacha	Head of SME Customer Value Management
Mrs. Pannawalai Intaraphichate	Head of Commercial Banking Marketing Management
Chief Retail Banking Officer	
Mr. Prompong Pattanateeradej	Head of Customer Segment Middle Income
Miss Sansanee Pangmanee	Head of Customer Segment Wealth and Mass Affluent
Miss Mingkwan Pattanawong	Head of Retail Marketing
Miss Waranee Wanrat	Head of Bank Channel Development

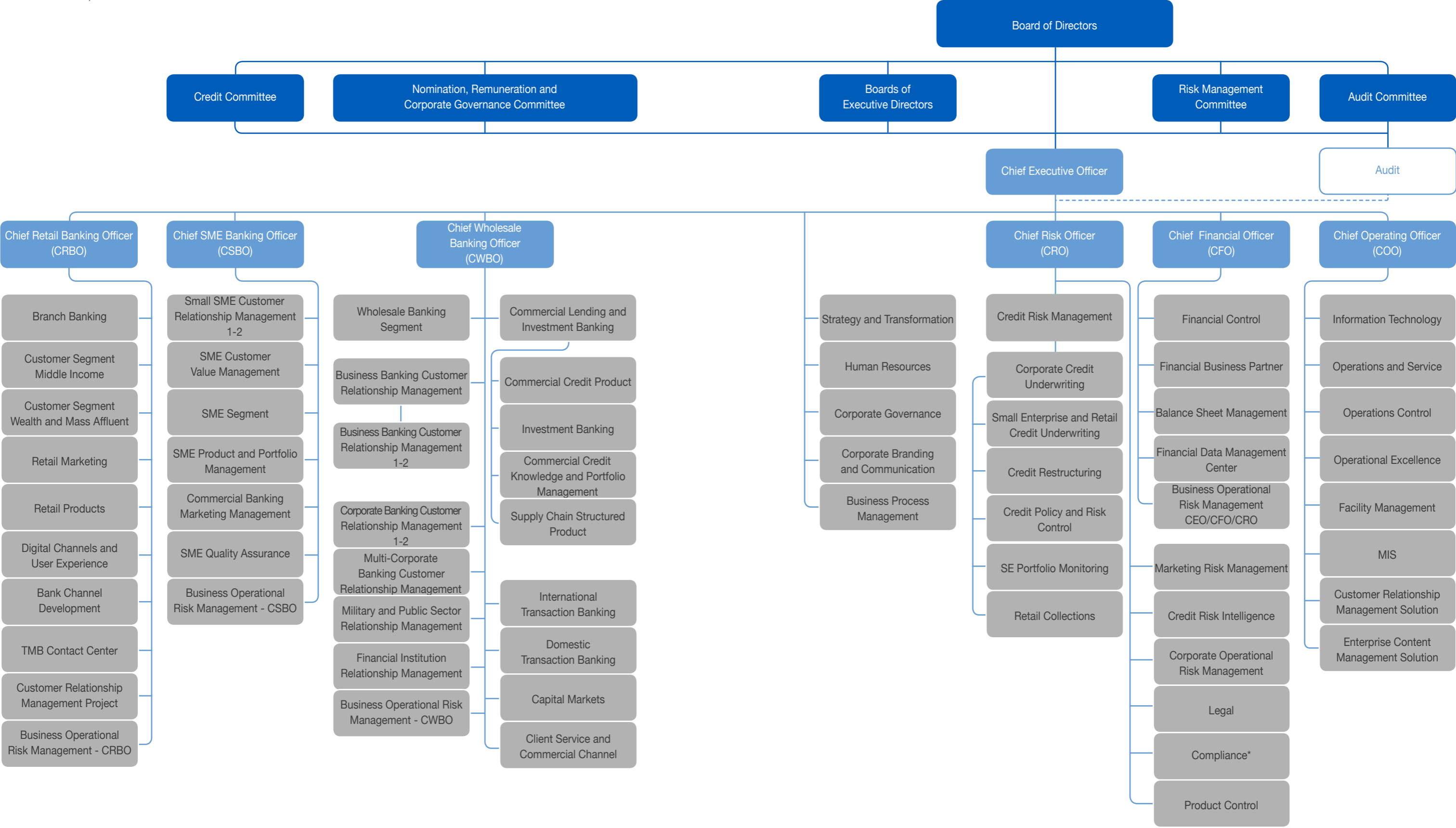
Note: *Ms. Doungjan Saenim was appointed as Acting Head of Audit, effective from October 18, 2017 – December 31, 2017

Chief Retail Banking Officer	
Mr. Maximilian Hempel	Head of TMB Contact Center
Miss Chompoonoot Pathomporn	Head of Branch Banking
Mr. Yuenyong Songsiridej	Head of Branch Operations Excellence
Mrs. Marie Ramlie	Head of Retail Products
Mr. Jaray Jianthanakanon	Head of Retail Lending Products
Mr. Chavamon Vinijtrongjit	Head of Primary Bank Products
Mr. Pathrawut Supsavaipol	Head of Bancassurance Products
Mrs. Kidakarn Chudsuan	Head of Mutual Funds Products
Mr. Martijn Van Keulen	Head of Digital Channels and User Experience
Chief Risk Officer	
Mr. Jan Dodion	Head of Credit Risk Intelligence
Mr. Woraboon Chinwatanakit	Head of Market Risk Management
Mr. Prawin Khurawat	Head of Corporate Operational Risk Management
Mr. Varoon Kanjanapoo	Head of Compliance
Mrs. Suvannee Kam	Head of Legal
Miss Supreeya Pipatmanomai	Head of Credit Risk Management
Mr. Sunthorn Ruckpanich*	Head of Corporate Credit Underwriting
Mr. Kridchawat Nopsuntia	Head of Small Enterprise and Retail Credit Underwriting
Mrs. Chirdprapa Chaladsoontornvatee	Head of Credit Restructuring
Mr. Cheewin Prangchaikul	Head of Credit Policy & Risk Control
Mr. Rabil Pornpatkul	Head of SE Portfolio Monitoring
Chief Operating Officer	
Mrs. Rattana Arkachaisri	Head of Operations and Services
MR. John James McLeary	Head of Operations Control
Mr. Sutthikan Rungsrihong	Head of Information Technology
Mr. Montree Thirasakthana	Head of Enterprise Architecture and IT Management
Chief Financial Officer	
Miss Arwiwan Tangtrongchit	Head of Finance Business Partner
Miss Waewalai Wattana	Financial Controller
Mr. Andrew Kent Jan**	Head of Balance Sheet Management

Note: *Mr. Sunthorn Ruckpanich is appointed as Head of Audit, starting from January 1, 2018 onward
**Mr. Andrew Kent Jan is appointed as Acting Chief Financial Officer, starting from January 1, 2018 onward

Organization Chart

as of December 31, 2017



*Also directly report to Audit Committee.

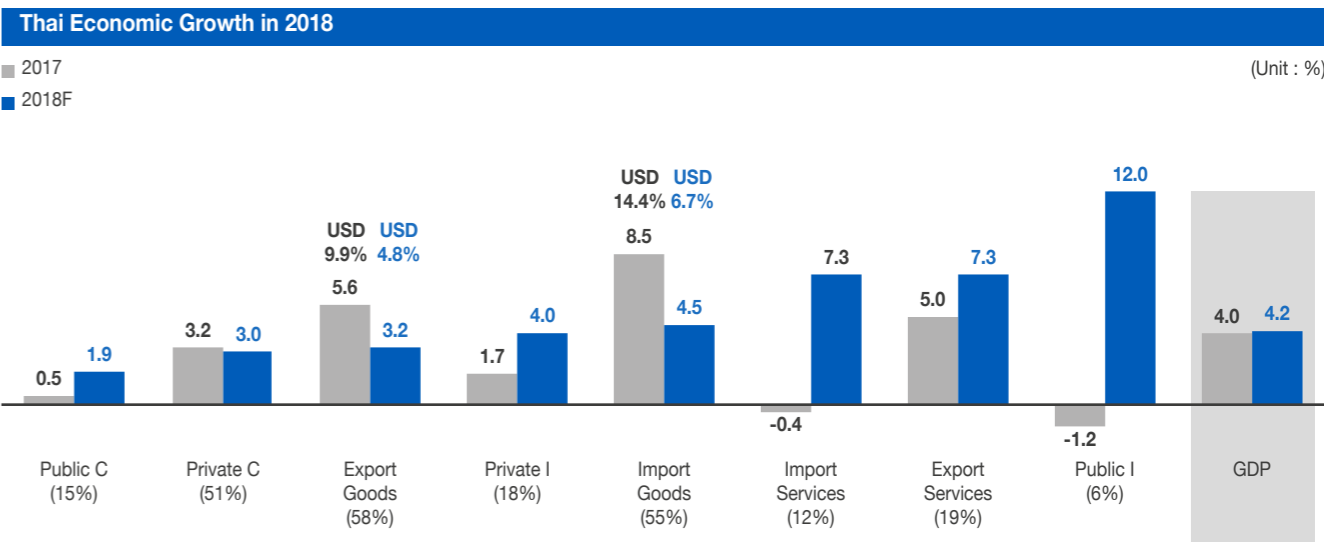
Thai Economy and Banking Industry

Thai Economy in 2017

2017 was the year of continual recovery for Thai economy, driven by improvement in most of the economic components especially export of goods which was uplifted by global trade recovery and good economic performance of Thailand's trading partners. Exports, in USD term, grew by 10% in both products and markets. Correspondingly, tourism sector, with impressive number of tourist arrivals of 35.4 million, expanded robustly from every nationality especially Chinese. Domestic demand also showed upward improvement. Continual expansion in private consumption was supported by well-performing export-oriented manufacturing and tourism. Private investment in equipment expanded well, aligning with export growth and decreasing capital utilization rate of many industries. However, construction investment remained contracted, causing sluggishness in overall private investment. Meanwhile, boost from public investment dissipated from previous year as a result from lower-than-target disbursement rate and adjustment towards the new government procurement process. In conclusion, a strong momentum in economic activities resulted in 3.9% growth of GDP in 2017 compared to 3.3% in 2016.

Economic Outlook for 2018

Thai economy is expected to grow at rate 4.2%, consistent with robust global economic expansion and strong growth momentum from last year. A robust global economy will support Thai merchandise exports to grow by 4.8% annually together with the tourism sector to continue rising. Other economic growth contributors are also anticipated to perform better especially private investment which will be backed by vigorous export expansion and investment by public sector. Increase in money injection from public investment is expected due to historically large government capital budget as well as mega project investment to support Eastern Economic Corridor (EEC) amounting to more than 1 trillion baht. This is consistent with better business sentiment under improving investment environment and domestic political situations. Regarding financial market, Thai policy rate is expected to increase from 1.5% to 1.75- 2% at the end of year 2018, in tandem with continual expansion of Thai economy and monetary policy regime shift of major economies. Thai baht will continue to appreciate in line with robust Thai economy and foreign capital inflows into the region. Thai baht is forecasted to move in the range of 31.50-32.50 baht per US dollar.



Source : NESDB, MOC and TMB Analytics
(.) Indicates percentage share to GDP 2017



For more economic update and industry analysis, please visit TMB Analytics webpage at www.tmbbank.com/en/analytics or scan the QR code.

Thai Commercial Banks in 2017

Commercial banks’ sector grew at a faster pace due to accelerating loan growth. Credit expanded at a slower pace than deposits. This caused L/D ratio to decrease from 96.9% to 96.3%. Thai banking system liquidity at the year-end stood at THB3.4 trillion, increasing from THB3.1 trillion at the previous year-end. Total assets of domestically registered commercial banks rose 3.8% to THB 16.6 trillion.

Commercial banks’ total loans in 2017, stood at THB 12.5 trillion, expanding by 4.4%. Main factor was the recovery of Small and Medium Enterprises’ (SME) loan growing at 5.7% from manufacturing industry, real estate, and construction as a result of the return of export growth and business confidence. Large corporate loans trivially expanded by 0.2%, especially from especially from 1) loan repayment, 2) substitution of corporate funding sources to debt capital markets as a result of flat yield curves. Retail loans grew 6.1% speeded up from last year due to the end of first car loan scheme. Mortgage significantly slowed down from the decline of demand for housing estates after the end of the government stimulus packages in the real estate, so mortgage growth slipped from 7% to 5.5%.

MLR of the four largest commercial banks declined by 6 basis points from 6.26% on average at the end of 2016 to 6.20% on average at the end of 2017. Banks cut lending rates in May 2017 to relieve interest burden of their customers from the economic slowdown, even though BOT kept policy rate constant at 1.50%. As a result, spread between MLR and 12-month time deposit rate narrowed down to 480 basis points.

In 2017, commercial banks’ deposits grew 5% from last year to THB13 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 38% from 40% of total deposit. Four largest banks’ average time deposit interest rates stood still consistently with the policy rate, except slight drops of 6-month and 12-month fixed rate. This reflected that banks managed cost of deposit efficiently under the low interest rate environment.

Total NPLs (gross NPLs) of commercial banks as of December 2017 increased THB43 billion from the same period last year to be THB429 billion. NPL ratio increased by 8 basis points to 2.91% mainly driven by NPLs from a SME. However, their NPL ratio continuously stayed at 4.4%, the same level as in 2016, especially in commerce business as a result of the slack consumer’s purchasing power. Retail’s NPL ratio remained at 2.7%, propelled by mortgage, impaired by the slowdown of housing demand.

The net profit of commercial banks registered in Thailand stood at THB174 billion in 2017, decreased by THB14 billion or only 7% from last year owing to the increased reserves for loan impairment consistent with increased trend of NPL. Nevertheless, net interest income still marginally increased by 3% despite MLR and MRR cut in May 2017. Commercial banks can manage cost of deposit so that interest expenses fell by 4%. Net non- interest income also rose up by 3%, driven by Bancassurance and mutual fund fee.

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. Moreover, Eastern Economic Corridor (EEC) would attract foreign direct investment, especially the advanced technology-based industries, e.g., aviation, robotics, and logistics. Additionally, upward trend of increasing tourist arrivals will be soon beneficial to services and commerce businesses.

Loan quality will be expected to improve from the recovery of export and investment, 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 2018, 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 is 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. After launching Any ID scheme or PromptPay and the expansion of EDC project in 2017, this year Request to Pay and Dynamic QR Payment will enable customers and businesses to do financial transactions much easier. 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 solve 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, or crowd funding via Initial Coin Offering (ICO).

4. Trade Finance

Since the trend of export and import will 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

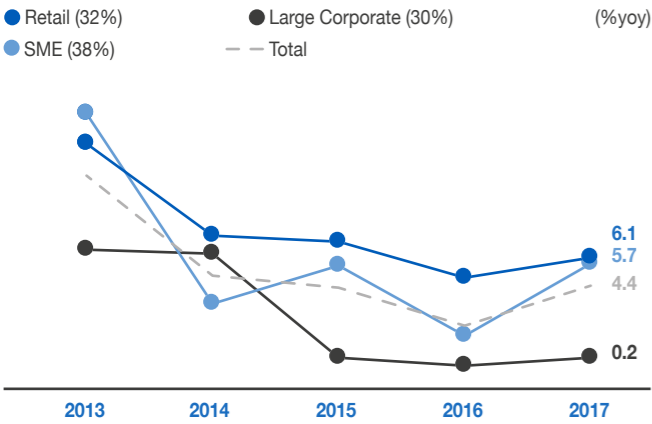
Alliance and partnership among ASEAN banks plus Chinese and Japanese counterparts will increase. The establishment of Qualified ASEAN Banks (QABs) will increase the opportunities for Thai commercial banks to do business around the region. On the other hands, regional commercial banks also gain opportunities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

6. e-Marketplace Platform

In 2018, commercial banks and financial institutions will transform themselves from financial intermediaries toward marketplace consistent with the change of consumer behaviors. With strengths in large customer base and understanding customers, Bank of Thailand already provided guidelines for commercial banks and financial institutions in providing marketplace channel for transaction exchanging and online payment between retail customers and business customers.

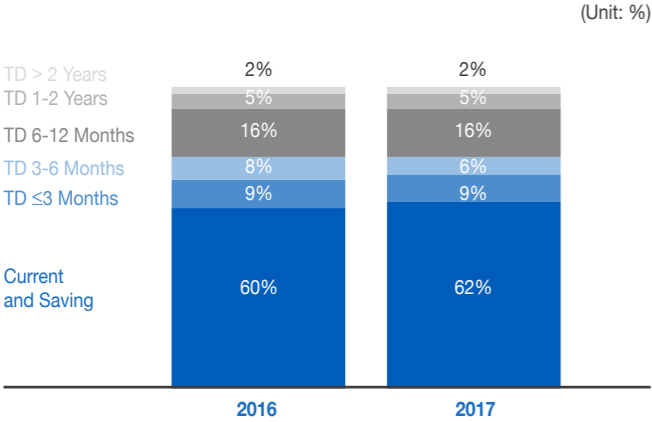
Strategy and Business

Banking Industry : Loan Growth



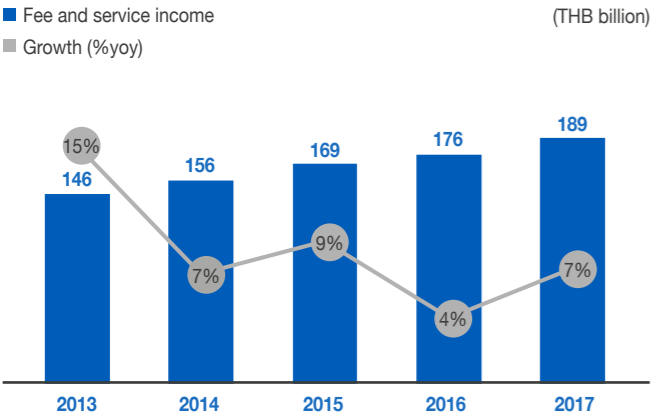
Source: Bank of Thailand

Banking Industry : Composition of Deposits by Maturity



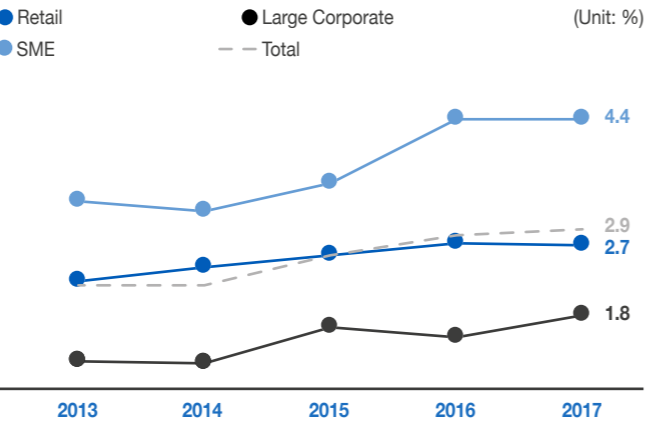
Source: Bank of Thailand

Banking Industry : Fee Income



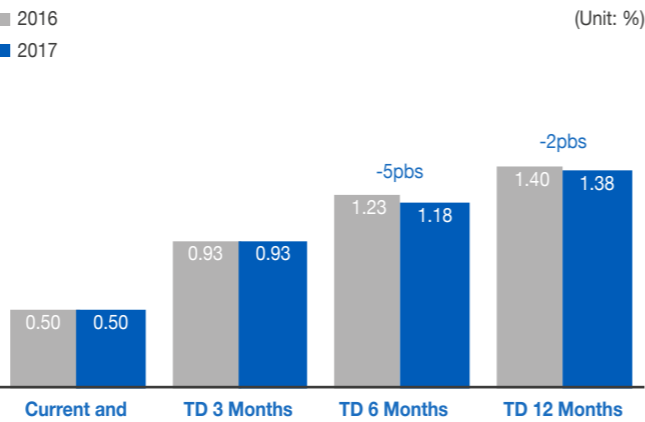
Source: Bank of Thailand

Banking : NPL Ratio



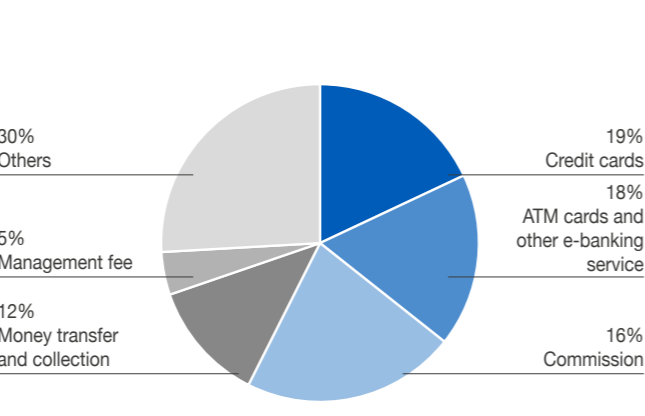
Source: Bank of Thailand

Banking Industry : Interest Rate by Maturity



*Average from 4 largest commercial banks' rates
Source: CEIC

Banking Industry : Fee Income Structure



Source: Bank of Thailand

Brand Aspiration

TMB empowers customers to make the most of their lives

Our Brand

Make THE Difference

Rootedin core brand DNAs:

- **Challenge status quo** – Always challenge market norms to make things better for customers
- **Committed to quality** – Pay attention to every detail to deliver the highest product and service quality to customers
- **Genuine** – Be transparent and put customers' best interests first
- **Simple and Easy** – Make banking easy for customers

How We Plan to Deliver – TMB 7 Strategic Intents

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

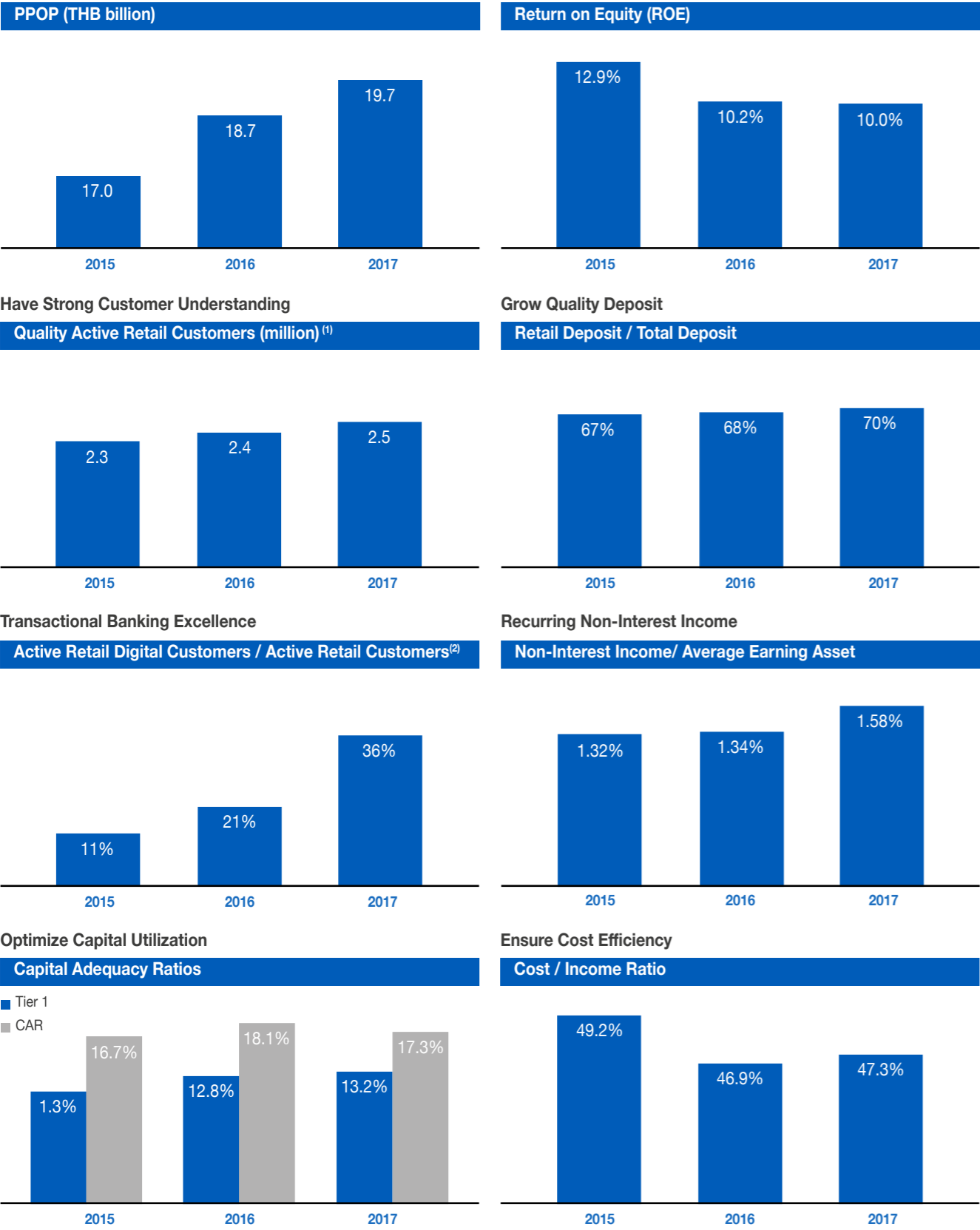
As TMB grows, the Bank must ensure greater levels of efficiency in terms of business model and operational processes.

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



⁽¹⁾ Based on monthly transactional activity and average deposit balance ⁽²⁾ Digital Channels are internet and mobile banking

TMB Transformation Program

To deliver our strategic business model, the Bank followed a four-stage plan to transform TMB into a customer-centric and high-performance organization. The transformation program will affect every aspect of the Bank. It will enhanced 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">ReorganizationEnd-to-end process improvementHR transformationRaised service standardsEnhanced risk management	Complete <ul style="list-style-type: none">Improved overall asset qualityAchieved top quartile employee engagement
2. Acquire good customers 2010 - 2011	<ul style="list-style-type: none">Customer base expansion in SME and retail bankingService and operational excellenceProducts and services that match with customers' needsPhysical channel optimizationBrand enhancement	Complete <ul style="list-style-type: none">Successfully grew customer base through improvement of quality services and products which matched with customer needsBranch renovation and relocationLaunch 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 experienceLeveraged transactional relationship with customers to offer the right products that answer customers' needsBetter 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 productsCross-Selling based on customer understanding at industry and segment levelOptimization of loan portfolioOffer 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 livesDevelop employee capability and restructure organization to allow the employees to work at their full potentialPotentially enter into new businesses that suit customer needsBuild Data analytic capability to leverage on data enrichment to be able to offer right products and services to the customers at better efficiencyIntroduce new way of working and revamp key process to ensure simple and easy banking experiences	On track <ul style="list-style-type: none">Prepared infrastructure for digital platform to serve National E-PaymentPrepared IT capability to ensure digital channels stabilityReduced employee corporate layer down from 6 to 5 to improve agilityIntroduced customer data roadmap to improve in data completeness, quality and enrichmentMoved from isolated department to cross-function work group resulted to shorten process and build collaboration that would ultimately improve efficiency

Wholesale Banking

Our Intent

We will continue to be customers’ most advocated operating bank and value-added business partner. We will help corporates to maximize their business potentials through our financial and business solutions.

2017 Summary

TMB has continued to strengthen core focus on transactional excellence with the “Need-based” and “Simple & Easy” customer experiences through digital platform. TMB successfully delivered valued-added products and services to customers which resulted in higher portion of recurring income from intermediating customers’ transactions. In addition, TMB also focused on proactive risk management and portfolio optimization.

- **Digital transactional banking and e-payment solutions:** TMB embraced government’s National e-Payment project that aimed to increase the efficiency of Thailand’s payment infrastructure and reduce cash usage and payment cost throughout the system. TMB has successfully developed and delivered various digital payment solutions including PromptPay, Digital bill payment, QR code. TMB successfully converted thousands of corporate customers to digital platform through TMB Business Click and TMB Business Touch.
- **Supply chain solutions:** Riding on the established footprint of supply chain solutions, TMB continued to create impact in a larger scale by expanding solutions not only to corporates, but also to government and military organizations. In 2017, TMB successfully implemented contract financing solutions for various government and military units.
- **Customer knowledge management:** TMB continued to equip customers with market and product knowledge they needed to unleash their potentials through need-based events, including M&A and TMB’s famous FX simulation program, the electronic channels to allow customers to better manage foreign exchange risk.
- **Customer centric sales model:** TMB strived to improve efficiency in order to deliver “Simple & Easy” experiences to customers by adopting lean concept, leveraging technology in automation and streamlining internal processes, as well as eliminating duplicated work and roles which led us to the cost-competitive operating platform.

Plans for 2018

- **Core business expansion and portfolio optimization:** TMB will continue to drive sustainable growth by strengthening core area while manages long-term income diversification for sustainable portfolio, including increasing proportion of long-term loan. TMB will sustainably expand the customer base with industry-focused approach with industry-based sales model, industry experts and industry-based marketing activities. TMB will also continue to focus on sustainable growth by emphasizing on good-quality asset acquisitions with proactive pre-screening and monitoring.
- **Leader in supply chain connectedness:** TMB will continue to strengthen leadership position in supply chain by offering innovative digital business and financial solutions that makes the connection across supply chains more efficient. TMB not only helps customers with their financial needs but also helps customers to optimize their operations, improve efficiency, reduce operating costs and enhance customers’ supply chain visibilities and capabilities with real-time transactional information and analytics through e-Supply chain solutions. TMB will continue to expand supply chain’s customer base to mid-size corporates and SMEs.
- **Integrated digital transactional banking:** TMB will continue to develop solutions to incorporate digital platform with traditional transactional banking products and services including digital payment solutions, applications for merchants and customized solutions based on customers’ needs. TMB will continue to offer and deliver value-added propositions with Simple & Easy end-to-end process through digital transactions and channels.
- **TMB as value-added advisor:** TMB will continue to enhance people capabilities to be value-added advisors in rendering professional advice and expertise to customers. TMB will also build high-trust culture and value chain collaboration as an aim to be best place to work. TMB will continue to attract young talents through our recognized “Turning banker” and “Management trainee” programs.

SME Banking

Our Intent

Become the most advocated bank for SMEs

2017 Summary

Due to a moderate growth of Thailand economy in 2017, TMB focused on well-managed funding cost and credit quality by expanding its business through existing customers who consistently transacted with TMB as well as increasing customer base by introducing new business account “SME One Bank”, which are convenience, simple and easy with free of charge and further improved credit acquisition model, credit monitoring and control to ensure good credit portfolio for sustainable growth.

To offer seamless banking experience for customers, apart from “TMB SMART Biz”, a credit solution that offers short-term and long-term credit with maximum 3 times over collateral value, As TMB realized that time to money is also critical to SME’s success, the Bank, therefore, improved its process for more efficient turnaround time by reducing unnecessary document and simplifying process. Moreover, TMB developed mobile smart tools for our business develop manager to help them understand customer needs and offer the right credit solution to customer at point of sales.

To build on a successful of “SME One Bank”, a business account with SME Product of the Year 2017 Award from Asian Banker Institution, TMB has launched “TMB Business Touch”, the first Thailand business mobile banking application with objectives to provide more convenience and improve customer experience in mobile banking. When SME One Bank and TMB Business Touch Application are bundled together, customer can do banking transactions with no fee charge, easy, and convenience every time and everywhere. Moreover, to facilitate SME customers who have international trade transaction. TMB is the first bank to introduce international outward remittance on TMB Business Touch through mobile banking application.

Besides financial services, TMB also provided non-financial service to support SMEs grow sustainably. We continued our successful LEAN Supply Chain by TMB program in its fourth year, partnering with leading universities in Thailand such as King Mongkut’s University of Technology Thonburi, and large business conglomerate such as Siam Cement Group (SCG), Central Group. 11 courses have been completed with over 2,000 participants that help our customers save cost approximately around THB850 million.

Despite Thailand economy grew moderately in 2017 and overall NPL was still elevated, however TMB could maintain our loan market share which SME’s portfolio slightly expanded through our existing customers, whom we know their businesses well. Transactional deposit balance, which is TMB’s strategic product, grew significantly at 7%.

Plans for 2018

- Becoming SME’s main transactional bank through need-based, simple and easy solutions to match customer personalized needs
- Effective acquiring credit customer through existing customer who consistency transacted with TMB
- Enhancing capability for better customer understanding and effective customer database management by using data driven
- Ensuring cost efficiency and provide seamless banking experience to customers by simplifying process and leveraging new technologies

Retail Banking

Our Intent

Become the most advocated bank of choice by delivering the easiest transactional banking experience and offering relevant need-based products and services through omni-channel.

2017 Summary

Both Make THE Difference brand philosophy and customer centricity continued to be the main reasons behind our growth. We continued to remain focused in deposit-led strategy with a great ambition in becoming the country’s most advocated bank of choice through transactional service excellence.

2017 was a pivotal year for us as we managed in a sustained effort to position our Digital Banking as the “More Than App” instrument used to blend into customer’s lifestyle more completely and live within a part of their life. We continued to make more progress in enhancing our digital services to the next level of convenience after money transfer service via PromptPay, Quick Balance (check account balance without having to log-in, Self-Card Management that allowed each individual Credit Card, Debit Card, Ready Cash customer to manage their own card/account preferences not limiting to card activating/deactivating, card reissuing, changing password or even requesting for cash transfer. We went even further by empowering our customers to trade their mutual funds using a simple QR Scan function at the same time we were starting to transform our community to become cashless. Furthermore, we made a revolutionary debut of the first ever TMB Retail Bank’s Loyalty Program – TMB WOW – claiming the country’s first gamified online banking platform. The introduction was truly a new-to-market and yet fun-loving loyalty program with its own innovative “WOW” currency built to reward our customers for banking with us. Customers could enjoy vast benefits of reward redemption through our extensive arrays of collection of gifts and goods from leading partners which covered all key lifestyle categories. With these sequential innovations along with many others happening mainly in our digital channel, TMB TOUCH made a significant progress in marking a total number of users to be close to 1.2 million in 2017, up 66% from previous year while our Credit Card ‘s total digital sales (digital drop lead via TMB website) went up 33% higher than previous year.

We continued to remain focused in retail deposit through deposit-led-strategy, our key instrument in funding our other businesses and at the same time helping us to improve the cost of fund. Through our sustained efforts in customer understanding with many successive years of proven success in matching our customer needs with a good variety of For Use and For Save products, we finally made a disruptive upgrade of TMB All Free and successfully reintroduced it as the country’s new and only “Unconditional Freeness” transactional product. Not only the upgrade lifted all transactional fees, disbursement speed was also improved from one-day to real-time, marking it to be the best transactional product in the market. The maximum benefit for our good customers continued further when they used TMB All Free at least 5 times a month, an additional interest rate of 0.3% was yielded to TMB No Fixed (For Save) in the following month, indisputably creating a sustainable differentiation and bringing maximum benefit to our frequently-used transactional customers, or so called Primary Banking customers. As of 2017, a total number of TMB All Free customers finally reached 2.2 million.

Our “More Than App” visionary Digital Banking also extended to ME by TMB, our other digital savings product, offering 4.5 times higher interest rate than any other savings products in the market. And in this face of rapidly changing customer behaviors and market environment particularly in technology, we made a new debut of the country’s first ever Chatbot, or ME BOT, an artificial intelligence conversational tool used to engage with customers in banking category as part of instant messaging configured in ME by TMB Facebook Fanpage. The capability was made available 24 hours and all responses happened real-time. ME by TMB Mobile App also progressed to the next level of convenience when logging-in, that the 6-digit PIN or fingerprint now replaced traditional user name and password. Again, over a series of progressive innovations and continued efforts in understanding our customer needs, ME by TMB had a total of 150,000 active users in 2017 with nearly 300,000 in total users since its market launch, or up 20% from previous year.

The commitment to know and understand more about our customers is instrumental to our success. Our advanced data analytic played a crucial part in understanding more about our customer behaviors and their potential needs over a series of moments. In 2017, we managed to move forward in a very sustainable way in both of our mutual fund and bancassurance businesses, and even further to the next level of

need-based customer service model where we made another progressive introduction of TMB Advisory. TMB Advisory was an advisory service provided to our customers who were interested in buying investment products or seeking for advices to growing their wealth from a group of certified advisors made available at multiple channels. While TMB Advisory Room made its early debut to 25 branch locations and offered at free of charge through VDO conference, customers also had other options of calling into the TMB Contact Center 1558 #9, signing themselves up with Line @TMBadvisory to receive daily market updates, or even a self-navigating through TMB Advisory website. And yet, we still had a pride to lead the market with our only Point-of-Difference’s Open Architecture platform which allowed customers to conveniently purchase mutual funds with confidence from 8 leading asset management companies, all at one place – namely Aberdeen, CIMB Principal, Manulife, ONEAM, TISCO, TMBAM, UOBAM and KASSET. Furthermore, we partnered with Amundi, Europe’s leading Asset Management Company with more than 30 years of investment experience, in designing/recommending different investment portfolio options, all was to reassure the confidence of our customers along their purchasing journey. In 2017, our total AUM was THB2.87 trillion, up 28% from previous year, or 350% against the market.

Likewise, we continued to place a good focus and attempted to reach out to our retail bank’s Middle-Income targets in more parts of the country more completely with Life Saver 15/9, our bancassurance product, under a winning idea of “Simple and Affordable.” Not only direct benefits such as low premium cost, high returns, life-insured as well as tax deductibility our customers could expect to receive from the Life Saver 15/9, the application process and product communication itself was made simple and easy enough to comprehend and get themselves a fast onboarding. Given the popularity BA 15/9 was gaining in 2017, it now accounted for 45% of the total bancassurance policy holders. Last while not least, we entered into a new space we never played before with wealthier segment, marking another introduction of TMB Wealthy Link, or Unit Link. TMB Wealthy Link, designed to be highly elastic for each individual to customize their own investment proportion, combined the constructs of both life insurance and mutual fund where it generously extended maximum benefits to those looking for both protection and high returns at the same time. Based on latest customer understanding, we classified customers into 4 different life-stage groups covering from 30 years old to over 50 years old, each with different degrees of protection needs and expected returns. The TMB Wealthy Link introduction brought a wide acceptance amongst target customers leading to disproportionate growth, with its current premiums accounting over 50% of the total bancassurance premiums paid by new customers acquired in 2017.

Plans for 2018

- Grow customer base amongst those who use TMB as their main bank.
- Provide meaningful products and services at the right time to match the needs of our customers.
- Deliver the best customer experience.
- Provide customers a greater accessibility to our products and services through seamless omni-channel experience with digital channel as primary focus.

Risk Management and Key Risk Factors

1. Risk Management

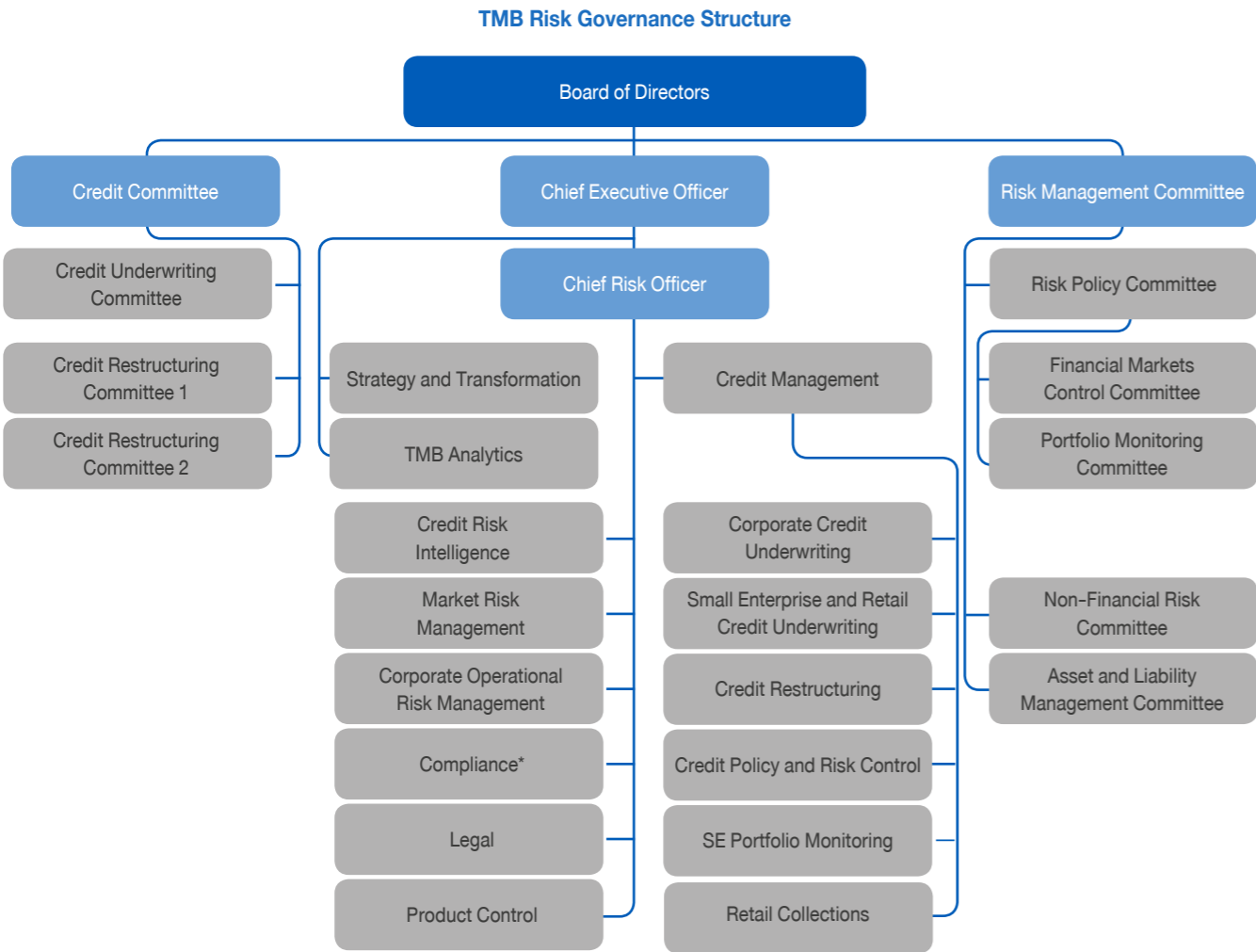
1.1 Overview of TMB's Risk Management

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.

1.2 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.



*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.
 - **Financial Market Control Committee:** serve as a discussion forum for Business functions, Operation functions and Risk functions with a primary focus on ensuring the effectiveness and efficiency of financial market operation regarding to internal control, risk management of each business functions and of cross-business functions related to financial market operation.
 - **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 Non-Financial risks of the Bank and its subsidiaries by establishing the Non-Financial 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 Unit Non-Financial Risk Committees for Retail, SME and Wholesale Banking, reporting to Bank Non-Financial Risk Committee
 - **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.
- 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.

1.3 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, Non-Financial 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.

2. Key Risk Factors

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

2.1 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.

2.1.1 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 and Qualitative Risk Score 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.

2.1.2 Credit-Related Policy

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.

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.

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) under Credit Restructuring 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 .

¹ Small Enterprise (SE) Portfolio: Before May 2017, NPL Prevention Non-Performing Loan Preventive (NPLP) team managed DPD customers on Bucket Management concept. Non-DPD customers were managed by Business Units, with a focus on sales. SE Portfolio Monitoring (SEPM) was established in May 2017 (with a combination of Monitoring part under SE BU, and SE NPL Preventive team under Credit Risk Management), with the primary objective to improve SE portfolio quality and turn this portfolio into a growing healthy portfolio. SEPM takes care of both Non-DPD and DPD customers.

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 Prevention 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.

2.2 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:

2.2.1 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.

2.2.2 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

2.3 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 in both domestic and foreign currencies are 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 Bank of Thailand (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.

2.4 Non-Financial Risk

Non-Financial 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).

Non-Financial 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 non-financial risk management related authorities to the Bank Non-Financial Risk Committee: BNFRFC, chaired by the CEO, whose responsibilities are to manage the non-financial risks of the Bank and its subsidiaries by establishing the Non-financial 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 non-financial risk policies, monitoring and measuring the non-financial 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 non-financial risk management concerns which is 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 Non-financial Risk Management Policies to ensure that the non-financial 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.

Compliance is the 2nd Line of Defense, reporting to the CRO, to oversee Compliance risk, one of the non-financial risk management. Compliance developed the Compliance Policy to ensure that the Compliance risk are properly managed. (see more detail in section 2.6.2) Legal and Financial Control are the 2nd Line of Defense, reporting to the CRO and CFO, respectively, oversee the legal risk and the financial control risk which are also under coverage of the non-financial risks.

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, Compliance, Legal, Financial Control) 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 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 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 (BNFRC), 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 non-financial risks. Incident management is established to enable detection, resolution, analysis of non-financial 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 non-financial 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 Risk Management Policy to set out the principles and standards for the effective identification of major risks created by outsourcing 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 non-financial risk management at the subsidiaries, the subsidiaries have aligned with and adopted TMB's Non-financial Risk Management Policies and Framework where applicable. Their organization structure includes their own dedicated non-financial risk management. They also implemented non-financial risk tools such as R&CSA, incident reporting, KRI, and BCP.

2.5 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 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 of key financial performances. In order to better manage the strategic risk, TMB 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 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 stays relevant with the changing business environment.

2.6 External 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.

2.6.1 Risk from economic condition

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.

2.6.2 Risk from 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 (BOT): During the year 2017, BOT issued regulations, and guideline as following summary.
BOT emphasized on Banking Governance especially on customer protection on financing services according to Market Conduct. BOT also revised principles and guidance to support Banking Technology and Innovations including Mobile Payment, Cyber Resilience, and also preparation on financial industry for Financial Sector Assessment according to International Standard.

Significant issued regulations and guideline; Revision of regulation on Consolidated Supervision, Regulations Procedures and Conditions for Conducting Credit Card Business for Commercial Banks, Reverse Mortgage, Debit Chip Card Thai-Standard, Permission for Commercial Banks to operate e-Money service, PromptPay Registration Practice for e-Money, Guidelines for Quick Response Code (QR Code) for Payment and Money Transfer, and Information Technology Risk Governance and Implementation Guideline.

Moreover, there were Amended Rules and Practices Regarding the Exchange Control for ease of doing business, cancelling the form of Exchange Transaction, In case client wants to purchase, sell, deposit, or withdraw foreign currencies, with equal to or less than 50,000USD, bank shall requires client to indicate the detail of foreign exchange transaction e.g. client’s information and purpose of the transaction; and issue evidence of such transaction indicating customer’s information, transaction’s amount, exchange rate, transaction’s date (day/month/year) and purpose of transaction. Moreover, bank shall inquire client to check the correctness of such information on the evidence again for confirmation.

The Securities and Exchange Commission (SEC): The SEC has announced the selling and servicing guideline of capital market products (investment units and bonds), with the objective to be standard of practices which the intermediary shall comply with. The intermediary shall undertake business by taking into account the best interest of client, which can also be called “Fair dealing” in order to build confidence and trust with customers. In this regards, the intermediary shall have an appropriate and sufficient selling and servicing system and personnel in order to be capable of achieving these following targets;

1. Clients have confidence that they are contacting with in the intermediary who focuses on the principle of “Fair dealing”
2. Clients have confidence that the selection of products and services are suitable for them and response to their needs.
3. Able to provide clear and proper information to clients.
4. Able to provide proper advices that suit to customers’ situations.
5. Able to provide product and services that meets clients’ expectation.
6. After sale and service process, customers are satisfied with the products and services, and do not file the complaint.

These afore mentioned targets shall decrease some principle risks which include; Risk from mis-selling and fraud. The intermediary shall pay attention to the principle of Fair- dealing and have proper operating system in order to achieve these targets.

In order to achieve the targets, SEC has specified the elements of business practices for Financial Institutions, including;

- 1) Determining organization structure, roles, power, duties and responsibilities of directors and executives.
- 2) Product Selection and Client Segmentation
- 3) Communication and Training Program
- 4 Sale Process
- 5) Remuneration Structure
- 6) Complaint Handling
- 7) Internal Control and In-house Inspection
- 8) Operation and Business Continuity

The Office of Insurance Commission (OIC): The OIC has issued a notice on the Rules of Issuance an insurance policy, Offering an insurance and Reimbursement under the insurance policy by using electronic means including the registration of such electronic activities. This is due to an information technology is nowadays used in the insurance industry in order to reduce the long-term costs and increase public accessibility. Therefore, OIC is establishing regulations of the aforesaid registration and asking for an approval on acceptance of Information Technology and stipulate standard of security by requiring the bank who want to use electronic system channel to register with OIC prior to their implementation. In addition, bank needs to submit all related documents to the OIC within timeline.

Anti-Money Laundering Office (AMLO): In year 2017, Anti-Money Laundering Office (AMLO) prescribed a tax evasion or tax avoidance or tax refund fraud as a violent crimes and it prescribed as a serious predicate offense pursuant to law on anti-money laundering. In which, it contains with following elements:

1. An offender under section 37, section 37 bis and section 90/4 of the Revenue Code.
2. Tax evasion or tax avoidance and tax fraud for amount 10 Million Baht or more per tax year or tax refund fraud for amount 2 Million Baht or more per tax year.
3. Acting in a procedural manner or as a network create false or fraudulent transactions to tax avoidance.
4. Making false transactions or concealing assessable income and any asset resulting from an offense.

Committee for the Protection of Credit Information : Committee For the Protection of Credit Information has amended the Credit Information Business Act B.E. 2545, with the objective to enable banks to pull customer’s data(Only the parts that do not identify clients) from Credit Information Company to use in developing credit model. However, banks shall have approval from customers first. This amendment also helps in improving the standard of credit model development to become more international, and provide benefits for financial institution system in long term as well as for clients to receive proper services that match to their payment ability.

2.6.3 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.

Management Structure

Board of Directors

The Board of Directors as of December 31, 2017 consisted of 12 members, 7 holding non-executive director positions, 4 independent directors, and 1 holding executive director position.

Name	Position	Date of Appointment	Term of Office
1. Mr. Rungson Sriworasat	• Chairman of the Board	June 5, 2013	4 years 7 months
2. General Chalermchai Sitthisad	• Director	November 24, 2016	1 year 1 month
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	December 28, 2007	10 years
4. Mr. Singha Nikornpun	• Independent Director • Chairman of the Audit Committee	January 10, 2014	3 years 11 months
5. Mr. Siripong Sombutsiri	• Independent director • Chairman of the Nomination, Remuneration and Corporate Governance Committee • Member of the Risk Management Committee	April 10, 2015	2 years 9 months
6. Mr. Johannes Franciscus Grisel	• Director • Chairman of the Risk Management Committee • Member of the Credit Committee	September 1, 2015	2 years 4 months
7. Mr. Chumpol Rimsakorn ⁽¹⁾	• Director • Chairman of the Credit Committee • Member of the Board of Executive Directors • Member of the Nomination, Remuneration and Corporate Governance Committee	April 7, 2017	9 months
8. Mr. Vaughn Nigel Richtor	• Director • Member of the Board of Executive Directors	December 28, 2007	10 years
9. Mr. Yokporn Tantisawetrat	• Director • Member of the Board of Executive Directors • Member of the Risk Management Committee • Member of Credit Committee	June 1, 2015	2 years 7 months
10. Mr. Christopher John King	• Independent director • Member of the Audit Committee • Member of the Nomination, Remuneration and Corporate Governance Committee	September 1, 2004	13 years 4 months
11. Mr. Praisun Wongsmith	• Independent director • Member of the Audit Committee	February 12, 2016	1 year 11 months
12. Mr. Boontuck Wungcharoen ⁽²⁾	• Director • Member of the Board of Executive Directors • Member of the Risk Management Committee • Member of Credit Committee • Chief Executive Officer	July 14, 2008	9 years 6 months

Remark: (1) Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017
(2) Mr. Boontuck Wungcharoen was Director and Chief Executive Officer until December 31, 2017. Mr. Piti Tantakasem was appointed to be Director and Chief Executive Officer replacement starting from January 1, 2018 onward

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

As of December 31, 2017, 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.

Since January 1, 2018, Mr. Rungson Sriworasat, Chairman, or Mr. Piti Tantakasem 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

- Understand and execute their oversight role, including understanding the Bank's risk appetite.
- Exercise their fiduciary duty, duty of loyalty, and duty of care to the Bank under applicable Thai laws and supervisory standards.
- 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.
- Commit sufficient time and energy to fulfilling their responsibilities.
- Avoid direct participation in day-to-day management of the Bank except executive director.
- Secure information from management to enable the Board to fulfill its functions. It is the Board's responsibility to decide what information it wants.
- Excuse themselves from decisions when they themselves or someone related to or connected with them have a conflict of interest.
- 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.
- 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

- Approve the overall business strategy of the Bank, risk policy and risk management procedures.
- Approve budget including overall risk appetite and business plan.
- Safeguard the longer-term values of the Bank, which include the brand and corporate reputation.
- Approve all credit limits for amounts in excess of the amount delegated to management.
- Approve all other risk limits and policies as prescribed by the Bank of Thailand and other relevant regulators.
- 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.
- 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.

Executives

As of December 31, 2017, the Bank's executives as defined by the Bank and align with definition of SEC are comprised of 26 persons as follows:

Name - Surname	Position
1. Mr. Boontuck Wungcharoen ⁽¹⁾	Chief Executive Officer
2. Mr. Piti Tantakasem ⁽²⁾	Chief Financial Officer
3. Mr. Senathip Sripaipan	Chief Wholesale Banking Officer
4. Ms. Tientip Narach	Chief SME Banking Officer
5. Mr. Ronald Bart Huisman	Chief Retail Banking Officer
6. Mr. Franciscus Gerardus Rokers	Chief Risk Officer
7. Mr. Lorenzo Tassan-Bassut	Chief Operating Officer
8. Mr. Andrew Kent Jan ⁽³⁾	Head of Balance Sheet Management
9. Ms. Waewalai Wattana	Head of Financial Controller
10. Ms. Arwiwan Tangtrongchit	Head of Finance Business Partner
11. Ms. Pimolwan Puarattana-Aroonkorn	Team Head of Finance Business Partner - Commercial
12. Ms. Doungjan Saenim ⁽⁴⁾	Team Head of Finance Business Partner - COO
13. Mr. Thawatchai Trongnamsukki	Team Head of Finance Business Partner - CRO
14. Mrs. Jitrawadee Srivichit	Team Head of Finance Business Partner - Retail

Name - Surname	Position
15. Mr. Mate Kanokpibool	Team Head of Financial Governance and Policy
16. Ms. Pawinee Chayavuttikul	Team Head of Financial Payment and Control
17. Ms. Waree Thanmongkolswad	Team Head of Financial Regulatory Management
18. Mr. Chalermchai Paisithmongkol	Team Head of Investment Management and Fund Transfer Pricing
19. Mrs. Soontaree Cheevaphat	Team Head of Liability Management and Balance Sheet Management Support
20. Mrs. Voraluck Chokchaitam	Team Head of Asset and Liability Management
21. Mrs. Jarinee Yimudom ⁽⁵⁾	Team Lead of Accounting Operations
22. Mrs. Suphavadee Wuthithien	Team Lead of Regulatory Analysis - BoT Reporting
23. Mrs. Kamolmarn Staworn	Team Lead of Regulatory Analysis - Financial Reporting
24. Ms. Veeraya Mahakhan	Team Lead of Financial Reporting Services
25. Mrs. Kwanhatai Sukhumtammarat	Team Lead of Financial Data Maintenance and Processing
26. Ms. Munlika Thanataweerat	Executive Finance Business Partner

Remark: (1) was Chief Executive Officer until December 31, 2017
(2) was appointed as Chief Executive Officer, effective from January 1, 2018
(3) also Acting as Acting Chief Financial Officer, effective from January 1, 2018
(4) also Acting as Acting Head of Audit, effective from October 18 – December 31, 2017
(5) to be retired from January 1, 2018

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 and Board Committees, 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 committees, 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 and the bank's strategy and business direction, 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 and conflict of interest practices of directors
- 2.7 To facilitate directors' training and development
- 2.8 To provide Board's and Board Committees' 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.

Board of Directors' Meeting

In 2017, 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 2017						
1. Mr. Rungson Sriworasat	16/16	-	-	-	-	-
2. General Chalermchai Sitthisad	9/16	-	-		-	-
3. Mr. Philippe G.J.E.O. Damas	14/16	20/23	-	12/14	-	-
4. Mr. Singha Nikornpun	16/16	-	12/12	-	-	-
5. Mr. Siripong Sombutsiri	14/16	-	-	14/14	12/12	-
6. Mr. Johannes Franciscus Grisel	12/16	-	-	-	10/12	15/18
7. Mr. Pongpanu Svetarundra ⁽¹⁾	3/3	4/8	-	4/4	-	2/2

Name	Board of Directors	Board of Executive Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Risk Management Committee	Credit Committee
8. Mr. Chumpol Rimsakorn ⁽²⁾	13/13	15/15	-	10/10	-	16/16
9. Mr. Vaughn Nigel Richtor	14/16	22/23	-	-	-	-
10. Mr. Yokporn Tantisawetrat	16/16	22/23	-	-	12/12	18/18
11. Mr. Christopher John King	14/16	-	11/12	13/14	-	-
12. Mr. Praisun Wongsmith	14/16	-	11/12	-	-	-
13. Mr. Boontuck Wungcharoen ⁽³⁾	14/16	21/23	-	-	9/12	13/18

Remark: (1) Mr. Pongpanu Svetarundra was Director until April 7, 2017
(2) Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017
(3) Mr. Boontuck Wungcharoen was Director until December 31, 2017

Notes:

- (1) Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.
 - The Board of Executive Directors meetings no. 1/2560, 5/2560, 9/2560, 15/2560, 18/2560, Mr. Philippe G.J.E.O. Damas joined the meetings through Skype system.
 - The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 1/2560, Mr. Philippe G.J.E.O. Damas joined the meetings through Teleconference system, Special session no. 2/2560 Mr. Philippe G.J.E.O. Damas joined the meetings through Skype system.
- (2) Mr. Pongpanu Svetarundra.
 - The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 1/2560, Mr. Pongpanu Svetarundra joined the meetings through Teleconference system.
- (3) Mr. Vaughn Nigel Richtor is a director who does not have residence in Thailand.
 - The Board of Executive Directors meetings no. 1/2560, 3/2560, 5/2560, Special session no. 1/2560, no. 9/2560, 11/2560, 15/2560, 18/2560, 20/2560 Mr. Vaughn Nigel Richtor joined the meetings through Skype system.
- (4) Mr. Johannes Franciscus Grisel is a director who does not have residence in Thailand.
 - The Board of Directors meetings Special session no. 1/2560, Mr. Johannes Franciscus Grisel joined the meetings through Skype system.
 - The Credit Committee meetings no. 1/2560, 2/2560, 5/2560, 7/2560, 9/2560, 11/2560, 13/2560, 15/2560, Mr. Johannes Franciscus Grisel joined the meetings through Skype system.
- (5) Mr. Christopher John King
 - The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 2/2560, Mr. Christopher John King joined the meetings through Skype system.

Remuneration for directors and executives

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 consists 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 THB 40 million as approved by the shareholders’ meeting.

In 2017, the Annual General Meeting of Shareholders has approved the distribution of directors’ bonus at the rate 0.5 percent of dividend paid among the directors for 2016 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 2017, the directors received remuneration for serving on the Board of Directors and other committees in a total amount of THB 31,653,400 and directors’ bonus amount of THB 13,114,836.55 for 2016 operational performance. The details are as follows:

Name of director	Details
1. Mr. Rungson Sriworasat	Receiving THB 4,240,000 for serving as Chairman of the Board of Directors. Receiving THB 2,017,667.17 for directors’ bonus.
2. Gen. Teerachai Nakwanich ⁽¹⁾ (Until September 30, 2016)	Receiving THB 1,008,833.58 for directors’ bonus.
3. Gen. Chalermchai Sitthisad (Since November 24, 2016)	Receiving THB 1,038,000 for serving on the Board of Directors. Receiving THB 112,092.62 for directors’ bonus.
4. Mr. Philippe G.J.E.O. Damas	Receiving THB 5,153,600 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 THB 1,345,111.44 for directors’ bonus.
5. Mr. Singha Nikornpun	Receiving THB 2,644,800 for serving on the Board of Directors and as Chairman of the Audit Committee. Receiving THB 1,345,111.44 for directors’ bonus.
6. Mr. Siripong Sombatsiri	Receiving THB 3,319,200 for serving on the Board of Directors and as Chairman of the Nomination, Remuneration and Corporate Governance Committee, and Member of the Risk Management Committee. Receiving THB 1,345,777.44 for directors’ bonus.
7. Mr. Pongpanu Svetarundra ⁽²⁾ (Until April 7, 2017)	Receiving THB 1,128,400 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 THB 1,345,111.44 for directors’ bonus
8. Mr. Chumpol Rimsakorn ⁽³⁾ (Since April 7, 2017)	Receiving THB 3,552,000 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.
9. Mr. Praisun Wongsmith (Since February 12, 2016)	Receiving THB 1,833,000 for serving on the Board of Directors and as Member of the Audit Committee. Receiving THB 1,233,018.82 for directors’ bonus.
10. Mr. Yokporn Tantisawetrat (Since June 1, 2015)	Receiving THB 3,882,000 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 THB 1,345,111.44 for directors’ bonus.

Name of director	Details
11. Mr. Christopher John King	Receiving THB 2,527,200 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 THB 1,345,111.44 for directors' bonus.
12. Mr. Vaughn Nigel Richtor ⁽⁴⁾ (Since July 1, 2016)	Receiving THB 2,335,200 for serving on the Board of Directors and as Member of the Board of Executive Directors. Receiving THB 672,555.72 for directors' bonus.
13. Mr. Johannes Franciscus Grisel	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of ING Bank N.V.
14. Mr. Boontuck Wungcharoen ⁽⁵⁾	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of the Bank.

Remark: (1) (2) Not currently board member.
(3) Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017.
(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.
(5) Mr. Boontuck Wungcharoen was Director until December 31, 2017.

Other remuneration and benefits

No other benefits

2. Remuneration for Executive Officers

During the fiscal year ended December 31, 2017, the Bank's 26 executives as defined by the Bank and align with definition of SEC received remuneration in a total amount of THB 265 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 2017, from their previous performance year (2012-2014). The remaining of unvested shares will be vested until 2018.

Personnel

1. Number of Employees

As of December 31, 2017, the Bank has a total number of 8,547 employees which can be classified by gender, age, nationality, and working location as follows:

Topic	2017	2016
1. No. of employees classified by gender:		
1.1 Male	2,505 persons	2,657 persons
1.2 Female	6,042 persons	6,323 persons
2. No. of employees classified by age:		
2.1 Age < 30	2,509 persons	2,598 persons
2.2 Age 30-39	2,952 persons	3,095 persons
2.4 Age 40-49	1,899 persons	2,115 persons
2.3 Age > 50	1,187 persons	1,172 persons
3. No. of employees classified by nationality:		
3.1 Thai	8,518 persons	8,950 persons
3.2 Foreigner	29 persons	30 persons
4. No. of employees classified by working location:		
4.1 Head Office	4,316 persons	3,924 persons
4.2 Branch:		
Bangkok and Greater Area	2,186 persons	2,257 persons
Provincial Area	2,038 persons	2,792 persons
Overseas Branch	7 persons	7 persons

2. New Employees

The Bank has a total number of 2,201 new employees

Topic	2017	2016
1. No. of new employees classified by gender:		
1.1 Male	559 persons	393 persons
1.2 Female	1,642 persons	1,326 persons
2. No. of new employees classified by age:		
2.1 Age < 30	1,369 persons	1,072 persons
2.2 Age 30-39	687 persons	547 persons
2.4 Age 40-49	134 persons	89 persons
2.3 Age > 50	11 persons	11 persons

3. Terminated employee

Topic	2017	2016
1. No. of retired employees (including early retirement)		
1.1 Male	61 persons	47 persons
1.2 Female	46 persons	56 persons
2. No. of resigned employees and the rest:	2,527 persons	2,592 persons

4. The Bank's employees broken down by group as follows

Group	2017 No. of employees (persons)	2016 No. of employees (persons)	Group	2017 No. of employees (persons)	2016 No. of employees (persons)
Chief Executive Officer	1	1	Commercial Credit Product	13	11
Direct Report to Chief Executive Officer	7	1	Commercial Lending and Investment Banking	20	11
Audit	57	68	Corporate Banking Customer Relationship Management 1	43	44
Corporate Branding and Communications	27	30	Corporate Banking Customer Relationship Management 2	48	45
Corporate Governance	13	17	Domestic Transaction Banking	45	39
Human Resources	62	73	International Transaction Banking	35	33
Strategy and Transformation	21	22	Investment Banking	16	8
Chief Wholesale Banking Officer	1	1	Military and Public Sector Relationship Management	15	15
Direct Report to Chief Wholesale Banking Officer	22	8	Multi-Corporate Banking Customer Relationship Management	49	71
Business Banking Customer Relationship Management	32		Wholesale Banking Segment	31	22
Business Banking Customer Relationship Management 1	96	133	Chief SME Banking Officer	1	1
Business Banking Customer Relationship Management 2	117	150	Direct Report to Chief SME Banking Officer	10	14
Capital Markets	23	55	Commercial Banking Marketing Management	25	23
Capital Markets Product Sales	28		Small SME Customer Relationship Management 1	145	216
Client Service and Commercial Channel	84	63			

Group	2017 No. of employees (persons)	2016 No. of employees (persons)	Group	2017 No. of employees (persons)	2016 No. of employees (persons)
Small SME Customer Relationship Management 2	151	209	Compliance	29	38
SME Customer Value Management	92	121	Corporate Credit Underwriting	26	27
SME Product and Portfolio Management	20	18	Corporate Operational Risk Management	17	30
SME Segment	2	6	Credit Policy and Risk Control	105	140
Chief Retail Banking Officer	1	1	Credit Restructuring	127	112
Direct Report to Chief Retail Banking Officer	18	18	Credit Risk Intelligence	56	57
Bancassurance Products	6	10	Credit Risk Management	84	84
Bank Channel Development	12	15	Legal	27	28
Branch Banking	4,138	4,396	Market Risk Management	17	17
Branch Operations Excellence	86	83	SE Portfolio Monitoring	163	
Customer Segment Middle Income	3	4	Small Enterprise and Retail Credit Underwriting	29	20
Customer Segment Wealth and Mass Affluent	5	5	Chief Financial Officer	1	1
Digital Channels and User Experience	32	69	Direct Report to Chief Financial Officer	26	3
ME by TMB	39		Balance Sheet Management	18	17
Mutual Fund Products	6	5	Finance Business Partner	19	39
Primary Bank Products	6	7	Financial Control	76	97
Retail Lending Products	26	25	Chief Operating Officer	1	1
Retail Marketing	76	73	Direct Report to Chief Operating Officer	129	128
Retail Products	26	25	Enterprise Architecture and IT Management	34	
TMB Contact Center	613	626	Information Technology	267	274
Chief Risk Officer	1	1	Operational Excellence	22	34
Direct Report to Chief Risk Officer	6	7	Operations and Services	752	747
			Operations Control	70	72

5. Staff’s total number during the past three years

Bank’s employees	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
total number	8,547 persons	8,980 persons	9,270 persons

6. Key labor disputes during the past three years

As of December 31, 2017

Type of case	No. of cases	Status
1. Lawsuit brought by the Bank against employees	17	Cases are under the Court's proceedings.
1.1 Internal fraud	17	
- Case not yet finalized	2	
- Case finalized	15	
2. Lawsuit brought by employees against the Bank	19	Cases are under the Court's proceedings.
2.1 Unfair termination of employment	17	
- Case not yet finalized	7	
- Case finalized	10	
2.2 Request for adjustment of 2006 performance evaluation	2	
- Case not yet finalized	-	
- Case finalized	2	

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 has compensation scheme in the form of base salary and variable pay depending on the business achievement. The industry benchmarking is conducted among financial institutions to ensure the competitiveness. To improve the organizational capabilities, Flat organization structure is aimed to provide more flexibility and adaptability in doing the business resulted by the lean process and faster decision making. The Bank has continued to review and update the information to ensure proper compensation package including the required working tools to be aligned with the scope of work and responsibilities, regardless of the corporate title or ranking. The overall compensation scheme is designed to drive the “Pay for Performance” culture depending on the performance of the Bank and employees.

In 2017, 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 THB 7,831 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. Since 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.

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.

8. Human Resource Development

Human Resources Development Policy

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

The Bank emphasizes in embedding TMB Way’s core value, including Core and Leadership Competency, into our employees’ development program, especially on Talent Management and Succession Planning. The Bank aims to develop talents in a comprehensive way, with a key objective to build future leaders for TMB as well as to develop succession planning for critical positions. The talent management program covers the talent identification criteria, nomination process and reviewing sessions among top executives committee. The development program is designed and customized to match the development needs of each talent group. The program approach is to integrate all learning solutions focusing on real-life experience. Closed collaboration with People Managers is required to monitor and follow up on the progress of the program and to ensure employee engagement. Senior Management also plays an important role to contribute to the program including the role of “Mentor” to help ensure the Bank has effective succession plan to sustain the business.

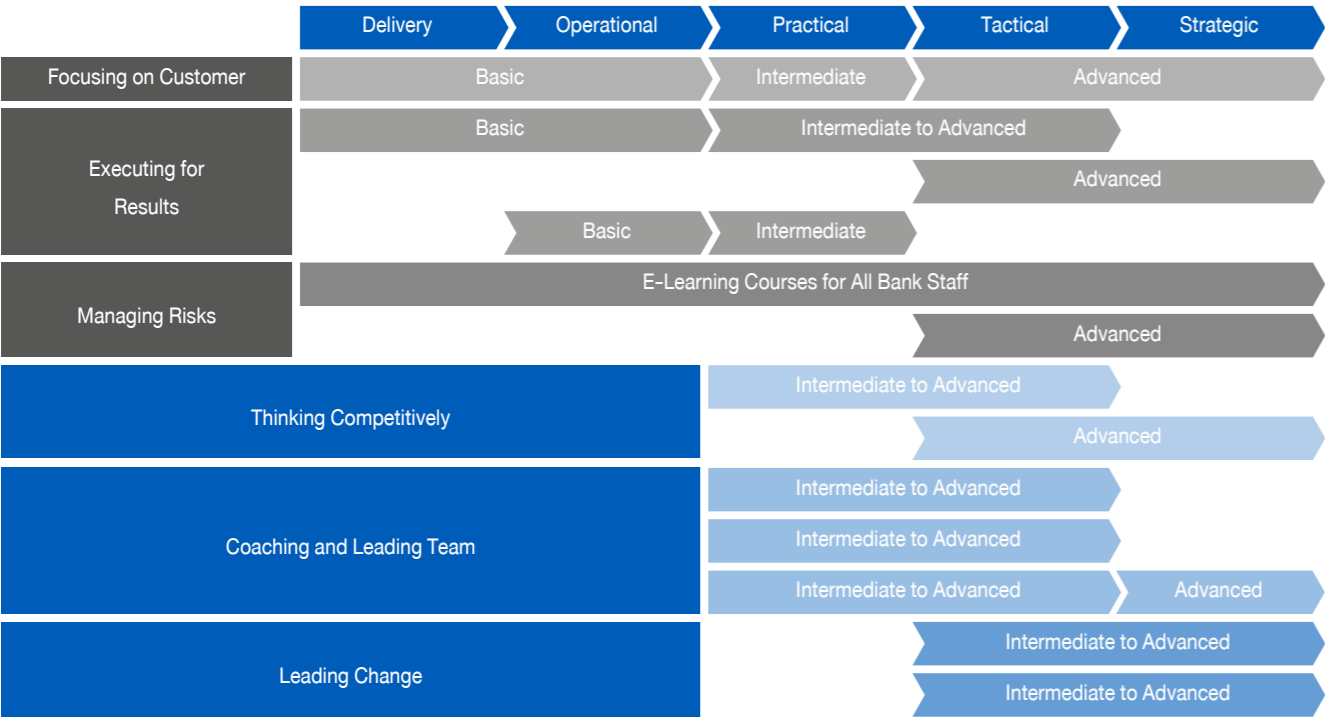
The Bank aims to develop the employees at headquarters and all branches based on TMB Way which is our core values to ensure that our people live with integrity and work professionally to deliver the great experiences for customers and stakeholders and fulfill their needs in order to drive the sustainable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

Human Resources Development with the Business Plan Alignment

Core and Leadership Competency Training Roadmap

Training roadmap for the Bank’s staffs 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



The significant factors are expected behaviors, required skills, and proficiency levels are used to analyze and develop the content of the curriculum that each employee must receive and develop the development methods as well as learning from direct experience and learning from each other. The integrated Classroom training and E-Learning are the most effective employee development for Classroom Training, the Bank has set a training path for employees throughout the organization. To create a sustainable learning environment and to encourage our employees to develop the required competencies to meet standard criteria.

Leadership Development

The Bank is focused on the development of the leaders at all levels. Therefore, the program has been designed to align with the expected roles and responsibilities to be able to handle all the challenges. The program offers the curriculum to build the right mindset, skill set and tool set. “First Line Manager” is the focused group for development since these managers needs to understand own responsibilities and continue to practice. They will learn to use all HR tools to be able to better manage the team. For middle-level of leaders and top management, the program focuses on widening the business perspectives and understanding key business challenges to prepare for rapid change in the industry. The program “Food For Thought” was developed to provide the learning opportunity to exchange views and share knowledge and expertise. This also includes the inspirational session and workshop run by many well-known professionals and experts in the world, normally organized twice a year.

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, Anti-Corruption 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 2017, the Bank provides training to increase knowledge and skill which divided by courses, class, and employees attending courses as follows:

2017 Courses	No. of Courses	No. of Classes	Total No. of Attended Staff
Internal training courses	175	561	15,815
External training courses	155	169	477
Total Internal/ External Training	330	730	16,292
E-Learning study courses	4	4	15,091
Training courses for Branch	34	194	6,131
Training courses for SME	17	36	746
Training courses for WBG	29	144	2,988
Training course for license staff	10	44	1,940

Average employee’s training are 32 hours/person

In order to develop human resources more efficiency and effectiveness. The Bank has developed a framework for Effective Learning Model and Digital Learning Model). It is a guideline to design in-house courses with the purpose of supporting entrepreneurs and is in line with the Bank’s policy and business direction.

9. Measures for employee security

The Bank regards importance of its staff’s safety, occupational health, and environment for staff and visitors. The Bank has Workplace Safety, Physical Security Policy and Occupational Safety, Health and Environment of The Workplace Committee Minimum Standard which indicates detail as below.

1. The Bank develop the measure for staff’s safety, occupational health, and environment to align with the relevant laws, international standards, and other requirement which the Bank applied in the Bank’s safety work environment culture for staff and visitors for sustainable practices.
2. The Bank recognize that the safety of workplace is every staff’s responsibility, supervisor shall be the good role model as leader and support and encourage all staff to aware off about the safety of workplace as well as oversee the staff operation and the visitor or outsider according to the Bank’s rules with respect to the safety and occupational safety in order to set the highest safety for every process.
3. The Bank support all staff engagement and visitor or the outsource party who working in the Bank to have the safety, and occupational health and environment.

4. The Bank support the resources in term of budget, time, human, and relevant tools in arranging the safety, occupational health and environment.

The Bank set up the Safety, Occupational safety and environment committee for working and the committee is reviewed annually.

The Bank set up the Safety, Occupational safety and environment committee to align with Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health, and Environment B.E. 2549 as detail below.

- Safety, Occupational safety and environment committee consists of the chairman, employer representative, and employee representative and secretary.
- Safety, Occupational safety and environment committee has the following authority and responsibilities:
 1. Consider policy and work plan to propose management regarding safety workplace in order to prevent and reduce any accidents or injure, or illness causing from work or unsafe workplace
 2. Report and recommend to management regarding the improvement measure for compliance with the safety workplace law and safety workplace standard in order to create safety environment for staff and external parties who have their activities in the Bank’s office area
 3. Support the Bank safety workplace’ activities
 4. Consider and propose the management on the Bank rule and manual regarding safety workplace and standard
 5. Survey the Bank’s operations regarding safety workplace and monitor the occurred injure statistic data in the Bank’s office area at least once a month
 6. Consider and propose the management with respect to the project or the training plan including the role and responsibility regarding safety workplace
 7. Design the reporting mechanism for every employee if there is any unsafety workplace
 8. Report the committee’s annual operating performance including problem and obstructed as well as recommendation

Bank arrange the human resource who has the responsibility in conducting the monitoring on safety workplace alignment with the safety workplace law. The alignment shall cover for other safety workplace laws, organize fire drill at least once a year, organize fire prevention procedures training, and provide building structure safety inspection by outsourced personnel annually.

Bank arranges the campaign for encourage more safety workplace and achieve the objective and build employee awareness to reduce employee’s risk behavior in the workplace by communicating the following activities:

- Discussion session with respect to the safety
- Health and Safety day
- Create the safety poster and symbol
- Campaign regarding the using of safety equipment
- Join the external activities regarding the safety

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 and the policy was reviewed annually to ensure that the policy is up-to-date and suit for the current situation as well as align with the international standard of good Corporate Governance. 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 2017, the Bank’s Board of Directors has conduct the internal review of the applying of SEC’s Corporate Governance Code for Listed Companies 2017 to the bank business.Bank’s Corporate Governance has been considered to be revised comply with the good corporate governance 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.

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

(1) Board of Executive Directors

As of December 31, 2017, the Board of Executive Directors was composed of 5 members as follows:

Name	Position	Note	No. of the meeting in attendance (for Year 2017)
1. Mr. Philippe G.J.E.O. Damas ⁽³⁾	Chairman	Non-Executive Director	20/23
2. Mr. Chumpol Rimsakorn ⁽¹⁾	Committee Member	Non-Executive Director	15/15
3. Mr. Vaughn Nigel Richtor ⁽⁴⁾	Committee Member	Non-Executive Director	22/23
4. Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director	22/23
5. Mr. Boontuck Wungcharoen ⁽²⁾	Committee Member	Executive Director (Chief Executive Officer)	21/23

Notes:

- (1) Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder’s meeting on April 7, 2017.
- (2) Mr. Boontuck Wungcharoen was Director and Chief Executive Officer until December 31, 2017. Mr. Piti Tantakasem was appointed as Director and Chief Executive Officer in replacement of Mr. Boontuck Wungcharoen starting from January 1, 2018 onward.
- (3) Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.
- The Board of Executive Directors meetings no. 1/2560, 5/2560, 9/2560, 15/2560, 18/2560, Mr. Philippe G.J.E.O. Damas joined the meetings through Skype system.
- (4) Mr. Vaughn Nigel Richtor is a director who does not have residence in Thailand.
- The Board of Executive Directors meetings no. 1/2560, 3/2560, 5/2560, Special session no. 1/2560, no. 9/2560, 11/2560, 15/2560, 18/2560, 20/2560 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:

1. To review business performance of the Bank in details on behalf of the Board.
 - 1.1 Review and recommend annual budget and business plan of the Bank including capital planning.
 - 1.2 Conduct tracking of financial result and performance by business segment of the Bank.
 - 1.3 Oversee performance of subsidiaries.
2. Review and recommend or approve large capital expenditure in relation to plan and strategy according to delegation of authority.
3. Review and recommend new business models that are strategic for the Bank including equity participation.
4. Monitor progress of transformation that build capabilities of the Bank for the future.
5. Monitors progress of the branding and corporate communications programs.
6. 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.
7. 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) Audit Committee

As of December 31, 2017, 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 (for Year 2017)
1. Mr. Singha Nikornpun	Chairman	Independent Director	12/12
2. Mr. Christopher John King	Committee Member	Independent Director	11/12
3. Mr. Praisun Wongsmith	Committee Member	Independent Director	11/12

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

- 1. Mr. Singha Nikornpun
- 2. Mr. Praisun Wongsmith

In 2018, Mr. Sunthorn Ruckpanich is secretary to the Audit Committee starting from January 1st onward.
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.

(3) Nomination, Remuneration and Corporate Governance Committee

As of December 31, 2017, 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 (for Year 2017)
Mr. Siripong Sombutsiri	Chairman	Independent Director	14/14
Mr. Philippe G.J.E.O. Damas ⁽²⁾	Committee Member	Non-Executive Director	12/14
Mr. Chumpol Rimsakorn ⁽¹⁾	Committee Member	Non-Executive Director	10/10
Mr. Christopher John King ⁽³⁾	Committee Member	Independent Director	13/14

Notes:
(1) Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder’s meeting on April 7, 2017.
(2) Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.
• The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 1/2560, Special session no. 2/2560, Mr. Philippe G.J.E.O. Damas joined the meetings through Skype system.
(3) Mr. Christopher John King
• The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 2/2560, Mr. Christopher John King joined the meetings through Skype system.

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

- 1. Review and recommend to the Board policies, criteria and methods for the recruitment, selection and nomination of
 - (a) Members of the Board
 - (b) Members and chairpersons of each Board Committee of the Board
 - (c) Representatives of the Bank as directors, chairpersons and chief executives of companies which are Subsidiaries or where the Bank is entitled to nominate one or more representatives as director
 - (d) Senior Management
- 2. Screen, shortlist and propose to the Board for nomination or appointment qualified candidates for the positions mentioned in 1 above.
- 3. Recommend to the Board appropriate succession plans for executive.
- 4. 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

- 1. 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.
- 2. 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.
- 3. 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

- 1. 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.
- 2. Recommend to the Board the appropriate size and composition of the Board and Board Committees, and the mandates of each Board Committee.
- 3. 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.

(4) Risk Management Committee

As of December 31, 2017, the Risk Management Committee was comprised of 5 members as follows:

Name	Position	Note	No. of the meeting in attendance (for Year 2017)
1. Mr. Johannes Franciscus Grisel	Chairman	Non-Executive Director	10/12
2. Mr. Siripong Sombutsiri	Committee Member	Independent Director	12/12
3. Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director	12/12
4. Mr. Boontuck Wungcharoen ⁽¹⁾	Committee Member	Executive Director (Chief Executive Officer)	9/12
5. Mr. Franciscus Gerardus Rokers	Committee Member	Management (Chief Risk Officer)	11/12

Notes:
(1) Mr. Boontuck Wungcharoen was Director and Chief Executive Officer until December 31, 2017. Mr. Piti Tantakasem was appointed as Director and Chief Executive Officer in replacement of Mr. Boontuck Wungcharoen starting from January 1, 2018 onward.

Ms. Adchara Samsuwan 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.

(5) Credit Committee

As of December 31, 2017, the Credit Committee was composed of 5 members as follows:

Name	Position	Note	No. of the meeting in attendance (for Year 2017)
1. Mr. Chumpol Rimsakorn ⁽¹⁾	Chairman	Non-Executive Director	16/16
2. Mr. Johannes Franciscus Grisel ⁽³⁾	Committee Member	Non-Executive Director	15/18
3. Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director	18/18
4. Mr. Boontuck Wungcharoen ⁽²⁾	Committee Member	Executive Director (Chief Executive Officer)	13/18
5. Mr. Franciscus Gerardus Rokers	Committee Member	Management (Chief Risk Officer)	14/18

Notes:
(1) Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017.
(2) Mr. Boontuck Wungcharoen was Director and Chief Executive Officer until December 31, 2017. Mr. Piti Tantakasem was appointed as Director and Chief Executive Officer in replacement of Mr. Boontuck Wungcharoen starting from January 1, 2018 onward.
(3) Mr. Johannes Franciscus Grisel is a director who does not have residence in Thailand.
• The Credit Committee meetings no. 1/2560, 2/2560, 5/2560, 7/2560, 9/2560, 11/2560, 13/2560, 15/2560 Mr. Johannes Franciscus Grisel joined the meetings through Skype system.

In 2018, Mr. Ekanat Kieatinapasin is secretary to the Credit Committee starting from January 1st onward.

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

The scope of responsibilities is as follows:

- 1. To approve followings:
 - 1.1 Credits
 - 1.2 Credit restructuring
 - 1.3 NPL write-off
 - 1.4 NPA acquisition, NPA sales and NPA write-offwhich exceed the management's approval authority, and are NOT related parties or group limits NOT exceeding the Single Lending Limit (SLL)
- 2. To review specific credit proposals for related parties or in which group limits exceed the SLL prior to submission to the Board for approval.

- 3. To review the credit decisions of the most senior executive credit committees.
- 4. To approve credit and related risks for transactional investments or underwriting commitments which exceed the management's approval authority.

(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 endorses 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 (CRC)

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. Safety, Occupational Health and Work Environment Committee (Head Office)

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

3.1 Independent director and director nomination criteria

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 form considering of Director Pool data base.

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 directors, executives, major shareholders, a person having controlling power, or a person to be nominated as the director and 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 bank and relevant business operations with the possession of leadership skills, visionary and strategic ideas that can lead the Bank to a strong and long-term 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) **Appointment of member of the Board Committees**

For appointment 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 determined 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**, Policy on Confidential & Insider Information and Conflicts of Interest, 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.

Policy on Confidential & Inside Information and Conflicts of Interest is applied both the bank and the subsidiary companies in order to prevent conflict of interest issue and misusing the internal information.

while Anti-Corruption Policy determine the policy for the subsidiaries to conduct in the same manner of the Bank, as well as applying the relevant laws on such matter. This is in order to support the bank and subsidiaries’ intention in anti-corruption, anti-bribery dealing with either government or private sector.

4. **Compliance Policy**

To determine the policy for the subsidiaries to conduct under Compliance Policy and relevant Regulatory Policy such as Regulatory Compliance, 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.

- The Bank may consider appointing outside expert to be a director as appropriate.
- In case there are more than one Bank's representative directors in the subsidiaries, the Bank may nominate a Lead Director who are position Head of and above on to gather and propose information and performance for each company.
- 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.
- 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

- All representative directors shall not receive any remuneration in terms of cash and non-cash for being representative directors.
- 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
 - 2.1) Strategy and Transformation to ensure timely communication of direction and strategy from the Bank to representative Directors regarding business matters.
 - 2.2) Related Chief/BU regarding oversight in TMB risk management area shall regularly report the summary of risk issues of the group companies to RMC of the bank every 6 months or as deem appropriate.
- 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.
- Propose policy, strategy, performance and opinion to the Bank.
- 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.
- Monitor and protect all benefits of the Bank.
- Other duty as specified by the Bank.

4.4 Transactions that requires approval by the Bank before Voting in the subsidiaries' Board Meetings

- Policy and strategy that will significantly impact on going business operation or nature of business.
- Increase or decrease of registered capital.
- Approvals of dividend payout.
- Investment or divestiture of other business which subsidiary holds more than 10% of paid-up capital.
- Selling of core asset.
- Entering into business contract/agreement that is worth more than 15% of net tangible asset (NTA).
- Liquidation/ Debt Moratorium /Bankruptcy.
- Transactions related to the Bank and connected persons to the company following Compliance Policy.
- Borrowing transaction over 15% of NTA and Letter of Guarantee to third party with transaction over 15% of NTA.
- Change of image, business format or brand.
- 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: Conflicts of Interest, 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 Company Secretary 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 Regulatory Management 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 benefits and whatever 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 is responsible for supporting Management with the implementation, enforcement the aforementioned policy and procedure, and also provides for appropriate monitoring mechanism to ensure compliance with the policy, operations procedure 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 THB 11,487,777.
- 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 THB - together with future payment due to incomplete work in the previous accounting year totaling THB 574,000.
- 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 (see details in item 1 page 84) to ensure that the Bank's management system is efficient, freefrom corruption, transparent and accountable so as to build trust and confidence among its shareholders, investors, stakeholders,society and all related parties.

In 2017, 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 and SEC's Corporate Governance Code for listed company 2017, 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:

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 2017, the Annual General Meeting of Shareholders was held at 14.00 hrs. on Friday, April 7, 2017, 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 2017 Annual General Meeting of Shareholders, the shareholders were informed of the date and agenda of the meeting via SET’s communication system on March 3, 2017 or 35 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 3, 2017 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 form 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 2017, the Annual General Meeting of Shareholders was attended by a total of 3,485 shareholders and proxies holding an aggregate number of 29,815,608,147 shares which accounted for 68.06% of the total issued and paid-up shares. 9 out of 12 directors attended this meeting. 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 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. Pakanit Chansawang and Ms. Paksinee Kongsri, 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 7, 2017, at 21.05 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.

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 2017 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, Senior Executive Vice President, Executive Vice President 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.

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 2017, 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 no double standard criteria. The Bank shall provide good welfare and good work environment and standard 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 on yearly basis as the mandatory training course of the bank.

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. TMB also offers TMB Business Touch which is the first mobile business banking application in Thailand. Using both TMB SME One Bank and Business Touch, customers can transact for free with no condition attached. In addition, in Aug 2017, TMB is the first bank providing overseas money transfer service via mobile application, TMB Business Touch.

Apart from financial services, TMB also provide knowledge support for SME to grow in a sustainable way. The Bank has arranged Lean Supply Chain by TMB for 4 consecutive years. Invited speakers are experts from leading Thai educational institutions and private sectors. So far, TMB arranged 11 courses with more than 2,000 participants. The project helped improve SME cost efficiency and revenue generation or approximately THB 850 million in terms of value.

Policy for Business Partners

The Bank operates business operation with partners sustainably and in long term and as good business alliances. The Bank has 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 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 prepare self-declaration when the person related to procurement receives is considered under the selection process. This is to promote the transparency and avoid any conflicts of interest or corruption issues.
7. 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, as well as comply with the relevant applicable laws such as labor law, environmental law etc., 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 code of conduct and policy to conduct business based on fair and free competition with honesty and integrity as well as fairness for services providing to the customers 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 offer the products and services which suit for the customer’s needs based on the fair treatment, the customers also freely select their satisfied product and services. 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, in addition the employee would be communicated on such regulations for their strict implementation, the Bank also provide good cooperation to the regulators such as to comply with the anti-money laundering law, 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 Gift & 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.

The Bank's guidelines on anti-fraud, gift & anti-bribery:

All employees have to report the received gift or the entertainment transaction if such transaction is exceed the criteria stated in the policy to Compliance. HR will remind all employees on such requirement on annual basis. In addition, all employees have to attend the training course with respect to AML/CFT, Anti-Fraud every year in order to aware their responsibility in prevent any fraud or bribery in the Bank.

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 in Risk & Control Self-Assessment – RCSA process, 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".

The Bank's guidelines on anti-corruption:

Bank communicates to all employees to acknowledge and understand the policy via infahNet every year. The training course regarding Anti-Corruption is set as the mandatory course for everyone which the training is provided via E-learning system. Anti-Corruption course is the mandatory course for new employees. In addition, the Risk & Control Self-Assessment process also incorporate the anti-corruption as one topic for considering the risk mitigation action.

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.

The Bank's guidelines on Whistle Blowing or Complaints:

Bank provides the channel for the stakeholder to report any violation or complaint case either written via email or the bank's website. The reporter will be protected from harassment, harm, penalty, demotion or threats from the whistle blowing. Compliance monitor the corrective actions regarding complaint cases to ensure that the actions were rapidly processed.

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 directors, 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 minutes by Secretary to the Board. The director with conflict of interest shall also abstain from participating in the discussion of such particular agenda item.

The Bank's guidelines on Manage conflict of interest:

All management and employee shall report, avoid, and prevent any conflict of interest issues by informing the management in higher level or the relevant party regarding the beneficial of interest under their areas and they will not participate or attend the meeting for such transaction. The approval or consideration on such transaction shall be conducted by other person or the management in higher level in order to prevent the conflict of interest issue. In addition, directors and managements, under SEC definition, must prepare the disclosure regarding the share equity held in other companies in order to prevent any conflict of interest or misuse of internal information issues.

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, that align with the banking industry code of conduct and the good corporate governance, 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.

4. Disclosure and Transparency

Disclosure

The Bank’s financial and non-financial information relevant to the business and operating results are disclosed in both Thai and English 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. 02-242-3475 Fax. 02-299-1211, 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 2017, 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	72	104	147
Analyst and Group Meeting	13	164	216
Investor Conference and Non-Deal Roadshow	4	29	48
Total	89	297	411

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.

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 knowledge, 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. Normally the meeting shall be arranged after the Board of Director’s meeting.

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.

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. The Board of Directors has the Charter or the Corporate Governance Policy which indicate the authority, role, and responsibility of the Board of Director that specified the framework of role that will be referred when supervision.

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 and responsible for monitoring and overseeing the effectiveness of committees’ performance aligned with the bank’s objective and target. Also, act as the Chairman of the Board of Directors’ meeting and have a casting vote in case the Board of Directors’ meeting has a tie vote. In addition, Chairman also act as the chairman in the Shareholders’ meeting to ensure that the meeting is effectively and efficiently achieved.

Roles and Responsibilities of Chief Executive Officer

The Chief Executive Officer’s principal duties are to implement the Bank’s strategies, plan, 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 Board 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 in Board and Board Committees to reflect their performance efficiency and problems and obstacles during the year, the recommendation will be gathered for improvement consideration, 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 and Board Committees’ 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
NRCC shall gather the result from the assessment and propose to Board of Director for acknowledgment and inform the result to the secretary of the Board Sub-Committees in order to review and adjust the relevant process for the efficient meeting.

Enhancement of Directors’ Training and Performance

The Bank encourage 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, Anti-Corruption, risk management, IT Risk Cybersecurity, 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. In addition, the training course for directors shall be arranged with the alignment with the bank’s strategy and directors.

The Bank encourage foreign directors who do not reside in Thailand to participate in professional director training courses from aboard 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.

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.

Whenever there is an appointment of new director, If the new director did not have the director’s training record, the Bank shall provide the IOD training course for receiving the information with respect to the directors’ role and the responsibility according to the legal, as well as the guideline for director’s duties according to SET, SEC rules and guidelines including the good corporate governance. The Bank also provide the internal training courses for directors for improvement in term of the bank’s business operation and director’s responsibility.

Currently, 4 of the existing directors had joined DCP program, 5 director joined DAP program and 3 Foreign directors who do not reside in Thailand have joined overseas training course which is equivalent to the program of IOD. Furthermore, the Bank also provides internal training for directors to enhance knowledge about to the Bank’s business, risk management, IT and director’s responsibilities.

In 2017, the directors have attended the additional training courses and seminar as follows:

Directors	Training Courses and Seminar
General Chalermchai Sitthisad	<ul style="list-style-type: none">Directors Accreditation Program (DAP 143/2017), IOD
Mr. Singha Nikornpun	<ul style="list-style-type: none">Strategic Board Master Class Retreat 2/2017 (SBM 2/2017), IODAudit Committee Forum – Shareholder Question 2017, KPMGThe Seminar of Audit Committee, AC Hot Update, New CG Era beyond sustainability, Federation of Accounting Profession, SEC, and IOD
Mr. Praisun Wongsmith	<ul style="list-style-type: none">Ethical Leadership Program (ELP 10/2017), IODKPMG Pulse of Fintech Briefing Focusing on Blockchin, KPMG

The details of their training courses are provided in the part of brief biography of the Board of Directors.

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.
- Bank also inform the new regulations rule and laws for the directors acknowledgement.

Executive Succession Plan

The Bank require 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

1. Bank's Capital

As of December 31, 2017, the Bank's registered capital was THB 41,903,301,555.05 of which THB 41,647,865,927.45 was paid up, comprising of 43,839,858,871 ordinary shares at par value of THB 0.95/share.
2. Thai Trust Fund

As of December 31, 2017, Thai Trust Fund was no longer issued by the Bank.
3. 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 20, 2017, the latest share register closing date for the right to receive the dividend payment from the 2016 operating profit, Thai NVDR Co., Ltd. issued NVDRs with the Bank shares as reference asset amounting to 4,609,439,235 shares or 10.5% 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 website of the SET at www.set.or.th/nvdr.

Dividend payment policy

The Bank's policy

The Bank has set out a policy on the dividend payment from financial statements (Bank only). The dividend payment is subject to the Bank's operating performance, the long term benefits to the Bank's shareholders, the Bank's capital adequacy and reserve requirements as well as the relevant legal conditions. In addition, the dividend payment must be in line with the BOT's Notification, SorNorSor. 5/2559, Re: Classification and Provision of the Financial Institutions, dated June 13, 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.

In addition 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. 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 20, 2017, in order to determine the rights to receive the 2016 operating profit and the dividend payment as follow.

Major shareholders	Number of ordinary shares	%
1. Ministry of Finance	11,364,282,005	25.92
2. ING Bank N.V.	10,970,893,359	25.03
3. Thai NVDR Co., Ltd.	4,609,439,235	10.51
4. CHASE NOMINEES LIMITED	1,075,048,272	2.45
5. Mrs. Somporn Junggrungrueangkit	726,000,000	1.66
6. DBS BANK LTD	602,000,000	1.37
7. Royal Thai Army	546,499,860	1.25
8. HSBC (SINGAPORE) NOMINEES PTE LTD	407,482,900	0.93
9. STATE STREET BANK EUROPE LIMITED	268,638,362	0.61
10. N.C.B. TRUST LIMITED-NORGES BANK 11	223,018,300	0.51

Source: Information on the latest share register closing date on April 20, 2017 prepared by Thailand Securities Depository Co., Ltd.



Investors may look for the list of major shareholders from the SET's website at www.set.or.th or TMB's website at www.tmbbank.com, investor relations webpage or scan the QR Code

Other Related Information and Affecting 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, 2017.

Measures or procedures to approve the making of related transactions

In conducting its business, the Bank shall adhere to its principles, integrity, 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 conflict of interest to hold more than a 5% of stake in subsidiary company or associated company on its behalf.

Legal disputes

On December 31, 2017 TMB does not have an unsettled legal dispute which has the potential to negatively impact its assets, as the claimed amount is worth over 5% of net equity according to financial statements of the Bank.

Corporate Social Responsibility

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 that suit for the customer and also disclose the product and service clearly and completely 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

TMB values the importance of community & social development in the way that align with sustainability principles for several ways. The Bank always encourages employee to participate in community improvement projects through FAI-FAH programs by TMB Foundation in order to drive the social responsibility mindset to communities without aiming for any business benefits. Currently, TMB I ING ParkRun is also one of the Bank's key CSR project, the annual mini-marathon project to raise fund for Cardiac Children Foundation of Thailand.

Besides, the Bank also joins with other organizations i.e., 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.

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 2017 that contains the disclosure of the Bank’s operations related to Corporate Social Responsibility and Environmental Management (CSR) during the period of 1 January 2017 – 31 December 2017. 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 2017, 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 ethic and 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 / government entities, 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 Product and Service Assessment Process 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 89 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 consists 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, Labor 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 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

TMB values the importance of community & social development in the way that align with sustainability principles for several ways. The Bank always encourages employee to participate in community improvement projects through FAI-FAH programs by TMB Foundation in order to drive the social responsibility mindset to communities without aiming for any business benefits. Currently, TMB I ING ParkRun is also one of the Bank’s key CSR project, the annual mini-marathon project to raise fund for Cardiac Children Foundation of Thailand.

Besides, the Bank also joins with other organizations i.e., 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.

7. Environmental management

- The bank recognizes the climate change issue and the bank has arranged the program for improving environment in the head office building as follow.
- Renovating the office area by changing the electronic bulb from the previous type to LED in order to save the power and the life of the equipment is longer than the previous fluorescent.
 - Renovating the office area environment by incorporating the energy saving concept as follow.
 - Changing the air conditioner from Split type to Variable Refrigerant Flow in order to save the energy
 - Limit the number of electricity equipment at each desk which causing energy saving.
 - Changing the curtain to be 100% UV reduction in order to protect the high temperature from external, this helping to reduce the external impact to the compressor then the energy is saved.
 - Installing the film to reduce UV in south and west area in order to protect the high temperature from outside building for saving environment.
 - Selecting the rubber flooring tiles which got the green certificate and using low V.O.C glue for environmental saving
 - Using the dura clean wall paint in order to increase the brightness of the area and help reduce the number of electric bulb for saving environment
 - Changing Fresh Air System to increase the oxygen volume and reduce carbon dioxide within the whole office building causing the fresh air for the employee
 - Changing AHU in the office area in order to increase the effectiveness of the compressor for saving energy.
 - Channing the chiller in the compressor to increase the effectiveness of the existing one for saving energy.
 - Changing the technology of the office elevator and service elevator to be Inverter and computer controller in order to increase the effectiveness of the service and saving energy.
 - Changing the technology of the escalator to be Inverter and computer controller in order to increase the effectiveness of the automation service which encourage and create the awareness for employees and the customers in saving the environment.

In addition, the Bank also continues the environment saving program such as the recycle paper by donate the used paper to the other company for other uses or join the local program such as the plant forest project.

The Bank takes into the consideration for the electricity energy saving then the bank has initiated the electricity censor system in the toilet in order to save the electricity energy and effectively make use of the resources and lead to sustainability performance. The electricity energy usage in the head office and branches offices in 2015 – 2017 show the improvement as below.

Electricity Energy Usage	Unit	Year		
		2015	2016	2017
Head office	KWh	17,446,000	17,585,000	17,324,400
Branch offices	KWh	26,864,210	25,534,140	24,405,685

Nowadays, the climate change is considered as upsurge problem which the bank aware of this issue then the bank aims to reduce this problem. The bank is the business which indirectly generate CO2 from the electricity generating as fossil burning. The Bank then encourages the management and employee to reduce their electricity usage and reduce paper usage in avoidable printing under Shred to Share Project. In addition, the proper paper destruction methodology for environment friendly is launched, such project helps the Bank reduce the Global warming impact.

In 2017, the Bank recycled 67.98 Ton of paper. After safe recycle process, it could reduce 17,674.80 Kgs of CO2, 7,477.80 Kgs of Coal and 3,399 M³ of water (H2O).

The supporting information with respect to the above activities during 2014 – 2016 are shown as below

Year	Destroyed documents (Tons)	CO2 reduction (Kgs)	Coal reduction (Kgs)	Water reduction (M³)
2014	85.62	22,261.55	9,418.35	428.07
2015	139.54	36,279.98	15,349.22	6,976.92
2016	101.73	26,449.40	11,190.30	5,086.60

The Bank also takes into account for reducing the quantity of paper consumption then the Bank encourages all managements and employees for co-operating in saving the using of paper, as well as aware of value of all papers. The Bank aims to be paperless organization then the technology assistant also brings in for effectiveness management to be complete Electronic Banking. Volume of the paper usage in various supplies in the Bank’s operations process for deposit and withdrawal transaction during a couple years are as follow.

Supply	units	Year		
		2015	2016	2017
Deposit slip	slips	2,047	1,486	865
Deposit slip (CA)	slips	384,656	379,281	318,349
Deposit slip (copy)	slips	6,845	5,604	4,528
Withdrawal slip	slips	5,907	5,323	4,023
Debit / Credit advice	slips	792	661	498
Daily Account Passbook	books	1,289,600	1,192,400	1,033,100

The Bank takes into the account for saving water supply, in 2017 the bank put the campaign for all employee awareness in efficient consuming the water. The water supply usage in the head office and branches offices in 2015 – 2017 show the improvement as below.

Water Supply Usage	Unit	Year		
		2015	2016	2017
Head office	M³	142,435	105,778	150,558
Branch offices	M³	135,376	117,529	104,883

However, the increasing of water consuming in 2017 caused from Big Cleaning Cooling Tower, and Cleaning Building’s water pipeline improvement, as well as Cleaning Building’s water tank and fountain at the front of office building.

8. The innovation development under social responsibility principles

Organizations around the world has increasingly engaged in corporate social responsibility activities nowadays. TMB is no exception. We truly realize the importance of good governance and social responsibility, driven by our brand's philosophy Make THE Difference.

Make THE Difference inspires TMB employees to work for the betterment of the societies and customers by offering innovative financial products and services. As customers’ lifestyle could change over time, TMB therefore never stop to develop products and services that fit with customers’ needs. Last year, for instance, TMB brought in digital technology to enhance our services and efficiency as digital banking has played more important role these days. Key developments are as follows.

For SME customers

TMB truly understands that accessibility to bank loans is crucial for SME. TMB, therefore, continues to develop process and enhance operational efficiency. TMB has employed SMART Tools such as mobile tablet which provides staff more mobility and flexibility to serve customers. Which such a tool, staffs can instantly offer products and service that meet customers’ need at customers’ site.

In terms of digital banking service, TMB offers TMB Business Touch which is the first mobile business banking application in Thailand. Using both TMB SME One Bank and Business Touch, customers can transact for free with no condition attached. In addition, in Aug 2017, TMB is the first bank providing overseas money transfer service via mobile application, TMB Business Touch.

Apart from financial services, TMB also provide knowledge support for SME to grow in a sustainable way. The Bank has arranged Lean Supply Chain by TMB for 4 consecutive years. Invited speakers are experts from leading Thai educational institutions and private sectors. So far, TMB arranged 11 courses with more than 2,000 participants. The project helped improve SME cost efficiency and revenue generation or approximately THB 850 million in terms of value.

For retail customers

The Bank never stops to seek for and deliver better customers’ experience. In 2017, TMB went even further by giving a bonus interest rate of 0.30% to TMB No-Fixed account if customers transact via TMB All Free at least 5 times a month. This reflected the Bank’s value creation to customers.

In terms of financial service, TMB has used digital technology as a tool to understand customers’ lifestyle. With the core concept of Need-based and Simple & Easy, the Bank has developed and add more functions and features on TMB TOUCH to uplift customers’ digital banking experience. The services on TMB TOUCH range from Promptpay money transfer, quick balance checking, self-card management, card activation or deactivation and cash transfer request. Mutual fund trading and QR Code payment are also provide on TMB TOUCH. Moreover, TMB launched TMB WoW, a loyalty program for customers to collect points from banking with TMB. Customers then can redeem their points through collections of gifts and goods from leading partners. This is one of the evidence, showing how TMB uplifted customers’ experience and also a transition to cashless society.

Next example is ME by TMB. In 2017, TMB is the first bank launching ME BOT, an artificial intelligence conversational tool used to engage with customers in banking category as part of instant messaging configured in ME by TMB Facebook Fanpage. The service is available 24 hours and real-time. In addition, ME by TMB Mobile App was also improved as now customers can log in with the 6-digit PIN or fingerprint, providing more convenient. replaced traditional user name and password.

Mutual fund service is also reflected our continuous improvement and innovation. TMB is the first bank to offer mutual fund open architecture platform which allows customers to conveniently purchase mutual funds with confidence from 8 leading asset management companies, all at one place. In 2017, TMB launched TMB Advisory, an investment advisory service provided to customers via 25 branch locations, free of charge, through VDO conference. Customers also have other options of calling TMB Contact Center 1558, signing up with Line @TMBadvisory to receive daily market updates, or even a self-navigating through TMB Advisory website.

4. Inprocess business that impacts to social and environment

The Bank operates business with responsibility in social and environment. In 2017, 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.

The Bank takes into the account for saving water supply, in 2017 the Bank still continues using special T-shirt for TMB I ING Park run program for several years. The water supply usage in the head office and branches offices in 2015 – 2017 show the improvement as below.

Water Supply Usage	Unit	Year			Total Water Supply Saving (3-year)
		2015	2016	2017	
TMB ING Park run	(M³)	240,000 L.	360,000 L.	300,000 L.	900,000 L.

5. After Process CSR

Besides in-process CSR, where the Bank integrates the principles of social responsibility into its business operations, the Bank has also established sustainable after-process CSR projects that reflect Make THE Difference Philosophy through FAI-FAH Programs as follows:

FAI-FAH by TMB Foundation

With the aim to create the sustainable changes to the society, FAI-FAH under the management by TMB Foundation has been established. The introduction of the 1st FAI-FAH center has been set up since 2010, an art-inspired learning center, that offer skill enhancing activities such as arts, sport, music, etc., to community kids aged 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 2017, FAI-FAH has inspired more than 150,000 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 continuous collaboration (2nd Year) with Yuvabadhana Foundation who helps providing operational supports on managing scholarship for FAI-FAH kids as well as the 3rd year 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. 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 change catalysts that drive better changes to the society.

Year 2017 is considered as another great year of Community and Volunteer engagement. The Bank’s volunteers from nation-wide branches as well as Head Office have participated in Community Improvement Projects or FAI-FAH IN A BOX program, in which volunteers from branches would visit community around the branches, explore their needs, and come up with sustainable community improvement projects that serve those needs. More than 4,000 TMB’s volunteers have led and supported 37 community improvement projects for better & sustainable changes across the nation in 2017.

Below are examples of Community Improvement Projects that TMB volunteers have dedicated their extra efforts to give back and ripple out Make THE Difference to the communities:-

- “Volunteer matching program for Blind kids” Project in Bangkok in which TMB volunteers have led and worked with the Bangkok School for the Blind to develop online Volunteer Matching program to facilitate Volunteers as well as answer the real needs from the Blind together with PR program to recruit more volunteers. Besides, online volunteer manual is also set up to educate Volunteers on how to support the Blind better.
- “School Bank for Children with Special Needs” Project at Anusarnsunthorn School for the Deaf in Chiangmai. This project is initiated to promote and cultivate knowledge about savings among special-need children. Sign language handbook has been developed to communicate with hearing-impaired people to improve the quality of their life under the “TMB Make THE Difference” concept. This project is a collaboration between people with normal hearing and those with hearing impairment to help them co-exist better in the society.
- “Tuam-Yuu-Dai” Project in Southern Part of Thailand in which is initiated from the root cause of the flood problems that affected the lives of communities in Southern provinces. The concept of “Tuam-Yuu-Dai” has been co-created by TMB Volunteers from 3 key provinces (Suratthani, Pattalung & Trung), for example, "Tuam-Yuu-Dai: floating vegetable garden" project in Suratthani province to improve and support the villagers’ cultivation of floating vegetable garden. The floating vegetable garden was a creative solution to fight with floods so TMB collaborated with the villagers to build learning center at Bann-Nong-Chok school to educate villagers and support them as another tool to generate extra income esp., during floods.

In addition to the above, TMB also initiated and partnered with other organizations for CSR purposes including:-

- TMB I ING PARKRUN 2017, Mini Marathon activity to support Cardiac Children Foundation of Thailand. This program has run consistently for 3 years (since 2014) with total donation amount of THB 9.8 million Baht to support altogether 489 beneficiary children during 2014-2016. In 2017, as of Dec 2017, the donation amount plus TMB Top up are at THB 8.2 million with an expected beneficiary of 412 children under the Cardiac Children Foundation.
- Saving for Change (2nd year, 2016-2017): 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 133 trainers from Thai Bankers’ Association members in giving financial literacy for the youths.
 2. Train 614 leadership students from 10 universities in which 216 students are considered as Peer educators to expand their financial knowledge to communities.
 3. Develop financial curriculum to be eligible for student leaders to share knowledge and virtue.
 4. Build positive attitude among Youth and entrepreneurs towards Banking industry through educating financial literacy to underprivileged kids
 5. Be a pilot project to encourage better financial literacy to the society to honor the Queen Sirikit in which there are 66 participated pilot companies during 2016-2017.

FAI-FAH, the core CSR program inspired by TMB together with TMB Volunteers are committed to continue creating the ripple effect that could make our society better in a sustainable way according to our Make THE Difference philosophy.

Internal Control

Opinion of the Board of Directors on Internal Control 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 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 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. 1/2561 held on 24 January 2018, 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 at the appropriate level which require continual improvements in order to meet changes and emerging risk in business environment of digital world. 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 Audit

The Board of Directors has appointed Mr. Sunthorn Rukpanich to hold position of Head of Audit.
(see more details of Head of 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)

Statement of the Audit Committee

In 2017, 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 2017, 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 2018.

The Bank’s internal control systems and regulatory related compliance are generally at the appropriate level which require continual improvements in order to meet changes and emerging risk of business environment in digital world. 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

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, the Chairman of the NRCC is an independent director.

In 2017, the NRCC carried out its responsibilities duties within the scope of authority given by the Board of Directors, holding 14 meetings. Each member attended meetings and performed their duties on important matters as follows:

1. Screening and nominating duly qualified candidates for appointment as the Bank’s directors to replace directors who resigned before completion of tenure, retiring directors who declined to accept re-election, and directors who retired by rotation, before submission to the Board of Directors, or to the shareholder meeting for approval where required. 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 experience in order to be in line with the Bank’s direction and business strategy. In addition, the nominated persons must be able to dedicate time for the optimum benefits of the Bank.
2. Consideration and endorsement of 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 each Board Committee comprises directors who have appropriate qualifications and there are sufficient number of committee members to ensure effective performance of duties in compliance with the Charter of each Board committee and the Bank’s strategy and business direction prior to submission to the Board of Directors for approval.
3. Consideration of the remuneration of the number of the Board of Directors and each of 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 their fiduciary duty and consistent with the accountability and responsibility of the directors.
4. Consideration of 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 and Board committees members as well as propose result and recommendations to the Board of Directors for acknowledgement. In this regard, the recommendations of the NRCC are aimed at increasing the overall efficiency of the Board of Directors’ and Board committees.
6. Screening and recruitment of person with proper qualification to be appointed as senior executives before submission to the Board of Directors for appointment. The NRCC shall consider and recruit persons who have knowledge, capability, and proper experience in diversified fields so as to contribute, support, and push forward achievement of the Bank’s business 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 considers and recommends the compensation and proper benefit scheme for senior executives, prior to submission thereof to the Board of Directors for approval where required. In doing so, consideration of compensation takes into account the scope of the assigned duties and responsibilities as well as the general economic situation and relevant industry benchmarks.
8. Consideration and approval of the succession plans for the positions of the chief executive officer and other key management position to ensure that the Bank has an appropriate process for planning and identifying and selecting appropriate persons as successors to important positions in the Bank.
9. Consideration of the framework with respect to employee’s recruitment and promotion and principle or basis for staff compensation without discrimination of gender, personal status, or economic or social standing
10. Consideration of the Charter of each Board committee and the revision of corporate governance where requires to meet best practice applicable to the current business environment in which the Bank operates and make recommendations there to the Board of Directors.
11. Reviewing the Bank’s business operations for compliance with principles of good corporate governance, efficiency, absence of corruption, transparency and auditability, and to ensure that required information is fairly and completely disclosed and that communication be duly made to all employees regarding the Bank’s policy on anti-corruption and its code of conduct so as to enhance confidence of all stakeholders

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



Mr. Siripong Sombutsiri
Chairman of the Nomination, Remuneration and Corporate Governance Committee

Report of 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 31 December 2017 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 that is useful to all shareholders and investors. These financial statements have been audited by independent auditors who have given their unqualified opinions.

The Board of Directors has also adopted and maintained appropriate and effective risk management, internal control, and compliance, whereby the Bank can be assured financial records are accurate, complete and 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 comprising entirely of 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 31 December 2017 to be correct, complete, and accurate according to accounting standards, related laws and regulations.



Mr.Piti Tantakasem
Chief Executive Officer



Mr.Rungson Sriworasat
Chairman of the Board

Management Discussion and Analysis

Executive summary

2017 financial results reflected TMB's business improvement and prudent operation. In 2017, the Bank continued to grow loan and deposit by expanding retail base. Core operating performance was on positive momentum, showed by a 5.7% YoY growth of PPOP to THB19,736 million. Improving earnings capability also allowed TMB to set higher provision for prudence and wrote off NPLs to limit downside risks. As a result, NPL ratio dropped to 2.35% while coverage ratio remained high at 143%. After provision, net profit was recorded at THB8,687 million, a 5.6% increase from last year.

Loan growth was led by retail mortgage: In 2017, the Bank managed to grow performing loan by 8.7% YTD to THB626 billion, driven mainly by a robust growth in retail mortgage (+30.3% YTD) and followed by corporate loan (+9.8% YTD). SME loan, however, was still stagnant (-3.4% YTD) but saw recovery signs in 4Q17 (+0.9% QoQ).

Retail base and transactional deposit grew on track: Total deposit expanded 2.1% YTD to THB611 billion in 2017, in line with the Bank's liquidity management. Throughout the year, TMB focused more on acquiring retail and transactional deposit base. Overall, it was on track, with retail deposit growth of 5.0% and transactional deposit growth 3.7% YTD. As of Dec-17, retail deposit was 70% and transactional deposit was 40% of total deposit.

Non-NII grew well from strong retail fees while NII was flat: Despite a moderate loan growth, NII was flat at THB24,734 million as NIM declined slightly by 4 bps to 3.13% in 2017. The decline in NIM was due to a shift in loan mix toward mortgage and a slowdown in SME loan. Non-NII, on the other hand, posted a 21.4% growth YoY to THB12,705 million. Key driver was net fee and service income (+32.4% YoY), especially retail fees from mutual fund (+76.0% YoY) and bancassurance (+70.8% YoY).

With revenue growth and operating efficiency, PPOP rose further: Operating efficiency improvement was one of the Bank's key focuses. In 2017, operating expenses rose in line with business expansion. PPOP therefore remained strong at THB19,736 million, a 5.7% YoY growth. Growing PPOP also allowed the Bank to strengthen its loan loss absorption by providing THB8,915 million of provision in 2017, a 3.1% increase from previous year.

NPL ratio dropped to 2.35% and coverage ratio remained strong at 143%: To limit downside risks and keep balance sheet clean, the Bank proactively wrote off NPLs as the pace of natural NPL resolution remained slow in 2017. As a result, NPLs dropped further to THB17,521 million and NPL ratio reduced to 2.35% while coverage ratio remained high at 143%. This reflected the Bank's prudent operation and NPL management.

After provision, TMB reported THB THB8,687 million of net profit. The figure grew 5.6% YoY and represented a return on equity (ROE) of 10.0%. The details of 2017 operating results and financial position are in the following sections.

Discussion of Operating Performance

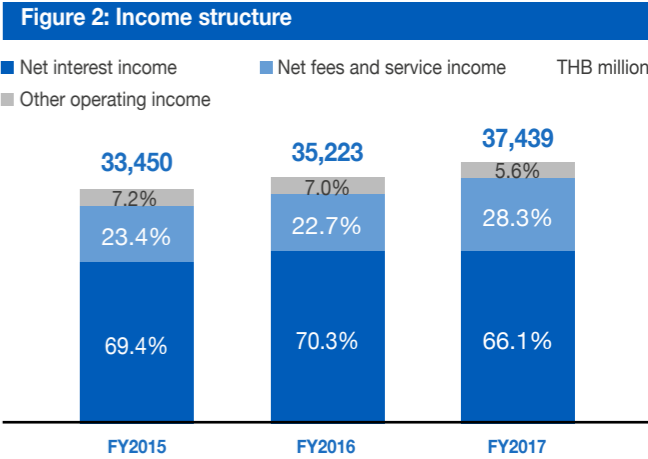
2017 core operating performance continued to grow from the previous year. The details of financial results including income structure are as follows.

Figure 1: Selected statement of profit or loss and other comprehensive income			
(THB million)	FY2017	FY2016	% YoY
Interest income	34,713	35,631	-2.6%
Interest expenses	9,979	10,870	-8.2%
Net interest income	24,734	24,761	-0.1%
Fees and service income	13,533	10,168	33.1%
Fees and service expenses	2,947	2,171	35.8%
Net fees and service income	10,586	7,997	32.4%
Other operating income	2,119	2,465	-14.0%
Non-interest income	12,705	10,462	21.4%
Total operating income	37,439	35,223	6.3%
Total other operating expenses	17,792	16,589	7.3%
Impairment loss on loans and debt securities	8,915	8,649	3.1%
Profit before income tax expense	10,732	9,984	7.5%
Income tax expense	2,004	1,740	15.2%
Profit for the period	8,728	8,244	5.9%
Profit to non-controlling interest of subsidiaries	41	18	126.1%
Profit to equity holders of the Bank	8,687	8,226	5.6%
Other comprehensive income	164	1,596	-89.7%
Total comprehensive income	8,892	9,841	-9.6%
Basic earnings per share (THB/share)	0.1982	0.1879	5.5%

Note: Consolidated financial statements

Income structure

In 2017, TMB generated THB37,439 million of total operating income which grew 6.3% from last year. Net interest income and net fee income formed the main revenue source of the Bank. Net interest income (NII) was the largest portion and accounted for 66.1% of total operating income. This followed by net fees and service income (28.3%) and other operating income (5.6%).



Note: Consolidated financial statements

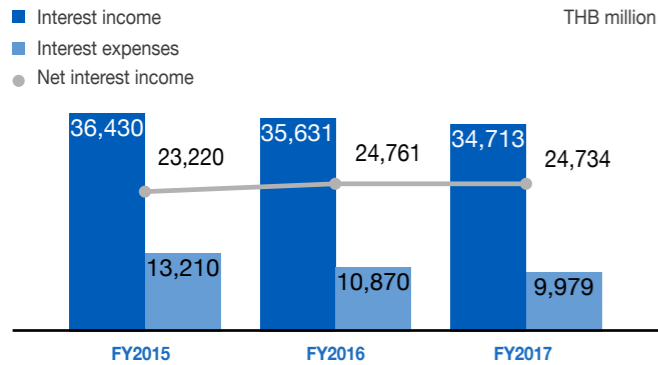
Net interest income (NII) and net interest margin (NIM)

TMB generated NII of THB24,734 million, relatively flat from the same period last year, mainly owing to well-managed funding cost while loan grew moderately.

- Interest income dropped by 2.6% YoY to THB34,713 million from lower yield on earning assets, despite a moderate loan growth. The lower yield was due primarily to a shift in loan portfolio toward mortgage and a slowdown in SME which is a high yield segment. It was also due partly to interest rate cuts during the year.
- Interest expenses dropped by 8.2% YoY to THB9,979 million in 2016, thanks to well-managed funding cost as the Bank continued to optimize deposit structure.

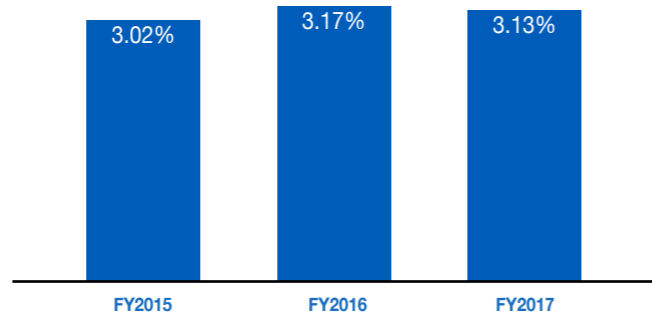
As funding cost was well-managed, it helped offset the impact from lower earning asset yield. Net Interest Margin (NIM) therefore dropped slightly by 4 bps to 3.13% in 2017. The figure was in line with the Bank's target.

Figure 3: Net interest income (NII)



Note: Consolidated financial statements

Figure 4: Net interest margin (NIM)



Note: Consolidated financial statements

Figure 5: Net interest income (NII)

(THB million)	FY2017	FY2016	% YoY
Interest income	34,713	35,631	-2.6%
Interest on interbank and money market items	1,824	1,746	4.5%
Investments and trading transactions	61	267	-77.2%
Investments in debt securities	1,214	1,370	-11.4%
Interest on loans	31,580	32,086	-1.6%
Others	35	164	-78.6%
Interest expenses	9,979	10,870	-8.2%
Interest on deposits	4,990	6,134	-18.7%
Interest on interbank and money market items	744	336	121.2%
Contributions to the Deposit Protection Agency	2,842	2,954	-3.8%
Interest on debt issued and borrowings	1,378	1,427	-3.4%
Borrowing fee	20	17	18.1%
Others	6	3	117.0%
Net interest income (NII)	24,734	24,761	-0.1%

Note: Consolidated financial statements

Non-interest income (Non-NII) and Non-interest expenses

Non-interest income (Non-NII): Non-NII was THB12,705 million in 2017, an increase of 21.4% compared with the same period last year. Key driver was net fees and service income especially fees from retail segment as details below.

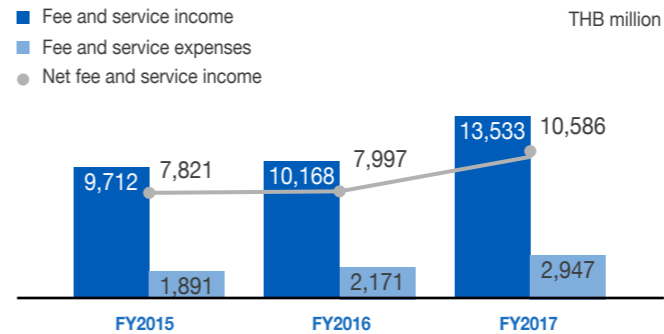
- Net fees and service income was THB10,586 million which grew robustly by 32.4% YoY. This increase was primarily due to 1) growth of retail fees from bancassurance and mutual fund sales and 2) access fee from the renewal of life bancassurance collaboration of TMB and FWD. Commercial fees, on the other hand was still underperformed compared to the previous year but saw a recovery sign in the fourth quarter.
- Gain on trading and foreign exchange transactions was THB1,147 million, declined by 32.2% YoY.

Non-interest expenses: Non-interest expenses amounted to THB17,792 million, an increase of 7.3% YoY. The increase was in line with business expansion. Key factors are as follows.

- Personnel expenses rose by 4.8% YoY to THB8,511 million, mainly resulted in higher incentives from growing business volume.
- Premises and equipment expenses increased by 7.4% YoY to THB3,384 million, mainly from rental expense and depreciation.
- Other expenses increased by 16.0% YoY to THB4,482 million which largely came from higher marketing, collection expenses and computer software rental.

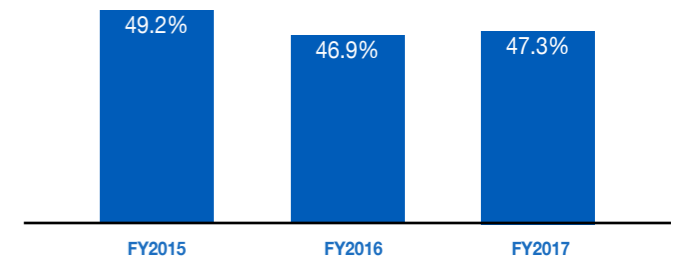
Cost to income ratio was at 47.3% in 2017, in line with the Bank's target and relatively stable when compared to 2016. Going forward, TMB will continue to enhance operational efficiency further to reduce cost to income ratio further.

Figure 6: Net fees and service income



Note: Consolidated financial statements

Figure 7: Cost to income ratio



Note: Consolidated financial statements

Figure 8: Non-interest income (Non-NII)

(THB million)	FY2017	FY2016	% YoY
Fees and service income	13,533	10,168	33.1%
Acceptances, aval and guarantees	568	583	-2.6%
Other fee and service income	12,965	9,585	35.3%
Fees and service expenses	2,947	2,171	35.8%
Net fees and service income	10,586	7,997	32.4%
Gains (losses) on tradings and foreign exchange transactions	1,147	1,691	-32.2%
Gains (losses) on financial instrument designated at fair value	-24	-13	N/A
Gains (losses) on investments	64	201	-68.0%
Gains on sale of assets	209	115	82.1%
Dividend income	32	62	-48.1%
Others	691	411	68.1%
Non-interest income	12,705	10,462	21.4%

Note: Consolidated financial statements

Figure 9: Non-interest expenses			
(THB million)	FY2017	FY2016	% YoY
Employee expenses	8,511	8,118	4.8%
Directors' remuneration	45	41	8.8%
Premises and equipment expenses	3,384	3,150	7.4%
Taxes and duties	1,250	1,273	-1.8%
Loss on impairment of properties foreclosed	114	-4	N/A
Loss on diminution in value of other assets	172	-9	N/A
Provisions for other liabilities (reversal)	-166	154	-207.9%
Other expenses	4,482	3,865	16.0%
Non-interest expenses	17,792	16,589	7.3%

Note: Consolidated financial statements

Pre-provision operating profit (PPOP)

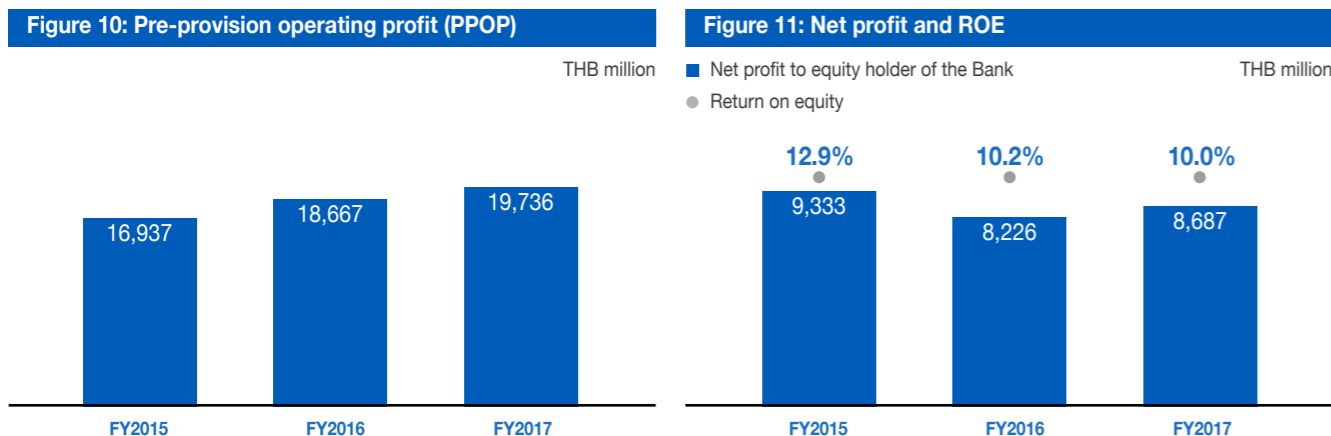
With increase in revenue generation and efficiency enhancement, the Bank posted THB19,736 million of PPOP in 2017. The figure rose by 5.7% YoY when compared with the same period last year.

Impairment loss on loans and debt securities

TMB remained prudent in its operation and asset quality management. Growing PPOP also allowed the Bank to strengthen its loan loss absorption by providing THB8,915 million of provision in 2017, a 3.1% increase from last year. Coverage ratio therefore remained strong at 143% on both consolidated and bank-only basis as of Dec-17.

Net profit to equity holders of the Bank

After the provision and tax, net profit to equity holders of the Bank was THB8,687 million or increased 5.6% YoY. The figure represented an ROE of 10.0%.



Note: Consolidated financial statements

Note: Consolidated financial statements

Discussion of Financial Position

TMB aims to maintain strong financial position as it is a foundation for quality and sustainable growth. The Bank continued to expand and diversify its deposit and loan through retail and SME customer base in order to avoid concentration risk. Asset quality was closely monitored. During the time of slow economic recovery, the Bank accelerated NPL resolution through proactive write-off. This was to limit future downside risk and keep balance sheet clean. Liquidity was also well-managed, and capital was ensured at strong level. Key areas of 2017 financial position are as follows.

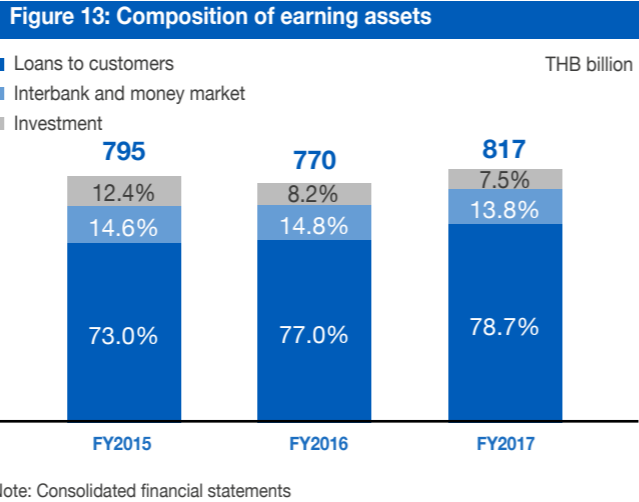
Figure 12: Selected financial position			
Unit: THB million	FY2017	FY2016*	%YTD
Cash	17,872	16,531	8.1%
Interbank and money market items, net	112,534	113,858	-1.2%
Derivative assets	8,674	10,460	-17.1%
Investments	61,305	62,985	-2.7%
Loans to customers (Less deferred revenue)	643,373	593,441	8.4%
Accrued interest receivables	969	915	5.9%
Less allowance for doubtful accounts & Revaluation allowance for debt restructuring	24,969	25,088	-0.5%
Loans and Allowance - net	619,373	569,268	8.8%
Properties for sale, net	2,214	1,506	47.0%
Premises and equipment, net	12,071	12,383	-2.5%
Goodwill and other intangible assets, net	2,132	1,704	25.1%
Deferred tax assets	683	775	-11.9%
Other receivables - net	1,690	2,262	-25.3%
Other assets	5,325	5,584	-4.6%
Total Assets	843,872	797,316	5.8%
Deposits	611,430	598,948	2.1%
Interbank and money market items	60,349	45,417	32.9%
Debts issued and borrowings, net	33,352	39,874	-16.4%
Deferred revenue	18,908	218	N/A
Other liabilities	29,978	29,010	3.3%
Total Liabilities	754,016	713,468	5.7%
Equity attributable to equity holders of the Bank	89,856	83,723	7.3%
Non-controlling interest	0	125	-100.0%
Total equity	89,856	83,848	7.2%
Total liabilities and equity	843,872	797,316	5.8%

Note: Consolidated financial statements, *Restated

Asset and asset quality management

As of Dec-17, total assets on consolidated basis amounted to THB843,872 million, an increase of 5.8% from Dec-16 (YTD).

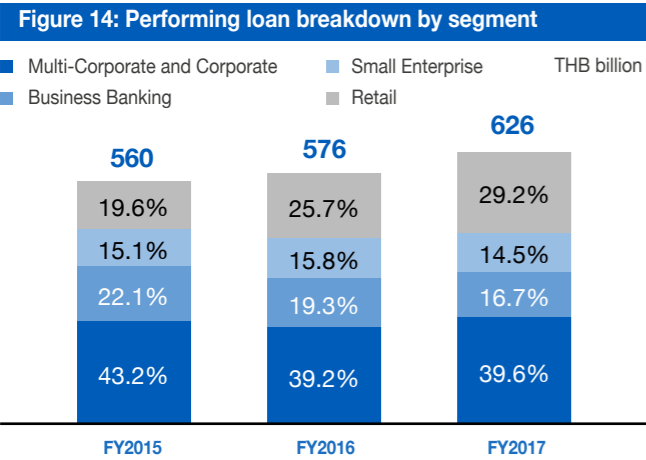
Earning assets which consisted of loans to customers, interbank and money market and investment, was THB817,212 million, a 6.1% increase YTD. Loans to customers was also the largest portion of earnings assets, accounting for 78.7% as of Dec-17. This followed by interbank and money market items of 13.8% and investment of 7.5%.



Loans to customers: TMB recorded total loans to customers (less deferred revenue) on consolidated basis of THB643,373 million, an increase of 8.4% YTD.

On bank-only basis, total loans to customers amounted to THB643,325 million which also rose 8.4% YTD. In terms of key products, 46% of total loan was term-loan & RPN; followed by mortgage of 22%, working capital (OD) of 14% and Trade Finance of 12%.

Growth in loan was driven mainly by performing loan expansion while non-performing loan dropped further from last year. Details are as follows.



Source: Bank-only financial statement

Definition of lending customer segments are as follows:

- 1) **Commercial customers**
- Multi-Corporate Banking (MB): customer with annual sales volume more than THB5 billion
 - Corporate Banking (CB): customer with annual sales volume more than THB1 billion to THB5 billion
 - Business Banking (BB): customer with total annual sales volume more than THB100 million to THB1 billion
 - Small Enterprise (SE): customer with annual sales volume up to THB100 million, including owner operators
- 2) **Retails: Individuals**

Non-performing loans (NPLs): Under current economic conditions, the Bank has put priority on asset quality monitoring and continued to manage NPLs with prudence. The Bank continued to proactively resolve NPLs through write-off as natural resolution remained slow. In 2017, the Bank further wrote off its NPLs by THB9.1 billion with an objective to reduce future downside risks and keep balance sheet clean.

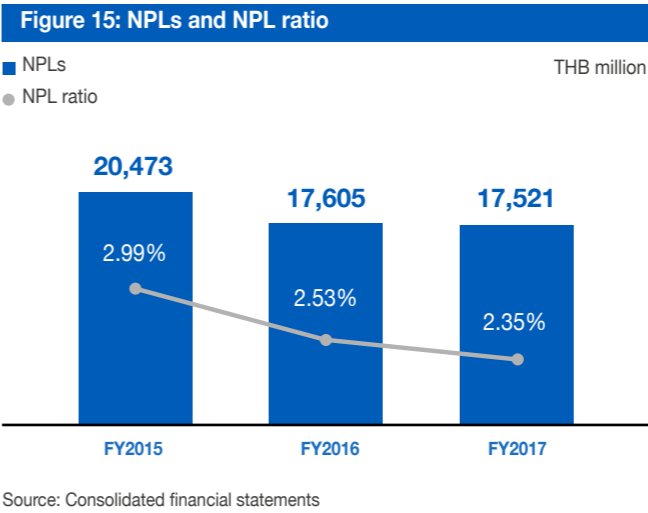
As a result, NPLs on consolidated basis dropped to THB17,521 million from THB17,605 million as of Dec-16. NPLs, on bank-only basis also declined to THB17,473 million from THB17,557 million in last year.

Consequently, NPL ratio on consolidated basis reduced to 2.35% in Dec-17 from 2.53% as of Dec-16. Likewise, NPL ratio on bank-only basis was recorded at 2.34%, down from 2.52% as of Dec-16, respectively.

Allowance for loan losses: As of Dec-17, allowance for doubtful accounts and revaluation allowance for debt restructuring was THB24,969 million on consolidated basis. The figure was relatively stable from last year as the Bank continued to proactively resolve NPLs through write-offs to limit future downside risks.

The ratio of allowance for loan loss to NPLs or coverage ratio remained high at 143% on both consolidated and bank-only basis. The coverage ratio was still in target range and TMB consistently maintained high coverage ratio.

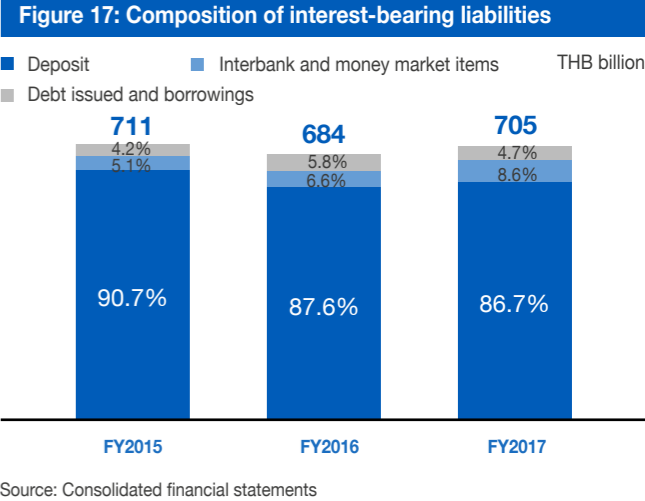
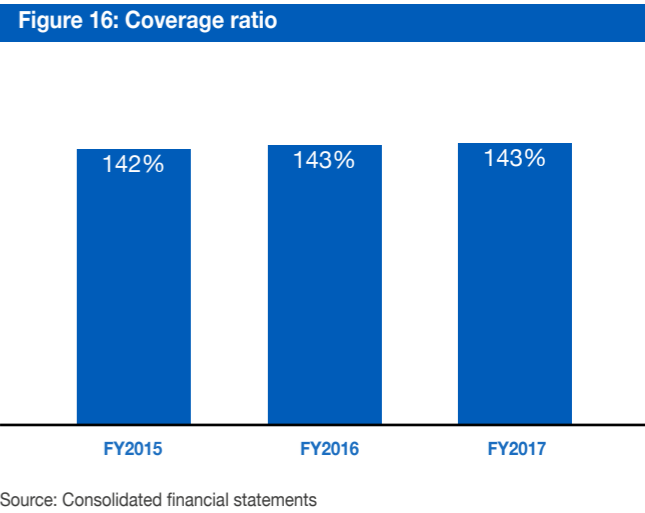
Properties for sale: As of Dec-17, net properties for sale increased to THB2,214 million. The ratio of properties for sale to total assets was at 0.26%, relatively low. The change was still in line with business plan.



Liability and liquidity management

As of Dec-17, total liabilities on consolidated basis was reported at THB754,016 million which increased by 5.7% YTD.

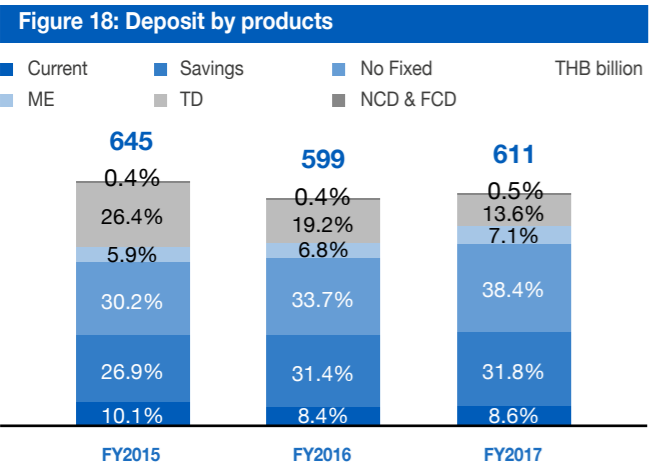
Deposit was the largest composition of interest-bearing liabilities. As of Dec-17, deposits represented 86.7% of interest-bearing liabilities. This followed by interbank and money market items (8.6%) and debt issued and borrowings of (4.7%).



Deposit: As of Dec-17, total deposits on consolidated basis were THB611,430 million which grew by 2.1% YTD, driven mainly by retail deposit. TMB focused on acquiring transactional deposit and retail deposit base in 2017. Overall, it was on track, with transactional deposit growth of 3.7% YTD and retail deposit growth of 5.0% YTD.

An increase in transactional deposit was led by TMB All Free, flagship retail transactional product. TMB All Free continued to show its robust growth by 50.9% YTD. As result, the ratio of transactional deposit (CASA-excluded No-Fixed and ME) to total deposit was reported at 40.4%, an increase from 39.8% as of Dec-16.

Retail non-transactional deposit also expanded well. In 2017 No-Fixed grew further by 16.2% YTD and ME rose 6.0% YTD. TD dropped by 28.0% YTD in line with the Bank’s strategy to replace TD with No-fixed and ME together with converting TD to mutual funds. Retail deposits therefore accounted for 70% of total deposit, in line with the Bank’s strategy to avoid concentration from large depositors.



Note: Bank-only financial statement

Interbank and money market: Net interbank and money market items increased by 32.9% YTD to THB60,349 million due to liquidity management.

Borrowings: As of Dec-17, total borrowings of the Bank and subsidiaries declined by 16.4% YTD to THB33,352 million. The reduction was mostly from redemption existing sub-debt by THB10 billion and reissuance of sub-debt by THB5 billion in May-17.

Liquidity: Given the Bank’s focus on building quality and stable funding through expanding transactional deposits, TMB has a strong liquidity position and has maintained high proportion of liquid and low-risk assets.

As of Dec-17, on consolidated basis, total liquid assets represented 18.1% of the total assets. The liquid assets consisted cash (2.1%), interbank & money market items (13.3%) and short-term investment (2.7%). In terms of loan to deposit ratio (LDR), the ratio, on consolidated basis, increased to 105% from 99% as of Dec-16, still in line with the Bank’s liquidity management plan.

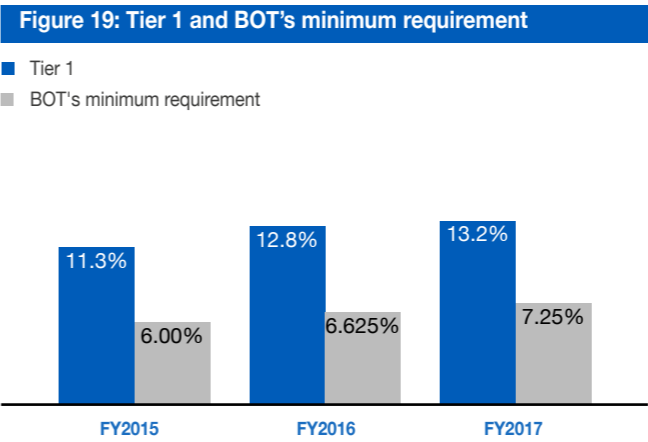
Deferred revenue: The figure increased to THB18,908 million as of Dec-17 from THB218 million as of Dec-16. Such an increase was due mainly to the access fee that TMB received from the renewal of life bancassurance collaboration with FWD.

Shareholder equity and Capital adequacy

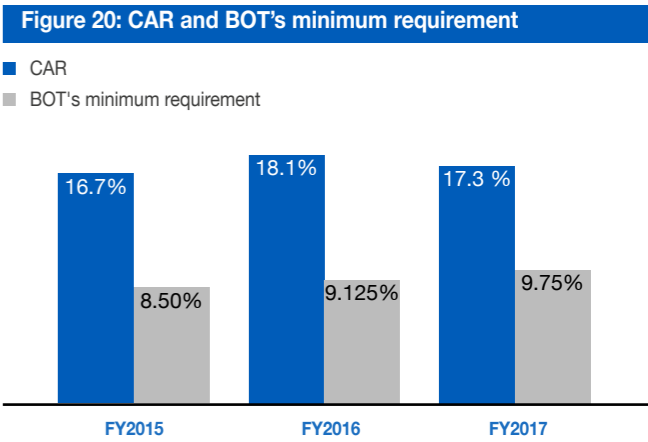
Shareholder equity: As of Dec-17, the consolidated equity was THB89,856 million which rose by 7.2% YTD from Dec-16 from profit generated during the period.

Capital adequacy: The Bank consistently ensures robust capital base. As of Dec-17, Capital Adequacy Ratio (CAR) of the Bank under Basel III calculation was at 17.3% while CET1 and Tier 1 ratios stayed at 13.2%. Such levels were well above the Bank of Thailand’s minimum requirement (including conservation buffer) of 9.75%, 5.75% and 7.25% of CAR, CET 1 and Tier 1 capital ratio, respectively.

TMB will continue to further increase ability to generate 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.



Source: Bank-only financial statement



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/en/ir QR Code Scanning

Credit Rating

The table below shows credit ratings of TMB assigned by Standard & Poor’s, Moody’s Investor Services and Fitch Rating.

Credit Rating	December 31, 2017	December 31, 2016
Moody’s Investors Service		
Foreign Currency		
Long-term : Deposits	Baa2	Baa2
Short-term : Deposits / Debt instrument	Prime-2	Prime-2
Baseline Credit Assessment (BCA)	ba2	ba2
Outlook	Stable	Stable
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
Fitch Ratings		
Foreign Currency		
Long-term IDR	BBB-	BBB-
Short-term IDR	F3	F3
National		
Long-term	A+(tha)	A+(tha)
Short-term	F1+(tha)	F1(thai)
Subordinated	A(thai)	A(thai)
Viability Rating	bbb-	bbb-
Support Rating	3	3
Supporting Rating Floor	BB+	BB+
Outlook	Stable	Stable

INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS

Independent Auditor’s Report

To the Shareholders of TMB Bank Public Company Limited

Opinion

I have audited the 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 2017, 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 2017 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 that is 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 13 and 15.

The key audit matter	How the matter was addressed in the audit
As at 31 December 2017, loans to customers recorded in the consolidated and the Bank only financial statements amounted to Baht 643.42 billion and Baht 643.38 billion (approximately 76.25% and 76.32% of total assets), against which allowances for doubtful accounts of Baht 24.64 billion and Baht 24.61 billion, respectively, were provided.	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.
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.	My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.
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:	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.

The key audit matter	How the matter was addressed in the audit
<ul style="list-style-type: none">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.	

Valuation of financial instruments in the statements of financial position

For disclosures related to financial instruments and fair values, refer to note 6.

The key audit matter	How the matter was addressed in the audit
As at 31 December 2017, financial assets measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 46.14 billion and Baht 43.01 billion, respectively. Financial liabilities measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 8.83 billion and Baht 8.83 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.	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 will 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 the 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 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.

Chanchai S.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
16 February 2018

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

		Consolidated 31 December		Bank only 31 December	
Assets	Note	2017	2016 (Restated) *	2017	2016 (Restated) *
(in thousand Baht)					
Cash		17,871,736	16,530,908	17,871,549	16,530,044
Interbank and money market items, net	9, 36.2	112,534,388	113,857,825	111,275,311	112,924,852
Derivative assets	10	8,673,716	10,460,367	8,673,716	10,460,367
Investments, net	11	61,305,161	62,985,265	58,179,756	59,960,002
Investments in subsidiaries, net	12	-	-	3,753,633	3,429,421
Loans to customers and accrued interest receivables, net	13, 36.2				
Loans to customers		643,424,651	593,509,981	643,376,740	593,461,910
Accrued interest receivables		969,067	914,973	969,067	914,973
Total loans to customers and accrued interest receivables		644,393,718	594,424,954	644,345,807	594,376,883
Less deferred revenue		(51,604)	(68,642)	(51,604)	(68,642)
Less allowance for doubtful accounts	13.4, 15, 36.2	(24,638,712)	(24,910,906)	(24,608,522)	(24,880,555)
Less revaluation allowance for debt restructuring	13.7	(330,469)	(177,350)	(330,469)	(177,350)
Total loans to customers and accrued interest receivables, net		619,372,933	569,268,056	619,355,212	569,250,336
Properties for sale, net	16	2,213,599	1,506,050	2,213,599	1,506,050
Premises and equipment, net	17	12,070,715	12,383,373	12,045,447	12,354,385
Goodwill and other intangible assets, net	18	2,131,810	1,704,048	2,069,669	1,640,913
Deferred tax assets	19	682,970	774,854	666,968	760,716
Other receivables, net	20, 36.2	1,689,907	2,261,630	1,637,186	2,151,854
Other assets, net	21, 36.2	5,324,833	5,583,812	5,234,269	5,518,852
Total assets		843,871,768	797,316,188	842,976,315	796,487,792


The accompanying notes are an integral part of these financial statements.
* Refer to note 3

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

		Consolidated 31 December		Bank only 31 December	
Liabilities and equity	Note	2017	2016 (Restated) *	2017	2016 (Restated) *
(in thousand Baht)					
Liabilities					
Deposits	22, 36.2	611,429,815	598,948,198	611,508,489	599,021,383
Interbank and money market items	23, 36.2	60,349,098	45,417,479	60,349,098	45,417,479
Liabilities payable on demand		3,664,924	4,032,188	3,664,924	4,032,188
Financial liabilities designated at fair value through profit or loss	24	385,698	361,634	385,698	361,634
Derivative liabilities	10	8,558,761	10,728,155	8,558,761	10,728,155
Debts issued and borrowings, net	25, 36.2	33,351,579	39,874,305	33,351,579	39,874,305
Provisions for obligations on transfers of non-performing assets	8, 36.2	-	1,656,709	-	1,656,553
Provisions for employee benefits	26	1,301,442	1,453,099	1,270,859	1,424,722
Provisions for other liabilities	27	544,224	701,088	541,977	701,058
Deferred revenue	28	18,907,907	217,981	18,907,925	217,981
Other liabilities	29, 36.2, 36.4	15,522,773	10,077,546	15,340,480	9,981,898
Total liabilities		754,016,221	713,468,382	753,879,790	713,417,356
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					
43,839,858,871 ordinary shares of Baht 0.95 each					
(31 December 2016: 43,807,370,307 ordinary shares					
of Baht 0.95 each)	30	41,647,866	41,617,002	41,647,866	41,617,002
Premium on share capital	30	378,931	325,406	378,931	325,406
Other reserves		5,097,303	5,277,866	5,097,113	5,277,590
Retained earnings					
Appropriated					
Legal reserve	32, 33	2,550,000	2,120,000	2,550,000	2,120,000
Unappropriated		40,181,447	34,382,496	39,422,615	33,730,438
Equity attributable to equity holders of the Bank		89,855,547	83,722,770	89,096,525	83,070,436
Non-controlling interest		-	125,036	-	-
Total equity		89,855,547	83,847,806	89,096,525	83,070,436
Total liabilities and equity		843,871,768	797,316,188	842,976,315	796,487,792


Mr. Piti Tantakasem
Chief Executive Officer

The accompanying notes are an integral part of these financial statements.
* Refer to note 3


Mr. Rungson Sriworasat
Chairman of the Board

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	
	Note	2017	2016	2017	2016
(in thousand Baht)					
Interest income	36.1, 39	34,713,277	35,631,309	34,636,811	35,597,766
Interest expenses	36.1, 40	9,979,431	10,870,433	9,979,723	10,870,554
Net interest income		24,733,846	24,760,876	24,657,088	24,727,212
Fees and service income	36.1, 41	13,532,892	10,167,918	12,295,154	9,407,355
Fees and service expenses	36.1, 41	2,947,211	2,171,031	2,670,289	2,037,889
Net fees and service income		10,585,681	7,996,887	9,624,865	7,369,466
Gains on trading and foreign exchange transactions, net	42	1,146,756	1,691,409	1,146,756	1,691,409
Losses on financial liabilities designated at fair value through profit or loss, net	43	(24,064)	(12,515)	(24,064)	(12,515)
Gains on investments, net	44	64,319	200,888	130,319	191,976
Other operating income	36.1	932,103	585,101	1,028,448	558,839
Total operating income		37,438,641	35,222,646	36,563,412	34,526,387
Other operating expenses					
Employee expenses	36.3, 36.4	8,511,083	8,117,590	8,247,098	7,890,739
Directors' remuneration	36.3	45,108	41,445	44,768	41,086
Premises and equipment expenses		3,384,031	3,149,905	3,321,952	3,087,818
Taxes and duties		1,249,909	1,272,562	1,247,879	1,271,726
Others	36.1, 45	4,602,285	4,007,377	4,400,164	3,843,542
Total other operating expenses		17,792,416	16,588,879	17,261,861	16,134,911
Impairment loss on loans and debt securities	36.1, 46	8,914,695	8,649,499	8,924,607	8,665,349
Profit from operations before income tax		10,731,530	9,984,268	10,376,944	9,726,127
Income tax	19	2,003,847	1,739,863	1,904,839	1,691,529
Profit for the year		8,727,683	8,244,405	8,472,105	8,034,598
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Gains (losses) on remeasuring available-for-sale investments		102,943	(172,872)	103,051	(133,303)
Losses arising from translating the financial statements of foreign operations		(50,517)	(16)	(50,517)	(16)
Income tax relating to items that will be reclassified subsequently to profit or loss	19	(10,485)	34,577	(10,507)	26,664
		41,941	(138,311)	42,027	(106,655)
Items that will not be reclassified subsequently to profit or loss					
Change in revaluation surplus on assets		(39,855)	2,079,338	(39,855)	2,079,338
Actuarial gains on post-employment benefit plan	26	192,772	89,069	189,900	91,464
Income tax relating to items that will not be reclassified subsequently to profit or loss	19	(30,584)	(433,681)	(30,009)	(434,161)
		122,333	1,734,726	120,036	1,736,641
Total other comprehensive income for the year, net of income tax		164,274	1,596,415	162,063	1,629,986
Total comprehensive income for the year		8,891,957	9,840,820	8,634,168	9,664,584

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	
	Note	2017	2016	2017	2016
(in thousand Baht)					
Profit attributable to:					
Equity holders of the Bank		8,686,655	8,226,258	8,472,105	8,034,598
Non-controlling interest		41,028	18,147	-	-
Profit for the year		8,727,683	8,244,405	8,472,105	8,034,598
Total comprehensive income attributable to:					
Equity holders of the Bank		8,850,642	9,822,913	8,634,168	9,664,584
Non-controlling interest		41,315	17,907	-	-
Total comprehensive income for the year		8,891,957	9,840,820	8,634,168	9,664,584
Earnings per share	47				
Basic earnings per share (in Baht)		0.1982	0.1879	0.1933	0.1835
Diluted earnings per share (in Baht)		0.1981	0.1876	0.1932	0.1832

P. Tantakam .

Mr. Piti Tantakasem
Chief Executive Officer

Rungson .

Mr. Rungson Sriworasat
Chairman of the Board

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

			Consolidated		Retained earnings				
			Other reserves		Retained earnings				

	Note	Translation adjustment arising from translating the financial statements of foreign operations, net (in thousand Bahr)											
		Issued and paid-up share capital	Premium on share capital	Other reserve – share-based payments (Note 30)	Revaluation surplus on assets, net (Note 31)	Revaluation surplus on available-for-sale investments, net (Note 11.4)	Translation adjustment arising from translating the financial statements of foreign operations, net (Note 11.4)	Total other reserve	Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank	Non-controlling interest	Total equity
Year ended 31 December 2016													
Balance at 1 January 2016		41,562,025	236,181	212,651	3,598,433	82,615	67,991	3,959,990	1,710,000	26,023,338	76,491,234	107,129	76,598,369
Comprehensive income for the year		-	-	-	-	-	-	-	-	8,226,258	8,226,258	18,147	8,244,405
Profit for the year		-	-	-	1,663,470	(138,298)	(13)	1,525,159	-	71,496	1,596,655	(240)	1,596,415
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	1,663,470	(138,298)	(13)	1,525,159	-	8,297,754	9,822,913	17,907	9,840,820
Contributions by and distribution to owners of the bank													
Expenses in relation to share-based payments	30.1, 30.3	-	-	37,469	-	-	-	37,469	-	-	37,469	-	37,469
Issued ordinary shares to employees	30.3	54,977	89,766	(144,743)	-	-	-	(144,743)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	30.3	-	(541)	-	-	-	-	-	-	-	(541)	-	(541)
Dividend paid	33	-	-	-	-	-	-	-	-	(2,628,305)	(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)	-	(2,591,377)
Transfer to legal reserve		-	-	-	(99,709)	-	-	410,000	-	(410,000)	-	-	-
Transfer to retained earnings		-	-	-	-	-	-	(99,709)	-	99,709	-	-	-
Balance at 31 December 2016		41,617,002	325,406	105,377	5,160,194	(65,693)	67,978	5,277,898	2,120,000	34,382,498	83,722,770	125,036	83,847,806
Year ended 31 December 2017													
Balance at 1 January 2017		41,617,002	325,406	105,377	5,160,194	(65,693)	67,978	5,277,898	2,120,000	34,382,498	83,722,770	125,036	83,847,806
Comprehensive income for the year		-	-	-	-	-	-	-	-	8,696,655	8,696,655	41,028	8,727,683
Profit for the year		-	-	-	(31,894)	82,355	(40,414)	10,057	-	133,930	163,987	287	164,274
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	(31,894)	82,355	(40,414)	10,057	-	8,840,595	8,850,642	41,315	8,891,957
Contributions by and distribution to owners of the bank													
Expenses in relation to share-based payments	30.1, 30.3	-	-	15,401	-	-	-	15,401	-	-	15,401	-	15,401
Issued ordinary shares to employees	30.3	30,864	54,037	(84,901)	-	-	-	(84,901)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	30.3	-	(512)	-	-	-	-	-	-	-	(512)	-	(512)
Dividend paid	33	-	-	-	-	-	-	-	-	(2,622,968)	(2,622,968)	(17,925)	(2,640,893)
Total contributions by and distribution to owners of the bank		30,864	53,525	(69,500)	-	-	-	(69,500)	-	(2,622,968)	(2,608,079)	(17,925)	(2,626,004)
Change in ownership interests in subsidiaries													
Acquisition of non-controlling interests without a change in control	12.1	-	-	-	-	-	-	-	-	(109,786)	(109,786)	(148,426)	(258,212)
Total change in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	(109,786)	(109,786)	(148,426)	(258,212)
Transfer to legal reserve		-	-	-	-	-	-	430,000	-	-	-	-	-
Transfer to retained earnings		-	-	-	(121,120)	-	(121,120)	-	-	121,120	-	-	-
Balance at 31 December 2017		41,647,866	376,931	35,877	5,007,190	26,672	27,564	5,097,303	2,550,000	40,181,447	89,855,547	-	89,855,547

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

TMB Bank Public Company Limited and its subsidiaries

Statements of changes in equity

			Bank only		Retained earnings				
			Other reserves		Retained earnings				

	Note	Issued and paid-up share capital	Premium on share capital	Other reserve – share-based payments (Note 30)	Revaluation surplus on assets, net (Note 31)	Revaluation surplus on available-for-sale investments, net (Note 11.4)	Translation adjustment arising from translating the financial statements of foreign operations, net	Total other reserve	Legal reserve	Unappropriated	Total equity
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											
Expenses in relation to share-based payments											
Issued ordinary shares to employees											
Expenses in relation to issuance of ordinary shares to employees											
Dividend paid											
Total contributions by and distribution to owners of the bank											
Transfer to legal reserve											
Transfer to retained earnings											
Balance at 31 December 2016											
Year ended 31 December 2017											
Balance at 1 January 2017											
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											
Expenses in relation to share-based payments											
Issued ordinary shares to employees											
Expenses in relation to issuance of ordinary shares to employees											
Dividend paid											
Total contributions by and distribution to owners of the bank											
Transfer to legal reserve											
Transfer to retained earnings											
Balance at 31 December 2017											

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	2017	2016	2017	2016
		(in thousand Baht)			
Cash flows from operating activities					
Profit from operations before income tax		10,731,530	9,984,268	10,376,944	9,726,127
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities					
Depreciation and amortisation		1,339,981	1,253,689	1,327,548	1,239,508
Impairment loss on loans and debt securities		8,914,695	8,649,499	8,924,607	8,665,349
Impairment loss on premises and equipment (reversal of)		22,828	(55,230)	22,828	(55,230)
Impairment loss on properties for sale and other assets (reversal of)		286,663	(12,244)	283,702	(10,964)
Provisions for employee benefits and other liabilities		18,866	364,021	11,728	358,974
Impairment losses on investment (reversal of)		(21,781)	5,147	(87,781)	(92,853)
Gains on revaluation of trading investments		(343)	(4,791)	(343)	(4,791)
Losses on disposal of intangible assets		8,743	-	8,743	-
Gains on disposal of premises and equipment		(42,918)	(37,230)	(42,618)	(35,002)
Gains on disposal of investments		(42,538)	(206,035)	(42,538)	(99,123)
Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss		24,064	12,765	24,064	12,765
Unrealised losses (gains) on exchange on borrowings and derivatives		(1,410,247)	310,467	(1,410,247)	310,467
Expenses in relation to share-based payments		15,401	37,469	15,401	37,469
Net interest income		(24,733,846)	(24,760,876)	(24,657,088)	(24,727,212)
Dividend income		(32,153)	(61,959)	(157,628)	(61,959)
Interest received		33,783,015	34,470,469	33,751,311	34,439,024
Interest paid		(8,625,760)	(9,675,341)	(8,626,052)	(9,675,462)
Income tax paid		(2,252,353)	(1,466,037)	(2,166,513)	(1,418,734)
Profit from operations before changes in operating assets and liabilities		17,983,847	18,808,051	17,556,068	18,608,353
Decrease (increase) operating assets					
Interbank and money market items		1,327,100	2,010,937	1,652,366	2,143,914
Trading investments		9,594,034	4,647,992	9,594,034	4,647,992
Loans to customers		(59,532,181)	(26,289,950)	(59,542,093)	(26,295,754)
Properties for sale		251,911	324,608	251,911	324,608
Other receivables		166,111	(171,645)	112,018	(321,042)
Other accrued income		(197,598)	(113,927)	(190,767)	(135,547)
Other assets		550,636	(1,001,514)	569,264	(991,415)
Increase (decrease) in operating liabilities					
Deposits		12,415,970	(46,067,357)	12,421,459	(46,029,753)
Interbank and money market items		14,931,619	9,200,816	14,931,619	9,200,816
Liabilities payable on demand		(367,264)	1,023,990	(367,264)	1,023,990
Financial liabilities designated at fair value through profit or loss		-	50,000	-	50,000
Short-term debt issued and borrowings		(748,396)	(33,216)	(748,396)	(33,216)
Provision for obligations or transfers of non-performing assets		(1,317,048)	-	(1,317,048)	-
Provision for employee benefits		(144,042)	(159,805)	(144,042)	(159,805)
Provisions for other liabilities		(19,171)	(19,922)	(19,171)	(19,922)
Account payables		323,123	(224,296)	323,068	(224,226)
Other accrued expenses		991,044	(255,614)	954,422	(265,733)
Deferred revenue		18,680,416	20,440	18,680,433	20,440
Other liabilities		3,669,256	2,046,747	3,635,159	2,072,598
Net cash provided by (used in) operating activities		18,559,367	(36,203,665)	18,353,040	(36,383,702)

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	2017	2016	2017	2016
		(in thousand Baht)			
Cash flows from investing activities					
Interest received		1,302,289	1,504,327	1,302,147	1,502,854
Dividend received		32,152	61,959	157,627	61,959
Purchase of available-for-sale investments		(50,780,623)	(42,935,441)	(43,030,197)	(36,782,235)
Proceeds from sales of available-for-sale investments		41,534,706	59,229,689	33,840,606	53,243,451
Purchase of held to maturity debt securities		(3,984,166)	(8,058,245)	(3,984,166)	(8,058,245)
Proceeds from redemption of matured held to maturity debt securities		5,284,587	21,630,315	5,284,587	21,630,315
Proceeds from sales of general investments		121,450	124,750	121,450	124,750
Purchase of investments in subsidiary		(258,212)	-	(258,212)	-
Purchase of premises and equipment		(1,019,780)	(1,344,188)	(1,011,959)	(1,328,070)
Purchase of leasehold rights		(1,783)	(2,052)	(1,783)	(2,052)
Purchase of intangible assets		(761,356)	(976,048)	(760,180)	(974,757)
Proceeds from disposals of premises and equipment		132,328	415,086	130,751	411,924
Net cash provided by (used in) investing activities		(8,398,408)	29,650,152	(8,209,329)	29,829,894
Cash flows from financing activities					
Repayments of long-term debts issued and borrowings		(12,465)	(773,589)	(12,465)	(773,589)
Interest paid on long-term debts issued and borrowings		(1,195,744)	(1,345,830)	(1,195,744)	(1,345,830)
Cash receipts on senior debenture issued		5,430,000	10,542,300	5,430,000	10,542,300
Cash paid for redemption of subordinated debenture		(10,350,000)	-	(10,350,000)	-
Expenses in relation to issuance of ordinary shares to employees		(512)	(541)	(512)	(541)
Dividend paid to equity holders of the Bank		(2,622,968)	(2,628,305)	(2,622,968)	(2,628,305)
Dividend paid to non-controlling interest		(17,925)	-	-	-
Net cash provided by (used in) financing activities		(8,769,614)	5,794,035	(8,751,689)	5,794,035
Change in translation adjustments of foreign operations		(50,517)	(16)	(50,517)	(16)
Net increase (decrease) in cash		1,340,828	(759,494)	1,341,505	(759,789)
Cash at 1 January		16,530,908	17,290,402	16,530,044	17,289,833
Cash at 31 December		17,871,736	16,530,908	17,871,549	16,530,044

Supplementary disclosures of cash flow information

Non-cash transactions:					
Issuance of ordinary shares to employees		84,901	144,743	84,901	144,743
Change in remeasuring available-for-sale investments		102,943	(172,872)	103,051	(133,303)
Change in revaluation surplus on assets and transferred revaluation surplus on assets directly to retained earnings		(191,255)	1,954,701	(191,255)	1,954,701
Actuarial gains on post-employment benefit plan		192,772	89,069	189,900	91,464
Change in translation adjustments of foreign operations		(50,517)	(16)	(50,517)	(16)
Increase in properties for sale due to debts settlement		549,716	335,098	549,716	335,098
Transfer of premises and equipment to properties for sale		220,172	317,412	220,172	317,412
Reversal of provisions for obligation on transfers of non-performing assets net off written-off the promissory note	8	337,668	4,341,000	337,668	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 16 February 2018.

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 as at 31 December 2017 and 2016 are given in note 12.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs); 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 TFRSs effective for annual accounting periods beginning on or after 1 January 2017. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank and its subsidiaries.

In addition to the above new and revised TFRSs, the FAP has issued a number of other revised TFRSs which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Bank and its subsidiaries have made a preliminary assessment of the potential impact on the consolidated and the Bank only financial statements of these revised TFRSs and expect that there will be no material impact on the financial statements in the period of initial application.

(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 prepared and 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 TFRSs 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 uncertainties is included in the following notes:

- Note 10 Derivatives
- Note 15 Allowance for doubtful accounts

3 Changes in accounting policies

In June 2017, the Bank changed its accounting policy for the recognition of the purchase and sale of investments in debt securities from the trade date to the settlement date basis for management purposes.

In September 2017, the Bank changed its accounting policy for the recognition of the “Claims on securities” and “Customers’ liabilities under acceptances” which were presented as a part of assets and “Liabilities to deliver securities” and “Bank’s liabilities under acceptances” which were presented as a part of liabilities by excluding those items from the statements of financial position, and disclosing liabilities items as commitments in note 35, in compliance with relevant accounting guideline.

In accordance with Thai Accounting Standard (“TAS”) No. 8 (revised 2016), Accounting policies, changes in accounting estimates and errors, these changes in accounting policies have been applied retrospectively to the consolidated and the Bank only’s financial statements for all periods presented with the following impact were as follows:

	Consolidated and Bank only	
	31 December 2016	1 January 2016
	(in million Baht)	
Statements of financial position		
Change in accounting policy in June 2017		
Increase (decrease) in investments, net	869	(580)
Decrease in other receivables, net	(11,433)	(5,425)
Decrease in other payables	(10,564)	(6,005)
Change in accounting policy in September 2017		
Decrease in claims on securities	(13,115)	(11,945)
Decrease in customers’ liabilities under acceptances	(5)	(11)
Decrease in liabilities to deliver securities	(13,115)	(11,945)
Decrease in bank’s liabilities under acceptances	(5)	(11)

4 **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) ***Basis of consolidation***

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as “the Group”).

Business combinations

The Bank applies the acquisition method for all business combinations when control is transferred to the Bank and its subsidiaries, as describe in subsidiaries section, 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 (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

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 statements are prepared using the same significant accounting policies as the Bank.

Non-controlling interests

At the acquisition date, the Bank measures any non-controlling interests 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 Bank 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 from loss of control over a subsidiary 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.

(b) ***Foreign currencies***

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities 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 "Debts 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

Investments in subsidiaries 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.

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 associates, are classified as general investments and stated at cost less allowance for impairment losses (if any).

Recognition

Purchases and sales of investments in debt securities are recorded on settlement dates.

Purchases and sales of investments in equity securities 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 debt and equity securities, cost of both investments sold and those still held are determined using the weighted average 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.

(i) 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 disposable 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 measured at revalued amount less allowance for impairment losses (if any), buildings are measured at revalued amount less accumulated depreciation and allowance for impairment losses (if any), and equipment is measured at cost less accumulated depreciation and allowance for impairment losses (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 allowance for 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 measured at cost less accumulated amortisation and allowance for impairment losses and are presented as a part of "other assets" 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 4 (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 adjusted. 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 losses 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 investments 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 4 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, the reversal is recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods 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) 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 is 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.

(q) 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 as income or expense by amortisation using the straight-line basis over the contract periods.

(r) 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.

(s) 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 4 (h).

(t) 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 and conditions in the contract. Fee received in advance is recorded as “Deferred revenue” in the statements of financial position and recognised as revenue when services are rendered. In case that the Bank and its subsidiaries provide 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 amount is recorded as “Deferred revenue” 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.

(u) 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.

(v) 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 its 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.

(w) 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.

(x) 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.

(y) 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.

5 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, Small Enterprise and Retail Credit Underwriting, NPL Prevention Team, Small Enterprise Portfolio Monitoring, and Credit Policy and Risk Control 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.

5.1 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 payment and other forms of guarantees, as well as issuing letters of credit and endorsing aval on commercial bills and notes for its customers. Such contingent transaction activities require assessment on financial condition of customers in the same manner as done for direct lending. The Bank also makes a standard practice to set 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.

5.2 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 from future movements in market interest rates including changes in interest rates of rate sensitive assets and liabilities that will have negative impact to the Bank's and its subsidiaries' operating results, cash flows and economic value.

The Bank's and its subsidiaries' principal financial assets, namely loans to customers mostly earn interest at floating rates, based on MRR, MLR, MOR, interest rates of time deposits or other benchmark floating rates such as BIBOR, LIBOR, etc.

As at 31 December 2017 and 2016, financial assets and liabilities classified by types of interest rates were as follows:

	Consolidated 2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	17,872	17,872
Interbank and money market items net of deferred revenue	44,417	61,237	6,867	112,521
Investments, net	8,645	52,348	312	61,305
Loans to customers net of deferred revenue	412,201	221,837	9,335	643,373
Other financial assets	898	-	5,353	6,251
Total financial assets	466,161	335,422	39,739	841,322
Financial liabilities				
Deposits	499,694	82,763	28,973	611,430
Interbank and money market items	9,638	49,289	1,422	60,349
Liabilities payable on demand	-	-	3,665	3,665
Financial liabilities designated at fair value through profit or loss	296	-	-	296
Debts issued and borrowings	-	33,340	12	33,352
Other financial liabilities	1,780	-	13,683	15,463
Total financial liabilities	511,408	165,392	47,755	724,555

	Consolidated 2016			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
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	58,051	438	62,985
Loans to customers net of deferred revenue	388,634	197,309	7,498	593,441
Other financial assets	2,619	473	4,225	7,317
Total financial assets	419,379	338,086	36,658	794,123
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	-	9,374	10,003
Total financial liabilities	471,687	188,188	38,692	698,567

	Bank only 2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	17,872	17,872
Interbank and money market items net of deferred revenue	44,299	60,102	6,867	111,268
Investments, net	8,645	49,223	312	58,180
Investment in subsidiaries, net	-	-	3,754	3,754
Loans to customers net of deferred revenue	412,153	221,837	9,335	643,325
Other financial assets	898	-	5,217	6,115
Total financial assets	465,995	331,162	43,357	840,514
Financial liabilities				
Deposits	499,761	82,763	28,984	611,508
Interbank and money market items	9,638	49,289	1,422	60,349
Liabilities payable on demand	-	-	3,665	3,665
Financial liabilities designated at fair value through profit or loss	296	-	-	296
Debts issued and borrowings	-	33,340	12	33,352
Other financial liabilities	1,780	-	13,501	15,281
Total financial liabilities	511,475	165,392	47,584	724,451

	Bank only 2016			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(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	55,026	438	59,960
Investment in subsidiaries, net	-	-	3,429	3,429
Loans to customers net of deferred revenue	388,586	197,309	7,498	593,393
Other financial assets	2,598	473	4,078	7,149
Total financial assets	419,299	334,144	39,939	793,382
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	-	9,278	9,907
Total financial liabilities	471,748	188,188	38,608	698,544

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by interest repricing periods are as follows:

	Consolidated 2017					
	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	-	-	-	-	17,872	17,872
Interbank and money market items net of deferred revenue	104,639	1,015	-	-	6,867	112,521
Investments, net	17,191	9,712	34,090	-	312	61,305
Loans to customers net of deferred revenue	416,058	66,124	134,335	17,521	9,335	643,373
Other financial assets	898	-	-	-	5,353	6,251
Total financial assets	538,786	76,851	168,425	17,521	39,739	841,322
Financial liabilities						
Deposits	533,090	45,836	3,531	-	28,973	611,430
Interbank and money market items	56,598	1,549	780	-	1,422	60,349
Liabilities payable on demand	-	-	-	-	3,665	3,665
Financial liabilities designated at fair value through profit or loss	296	-	-	-	-	296
Debts issued and borrowings	3,014	7	30,319	-	12	33,352
Other financial liabilities	1,780	-	-	-	13,683	15,463
Total financial liabilities	594,778	47,392	34,630	-	47,755	724,555

	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	18,446	8,997	35,104	-	438	62,985
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	-	-	4,225	7,317
Total financial assets	517,613	84,862	137,385	17,605	36,658	794,123
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	-	-	-	9,374	10,003
Total financial liabilities	549,316	74,383	36,176	-	38,692	698,567

	Bank only 2017					
	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	-	-	-	-	17,872	17,872
Interbank and money market items net of deferred revenue	104,079	322	-	-	6,867	111,268
Investments, net	14,066	9,712	34,090	-	312	58,180
Investments in subsidiaries, net	-	-	-	-	3,754	3,754
Loans to customers net of deferred revenue	416,058	66,124	134,335	17,473	9,335	643,325
Other financial assets	898	-	-	-	5,217	6,115
Total financial assets	535,101	76,158	168,425	17,473	43,357	840,514
Financial liabilities						
Deposits	533,157	45,836	3,531	-	28,984	611,508
Interbank and money market items	56,598	1,549	780	-	1,422	60,349
Liabilities payable on demand	-	-	-	-	3,665	3,665
Financial liabilities designated at fair value through profit or loss	296	-	-	-	-	296
Debts issued and borrowings	3,014	7	30,319	-	12	33,352
Other financial liabilities	1,780	-	-	-	13,501	15,281
Total financial liabilities	594,845	47,392	34,630	-	47,584	724,451

	Bank only					
	2016					
	Repricing periods					
	Within	Over	Over	Non-	Non-	
	3 months	3 months	1 year	performing	interest	Total
		to 1 year		assets	bearing	
	(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	16,933	7,485	35,104	-	438	59,960
Investments in subsidiaries, 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	-	-	4,078	7,149
Total financial assets	515,900	82,601	137,385	17,557	39,939	793,382
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	-	-	-	9,278	9,907
Total financial liabilities	549,377	74,383	36,176	-	38,608	698,544

The Bank and its subsidiaries' average interest-bearing financial assets and financial liabilities, together with the average interest rates were as follows:

	Consolidated					
	2017			2016		
	Average balance	Interest ⁽¹⁾	Average interest rate	Average balance	Interest ⁽¹⁾	Average interest rate
	<i>(in million Baht)</i>			<i>(in million Baht)</i>		
Interest-bearing financial assets						
Interbank and money market items	114,460	1,824	1.59	109,135	1,746	1.60
Investments and trading transactions and investments in debt securities	58,672	1,274	2.17	79,133	1,636	2.07
Loans to customers net from deferred revenue	609,365	31,580	5.18	587,280	32,086	5.46
Total	782,497	34,678		775,548	35,468	
Interest-bearing financial liabilities						
Deposits	574,414	7,832	1.36	600,702	9,088	1.51
Interbank and money market items	57,579	744	1.29	31,953	336	1.05
Debt issued and borrowings	35,835	1,398	3.90	37,764	1,444	3.82
Total	667,828	9,974		670,419	10,868	

⁽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					
	2017			2016		
	Average balance	Interest ⁽¹⁾	Average interest rate	Average balance	Interest ⁽¹⁾	Average interest rate
	<i>(in million Baht)</i>			<i>(in million Baht)</i>		
Interest-bearing financial assets						
Interbank and money market items	113,325	1,808	1.60	108,227	1,731	1.60
Investments and trading transactions and investments in debt securities	55,590	1,230	2.21	78,880	1,635	2.07
Loans to customers net from deferred revenue	609,317	31,564	5.18	587,234	32,069	5.46
Total	778,232	34,602		774,341	35,435	
Interest-bearing financial liabilities						
Deposits	574,485	7,832	1.36	600,730	9,088	1.51
Interbank and money market items	57,579	744	1.29	31,953	336	1.05
Debt issued and borrowings	35,835	1,398	3.90	37,764	1,444	3.82
Total	667,899	9,974		670,447	10,868	

⁽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 2017 and 2016, the Bank's net foreign currency positions categorised by major foreign currencies were as follows:

	Bank only					
	2017			2016		
	USD	Euro ^(*)	Other currencies ^(*)	USD	Euro ^(*)	Other currencies ^(*)
	<i>(in USD million)</i>					
Spot	97	14	(75)	451	15	(74)
Forward	(101)	(17)	79	(465)	(16)	76
Net position	(4)	(3)	4	(14)	(1)	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 Asset and Liability Management Committee (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.

5.3 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 against 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 2017, the loans to deposits ratio of the Bank was 106.10% (2016: 99.5%).

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 2017 and 2016 were summarised as follows:

	Consolidated 2017					No maturity	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		
Financial assets							
Cash	17,872	-	-	-	-	-	17,872
Interbank and money market items net of deferred revenue	7,711	103,795	1,015	-	-	-	112,521
Investments, net	-	-	-	-	-	-	-
Trading securities and general investments	-	8	2	94	516	309 ⁽²⁾	929
Available-for-sale securities	-	11,918	8,771	13,986	2,187	3 ⁽²⁾	36,865
Held-to-maturity debt securities	-	509	941	14,156	7,905	-	23,511
Loans to customers net of deferred revenue	127,843	131,417	90,324	138,495	137,773	17,521 ⁽³⁾	643,373
Other financial assets	1,275	746	-	-	275	3,955	6,251
Total financial assets	154,701	248,393	101,063	186,731	148,656	21,788	841,322
Financial liabilities							
Deposits	528,647	33,299	45,863	3,621	-	-	611,430
Interbank and money market items	6,485	51,534	1,550	749	31	-	60,349
Liabilities payable on demand	3,665	-	-	-	-	-	3,665
Financial liabilities designated at fair value through profit or loss	-	-	-	-	296	-	296
Debt issued and borrowings	5	3,011	11	30,266	59	-	33,352
Other financial liabilities	3,964	1,803	-	-	545	9,151	15,463
Total financial liabilities	542,766	89,647	47,424	34,636	931	9,151	724,555
Net liquidity gap	(388,065)	158,746	53,629	132,095	147,725	12,637	116,767
Net cash flow on derivatives	-	128	311	(342)	61	-	158

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

	Consolidated 2016				
	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years <i>(in million Baht)</i>	Over 5 years
					No maturity
Financial assets					
Cash	16,531	-	-	-	-
Interbank and money market items net of deferred revenue	9,102	103,147	1,122	478	-
Investments, net					
Trading securities and general investments	-	10	3,128	3,714	3,362
Available-for-sale securities	-	3,737	3,752	19,568	320
Held-to-maturity debt securities	-	-	5,245	15,715	3,996
Loans to customers net of deferred revenue	115,955	124,421	105,157	116,453	113,850
Other financial assets	1,493	1,846	417	366	630
Total financial assets	143,081	233,161	118,821	156,294	122,158
Financial liabilities					
Deposits	483,984	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	774	-	-	627
Total financial liabilities	499,234	80,370	74,684	36,135	992
Net liquidity gap	(356,153)	152,791	44,137	120,159	121,166
Net cash flow on derivatives	-	346	(62)	(603)	165

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

	Bank only 2017				
	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years <i>(in million Baht)</i>	Over 5 years
					No maturity
Financial assets					
Cash	17,872	-	-	-	-
Interbank and money market items net of deferred revenue	7,594	103,352	322	-	-
Investments, net					
Trading securities and general investments	-	8	2	94	516
Available-for-sale securities	-	8,793	8,771	13,986	2,187
Held-to-maturity debt securities	-	509	941	14,156	7,905
Investments in subsidiaries, net	-	-	-	-	-
Loans to customers net of deferred revenue	127,843	131,417	90,324	138,495	137,773
Other financial assets	1,275	746	-	-	275
Total financial assets	154,584	244,825	100,360	166,731	148,656
Financial liabilities					
Deposits	528,725	33,299	45,863	3,621	-
Interbank and money market items	6,485	51,534	1,550	749	31
Liabilities payable on demand	3,665	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	296
Debt issued and borrowings	5	3,011	11	30,266	59
Other financial liabilities	3,964	1,771	-	-	545
Total financial liabilities	542,844	89,615	47,424	34,636	931
Net liquidity gap	(388,260)	155,210	52,936	132,095	147,725
Net cash flow on derivatives	-	128	311	(342)	61

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Bank only 2016 Over 1 year to 5 years (in million Baht)	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	-	10	3,128	3,714	3,362	435 ⁽²⁾	10,649
Trading securities and general investments	-	2,224	2,240	19,568	320	3 ⁽²⁾	24,355
Available-for-sale securities	-	-	5,245	15,715	3,996	-	24,956
Held-to-maturity debt securities	-	-	-	-	-	3,429 ⁽²⁾	3,429
Investments in subsidiaries, net	115,955	124,421	105,157	116,453	113,850	17,557 ⁽³⁾	593,393
Loans to customers net of deferred revenue	1,493	1,846	396	366	630	2,418	7,149
Other financial assets	143,069	231,480	116,539	156,294	122,158	23,842	793,382
Financial liabilities							
Deposits	484,057	48,726	60,122	6,116	-	-	599,021
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	752	-	-	627	7,078	9,907
Total financial liabilities	499,307	80,348	74,684	36,135	992	7,078	698,544
Net liquidity gap	(356,238)	151,132	41,855	120,159	121,166	16,764	94,838
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.

6 Fair value of assets and liabilities

6.1 Financial assets and liabilities

The significant different of fair values in comparison with carrying values of each line item of financial assets and financial liabilities as shown in the statements of financial position at 31 December 2017 and 2016 were as follows:

	Consolidated			
	2017		2016	
	Carrying value	Fair value	Carrying value	Fair value
	(in million Baht)			
Financial assets				
Derivatives assets	8,674	8,811	10,460	10,567
Investments, net	61,305	61,928	62,985	63,608
Total financial assets	69,979	70,739	73,445	74,175
Financial liabilities				
Deposits	611,430	611,430	598,948	598,987
Derivatives liabilities	8,559	8,764	10,728	10,995
Debts issued and borrowings	33,352	34,411	39,874	40,982
Total financial liabilities	653,341	654,605	649,550	650,964
	Bank only			
	2017		2016	
	Carrying value	Fair value	Carrying value	Fair value
	(in million Baht)			
Financial assets				
Derivatives assets	8,674	8,811	10,460	10,567
Investments, net	58,180	58,803	59,960	60,583
Total financial assets	66,854	67,614	70,420	71,150
Financial liabilities				
Deposits	611,508	611,508	599,021	599,060
Derivatives liabilities	8,559	8,764	10,728	10,995
Debts issued and borrowings	33,352	34,411	39,874	40,982
Total financial liabilities	653,419	654,683	649,623	651,037

The following methods and assumptions were used by the Bank and its subsidiaries 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.

- Investments:

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, net:

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.

- 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 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 the market interest rate 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, fair values 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 observable market 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.
- 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 and Level 2 of the fair value hierarchy during the years ended 31 December 2017 and 2016.

6.1.1 Financial assets and liabilities measured at 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 (in million Baht)			
	Level 1	Level 2	Level 3	Total
31 December 2017				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,048	-	5,048
- Interest rate related	-	3,603	-	3,603
Investments				
- Trading investments	-	620	-	620
- Available-for-sale investments	-	36,865	-	36,865
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	386	-	386
Derivatives (trading book)				
- Foreign currency related	-	4,713	-	4,713
- Interest rate related	-	3,728	-	3,728
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	-	10,214	-	10,214
- Available-for-sale investments	-	27,380	-	27,380
<i>Financial liabilities</i>				
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 (in million Baht)			
	Level 1	Level 2	Level 3	Total
31 December 2017				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,048	-	5,048
- Interest rate related	-	3,603	-	3,603
Investments				
- Trading investments	-	620	-	620
- Available-for-sale investments	-	33,740	-	33,740
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	386	-	386
Derivatives (trading book)				
- Foreign currency related	-	4,713	-	4,713
- Interest rate related	-	3,728	-	3,728
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	-	10,214	-	10,214
- Available-for-sale investments	-	24,355	-	24,355
<i>Financial liabilities</i>				
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

6.1.2 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. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

	Carrying amount	Consolidated Fair value			
Level 1		Level 2	Level 3	Total	
(in million Baht)					
31 December 2017					
<i>Financial assets</i>					
Derivatives (banking book)	23	-	160	-	160
Investments					
- Held-to-maturity debt securities	23,511	-	23,851	-	23,851
- General investments	309	-	-	592	592
<i>Financial liabilities</i>					
Deposits	611,430	-	611,430	-	611,430
Derivatives (banking book)	117	-	323	-	323
Debts issued and borrowings	33,352	-	34,411	-	34,411
31 December 2016					
<i>Financial assets</i>					
Derivatives (banking book)	15	-	122	-	122
Investments					
- Held-to-maturity debt securities	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
Debts issued and borrowings	39,874	-	40,982	-	40,982

	Carrying amount	Bank only			
Fair value					
Level 1		Level 2	Level 3	Total	
<i>(in million Baht)</i>					
31 December 2017					
<i>Financial assets</i>					
Derivatives (banking book)	23	-	160	-	160
Investments					
- Held-to-maturity debt securities	23,511	-	23,851	-	23,851
- General investments	309	-	-	592	592
<i>Financial liabilities</i>					
Deposits	611,508	-	611,508	-	611,508
Derivatives (banking book)	117	-	323	-	323
Debts issued and borrowings	33,352	-	34,411	-	34,411
31 December 2016					
<i>Financial assets</i>					
Derivatives (banking book)	15	-	122	-	122
Investments					
- Held-to-maturity debt securities	24,956	-	25,309	-	25,309
- General investments	435	-	-	705	705
<i>Financial liabilities</i>					
Deposits	599,021	-	599,060	-	599,060
Derivatives (banking book)	577	-	844	-	844
Debts issued and borrowings	39,874	-	40,982	-	40,982

6.2 Non-financial assets measured 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 2017					
<i>Non-financial assets</i>					
Premises, net	9,983	-	-	9,983	9,983
31 December 2016					
<i>Non-financial assets</i>					
Premises, net	10,292	-	-	10,292	10,292

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	
	2017	2016
	<i>(in million Baht)</i>	
Balance at 1 January	10,292	8,663
Acquisitions	545	346
Increase/transfers in	-	2,112
Adjustments from revaluation	-	(19)
Disposals/written-off/transfers out	(540)	(599)
Depreciation	(310)	(301)
Reversal (loss) on impairment during the year	(4)	90
Balance at 31 December	9,983	10,292

7 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 2017 and 2016, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2017	2016
	<i>(in million Baht)</i>	
<i>Tier 1 Capital</i>		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	41,648	41,617
Share premium	379	325
Legal reserve	2,550	2,120
Net profits after appropriation	35,129	29,315
Other comprehensive income	4,886	5,046
Capital adjustment items on CET1	(71)	(68)
Capital deduction items on CET1	(3,666)	(3,114)
Total Common Equity Tier 1 Capital	80,855	75,241

Additional Tier 1 Capital

Transactions under subsidiary companies only for non-controlling interest and outside the scope that countable as Tier 1 of financial instruments of consolidated financial institutions

Total Tier 1 Capital

Tier 2 Capital

Allowance for classified assets of "pass" category

Subordinated debentures

Transactions under subsidiary companies only for non-controlling interest and outside the scope that is countable as Tier 2 of consolidated financial institutions

Total Tier 2 Capital

Total Capital funds

Total Risk-Weighted Assets

	The BoT's regulation minimum requirement [*]	Consolidated supervision		The BoT's regulation minimum requirement [*]	2016
		2017	(%)		
Capital Adequacy Ratio/Total Risk-Weighted Asset	9.75	17.44	9.125	18.25	
Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.25	13.27	6.625	12.90	
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	5.75	13.27	5.125	12.89	

	Bank only	
	2017	2016
	(in million Baht)	
<i>Tier 1 capital</i>		
Common Equity Tier 1 capital (CET1)		
Paid-up share capital	41,648	41,617
Share premium	379	325
Legal reserve	2,550	2,120
Net profits after appropriation	34,587	28,853
Other comprehensive income	4,885	5,046
Capital adjustment items on CET1	(71)	(68)
Capital deduction items on CET1	(3,588)	(3,038)
Total Common Equity Tier 1 Capital	80,390	74,855
<i>Tier 2 capital</i>		
Allowance for classified assets of “pass” category	4,940	5,878
Subordinated debentures	20,430	25,350
Total Tier 2 Capital	25,370	31,228
Total Capital funds	105,760	106,083
Total Risk-Weighted Assets	609,875	584,722

	The BoT's regulation minimum requirement *	2017	The BoT's regulation minimum requirement *	2016
			(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	9.75	17.34	9.125	18.14
Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.25	13.18	6.625	12.80
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	5.75	13.18	5.125	12.80

* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

According to Bank of Thailand'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 2017 and 2016, 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 2017 through the Bank's website at www.tmbbank.com within April 2018.

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.

8 Sale of non-performing assets to Thai Asset Management Corporation (“TAMC”)⁽¹⁾

8.1 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.

In August 2017, the Bank received a letter from the Comptroller General's Department (the attorney of the Ministry of Finance) informing the Bank to pay for losses from management of non-performing assets amounting to Baht 1,317 million, as the Supreme Court has judged in favour of TAMC and all disputes have been settled. In September 2017, the Bank paid for the loss sharing to TAMC and reversed “Provision for obligations on transfers of non-performing assets” in the statement of financial position. As at 31 December 2017, the Bank had no obligation with TAMC (2016: Baht 1,317 million).

⁽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.

8.2 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:

- 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 was 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 and reversed the related provision, amounting to Baht 4,341 million, as the case was finalised.
- 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.

On 20 July 2017, the Supreme Court upheld the verdict of the Court of First Instance and the Appeal Court, and judged in favour of TAMC. Therefore, TAMC was eligible to adjust the transfer price down by Baht 56 million and not liable for interest on that portion. Accordingly, the Bank has written off the other receivables and accrued interest on promissory notes, and reversed the related provision, amounting to Baht 338 million, as the case was finalised. As at 31 December 2017, the Bank had no outstanding balance for those items (*2016: Baht 338 million*).

9 Interbank and money market items, net (assets)

	Consolidated					
	At call	2017 Term	Total	At call	2016 Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	5,225	81,756	86,981	6,083	64,855	70,938
Commercial banks	118	3,045	3,163	11	12,297	12,308
Specialised financial institutions	-	3,200	3,200	20	4,001	4,021
Other financial institutions	8	14,233	14,241	1	20,419	20,420
Total	5,351	102,234	107,585	6,115	101,572	107,687
<i>Add</i> accrued interest receivable	-	37	37	-	46	46
<i>Less</i> allowance for doubtful accounts	-	(20)	(20)	-	(38)	(38)
Total domestic, net	5,351	102,251	107,602	6,115	101,580	107,695
Foreign						
US Dollar	1,335	2,294	3,629	1,789	3,176	4,965
Japanese Yen	231	-	231	226	-	226
Euro	245	-	245	237	-	237
Other currencies	545	286	831	735	-	735
Total	2,356	2,580	4,936	2,987	3,176	6,163
<i>Add</i> accrued interest receivable	-	5	5	-	9	9
<i>Less</i> deferred revenues	-	-	-	-	(1)	(1)
allowance for doubtful accounts	-	(9)	(9)	-	(8)	(8)
Total foreign, net	2,356	2,576	4,932	2,987	3,176	6,163
Total domestic and foreign, net	7,707	104,827	112,534	9,102	104,756	113,858

	Bank only					
	At call	2017 Term	Total	At call	2016 Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	5,225	81,756	86,981	6,083	64,855	70,938
Commercial banks	-	1,910	1,910	-	11,380	11,380
Specialised financial institutions	-	3,200	3,200	20	4,001	4,021
Other financial institutions	8	14,233	14,241	1	20,419	20,420
Total	5,233	101,099	106,332	6,104	100,655	106,759
<i>Add</i> accrued interest receivable	-	31	31	-	41	41
<i>Less</i> allowance for doubtful accounts	-	(20)	(20)	-	(38)	(38)
Total domestic, net	5,233	101,110	106,343	6,104	100,658	106,762

	Bank only					
	At call	2017 Term	Total	At call	2016 Term	Total
	<i>(in million Baht)</i>					
Foreign						
US Dollar	1,335	2,294	3,629	1,789	3,176	4,965
Japanese Yen	231	-	231	226	-	226
Euro	245	-	245	237	-	237
Other currencies	545	286	831	735	-	735
Total	2,356	2,580	4,936	2,987	3,176	6,163
<i>Add</i> accrued interest receivable	-	5	5	-	9	9
<i>Less</i> deferred revenues	-	-	-	-	(1)	(1)
allowance for doubtful accounts	-	(9)	(9)	-	(8)	(8)
Total foreign, net	2,356	2,576	4,932	2,987	3,176	6,163
Total domestic and foreign, net	7,589	103,686	111,275	9,091	103,834	112,925

10 Derivatives

As at 31 December 2017 and 2016, 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:

	Consolidated and Bank only					
	2017		2016			
Type of risks	Fair value/Readjustment based on an accrual basis Assets	Liabilities	Notional amount	Fair value/Readjustment based on an accrual basis Assets	Liabilities	Notional amount
	<i>(in million Baht)</i>					
Foreign currency related						
- Trading Book	5,048	4,713	560,289	6,682	6,224	552,616
- Banking Book ⁽¹⁾	48	117	9,479	42	578	21,767
Interest rate related						
- Trading Book	3,603	3,728	686,419	3,763	3,927	754,277
- Banking Book ⁽¹⁾	98	137	25,234	96	134	20,749
Total	8,797	8,695	1,281,421	10,583	10,863	1,349,409

⁽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 and interest paid or received in advance based on the contracts. As at 31 December 2017, accrued interest receivable and interest paid in advance amounting to Baht 123 million (*2016: Baht 123 million*) are presented as a part of “Other assets” and accrued interest payable and interest received in advance amounting to Baht 136 million (*2016: Baht 135 million*) are presented as a part of “Other liabilities” in the consolidated and Bank only financial statements.

As at 31 December 2017 and 2016, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

	Consolidated and Bank only	
	2017	2016
	(%)	
Counterparties		
Financial institutions	79.33	81.26
Other parties	20.67	18.74
Total	100.00	100.00

11 Investments, net

11.1 Classified by type of investments

	Consolidated		Bank only	
	2017	2016	2017	2016
	(in million Baht)			
Trading securities - Fair value				
Government and state enterprise securities	620	10,214	620	10,214
Total	620	10,214	620	10,214
Available-for-sale securities - Fair value				
Government and state enterprise securities	36,862	27,377	33,737	24,352
Domestic marketable equity securities	3	3	3	3
Total	36,865	27,380	33,740	24,355
Held-to-maturity debt securities - Cost/Amortised cost				
Government and state enterprise securities	23,511	24,956	23,511	24,956
Total	23,511	24,956	23,511	24,956
General investments - Cost				
Domestic non-marketable equity securities	1,098	1,219	1,098	1,219
Foreign non-marketable equity securities	2	35	2	35
Total	1,100	1,254	1,100	1,254
Less allowance for impairment losses				
losses	(791)	(819)	(791)	(819)
Net	309	435	309	435
Total investments, net	61,305	62,985	58,180	59,960

As at 31 December 2017, the Bank had purchases and sales of investment in debt securities with net sales amounting to Baht 68 million (2016: net sales amounting to Baht 869 million), for which the settlement was not due at the reporting date.

11.2 Investments in entities in which the Bank and its subsidiaries hold 10% or more

As at 31 December 2017 and 2016, 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	
	2017	2016
	(in million Baht)	
Property development and construction	34	34
Public utilities and services	14	14
Mutual funds and financial services	56	23
Others	11	11
Total	115	82
Less allowance for impairment losses	(41)	(41)
Investments, net	74	41

Interest in unconsolidated structured entity arising in the normal business

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 earns is management fees.

As at 31 December 2017 and 2016, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

11.3 Investments in companies with problems in their financial position and operating results

As at 31 December 2017 and 2016, the Bank and its subsidiaries had the following investments in listed companies which meet the Stock Exchange of Thailand (“SET”)’s criteria for delisting, and are in default on debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET:

	Consolidated and Bank only							
	2017				2016			
	No.	Cost			No.	Cost		
	of	value/	Allowance		of	value/	Allowance	
Com-	panies	book	Fair	for	Com-	book	Fair	for
		value	value	impairment	panies	value	value	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	11	730	-	(730)	12	740	-	(740)
Total	13	792	-	(792)	14	802	-	(802)

11.4 Revaluation surplus (deficit) on available-for-sale investments

As at 31 December 2017 and 2016, revaluation surplus (deficit) on investments could be summarised as follows:

	Consolidated		Bank only	
	2017	2016	2017	2016
	(in million Baht)			
Revaluation surplus on investments				
Debt securities	36	-	36	-
Equity securities	1	-	-	-
Total	37	-	36	-
Revaluation deficit on investments				
Debt securities	(2)	(69)	(2)	(69)
Equity securities	(1)	(1)	(1)	(1)
Total	(3)	(70)	(3)	(70)
Total revaluation surplus (deficit) on investments	34	(70)	33	(70)
Add (less) deferred tax	(7)	14	(7)	14
Net	27	(56)	26	(56)

12 Investments in subsidiaries, net

12.1 Detail of investments in subsidiaries

Companies	Type of business	Percentage of ownership interest	Paid-up capital		Cost		At cost, net		Dividend income	
			2017	2016	2017	2016	2017	2016	For the year ended	2017
									2016	
		(%)								
Subsidiaries										
Phayathai Asset Management Co., Ltd.	Asset management business	100.00	1,070	1,070	3,870	3,870	3,191	3,125	-	-
Designee for ETA Contract Ltd.	Financial support business	99.50	-	-	-	-	-	-	-	-
TMB Asset Management Co., Ltd.	Fund management business	100.00	100	100	563	304	563	304	125	-
Total					4,433	4,174	3,754	3,429	125	-

On 24 October 2017, the Bank invested in an additional 1,250,000 ordinary shares of TMB Asset Management Company Limited (“TMBAM”) at a price of Baht 206.57 per share, for a total of Baht 259 million. As a result, the Bank’s shareholding in TMBAM increased from 87.50% to 100.00% of the issued and paid-up share capital of TMBAM. This is a change in ownership interests in subsidiaries without a change in control whereby the Bank recorded the difference of Baht 110 million, being the difference between its acquisition cost and the respective carrying value of TMBAM, directly to retained earnings in the consolidated financial statements.

12.2 Disclosure of the statement 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. Statement of cash flows

	For the years ended 31 December	
	2017	2016
	<i>(in million Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax	69	137
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>		
Impairment loss on loans and debt securities (reversal of)	(1)	4
Impairment loss on properties for sale and other assets (reversal of)	3	(1)
Provisions	2	-
Gains on disposal of investments	-	(107)
Net interest income	(79)	(50)
Interest received	35	49
Income tax paid	(2)	(10)
Profit from operations before changes in operating assets and liabilities	27	22
<i>Decrease (increase) in operating assets</i>		
Intercompany and money market items	(6)	(4)
Investments in receivables	1	2
Loans to customers	-	(16)
Receivables from Legal Execution Department	16	73
Receivables from BAM's promissory notes	20	84
Other assets	(3)	-
<i>Increase (decrease) in operating liabilities</i>		
Other payables	-	9
Accrued expenses	-	(1)
Other liabilities	-	(1)
Net cash provided by operating activities	55	168
<i>Cash flows from investing activities</i>		
Purchase of available-for-sale investments	(7,750)	(6,153)
Proceeds from sales of available-for-sale investments	7,694	5,986
Net cash used in investing activities	(56)	(167)
Net increase (decrease) in cash	(1)	1
Cash at 1 January	1	-
Cash at 31 December	-	1
Supplementary disclosures of cash flow information		
Non-cash transactions:		
Change in remeasuring available-for-sale investments	-	(40)

13 Loans to customers and accrued interest receivables, net

13.1 Classified by loan type

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Overdrafts	118,834	125,848	118,834	125,848
Loans	374,105	334,952	374,057	334,904
Bills	150,468	132,587	150,468	132,587
Others	18	123	18	123
<i>Less</i> deferred revenue	(52)	(69)	(52)	(69)
Loans to customers net of deferred revenue	643,373	593,441	643,325	593,393
<i>Add</i> accrued interest receivables	969	915	969	915
Total loans to customers net of deferred revenue and accrued interest receivables	644,342	594,356	644,294	594,308
<i>Less</i> allowance for doubtful accounts				
- Provision at BoT's minimum rates required	(15,049)	(14,659)	(15,019)	(14,629)
- Provision in excess of BoT's minimum rates required	(9,590)	(10,252)	(9,590)	(10,252)
<i>Less</i> revaluation allowance for debt restructuring	(330)	(177)	(330)	(177)
Loans to customers and accrued interest receivables, net	619,373	569,268	619,355	569,250

13.2 Classified by currency and residency of debtors

	Consolidated					
	2017		2016			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	618,387	3,125	621,512	561,568	3,617	565,185
US Dollars	18,896	2,084	20,980	24,460	2,674	27,134
Other currencies	831	50	881	1,050	72	1,122
Total *	638,114	5,259	643,373	587,078	6,363	593,441
	Bank only					
	2017		2016			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	618,339	3,125	621,464	561,520	3,617	565,137
US Dollars	18,896	2,084	20,980	24,460	2,674	27,134
Other currencies	831	50	881	1,050	72	1,122
Total *	638,066	5,259	643,325	587,030	6,363	593,393

* Loans to customers net of deferred revenue.

13.3 Classified by business type and quality of loan classification

	Consolidated 2017					Total
	Pass	Special mention	Sub- standard <i>(in million Baht)</i>	Doubtful	Doubtful of loss	
Agriculture and mining	11,130	209	3	-	291	11,633
Manufacturing and commerce	319,212	18,711	760	404	12,302	351,389
Property development and construction	17,034	784	7	-	267	18,092
Infrastructure and services	62,419	1,093	10	-	746	64,268
Housing loans	128,132	3,330	452	545	871	133,330
Others	61,843	1,955	643	64	156	64,661
Total *	599,770	26,082	1,875	1,013	14,633	643,373

	Consolidated 2016					Total
	Pass	Special mention	Sub- standard <i>(in million Baht)</i>	Doubtful	Doubtful of loss	
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

	Bank only 2017					Total
	Pass	Special mention	Sub- standard <i>(in million Baht)</i>	Doubtful	Doubtful of loss	
Agriculture and mining	11,130	209	3	-	284	11,626
Manufacturing and commerce	319,212	18,711	760	404	12,301	351,388
Property development and construction	17,034	784	7	-	245	18,070
Infrastructure and services	62,419	1,093	10	-	728	64,250
Housing loans	128,132	3,330	452	545	871	133,330
Others	61,843	1,955	643	64	156	64,661
Total *	599,770	26,082	1,875	1,013	14,585	643,325

	Bank only 2016					Total
	Pass	Special mention	Sub- standard <i>(in million Baht)</i>	Doubtful	Doubtful of loss	
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

* Loans to customers net of deferred revenue.

13.4 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 2017			
	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	600,675	527,213	1	5,747
Special mention	26,146	14,963	2	457
Sub-standard	1,875	1,154	100	1,238
Doubtful	1,013	444	100	470
Doubtful of loss	14,633	5,024	100	7,137
Total *	644,342	548,798		15,049
Provision in excess of BoT's minimum rates required				9,590 ⁽³⁾
Total				24,639

	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⁾	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 *	594,356	489,541		14,659
Provision in excess of BoT's minimum rates required				10,252 ⁽³⁾
Total				24,911

	Bank only 2017			
	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	600,675	527,213	1	5,747
Special mention	26,146	14,963	2	457
Sub-standard	1,875	1,154	100	1,238
Doubtful	1,013	444	100	470
Doubtful of loss	14,585	4,994	100	7,107
Total *	<u>644,294</u>	<u>548,768</u>		<u>15,019</u>
Provision in excess of BoT's minimum rates required				<u>9,590 ⁽³⁾</u>
Total				<u>24,609</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>

* Loans to customers net of deferred revenue add accrued interest receivables.

⁽¹⁾ Net amount used to set the allowance for doubtful accounts: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery. In the case of loans that are classified as sub-standard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.

⁽²⁾ Allowance for doubtful accounts on loans guaranteed by Thai Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Thai Credit Guarantee Corporation.

⁽³⁾ As at 31 December 2017, this included provision of Baht 1,160 million (2016: Baht 1,262 million) provided for non-performing loans.

13.5 Non-performing loans

NPLs per BoT's regulations refer to all sub-standard, doubtful, doubtful of loss and loss loans.

As at 31 December 2017 and 2016, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	2017			
	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>	7,495	18	-	7,513
Total loans after allowance for doubtful accounts on NPLs <i>(in million Baht)</i>	735,334	18	-	735,352
Percentage of net NPLs (%)	1.02	100.00		1.02
NPLs (principal)				
NPLs <i>(in million Baht)</i>	17,473	48	-	17,521
Total loans <i>(in million Baht)</i>	745,312	48	-	745,360
Percentage of NPLs (%)	2.34	100.00		2.35
	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

As at 31 December 2017, the Bank had loans to customers, amounting to Baht 50,177 million (2016: Baht 41,635 million) on which it ceased recognition of interest income on an accrual basis.

For the years ended 31 December 2017 and 2016, 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		
	Number of debtors	Before restructuring <i>(in million Baht)</i>	After restructuring	Asset acquired Type	Fair value <i>(in million Baht)</i>
Type of restructuring					
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 and Bank only	
	2017	2016
	(in million Baht)	
Interest income on restructured debts, which is recognised during the year	243	278
Cash settlement by debtors	755	1,437
Debt asset swap by debtors with rights to buy back when complied with criteria in the agreement	347	282
Losses on (reversal of) debt restructuring, net	153	(3)

	Consolidated				Bank only			
	2017		2016		2017		2016	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
		(in million Baht)		(in million Baht)		(in million Baht)		(in million Baht)
Troubled debt restructuring debtors	6,123	8,347	5,358	8,062	6,122	8,336	5,357	8,051

	Consolidated and Bank only	
	2017	2016
	(in million Baht)	
Beginning balance	177	180
Increase (decrease) during the year	153	(3)
Ending balance	330	177

As at 31 December 2017 and 2016, 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							
	2017				2016			
	Number of debtors	Loans and		Allowance	Number of debtors	Loans and		Allowance
		accrued		for		accrued		for
		interest		doubtful		interest		doubtful
		receivables	Collateral	accounts		receivables	Collateral	accounts
	(in million Baht)				(in million Baht)			
Listed companies under delisting conditions in SET	3	12	10	-	5	43	10	1

14 Classified assets

As at 31 December 2017 and 2016, classified assets were classified in accordance with the BoT's regulation, consisting of investments (including investments in subsidiaries), 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 2017						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
	<i>(in million Baht)</i>					
Pass	-	702,698	-	-	-	702,698
Special mention	-	26,146	-	-	-	26,146
Sub-standard	-	1,875	-	-	3	1,878
Doubtful	-	1,013	-	-	1	1,014
Doubtful of loss	847	14,633	153	285	469	16,387
Total	847	746,365	153	285	473	748,123

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

Bank only 2017						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
	<i>(in million Baht)</i>					
Pass	-	702,698	-	-	-	702,698
Special mention	-	26,146	-	-	-	26,146
Sub-standard	-	1,875	-	-	3	1,878
Doubtful	-	1,013	-	-	1	1,014
Doubtful of loss	1,526	14,585	153	285	468	17,017
Total	1,526	746,317	153	285	472	748,753

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

15 Allowance for doubtful accounts

The movements in the allowance for doubtful accounts during the year were as follow:

Consolidated 2017						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Provision in excess of BoT's minimum rates required
	<i>(in million Baht)</i>					Total
At 1 January	5,288	340	1,251	1,049	6,731	10,252
Allowance for doubtful accounts	459	117	(13)	(579)	9,572	(662)
Bad debt recovery	-	-	-	-	828	-
Bad debt written-off	-	-	-	-	(9,183)	-
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(811)	-
At 31 December	5,747	457	1,238	470	7,137	9,590

Consolidated 2016						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Provision in excess of BoT's minimum rates required
	<i>(in million Baht)</i>					Total
At 1 January	5,027	306	1,412	564	8,769	12,767
Allowance for doubtful accounts	261	34	(161)	485	11,019	(2,515)
Bad debt recovery	-	-	-	-	705	-
Bad debt written-off	-	-	-	-	(12,923)	-
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(839)	-
At 31 December	5,288	340	1,251	1,049	6,731	10,252

Bank only 2017							
	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	5,288	340	1,251	1,049	6,701	10,252	24,881
Allowance for doubtful accounts	459	117	(13)	(579)	9,582	(662)	8,904
Bad debt recovery	-	-	-	-	818	-	818
Bad debt written-off	-	-	-	-	(9,183)	-	(9,183)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(811)	-	(811)
At 31 December	5,747	457	1,238	470	7,107	9,590	24,609

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

16 Properties for sale, net

As at 31 December 2017 and 2016, changes to the properties for sale, net were as follows:

Consolidated and Bank only 2017				
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
	<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts				
- Immovable assets	1,170	1,202	(441)	1,931
Assets for sales	402	220	(186)	436
Total	1,572	1,422	(627)	2,367
Add <i>(less)</i> allowance for impairment losses	(66)	(93)	6	(153)
Net	1,506	1,329	(621)	2,214

Consolidated and Bank only 2016			
	Beginning balance	Additions	Disposals/ Decrease
	<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts			
- Immovable assets	766	540	(136)
Assets for sales	539	318	(455)
Total	1,305	858	(591)
Add <i>(less)</i> allowance for impairment losses	(98)	12	20
Net	1,207	870	(571)

The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 31 December 2017 and 2016 were as follows:

Consolidated and Bank only		2017	2016
		<i>(in million Baht)</i>	
Assets foreclosed in settlement of debts			
Immovable assets			
- Appraised by external appraisers		1,704	743
- Appraised by internal appraisers		227	427
Total		1,931	1,170

17 Premises and equipment, net

As at 31 December 2017 and 2016, changes in premises and equipment were as follows:

	Consolidated 2017												2016			2015			2014			2013			2012			2011			2010			2009			2008			2007			2006			2005			2004			2003			2002			2001			2000			1999			1998			1997			1996			1995			1994			1993			1992			1991			1990			1989			1988			1987			1986			1985			1984			1983			1982			1981			1980			1979			1978			1977			1976			1975			1974			1973			1972			1971			1970			1969			1968			1967			1966			1965			1964			1963			1962			1961			1960			1959			1958			1957			1956			1955			1954			1953			1952			1951			1950			1949			1948			1947			1946			1945			1944			1943			1942			1941			1940			1939			1938			1937			1936			1935			1934			1933			1932			1931			1930			1929			1928			1927			1926			1925			1924			1923			1922			1921			1920			1919			1918			1917			1916			1915			1914			1913			1912			1911			1910			1909			1908			1907			1906			1905			1904			1903			1902			1901			1900			1899			1898			1897			1896			1895			1894			1893			1892			1891			1890			1889			1888			1887			1886			1885			1884			1883			1882			1881			1880			1879			1878			1877			1876			1875			1874			1873			1872			1871			1870			1869			1868			1867			1866			1865			1864			1863			1862			1861			1860			1859			1858			1857			1856			1855			1854			1853			1852			1851			1850			1849			1848			1847			1846			1845			1844			1843			1842			1841			1840			1839			1838			1837			1836			1835			1834			1833			1832			1831			1830			1829			1828			1827			1826			1825			1824			1823			1822			1821			1820			1819			1818			1817			1816			1815			1814			1813			1812			1811			1810			1809			1808			1807			1806			1805			1804			1803			1802			1801			1800			1799			1798			1797			1796			1795			1794			1793			1792			1791			1790			1789			1788			1787			1786			1785			1784			1783			1782			1781			1780			1779			1778			1777			1776			1775			1774			1773			1772			1771			1770			1769			1768			1767			1766			1765			1764			1763			1762			1761			1760			1759			1758			1757			1756			1755			1754			1753			1752			1751			1750			1749			1748			1747			1746			1745			1744			1743			1742			1741			1740			1739			1738			1737			1736			1735			1734			1733			1732			1731			1730			1729			1728			1727			1726			1725			1724			1723			1722			1721			1720			1719			1718			1717			1716			1715			1714			1713			1712			1711			1710			1709			1708			1707			1706			1705			1704			1703			1702			1701			1700			1699			1698			1697			1696			1695			1694			1693			1692			1691			1690			1689			1688			1687			1686			1685			1684			1683			1682			1681			1680			1679			1678			1677			1676			1675			1674			1673			1672			1671			1670			1669			1668			1667			1666			1665			1664			1663			1662			1661			1660			1659			1658			1657			1656			1655			1654			1653			1652			1651			1650			1649			1648			1647			1646			1645			1644			1643			1642			1641			1640			1639			1638			1637			1636			1635			1634			1633			1632			1631			1630			1629			1628			1627			1626			1625			1624			1623			1622			1621			1620			1619			1618			1617			1616			1615			1614			1613			1612			1611			1610			1609			1608			1607			1606			1605			1604			1603			1602			1601			1600			1599			1598			1597			1596			1595			1594			1593			1592			1591			1590			1589			1588			1587			1586			1585			1584			1583			1582			1581			1580			1579			1578			1577			1576			1575			1574			1573			1572			1571			1570			1569			1568			1567			1566			1565			1564			1563			1562			1561			1560			1559			1558			1557			1556			1555			1554			1553			1552			1551			1550			1549			1548			1547			1546			1545			1544			1543			1542			1541			1540			1539			1538			1537			1536			1535			1534			1533			1532			1531			1530			1529			1528			1527			1526			1525			1524			1523			1522			1521			1520			1519			1518			1517			1516			1515			1514			1513			1512			1511			1510			1509			1508			1507			1506			1505			1504			1503			1502			1501			1500			1499			1498			1497			1496			1495			1494			1493			1492			1491			1490			1489			1488			1487			1486			1485			1484			1483			1482			1481			1480			1479			1478			1477			1476			1475			1474			1473			1472			1471			1470			1469			1468			1467			1466			1465			1464			1463			1462			1461			1460			1459			1458			1457			1456			1455			1454			1453			1452			1451			1450			1449			1448			1447			1446			1445			1444			1443			1442			1441			1440			1439			1438			1437			1436			1435			1434			1433			1432			1431			1430			1429			1428			1427			1426			1425			1424			1423			1422			1421			1420			1419			1418			1417			1416			1415			1414			1413			1412			1411			1410			1409			1408			1407			1406			1405			1404			1403			1402			1401			1400			1399			1398			1397			1396			1395			1394			1393			1392			1391			1390			1389			1388			1387			1386			1385			1384			1383			1382			1381			1380			1379			1378			1377			1376			1375			1374			1373			1372			1371			1370			1369			1368			1367			1366			1365			1364			1363			1362			1361			1360			1359			1358			1357			1356			1355			1354			1353			1352			1351			1350			1349			1348			1347			1346			1345			1344			1343			1342			1341			1340			1339			1338			1337			1336			1335			1334			1333			1332			1331			1330			1329			1328			1327			1326			1325			1324			1323			1322			1321			1320			1319			1318			1317			1316			1315			1314			1313			1312			1311			1310			1309			1308			1307			1306			1305			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* The Bank's revaluation has been performed in 2016.

	Consolidated													
	2016													
	Net book value as at 1 January 2016	Cost			Accumulated depreciation				Allowance for impairment losses					Net book value as at 31 December 2016
		Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of impairment during the year	Disposals/ written-off/ transfers out	Ending balance	
	(in million Baht)													
Land														
- Cost	2,137	2,476	-	(235)	2,241	-	-	-	-	(339)	56	21	(262)	1,979
- Incremental revaluation *														
Building under construction	2,789	2,789	1,483	(48)	4,224	-	-	-	-	-	-	-	-	4,224
Building	146	146	235	(344)	37	-	-	-	-	-	-	-	-	37
- Cost	2,040	4,971	111	(80)	5,002	(2,830)	(212)	61	(2,981)	(101)	34	22	(45)	1,976
- Incremental revaluation *														
Leasehold improvements	1,551	3,333	629	(34)	3,928	(1,782)	(89)	19	(1,852)	-	-	-	-	2,076
Equipment under construction and installation	343	1,206	171	(69)	1,308	(863)	(119)	51	(931)	-	(13)	13	-	377
Equipment	181	181	918	(963)	136	-	-	-	-	-	-	-	-	136
	1,105	5,736	1,002	(471)	6,267	(4,631)	(466)	408	(4,689)	-	-	-	-	1,578
Total	10,292	20,838	4,549	(2,244)	23,143	(10,106)	(686)	539	(10,453)	(440)	77	56	(307)	12,383

* The Bank's revaluation has been performed in 2016.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2017 amounted to Baht 3,446 million (2016: Baht 3,511 million).

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2017 and 2016 amounted to Baht 944 million and Baht 886 million, respectively.

	Bank only													
	2017													
	Cost				Accumulated depreciation				Allowance for impairment losses					
	Net book value as at 1 January 2017	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2017
							(in million Baht)							
Land														
- Cost	1,979	2,241	-	(97)	2,144	-	-	-	-	(262)	(4)	22	(244)	1,900
- Incremental revaluation *	4,224	4,224	-	(75)	4,149	-	-	-	-	-	-	-	-	4,149
Building under construction	37	37	337	(257)	117	-	-	-	-	-	-	-	-	117
Building														
- Cost	1,976	5,002	208	(146)	5,064	(2,981)	(217)	87	(3,111)	(45)	-	4	(41)	1,912
- Incremental revaluation *	2,076	3,928	-	(194)	3,734	(1,852)	(93)	116	(1,829)	-	-	-	-	1,905
Leasehold improvements	377	1,308	117	(116)	1,309	(931)	(123)	96	(958)	-	(18)	18	-	351
Equipment under construction and installation	136	136	676	(658)	154	-	-	-	-	-	-	-	-	154
Equipment	1,549	6,148	693	(670)	6,171	(4,599)	(501)	486	(4,614)	-	-	-	-	1,557
Total	12,354	23,024	2,031	(2,213)	22,842	(10,363)	(934)	785	(10,512)	(307)	(22)	44	(285)	12,045

* The Bank's revaluation has been performed in 2016.

	Bank only											
	2016										Net book value as at 31 December 2016	
	Cost				Accumulated depreciation			Allowance for impairment losses				
	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of impairment during the year	Disposals/ written-off/ transfers out	Ending balance
	(in million Baht)											
Land												
- Cost	2,137	2,476	-	(235)	2,241	-	-	-	(339)	56	21	(262)
- Incremental revaluation *	2,789	2,789	1,483	(48)	4,224	-	-	-	-	-	-	-
Building under construction	146	146	235	(344)	37	-	-	-	-	-	-	-
Building												
- Cost	2,040	4,971	111	(80)	5,002	(2,830)	(212)	61	(101)	34	22	(45)
- Incremental revaluation *	1,551	3,333	629	(34)	3,928	(1,782)	(89)	19	(1,852)	-	-	-
Leasehold improvements	343	1,206	171	(69)	1,308	(863)	(119)	51	(931)	(13)	13	-
Equipment under construction and installation	181	181	918	(963)	136	-	-	-	-	-	-	-
Equipment	1,080	5,621	985	(458)	6,148	(4,541)	(455)	397	(4,599)	-	-	-
Total	10,267	20,723	4,532	(2,231)	23,024	(10,016)	(875)	528	(440)	77	56	(307)
												12,354

* The Bank's revaluation has been performed in 2016.

	Bank only 2016		Cost		Accumulated amortisation			Net book value as at 31 December 2016
	Beginning Balance	Additions	Written-off	Transfers in/ (out)	Ending balance (in million Baht)	Amortisation during the year	Accumulated amortisation on transfer out	
Computer software	868	163	-	510	5,019	(345)	-	1,196
Computer software under development	306	811	-	(672)	445	-	-	445
Total	1,174	974	-	(162)	5,464	(345)	-	1,641

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 31 December 2017 amounted to Baht 3,174 million (2016: Baht 2,999 million).

Amortisation presented in the Bank only's profit or loss for the years ended 31 December 2017 and 2016 amounted to Baht 379 million and Baht 345 million, respectively.

19 Deferred tax and income tax

19.1 Deferred tax

Movements in deferred tax assets and liabilities during the years ended 31 December 2017 and 2016 were as follows:

		Consolidated		
		(Charged) / Credited to:		
	At		Other	At
	1 January	Profit	comprehensive	31 December
	2017	or loss	income	2017
		(note19.2)		
		(in million Baht)		
Deferred tax assets				
Investments	189	(6)	(14)	169
Loans to customers and accrued interest receivables	680	67	-	747
Properties for sale	23	20	-	43
Premises and equipment	66	(4)	-	62
Provisions for obligations on transfers of non-performing assets	332	(332)	-	-
Provisions for employee benefits	290	9	(39)	260
Provisions for other liabilities	142	(31)	-	111
Deferred revenue and other liabilities	256	71	-	327
Others	112	149	-	261
Total	2,090	(57)	(53)	1,980
Deferred tax liabilities				
Investments	-	-	6	6
Premises and equipment	1,291	(30)	(8)	1,253
Others	24	24	(10)	38
Total	1,315	(6)	(12)	1,297
Net	775	(51)	(41)	683

	Consolidated		
	(Charged) / Credited to:		
	At	Profit	Other
	1 January 2016	or loss	comprehensive income
		(note 19.2) (in million Baht)	
Deferred tax assets			
Investments	174	1	14
Loans to customers and accrued interest receivables	629	51	-
Properties for sale	26	(3)	-
Premises and equipment	100	(34)	-
Provisions for obligations on transfers of non-performing assets	1,200	(868)	-
Provisions for employee benefits	298	10	(18)
Provisions for other liabilities	110	32	-
Deferred revenue and other liabilities	294	(38)	-
Others	158	(46)	-
Total	2,989	(895)	(4)
Deferred tax liabilities			
Investments	21	-	(21)
Premises and equipment	900	(25)	416
Others	23	1	-
Total	944	(24)	395
Net	2,045	(871)	(399)
	Bank only		
	(Charged) / Credited to:		
	At	Profit	Other
	1 January 2017	or loss	comprehensive income
		(note 19.2) (in million Baht)	
Deferred tax assets			
Investments	189	(6)	(14)
Loans to customers and accrued interest receivables	667	68	-
Properties for sale	23	20	-
Premises and equipment	66	(4)	-
Provisions for obligations on transfers of non-performing assets	332	(332)	-
Provisions for employee benefits	285	7	(38)
Provisions for other liabilities	140	(32)	-
Deferred revenue and other liabilities	256	71	-
Others	117	148	-
Total	2,075	(60)	(52)
Deferred tax liabilities			
Investments	-	-	6
Premises and equipment	1,290	(30)	(8)
Others	24	24	(10)
Total	1,314	(6)	(12)
Net	761	(54)	(40)

	Bank only		
	(Charged) / Credited to:		
	At	Profit	Other
	1 January 2016	or loss	comprehensive income
		(note 19.2) (in million Baht)	
Deferred tax assets			
Investments	174	1	14
Loans to customers and accrued interest receivables	616	51	-
Properties for sale	26	(3)	-
Premises and equipment	100	(34)	-
Provisions for obligations on transfers of non-performing assets	1,200	(868)	-
Provisions for employee benefits	294	9	(18)
Provisions for other liabilities	108	32	-
Deferred revenue and other liabilities	294	(38)	-
Others	155	(38)	-
Total	2,967	(888)	(4)
Deferred tax liabilities			
Investments	13	-	(13)
Premises and equipment	899	(25)	416
Others	23	1	-
Total	935	(24)	403
Net	2,032	(864)	(407)

As at 31 December 2017 and 2016, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 679 million and Baht 745 million, respectively, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

As at 31 December 2017 and 2016, 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.

19.2 Income tax

Income tax recognised in profit or loss

	Note	Consolidated		Bank only	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Current tax expense					
Current year		1,977	884	1,875	842
Over provided in prior years		(24)	(15)	(24)	(15)
		1,953	869	1,851	827
Deferred tax expense					
Movements in temporary differences	19.1	51	871	54	864
		51	871	54	864
Total		2,004	1,740	1,905	1,691

Income tax recognised in other comprehensive income

	Consolidated					
	Before tax	2017 Tax (expense) benefit	Net of tax	Before tax	2016 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	103	(20)	83	(173)	35	(138)
Premises and equipment	(40)	8	(32)	2,079	(416)	1,663
Provisions for employee benefits	193	(39)	154	89	(18)	71
Others	(51)	10	(41)	-	-	-
Total	205	(41)	164	1,995	(399)	1,596

	Bank only					
	Before tax	2017 Tax (expense) benefit	Net of tax	Before tax	2016 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	103	(20)	83	(133)	27	(106)
Premises and equipment	(40)	8	(32)	2,079	(416)	1,663
Provisions for employee benefits	190	(38)	152	91	(18)	73
Others	(51)	10	(41)	-	-	-
Total	202	(40)	162	2,037	(407)	1,630

Reconciliation of effective tax rate

	Rate (%)	Consolidated		Rate (%)	2016 <i>(in million Baht)</i>
		2017 <i>(in million Baht)</i>			
Profit before income tax		10,732			9,984
Income tax using the Thai corporation tax rate	20	2,146	20		1,997
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	-	(11)	(2)		(164)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(107)	(1)		(78)
Over provided in prior years	-	(24)	-		(15)
Total	19	2,004	17		1,740

	Rate (%)	Bank only		Rate (%)	2016 <i>(in million Baht)</i>
		2017 <i>(in million Baht)</i>			
Profit before income tax		10,377			9,726
Income tax using the Thai corporation tax rate	20	2,075	20		1,945
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	-	(11)	(2)		(164)
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the year	-	(13)	-		(20)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(122)	(1)		(55)
Over provided in prior years	-	(24)	-		(15)
Total	19	1,905	17		1,691

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 accounting periods which begin on or after 1 January 2016.

20 Other receivables, net

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Promissory notes from transfer of non-performing assets	-	783	-	762
TAMC's promissory notes	-	56	-	56
Receivables from Legal Execution Department	468	368	421	305
Other receivables	1,459	1,227	1,452	1,199
Total	1,927	2,434	1,873	2,322
Less allowance for impairment losses	(237)	(172)	(236)	(170)
Net	1,690	2,262	1,637	2,152

21 Other assets, net

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Accrued income	1,096	1,253	1,061	1,225
Collateral on derivative transactions	898	2,308	898	2,308
Suspense account - debtors	1,268	1,156	1,268	1,156
Suspense account between head office and branches	-	6	-	6
Prepaid expenses	212	242	204	235
Others	2,087	842	2,039	812
Total	5,561	5,807	5,470	5,742
<i>Less</i> allowance for impairment losses	(236)	(223)	(236)	(223)
Net	5,325	5,584	5,234	5,519

22 Deposits
22.1 Classified by type of deposits

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Current	53,034	50,794	53,045	50,806
Savings	475,506	433,023	475,573	433,084
Term	82,989	115,296	82,989	115,296
Total	611,529	599,113	611,607	599,186
<i>Less</i> prepaid interest expense	(99)	(165)	(99)	(165)
Total	611,430	598,948	611,508	599,021

22.2 Classified by currency and residency of depositors

	Consolidated					
	Domestic	2017 Foreign	Total	Domestic	2016 Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	602,705	5,556	608,261	591,046	5,399	596,445
US Dollar	2,378	390	2,768	1,765	388	2,153
Other currencies	379	22	401	321	29	350
Total	605,462	5,968	611,430	593,132	5,816	598,948

Bank only

	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	602,783	5,556	608,339	591,119	5,399	596,518
US Dollar	2,378	390	2,768	1,765	388	2,153
Other currencies	379	22	401	321	29	350
Total	605,540	5,968	611,508	593,205	5,816	599,021

23 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	2017			2016		
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	-	420	420	-	3,145	3,145
Commercial banks	337	38,290	38,627	287	23,250	23,537
Specialised financial institutions	68	7,905	7,973	16	7,760	7,776
Other financial institutions	4,417	60	4,477	7,246	67	7,313
Total domestic	4,822	46,675	51,497	7,549	34,222	41,771
Foreign						
US Dollar	280	7,190	7,470	593	1,433	2,026
Other currencies	1,382	-	1,382	1,620	-	1,620
Total foreign	1,662	7,190	8,852	2,213	1,433	3,646
Total domestic and foreign	6,484	53,865	60,349	9,762	35,655	45,417

24 Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss as at 31 December 2017 and 2016 were as follows:

	Consolidated and Bank only	
	2017	2016
	<i>(in million Baht)</i>	
Debt issued	386	362
Total	386	362

Proportion of transactions classified by the contract parties based on the amount of the contract as at 31 December 2017 and 2016 were as follows:

	Consolidated and Bank only	
	2017	2016
	(%)	
Contract parties		
Financial institutions	100.00	100.00
Total	100.00	100.00

25 Debts issued and borrowings, net

	Consolidated and Bank only							
	Interest rates		2017			2016		
	as at 31 December 2017 (%)	Maturities	Domestic	Foreign	Total	Domestic	Foreign	Total
			(in million Baht)					
Subordinated debentures ⁽¹⁾	3.50 and 5.50	2019 ⁽²⁾ and 2022 ⁽²⁾	20,430	-	20,430	25,350	-	25,350
Senior debentures	3.108 and 5.50	2018 and 2021	-	12,813	12,813	-	13,834	13,834
Bills of exchange ⁽³⁾	2.15	2012	5	-	5	6	-	6
Other borrowings	0.00-2.00	2018-2031	12	92	104	30	830	860
Total			20,447	12,905	33,352	25,386	14,664	40,050
Less prepaid interest expenses			-	-	-	(176)	-	(176)
Net			20,447	12,905	33,352	25,210	14,664	39,874

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (note 7)

⁽²⁾ The years in which call option exercise periods start

⁽³⁾ The outstanding balance of bills of exchange maturing during the year 2012 were waiting for redeem by the holders.

25.1 Subordinated debentures

25.1.1 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 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 Debenture.

On 18 May 2017, the Bank early redeemed its entire Subordinated Debenture No.1/2555, amounting to Baht 9,400 million. Such early redemption has already been approved by the Bank of Thailand.

25.1.2 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 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 Debenture.

On 25 May 2017, the Bank early redeemed its entire Subordinated Debenture No.2/2555, amounting to Baht 950 million. Such early redemption has already been approved by the Bank of Thailand.

25.1.3 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 Debenture.

25.1.4 On 29 May 2017, the Bank issued the Subordinated Debenture No.1/2560 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 5,430 million, which has a 10.5-year maturity period and carries a fixed interest rate of 3.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2560 after 5.5 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 Debenture.

25.2 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.

25.3 Other Borrowings

Borrowings with specific uses (other borrowings) as at 31 December 2017 and 2016 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		2017		2016	
		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
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 12 million	12	Baht 17 million	17
Nordic Investment Bank (NIB)	For joint ventures with the Nordic countries and businesses using Nordic machinery/equipment	-	-	USD 4 million	128
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
KfW Bankengruppe (KfW)	For small industry businesses	EUR 2 million	92	EUR 3 million	105
Total			104		860

26 Provision for employee benefits

26.1 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 – 15% 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 2017 and 2016, the Bank and its subsidiaries contributed Baht 396 million and Baht 393 million, respectively to the funds (Bank only: Baht 387 million and Baht 384 million, respectively).

26.2 Defined benefit plans

(a) Detail of defined benefit plans

	Consolidated		Bank only	
	2017	2016	2017	2016
	(in million Baht)			
Post-employment benefit plans	1,291	1,442	1,261	1,414
Other long-term employee benefit plans	10	11	10	11
Total	1,301	1,453	1,271	1,425

(b) Movement in post-employment benefit obligations

	Consolidated		Bank only	
	2017	2016	2017	2016
	(in million Baht)			
At 1 January	1,442	1,479	1,414	1,458
Included in profit or loss:				
Current service cost	153	187	149	182
Loss on benefit settlement	3	-	3	-
Interest on obligation	30	24	29	24
	186	211	181	206
Included in other comprehensive income				
Actuarial gain	(193)	(89)	(190)	(91)
Others				
Benefits paid	(144)	(159)	(144)	(159)
	(337)	(248)	(334)	(250)
At 31 December	1,291	1,442	1,261	1,414

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Demographic assumptions	31	(119)	31	(120)
Financial assumptions	(139)	105	(138)	104
Experience adjustments	(85)	(75)	(83)	(75)
Total	(193)	(89)	(190)	(91)

(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	
	2017	2016	2017	2016
	<i>(%)</i>			
Discount rate	2.69, 2.91	1.86, 2.51	2.69	1.86
Future salary growth	4.50, 5.00	5.00	4.50	5.00
Staff turnover rates	0.00 - 29.00	0.00 - 30.00	0.00 - 29.00	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			
	2017			
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>	Change (-) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>
Discount rate	+ 1 %	(107)	- 1 %	123
Future salary growth	+ 1 %	115	- 1 %	(103)
Turnover rate	+ 1 %	(115)	- 1 %	30
Future mortality	+ 1 year	9	- 1 year	(9)

	Consolidated			
	2016			
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>	Change (-) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>
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)

	Bank only			
	2017			
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>	Change (-) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>
Discount rate	+ 1 %	(105)	- 1 %	119
Future salary growth	+ 1 %	111	- 1 %	(100)
Turnover rate	+ 1 %	(111)	- 1 %	29
Future mortality	+ 1 year	9	- 1 year	(9)

	Bank only			
	2016			
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>	Change (-) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>
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)

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.

27 Provision for other liabilities

The movement in provision for other liabilities during the year were as follows:

	Consolidated			
	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases <i>(note 35.2)</i>	Others	Total
	<i>(in million Baht)</i>			
At 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 and 1 January 2017	433	162	106	701
Provision increase (decrease)	(105)	8	(41)	(138)
Paid during the year	-	(5)	(14)	(19)
At 31 December 2017	328	165	51	544

	Bank only			
	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 35.2)	Others	Total
	(in million Baht)			
At 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 and 1 January 2017	433	162	106	701
Provision increase (decrease)	(105)	6	(41)	(140)
Paid during the year	-	(5)	(14)	(19)
At 31 December 2017	328	163	51	542

28 Deferred revenue

	Consolidated and Bank only	
	2017	2016
	(in million Baht)	
Deferred fee income	18,908	134
Others	-	84
Total	18,908	218

29 Other liabilities

	Consolidated		Bank only	
	2017	2016	2017	2016
	(in million Baht)			
Accrued expenses	5,382	3,814	5,275	3,759
Accrued interest expenses	545	627	545	627
Deposits and guarantees received	1,250	1,491	1,250	1,491
Collateral on derivative transactions	1,741	473	1,741	473
Suspense accounts – creditors	5,074	2,397	5,059	2,382
Other payables	1,081	760	1,078	755
Others	449	516	392	495
Total	15,522	10,078	15,340	9,982

30 Share-based payments – TMB Performance Share Bonus Scheme

30.1 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 retire pursuant to the Bank’s regulation or death are still retained).
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For the years ended 31 December 2017 and 2016, the Bank recorded expenses in relation to share-based payments of Baht 15 million and Baht 37 million, respectively.

30.2 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 2017
	(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	(64,686,616)	(20,505,084)	-
The fifth offering, 2015	0.95	3.04	53,599,400	(30,015,604)	(11,021,357)	12,562,439
Total			387,614,500	(311,120,392)	(63,931,669)	12,562,439

⁽¹⁾ The shares will be gradually issued on an annual basis over three years since the offering of such ordinary shares.

30.3 Reconciliation of issued and paid-up ordinary share capital, share premium and other reserve – shared-based payments

Consolidated and Bank only 2017				
	Issued and paid-up ordinary share capital (No. of shares)	(in Baht)	Share premium (in Baht)	Other reserve – share-based payments
At 1 January	43,807,370,307	41,617,001,792	325,405,639	105,376,845
Issued ordinary shares to employees	32,488,564	30,864,135	54,036,957	(84,901,092)
Expenses in relation to issuance of ordinary shares to employees	-	-	(511,886)	-
Expenses in relation to share-based payments	-	-	-	15,400,387
At 31 December	43,839,858,871	41,647,865,927	378,930,710	35,876,140

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

31 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 year were as follows:

Consolidated and Bank only		
	2017	2016
	(in million Baht)	
At 1 January	6,450	4,496
Reappraisal during the year	-	2,112
Amortised during the year	(92)	(89)
Derecognised during the year	(59)	(36)
Transferred out during the year	(40)	(33)
Ending balance	6,259	6,450
Less deferred tax	(1,252)	(1,290)
At 31 December, net of deferred tax	5,007	5,160

32 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.

33 Appropriation of profit and dividend payment

(a) On 7 April 2017, the 2017 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2016 operating profit and dividend payment as follows:

- (1) Appropriation of net profit of Baht 410 million to be legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2016 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 4 May 2017.

(b) 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.

34 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2017 and 2016 were as follow:

	Consolidated and Bank only	
	2017	2016
	<i>(in million Baht)</i>	
Investments in securities		
- Pledged as collateral against repurchase transactions	19,323	14,586
Total	19,323	14,586

35 Commitments and contingent liabilities

35.1 Commitments

	Consolidated and Bank only	
	2017	2016
	<i>(in million Baht)</i>	
Avals to bills ⁽¹⁾	633	1,583
Liability under unmatured import bills	2,529	2,502
Letters of credit	19,360	22,948
Other commitments		
- Other guarantees	62,045	65,488
- Amount of unused bank overdrafts	80,908	90,845
- Committed line	5,566	17,366
- Others ⁽²⁾	23,110	13,615
Total	194,151	214,347

⁽¹⁾ As at 31 December 2017, this included bank acceptance amounting to Baht 3 million *(2016: Baht 5 million)*.

⁽²⁾ As at 31 December 2017, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 22,641 million *(2016: Baht 13,115 million)*. The Bank is obliged to return those securities in equivalent amount.

As at 31 December 2017 and 2016, the Bank had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

35.2 Litigation

(a) As at 31 December 2017 and 2016, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 75 cases and 79 cases, respectively (Bank only: claims for 69 cases and 75 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 1,394 million ⁽¹⁾ and Baht 2,634 million ⁽¹⁾, respectively (Bank only: Baht 1,173 million ⁽¹⁾ and Baht 2,619 million ⁽¹⁾, respectively).

(b) As at 31 December 2017 and 2016, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 165 million and Baht 162 million, respectively (Bank only: Baht 163 million and Baht 162 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.

⁽¹⁾ Excluding the liabilities of the Bank and its subsidiaries as of 31 December 2017 and 2016 of Baht 930 million and Baht 1,187 million, respectively (Bank only: Baht 407 million and Baht 664 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

35.3 Non-cancellable operating lease commitments

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<i>Future minimum lease payments</i>				
Within one year	534	556	519	541
After one year but within five years	381	718	371	693
Total	915	1,274	890	1,234

Amount recognised in profit or loss

Lease expense	584	495	569	481
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36 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:

- Major shareholders are the shareholders who own over 10% of the Bank’s paid-up share capital.
- Entities with joint control or significant influence over the entity are
 - Related companies of major shareholders
 - Entities in which related companies of major shareholders hold over 10% of paid-up share capital
 - Entities in which the Bank holds over 10% of paid-up share capital (excluding subsidiaries)
- Subsidiaries
- 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.
- Other related parties are
 - Close family members of key management personnel
 - Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
 - 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 is disclosed in note 12.

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
TMB 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

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

36.1 Related parties transactions with key management and other related parties

Significant related parties transactions for the years ended 31 December 2017 and 2016 with key management and other related parties were as follows:

	Consolidated 2017						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	22	9	-	-	-	11	-
2. Entities with joint control or significant influence over the entity	341	222	24	-	15	199	58
3. Subsidiaries	-	-	-	-	-	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-	-
5. Other related parties	2	2	-	-	-	43	(1)

	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	-	54	227	2
3. Subsidiaries	-	-	-	-	-	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-	-
5. Other related parties	2	3	-	-	-	28	-

	Bank only 2017						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	22	9	-	-	-	11	-
2. Entities with joint control or significant influence over the entity	334	222	24	-	15	199	58
3. Subsidiaries	-	-	2,798	-	126	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-	-
5. Other related parties	2	2	-	-	-	43	(1)

	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	-	54	227	2
3. Subsidiaries	-	-	1,411	-	-	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-	-
5. Other related parties	2	3	-	-	-	28	-

36.2 Outstanding balances with related parties

As at 31 December 2017 and 2016, significant outstanding balances with related persons or parties were as follows:

36.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2017 and 2016 were as follows:

	Consolidated and Bank only	
	2017	2016
	<i>(in million Baht)</i>	
Loans to customers and accrued interest receivables, net		
Ministry of Finance	687	1,003
Deposits (including interbank and money market items – liabilities)		
ING Bank N.V.	4	345
Debts issued and borrowings (including interbank and money market items – liabilities)		
ING Bank N.V.	1,634	-
Other liabilities		
ING Bank N.V.	4	-
Contingencies – Derivatives ⁽¹⁾		
ING Bank N.V.	5,422	6,547
⁽¹⁾ Presented in notional amount		
Other contingencies		
ING Bank N.V.	16	18

36.2.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 31 December 2017 and 2016 were as follows:

	Consolidated		Bank only	
	2017	2016	2017	2016
	<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	16,219	20,208	15,694	19,779
Thai Charoenpol Industry Co., Ltd.	-	3	-	3
Total	16,219	20,211	15,694	19,782
Allowance for doubtful accounts				
Entities whose shares are owned or controlled by the Ministry of Finance	125	65	125	65
Thai Charoenpol Industry Co., Ltd.	-	2	-	2
Total	125	67	125	67
Other receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	-	56	-	56
Other assets				
Entities whose shares are owned or controlled by the Ministry of Finance	-	282	-	282
Deposits (including interbank and money market items – liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	7,877	14,838	7,877	14,838
TMB Property Development Co., Ltd.	4	4	4	4
Total	7,881	14,842	7,881	14,842
Debts issued and borrowings (including interbank and money market items – liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	9,907	7,765	9,907	7,765
Provisions for obligation on transfers of non-performing assets				
Entities whose shares are owned or controlled by the Ministry of Finance	-	1,657	-	1,657
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	120,930	128,754	120,930	128,754
⁽¹⁾ Presented in notional amount				
Other contingencies				
Entities whose shares are owned or controlled by the Ministry of Finance	1,107	1,204	1,107	1,204

36.2.3 Significant balances between the Bank and its subsidiaries as at 31 December 2017 and 2016 were as follows:

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Other assets				
Phayathai Asset Management Co., Ltd.	-	-	1	1
TMB Asset Management Co., Ltd.	-	-	252	147
Total	<u>-</u>	<u>-</u>	<u>253</u>	<u>148</u>
Deposits				
Phayathai Asset Management Co., Ltd.	-	-	16	10
TMB Asset Management Co., Ltd.	-	-	62	63
Total	<u>-</u>	<u>-</u>	<u>78</u>	<u>73</u>

36.2.4 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 December 2017 and 2016 were as follows:

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	15	20	15	19
Welfare loans	45	43	45	43
Allowance for doubtful accounts	1	1	1	1
Deposits	289	160	280	154

36.2.5 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 December 2017 and 2016 were as follows:

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	31	32	31	32
Deposits	163	192	160	191
Other liabilities	-	1	-	1
Other contingencies	45	-	45	-

36.3 Senior management personnel compensation

For the years ended 31 December 2017 and 2016, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	45	41	45	41
Short-term employee benefits - management	846	728	812	698
Post-employment benefits	38	48	33	43
Share-based payments (performance share bonus)	13	38	13	38
Total	<u>942</u>	<u>855</u>	<u>903</u>	<u>820</u>

Senior management personnel of the Bank are directors, management personnel at the level “Head of” or executive vice president and above, and related management personnel of Accounting or Finance. Senior management personnel of the subsidiaries are those at the level of director and executive officer upwards.

36.4 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 36.3 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.

37 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 100 million and over which was changed in 2017 from Baht 1,000 million and over. The main products and services are corporate loans, letters of guarantee, deposits, trade finance and foreign exchange, supply chain solution, financial management, and other financial services.

1.2 Small and Medium Enterprise: These are corporate customers and owner operators with annual revenues of less than Baht 100 million which was changed in 2017 from less than Baht 1,000 million. The main products and services are corporate loans, deposits and bancassurance.

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 prices. 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 based, 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 2017

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	13,830	8,808	2,131	-	24,769
Other operating income	3,255	7,681	1,744	(56)	12,624
Total operating income	17,085	16,489	3,875	(56)	37,393
Operating expenses	(7,699)	(9,312)	(769)	56	(17,724)
Profits from operation	9,386	7,177	3,106	-	19,669
Other income (expenses), net					-
Provision for doubtful accounts on loans and loan - related transactions					(8,937)
Profit before income tax					10,732
Income tax					(2,004)
Profit for the year					8,728
Depreciation and amortisation	136	725	479	-	1,340

Source of operating income breakdown by operating segments

Third party	24,081	9,285	4,027	-	37,393
Inter - segment	(6,996)	7,204	(152)	(56)	-
Total operating income	17,085	16,489	3,875	(56)	37,393

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					9,984
Income tax					(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

Reconciliation of reportable segment profit or loss

**For the year ended
31 December 2017**

	Consolidated				
	Net interest income	Non-interest income	Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	24,769	12,624	(17,724)	-	(8,937)
Bad debts, doubtful accounts and impairment losses	-	116	(160)	-	22
Others	(36)	(34)	92	-	-
Consolidated financial statements	24,733	12,706	(17,792)	-	(8,915)

**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)

	Consolidated				
	Commercial Banking	Retail Banking	Other segments	Elimination	Total
	<i>(in million Baht)</i>				
Assets	579,813	179,939	88,149	(4,029)	843,872
Liabilities and equity	236,303	425,314	186,284	(4,029)	843,872

	Consolidated				
	Commercial Banking	Retail Banking	Other segments	Elimination	Total
	<i>(in million Baht)</i>				
Assets	553,894	144,608	102,410	(3,596)	797,316
Liabilities and equity	216,653	404,996	179,263	(3,596)	797,316

38 Financial position and results of operations classified by domestic and foreign business

38.1 As at 31 December 2017 and 2016, the financial position classified by domestic and foreign business was as follows:

	Consolidated					
	Domestic business	2017 Foreign business	Total	Domestic business	2016 Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	843,202	670	843,872	796,593	723	797,316
Interbank and money market items, net (assets)	111,977	557	112,534	113,287	571	113,858
Investments, net	61,305	-	61,305	62,985	-	62,985
Loans to customers and accrued interest receivables, net	619,323	50	619,373	569,195	73	569,268
Deposits	611,310	120	611,430	598,783	165	598,948
Interbank and money market items (liabilities)	53,005	7,344	60,349	43,870	1,547	45,417
Debts issued and borrowings, net	20,539	12,813	33,352	25,443	14,431	39,874

38.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2017 and 2016 were as follows:

	Consolidated					
	Domestic business	2017 Foreign business	Total	Domestic business	2016 Foreign business	Total
	<i>(in million Baht)</i>					
Interest income	34,705	8	34,713	35,626	5	35,631
Interest expense	9,448	532	9,980	10,415	456	10,871
Net interest income (expense)	25,257	(524)	24,733	25,211	(451)	24,760
Net fees and service income	10,563	23	10,586	7,996	1	7,997
Total other operating income	2,120	-	2,120	2,465	-	2,465
Total other operating expenses	17,781	11	17,792	16,576	13	16,589
Impairment loss on loans and debt securities	8,914	1	8,915	8,649	-	8,649
Profit from operations before income tax	11,245	(513)	10,732	10,447	(463)	9,984

39 Interest income

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Interbank and money market items	1,824	1,746	1,808	1,731
Investments and trading transactions	61	267	61	267
Investments in debt securities	1,213	1,369	1,169	1,368
Loans to customers	31,580	32,086	31,564	32,069
Others	35	163	35	163
Total	34,713	35,631	34,637	35,598

40 Interest expenses

	Consolidated and Bank only	
<i>For the years ended 31 December</i>	2017	2016
	<i>(in million Baht)</i>	
Deposits	4,990	6,134
Interbank and money market items	744	336
Contribution to Deposits Protection Agency and BoT	2,842	2,954
Debt issued		
- Subordinated debentures	970	1,091
- Others	399	318
Borrowings	29	35
Others	6	3
Total	9,980	10,871

41 Net fees and service income

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	568	583	568	583
- ATM, Debit card, Credit card and other banking electronic	3,154	3,059	3,154	3,059
- Funds and Bancassurance	8,562	5,033	7,208	4,180
- Others	1,249	1,493	1,365	1,585
Total	13,533	10,168	12,295	9,407
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(1,902)	(1,535)	(1,902)	(1,535)
- Others	(1,045)	(636)	(768)	(503)
Total	(2,947)	(2,171)	(2,670)	(2,038)
Net	10,586	7,997	9,625	7,369

42 Gains on trading and foreign exchange transactions, net

	Consolidated and Bank only	
<i>For the years ended 31 December</i>	2017	2016
	<i>(in million Baht)</i>	
Gains on trading and foreign exchange transactions, net		
- Foreign currencies and derivatives on foreign exchange	1,078	1,446
- Derivatives on interest rates	30	212
- Debt securities	39	33
Total	1,147	1,691

43 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 2017 and 2016 were as follows:

	Consolidated and Bank only	
<i>For the years ended 31 December</i>	2017	2016
	<i>(in million Baht)</i>	
Net change in fair value	(24)	(13)
Losses on financial liabilities designated at fair value through profit or loss, net	(24)	(13)

44 Gains on investments, net

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Gains on sales				
- Available-for-sale investments	41	206	41	99
- General investments	1	-	1	-
Total	42	206	42	99
Reversal of (losses on) impairment				
- Available-for-sale investments	-	(1)	-	(1)
- General investments	22	(4)	22	(4)
- Investments in subsidiaries	-	-	66	98
Total	22	(5)	88	93
Net	64	201	130	192

45 Other operating expenses

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Marketing and business promotion expenses	1,632	1,281	1,461	1,147
Communication expenses	346	396	345	396
Amortisation of intangible assets	381	348	379	346
Losses on impairment of properties foreclosed and other assets (reversal of)	286	(12)	284	(11)
Outsourcing expenses	542	496	542	496
Credit collection expenses	397	277	391	267
Software rental expenses	324	237	324	237
Others	694	984	674	966
Total	4,602	4,007	4,400	3,844

46 Impairment loss on loans and debt securities

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Bad debts and doubtful accounts (reversal of)				
– Interbank and money market items	(17)	(161)	(17)	(161)
– Loans to customers	8,779 ⁽¹⁾	8,813	8,789 ⁽¹⁾	8,829
Allowance for debt restructuring on loan to customers (reversal of)	153	(3)	153	(3)
Total	8,915	8,649	8,925	8,665

⁽¹⁾ The selling price in excess of the carrying value of NPLs sale (see in Note 13.5) of Baht 115 million was presented as a deduction from this item.

47 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 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>	2017	2016	2017	2016
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	8,687	8,226	8,472	8,035
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	43,831	43,792	43,831	43,792
Basic earnings per share <i>(in Baht)</i>	0.1982	0.1879	0.1933	0.1835

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2017 and 2016 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>	2017	2016	2017	2016
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	8,687	8,226	8,472	8,035
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	43,831	43,792	43,831	43,792
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i>	22	67	22	67
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	43,853	43,859	43,853	43,859
Diluted earnings per share <i>(in Baht)</i>	0.1981	0.1876	0.1932	0.1832

48 Events after the reporting period

On 16 February 2018, 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 2017 operating results for a total of Baht 2,630 million (Such dividend amount is calculated on the number of issued and paid-up share capital as at 31 December 2017, which has yet to include the number of ordinary shares that will be issued in April 2018 under the TMB Performance Shares Bonus 2010 Project to employees, who were offered in 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.

49 **Reclassification of accounts**

Certain accounts in the statement of financial position as at 31 December 2016, which are included in the 2017 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2017 financial statements. These reclassifications have principally been made following changes in accounting policies as disclosed in note 3 and for comparative purposes. The reclassifications were as follows:

	31 December 2016					
	Consolidated			Bank only		
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification
	<i>(in million Baht)</i>					
<i>Statement of financial position</i>						
Claims on security	13,115	(13,115)	-	13,115	(13,115)	-
Investment, net	62,116	869	62,985	59,091	869	59,960
Customer's liabilities						
under acceptance	5	(5)	-	5	(5)	-
Other receivables, net	13,695	(11,433)	2,262	13,585	(11,433)	2,152
Liabilities to deliver securities	13,115	(13,115)	-	13,115	(13,115)	-
Bank's liabilities under acceptance	5	(5)	-	5	(5)	-
Other payables	11,324	(11,324)	-	11,319	(11,319)	-
Deferred revenue	-	218	218	-	218	218
Other liabilities	9,536	542	10,078	9,445	537	9,982
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classifications are more appropriate to the Bank's and its subsidiaries' business.

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
Address	3000 Phahon Yothin Road, Chom Phon, Chatuchak, Bangkok 10900
Telephone	02-299-1111
Fax	02-299-1211
TMB Contact Center	1558
Website	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 CPA CPA	Registered No. 6827 Registered No. 4208 Registered No. 3920
	KPMG Phoomchai Audit Ltd. 50 th - 51 st Floors, Empire Tower 1 South Sathorn Road Yannawa, Sathorn Bangkok 10120 Tel 02-677-2000		



For more information of TMB, please visit www.tmbbank.com or scan the QR code.

Investment of TMB in Other Companies

Investment in other companies holding more than 10 % of the paid-up capital in each company were as follows: as of 31 December 2017

Company	Head Office Location	Type of Business	Type of Capital (Share)	Paid-up Capital (Share)	TMB's ownership		
					Amount (Share)	Percentage (%)	Amount (THB) (net of allowance for diminution in value)
Strategic Investment in Financial Business Companies							
PHAYATHAI ASSET MANAGEMENT CO.,LTD. Tel. 0-2354-5001, Fax 0-2354-5014	Bangkok	FINANCE	COMMON STOCK	107,000,000	107,000,000	100.00	3,190,940,256.70
TMB ASSET MANAGEMENT CO.,LTD. Tel. 0-2636-1800 Ext.1725 (customer service center)	Bangkok	FINANCE	COMMON STOCK	10,000,000	10,000,000	100.00	562,692,787.36
Business Supporting Companies							
TMB PROPERTY DEVELOPMENT CO.,LTD. Tel. 0-2299-1159, Fax 0-2242-3138-9	Bangkok	REAL ESTATE	COMMON STOCK	10,000	9,993	99.93	4,169,342.92
DESIGNEE FOR ETA CONTRACT CO.,LTD. Tel. 0-2299-1217, Fax 0-2299-1278	Bangkok	SUPPORT FINANCIAL INSTITUTION	COMMON STOCK	1,000	995	99.50	0.00
Property Funds							
THAI BUSINESS FUND 5 Tel. 0-2670-4900 Ext.1291-2, Fax 0-2679-1820	Bangkok	PROPERTY FUND	UNIT TRUST	220,000,000	30,000,000	13.64	8,994,000.00
Other Companies							
TRIS CORPORATION LIMITED Tel. 0-2231-3011, Fax 0-2231-3681	Bangkok	SERVICES	COMMON STOCK	1,000,000	153,000	15.30	14,361,948.00
N D GROUP FEEDMILL CO.,LTD.	Lumphun	WHOLESALE RETAIL	COMMON STOCK	120,000	30,000	25.00	0.00
WING GROUP CO.,LTD. Tel. 053-331-315-6, Fax 053-331-314, 053-331-336	Chiang Mai	GARMENT MANUFACTURER	COMMON STOCK	9,000	2,250	25.00	0.00
THAI CHAREONPHOL INDUSTRY CO.,LTD. Tel. 054-581-202, Fax 054-581-876	Phrae	PRODUCTION	COMMON STOCK	15,500	2,500	16.13	0.00
WHOLESALE TOWN CO.,LTD. Tel. 0-2531-6860, Fax 0-2532-3009	Bangkok	TRANSPORTATION	COMMON STOCK	22,000	2,200	10.00	0.00
M_THAI ESTATE CO.,LTD. Tel. 0-2261-1144, Fax 0-2261-1143	Bangkok	REAL ESTATE	COMMON STOCK	30,000,000	3,000,000	10.00	0.00
NATIONAL ITMX CO.,LTD. Tel. 0-2558-7555, Fax 0-2558-7566	Nonthaburi	SERVICES	COMMON STOCK	500,000	53,703	10.74	46,900,863.18

Domestic Network

as of 31 December 2017

Branches and Business Centers

Domestic Branches	431 branches
SME Zone Offices	55 zone offices for Small Enterprise customers 42 zone offices for Business Banking customers
International Banking Service Centers	22 branches
Foreign Currency Exchange Services	1 booth at Head Quarter
ME by TMB	1 branch

Electronic Channels

ATMs	2,054
ADMs	734
All in Ones	53

Digital Channels

TMB Internet Banking	Internet banking service for retail customers through website www.tmbdirect.com
TMB Touch	Mobile banking service application for retail customers. Available for both iOS and Android system.
TMB Business Click	Internet banking service for corporate customers through website www.tmbbizdirect.com
TMB Business Touch	Mobile banking service application for corporate customers. Available for both iOS and Android system.

Phone Banking

Contact Center	1558 International call +66 2299 1558
SME Center	02-828-2828
Corporate Center	02-643-7000



For more details of domestic network and service hours, please visit www.tmbbank.com or contact 1558, or scan the QR code.

Overseas Branches

as of 31 December 2017

Branch	Contact
Vientiane Branch	
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 Branch

Postal Address	TMB Bank Pcl.,Cayman Islands Branch 3000 Phahon Yothin Road, Chatuchak, Bangkok 10900Thailand
Registered Address	Cainvest Bank and Trust Limited P.O. Box 1353 Harbour Place, 5th Floor, 103 South Church Street, George Town, Grand Cayman, KY1-1108
Branch Manager	Ms. Soontaree Cheevaphat
Telephone	662-299-1180
Fax	662-242-3129
E-mail address	soontaree.che@tmbbank.com

Main Correspondent Banks

as of 31 December 2017		
Country	Correspondent Banks	
Australia	• Australia And New Zealand Banking Group Limited • Westpac Banking Corp., Sydney	
Austria	• Uni Credit Bank Austria AG	
Belgium	• BNP Paribas Fortis	
Canada	• Bank of Nova Scotia, Toronto	
China	• Agricultural Bank of China, Qingdao	• Industrial and Commercial Bank of China Limited
	• Bank of China	• HSBC Bank (China) Limited
	• China Construction Bank	• DBS Bank (China) Limited
	• Bank of Communications	
Denmark	• Danske Bank AS	
Finland	• Nordea Bank Finland	
France	• BNP Paribas	• Natixis
	• Credit Agricole CIB	• Societe Generale
	• Credit Industriel et Commercial	
Germany	• Commerz Bank AG	• UniCredit Bank AG
	• Deutsche Bank AG	
Hong Kong	• The Hongkong and Shanghai Banking Corporation Ltd	• Industrial and Commercial Bank of China (Asia) Limited
Indonesia	• PT Bank Danamon Indonesia TBK	
India	• Axis Bank	
Italy	• Deutsche Bank SpA	• UniCredit SpA
Israel	• Bank Leumi Le Israel B.M	
Japan	• Bank of Tokyo-Mitsubishi UFJ Ltd.	• Towa Bank Ltd.,
	• Okazaki Shinkin Bank	• Yamaguchi Bank
	• Mizuho Bank	• Momiji Bank
	• Sumitomo Mitsui Banking Corporation	• Kitakyushu Bank
Korea	• Korea Exchange Bank	
Malaysia	• CIMB Bank	
Netherlands	• ING Bank N.V.	
Russia	• JSC VTB BANK	
Saudi Arabia	• The National Commercial Bank	
Singapore	• DBS Bank Ltd	• United Overseas Bank Ltd.
	• Oversea-Chinese Bank Corporation Ltd.	• Bank of Singapore Limited
Sweden	• Skandinaviska Enskilda Banken AB	
Switzerland	• Credit Suisse AG	• UBS AG
Thailand	• Bangkok Bank Pcl	• Kiatnakin Bank Pcl
	• Bank for Agriculture and Agricultural Cooperative	• Krung Thai Bank Pcl
	• Bank of Ayudhya Pcl	• Mega International Commercial Bank Pcl
	• Bank of Thailand	• Siam Commercial Bank Pcl
	• CIMB Thai Bank Public Company Limited	• Standard Chartered Bank (Thai) Pcl
	• Export-Import Bank of Thailand	• Thanachart Bank Pcl
	• Government Savings Bank	• Government Housing Bank
	• Industrial and Commercial Bank of China (Thai) Ltd	• TISCO Bank Pcl
	• Kasikorn Bank Pcl	• United Overseas Bank (Thai) Pcl.
UK	• Barclays Bank Ltd.	• Royal Bank of Scotland PLC.
	• HSBC Bank PLC	• Standard Chartered Bank
	• National Wesminster Bank Plc	
USA	• Bank of America N.A.	• International Finance Corporation
	• Bank of New York Mellon N.A.	• JP Morgan Chase Bank N.A
	• Bank of The West	• Wells Fargo Bank N.A.
	• Citibank N.A.	

Attachment 1

Details of TMB's Company Secretary, Head of Audit and Head of Compliance

M.L. Ayuth Jayant Company Secretary 59 years old	Mr. Sunthorn Rukpanich Head of Audit 57 years old	Mr. Varoon Kanjanapoo Head of Compliance 51 years old
Position <ul style="list-style-type: none">Company SecretaryHead of Corporate Governance	Position <ul style="list-style-type: none">Head of Audit	Position <ul style="list-style-type: none">Head of Compliance
Education <ul style="list-style-type: none">MBA (Accounting and Finance), University of Bridgeport, Connecticut, USABachelor of Science in Accounting (Second Class Honors), Bangkok University Training <ul style="list-style-type: none">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 UniversityFinancial Advisor (FA License), Association of Thai Securities Companies (ASCO)Professional Banker's program, Wharton School of the University of Pennsylvania, USA Work Experience 2016 - Present <ul style="list-style-type: none">Head of Corporate Governance and Company Secretary, TMB Bank Plc. 2012 - 2016 <ul style="list-style-type: none">Executive Vice President, Head of Compliance, TMB Bank Plc. 2009 - 2012 <ul style="list-style-type: none">Executive Vice President, Head of Corporate Governance and Company Secretary, TMB Bank Plc.	Education <ul style="list-style-type: none">MBA (Financial Management), University of Bridgeport, Connecticut, USABachelor degree, Economics, Chulalongkorn University Training <ul style="list-style-type: none">International Accounting Standards IAS 39/IASOperational Risk Management ForumFinancial Executive Development Program-FINEX Work Experience January 2018 - Present <ul style="list-style-type: none">Head of Audit, TMB Bank Plc. July 2013 - December 2017 <ul style="list-style-type: none">Executive Vice President, Head of Corporate Credit Underwriting, TMB Bank Plc. June 2011 - June 2013 <ul style="list-style-type: none">Team Head of Corporate Credit Underwriting, TMB Bank Plc. April 2006 - May 2011 <ul style="list-style-type: none">Team Head of Corporate Credit Underwriting 1, TMB Bank Plc.	Education <ul style="list-style-type: none">MBA Eastern Michigan University, USABachelor of Science, Chulalongkorn University Training <ul style="list-style-type: none">Compliance Training on Securities Business for Head ComplianceGlobal and Regional Legal & Compliance ConferencesRethinking LeadershipLeadership Program for ManagerCompliance Office Training Program Work Experience 2016 – Present <ul style="list-style-type: none">Head of Compliance, TMB Bank Plc. 2013 – 2016 <ul style="list-style-type: none">Executive Vice President, Compliance Group, ANZ Bank (Thai) Plc. 2007 – 2013 <ul style="list-style-type: none">Senior Executive Vice President, Compliance Group, Legal Group, Internal Audit Group and Company Secretariat, Standard Charter Bank (Thai) Plc. 2004 – 2007 <ul style="list-style-type: none">Head of Compliance & Internal Control, Siam Commercial Bank Plc.

Attachment 2

Details of the Subsidiaries Directors

1. Phayathai Asset Management Co., Ltd.

There are 4 directors as follows:

- Mr. Franciscus Gerardus Rokers
- Mrs. Suvanee Kam
- Ms. Supreeya Pipatmanomai
- Mr. Rabil Pornpatkul

2. Designee for ETA Contracts Co., Ltd.

There is one director under the director replacement process.

3. TMB Asset Management Co., Ltd.

There are 6 directors as follows:

- Mr. Ronald Bart Huisman
- Mr. Franciscus Gerardus Rokers
- Ms. Chompoonoot Pathomporn
- Mr. Mate Kanokpibool
- Mrs. Marie Ramlie
- Mr. Somjin Sornpaisarn

Attachment 3

Change in TMB Shares Held by Directors and Chiefs in 2017

No.	Name	Position	TMB shares held as of 31 Dec 2016	TMB shares held as of 31 Dec 2017	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 Nikornpun 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. Chumpol Rimsakorn Spouse and minor children	Director	-	-	-
			-	-	-
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 Wongsmith Spouse and minor children	Independent Director	-	-	-
			9,100	9,100	-
12	Mr. Boontuck Wungcharoen * Spouse and minor children	Director and Chief Executive Officer	53,573,367	23,541,834	(30,031,533)
			-	-	-
13	Mr. Piti Tantakasem ** Spouse and minor children	Chief Financial Officer	4,901,201	6,226,767	2,132,966
			-	-	-
14	Mr. Senathip Sripaipan Spouse and minor children	Chief Wholesale Banking Officer	-	-	-
			-	-	-
15	Miss Tientip Narach Spouse and minor children	Chief SME Banking Officer	-	-	-
			-	-	-
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	-	-	-
			-	-	-

Remark: * Mr. Boontuck Wungcharoen act as Director and Chief Executive Officer until December 31, 2017
** Mr. Piti Tantakasem to be appointed as Director and Chief Executive Officer replacement of Mr. Boontuck Wungcharoen, effective from January 1, 2018

Appendix:

General Standard Disclosure

General Standard Disclosures	Page	Section / Topics
G4-34	66	Management Structure
G4-DMA, G4-9, G4-10, G-LA12	75	1. Number of Employees
G4-LA2	78	Staff's compensation
G4-LA10	79	8. Human Resource Development
G4-DMA, G4-SO4	79	Human Resources Development with the Business Plan Alignment
G4-LA9, G4-LA 11	81	2017 Courses
G4-DMA, G4- LA8	81	Measures for employee security
G4-LA5	82	The Bank set up the Safety, Occupational safety and environment committee
G4-34	84	Corporate Governance
G4-PR7	84	Corporate Governance Policy
G4-34	91	Recruitment of directors and top executive officers
G4-34	105	5. Responsibilities of the Board of Directors
G4-DMA	114	2. Sustainability Report
G4-SO3	115	2. Anti-Corruption
G4-DMA	117	7. Environmental management
G4-EN6, G4-EN3, G4-EN19	117	The bank take into the consideration for the electricity energy saving
G4-DMA, G4-EN1	118	The bank also take into account for reducing the quantity of paper consumption
G4-DMA, G4-EN8	118	The bank take into the account for saving water supply
G4-EN8	120	4. In-process business that impacts to social and environment
G4-FS8	120	5. After-Process CSR

